

SECO



Consolidated Non-Financial Declaration 2023



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How to interpret this document

In line with last year, the SECO Group (hereinafter also the "Group" or "SECO") has prepared and adopted a **Consolidated Non-Financial Statement** (hereinafter also the "NFS"). The Group is governed by **Legislative Decree No. 254/2016**, which implements Directive 2014/95/EU of the European Parliament and Council on the disclosure of non-financial and diversity information by large undertakings defined as "public-interest entities".

In accordance with the specific requirements of Articles 4 and 5 of Legislative Decree No. 254/2016, this NFS discusses the SECO Group's performance during the three-year period from 2021 to 2023, in relation to topics concerning the **environment, society, personnel, human rights, and combatting active and passive corruption**. Specifically, this document analyzes the management policies implemented by the Group in reference to these topics, in addition to the results achieved, current and future risks, and the management approach adopted. It also discusses the key non-financial performance indicators that are most relevant to the Group's business activities.

This document has been prepared in accordance with the reporting principles of the Global Reporting Initiative (GRI)¹ to ensure that the information provided is high in quality, and that stakeholders can reasonably assess the Group's performance. As such, data is reported in an **accurate, balanced, clear, comparable, complete and timely manner and to reliably report the organization's sustainable ethos and reliability of the information**.

More methodological information is available in the "Methodological Note" section of this document.

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

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

The main body of the document is subsequently organized into **four chapters**. Each chapter has a cover page that **summarizes** the Group's key achievements in that area, the **material topics** covered², the relevant **GRI Standards**³ and their connection to the **2030 Agenda for Sustainable Development Goals**⁴, and finally, the **risks and opportunities associated** with the material topics covered in each chapter. Each chapter contains text boxes that provide further information on certain topics.

01 Chapter

HIGHLIGHTS

MATERIAL TOPICS COVERED

RISKS

OPPORTUNITIES

GRI

SDG



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

Technical focus

Focus on some relevant projects developed by SECO

In the first chapter, "**The SECO Group**", we discuss macro trends in the Group's sector of operation, the key stages of its development, including in relation to product innovation, and the sectors and markets in which it is active. We then make reference to the Group's structure, dedicating several pages to our governance model, commitment to research, development, and product innovation, and the economic value we have generated and shared with key stakeholders.

The second chapter, "**Sustainability is Strategy**", describes the process that led us to prepare this document and the main actions we have taken to identify material topics for the Group. This chapter also presents SECO's sustainability strategy, its compliance with the European Taxonomy, and its contribution to the achievement of the Sustainable Development Goals.

The third chapter "**Giving Our All**" focuses on management and social impacts, paying particular attention to the employees of our Group, customers, suppliers, and the local community.

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

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

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

We hope you enjoy the report.

² More information is provided in the "Sustainability is strategy" section of this document.

³ More information is available in the "Methodological Note" section of this document.

⁴ The 2030 Agenda was adopted by the 193 Member States of the United Nations at the Sustainable Development Summit in September 2015. It includes a list of 17 Sustainable Development Goals (SDGs) divided into 169 targets, and an action plan for people, the planet, and prosperity. More information is provided in the "Sustainability is strategy" section of this document.

Letter to the Stakeholders

Dear Stakeholders,

Although over the preceding two years the raw materials and electronic components shortage drove companies to boost inventories in view of significantly longer lead times, 2023 saw supply chain conditions gradually improve. Within a general economic environment featuring inflation and tight monetary policy, the normalizing of delivery times has resulted in a destocking by customers. In many sectors, this had already been completed by early 2024.

Over recent years, we have worked hard to strengthen SECO's competitive advantage by investing heavily in R&D and by acquiring strategic technologies to cover the entire value chain, from Edge computing to IoT-data analytics, to AI. This has led to a unique technological positioning, enabling us to deliver a best-in-class performance, even within a complex marketplace. In 2023, we reached Euro 210 million in sales, delivering organic growth of +4%. The continued expansion of the software business, with over Euro 22 million just over two years from its launch, has also contributed to our improved margins, with Adjusted EBITDA of approx. Euro 51 million (24.1% of revenues).

With the goal of transferring more added value to customers, our strategy has evolved over time, shifting toward increasingly comprehensive hardware solutions and developing a range of cutting-edge software for IoT-data analytics-AI. A consistent focus on innovation, an ever-improving range, supply chain control and in-house production are the key factors that allow us - year after year - to ensure our position as a partner of choice for our customers.

Digitalization has created a huge space to explore and is behind changing demands among businesses. Edge computing is not just about making hardware that can run software on a device, but rather making it smart and interconnected, to make products available to end users with a human-machine interface that simplifies interaction and improves the user experience. The use of dedicated IoT software platforms makes it possible to benefit from real-time data analysis to design new AI-powered features and services and establish new recurring-revenue business models.

To address these needs, we are building a product line based on AI accelerators, to increase computing power directly on the device, and working on generative AI and Large Language Model techniques - all with a view to enabling instantaneous and offline data analysis, but also to facilitate smoother interaction with the machine. A wide range of hardware solutions, touch displays and software services position SECO perfectly to design integrated plug-and-play systems with reduced time-to-market.

2023 saw us strengthen our long-term collaborations with a number of the leading silicon vendors, including Intel and NXP, and initiate relationships with new partners, such as Axelera on the computer vision front and Mediatek; in addition, we were selected by Qualcomm as an IIoT design center partner and for participation in the IoT Accelerator Program. We have established a relationship with Google

Cloud, enabling us to integrate Clea, our IoT software suite, into the Google Cloud Marketplace, ensuring that it is readily available and expanding its distribution channels.

We also always look to the future when it comes to the quality and efficiency of our industrial processes. We have therefore continued to invest in the latest equipment and software, while the use of SAP has been extended to companies in Germany. The adoption of a single information system further accelerates the integration of the acquired entities, which is already proceeding apace, facilitating the generation of major synergies and the maximization of the assets' potential. In just two years since the acquisition, revenues in the DACH area have almost doubled. In parallel, we have also started work on the construction of two new plants in Arezzo that will see us double our production capacity during 2026.

Acting responsibly is an integral part of the corporate culture, shared and promoted by our people. For us, sustainability means not only efficiently employing natural resources in all our activities, but more importantly using our technology - and in particular Artificial Intelligence - to promote business models with lower environmental impact, fostering automation, optimizing consumption and reducing waste by accurately and instantaneously monitoring the operation of on-field devices.

The eco-digital revolution is just beginning and major growth opportunities await us given the strong demand for digital products and solutions, in which the role of AI will be fundamental, enabling the local execution of increasingly complex computational models. Edge AI will allow our customers to launch new value-added services by fully exploiting the potential of field data: this is the environment that we envision and which guides our strategic decisions.

We look to the future with great enthusiasm, in the confidence that SECO has built a unique technology proposition on the market, capable of best tapping into the needs of companies in key areas such as EdgeAI, IoT, data analytics and artificial intelligence. We believe this will result in significant value creation for customers, shareholders and all stakeholders.

Daniele Conti
Chairperson

Massimo Mauri
CEO



11 The SECO Group



More than 40 years
in the business



Present in more than 11 countries
with 10 R&D centers and 5 production plants



Over 450
international customers



32%
of employees dedicated to R&D activities



7% of revenues
invested in R&D activities



Euro 216 million
of economic value generated, of which 93% distributed to stakeholders

MATERIAL TOPICS

- Data privacy and cybersecurity
- Business ethics and development of AI

RELATED RISKS

- Risk of potential cyber threats and individual exposure to hacking or personal data leaks related to an increased use of connected devices and inadequate customer security management.
- Risk of technology misuse and unethical development of artificial intelligence, leading to discrimination and bias against individuals or groups.
- Unethical, unreliable and unfair use of AI, leading to violations of end customer privacy and other individual rights.

OPPORTUNITIES

- Creation of a sensitive data management model in line with the highest international standards on Data Privacy & Security to protect customers and become a model for best practice in the market, making a positive impact on other companies in the sector.
- Dissemination of technology and digitalization knowledge and skills to create positive synergies with the target area and foster virtuous growth within it.
- Reducing cybersecurity risks and data privacy breaches through employee training programs and use of state-of-the-art Data Protection systems.
- Reduced corruption (both active and passive) thanks to practical measures in line with current rules and regulations, creating increased transparency and accountability for SECO in relation to area governance.
- Raising employee awareness of proper behavior and developing an ethical corporate culture based on the values of legality, fairness and honesty, leading to greater commitments and actions to benefit the local community (such as charitable donations or volunteer initiatives).
- Active countering of international violations committed by traffickers of "Conflict Minerals" through the use of methods to control and verify the origin of materials used by the organization and pertaining to the category of "Conflict minerals".

MATERIAL TOPICS

Research, innovation and development

OPPORTUNITIES

More scientific research into sustainability topics and sustainable product design – contributing to the development of the local communities and business sector in which SECO operates.

GRI

GRI 2-1, 2-6, 2-9, 2-10, 2-11, 2-12, 2-13, 2-27, 201-1, 205-2, 205-3, 207-1, 207-2, 207-3, 207-4

SDG

- SDG #5 – Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. (Target 5.5)
- SDG #8 – Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors. (Target 8.2)
- SDG #9 – Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending. (Target 9.5)
- SDG #16 – Substantially reduce corruption and bribery in all their forms (Target 16.5)
Develop effective, accountable and transparent institutions at all levels (Target 16.6)
Ensure responsive, inclusive, participatory and representative decision-making at all levels. (Target 16.7)



1.1| Context

Digital technologies have taken on an even more vital role for organizations recently, becoming key to their business growth due to the unexpected global events of recent years. These technologies have **significantly accelerated organizational changes and generated numerous opportunities for development**. In order to adapt to a changing landscape, companies must base their value creation on the effective use of cutting-edge, digitalization-based technologies to create innovative business models.

By 2027, it is forecast that more than 50% of IT budgets in most organizations will be allocated to connectivity, security, computing and data processing to enable as-a-service solutions and make products smart.

As part of the drive to increase digitalization, **by 2025 more than 60% of IT offerings will require the use of cloud-based platforms** that can enable extensive process automation and drive significant reductions in operating costs¹.

It is also important to underline that the pace of change in the technology sector has increased exponentially in recent decades. It has never been more important for companies to reinvent themselves and adapt to the changing priorities and demands of their customers and employees. In the years to come, **Tech companies will play a leading role in supporting businesses in the integration and use of innovative technologies**, as increasing digitalization becomes an ever-more integral part of our society.

Both businesses and government agencies have seen a growing need to strengthen their digital presence, in terms of both the services they offer and the optimization of internal processes. This has led to smoother and more seamless interaction with customers and employees.

Digital integration is therefore not simply a key factor in gaining a competitive advantage, but is also crucial for the very survival of companies in any industry. These entities will be required to redefine their services and functionality, embracing solutions that are technologically innovative.

Incorporating these technologies and advanced features into business models is no mean feat. It requires significant expertise in technology and supply chain management. As such, **being able to rely on highly specialized technology partners who offer comprehensive, customized hardware-software solutions** (one-stop shops) is incredibly valuable. By adopting this approach, customers can take advantage of cutting-edge technologies while reducing both the time-to-market and execution risks often associated with technology investments.

While geopolitical issues and trends in key macroeconomic indicators have affected many sectors, recent years have demonstrated that access to a digital infrastructure is no longer a privilege, but an unavoidable necessity.

The technology market in 2024 is expected to be driven by rapid growth in the APAC market, strong demand for software, the many possibilities offered by generative AI, and/or the growing need for sustainable and digital innovation.

A general recovery is also expected for the general economy as **energy prices gradually fall, supply chains recover and inflation decreases**. **Global technology expenditure is expected to hit USD 4.7 trillion in**

¹ | IDC FutureScape: Worldwide IT Industry 2023 Predictions

2024, up 5.3% on 2023, a significant improvement on growth of 3.5% in the previous year².

For those organizations looking to stand out in data-driven transactions, investment in IoT projects is an essential element.

Against this backdrop, enterprise spending on IoT technology 2023 reached more than USD 200 billion for the European market alone.

IoT Analytics predicts that the IoT market will grow at a compound annual growth rate (CAGR) of 19.4% between 2022 and 2027, reaching USD 483 billion.

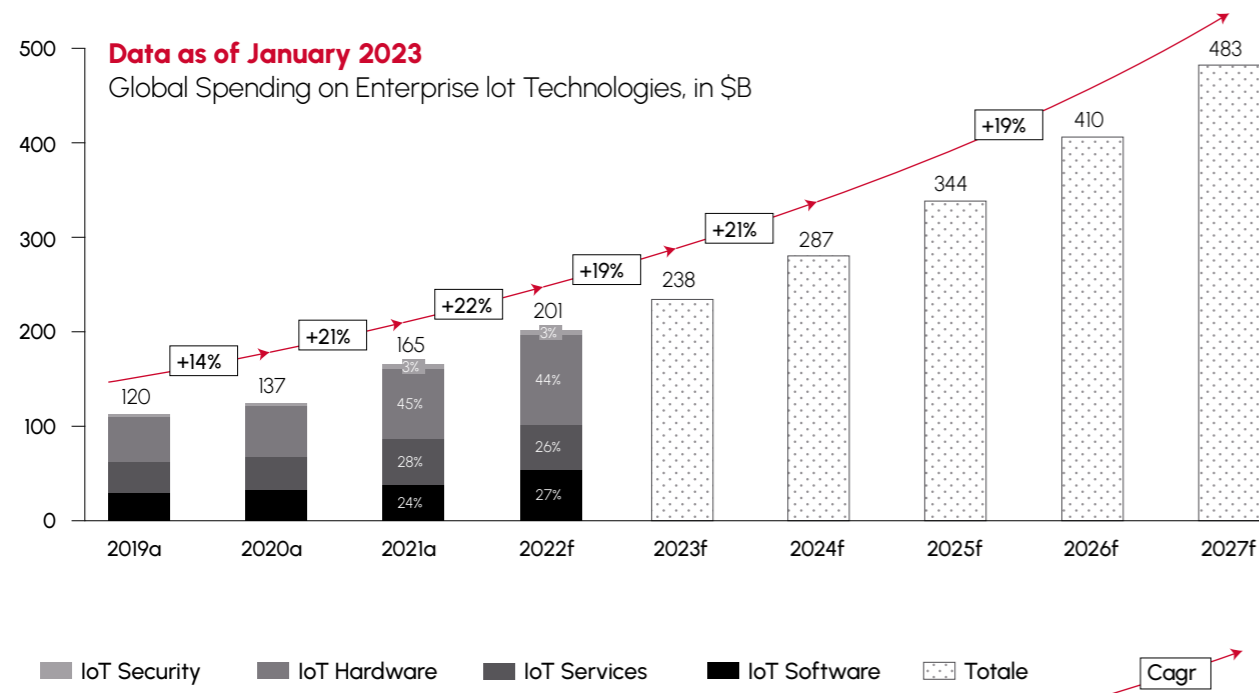


Figure 1: The IoT market from 2019 to 2027

The European Green Deal and the "Fit for 55" package of initiatives

Digital innovation can help bring positive change to society, to the environment and to the economic model under which we operate.

The Green Deal views technologies as having the potential to tackle climate change and environmental challenges in general, supporting the EU's transformation into a modern, competitive economy by improving energy efficiency, circularity, and sustainable mobility solutions.

From a societal point of view, if used properly, digital innovations can help provide an increasing number of people with access to digital tools, allowing them to consume more informative and educational content as a result.

Finally, digital technologies play an important role in the economic sphere as they can optimize production processes, allowing us to use natural resources more efficiently while streamlining the corporate value chain as a whole.

² Global Tech Spend in 2024, Forrester

Future sector developments³

Finally, since the 17 Sustainable Development Goals defined by the United Nations in the 2030 Agenda are intrinsically linked to the adoption of sustainable technologies, the future developments that digital technologies can bring to the area of environmental and social sustainability are particularly interesting:

1. Internet of Things (IoT) to manage environmental and social issues:

- Introduction of widespread early-warning systems (e.g. networked devices - phones, computers, televisions that send emergency alerts);
- IoT devices to monitor air quality and biodiversity;
- Use of IoT sensors to monitor and manage use of resources such as water and energy in real time.

2. Electric vehicles and sustainable mobility:

- Developments in electric vehicle battery technology to increase range and reduce charging times;
- Development of smart charging infrastructure and traffic management systems to encourage sustainable mobility.

3. Renewable energy:

- Improvements in energy storage technologies to overcome the challenges of intermittent renewable supply;
- Increased efficiency and reduced costs of renewable energy generation technologies (e.g. development of photovoltaic cells to increase solar panel efficiency);

4. Artificial intelligence (AI) for environmental optimization:

- Climate modeling to illustrate and visualize current climatic conditions;
- Climate risk analysis, identifying how exposed value chains are to such risks, and modeling predictive systems to prevent environmental accidents and better manage natural resources.

5. Augmented and virtual reality to visualize climate impacts, engaging users and helping to increase public awareness of and involvement with the challenges created by climate change.

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

³ | Sources:

Innovation and Adaptation in the Climate Crisis: Technology for the New Normal of the World Economic Forum, January 2024

10 Breakthrough Technologies 2024, MIT Technology Review

CleanTech: what are they and what role do they play for ESG?, ESG360, December 2023

1.2| From new beginnings to change

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

They had shared an **innate passion for electronics** and a keen entrepreneurial spirit since they were children. As they grew up together, surrounded by circuit boards and schoolbooks, they realized they could turn their hobby into something much bigger. SECO was established in April 1979 as an electronics workshop. In under a decade, it established itself as a leading player in the electronics industry, thanks to its ability to create solutions for various applications, including small systems for manufacturers of jewelry-making machines and custom solutions for the transportation industry.

Daniele and Luciano's passion for the very first personal computers imported from abroad prompted them to develop **SECO SYSTEM 210**. It was the **very first SECO computer** and was showcased at SMAU, the leading Italian trade fair for IT and communication technologies, where it was nominated for the "Best Design" award, along with other innovative products. After gaining experience with personal computers, the duo soon had the idea of utilizing their knowledge in the industrial sector. It didn't take long for them to develop the world's first industrial PC containing a Eurocard circuit board.

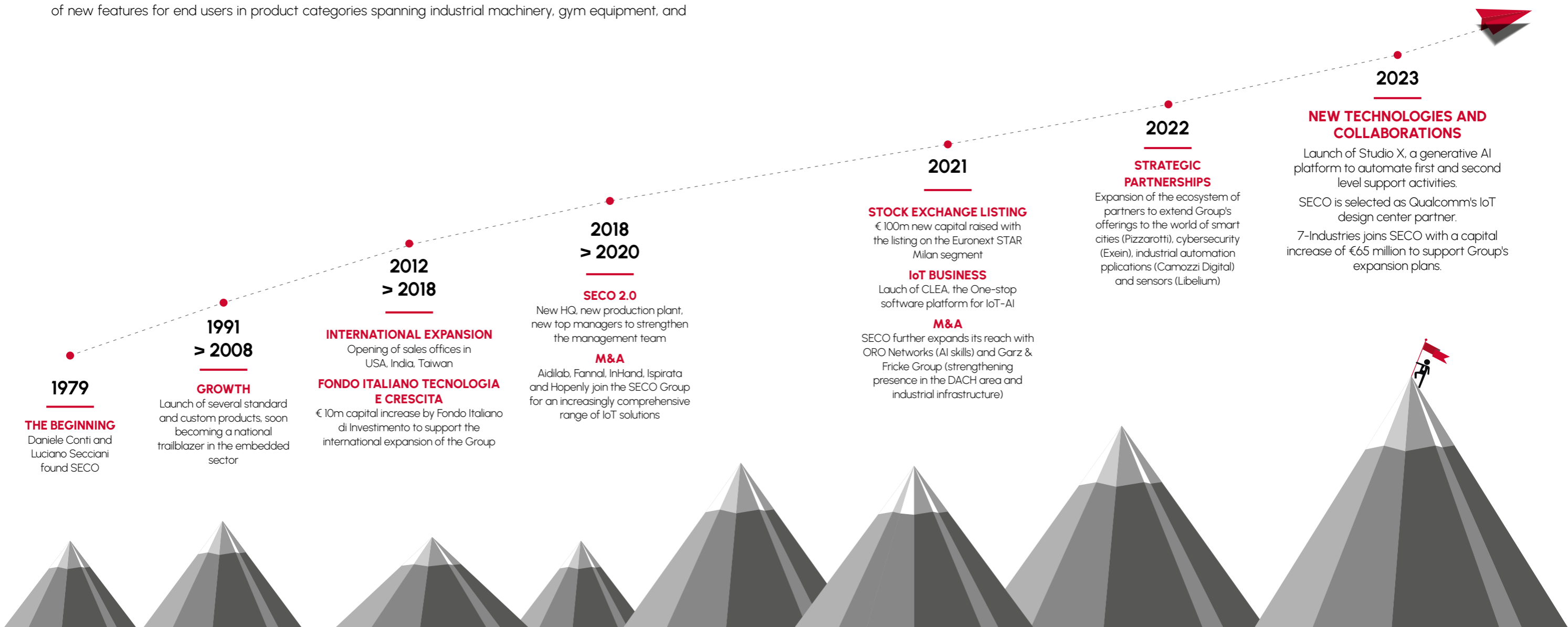
After that initial personal computer, SECO continued to develop various solutions **based on miniaturized computers and touch panel systems**. These technologies have allowed SECO's customers to digitalize their devices and make them "smart." Through data generation and processing, they have facilitated the creation of new features for end users in product categories spanning industrial machinery, gym equipment, and

food and drink vending machines. SECO's growth has been driven by its dedication to assisting customers with their digital transformations using technologies. Currently, **the company has revenues of over Euro 200 million, an ever-evolving portfolio of software and hardware solutions, and a robust global base of over 450 customers**.

The Group is now a point of reference for high technology, computer miniaturization, and IoT and Artificial Intelligence services. With a strong focus on industry, SECO is an international company with plants located in **11 different countries**. SECO concentrates a significant portion of its operations in **five production plant** located in Germany, Italy, and China. This strategic approach has proven to be beneficial, as it allows the Group to directly oversee quality control standards and offer superior service to customers. SECO's internal production planning allows it to optimize delivery times, despite the supply chain obstacles characterizing the current market.

Much has changed for the Group since April 1979, but the SECO team's **desire for innovation and excellence** has never waned.

Figure 2: Key moments in the Group's history





IDENTITY

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

VISION

A digital, sustainable, intelligent future.



MISSION

To build technology to shape a better future.



PROMISE

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

Our values



PASSION

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



DYNAMISM

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

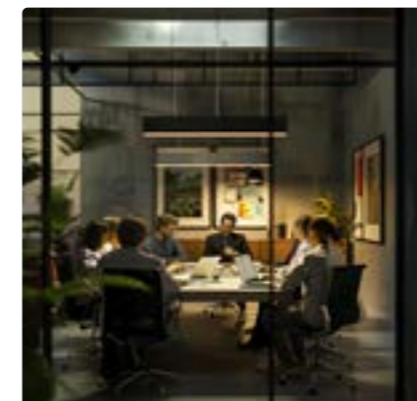


RESPECT

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



Il nostro impegno



Respect for Colleagues

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



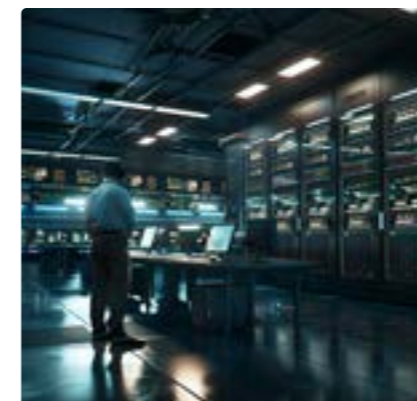
Communicating with a Smile

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



Professionalism

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



Excellence

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



Team

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



Respect for the Environment by Example

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

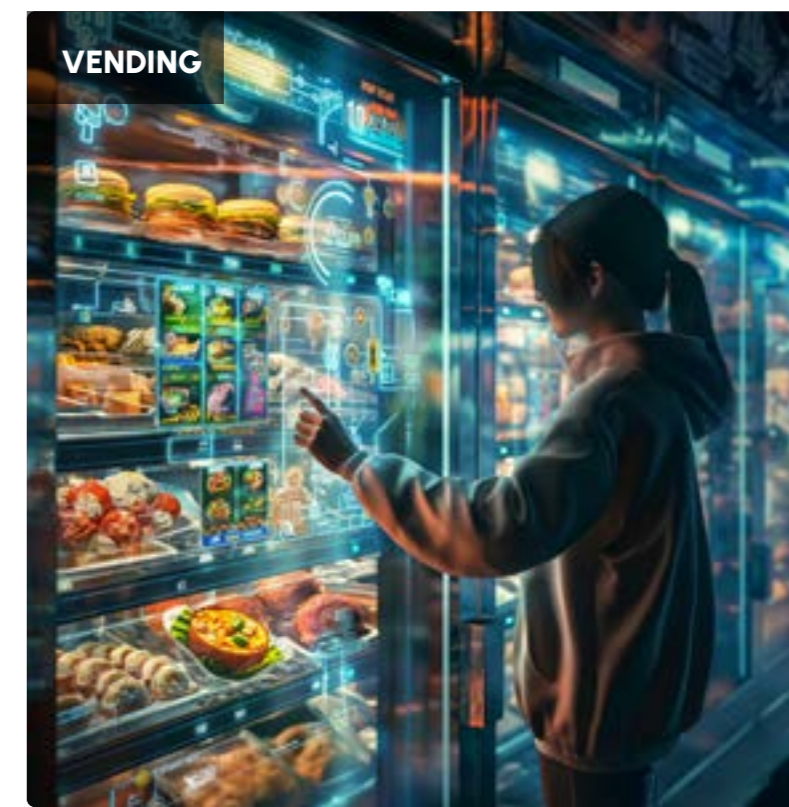
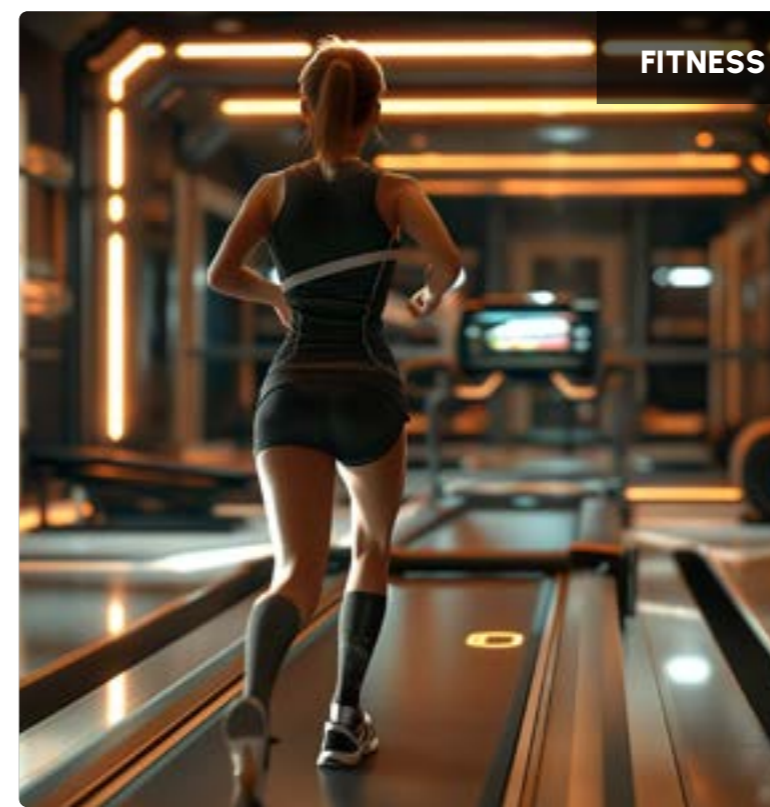
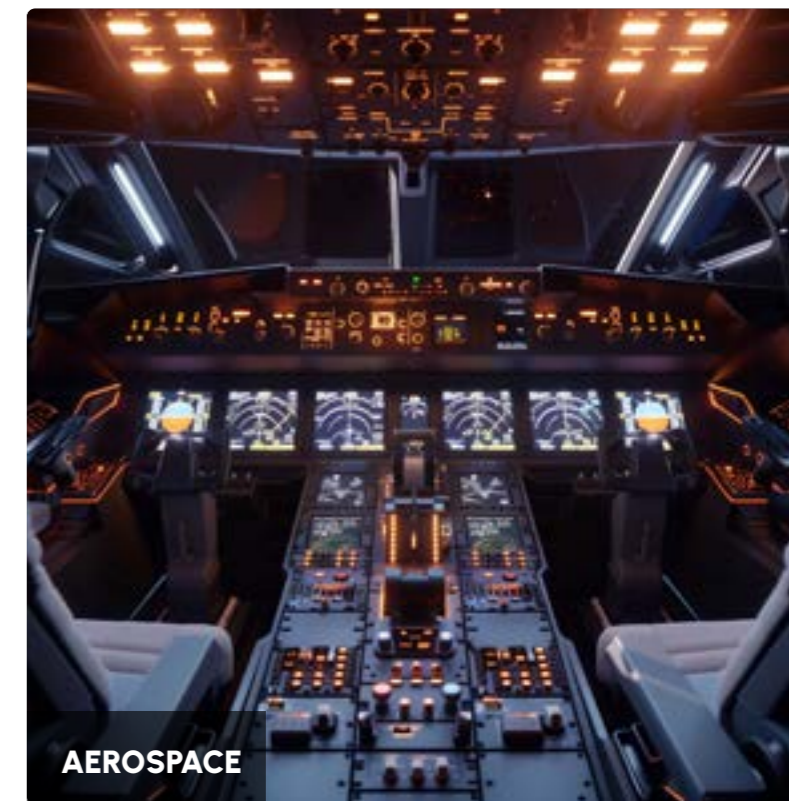
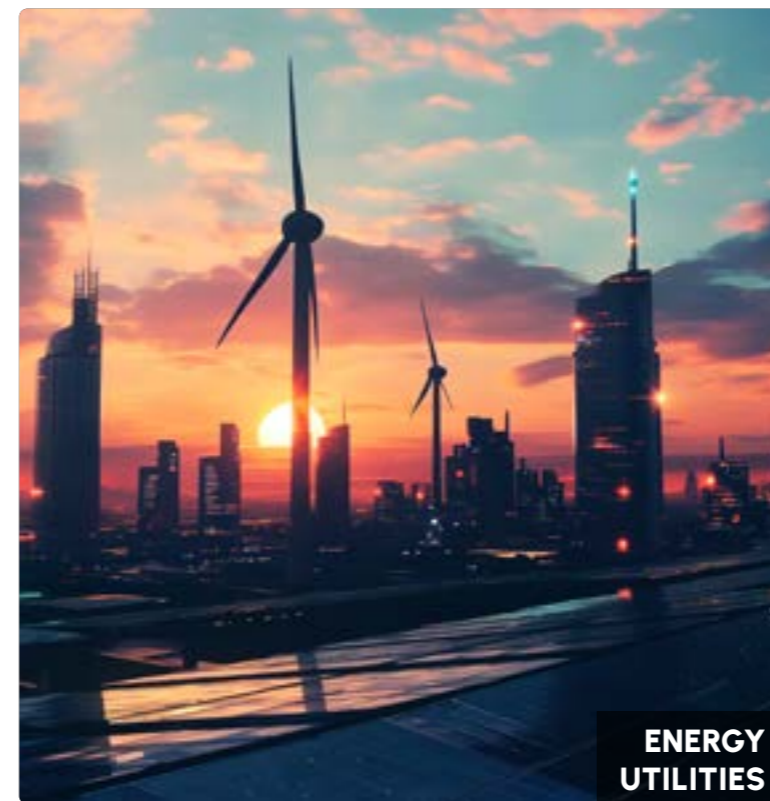
1.3| Business sectors

We are constantly working to **increase the value we generate for our stakeholders** by integrating technology into customer products. We understand and listen to their needs and work to make their devices smart by equipping them with the most advanced technological solutions in terms of computing capabilities, data analytics, connectivity, device interoperability, and user experience. Through our highly innovative solutions, we empower our customers to transform their business models. We help them concentrate exclusively on their core business and view technological complexities as an opportunity rather than an obstacle.

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

Our solutions can be customized to suit customer needs and, thanks to experience in multiple verticals, applied to a wide range of industries, including the **medical, industrial automation, transportation, infotainment, smart cities, aerospace, defense, fitness, and vending** sectors.

Figure 3: The markets in which SECO operates

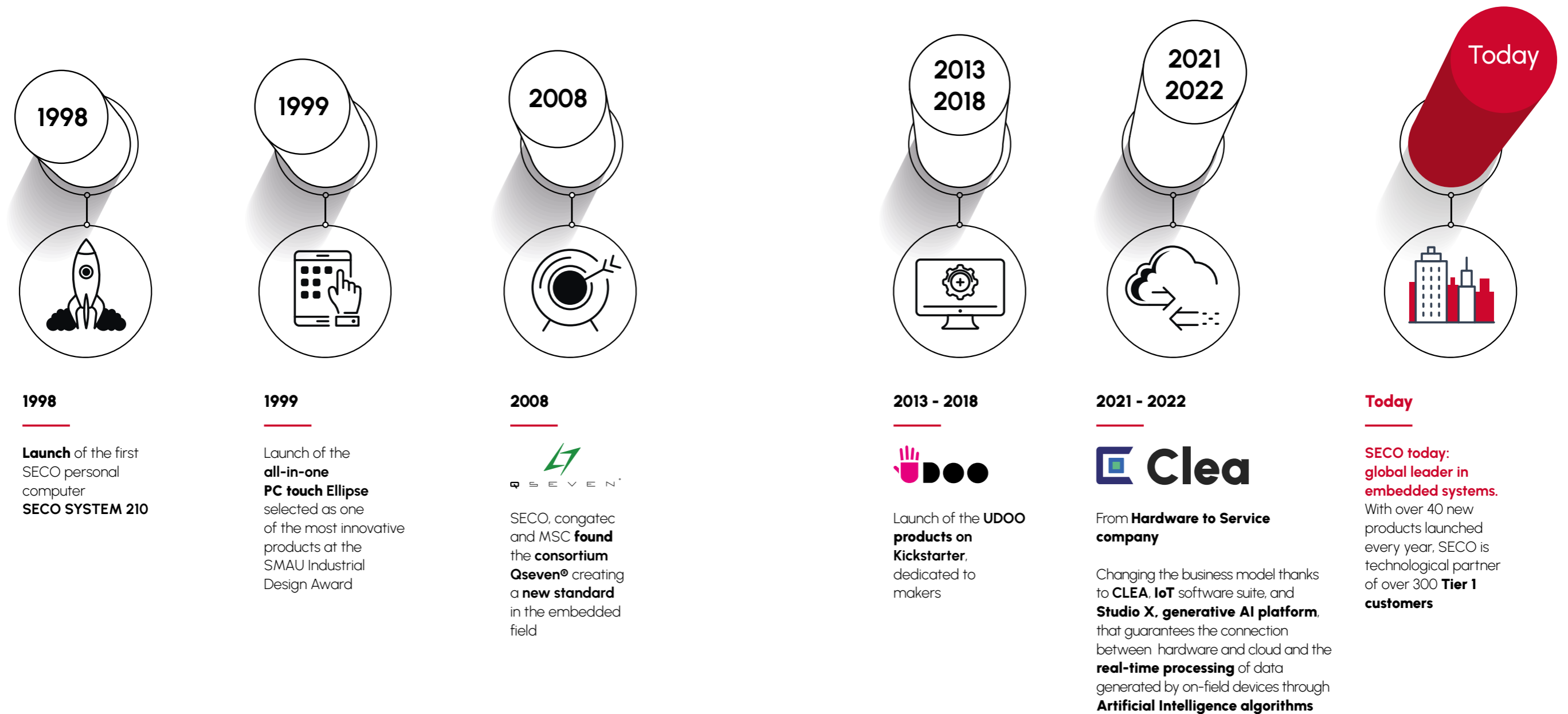


In recent years, we have successfully harnessed the potential of analyzing data generated by devices in the field in real time. Thanks to our dedicated AI algorithms, these data can **prevent components and machines from being damaged or shutting down or even send users alerts about faults, thus rendering energy consumption more efficient while customizing services and products to suit customer usage habits**. In addition to data analysis, these algorithms can develop insights, predictions, and suggestions on a dedicated basis for device managers and users, thus assisting their decision-making processes. By harnessing the potential of data, we can deliver high value-added solutions to our customers. These solutions optimize cost structures for activities such as device usage and maintenance and serve as a critical part of our customers' business models. Our offerings also incorporate artificial intelligence-based services for end customers and users of these devices.

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

This is why we have decided to use the launch of **CLEA** to further expand our product range along the value chain: **CLEA is a Platform as A Service (PaaS)**. It is essentially a **cloud computing and Artificial Intelligence solution** to which customers can connect their devices, benefiting from the flexibility offered by an open-source environment that allows them to **develop, run, and manage custom applications without grappling with the difficulties linked to creating the infrastructure and platforms** normally associated with these processes from scratch. The software range was further augmented in 2023 with the introduction of **Studio X**, a new **platform designed to provide automated, first and second-level support services by leveraging the capabilities of generative AI**. This tool allows OEMs to offer their customers real-time support using an intuitive conversational interface between user and machine.

Figure 4: The evolution of SECO's products and services over time



1.3.1| Our technology solutions by industry

An increasing number of industries are seeing the use of electronic devices in a wide variety of application areas, from measuring instruments to multimedia devices, wearables, and devices that are reinforced (rugged) to withstand stress and weather conditions. These objects can have a diverse set of characteristics in terms of their performance, computing capacity, connectivity, compactness, resistance to heat and moisture, and electromagnetic emissions, depending on their intended use and application.

The quality of customer-designed solutions and the resulting transformation of their business models and competitive advantage can be significantly impacted by factors such as the **scalability** of solutions, their **long-term availability, data cybersecurity, and interoperability with other devices** and peripherals.

Our off-the-shelf solutions are available in the following key sectors. They are either based on the most popular global industrial computer design standards or customized to meet specific verticals and customer needs.

Healthcare

Manufacturing devices for the healthcare sector⁴ involves complying with stringent safety standards and ensuring technology is available over the long term so that products can be used for over 10 years. We have been working with customers in the biomedical industry for over 20 years, and our Quality Management System is⁵ ISO:13485⁶ certified for the supply of medical devices.

Industrial Automation

Automation plays a key role in modern manufacturing industries, where it is used to implement processes that maximize product quality, improve efficiency, and ensure worker safety. We design products that help companies achieve these goals. Our solutions are based on comprehensive systems and customizable and connected platforms. These platforms respond to the technical and size-based requirements of our customers, boasting excellent performance and ease of use. We help our customers innovate their products, services, and business models by designing solutions to equip machinery and production plants with sensors, making them smart, facilitating connectivity, enabling them to use field data to predict maintenance requirements and faults, and rendering the entire production process more efficient.

Transport

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

Digital Signage

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

Coffee & Vending

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

Smart Buildings & Smart Cities

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

Energia & Utilities

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

⁴ | Please note that SECO operates in the market as a Contract Manufacturer and Distributor, and not as a Legal Manufacturer.

⁵ | PSM S.r.l. has been ISO 13485 certified since 2008. The company was merged into SECO S.p.A. in 2020.

⁶ | Certification involves complying with a series of (ISO 9000) quality management standards covering the development, implementation, and maintenance of a quality management system. It is intended for medical device designers, manufacturers, and distributors.

1.4| Our business model

As shown in the infographic below, the Group's business model centers around its **core values**, which are "passion, dynamism and respect". SECO's business model is also linked to the **R&D activities** it conducts both in house and through its partnerships with global technology companies, research institutes, and university hubs⁷.

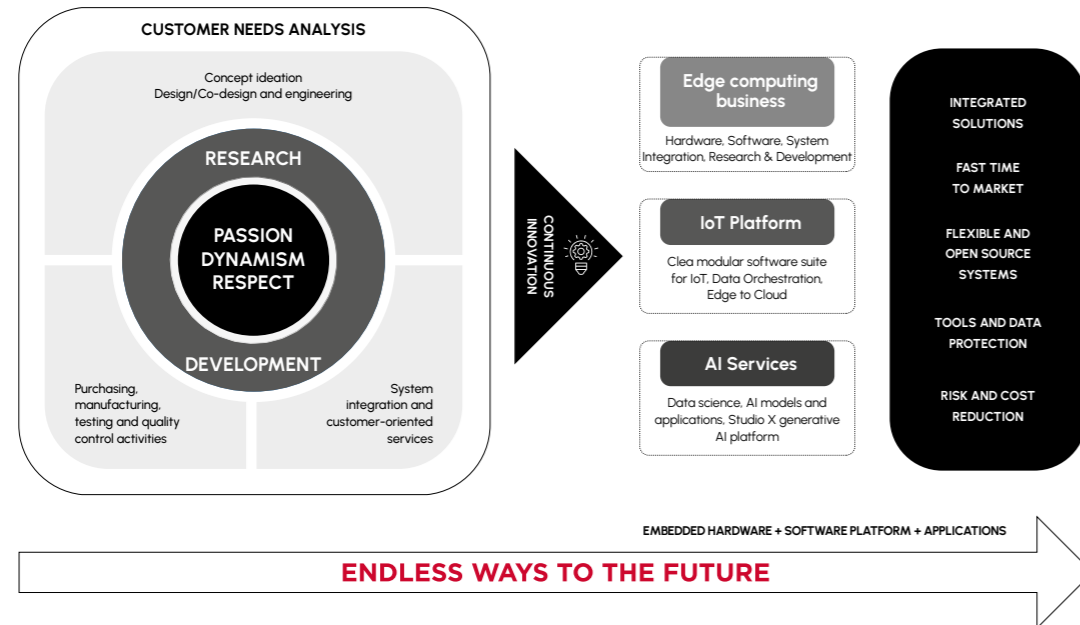


Figure 5: SECO's business model

The **value chain** comprises three main strategic and operational phases, which are supervised and monitored by our in-house teams⁸.

The first phase is of high strategic value and involves **designing or co-designing** customer solutions based on hardware (edge computing) or software (IoT/AI) technologies. We listen to our customers in order to better understand their needs, anticipate them, and create solutions that best fit their requirements.

Once we have agreed on the preliminary specifications with our customers (**design win**), we move on to the **engineering** phase, which comes after product design and before manufacturing. During this phase, we industrialize the product, developing a workable and customizable solution based on customer requirements with regard to:

- industry design standards, form factors, technical and dimensional requirements, the materials to be used, and process and product certifications (*for edge computing solutions*);

- infrastructure for data processing and edge or cloud storage, frequency of data warehouse updates and logging, data collection and orchestration requirements and methods, the nature of KPIs to be monitored, and the tasks completed by artificial intelligence algorithms (*for IoT/AI software solutions*).

Once this phase is complete, we directly oversee the operations cycle and supply chain management phases, from the purchase of **raw materials and components** to product **manufacture**, which comprises the integral phrases of **testing** and **quality control**. We are committed to complying with high-quality standards, our own objectives, legal regulations, and all applicable certification standards (such as compliance with ISO 13485 certification for the manufacture of biomedical devices). During this phase, we can check and assess signal strength and certification pre-compliance, develop custom BIOS and firmware, and coat hardware to provide customers with a comprehensive offering that is tailored to their needs.

The final phase involves **system integration and customer assistance activities**, which we perform through dedicated services designed to meet customer needs. We manufacture plug-and-play hardware solutions that are already equipped with HMI touch screens and are ready to be connected to CLEA, meaning that our products can be quickly and efficiently integrated with our customers' solutions, thus minimizing the effort required to get them up and running. Similarly, for software solutions, our team of developers and service designers is tasked with building an IoT-AI infrastructure, which is adopted per the specifications defined in the design phase and is ready to be installed on customer devices.

SECO is divided into the following **three main business lines to meet various market needs**:

- **Edge computing**, which is dedicated to developing integrated hardware solutions to transform customer products into "smart" devices, thus enabling them to generate data and provide advanced human-computer interaction capabilities using touch displays;
- **IoT Platform**, CLEA is the IoT software suite, integrable with various types of hardware, which forms the basis of our range of standard, ready-to-use platforms and infrastructure to enable device fleet management and control, field data analysis and optimization;
- **AI Services**, we develop AI solutions and data science applications to harness the potential of device-generated data and introduce new business models.

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

⁷ | More information can be found in the "Research, Development and Innovation" section of this document.

⁸ | We note that the Group started outsourcing some hardware manufacture activities to certified external manufacturers in 2020. We made this decision to make our production processes more flexible while maintaining full control over quality levels during the manufacturing phases that generate the most value for end customers.

1.5| Group Governance

Corporate Governance

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

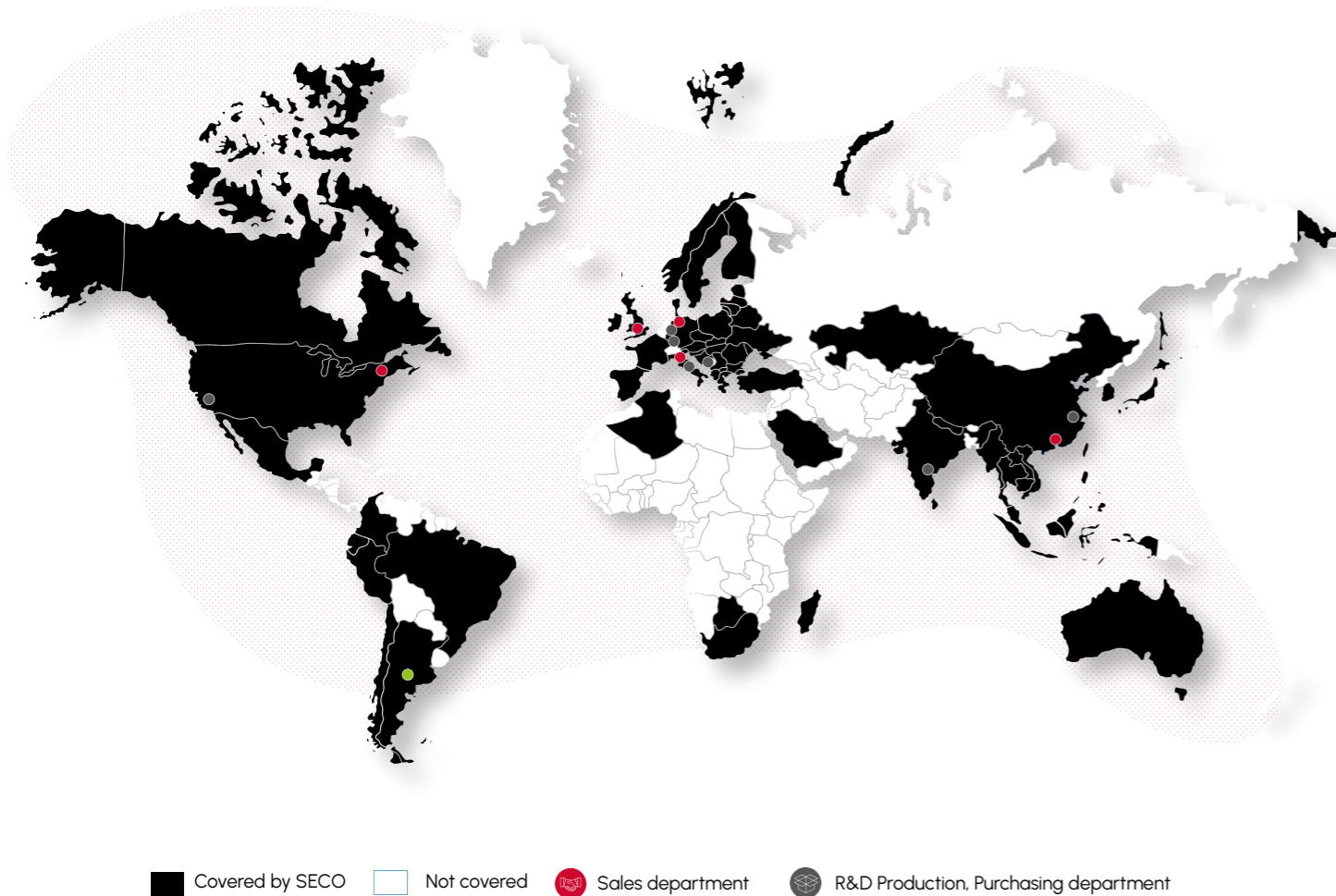


Figure 6: Global presence and markets served

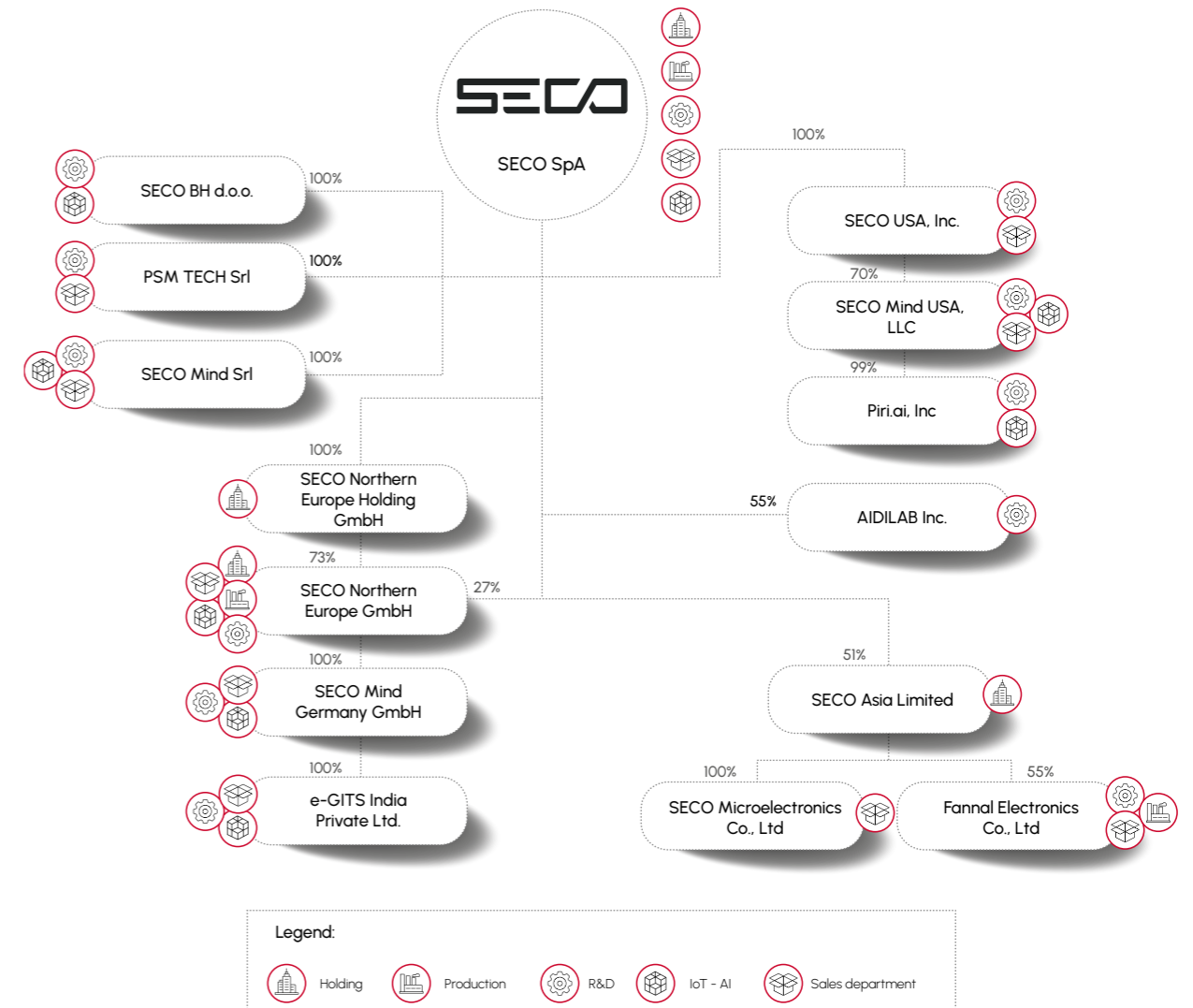


Figure 7: Group structure

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

At December 31, 2023, SECO's share capital amounts to Euro 1,296,944.48, divided into 132,976,117 ordinary shares. SECO's shareholder base is depicted in the pie chart below.

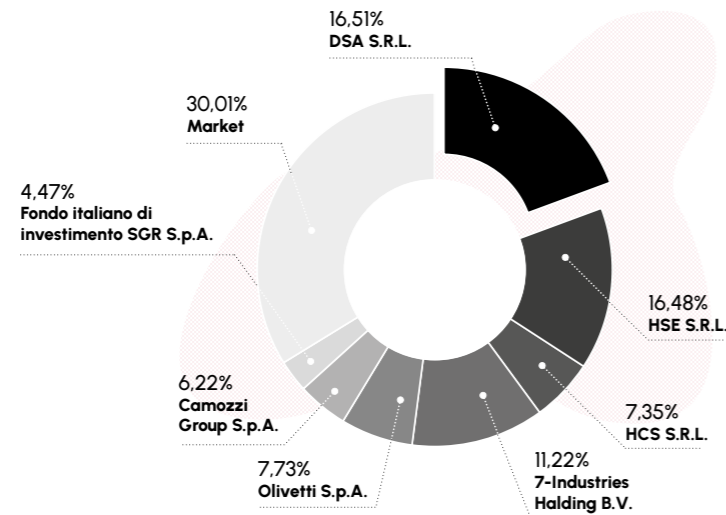


Figure 8: SECO's shareholders

In 2023, a SECO S.p.A. **shareholder communication policy** was approved by the Company's Board of Directors. This policy seeks to foster the establishment, development and maintenance of open, truthful, transparent and ongoing forms of dialogue with shareholders, investors - both existing and potential - and other categories of stakeholders.

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

Corporate governance is structured as depicted in the diagram below.

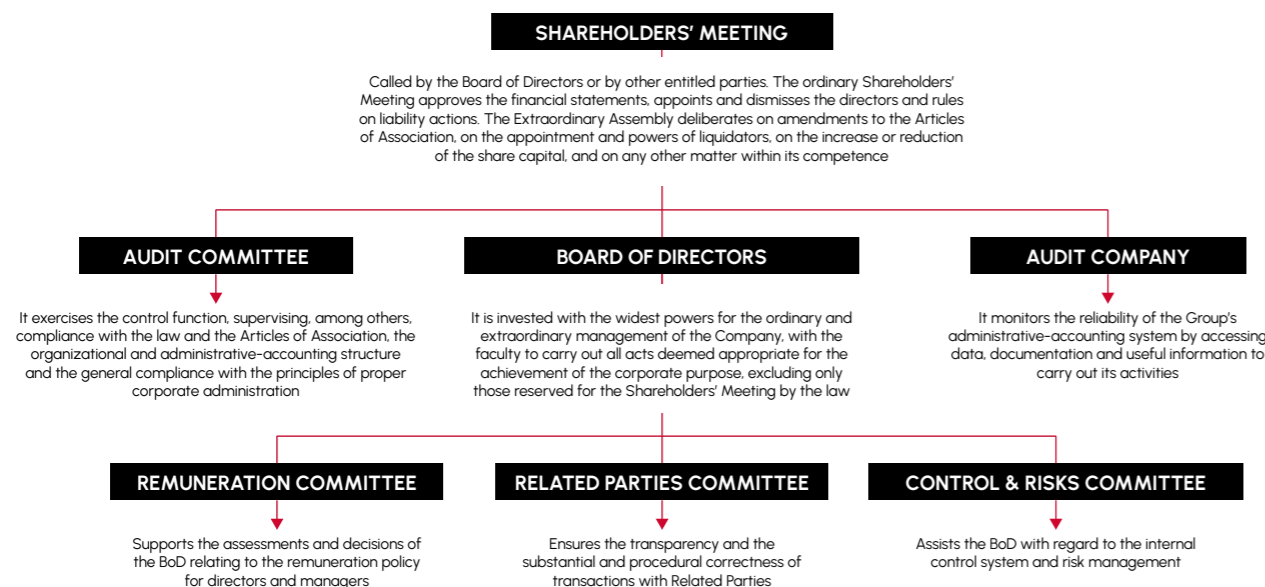


Figure 9: Corporate governance structure

SECO is governed by a **Board of Directors (BoD)**, consisting of 11 members: the Chairperson, the Chief Executive Officer (CEO), and nine Directors, six of whom are non-executive and three of whom are independent^{9,10}.

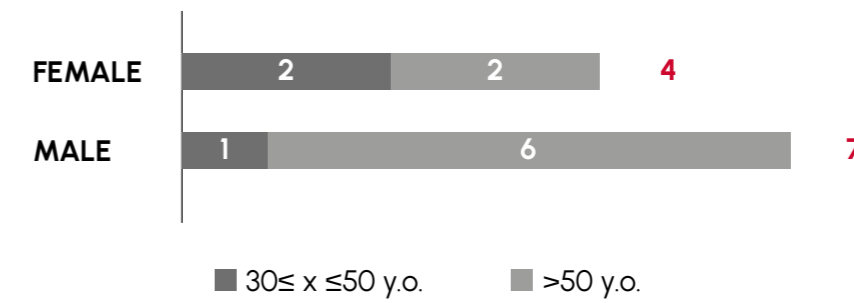


Figure 10: Composition of the BoD by gender and age group in 2023

The appointment of the Board of Directors takes place on the basis of slates,¹¹ in compliance with the applicable regulations in force concerning gender balance and the need for Directors to meet independence requirements. Directors must meet the eligibility requirements of professionalism and integrity, are appointed for a period of three financial years and may be re-elected.

If the Shareholders' Meeting has not so provided, the Board of Directors shall elect a **Chairperson** from among its members, who in turn may elect a Vice-Chairperson to replace him/her in the event of absence or impediment. The Chairperson exercises the functions provided for under the applicable laws, regulations and By-Laws¹². On the proposal of the Chairperson, the Board of Directors also appoints a **Secretary**, who need not be an employee of the Company.

The Board of Directors - and in particular the CEO - develop, approve and update strategic guidelines regarding the management of ESG issues.

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

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

10 | On March 27, 2023, a vote was taken to appoint Valentina Montanari and Tosja Zywiets, previously co-opted by the Board, as Directors of the company, to expand the SECO S.p.A. Board of Directors, and to appoint a new Director in the person of Emanuela Sala

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

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

Business ethics and integrity

Our corporate culture is inspired and driven by respect and the observance of **ethical principles, fairness** and **transparency**. To this end, aware that we need to continuously improve our internal and external principals, we have equipped ourselves with the following tools¹³.

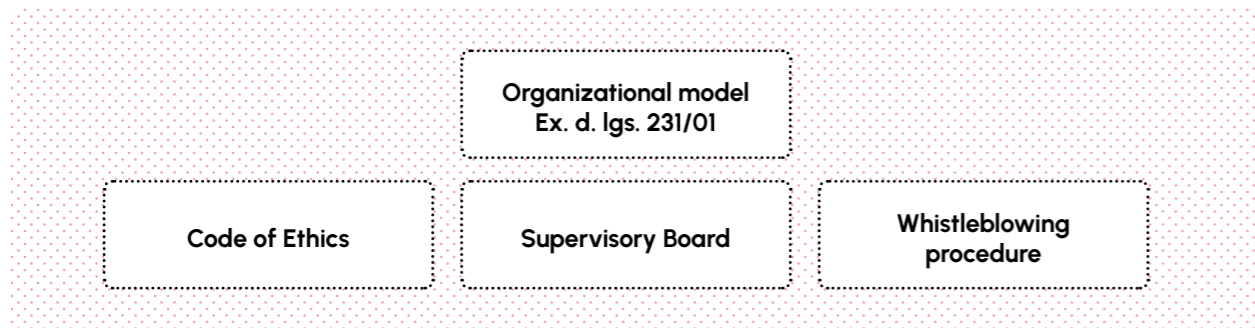


Figure 11: Our tools for guaranteeing business integrity

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

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

During 2023, the SB presented a **control plan**, which was entirely carried out for 2023, with the support of external consultants. In addition, special checklists were drafted and structured interviews were conducted to monitor the following topics: human resources, cybersecurity, the environment, safety, purchases. Potential areas for improvement were noted for each of these topics, but no critical issues were found.

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

The Ethics Code

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

The Group's commitment lies in its desire to make the document easily accessible to all recipients, to guarantee that anyone operating on behalf of and/or in the interest of SECO observes and makes sure that their interlocutors, whether internal or external to the Company, conduct themselves in a manner that complies with the principles of **integrity, fairness and impartiality** and which ensures **transparency** of their actions¹⁴.

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

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

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

To combat corruption in all its forms, the Company has adopted additional measures such as disclosing and communicating its anti-corruption policies and procedures, distributing its Ethics Code, and providing anti-corruption training.

In the three-year period, every member of the Board of Directors of the parent company was informed about the policies and procedures adopted by the Group in relation to anti-corruption. Specifically, the updated versions of the Organizational Model and the Ethics Code were shared.

With reference to the parent company SECO S.p.A., training on the Organizational Model and the anti-corruption policies and procedures adopted by the Group is conducted through a corporate e-learning platform. This method was adopted in April 2022, replacing in-person training, which was provided periodically to new hires prior to the COVID-19 pandemic. As of December 31, 2023, approx. 80% of parent company employees had completed the training¹⁵.

As regards training activities, please refer to the specific information in the "Technical Details" section.

¹³ | For additional information and more in-depth analysis, the documents can be consulted in their entirety in the section Corporate Governance on the Group website.

¹⁴ | The Ethics Code is available on SECO's website at the following link

¹⁵ | The calculation of this indicator also considers employees who left the company during the year. For further details, please see the tables in the "Technical Insights" section.

Whistleblowing procedure

In 2023, the whistleblowing procedure was updated in compliance with the provisions of Legislative Decree No. 24/2023, which transposed Directive (EU) 2019/1937 regarding protection for persons reporting violations of national or European Union regulatory provisions.

This decree extends protections in the event of whistleblowing, expanding the subjective and objective scope, and adds to the procedures to preserve whistleblowers from possible retaliation. Entities covered by the scope of the new regulations are required to set up not only internal channels for conveying information, but, more importantly, must ensure that these provide **adequate security standards** to protect the identity of reporters.

The procedure as updated applies to the SECO Group's Italian companies, and specifically the parent company SECO S.p.A. and the subsidiaries PSM Tech S.r.l. and SECO Mind S.r.l. It seeks to regulate the process for handling reports in compliance with privacy regulations and the protections provided by law, in particular the aforementioned Decree-Law.

The procedure identifies those persons who may make a report and the cases that may be the subject of the report, with particular reference to:

- administrative, accounting, civil or criminal offenses;
- illegal conduct pursuant to Legislative Decree No. 231 of June 28, 2001, or violations of the organization and management models adopted by each Group company;
- offenses committed in violation of the EU regulations set out in Annex I of the Decree and all national provisions that implement them;
- acts or omission or fraud that damage the financial interests of the European Union;
- acts or omissions regarding the single market;
- acts or conduct that impinge on the object or purpose of the provisions set out in EU Acts.

Pursuant to the procedure, reports can be made using a guided completion procedure on a **special platform accessible from the company website**. The methods for reporting using an **external channel (ANAC)** or through **public dissemination** (print, electronic media or means of dissemination capable of reaching a large number of people) are also governed.

Report management is the responsibility of:

- for the parent company SECO S.p.A., an internal collegiate committee comprising the directors of the Legal Affairs and Human Resources functions, along with the Chairperson of the Supervisory Board;
- for the subsidiary companies PSM TECH S.r.l. and SECO Mind S.r.l., the Supervisory Board.

At every stage following the report, the reporter's identity and the elements of the report made shall be confidential.

For further discussion, please see the violation reporting procedure available at <https://www.seco.com/it/Whistleblowing>.

At December 31, 2023, **there were no ongoing proceedings as a result of reports received** through the channels mentioned above.

The Internal Control and Risk Management System

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

Our organization is bolstered by a **certified and integrated Quality Management System**, based on a **risk-based mindset** and developed in accordance with the requirements of ISO 9001:2015¹⁶, ISO 14001:2015¹⁷, ISO 13485:2016¹⁸, ISO 27001:2013¹⁹ and ISO 45001:2018²⁰.

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

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

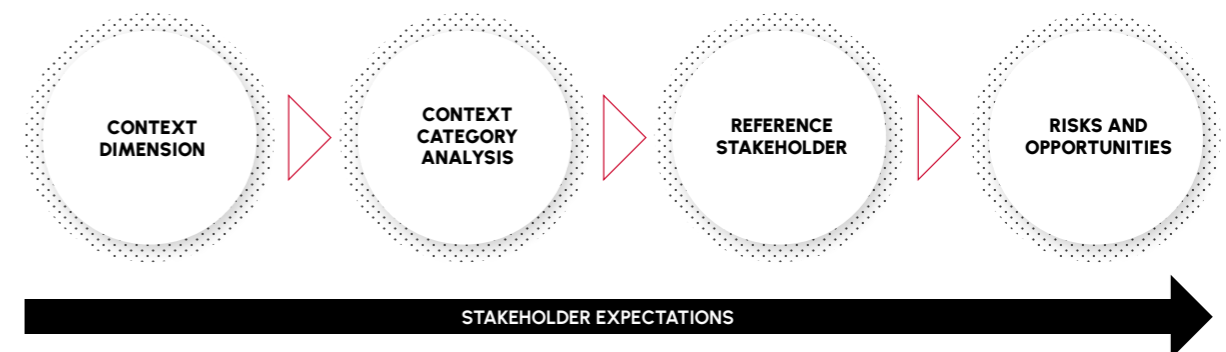


Figure 12: The phases of the risk assessment process

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

¹⁶ | Obtained in 2004 for SECO S.p.A. and broadened to the subsidiary SECO USA, Inc. in 2020, limited to commercial and customer management procedures. Certification has also been acquired by PSM Tech S.r.l., Fannal Electronics Co. Ltd., and SECO Northern Europe GmbH.

¹⁷ | Obtained in 2020 for SECO S.p.A. and in 2019 by Fannal Electronics. SECO Northern Europe GmbH also possesses this certification.

¹⁸ | Obtained in 2020 for SECO S.p.A.

¹⁹ | Obtained in 2021 for SECO S.p.A., corporate certificate broadened to PSM Tech S.r.l. and SECO Mind S.r.l.

²⁰ | Obtained in 2022 for SECO S.p.A. (for the sites in Arezzo, Tregozzano Siena and Rho) and in 2022 for Fannal Electronics.

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

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

Protection and safeguarding of human rights

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

In 2022, we also adopted a new policy on managing "conflict minerals". This additional safeguard defines responsible sourcing practices based on a respect for human rights throughout the supply chain.

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



Figure 13: The areas in which we actively protect human rights

1.6| Research, development and innovation

We strive to stay ahead of the curve in innovation by infusing our daily actions with creativity and passion. Our goal is to equip our customers with the technological tools necessary to tackle future challenges through digitalization, transforming their business models and providing valuable solutions to their end users.

We consistently invest in our research and development processes and personnel while collaborating **with some of the top players in the Edge Computing and Artificial Intelligence industries**. This includes partnering with leading global universities and research centers.

In addition, SECO regularly participates in **Early Access programs** organized by some of the world's leading processor manufacturers. This allows us to gain access, often several months before mass market releases, to the latest technology solutions.

Thanks to this "priority access", we can perform tests and preliminary developments on the technologies we will use in our future products. We provide feedback to our partners on critical issues while gaining an in-depth knowledge of new products well in advance of our competitors. This allows us to significantly reduce the time-to-market of our solutions and integrate technologies for our customers.

In recent years, we have also accelerated our path to growth by completing **corporate acquisitions** and entering into **strategic partnerships** in order to integrate our expertise and develop increasingly high-level technological solutions.

2023 saw the creation of **three new strategic partnerships** with Google Cloud, Qualcomm Technologies, and Axelera AI.

With the launch of a solution for the European market to **deploy Clea on the Google Cloud Marketplace**, Google Cloud users will be able to use CLEA in conjunction with Google Cloud's artificial intelligence services, which will be natively integrated with CLEA. Use of information from all of the company's data sources - including ERP, CRM, MES and devices in the field - allows users to easily manage data and generate insights.

SECO has been appointed an IIoT design center partner of Qualcomm Technologies. It will be responsible for developing reference designs for off-the-shelf hardware solutions for the Industrial IoT world, mainly dedicated to OEM customers and based on Qualcomm Technologies processors. Qualcomm Technologies will support SECO in developing these products to accelerate their time to market, and to facilitate the integration of its own components.

Through **preferential access to Axelera AI's technology**, as Europe's only edge AI solutions developer, SECO is working on the design of a development board and module based on a standard form factor, thus introducing a product dedicated to the innovative computer vision segment into its catalog.

In 2023, we launched 30 new products, including 21 dedicated to custom applications for specific customers and 9 off-the-shelf solutions with multiple areas of application.

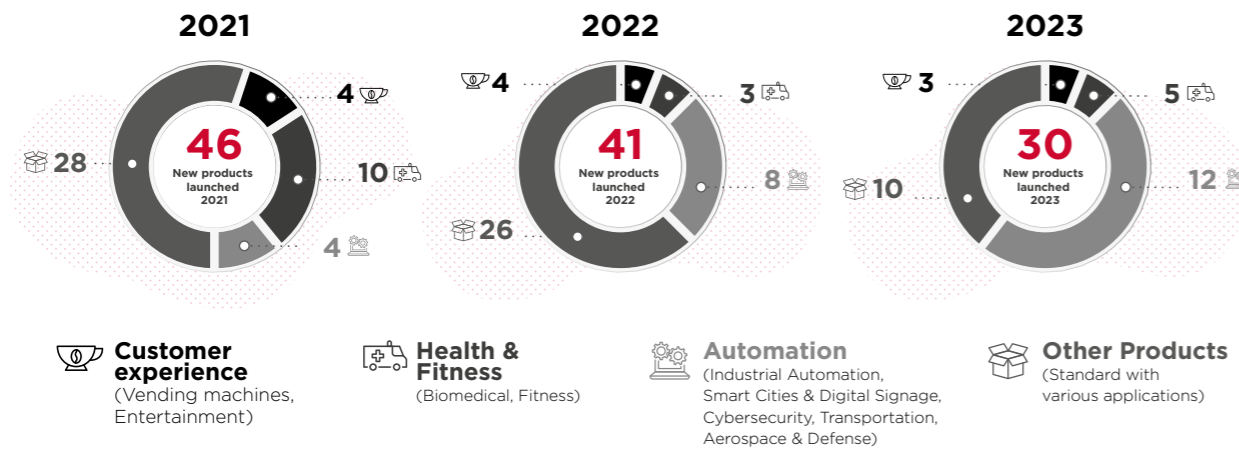


Figure 14: Products launched in 2023 by application field

1.6.1| Investments in R&D

The market in which we work is marked by rapid change and dynamism. It is continuously evolving and driven by a strong desire for innovation from all sector operators. The rapid pace at which our market moves can quickly render obsolete that which had recently constituted a new ingredient with a competitive advantage. To remain at the cutting edge of technological innovation, **we continuously invest in research and development infrastructure and in personnel with highly specialized skills** who know how to work within cross-departmental teams and combine their diverse range of skills and experience to respond quickly and effectively to market needs.

Our desire to be the driving force behind technological advances has led us to develop an increasingly broad portfolio of products suitable for the most diverse applications in the B2B field.

In recent years, we have worked to increase the value of our customers' offerings by equipping their products with additional features and technologies. We provide our business partners with end-to-end solutions based on miniaturized computers, touch displays, hardware-software interconnection software, and data analytics solutions.

	2021	2022	2023
Share of turnover allocated to R&D investments (%)	10%	7%	7%
Employees assigned to R&D activities (%)	30%	33%	32%

Figure 15: Research and development investment

During 2023, we allocated **7% of our turnover** and assigned **more than 30% of our employees to R&D**. Working closely with our customers, we have invested in designing, co-developing and co-engineering new products and solutions for the market. Specifically, roughly 12% of our people work daily on developing AI and software technologies and solutions.

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

In 2023, SECO continued its **ongoing improvement** efforts by promoting the **standardization of processes, - creating a standardized tool chain -** and best practices within its recently acquired entities. Additionally, the Group placed significant emphasis on project management, roadmap management, and product and process quality. This approach creates advantages in terms of resource sharing, minimizing risk and reducing the Group's time to market.

1.6.2| Partnerships with Peers and Industry Bodies.

We have divided our portfolio into standard, semi-custom, and custom products. This allows us to offer a full range of hardware and software solutions to meet every need.

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

In line with the specific requirements, our products can be developed based on specific **form factors and design standards**. SECO has helped co-found these standards, participating actively in some of the major form factor standardization bodies used in the market today. Form factor concerns the hardware design specifications of devices, particularly electronic boards, defining and prescribing their size and shape, in addition to other specific physical design rules for the components used.

These rules are codified and standardized by Standardization Bodies. Some of the most globally established of these bodies include:



of which SECO is a founding member, and which are responsible for some of the most widely used standards, including:



On the other hand, as far as **customized or semi-customized products** are concerned, the process is usually based on **synergic work between our R&D team and that of our customer**. The two teams cooperate to define the technical, performance, dimensional and design features of the solution.

We are a **business partner that can digitalize our customers' offerings**. Through our innovation and integration capabilities, combined with many years of experience in customization in numerous industries, we can significantly **reduce the time-to-market** of the solution developed and designed to meet the specific needs of the customer. The result is a long-term **win-win** relationship that generates value for both parties.

1.6.3| Our technologies at the service of sustainable business

Generating data from devices and analyzing it in real time paves the way for multiple applications that can automate numerous processes and activities carried out every day in industrial and B2B settings, thereby increasing the efficiency of production processes, reducing product waste, and optimizing resource and energy consumption.

During 2023, **more than 90% of our revenue was generated by products that enable or accelerate capabilities** such as:

- **Predictive maintenance:** anticipating possible failures of certain components enables maintenance transactions to be planned so that focused interventions can be performed as opposed to replacing the complete device, thus optimizing the travel of service professionals;
- **Energy consumption monitoring:** regulating the temperature or lighting of a commercial, industrial, or residential environment based on usage trends; managing the on or off time of a device;
- **Waste reduction:** enhancing process quality through industrial transaction automation and real-time production monitoring;
- **Fault detection:** monitoring the device's working status to detect problems and avert failure or service interruption;
- **Functional safety:** the automatic adoption of a set of precautionary steps to limit the risk of harm to people or property following the discovery of a device failure or malfunction;
- **Logistics optimization:** identifying the most effective route, regulating the saturation level of vehicles and warehouses, and organizing repair and replenishment activities at customer locations.
- **Biometric parameter monitoring and sophisticated diagnostics:** real-time analysis of indicators to determine the health status of patients or athletes during specialist consultations, laboratory testing, or athletic competition.

By promoting the digital transformation of industrial devices and processes, each of our solutions enables the launch of new value-added applications for the customer that can also provide substantial prospects for sustainable development. Some of the solutions we have recently launched or helped to develop are concrete illustrations of how the **digital transition** can be linked to **tangible benefits such as controlling and reducing emissions, extending the useful life of devices, efficient use of natural resources, and industrial automation**.

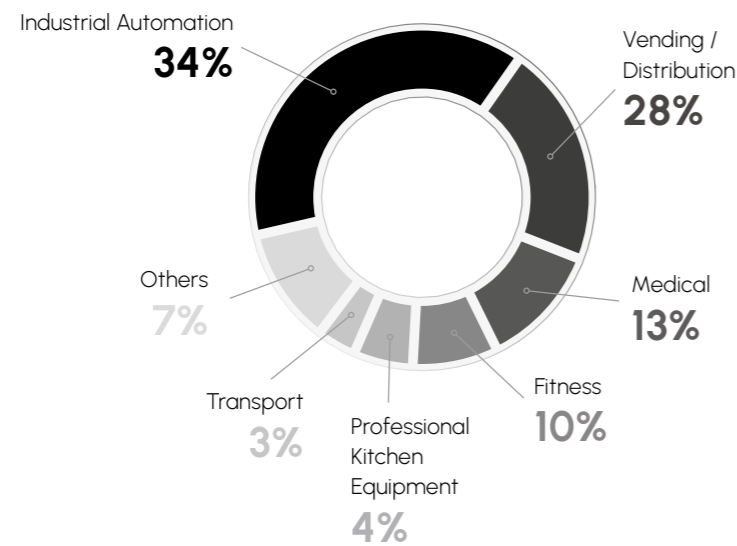
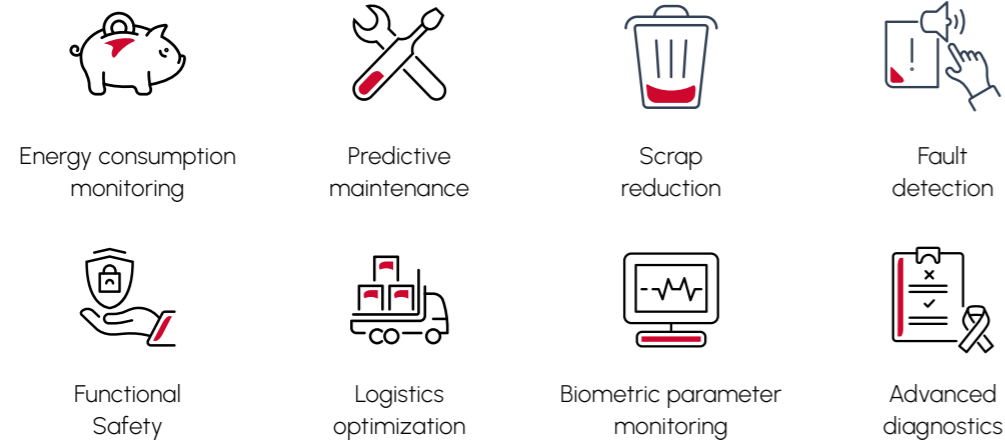
Easy Edge, for instance, is a microcontroller designed for retrofitting any device not equipped with the most up-to-date miniaturized computer, enabling its rapid connection to the network and complete integration with CLEA. By utilizing all the IoT-AI services of the platform, even a machine that is not "IoT-ready" can be projected into the age of Artificial Intelligence, allowing it to take full advantage of the technological optimization capabilities of activities made possible by digitalization. Through the employment of a plug-and-play device, it is possible to extend the useful life of machinery otherwise at risk of becoming obsolete, hence avoiding the need to discard or replace it.

CLEA AI EV Charging Station, co-presented with Intel and constructed by integrating technologies provided by Intel, is a system meant to enable the electrification of mobility through intelligent, cost-effective, and efficient transportation solutions. This charging station for electric vehicles is designed to enable remote management of the entire installed base via specialized Artificial Intelligence models. With the integration of a user interface and electronic payment system, in addition to the ability to access real-time technical assistance and support, the solution is intended to provide a more intuitive method of usage.

Off-grid box is a system capable of generating power for a requirement of 3-8 kWp and drinking water for 5,000 liters per day. It is designed to function in remote areas that are not connected to the power or water supply network for geographical or humanitarian reasons. Due to the complexity of the surroundings in which these devices are deployed, the ability to remotely control, via CLEA, the operational condition of the machines for maintenance or optimizing the dispensing capacity to reduce waste is of particular importance.

Industrial automation is leading to rapid intensification of human-machine interactions. For this reason, it is vital to implement safety-enhancing technology in environments where humans interact with automated systems. The **SMARC Halley module**, for instance, was created in partnership with Intel using Intel Atom® x6427FE and x6200FE CPUs. Optimized for Functional Safety, this module is proposed as a tool for recognizing when a system is not operating according to the minimum required reliability level (e.g., due to component failure) and autonomously intervening on the machine to prevent a potential malfunction from posing a risk to people and the surrounding environment.

Our technology for better quality of life



Some examples of application

CLEA AI EV Charging Station
CLEA-based solution for electric vehicle charging stations



Easy edge
Device for retrofitting legacy machines to increase their functionality and extend their lifespan



Off-grid box
Remote control, via CLEA, of the Off-grid box machines, designed for water and energy self-sufficiency in areas not connected to the grid



Figure 16: SECO technologies for better quality of life

The Internet of Things (IoT) and artificial intelligence (AI) are, in our opinion, particularly useful tools on a route leading to higher sustainability of the models used by each industry sector. To speed up the deployment of more creative technologies, we believe it is essential to **combine the support of the specialized knowledge of industry leaders with our in-house capacity to build edge computing solutions and IoT and AI algorithms**. The numerous relationships formed over the years have found their place along this path.

1.7| Value sharing

The continuous development of new technologies has progressively driven the digital transformation of objects, production lines and business models.

The acquisition and partnership initiatives that SECO has carried out in the past few years form part of a strategy to increase the value created for all its stakeholders through organic and inorganic business expansion:

- for customers, ensuring a wide range of highly innovative, integrated and customizable hardware and software solutions;
- for suppliers, reinforcing collaborative relationships to create an increasingly consolidated, entrenched network, enabling them to also benefit from SECO's growth path;
- for employees, fostering continuous opportunities for growth, training and collaboration to improve satisfaction and engagement;
- for shareholders, making them key actors on the road to market expansion and value creation.

2023 revenues **totaled Euro 210 million** (up 4% from 2022), while **Adjusted EBITDA** was Euro 51 million (24% margin), **up 15%** from 2022. **Profit for the year** amounted to Euro 15 million, **up 3%** on the previous year.

Economic value generated in 2023 was Euro 216 million, of which 93% was distributed to our stakeholders. The remainder is retained internally in order to continue funding the Group's further acceleration due to the attractive growth opportunities offered by the sector.

Below is a breakdown of the economic value generated which illustrates the value distributed to the different categories of stakeholders and the value retained internally.

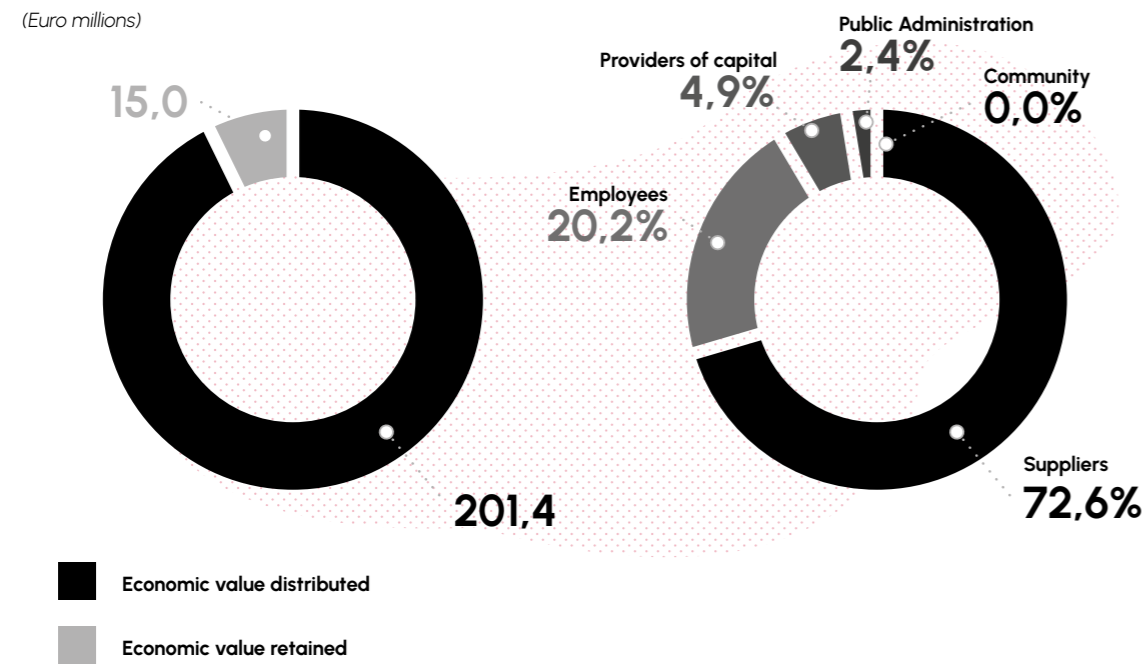


Figure 17: Direct economic value generated and distributed

1.7.1| Taxation

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

For each tax, area tax advisors conduct a periodic - in line with the periodicity of the tax - review with local administrative managers regarding calculation accuracy and any regulatory changes introduced. The tax calculation and relative disclosure are subject to audit. Any concerns about unethical or illegal behavior or the fiscal integrity of the organization may be reported through whistleblowing channels.

Moreover, in order to guarantee maximum accuracy regarding taxation on international inter-Company transactions, a **Group transfer pricing policy** has been implemented and forwarded to the Italian authorities. In this regard, it is the responsibility of the CFO to provide area managers with information regarding transfer pricing, the criteria adopted and any analysis supporting the transfer pricing policies adopted. Finally, beginning 2021, to ensure greater efficiency the Group adhered to the national tax consolidation scheme²¹.

²¹ More quantitative information can be found in the "Technical Details" section of this document.



2| Sustainability is Strategy



120

stakeholders involved in the Group's materiality analysis for 2023



Analysis of risks and opportunities

carried out, which were then linked to ESG issues



20

programmatic environmental, social, and governance actions to be taken in the three-year period 2023-25 to integrate sustainability at all levels of the organization

GRI

GRI 2-14, 2-29, 3-1, 3-3

SDG

SDG #17 – Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships (Target 17.17)



2.1| Sustainability context

2.1.1| 2030 Agenda: SECO's contribution

To measure our contribution to the achievement of shared sustainability, we analyzed¹ the **17 United Nations Sustainable Development Goals** (SDGs). We used the material topics set out in the following paragraphs as a starting point to map out and link SDGs with the GRI Standards referred to in this document, thus identifying 7 SDGs to which SECO contributes directly through its business activities:

- SDG #3 – Good health and well-being (Target 3.8)²
- SDG #4 – Quality Education (Target 4.4)³
- SDG #5 – Gender Equality (Target 5.5)⁴
- SDG #8 – Decent work and economic growth (Target 8.2, 8.3, 8.4, 8.5, 8.8)⁵
- SDG #9 – Industry, Innovation and Infrastructure (Target 9.5)⁶
- SDG #12 – Responsible consumption and production (Target 12.2, 12.5)⁷
- SDG #13 – Take action to combat climate change (Target 13.1)⁸

1 | Our analysis also involved taking into consideration the latest version of the "Linking the SDGs and the GRI Standards" report published by the Global Reporting Initiative in May 2022 and the document "Business reporting on the SDGs: Integrating the SDGs into Corporate Reporting: A Practical Guide", October 2019 version. In fact, the first report provides a breakdown of the 2030 Agenda Goals and maps out how they correlate with the GRI Standards, including the most recent version, while the second guides the organizations in their reporting of the UN's SDGs.

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

3 | Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

4 | Target 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

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

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

Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead

Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

6 | Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

7 | Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources

Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

8 | Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



Figure 1: SECO's contribution to the Sustainable Development Goals

Sustainable Development and the 17 United Nations Goals

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

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

Finally, we believe we can contribute indirectly to SDG #7 – Affordable, reliable, sustainable, and modern energy systems (Target 7.2 and 7.3)⁹, to SDG #10 – Reduced inequalities (Targets 10.2 and 10.4)¹⁰, to SDG #12 – Responsible consumption and production (Target 12.5)¹¹ and to SDG #16 – Peace, justice and strong institutions (Targets 16.5, 16.6 and 16.7)¹² and to SDG #17 – Partnerships for the goals (Target 17.17)¹³.

2.1.2| European Taxonomy

Within the framework of the European Green Deal, the European Commission has developed a special classification system that allows an **unambiguous definition of economic activities - and investments - that can be considered environmentally sustainable**. This system was defined within **EU Regulation 2020/852 of the European Parliament and of the Council** of June 18, 2020, made effective as of July 12, 2020.

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

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

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

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

⁹ | Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
Target 7.3: By 2030, double the global rate of improvement in energy efficiency

¹⁰ | Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, gender, disability, race, ethnicity, origin, religion or economic or other status

Target 10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

¹¹ | Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

¹² | Target 16.5: Substantially reduce corruption and bribery in all their forms

Target 16.6 Develop effective, accountable and transparent institutions at all levels

Target 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.

¹³ | Target 17.17: Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed

The European Taxonomy Regulation therefore envisages the obligation - as from January 1, 2022 - for all companies falling under the circumstances set out by Legislative Decree No. 254/2016 to report the share of turnover, the percentage of capital expenditure (CAPEX) and the percentage of operating expenditure (OPEX) qualifying as eligible for the "Climate change mitigation" and "Climate change adaptation" objectives. In addition, from January 1, 2023, the reporting requirement also applies to the alignment criteria for reporting for the year 2022, and relates to the same objectives. From January 1, 2024, for reporting in 2023, this obligation also covers the remaining four objectives, both in terms of eligibility and alignment.

SECO's calculation of KPIs

To respond to the disclosure requirements of the regulation, SECO conducted an eligibility analysis taking into account its core business and NACE code (26.12 - Manufacture of integrated electronic boards). Using the "Taxonomy Compass" tool provided by the European Commission, it was found that the aforementioned items are included among those that can contribute to the "Transition to a Circular Economy" objective. The activities carried out by SECO would therefore be eligible with respect to this objective.

As regards possible alignment with the Taxonomy, using the criteria identified by the Taxonomy Compass, SECO subsequently carried out a close analysis of the substantial contribution of its activities to achieving the aforementioned objective.

Based on this analysis, for reasons mainly related to the state of the art of the technologies used by SECO and its supply chain in their respective production processes, SECO's activities are not considered to be aligned with respect to some of the criteria identified in Sections 2.4 (Design for dismantling) and 2.5 (Design for recyclability) of the Substantial Contribution Criteria identified in Commission Delegated Regulation (EU) 2023/2485.

The following tables outline the analysis performed for each KPI.

Turnover

Economic activities	Substantial contribution criteria									DNSH criteria								
	Code	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover year N	Category (enabling/transitional activity)
	(s)	k€	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Turnover of environmental sustainable activities (Taxonomy-aligned activities) (A.1)	/	0	0%															
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of electrical and electronic equipment	1,2	211.974	100%	N	N	N	Y	N	N								0%	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		211.974	100%															
Total (A.1+A.2)		211.974	100%															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		0	0%															
Total (A+B)		211.974	100%															

CapEx

Economic activities	Substantial contribution criteria									DNSH criteria								
	Code	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover year N	Category (enabling/transitional activity)
	(s)	k€	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Electricity generation using solar photovoltaic technology	4,1	1,39		Y	Y	N	N	N	N	Y	Y	N/A	Y	N/A	Y	Y	0%	
CapEx of environmental sustainable activities (Taxonomy-aligned activities) (A.1)		1,39	0,01%															
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of electrical and electronic equipment	1,2	19.706	99,99%	N	N	N	Y	N	N							0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		19.706	99,99%															
Total (A.1+A.2)		19.708	100,00%															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		0	0%															
Total (A+B)		19.708	100%															
Activities excluded from alignment for lack requirements DNSH																		
Infrastructure enabling low-carbon road transport and public transport	6,15	23,16		Y						Y	Y	Y	N	Y	Y	Y	0%	E

OpEx

Economic activities	Substantial contribution criteria									DNSH criteria								
	Code	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover year N	Category (enabling/transitional activity)
	(s)	k€	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Electricity generation using solar photovoltaic technology	4,1	5,17		Y	Y	N	N	N	N	Y	Y	N/A	Y	N/A	Y	Y	0%	
Transport by motorbikes, passenger cars and light commercial vehicles	6,5	58,31		Y	Y	N	N	N	N	Y	Y	N/A	N	Y	N/A	Y	0%	
OpEx of environmental sustainable activities (Taxonomy-aligned activities) (A.1)	/	63	0%															
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of electrical and electronic equipment	1,2	166.268	100%	N	N	N	Y	N	N							0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		166.268	84%															
Total (A.1+A.2)		166.331	84%															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx of Taxonomy-non-eligible activities (B)		30.662	16%															
Total (A+B)		196.993	100%															
Activities excluded from alignment for lack requirements DNSH																		
Infrastructure enabling low-carbon road transport and public transport	6,15	0,38		Y						Y	Y	Y	N	Y	Y	Y	0%	E

2.2| SECO Group Stakeholders

The first phases of the **stakeholder engagement** process that began in 2021 involved an update to the Group stakeholder map following a targeted survey, which was sent to the Group's senior management team in order to:

- **mapping and identifying** main **stakeholders**;
- analyze their respective **communication and relationship styles**;
- define the **Business Units** involved in the relationship;
- identify the **tools and dialogue channels** used;
- assess the degree of **relevance** for the Group so that an outline could be created for the stakeholder engagement plan.

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



Figure 20: Map of Group stakeholders

We believe that continuous interaction and dialogue with all of our Stakeholders is fundamental and strategic, which is why we have initiated an engagement process that enables us to adopt tools and modes of communication tailored to each category of Stakeholders in order to manage requests and maintain active collaboration and dialogue with each of them.

The table below outlines the dialogue methods and channels utilized, the frequency of engagement, and the manners in which SECO communicates with various categories of Stakeholder.

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

In 2023, as a continuation of the Stakeholder study conducted in 2021 and the materiality analysis carried out in 2022, the aforementioned Stakeholder categories were directly involved in **assessing material topics and their significant impacts for the Group**, as outlined in Section 2.3.1.

2.3| Materiality analysis and risk assessment

Continuing on from our achievements in 2022, 2023 again saw the participation of a wide range of the Group's internal and external stakeholders in the definition of the contents of this NFS, in line with the reporting principles of the GRI Standards¹⁴.

Furthermore, in order to align the reporting practices adopted with the new national and international standards¹⁵, in 2023 we developed the impact materiality analysis, a process that had begun the previous year. This assesses as positive impacts (opportunities) or negative impacts (risks) - both current and potential - the effects outside the Organization, i.e. on the environment, people and society as a whole.

This activity forms part of the process to gradually align SECO's practices with the principle of "dual materiality" to comply with the requirements of the CSRD. This calls for an assessment on two fronts, namely impact relevance and financial relevance.

2.3.1| The impact materiality analysis

The "Impact Materiality" process, in compliance with GRI 2021 and current international standards, began in 2022, initially involving a few members of top management. During the year, the assessment process was expanded to involve different categories of Stakeholders, in line with the previously defined Stakeholder engagement process. In 2022, the Group's stakeholders were involved in the assessment of issues only - in line with the "single materiality" approach - while 2023 saw them asked to assess the identified impacts in terms of the severity or benefit.

This approach seeks to align operational activities with the steps proposed by the European Financial Reporting Advisory Group (EFRAG) to adopt the methodology provided by the **dual materiality** perspective¹⁶ for the 2024 NFS.

Specifically, the process is divided into the following operative phases:

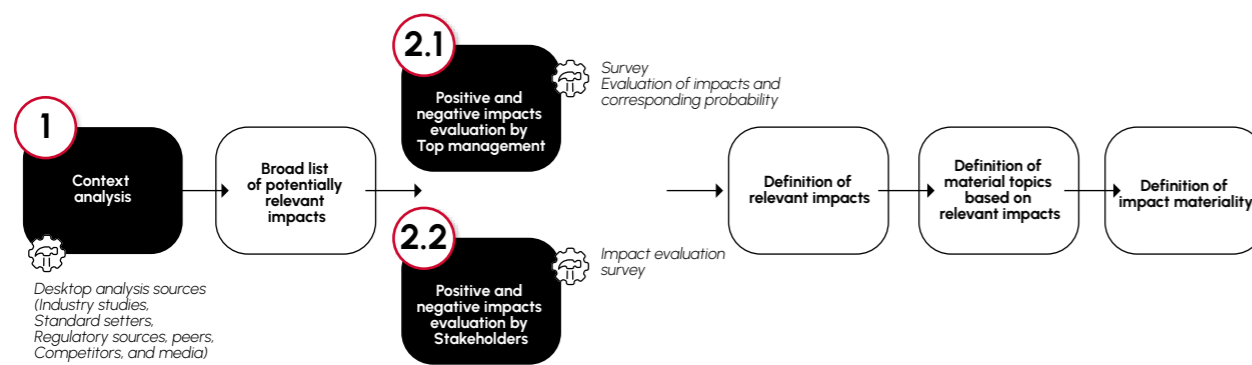


Figure 21: Defining impact materiality

¹⁴ | Further information is available in the "Methodological Note" on page x of this document.

¹⁵ | Specifically, the Corporate Sustainability Reporting Directive (CSRD), which entered into force in January 2023, but, for listed Big Companies such as SECO, will cover the preparation of non-financial reports, beginning with the Financial Year 2024 and continuing through 2025.

¹⁶ | The dual materiality methodology provided by CSRD involves assessing the positive and negative ESG impacts, both actual and potential, that SECO generates outside the Organization, i.e., on the environment and society as a whole ("impact materiality" or the "inside-out perspective") and external impacts that affect the Organization ("financial materiality" or "outside-in perspective").



First, we conducted a context analysis, the outcome of which is reported in chapter "1.1 - Context." This had the dual objectives of **analyzing our positioning** in terms of the business sector in which we operate and of **emerging international macro-trends**, while identifying a shortlist of current and potential positive and negative impacts on communities, people and the environment.

Context analysis was conducted by means of both internal and external documentary assessment, involving diverse Stakeholder perspectives. These Stakeholders included international bodies, trade associations, academia, shareholders and investors, and the media. The analysis was further enriched through a comparison with the work of a panel of industry peers and companies. It was also supplemented with input from relevant international bodies and entities, such as Standard & Poor's, the Sustainability Accounting Standards Board (SASB), the Organization for Economic Cooperation and Development (OECD) and the European Community.

Where possible, the context analysis was supplemented with the risks previously identified and assessed in the past year as part of the Enterprise Risk Management (ERM) we have adopted. A perimeter of 65 effects was thus established for consideration by top management and stakeholders in the following phase. Of these effects, 32 presented potential dangers to people, the community, and the environment and 33 potential possibilities capable of having a positive impact for SECO.



Two surveys were created, one for Stakeholders and one for Top Management, who were asked to assign a score from 1 ("Not Significant") to 5 ("Critical" and/or "Maximum") relating to the **severity of the risk**, based on the factors of magnitude, scope and irremediable nature of the impact, and in terms of the **magnitude** and **scope of the benefit** generated by the opportunity. Top management was also asked to rate the **likelihood of their occurrence** (risks and opportunities) using a rating scale from 1 ("Remote") to 5 ("Almost certain").

The questionnaire submitted to Stakeholders received a total of 120 responses, a conversion rate¹⁷ of 47%, while the Top Management questionnaire received a total of 5 responses (100%).



Following the assessment of impacts, **two significance thresholds**, represented by the median of opportunities for positive impacts and the median of risks for negative impacts, were defined to identify material impacts.

The significance thresholds identified were **3.53** for risks and **12.58** for opportunities.

The examination of the data indicated a greater emphasis on social, economic, and governance impacts, whereas environmental implications were, on average, judged to be less significant.

Likewise, there was a clear difference in assessment expressed by both top management and stakeholders regarding risks and opportunities. As also evidenced by the medians identified, the latter scored much higher on average than the risks, as positive impacts were, on average, much more likely to occur than negative impacts. The analysis conducted makes it clear that SECO has a good level of oversight regarding the potential risks identified in the context analysis. This difference is also attributable to the benefits and positive contributions that technological innovation - an area in which SECO has historically been active - may bring to these issues in the coming years.

Finally, the analysis carried out enables the definition of a list of **material topics**, taking into consideration only relevant impacts, and grouping them by topic significance. The resulting final ratings for the individual sustainability topics were calculated as a simple average from the average value of material risks relating to the topic and the average value of material opportunities relating to each.



The results of the materiality analysis are submitted for approval by the Chief Executive Officer and then presented, together with the methodological note, to the Control and Risk Committee. Approval of the full NFS document, on the other hand, is the responsibility of the Board of Directors. In February 2024, the impact materiality as outlined in the steps described above was submitted to the Chief Executive Officer, who validated the material impacts as per the analysis.

Following the analysis described above, the impact materiality 2023 is shown below:

cluster	impacts		Topics	severity/benefit	probability	total	Topic evaluation	
Environment	Opportunity	Reducing environmental footprint through action to replace energy sources and reduce consumption of energy and materials	Indirect impact	Electricity consumption and emissions	3,49	3,60	12,58	8,28
	Opportunity	Reducing environmental impact by switching supply from conventional to renewable energy sources	Indirect impact		3,57	3,60	12,85	
	Risk	Increased emissions as a result of poor space optimization and inefficient logistics strategies	Indirect impact		2,31	1,80	4,16	
	Risk	Increased emissions and other significant environmental impacts associated with high energy consumption from non-renewable sources at the organization	Indirect impact		2,21	1,60	3,54	
	Risk	Continuous increase in materials consumed and increased production of waste materials in the Group's operations, which are not destined for recovery or reuse	Indirect impact	Circular economy	2,58	2,20	5,68	9,77
	Risk	Increase in packaging-related waste from raw materials purchased and products sold by the Group	Direct and indirect impact		2,88	2,20	6,33	
	Risk	Damage to the environment or the local community as a result of poor waste management, especially in terms of volumes produced and failure to use recovery treatments	Indirect impact		2,61	1,60	4,18	
Opportunity	Reducing the impacts of packaging disposal by selecting materials with lower impacts and rethinking packaging and transportation logistics	Indirect impact	3,72		3,80	14,15		
Social	Opportunity	Creating growth opportunities for recent graduates and young people specializing in IT by implementing specific pathways and creating an environment that focuses on developing talent	Indirect impact	Talent acquisition, management and development	3,63	3,60	13,09	9,21
	Risk	Increased risk of job losses and decreased specialist employment as a result of the disruptive effect of AI and increased process automation	Indirect impact		2,18	1,80	3,92	
	Risk	Failure to meet the expectations and needs for individual and professional growth of Group employees	Indirect impact		3,48	2,40	8,36	
	Risk	Risks of unequal general access to ICT technologies as artificial intelligence begins to spread into new areas, as a result of a failure to develop skills and knowledge in the field	Indirect impact		2,31	1,60	3,70	
	Opportunity	Safeguarding customer and end user health by ensuring the highest level of product safety	Indirect impact	Customer satisfaction and protection	3,90	4,20	16,37	9,92
	Opportunity	Development of products that more closely correspond to customer demands, thanks to structured dialogue and collaboration with them	Indirect impact		3,91	4,00	15,64	
	Opportunity	Development of finished and semi-finished products in compliance with current safety regulations and provisions, resulting in health and safety protection for end customers	Indirect impact		3,53	3,60	12,70	
	Risk	Reduced or incomplete dialogue by SECO during co-design of custom final products, leading to customer dissatisfaction	Indirect impact		2,93	1,80	5,27	
	Risk	Lack of quality in the Group's products and semi-finished products, leading to customer and end-user dissatisfaction	Indirect impact		2,87	1,60	4,60	

¹⁷ | The conversion rate is the number of complete responses received / the total number of responses (complete + incomplete).

cluster	impacts			Topics	severity/benefit	probability	total	Topic evaluation	
Social	Opportunity	Increasing employees' personal satisfaction through initiatives to redistribute wealth and policies on work-life balance, promoting a healthy and inclusive environment throughout the Group's value chain	Indirect impact	Sustainable and inclusive work environment	3.72	4.20	15.64	11,18	
	Opportunity	Preventing discrimination by promoting "anti-discrimination management procedures" during recruitment, eliminating traditional resume fields that require job seekers to indicate gender, date of birth, marital status, family status, etc.	Indirect impact		3.55	3.80	13.50		
	Risk	Deterioration of employees' working and personal conditions due to poor work-life balance	Indirect impact		3.25	2.40	7.79		
Governance	Opportunity	Fair distribution of the economic value generated by SECO's activities, leading to improved living conditions for the people in the areas where the Group operates	Indirect impact	Creation of value for the area and the local community	3.51	3.60	12.65	8,51	
	Risk	Negative impacts on the local area and target communities as a result of improper management of extraordinary events and the Group's failure to introduce adaptation and resilience initiatives	Indirect impact		2.37	1.80	4.27		
	Risk	Failure to create and/or redistribute economic and employment value in the territory in which SECO operates	Indirect impact		2.47	1.80	4.45		
	Opportunity	Creation of a sensitive data management model in line with the highest international standards on Data Privacy & Security to protect customers and become a model for best practice in the market, making a positive impact on other companies in the sector.	Indirect impact	Data privacy and cybersecurity	3.57	4.00	14.27	11,62	
	Opportunity	Dissemination of technology and digitalization knowledge and skills to create positive synergies with the target area and foster virtuous growth within it	Indirect impact		3.75	4.00	14.98		
	Opportunity	Reducing cybersecurity risks and data privacy breaches through employee training programs and use of state-of-the-art Data Protection systems	Indirect impact		3.71	3.80	14.11		
	Risk	Risk of potential cyber threats and individual exposure to hacking or personal data leaks related to an increased use of connected devices and inadequate customer security management	Indirect impact			2.80	8.78		
	Opportunity	Reduced corruption (both active and passive) thanks to practical measures in line with current rules and regulations, creating increased transparency and accountability for SECO in relation to area governance	Indirect impact		Business and AI development ethics	3.63	3.60		13.06
	Opportunity	Raising employee awareness of proper behavior and developing an ethical corporate culture based on the values of legality, fairness and honesty, leading to greater commitments and actions to benefit the local community (such as charitable donations or volunteer initiatives)	Indirect impact			3.81	4.00		15.26
	Opportunity	Active countering of international violations committed by traffickers of "Conflict Minerals" through the use of methods to control and verify the origin of materials used by the organization and pertaining to this category	Indirect impact			3.21	4.00		12.85
Risk	Risk of technology misuse and unethical development of artificial intelligence, leading to discrimination and bias against individuals or groups	Indirect impact	2.21	1.60		3.54			
Risk	Unethical, unreliable and unfair use of AI, leading to violations of end customer privacy and other individual rights	Indirect impact	2.44	1.80		4.39			

cluster	impacts			Topics	severity/benefit	probability	total	Topic evaluation
Governance	Opportunity	More scientific research into sustainability topics and sustainable product design – contributing to the development of the local communities and business sector in which SECO operates	Direct and indirect impact	Research, innovation and development	3.73	4.00	14.90	14,90

Finally, the information above regarding the difference between the risk and opportunity assessment is illustrated in the "Opportunity-Risk Matrix", which demonstrates that for almost all of the issues analyzed, the opportunities were more significant than risks.

Cluster	Topics	Risks	Opportunities
Environment	Energy consumption and emissions	3,85	12,71
	Circular economy	5,39	14,15
Social	Talent acquisition, management and development	5,32	13,09
	Customer satisfaction and protection	4,93	14,91
	Sustainable and inclusive work environment	7,79	14,57
Governance	Creation of value for the area and the local community	4,36	12,65
	Data privacy and cybersecurity	8,78	14,91
	Business and AI development ethics	3,96	13,75
	Research, innovation and development	0*	14,90

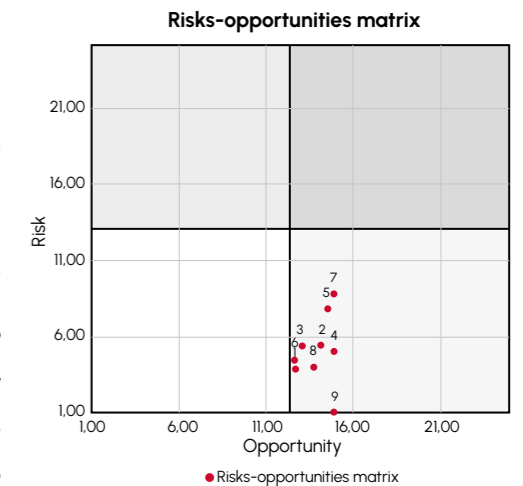


Figure 22: Opportunity-Risk Matrix

The greatest opportunities for the business related to social and governance issues, particularly "Sustainable and Inclusive Work Environment" (5) and "Data privacy and cybersecurity" (7).

2.4| Our sustainability pillars

Knowing that we have a responsibility to the environment and the social context in which we operate, since 2022 we have been laying the groundwork for a viable, long-term strategy to integrate sustainability at all organizational levels.

Specifically, we have a policy that governs the NFS drafting process by formalizing its principles, activities and operating methods. The policy specifies the timing of the NFS drafting process, the activities and roles of each unit involved in the process, with specific reference to preliminary activities and the collection of non-financial information regarding the parent company and the companies within the reporting scope.

In addition to outlining the material topics stated in the preceding paragraphs, we also actively involved in developing programmatic activities to be executed in the coming years to further integrate sustainability into SECO's strategy and our everyday operations.

In order to fulfill the needs of our internal and external Stakeholders, we began the study with the topics identified as material during the development of the 2021 materiality matrix and identified a number of projects for each of the three areas of sustainability (Environment, Social, Governance).

A summary of activities introduced or in progress as of December 31, 2023 is given below.

Areas of focus (2023-25)



Environment

- **Reporting indirect emissions** (Scope 3) to undertake a **decarbonization process**, with a view to adopting an SBT approach¹⁸
- Power all Group production facilities using only **energy from renewable sources**
- Conduct analysis using the LCA (**Life-Cycle Assessment**) methodology on our products in order to measure their environmental impact
- Expand the use of **reusable packaging made from recycled material**, replacing single-use solutions
 - ✓ **Project beginning in 2023:** Pilot project started in 2023 to replace, whenever possible, plastics and foam packaging with carton
- Support ongoing research to encourage the incorporation of recycled or **recyclable and reusable components** into our products
- Extend the scope of **ISO 14001 certification on environmental management to the entire Group**
 - ✓ **Project beginning in 2023:** ISO:14001 obtained by all Group's production companies
- Adopt an **ISO 50001 energy management system** at the Group's production plant



Social

- Develop a **performance appraisal system** to encourage **feedback** among members of each team
 - ✓ **Project beginning in 2023:** 100% of the Parent company's employees¹⁹ are evaluated according to a performance appraisal program

¹⁸ | Reference is made to the system of best practices identified by the Science-Based Targets Initiative (SBTi), a collaboration between the UN Global Compact (UNGC), World Resource Institute (WRI), Carbon Disclosure Project (CDP), and World Wildlife Fund (WWF) with the goal of assisting companies in adopting targets to mitigate their environmental impact and guiding them through the transition to a low-carbon economy.

¹⁹ | Reference is made to all employees excluding those involved in Manufacturing activities

- Extend **corporate guidelines on flexible work** to balance people's personal and work needs more effectively
 - ✓ **Project beginning in 2023:** Flexible work extended to all employees of SECO SpA, PSM Tech, SECO Mind Srl and SECO Northern Europe²⁰
- **Bolster training programs** by providing at least 10 hours of training for all employees each year
- Support the **continuous development** of internal skills and the **acquisition of talented new personnel**
- **Promote the well-being of new parents** through appropriate **parental leave policies**
- Adopt a **Diversity & Inclusion Policy** and increase **awareness on the issue among employees**
- Promote **equal pay by gender** through an initial assessment and a periodic review process
- Extend the scope of **ISO 45001 certification on Occupational Health and Safety to the entire Group**



Governance & Business Integrity

- **Integrate the culture of sustainability** into corporate strategy and daily action, increasing the awareness of the Board, the Management Team and employees
- **Include at least one ESG objective in 100% of MBO-based** remuneration incentive mechanisms
- Adopt a **policy** and build an **internal control system on Conflict Minerals**, in accordance with OECD recommendations
 - ✓ **Project continued during 2023:** Policy approved by Board of Directors on December 22, 2022
- Integrate **sustainability requirements** into **all audits of new suppliers**
 - ✓ **Project beginning in 2023:** Starting from December 2023, SECO SpA's vendor rating system features suppliers evaluation criteria based on ESG metrics
- Extend the scope of **ISO 27001 IT security certification to the entire Group**
 - ✓ **Project continued during 2023:** Corporate certification extended to all Group's Italy-based companies, with the view to include SECO Northern Europe during 2024

Figure 23: Group ESG objectives

²⁰ | Reference is made to all employees excluding those involved in Manufacturing activities



3 | Giving Our All



812
employees in 2023



16.673 total hours
of training in 2023, an average of 29.0 per employee



100%
Workers in Italy covered by an occupational health and safety management system



2.191 hours
of health and safety training during 2021-2023.



96%
customer retention rate over the last three years



52%
of procurement spending was on domestic suppliers in 2023



Conflict minerals policy
introduced in 2022

MATERIAL TOPICS

- Talent acquisition, management and development
- Sustainable and inclusive work environment

RELATED RISKS

- Increased risk of job losses and decreased specialist employment as a result of the disruptive effect of AI and increased process automation.
- Failure to meet the expectations and needs for individual and professional growth of Group employees.



- Risks of unequal general access to ICT technologies as artificial intelligence begins to spread into new areas, as a result of a failure to develop skills and knowledge in the field.

OPPORTUNITIES

- Creating growth opportunities for recent graduates and young people specializing in IT by implementing specific pathways and creating an environment that focuses on developing talent.
- Increasing its employees' personal satisfaction through initiatives to redistribute wealth and policies on work-life balance, promoting a healthy and inclusive environment throughout the Group's value chain.
- Preventing discrimination by promoting "anti-discrimination management procedures" during recruitment, eliminating traditional resume fields that require job seekers to indicate gender, date of birth, marital status, family status, etc.

MATERIAL TOPICS

- **Customer satisfaction and protection**
- **Creation of value for the area and the local community**

RELATED RISKS

- Reduced or incomplete dialogue by SECO during co-design of custom final products, leading to customer dissatisfaction.
- Lack of quality in the Group's products and semi-finished products, leading to customer and end-user dissatisfaction.
- Deterioration of employees' working and personal conditions due to poor work-life balance.
- Negative impacts on the local area and target communities as a result of improper management of extraordinary events and the Group's failure to introduce adaptation and resilience initiatives.
- Failure to create and/or redistribute economic and employment value in the territory in which SECO operates.

OPPORTUNITIES

- Safeguarding customer and end user health by ensuring the highest level of product safety.
- Development of products that more closely correspond to customer demands, thanks to structured dialogue and collaboration with them.
- Development of finished and semi-finished products in compliance with current safety regulations and provisions, resulting in health and safety protection for end customers.
- Fair distribution of the economic value generated by SECO's activities, leading to improved living conditions for the people in the areas where the Group operates.

GRI

GRI 2-7, 2-8, 2-30, 3-3, 204-1, 401-1, 401-2, 401-3, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 404-1, 404-3, 405-1, 406-1, 407-1, 408-1, 409-1, 414-1, 418-1

SDG

- SDG #3 – Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all. (Target 3.8)
- SDG #4 – By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. (Target 4.4)
- SDG #5 – Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. (Target 5.5)

- SDG #8 – Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. (Target 8.3)
- By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. (Target 8.5)
- Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment (Target 8.8)
- SDG #10 – By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status (Target 10.2)
- Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality. (Target 10.4)
- SDG #12 – By 2030, achieve the sustainable management and efficient use of natural resources. (Target 12.2)
- SDG #17 – Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships. (Target 17.17)



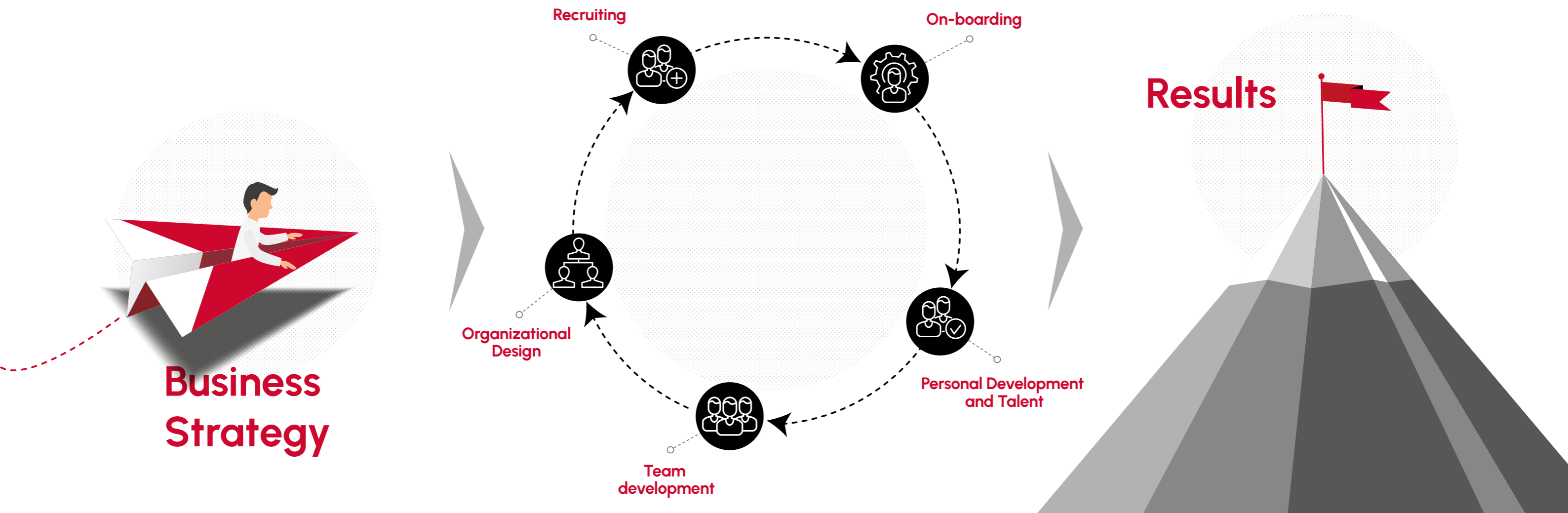
3.1| People

People are one of our main assets, a key element in our organization and **our success**. We are an ever-evolving international Group with offices in nine countries. We are actively committed to sharing a **common corporate culture**, which aims to develop and enhance everyone's **talent**, foster **continuous interaction** between work teams and relationships based on trust and respect for **equal opportunities**.

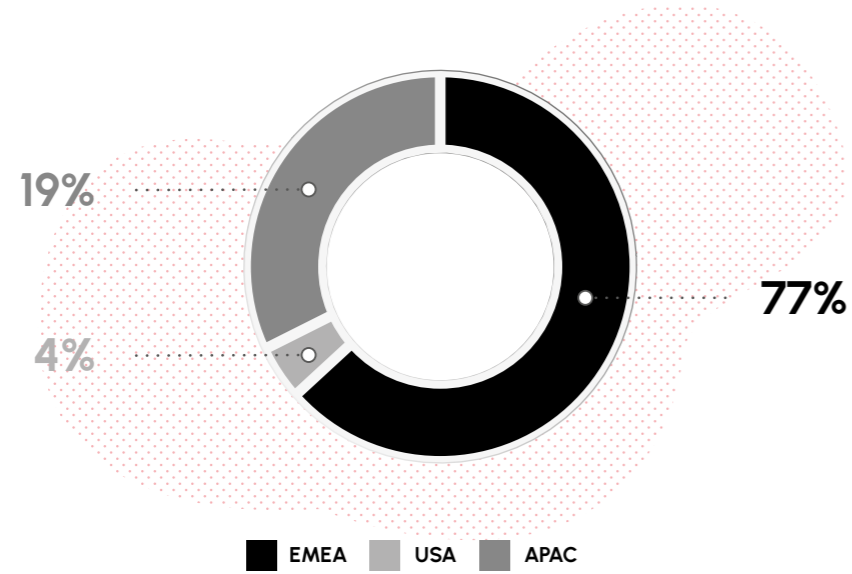
As of December 31, 2023, the Group consisted of **812 employees**, down 1% from 817 employees at the end of the previous year.

The employees of all the Group's Italian companies (50% of the total workforce) are covered by the National Collective Bargaining Agreement for the metal-working sector.

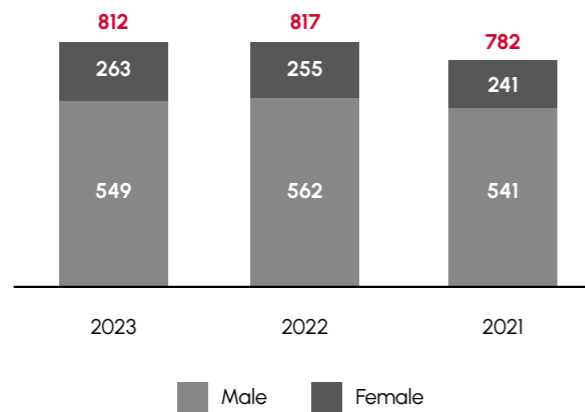
Figure 24: SECO's HR model



Geographical distribution of employees in 2023



Change in Group personnel



Employees falling into vulnerable groups in 2023 numbered 16, up slightly from 14 at the end of the previous year¹.

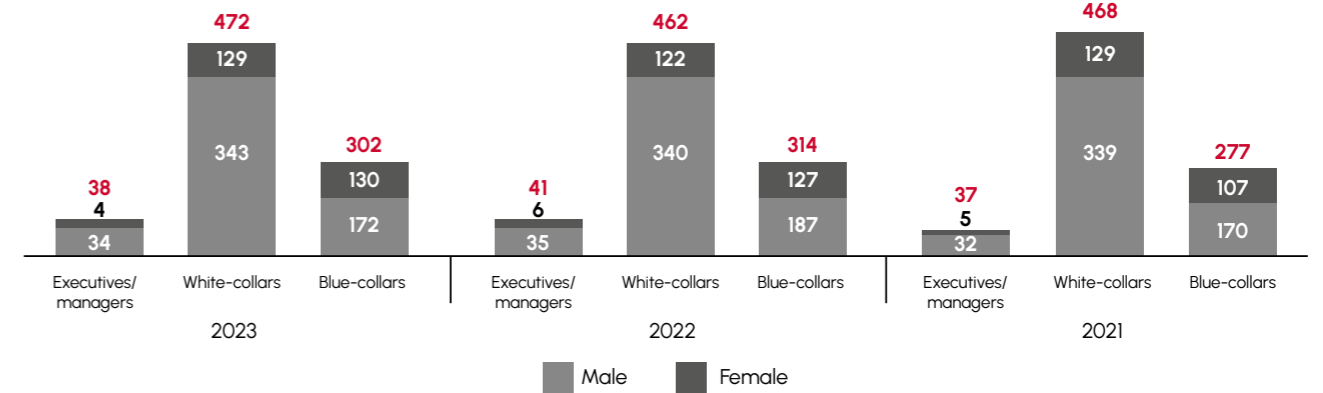
In 2023, 5% of the population were Executives/Managers², 58% were white-collar workers and, finally, 37% were blue-collar workers.

SECO is also supported by a number of non-employee workers: 77 in 2023, an increase of 3 from 2022.

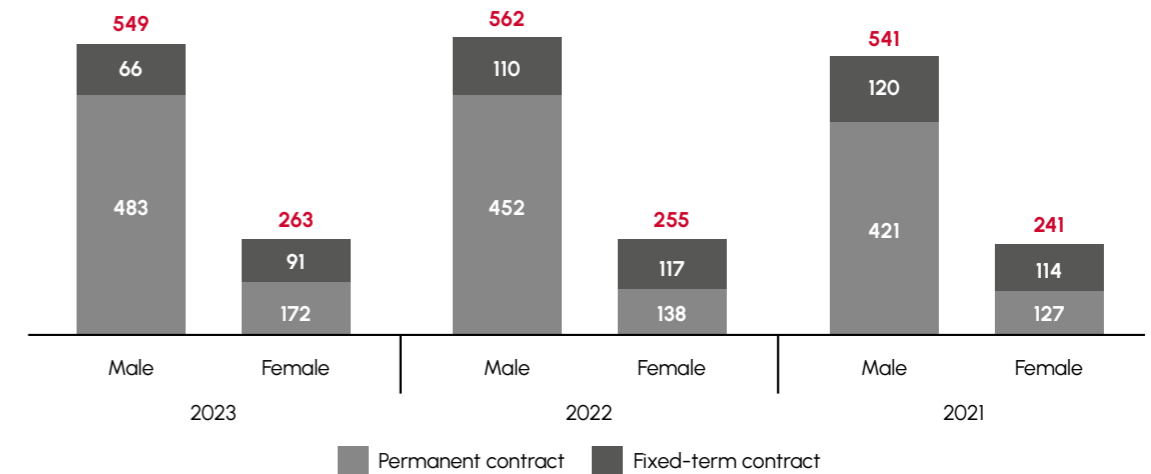
1 | Data on vulnerable categories only refer to the companies SECO Sp.A., PSM Tech S.r.l., and SECO Mind S.r.l.

2 | Included in this category are i) employees of Group companies based in Italy, hired with the classification of "Executive" under Italian law; ii) individuals operating as first reports to the Group CEO and CEOs of each of the companies included in the reporting scope.

Professional categories



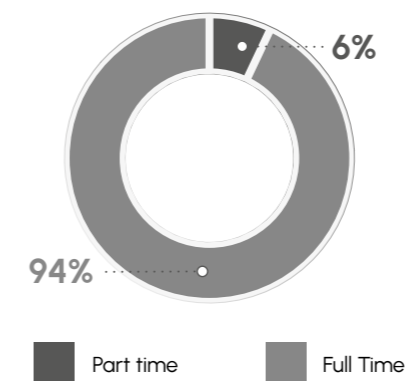
Employees by contract type



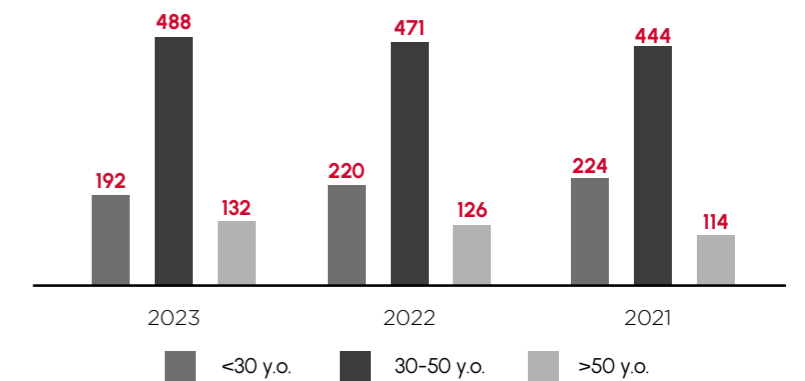
Of the total workforce, 68% are employees on permanent contracts, a figure that is substantially in line with 2022 (72%).

Meanwhile, 94% of Group employees were hired on full-time contracts, in line with 2022.

Type of employment in 2023



Evolution of the workforce by age group



At the end of 2023, 60% of the business population was aged between 30 and 50, 24% was under 30 and 16% was in the over 50 range.

3.1.1| Selection and onboarding

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



Recruiting

To ensure these principles permeate the organization, SECO has established a **recruiting procedure**, applied to the Group's Italian companies, that defines the key steps for recruiting new resources. These include justification of the recruitment request, identification of the professional requirements for the position under consideration, and identify the company individuals involved in the process (manager or department head, Human Resources department, Finance).

In selecting especially significant roles, the recruiting procedure also uses the cooperation of external agencies for headhunting, and tools such as PI (Predictive Index) and Hogan tests to evaluate the soft skills of applicants.

In addition, a **Job Assessment** tool was introduced in 2020 to define the behavioral requirements and critical success factors of a specific position by establishing objective benchmarks.

With this in mind, during **Behavioral Assessment and Cognitive Assessment** activities, an analysis based on special psychometric tests is carried out to identify needs and the candidate's professional requirements and technical-cognitive abilities, so as to support team leaders in creating more productive work groups.

With a view to promoting horizontal growth paths among our staff, we put in place an **internal job posting** system. Group employees can use it to apply for vacant positions in other departments or companies of SECO. With this tool, the skills and potential of internal employees can be enhanced before beginning any recruitment of external profiles.

Instead, the main external channels through which new employees are sought include:

- Jobs posted on the LinkedIn pages of SECO S.p.A. and its Group companies;
- Headhunters, for the identification of specific figures to be included in the management team;
- Relations with universities, technical institutes and trade associations for the placement of recent graduates and school leavers.

In 2023, 163 new employees joined the Group, 40% of whom were under the age of 30. In addition, most hires were made in EMEA (118 employees), primarily in Italy (74 employees), while a smaller share of hires were made in APAC (41 individuals), and the USA (4 new employees).

There were also **168 employment terminations**, down from the previous year. Of these, the majority occurred in APAC (approximately 63%).

40% of new hires are under 30 years old
20% incoming turnover rate³ in 2023
21% outgoing⁴ turnover in 2023

Tool

Operation and Output



Behavioural assessment

Measures an individual's motivations and needs, providing the elements to interpret their conduct at work and help managers create more productive teams



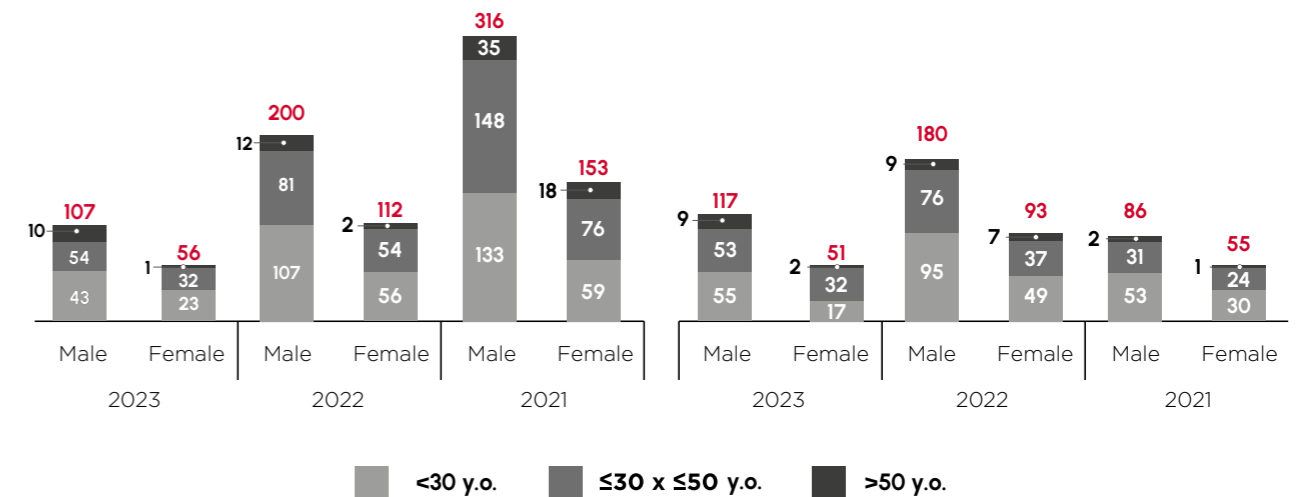
Cognitive assessment

Measures the individual's learning speed or ability to learn, adapt and understand new and complex concepts

Figure 25: Behavioral assessment and cognitive assessment

Hires in the three-year period

Exits in the three-year period



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

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



On-boarding

In light of the Group's progressive expansion and internationalization and the resulting increase in workforce size, a **manual** was distributed to all Group employees that defines the corporate **organizational chart** in a clear, readable, and usable manner, for each Company and function, enabling all employees to comprehend and at the same time build the organization together. Initially disseminated from 2021 and periodically updated, the manual is available to the entire corporate population via the HR portal.

A **process** has also been created to facilitate the **onboarding** of new hires. It includes giving them time to talk with and get to know their teams and the colleagues with whom they will be working most frequently. Future goals include extending this activity to foreign branches in order to share a practice that encourages the participation of all new recruits in an organization with an ever-expanding global reach.

In the same spirit, a quarterly **breakfast with the Chief Executive Officer** was also instituted so that new hires may ask questions and pose any concerns they may have in order to have a comprehensive grasp of SECO.



Figures 26-27: Meetings between new hires and the Group's Chief Executive Officer



Figura 28: #SECO PEOPLE

2021 also saw the launch of an employer branding campaign which, using the hashtag **#SECO PEOPLE** on our LinkedIn page, highlights the Group's new recruits, their career path and the goals they expect to achieve while working at SECO. The idea is that by communicating these features to all Group Stakeholders, we can bring them closer to SECO's environment and culture. The hashtag **#SECOTALK** was also introduced, giving employees the possibility to share information about their role within the company, with the intention of creating connections within the company and among peers performing different jobs.

Similarly, a newsletter has been developed for internal communication to inform all company departments about new hires via a brief description.

Design for non Designers

Iacopo Peruzzi
Service Design Manager

Mercoledì 07 Febbraio - ore 11:00

Auditorium

SECO



Alongside these employer branding activities, in 2023 SECO launched **the Innovation Café**, i.e., discussion sessions that seek to expand employee knowledge about digital innovation topics, such as the use of ChatGPT and artificial intelligence.

These discussion and training sessions were run by a SECO member of staff. The goal for the future is to continue the initiative and potentially develop it into a structured academy.

3.1.2| Personal Development and Talent



Personal
Development
and Talent

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

For this reason, we are committed to developing and promoting the **professionalism** and **competence** of each employee, also encouraging their professional growth via **training and updating programs**. Therefore, we are also committed to building dedicated and ongoing training paths with a view to developing cross-cutting and department-specific skills.

With reference to the **development of young talents** with high growth potential, the Speed Up program - which in 2021 saw the participation of five employees selected from the various departments of SECO S.p.A. - was extended to European level in the form of an **International Talent program**. Indeed, in 2022 this project saw the involvement of 12 people from Italy and Germany, for whom a coaching program was launched targeted at accelerating their growth path, beginning with a shared set of organizational, social, cultural and leadership skills.

This program also continued in 2023, using the same methods.

Talent development: objectives of the International Talent Program

1	2	3
Improve the management and professional development of colleagues through strategic planning, coordination and effective communication.	Accelerate organizational effectiveness by building crossfunctional teams that enjoy, to mobilize the organization horizontally.	Transfer SECO's commitment for talent development to the entire corporate population and involve people in achieving the Group's objectives.
4	5	6
Promoting an Italy-Germany harmonisation path.	Developing a common culture within the company, at European level.	Developing leadership skills of the talents participating.

Figure 29: Goals of the Talent International program

Selected participants are provided with various tools to achieve the objectives defined at the beginning of their journey, including: **individual sessions** of learning and skills-development, **group meetings** to promote the spread of a common vision across different business functions, **on-the-job training**, visits to Group offices and **mentorship** by senior Group figures and specialized coaches.







LEADERSHIP Assessment & Individual Coaching  	MANAGERIAL SKILL DEVELOPMENT Experiential Training 	COMPANY TRANSFORMATION Team Learning Space 	NETWORK Field Visit 	Mentoring with Senior Leaders 
Hogan Assessment + 3 individual session	Hands-on skill transfer in 6 trainings	4 learning workshops to review Project Work and share learnings	Americas, Asia, EU	3 meetings with dedicated Leadership Team Member

Figure 30: The training course of the Talent International program

In addition, two editions of a communication course were conducted in 2023 in cooperation with Bridge & Partners, a consultancy and management training company. The course in question was geared towards first-level and middle managers, with the goal of developing and strengthening communication skills for various situations, such as video conferences, phone calls, official discourse, and elevator speeches. The objective of the "Think on Your Feet" course is to provide quick and effective communication tools.

In addition, given the absolute centrality of research, development and innovation within our organization and the need to foster the growth of highly specialized professionals, a **people development program dedicated to members of the R&D team** was introduced at the parent company level in 2022. This project saw the definition of a structured plan of **career steps** targeted at developing growth paths in technical and/or managerial areas, based on the individual skills displayed by each team member.

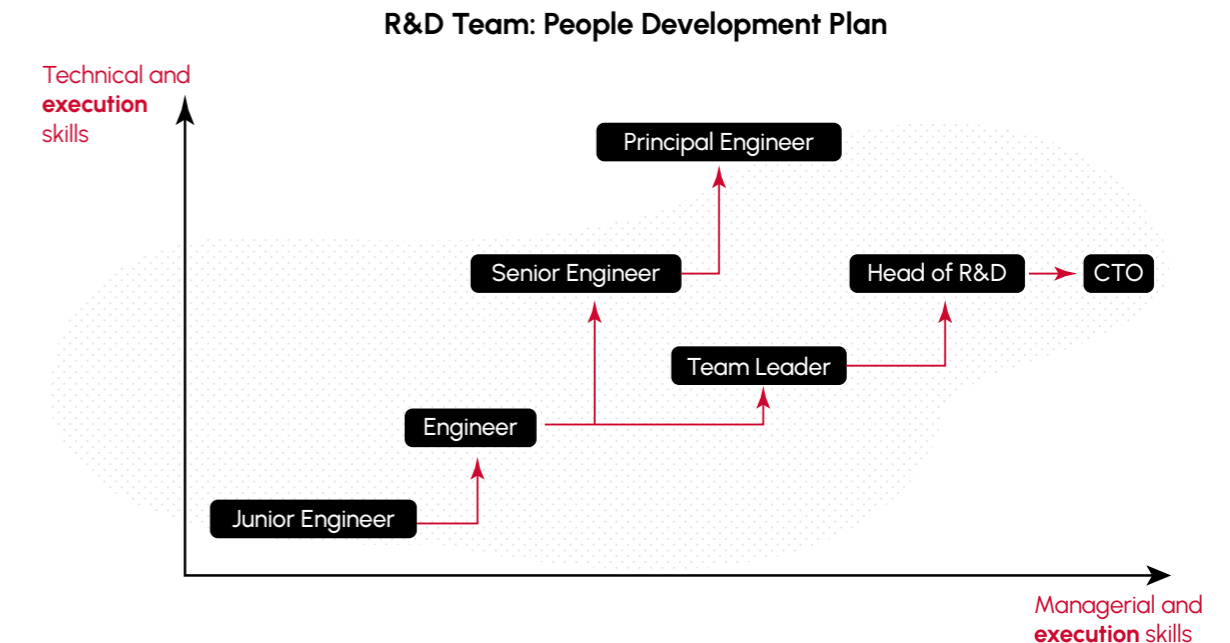


Figure 31: R&D Team: People Development Plan

The project involved the identification of a number of key individuals who were assigned the role of team leader and for whom a dedicated coaching program was provided. It also saw a placement in the department's management structure and the assignment of specific goals under a remuneration mechanism with a variable and MBO-based component.

The activities conducted throughout the year with the R&D team were a pilot project that SECO is seeking to expand to other teams, beginning with the Operations department and with the intention of duplicating this model in major foreign subsidiaries.

In addition, in December 2022, a **performance appraisal** system was introduced in SECO S.p.A. This involves assigning measurable and challenging goals to all people in the organization, while also fostering discussion and communication between each manager or department head and his or her direct reports.

The performance appraisal system

This is a performance tool constructed on the basis of two criteria:

- the **"what"**, which reflect the individual or team performance objectives provided to each individual by their manager or evaluator. The degree of achievement of each target is assessed on a scale of 1 to 5, and these objectives account for 80% of the overall score.
- the **"how"** which, on a scale of 1 to 5, measure the subject's degree of commitment to SECO's value system (Passion, Dynamism, Respect) and account for 20% of the overall score.

The evaluation program is based on the **SMART methodology**, which involves assigning goals that are Specific, Measurable, Achievable, Relevant to the activities of the individual under evaluation and which are Time-bound in that a limit is imposed on the amount of time available to achieve the goal.

The program consists of **3 phases**:

- Objective setting: discussion and sharing of objectives between team leader and collaborator (activity carried out by January 31 each year);
- Mid-year review: monitoring and possible adjustment of targets assigned (by September 30);
- End year review: evaluation of the degree of achievement of goals assigned (by January 31 of the following year);

The need to develop an evaluation system stems from the desire to create specific processes to govern its complexity, improve the quality of feedback and the employee evaluation process, with the potential to link the results of the assessment process to specific training programs, professional development, and pay incentives.

December 2021 saw the launch of learn.seco.com, a training portal to involve employees in **training activities in "capsules"**, at the end of which they are required to complete a short questionnaire to check the level of learning achieved.

The initiative continued in 2023, with new employees hired by SECO S.p.A. and PSM Tech S.r.l. receiving specific cybersecurity training.

CORSI

home > corsi > Videocorso MODELLO ORGANIZZATIVO 231 - SECO - PARTE GENERALE

Videocorso MODELLO ORGANIZZATIVO 231 - SECO - PARTE GENERALE

DESCRIZIONE

LA RESPONSABILITÀ AMMINISTRATIVA DEGLI ENTI AI SENSI DEL D.LGS. 231/2001

Parte Generale & Aspetti principali della applicazione in SECO

- Il Decreto Legislativo 231/2001 e i presupposti della responsabilità amministrativa
- Le cause di esclusione della punibilità e le condizioni esimenti
- Il Modello 231 di SECO - Struttura
- Il Modello 231 di SECO - Funzionamento

MATERIALE DIDATTICO: Presentazione PPT & Testo voiceover

Al termine del percorso formativo verrà rilasciato il certificato finale

IN BREVE

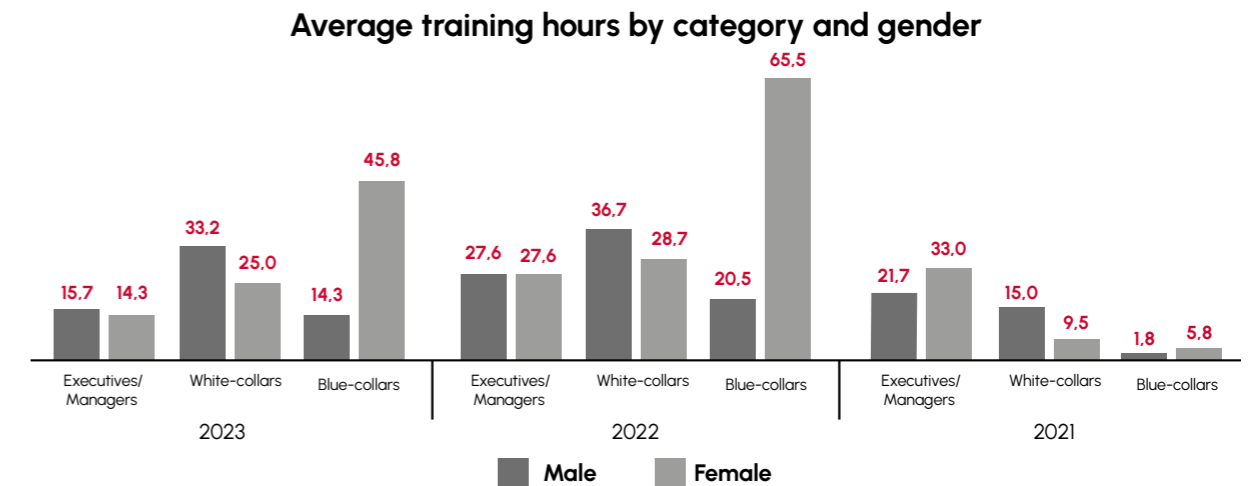


Figura 32: The SECO e-learning platform

In general, with regard to training figures, a **total of 16.673 hours of training⁵**, was provided to employees in 2023, up from 19,115 in 2022.

In the reporting year, 26% of total training hours were provided to employees based in Italy.

29.0 average hours of training in 2023, compared to 36.3 average hours in 2022



⁵ | This figure refers to the companies SECO S.p.A., PSM Tech S.r.l., SECO Mind S.r.l., Fannal Electronics Co., Ltd., SECO BH d.o.o., and SECO Mind Germany.

As for SECO Mind USA, no training was conducted during the year. Specialized activities were scheduled for SECO Northern Europe GmbH workers based on their particular training requirements, as determined by department heads and the HR staff. However, training hours per employee were not recorded. SECO USA does not currently have a structured training program for its employees, and new hires are managed and mentored by their line managers.

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

97 participants in language training courses during 2021-2023⁶

Over **2.260** hours of training dedicated to improving language skills⁷

Starting in 2020, SECO also began validating the training it delivered to employees by providing attendance certificates at the conclusion of each course. Individual coaching programs for managers were also maintained, in the form of customized paths based on the demands and gaps of each professional role.

In 2023, **13** people participated in the effective communication course.

3.1.3| Well-being, enhancement and engagement

Respect for diversity, protection of inclusion and promotion of equal opportunities accompany the way we act and relate to our colleagues and Stakeholders on a daily basis.

In 2023, the Group worked to raise awareness among employees on the topic of equal opportunities. For example, with the LinkedIn campaign launched using the hashtag **#SECOPeople** (see section 3.1.1), ample space was given to women of all ages and professional categories in the company so they could tell their stories with a special focus on the issue of work-life balance. Likewise, young fathers were able to share their views on the changes resulting from parenthood and its impact on the balance between professional career and private life.

Welfare plan

For more than three years, SECO has had a **welfare plan** comprising various services available to all employees of Italian companies covered by the national collective bargaining agreements, regardless of contract type⁸.

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

6 | The figure refers to SECO S.p.A. and PSM Tech S.r.l.

7 | The figure refers to SECO S.p.A. and PSM Tech S.r.l.

8 | It should be noted that all employees with a contract in progress as of June 1 or, in any case, hired by December 31 of each year, are eligible for the welfare platform, provided that they have passed the probationary period and are not on unpaid leave or on indemnified leave for the entire period from June 1 to December 31. Workers hired on a fixed-term contract also need to have accrued a length of service totaling at least three months during each calendar year (January 1 - December 31). The contribution amounts to Euro 200 as set out in the national collective bargaining agreement for the metalworking industry.

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



Figure 33: Some of the expenditure categories covered under the corporate welfare platform

In addition, a Euro 5.29 meal voucher was provided to all employees in 2023. Meal vouchers are only provided when employees are physically present at Group offices and not when working from home.

In fact, SECO has in place a remote working agreement that allows all employees performing duties not strictly linked to manufacturing activities to work remotely up to two days a week.

Engagement and sharing of value created

We are aware **that the important achievements to date are inextricably linked to our people**, the result of the specialization, skills and passion that distinguish all those who work at SECO. **Our human capital underpins the continuous process of innovation** which is why we also invest heavily in talent retention. In addition to careful training, we have set up a series of actions aimed at strengthening the relationship with our employees over time.

A portion of the pay of each member of the international management team of the Group is variable and proportional, in part, to the attainment of specific targets and, in part, to the performance of the Group as a whole (MBO).

It was anticipated that, following the IPO, each manager, based on his or her position in the corporate organizational chart, would be granted the opportunity to subscribe to SECO shares through a system of stock options exercisable in numerous issuances over a three-year period (plan dedicated to nearly 100 people). A concerted effort was made to enable all employees to partake in the achievement of an important milestone in May 2021 with SECO S.p.A.'s listing on the Italian stock exchange. In this regard, **around 200,000 free shares were allocated to more than 350 employees of the Group's Italian companies**, up to a maximum amount of approximately Euro 2,065, not subject to personal income tax under Italian law.

As part of a second-level bargaining activity with union representatives, and in accordance with the national collective bargaining agreements for the metalworking industry applicable to workers in the Italian offices, a variable component was added to the remuneration of all employees who are not beneficiaries of an MBO plan. A yearly performance bonus is then awarded based on objective and quantifiable metrics of efficiency and performance connected to production operations, such as the value of waste generated, on-time delivery, and performance. The bonus calculated for 2023, to be paid out in 2024, provides for the award of a **maximum of Euro 650**, awarded based on the achievement of specific objectives agreed upon with union representatives. The individual employee is also given the option to choose how the bonus is redeemed, either through the corporate welfare platform (benefiting entirely from the tax and contribution exemption provided) or directly in their paycheck (with a subsidized tax and social security regime).

As for the sales departments, a Total Compensation Package was introduced, paid out partly on a quarterly basis and partly the following year, based on the achievement of specific personal and Group objectives.

The previously illustrated performance appraisal system, launched in December 2022, is also part of the initiatives taken by SECO to foster professional development and employee engagement. This is supplemented by an additional tool, the **employee card**, a page accessible to each manager through the company's HR portal that allows them to view the most important information about each of their employees' positions (such as salary, educational qualification, and specific job title) in order to facilitate the development of HR policies within the Group.

In addition, to enable a better work-life balance, a remote working agreement was signed on an experimental basis, valid for one year and effective from September 2022. Workers whose jobs can be carried out remotely are permitted to plan their work activities more freely, utilizing the agile work mode for up to two days each week.

The remote working agreement continued through 2023 and remains valid until September 1, 2024.

3.1.4| Health and safety

We protect the health and safety of our employees and collaborators, ensuring that all work activities are carried out in a healthy and safe environment, in full compliance with **internal and regulatory standards** on prevention and protection, with the aim of pursuing continuous improvement.

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

The health and safety management system at SECO sites is developed in accordance with Legislative Decree No. 81/08 and provides that:

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

In July 2022, the process of obtaining **ISO 45001:2018**¹⁰ certification on **Occupational Health and Safety Management Systems** was successfully completed. Consequently, SECO integrates health and safety concerns into its management systems and operational procedures, including those based on the ISO 9001:2015 and ISO 14001 standards: 2015, in order to improve the level of integration of the various control tools.

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

The occupational health and safety management system, subject to internal and external audits, covers 100% of the workers, both employees and non-employees, at the Italian sites.¹¹

¹⁰ | ISO 45001:2018 certification has, as its scope, all locations and all workers in Italy. It should be noted that Fannal Electronics Co., Ltd. has obtained the same certification. The offices of the Group's foreign companies follow the respective local regulations. A procedure of compliance with the requirements of the ISO 45001:2018 standard was developed and put into effect for the aforementioned locations in an effort to harmonize them.

¹¹ | We note that SECO Mind S.r.l. introduced an occupational health and safety management system in 2021.

From an organizational point of view, worker health and safety oversight includes the following figures¹²:

- **Delegate Manager**, who fulfills the primary directives of the employer by organizing and supervising the work activity;
- **Company doctor**, who cooperates with the employer in risk assessment and performs health surveillance on workers;
- **Employee health and safety representative**, elected by workers at the union meeting, represents them on health and safety issues during work activities and participates in a formal "Annual Safety Meeting" where major issues on health and safety management and suggestions for improvement are discussed.
- **Prevention and protection service manager**, who coordinates the risk prevention and protection service;
- **Five Officers** charged with verifying the execution of the directives issued;
- **Fire-fighting and first-aid teams** composed of workers from different company functions to ensure comprehensive and continuous coverage.

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

Through the Human Resources function and the employee health and safety representatives, each worker has the right to request a consultation with the company doctor, as well as an extraordinary medical examination if deemed necessary by the company doctor due to the worker's occupational hazard or health conditions.

From January 2022, the company doctor will be on the premises every month to start a **cyclical and targeted medical examinations process** for each employee, with respect to the risk exposure of their individual role. An annual plan was thus adopted, extending into 2023. In addition to providing employees with the option to consult a doctor privately, it also allows them to organize face-to-face appointments with them on the company premises.

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

Any worker may at any time report dangerous situations related to working conditions by contacting the prevention and protection service. In addition, to respond to any reports of dangerous situations related to the pandemic, during the crisis a dedicated e-mail address was set up for the COVID Committee.

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

2.191 hours of health and safety training during 2021-2023.

¹² | This model applies to the Group's Italian companies; similar organizational models are also applied in the other offices, according to the regulations in force in the other countries.

Two injuries were recorded in 2023, one of which occurred during the landing phase of an automated assembly line for circuit boards. There were also 2 injuries in 2022, both of which occurred during the home-work commute, in line with the 2021 figure (1 injury).

We note that during the three-year period in question there were no accidents involving workers not employed by the Group.

3.2| Customers

We work in **synergy** with our customers to bring Artificial Intelligence to their machines, enabling data processing at the source and making information accessible and secure. **In collaboration with them we develop** solutions to **add value** to the final products, creating increasingly complete and integrated devices¹⁴. The production processes based on lean production and make-to-stock principles, guarantee **short delivery times** and **high levels of efficiency**, in order to best respond to our customers' needs.

In order to enhance its performance, SECO collects **feedback** from its customers about the fulfillment of their expectations, both informally and systematically.

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

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

If this option is not available, the survey is conducted through a **dedicated survey** (pull mode) mediated by the sales team. The Group's evaluation activity involved its top 20 customers in terms of revenue, five of whom conduct assessments based on vendor rating systems. During the administration of the questionnaire, the main themes that are explored concern the analysis of sales, repair work, delivery delays, and complaints received, in addition to how they interact with Sales & Marketing, Technical, Products & Quality, and an evaluation of customer experience overall. For SECO, the collection and monitoring of this information is one of the measures of the effectiveness of the Integrated Management System.

¹³ | More information can be found in the "Research, Development and Innovation" section of this document.

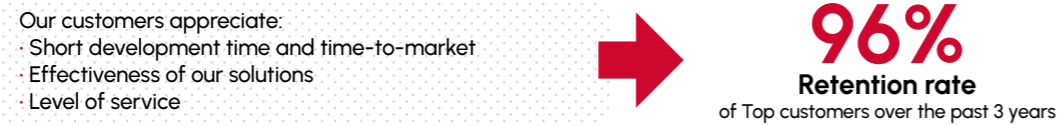


Figura 34: Customer retention

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

SECO has developed a **problem-solving procedure** that defines the responsibilities and interactions between different business functions and, based on a case-by-case assessment, classifies the reports received according to 3 categories of nonconformity, for each of which a specific set of resolution actions is provided. This makes it possible to ensure adequate monitoring of reports and provide for action to improve the quality offered on a continuous basis. This action is defined by **specific operating instructions** contained within the procedure.

In 2023, approx. **95%** of support tickets received during the previous three years were closed.

3.2.1| Process quality and safety

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

Specifically, the plant located in Tregozzano is dedicated to the **production of boards**, while the production site in Arezzo is given over to **System Integration** and to the assembly of the various components and subsystems required to create the finished hardware device.

SECO also adopts a very similar industrial model in Germany, where board production is mainly concentrated in the Wuppertal plant, while system integration and assembly activities take place in Hamburg.

In Hangzhou, meanwhile, standard and bespoke solutions for displays and touch panels are designed and manufactured.

In recent years, the Group's investments in its production sites in Italy have been directed towards the continuous improvement of manufacturing processes with a view to obtaining **lean production**. This seeks to pursue standards of excellence and increasing autonomy in operating processes, in addition to constant improvement of quality standards and reductions in product time-to-market.

INTEGRATED SYSTEM ARCHITECTURE

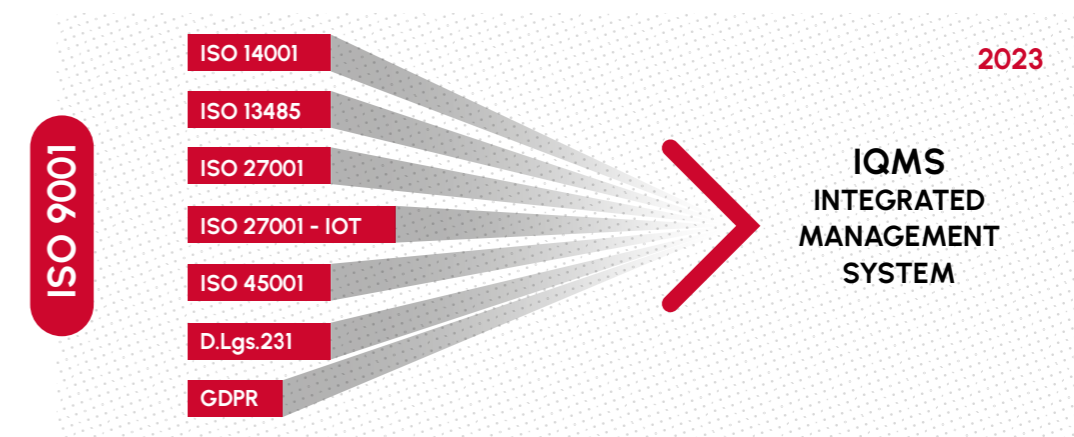


Figure 35: Integrated system architecture

The product and service development cycle is mapped by the **Integrated Management System**¹⁴, supported by procedures describing the Company's processes, including the design and manufacture of products and services (inputs, phases, outputs, responsibilities, etc.), and **operating instructions** detailing the stages of each activity, to ensure that the process meets internal and regulatory standards of quality and safety that are constantly evolving and improving.

In May 2023, a coordinated certification renewal session was conducted by the SECO Group, allowing ISOs 9001, 14001, 45001, and 27001 to be reviewed and re-certified. On this occasion, the Siena office was included within the scope of ISO 45001. Regarding ongoing activities, the objectives for the coming years comprise the inclusion of SA8000 certification and the 231 Organizational Model (to comply with current regulations, supplemented with references on tax fraud). In addition, the Group would like to extend the scope of ISO 9001 to its products, as it currently only covers production processes.

In this sense, the Quality team works to design a System that serves as a management tool to support the activities of each department, integrating and harmonizing the documented framework of the operational procedures and the various monitoring tools adopted at Group level, and ensuring their conformance with the requirements of the ISO certifications attained by the various companies. The Quality function is headed by the Chief Quality Officer (CQO) who has specific authority to ensure that the Integrated Management System is set up, applied and maintained.

Attention to quality and safety standards of products and services is ensured across business functions. Indeed, inside each cross-functional process, distinct engagement and responsibility levels for each stakeholder are defined based on the specific phases of the project.

- **Responsible:** those who execute the action operationally
- **Accountable:** those responsible for carrying out the activity
- **Consulted:** those who must be consulted in order to carry out the activity
- **Informed:** those who must be informed about the activity

¹⁴ | Drawn up in accordance with the requirements of the certifications held by the SECO Group: ISO 9001:2015, ISO 14001:2015, ISO 13485:2016, ISO 27001:2013 and ISO 45001:2018.

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

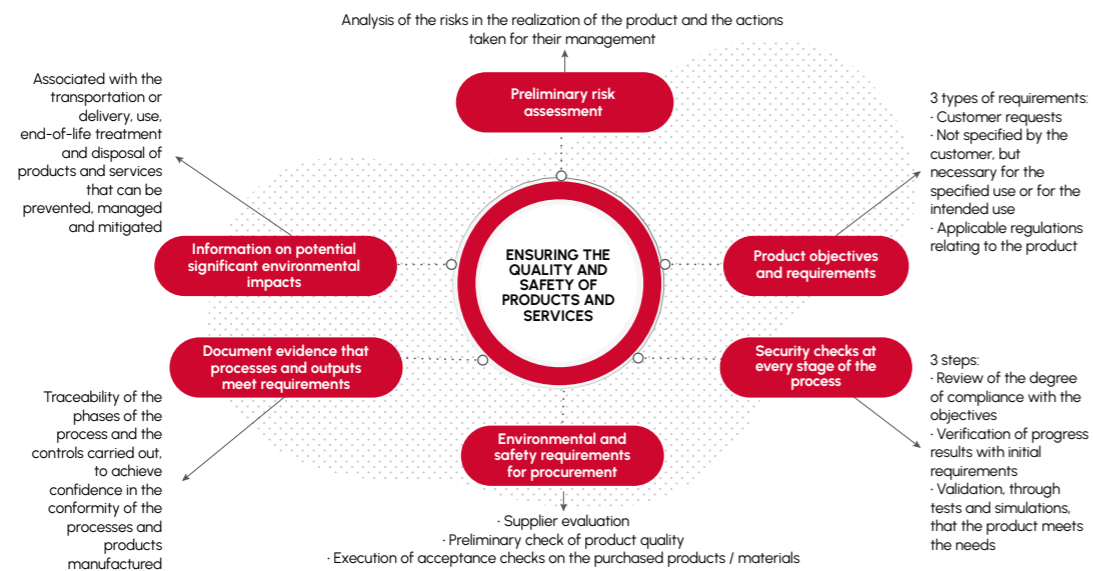


Figure 36: Process map to ensure the quality and safety of SECO's products and/or services

3.2.2| Operations: striving for excellence for our customers

Since its inception, SECO has been committed to the continuous search for innovative technological solutions in order to ensure the highest quality standards for its customers. For this reason, and as explained at the beginning of this section, in-house production is a strategic element of the Group's business model, allowing direct oversight of all stages of the production process that can impact the quality of the products offered to customers.

To date, the Group's industrial infrastructure consists of **five production plant around the world**: two in Italy (Arezzo, Tregozzano), two in Germany (Hamburg, Wuppertal) and one in China (Hangzhou).

This is followed by an overview of the predominant operations and idiosyncrasies of the plants, highlighting the role of SECO's Operations in providing its customers with outstanding goods and services.

Arezzo Plant

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

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



Figure 37: Arezzo plant, detail of a System Integration line

This is where the edge computing systems take shape, which are designed to integrate boards, touch displays, carrier boards, connectivity devices and ancillary automated parts into a single device. Each system is tested directly on the line, where the firmware, middleware (which allows the system to connect natively to CLEA), and, if required, the customer-developed user experience applications are also placed. From the production lines comes a **plug-and-play** system, ready to be connected and quickly integrated by SECO's customers into their own finished products.



Figure 38: Arezzo plant, interior view of the anechoic chamber

The same facility housed the construction of an **anechoic chamber**, a laboratory setting for conducting validation and signal integrity testing on boards and systems before they go into production. These checks make it possible to immediately identify any problems on the board and resolve them before the mass production phase, thus preventing losses in production line efficiency, production scrap or product malfunction during use.

In addition, in May 2021 a **clean room** was installed. This is a laboratory with a controlled atmosphere and particle concentration that facilitates testing and assembly in a clean environment.



Figure 39: Arezzo plant, clean room

This minimizes interference from airborne particles that could damage the micro-photoengravings in the circuits or affect the successful bonding processes of the touch displays, constituting a possible cause of product failure and preventing proper functioning. This represents an additional level of service for the Group's customers, who are thus assured of high quality standards in applications where products must operate in a sterile environment or are subjected to stress from prolonged use or contact with heat or moisture.

SECO has acquired **3D printers** to further accelerate prototyping, so as to ensure even shorter development and delivery times for its customers. In addition, robotic arms were introduced in 2022 to boost the degree of automation of some system integration line tasks.

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

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

Trezzano Plant

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

In recent years SECO has worked on a reorganization of prototyping and quality control activities, with the goal of optimizing the use of materials and components, reducing waste and improving process efficiency and time-to-market of its products.

To do this, one SMT line has been specifically allocated to prototyping activities, with a major improvement in planning and efficiency for the other SMT lines intended for production.



Figure 40: Trezzano plant, detail of a board being processed

Also, multiple **product and process tests** are conducted as early as the prototype phase in order to minimize the likelihood of product failures or quality concerns. Since 2020 the facility has been equipped with a **flying probe machine** for the advanced testing of prototypes. Using a series of constantly moving probes, this machine checks that all board components are correctly positioned and connected, identifying any defects before the board goes into production.

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



Figure 41: Interior views of the Hamburg plant

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

This allows the Group to prevent any structural defects as early as prototyping phase and means it is able to verify, by means of spot checks during mass production, the integrity of all the solder joints of

its boards, thus ensuring the maintenance of the quality standards required for the specific application.

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

Hangzhou Plant

In an effort to add value to its customer solutions, SECO manufactures the touch screens in-house, which it subsequently integrates into its systems. Manufacture of these components takes place at the **Hangzhou plant**, in a production area of over 2,500 m².

This facility carries out all the activities designed to produce a wide range of multi-sized products for design, stamping, laser cutting, air and optical bonding (carried out in a clean room), and testing and delivery operations.

At the end of 2023, Fannal's activities were relocated to a new facility, built in accordance with the highest innovation, safety, and energy efficiency standards. Fannal currently occupies three floors of the nine-story building (36,000m²), two of which are dedicated to manufacturing touch screens (three lines) and displays (two lines). The building's design mirrors SECO's recent rebranding efforts, demonstrating the company's commitment to innovation and a proactive approach.



Figure 42: Interior views of the Hangzhou plant

3.2.3| Privacy protection

We are committed to guaranteeing data privacy and security for our customers, whether it concerns commercial or technical data, or personal data entered into Group website forms.

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

SECO has adopted suitable preventive **security measures of a technical and organizational nature** to avoid the risk of data destruction, loss, unauthorized access or unauthorized processing. To this end, **specific internal policies and procedures** have been introduced to guarantee the protection and security of all information and personal data that is processed.

In this regard, the Company's Legal Department represents a further safeguard for the correct application of provisions and procedures required by certification and regulations.

In 2020, SECO decided to make a formal commitment to the most stringent international standards in this respect, starting the **ISO 27001:2013** certification process in February of the following year. In 2022, SECO S.p.A. also achieved the extension of the same certification in the area of IoT solutions, since data security is strictly guarded by the organization.¹⁵

In fact, this certification defines the requirements for the implementation of an **Information Security Management System** (ISMS), governing its security techniques and security management systems, while also permitting a careful assessment of potential risks to the business in relation to the type of information being managed and highlighting potential areas for improvement.

In conjunction with ISO 27001 certification, a dedicated procedure was launched to monitor privacy protection and data management performance that places IT system security at the center of a corporate **three-year improvement plan**. The monitoring is carried out via specific forms, also drawn up to provide evidence for the certification compliance and maintenance process. The integrated management system goals have been planned, and are overseen by company management at periodic meetings, in compliance with the ISO regulations.

Among other objectives, the ISO 27001 certification three-year plan for 2020-2022 included comprehensive vulnerability and penetration testing, in addition to a Company-wide training plan on all aspects of cyber security and the specific procedures applied at SECO.

In line with the goals set, until 2022 the vulnerability assessment activity involved the multi-year activation of penetration tests on the Group's main domains. At December 31, 2023, the activity had been conducted on all four primary Group domains, upon completion of the migration process mentioned above.

In 2023, a partnership was secured with an international information security services provider to expand information security oversight. Unlike penetration testing, the system conducts automatic tests on portal

¹⁵ | The data generated by the devices produced by the Group is owned by the customer, and, therefore, managed according to the methods defined by the counterparty.

security, sending pop-up alerts the moment system anomalies are detected. This mechanism represents a key improvement on penetration tests as it constantly monitors threats, rather than performing "spot" analysis.

In addition, in 2022, SECO S.p.A. and SECO Northern Europe established a working group devoted to data security and privacy, which provides for the expansion of the ISO 27001 certification compliance scope to SECO Northern Europe in 2024.

Cybersecurity: a commitment for both SECO and its customers

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

Monitoring areas include:

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



3.3| Suppliers

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

We are committed to maintaining a **purchasing** model that is as responsive as possible to proximity logic, **valuing** the relationship with local communities and cultivating relations with companies operating within our territory, so as to support the national economy while ensuring continuity of services and quality controls in the field.

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

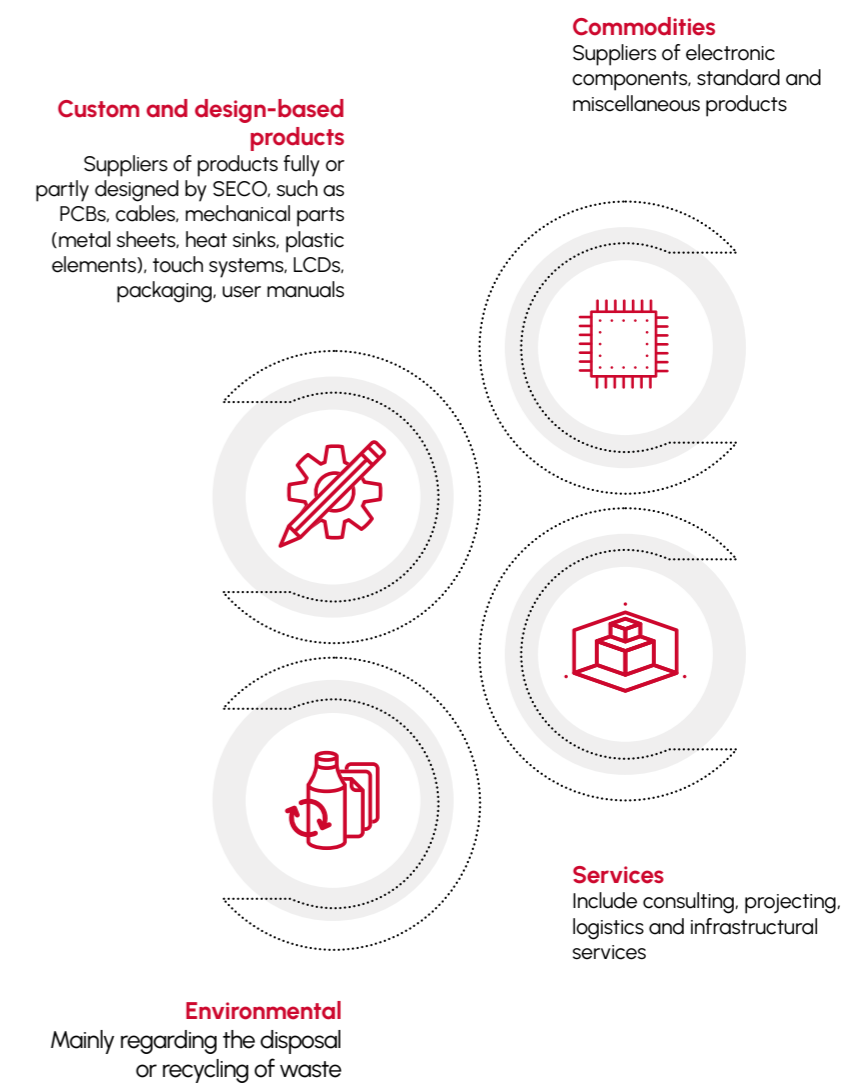
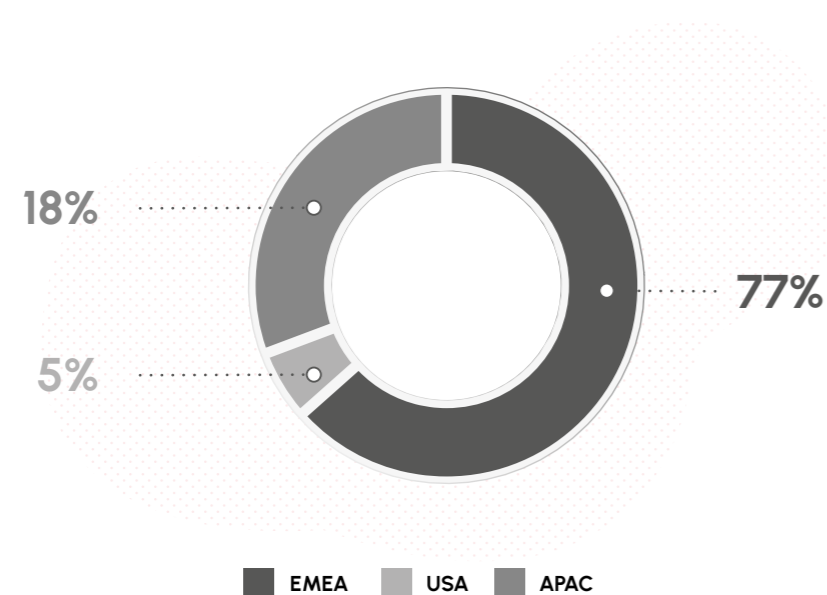


Figura 43: I Fornitori del Gruppo SECO

SECO adopts a purchasing model based on interaction with both major distributors and a wide audience of component manufacturers around the world. In particular, over the years the Group has built strong relations with some of the leading silicon vendors globally, with whom it directly negotiates commercial terms.

For certain categories of standard and custom components, SECO also prefers, where possible, to establish a local supply chain. This contains the environmental impact of logistics transactions and allow suppliers to benefit from the growth path undertaken by the Group, thus fostering **the development of organizations operating locally**.

Procurement in 2023 by geographical area



In fact, in 2023 expenditure on suppliers of raw materials and semi-finished goods amounted to approximately Euro 68 million¹⁶, of which 52% was to Italian suppliers (4% located in Tuscany).

In addition, beginning in 2022, SECO embarked on a path to manage orders and the supply chain based on a forecasting system. The goal is to adapt its purchasing model to the growth path pursued by the Group and foster greater organicity among the different units through a uniform approach to all companies within the perimeter.

¹⁶ | The geographical procurement data refers to the companies SECO S.p.A. and PSM Tech S.r.l.

3.3.1 | Selection and assessment of suppliers

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

The vendor rating system

With a view to business continuity and the strategic importance of the supply chain, at the end of 2020, the Group launched an ambitious supplier **due diligence and vendor rating** project for new and existing suppliers. Using such technologies allows the identification, analysis, and monitoring of supplier performance, in addition to the resolution of any major supply chain issues encountered.

The guidelines governing the vendor rating procedure were defined in 2022 and adopted via the company's ERP system in 2023. This approach is beneficial for instituting a shared evaluation strategy across the Group, beginning with the preliminary assessments conducted during the selection and certification phase and ending with the performance monitoring of the supply chain.

In addition, in accordance with the logic previously adopted by SECO, in 2023, the Group started monitoring different categories of suppliers or distributors of standard industrial components or custom-designed products via ad hoc KPIs. The factors taken into account by the evaluation system comprise quality, logistics, performance, delivery, and ESG parameters, among others.

Specifically, the evaluation will be conducted using public information found in sustainability reports or ratings. The score obtained will be an aggregate indicator of an HSE nature, and the result of surveys for the areas of health, safety, and environment, taking into account the parameters defined by the ISO 14001 and ISO 45001 certifications.

The vendor rating system will be extended to SECO Northern Europe in early 2024.

Conversely, a proceduralization of the due diligence process for new suppliers is ongoing to extend to the European level the methods currently employed at the parent company.

Supplier selection and assessment

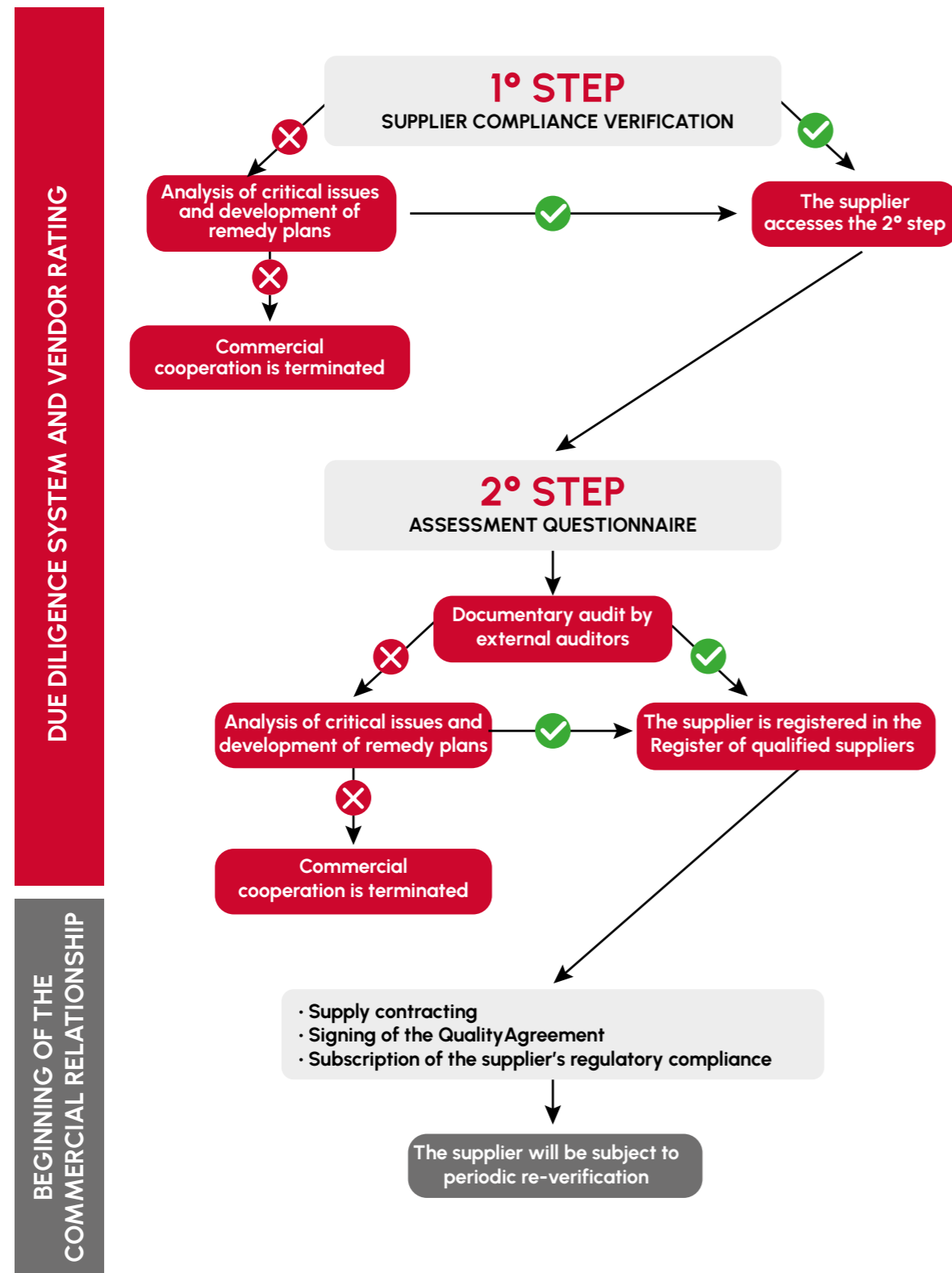
The first step in the selection and evaluation process involves a **compliance screening**.

Among the aspects considered are terrorism, corruption, legal and financial sanctions, and ESGs in relation to ISO 14001, ISO 45001 and SA 8000 certification requirements, based on an analysis of the data provided by the supplier.

This provides an initial result leading on to a performance evaluation, or the need to initiate a discussion with the supplier about any critical issues and the possibility of taking remedial measures.

Beginning in 2023, the formalization of this process within the company's ERP is underway. This will enable the direct entry of screening results into the system, with the potential for evaluation results to block suppliers in case of a negative outcome.

Figure 45: Provider selection and evaluation pathway



Suppliers found to be suitable during the first phase must then complete a questionnaire containing around **50 questions** organized into thematic areas.

These areas include the **company organization, project management, work phase processes and procedures, IT security**, and **environmental, social and governance sustainability** safeguards are also examined. Some of these aspects are presented below:



Figure 46: Main ESG aspects, by theme, analyzed in the evaluation of custom suppliers

The answers are subject to an internal audit carried out by SECO through the acquisition of documentary evidence.

Following the analysis, an **Assessment Report** is prepared, identifying any critical issues and corrective actions. Corrective and Preventive Actions (CAPAs) depend on the type of measure, supplier, context and risk assessment, and are agreed between the parties on a case-by-case basis. Where requested corrective actions are not taken, SECO reserves the right to then terminate the commercial relationship.

In 2023, around 30% of Custom suppliers were sent a questionnaire.

3.3.2| Quality of the supply chain

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

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

In 2020, SECO introduced a **Supplier Management Policy** to analyze the supply chain and define an action plan for the coming years.

First, **suppliers were mapped** according to strategy, historical relations, turnover, goods and services, and geographical location. **50 suppliers** were thus identified, who were subsequently assessed for quality performance, considering any identified product or service non-conformities. **Ad hoc improvement**

programs were then planned with these suppliers, which required the use of various tools, including:

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

At the same time, a monthly internal meeting dubbed **"Quality Day"** has been developed at SECO to guarantee that the maintenance of quality standards and any concerns are communicated, met, and monitored through the integration of business areas such as Operations, Purchasing, and Quality.

External processing suppliers must not only pass the general acceptance checks, with sample documentary and operational audits on products, but also **specific audits by the Quality Area** focused on analyzing performance and cooperation and support in the continuous improvement of products and services.

In addition to product quality, these audits also verify the company organization, efficiency of machinery and work tools, the competence of personnel, and environmental and safety aspects.

In 2023, **7** audits were conducted, one remotely and six in-person.

In 2023, a purchasing process was defined, primarily for Europe, and will be adopted starting in 2024. Four product categories were defined, namely: CPU, PCB, mechanical components, and passive components. A category manager was appointed and tasked with managing these product categories at the Group level.

This represents an important step towards creating a purchasing system with a comprehensive approach for the SECO Group.

3.3.3| Conflict Minerals Policy

As a manufacturer of edge computing and AI analytics solutions using miniaturized computers and electronic components, we understand that we have a **responsible role** in ensuring that all business activities and geographies in which we operate adhere to the highest values stated in our **Ethics Code**. This commitment refers, in particular, to **responsible purchasing** practices and **respect for human rights** in operations and along the supply chain.

SECO's products are manufactured using components that may contain minute amounts of minerals and precious metals, including, for example, copper, gold, palladium, silver, tantalum, tin, and tungsten. Although SECO neither mines nor purchases minerals directly, it may be indirectly exposed to the issue of conflict minerals through its supply chain of electronic components, which is dominated by silicon vendors and distributors.

The term **conflict minerals** denotes certain minerals and metals potentially originating from, or related to, conflict or high-risk areas, as defined by the guidelines issued by the Organization for Economic Cooperation and Development (OECD) on due diligence for a responsible supply chain of minerals from conflict or high-risk areas.

In particular, a negative social or environmental impact could result the extraction or processing of these minerals in regions where revenues associated with such activities could be used directly or indirectly to finance or benefit armed groups engaged in civil wars, resulting in violations of international laws and human rights abuses (forms of torture, cruelty, inhuman and degrading treatment, forced or compulsory labor, and child labor).

In this regard, in July 2010, the United States of America passed Resolution HR4173, Section 1502(b) of the Dodd-Frank Financial Reform Act which, by becoming US federal law, requires all publicly traded companies in the United States and their suppliers to disclose chain of custody and utilization information on conflict minerals (tin, tantalum, tungsten and gold, usually referred to by the acronym "3TG"). EU Regulation 2017/821 on Conflict Minerals, adopted later, was largely inspired by the aforementioned US law.

Although SECO is not obligated by law to report on the sources of conflict minerals, it strongly believes that by expanding its efforts beyond basic legal compliance, it may **encourage responsible purchasing practices in its industry sector**.

For this reason, in 2022, it formalized its commitment to this issue by establishing a **Conflict Minerals Policy**, in which it vowed to make every effort to avoid receiving any components containing conflict minerals from locations situated in non-certified "conflict-free" regions. In order to ensure the same level of compliance at each link in the supply chain, SECO requires suppliers of electronic components that may contain one or more 3TGs to increase the visibility of their supply chain by conducting investigations and determining the source of the raw materials used through the application of appropriate due diligence.

SECO also expects its suppliers to provide statements on the status of conflict minerals and the steps taken in this respect, and to communicate this request to the whole supply chain in order to determine the origin of the designated minerals. In the event that a source is declared to have originated from a conflict

zone, SECO has established an organizational safeguard to take the most appropriate measures to resolve such non-compliance, including requesting that the supplier change its source of supply, identify alternative solutions, and, in the most severe cases, reduce or terminate the business relationship.

In addition, in accordance with the guidelines set out in this regard by the OECD, SECO decided to adopt an organizational mechanism to:

- Adopt a **corporate management system** by entrusting the oversight of this issue to a cross-functional team, which is responsible for verifying and evaluating information received from suppliers through special forms defined according to internationally recognized standards;
- **Identify and assess risk in the supply chain** by requiring suppliers of components containing 3TG to complete the Conflict Minerals Reporting Template (CMRT) form;
- Design and incorporate a **strategy to respond to any identified risks**, requiring suppliers who declare the presence of "critical" foundries to take appropriate corrective action;
- Consider using independent **third-party audits** to carry out supply chain due diligence
- **Report** periodically on **the main findings from the monitoring activity** outlined above.

3.4| The local community

3.4.1| Enhancement of local areas and communities

Over the years, SECO has undertaken to support and sponsor various local and national initiatives of a cultural, social, economic nature, in order to **enhance the area in which it operates and the communities there**.

The main initiatives undertaken during the three-year period are given below.



Since 2019, SECO has been a **Corporate Golden Donor of FAI**, the Italian Environmental Fund, as a commitment to safeguarding the Group's heritage, as a factor of individual well-being, social cohesion, and economic development.



Since 2020, the company has funded the **Fondazione Arezzo Wave**, organizer of the event of the same name, which fosters musical and creative expression with an eye toward cooperation and multiculturalism. Since 2021, the company has also contributed to the production of the calendar published by the Fondazione.



Since 2017, the Group has supported Telethon, a non-profit organization whose mission is to aid rare disease researchers and research institutes. This year, in particular, SECO purchased 350 Telethon chocolate hearts, to distribute among its employees.



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



In 2021 the Group began its support for the **Arezzo White Cross** to thank them for their work within the community in which the Group operates.



Since 2017, SECO has supported the Policiano Arezzo Athletics Sports Club as a sponsor of athletics and running events.

The total of the aforementioned donations in 2023 amounted to approximately Euro 94,000.

Over time, the Group has also forged close relations with the **academic community**, periodically participating in career days organized by universities nationwide and collaborating with technical institutes in the Arezzo and Tuscany area, helping to organize events dedicated to technology and electronics. SECO believes that improved synergies between the educational and business worlds brings great added value, supporting the development of new skills, potential, perspectives, and the contribution of younger generations.

Since November 2020, SECO has been part of the Steering Committee of the university foundation **Polo Universitario Aretino**¹⁷, as part of a project to promote contamination between the academic world and businesses, and new local growth and employment opportunities for young people. The partnership aims to bring educational and training courses closer to the actual needs of companies, encouraging the development of new professional figures with highly specialized technical and technological skills in electronics, digitalization and mechanical engineering.

3.4.2| Events and Fairs

Throughout the years, SECO has **actively participated in the most important events and trade fairs in its field**, both to stay aware of emerging IT challenges and to enhance its own business operations. Participating in these initiatives means promoting awareness of the company to a wide audience of Stakeholders, such as current and potential customers, partners, the media and investors.

A geographical map of the events in which SECO participated in 2023 is given below.

¹⁷ | Other major companies in the Arezzo area are joining SECO in the initiative, including Abb Evi, Aruba, Borri, Fimer, MB Elettronica, Saima, Visia Imaging, and Zucchetti Centro Sistemi.

**TOTAL
36**

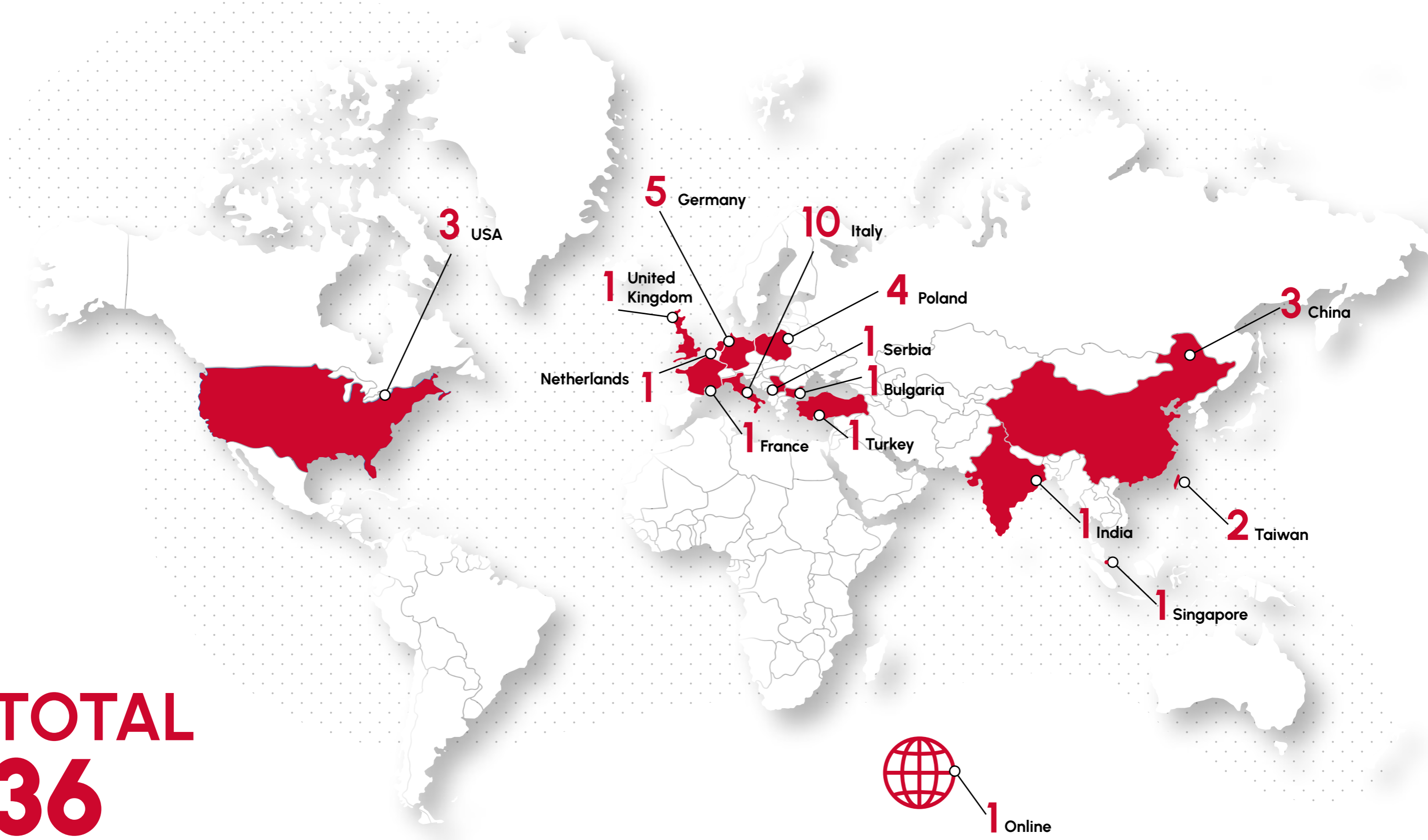


Figura 46: SECO events in 2023



4

4| Protecting the Environment



1.772 metric tons
of material used for production and packaging in 2023



13,5 megaliters
of fresh water used by the Group in 2023



19.501 GJ
of total energy consumption by the Group, mostly electricity (71.5%)



1.668
tCO₂e total Scope 1 and 2 market-based GHG emissions in 2023



224 metric tons
of waste produced by SECO in 2023



Collaborative project
with suppliers for returnable packaging solutions
and the use of recyclable packaging

MATERIAL TOPICS

Electricity consumption and emissions

RELATED RISKS

- Increased emissions as a result of poor space optimization and inefficient logistics strategies.
- Increased emissions and other significant environmental impacts associated with high energy consumption from non-renewable sources at the organization.

OPPORTUNITIES

- Reducing environmental footprint through action to replace energy sources and reduce consumption of energy and materials.
- Reducing environmental impact by switching supply from conventional to renewable energy sources.

MATERIAL TOPICS

Circular economy

RELATED RISKS

- Continuous increase in materials consumed and increased production of waste materials in the Group's operations, which are not destined for recovery or reuse.
- Increase in packaging-related waste from raw materials purchased and products sold by the SECO Group.
- Damage to the environment or the local community as a result of poor waste management, especially in terms of volumes produced and failure to use recovery treatments.

OPPORTUNITIES

Reducing the impacts of packaging disposal by selecting materials with lower impacts and rethinking packaging and transportation logistics.

GRI

GRI 3-3, 301-1, 301-2, 302-1, 302-3, 303-1, 303-2, 303-3, 305-1, 305-2, 305-4, 306-1, 306-2, 306-3, 306-4, 306-5, 307-1

SDG

SDG #7 – By 2030, substantially increase the share of renewable energy in the global energy mix (Target 7.2)

By 2030, double the global rate of improvement in energy efficiency (Target 7.3)

SDG #8 – Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10 Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead (Target 8.4)

SDG #12 – By 2030, achieve the sustainable management and efficient use of natural resources (Target 12.2)

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse (Target 12.5)

SDG #13 – Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries (Target 13.1)



4.1| Environmental management

We are highly mindful of **respecting and protecting the environment** in which we do business. We have set ourselves the goal of **continuously improving** our performance through periodic analyses of environmental risks associated with our activities, and the planning of prevention and mitigation measures. **We encourage our customers, suppliers, and employees** to adopt responsible practices throughout the value chain. For several years, SECO has operated an Integrated Management System (ref. "The Internal Control and Risk Management System", "Product Quality and Safety"), which has been progressively supplemented and strengthened following the achievement of **ISO 14001:2015** certification by all Group production plants: Arezzo and Tregozzano (SECO S.p.A.), Hamburg and Wuppertal (SECO Northern Europe GmbH), Hangzhou (Fannal Electronics Co., Ltd.). ISO 45001 certification was extended in 2023 for SECO Mind S.r.l.'s new Siena office.

In addition, starting in mid-2020, the Group began an **Environmental Analysis Integration Plan** (later revised in early 2021 following the various corporate acquisitions), targeted at developing a life-cycle analytical approach in the Group's products, services or activities.

SECO also conducted a preliminary analysis of the **direct and indirect environmental impacts** connected with the activities carried out, of the applicable regulatory framework and of the implementation status of the relevant obligations.

All elements of the analysis process were evaluated based on regulatory criteria, their relevance to business, and their impact on the region, population, and management efficiency. An impact category defined as "significant" or "insignificant" was assigned to each element. The analysis was conducted for both normal and emergency scenarios.

As regards impacts directly related to SECO's activities, the aspects considered for each of the ISO 14001-certified factories are:

- energy consumption
- water consumption
- atmospheric emissions
- waste generated
- hazardous substances
- external noise
- electromagnetic fields
- GHGs/ozone-depleting substances
- chemical compounds such as polychlorinated biphenyls and polychlorinated terphenyls
- visual impact
- soil contamination
- fire risk.

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

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

The aspects considered for these impacts include:

- Maintenance workers (energy consumption, atmospheric emissions, waste production)
- Waste transport companies (energy consumption, atmospheric emissions)
- Waste destination plants (energy and water consumption, atmospheric emissions, waste production, potential soil contamination)
- Outsourced activities (energy consumption, water consumption and discharge, waste production, hazardous substances, etc.).
- Product and design-related aspects

In order to manage and above all to prevent indirect impacts, SECO is committed to spreading the contents of its environmental policy, along with the operating procedures for the environmental management with which all parties working on its behalf are required to comply¹

Shared responsibility that comes from small daily actions

SECO believes that attention to environmental issues should be a shared responsibility and an object of attention for all employees and collaborators during their time at the Company. It has therefore initiated a number of projects to encourage and support informed choices during office life.

- To limit the use of disposable plastic water bottles, it provides all its employees with a **personalized aluminum water bottle** and has installed **10 drinking water dispensers** at the Arezzo and Tregozzano offices.
- To spread a responsible culture of waste management, SECO has provided, both at production sites and in the common areas of the Arezzo and Tregozzano sites, points for the **separate collection of** paper, plastic, glass and organic waste.
- The Group requires its food and beverage suppliers to restock office vending machines by minimizing the amount of plastic in the containers, replacing plastic wrappers with recyclable paper or aluminum equivalents where possible.
- In 2022, a network of sensors was installed on windows in the Arezzo office. If the windows are opened, the system automatically switches off the heating and air conditioning system in the room.
- The offices in Arezzo, Tregozzano, and Hamburg are equipped with LED lighting to reduce electricity consumption. In addition, to further limit consumption, the Arezzo office's lighting system has been programmed to automatically switch off at 7pm.
- 10 electric vehicle charging stations were installed at the Arezzo office in early 2023. SECO is also progressively replacing company cars with electric or hybrid vehicles.
- For the provision of CLEA-based services, SECO relies on cloud providers that use data centers powered by at least 50% renewable energy, where possible

¹ | In relation to product design, we have introduced the controls as required by RoHS regulations (2002/95/EC) regarding restrictions on the use of certain hazardous substances in the construction of electrical and electronic equipment, and WEEE (Legislative Decree No. 49/2014) for the proper management of waste electrical and electronic equipment.

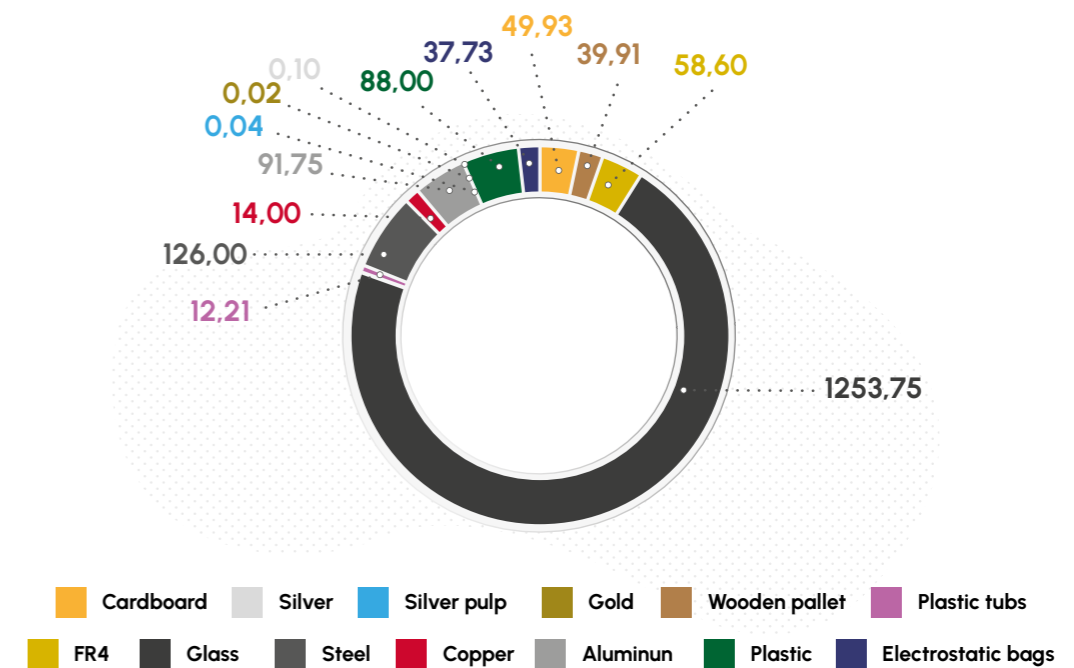
4.2 | Efficient use of natural resources

4.2.1 | Materials

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

1. the **raw materials** used to **manufacture the products**, including FR4², glass, steel, copper, silver aluminum and gold found within the semi-finished materials purchased by the Group;
2. **packaging material**, including paper/cardboard, plastic, and absorbent material to protect products from potential stresses or impacts.

Materials used in 2023 (ton)



The chart shows the materials used by the Group in 2023³ for production activities and product packaging. The total is 1,772 metric tons, of which 5% is renewable.

Glass (71%), steel (7%), plastic (5%), and aluminum (5%) are the most used materials.

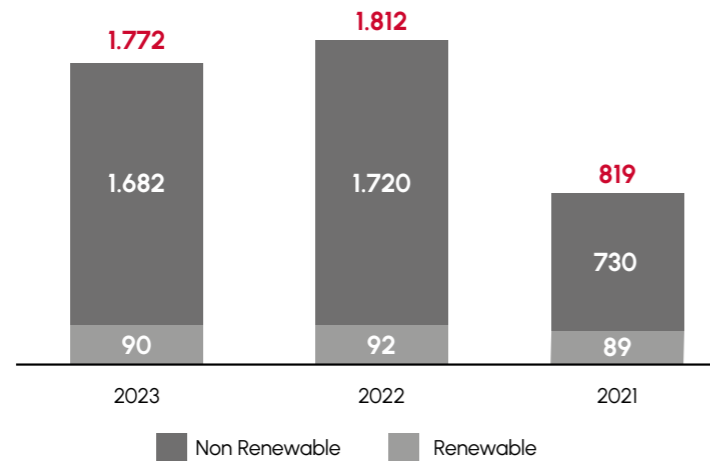
We note that the quantities of materials reported, net of cardboard, bioplastics, wooden pallets and electrostatic bags, were obtained following an analysis of the composition of semi-finished products used by the Group.

² | Composite material made by impregnating a glass fiber fabric with a flame-retardant epoxy resin matrix.

³ | We note that the data presented does not include the companies SECO Mind Germany, SECO Mind S.r.l., SECO Mind USA LLC, Piri.ai, Inc., or SECO BH d.o.o. as they do not perform production activities. The data for SECO USA, Inc. are not presented, however, as this company's production activities are mainly performed by SECO S.p.A. and SECO Northern Europe GmbH.

Specifically, 2023⁴ saw a slight decrease (2%) in materials used in business activities compared to 2022, mainly due to a reduction in packaging size and therefore a lesser use of cardboard.

Materials used in the three-year period 2021-2023 (Ton)



The Group is currently studying a number of improvement plans to reduce waste and its reliance on resources. SECO is working with suppliers to adopt **returnable or reusable** packaging solutions.

With regard to the actions taken with Group customers, a project has been launched to encourage the use of **multiple and palletized packaging** instead of single-use packaging, and **reusable or recyclable packaging and materials** and the use of scheduled shipments managed directly with the customer's courier, so as to optimize the route taken. In collaboration with some customers, specific **returnable packaging** was studied to make the process more efficient and reduce the generation of waste as far as possible.

Finally, during the new project development stage, an internal study was conducted with customers in mind to explore the option of developing products that could easily be disassembled at the end of their life cycle (design for disassembling). The objective is to facilitate the separation of different product components and materials, thus making it easier to recycle or reuse them.

Chemicals and hazardous substances

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

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

Meanwhile, in the interests of health and safety, a risk assessment system is in place based on company processes and the type of substances used.

This system is compliant with both the compulsory sector regulations (Legislative Decree No. 81/2008) and the international voluntary ISO reference standard (ISO:45001).

SECO obtained this certification for its Italian sites in Arezzo and Tregozzano in 2022, in addition to its Fannal Electronics Co., Ltd. plant in Hangzhou.

REACH and RoHS analysis of purchased components is also conducted through professional databases and through specific certification requests, which are sent directly to suppliers.

RoHS regulations are mandatory for all electronic components. This certification confirms that the product does not exceed the legal hazard threshold and can therefore be sold. SECO has a specific procedure that sees the RoHS analysis conducted as early as the product design stage.

Based on the EU regulation, REACH analysis is carried out on all products designed by SECO, following the same analysis methods carried out under the RoHS regulation.

All declaration forms regarding REACH and RoHS analysis were updated in 2023.

4.2.2| Water resources

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

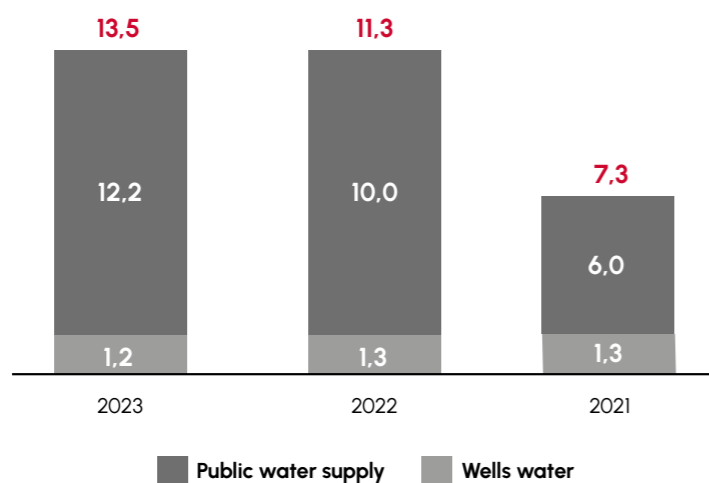
In terms of circuit board production, water is only used during the card washing phase at the Tregozzano plant, where a closed water cycle is in place.

Water is collected in a tank, reused for more than one cycle, and subsequently purified at the end of the process using special filtering systems. The Group is committed to delivering waste liquids to companies specializing in special waste disposal.

All other water consumption relates to civil use. Waste water is discharged into the public sewers in line with the discharge permit.

⁴ Ibidem

Water withdrawals 2021-2023



In 2023, the Group withdrew approx. **13.5 megaliters of freshwater**⁵ (≤1,000 mg/L total dissolved solids). Specifically, in 2023, 12.2 megaliters were withdrawn from third-party water resources (public water supply) and 1.2 megaliters from groundwater (wells).

4.3| Electricity consumption and emissions

4.3.1| Energy consumption

The new headquarters in Arezzo has been designed according to the highest standards of **energy efficiency** and is equipped with a photovoltaic system consisting of 232 panels, which can reach a maximum power of 69.6 kW and an annual production of energy corresponding to about 83,500 kWh, capable of meeting about 12% of the energy needs of the building. The new photovoltaic system installed at the Tregozzano plant, equipped with 144 panels possessing a maximum power output of 50.4kW, has also been in operation since April 2022.

In addition, at the end of 2020, SECO entered into an agreement with its electricity supplier to supply all Italian office with **electricity exclusively from renewable sources**.

The Hamburg office was constructed in compliance with strict energy efficiency norms, utilizing a heat pump system to provide 79% of its heating requirements.

⁵ | We note that the data presented does not include the companies SECO Mind S.r.l., SECO Mind USA LLC, Piri.ai INC, SECO Mind Germany BH d.o.o. considering the nature of the activities they carry out: as programming and AI-development companies, they do not perform production activities.

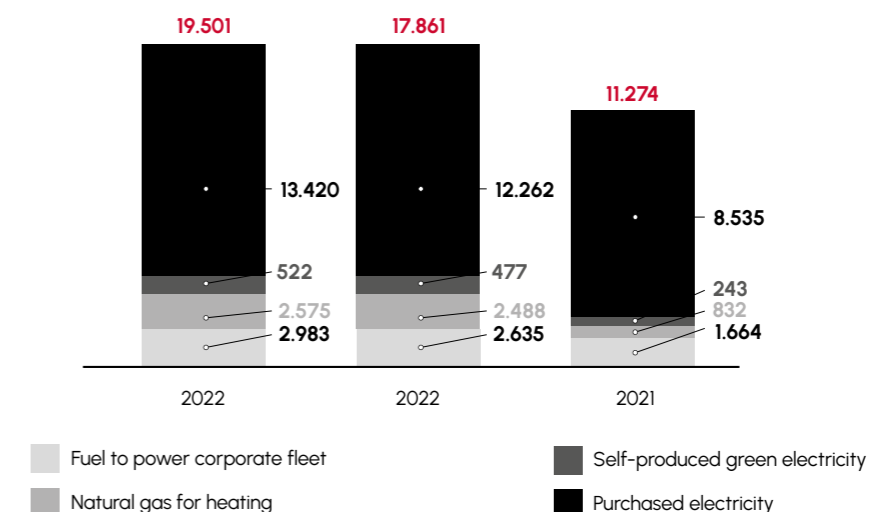
In 2023, the Group's total energy consumption was **19.501 GJ**⁶ (17,861 GJ in 2022) and the energy mix was composed as follows:

- 71.5% comes from electricity for **lighting** at sites and for the **operation of production plants**. Specifically, 27.3% of the total electricity consumed comes from **electricity purchased entirely from renewable sources**, 3.7% comes from self-generated and self-consumed green electricity, and the remainder comes from non-renewable sources;
- 13.2% comes from **natural gas** for space heating;
- 15.3% comes from **fuel (diesel and gasoline) and natural gas** to power the corporate fleet.

In the reporting year, the Group's total energy consumption increased compared to the previous year (+9.2%), primarily due to the rise in production volumes.

30% of energy consumed from certified renewable sources
0,0929 energy intensity index in 2023, **+5%** on 2022

Group energy consumption in the three-year period 2021-2023 (in GJ), by type of source



An **energy diagnosis** was carried out in 2023, with a special focus on the Arezzo plant, in order to identify actions to improve the plant's energy performance.

⁶ | We note that the source for conversion factors - from kWh, m3 and liters to GJ - is the "UK Government GHG Conversion Factors for Company Reporting" database in the specific versions for the years reported. The following companies are excluded from the figure presented: SECO Mind Germany GmbH, SECO BH d.o.o., SECO Mind USA, LLC and its subsidiary Piri.ai, Inc. due to the nature of the activities they perform, i.e., software programming and AI algorithm development, which do not involve any production activities. In addition, SECO Mind USA (and Piri.ai) employees work entirely remotely, while the rent payment for the building used as the SECO BH d.o.o. office includes a share for electricity expenses. In both cases, therefore, energy consumption is not monitored by the respective Companies. SECO USA Inc. has only been included in the scope for the Group's total energy consumption and is excluded from the energy source breakdowns as it has no information on the fuel mix used.

This recently built plant is equipped with photovoltaic panels and all-LED lighting, resulting in heating and lighting that is highly automated and efficient.

The Group has, however, identified optimized compartmentalization of the reading points as an area for improvement, to better understand how the building's energy consumption is distributed.

The diagnosis was submitted on September 26, 2023 and will be valid for four years.

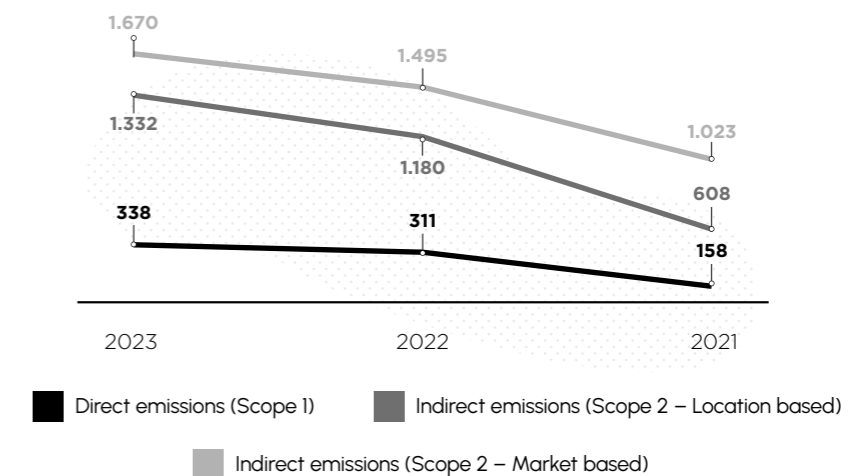
4.3.2| Emissions

Among the initiatives undertaken to mitigate the impact of emissions, in addition to the supply of renewable sources and the installation of photovoltaic panels, is the ongoing modernization of the company fleet with the gradual replacement of cars with hybrid models. This activity has, of course, been accompanied by the progressive installation of electric charging points at the office to enable the full use of new vehicles. Two new charging points and eight wall-box chargers were installed at the Arezzo office in 2023.

The CO₂ emissions⁷ generated by the Group come from the energy sources mentioned above.

For the reporting of greenhouse gas emissions, the methodological reference is the Greenhouse Gas (GHG) Protocol⁸ which divides emissions into categories, or "Scope"⁹, depending on whether the emissions qualify as "direct" or "indirect".

Direct and indirect CO₂ emissions generated by the Group in the three-year period 2021-2023 (tCO₂eq)



The emissions¹⁰ intensity index for 2023 was **0,00955tCO₂ / K€**

+6% on 2022

In 2023, the Group's total (market-based Scope 1 and Scope 2¹¹), CO₂ emissions amounted to 1,770 tCO₂eq, an increase on 2022 (1,491 tCO₂eq). This is due to the increased use of electricity for production activities and fuel for the company vehicle fleet.

Specifically:

- Direct (Scope 1) CO₂ emissions amounted to 338 tCO₂eq in 2023 (311 tCO₂eq in 2022);
- Indirect (Scope 2) CO₂ emissions amounted to:
 - (location-based approach) 1,666 tCO₂eq in 2023, up from the previous year (1,495 tCO₂eq);
 - (Market-based approach) 1,332 tCO₂eq, up from the previous year (1,180 tCO₂eq).

4.4| Circular economy and waste management

We have a daily commitment to ensure the efficient use of resources to prevent and limit the generation of waste. In pursuit of this goal, we have defined careful resource management processes, designed to minimize the production of waste at every stage of the value chain.

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

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

9 | Scope 1, where emissions are generated directly from a source owned or controlled by the Group. In our case, this refers to the emissions deriving from the consumption of natural gas for heating and to power company cars, in addition to fuel (diesel, gasoline and natural gas). To calculate these emissions, the emission factors defined by the "UK Government GHG Conversion Factors for Company Reporting" were used in the specific versions for the years being reported. Scope 2, meaning the indirect emissions resulting from the use of electricity purchased by the Group for the lighting of buildings and the operation of production sites. For the calculation of these emissions, the procedure was as follows: for location-based emissions, the emission factors taken from "Terna international comparisons on Enerdata data", 2019 data, were used; for market-based emissions, on the other hand, reference was made to the residual mix set out for 2022, 2021, and 2020 by "AIB - European Residual Mixes 2021, Version 1.0, 22nd June 2022, ""AIB - European Residual Mixes 2020, V. 1.0, 31st May 2021", and "AIB - European Residual Mixes 2019 - V. 1.1, 8th September 2020" respectively.

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

11 | We note that the data presented does not include the following companies: SECO Mind Germany GmbH, SECO BH d.o.o., SECO Mind USA, LLC and its subsidiary PIRI.ai, Inc. as no production activities are carried out at these locations. In 2022, the scope was therefore expanded to include information on SECO Northern Europe GmbH, which was not included in previous years. In addition, data for the years 2021-2020 differ from those reported in the 2021 NFS as SECO USA Inc. has also been included in the scope for earlier years. Finally, the Scope 2 market-based emissions data have changed compared to 2021 as the scope was expanded, as mentioned above, and the calculation formulas were also revised, which changed the outcome of the analysis.

In 2020, SECO started involving its suppliers in the process of creating a **Full Material Declaration** to increase visibility into the materials used by suppliers to create components supplied to the Group. The results of this analysis will be used to rate suppliers.

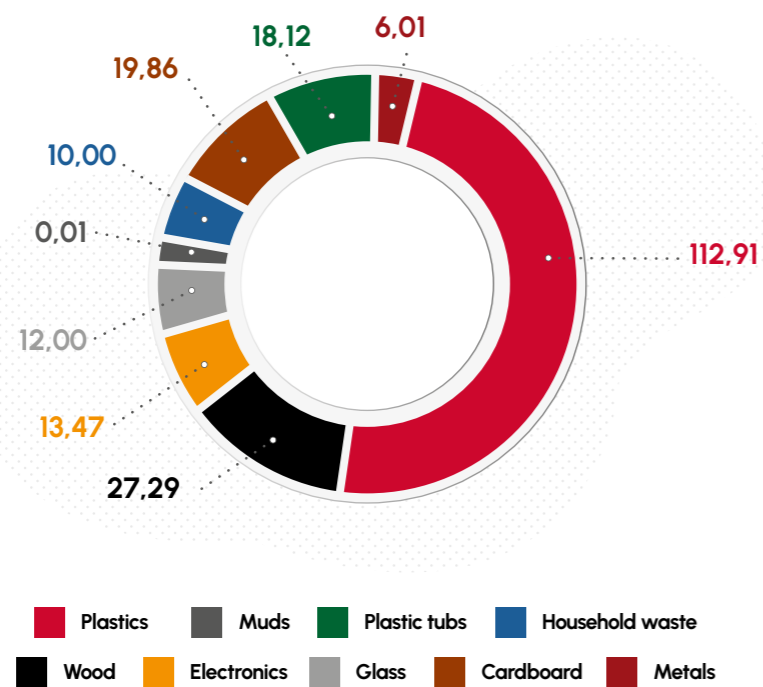
Major suppliers of printed circuit boards have joined the process, which helps to make product analysis more accurate. Going forward, the Group remains committed to raising awareness among its suppliers, especially with regard to the most critical categories of semi-finished products (such as displays and touch screens).¹²

The management and monitoring of waste production and its proper disposal are carried out in accordance with current regulations, and specifically with the guidelines defined within the Group's ISO 14001 certified Environmental Management System.

SECO's main sources of waste generation are:

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

Waste breakdown in 2023 (ton)



Where managed directly by the Group, SECO ensures compliance with international WEEE (Waste of Electric and Electronic Equipment) guidelines. SECO does not handle the disposal of finished products,

¹² | This activity is currently carried out per customer requests.

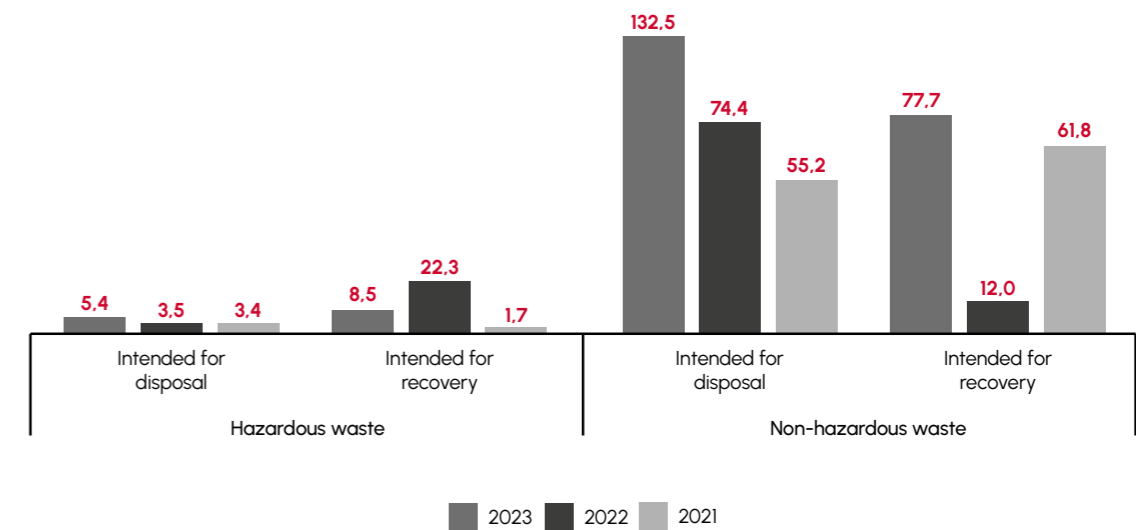
which remains the responsibility of its customers, who must follow the instructions provided by SECO in its product specifications.

Total waste generated in 2023 was 224 tons, up approximately 11% from 2022 (202.5 tons)¹³.

Waste for the current year primarily consists of plastic, wood, and cardboard. In 2023, 53% of non-hazardous waste for disposal was sent to landfill, while 6% was sent for energy recovery through incineration. 5% was sent for incineration without energy recovery. Finally, 37% was directed to recycling.

As shown in the graph, almost all waste (94% of the total) was classified as non-hazardous during the three-year period.

Type of waste and disposal method (tons)



Circular economy

As explained in previous sections, SECO is not in the business of making ready-to-use products or those for use by end consumers. Instead, SECO's modules and systems are integrated into products that our customers (usually OEMs¹⁴) manufacture for various industry and B2B applications. As these products are frequently distributed to numerous intermediaries along the value chain before being utilized, the adoption of inclusive end-of-life component collection programs is inherently linked to the restricted actions carried out by the parties (OEMs and distributors) that SECO engages with directly. For this reason, although the Group has assessed its feasibility, it does not currently consider it possible to introduce widespread collection programs for the end users of devices containing SECO products.

SECO does however pay close attention to the matter of material recovery and reuse, including from e-waste. These materials are sent to companies specializing in the recovery of precious metals, such as

¹³ | We note that the following companies are excluded from the scope: SECO Mind S.r.l., SECO Mind USA LLC, and its subsidiary PIRI.ai Inc, BH d.o.o., and SECO Mind Germany. In addition, the data analyzed include SECO USA Inc. for the years 2021-2020, while no data was available for 2022. Data for SECO Northern Europe were estimated based on the waste composition of SECO S.p.A., with which it shares a business model and operational structure.

¹⁴ | Original Equipment Manufacturers

gold and copper, which can be reused. In addition, SECO continues to pursue technological and process innovations to extend the life cycle of its products where possible, with the goal of extending their lifespan and reusing device components or parts that have reached the end of their life in newly manufactured products.

For example, SECO initiated a program with a customer in 2020 to manage and recondition specific systems in customer devices. The goal is to reduce the amount of materials customers throw away. This project seeks to recover components such as touch displays, LCDs, and plastic parts from machines that are less than ten years old. These components are subsequently inspected for damage and reconditioned if necessary, before being installed in new products for the same customer.

The SECO value chain

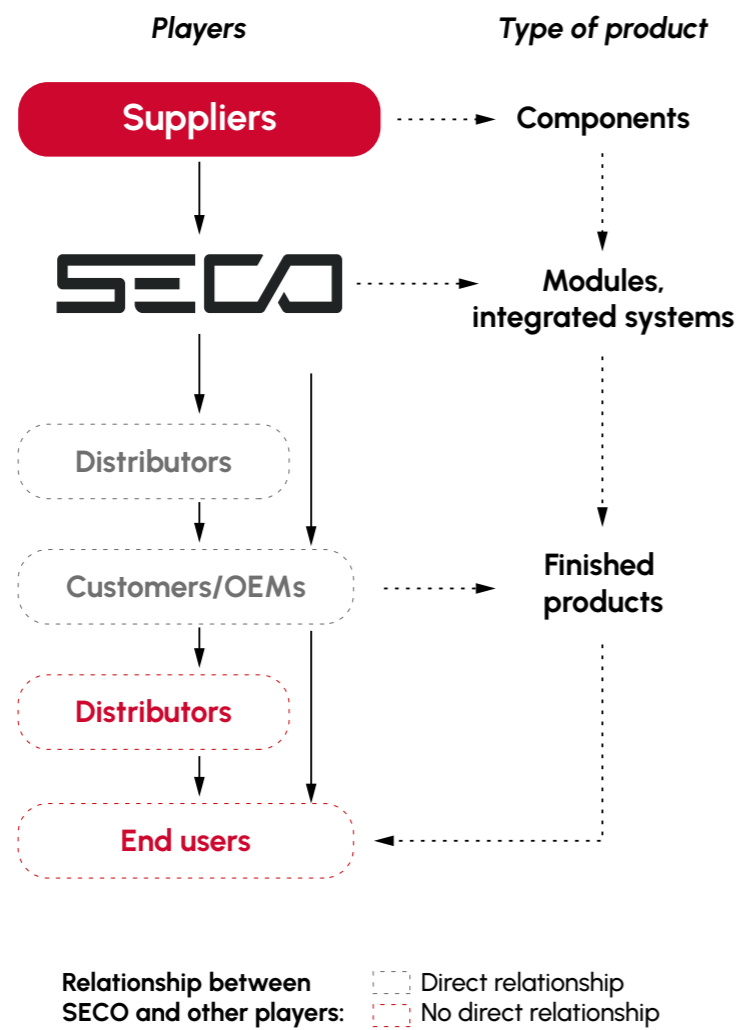


Figure 50: The SECO value chain



5| Annex

5.1| Methodological note

Since 2021, the SECO Group has published its annual Consolidated Non-Financial Statement, in line with the Company's financial reporting.

The information contained in this document refers to the time period January 1, 2023 through December 31, 2023. Similarly, where possible the topics covered are presented by providing a comparison with the previous two years in order to allow all SECO Stakeholders to assess the Group's performance over time.

This document has been prepared in accordance with the GRI Sustainability Reporting Standards, as published by GRI in 2021 and effective January 1, 2023, under the "With reference to" reporting option.

The drafting of this NFS is guided by the principles defined by the 2021 GRI Standard I: Core Principles as regards the level of content and quality of the document:

- *Accuracy* – commitment to reporting information that is correct and sufficiently detailed to allow an assessment of the organization's impacts;
- *Balance* – commitment to reporting information in an unbiased way and providing a fair representation of the organization's negative and positive impacts;
- *Clarity* – presentation of information in a way that is accessible and understandable, considering the accessibility of information and making the content usable for people with limited knowledge of the organization;
- *Comparability* – selecting, compiling, and reporting information consistently to enable an analysis of changes in the organization's impacts over time and their comparison with other organizations;
- *Completeness* – the need to provide sufficient information to enable an assessment of the organization's impacts during the reporting period;
- *Sustainability context* – commitment to reporting information about its impacts in the wider context of sustainable development, providing transparent information on how the organization contributes or aims to contribute to sustainable development;
- *Timeliness* – reporting information on a regular schedule, making it available in time for information users to make decisions;
- *Verifiability* – gathering, recording, compiling, and analyzing information in such a way that the information can be examined to establish its quality.

5.1.1] Materiality analysis and identification of material topics

Consistent with GRI Standard 3 - Material Topics 2021, the following were considered when carrying out the materiality analysis:

- **The context of the industry** in which the SECO Group operates, by updating analysis of operational, institutional, market and external dimensions ("The context").
 - **The requests of internal and external stakeholders** that the Company has mapped on four main occasions:
1. **An in-depth update of the context analysis**, to understand the main requests of stakeholders and, in light of these, the Company's priorities as regards the areas identified under Legislative Decree No. 254/2016. For the 2023 materiality analysis, the update included a prior identification of impacts, on the basis of which the resulting topics were then defined - by aggregating risks and opportunities - as material topics for the Group;

Specifically, this study took the following sources into account:

- International bodies, including the European Institute of Innovation & Technology, the Organization for Economic Co-operation and Development, the United Nations - ITU (International Telecommunication Union), the OECD - Due Diligence Guidance for Responsible Supply Chains, and the European Commission, with its Circular Economy Action Plan;
- Standard setters, including the World Economic Forum, the Global Reporting Initiative, ISO 26000, and the Sustainability Accounting Standards Board (SASB);
- Investors, including by way of consultation of the MSCI - ESG Industry Materiality Map and the Standard&Poors Materiality Finder;
- Trade associations, for a more in-depth understanding of the sector. These included IotItaly, Anitec-Assinform (National Association of Computer Industries) and AixiA (Italian Association for Artificial Intelligence);
- Peers, specifically by consulting public documents and websites;
- Academia, to gain a scientific insight into the application of sustainability issues in the industry;
- The media, with reference to press releases and publications in the year under review, analyzed using sentiment analysis;
- In-house documents and the Company's website.

2. **A questionnaire sent to approx. 300 internal and external Stakeholders**, leading to more than 120 complete responses. Specifically, and unlike in the previous year, the 2023 stakeholder questionnaire investigated stakeholders' perceptions directly in relation to the impacts generated by the company - considering the environment, people and society as a whole - on the external environment. In 2022, this analysis was only required of management, while stakeholders evaluated only the topics and not the individual impacts mapped.
3. **A questionnaire sent to top management**, also designed to investigate the relevance of impacts - current and potential, positive and negative - identified in the context analysis. Unlike the questionnaire submitted to the stakeholders, this tool sought to analyze - alongside the severity/benefit of the impact - how likely it is to occur in the short, medium and long term.
4. **Semi-structured interviews with top managers**, who were questioned on the potentially significant issues identified in the previous phases. Specifically, and with reference to the various topics proposed, these interviews made it possible to investigate issues such as the Group's strategy and vision, including the objectives deemed most relevant to environmental, social and governance aspects from the point of view of the function represented by the interviewee; the related management methods with respect to each potentially relevant topic; the impacts generated along the value chain; the management and organizational controls in place and the initiatives introduced during the year.

Finally, the materiality analysis was shared with the Chief Executive Officer for validation of the material topics.

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

The topics shown in gray in the table were not identified as part of the analysis carried out, but it was decided to deal with them within this document, providing qualitative-quantitative information and reporting the impacts generated by the Group - either as a result of what emerged from the context analysis, or based on the specific requirements of the Decree.

Material topics	Legislative Decree No. 254/2016 area	GRI Aspect	Topic scope		Relevant SDGs
			Internal	External	
<ul style="list-style-type: none"> Electricity consumption and emissions Circular economy Water resource management 	The Environment	GRI 301 – Materials	Group	Suppliers and partners The community and the local area Customers Shareholders and investors	12
		GRI 302 – Energy			13
		GRI 303 – Water and effluents			7
		GRI 305 – Emissions			
		GRI 306 – Waste			
		GRI 2-27 – Environmental compliance			
<ul style="list-style-type: none"> Talent acquisition, management and development Customer satisfaction and protection Sustainable and inclusive work environment Creation of value for the area and the local community Protecting human and workers' rights Supply chain Labeling and information on products and services 	Personnel management Human rights Social Impacts Local community support	GRI 2: General Disclosures	Group	Employees The community and the local area Suppliers and partners Union representatives Schools and universities Shareholders and investors Workers from countries in conflict areas	
		GRI 201 – Economic performance			4
		GRI 204 – Procurement practices			5
		GRI 401 – Employment			8
		GRI 402 – Labor/management relations			10
		GRI 403 – Occupational health and safety			
		GRI 404 – Training and education			
		GRI 405 – Diversity and equal opportunity			
		GRI 406 – Non-discrimination			
		GRI 407 – Freedom of association and collective bargaining			
		GRI 408 – Child labor			
		GRI 409 – Forced or compulsory labor			
		GRI 414 – Supplier social assessment			
		GRI 417 – Marketing and labeling			
<ul style="list-style-type: none"> Data privacy and cybersecurity Business ethics and AI development Research, innovation and development 	Social Impacts Combating active and passive corruption	GRI 2: General Disclosures	Group	Employees Suppliers and partners Customers Scientific community Trade institutions and associations Shareholders and investors	8
		GRI 205 – Anti-corruption			9
		GRI 207 – Taxes			12
		GRI 418 – Customer privacy			16
					17

5.1.2| The reporting scope and methodologies used for calculating

Consistent with Article 2, paragraph 2 of the Decree, the reporting scope coincides with that of the 2023 Consolidated Financial Statements. For 2023, the scope also coincides with that of the previous Non-Financial Statement, as there were no acquisitions or disposals within the Group during the year.

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

- Italy: includes the Parent Company SECO S.p.A. and the companies PSM Tech S.r.l. and SECO Mind S.r.l.;
- EMEA: includes the companies SECO Northern Europe GmbH, SECO Mind Germany GmbH, and SECO BH d.o.o.;
- USA: includes SECO USA and SECO Mind USA, LLC;
- APAC: includes Fannal Electronics Co., Ltd and Piri.ai, Inc.

In the "Technical Details" section, data are presented both by geographical area and at Group level.

We also note the following:

- GRI Standard indicators on Materials; Waste; Water and Effluents; Supplier Social Assessment (GRI 301, GRI 303, GRI 306, GRI 414) are not applicable to SECO Mind S.r.l., SECO Mind USA, LLC, SECO Mind Germany GmbH, or SECO BH d.o.o. by virtue of the non-production activity performed, which is to say software programming and AI algorithm development;
- GRI Standard indicators on Human rights assessment (GRI 412) are not applicable to SECO Mind S.r.l., SECO Mind USA, LLC or SECO Mind Germany GmbH, by virtue of the non-production activity performed, i.e. software programming and AI algorithm development;
- The GRI Standard indicators on the topic of Occupational Health and Safety (GRI 403) are not applicable to SECO Mind USA as all of its employees work remotely. In addition, for quantitative GRIs related to Health and Safety (403-9), the scope is limited to: SECO S.p.A., PSM Tech S.r.l., SECO Northern Europe GmbH, Fannal Electronics Co. and SECO Mind S.r.l.;
- GRI indicators concerning local supplier procurement practices (GRI 204) only apply to Italian plants

5.2| Technical Details

5.2.1| "The SECO Group"

Name	Office	Role	Independence	Governing body mandate	Gender	Responsible for economic, environmental, and social topics	Represents stakeholders
Daniele Conti	Chairperson	Executive	No	> 10 years (*)	Male	No	DSA S.r.l. / HCS S.r.l.
Massimo Mauri	CEO	Executive	No	5 years	Male	No	LAE S.r.l.
Tosja Zywiwetz	Director	Non-Executive	No	<1 year (**)	Male	No	7-Industries Holding B.V.
Emanuela Sala	Director	Non-Executive	No	3 years	Female	No	-
Michele Secciani	Director	Non-Executive	No	3 years	Male	No	-
Claudio Catania	Director	Non-Executive	No	5 years	Male	No	-
Luciano Lomarini	Director	Non-Executive	No	4 years	Male	No	Lomarini & LC – S.a.s.
Luca Tufarelli	Director	Non-Executive	No	3 years	Male	No	SPEM S.r.l.
Elisa Crotti	Director	Non-Executive	Yes	3 years	Female	No	-
Valentina Montanari	Lead Independent Director	Non-Executive	Yes	1 year	Female	Yes	-
Diva Tommei	Director	Non-Executive	Yes	3 years	Female	No	-

GRI 2-9 Structure and composition of the governance body

(*) Daniele Conti, Group Chairperson, is one of the two co-founders of the Company and has been its Director since the Company was established as an S.r.l.

(**) As part of the agreement with the new shareholder 7-Industries, SECO's Board of Directors co-opted Mr. Tosja Zywiwetz as a Director in April 2023.

Name	Office	Role	Independence	Governing body mandate
Valentina Montanari ¹	Chairperson	Non-Executive	Yes	Three-year plan
Luca Tufarelli	Member	Non-Executive	No	Three-year plan
Elisa Crotti	Member	Non-Executive	Yes	Three-year plan

GRI 2-9 Structure and composition - Control and Risk Committee

Name	Office	Role	Independence	Governing body mandate
Valentina Montanari ¹	Chairperson	Non-Executive	Yes	Three-year plan
Diva Tommei	Member	Non-Executive	Yes	Three-year plan
Elisa Crotti	Member	Non-Executive	No	Three-year plan

GRI 2-9 Struttura e composizione dell'organo di governo - Comitato Parti correlate

Name	Office	Role	Independence	Governing body mandate
Diva Tommei	Chairperson	Non-Executive	Yes	Three-year plan
Elisa Crotti	Member	Non-Executive	Yes	Three-year plan
Claudio Catania	Member	Non-Executive	Yes	Three-year plan

GRI 2-9 Struttura e composizione dell'organo di governo - Comitato Remunerazione

Members of the highest governing body by age and gender	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
under 30	0	0	0	0	0	0	0	0	0
30-50	1	2	3	1	2	3	1	2	3
over 50	6	2	8	5	2	7	5	2	7
Total members, by gender	7	4	11	6	4	10	6	4	10

GRI 405-1 Diversity of governance bodies and employees

Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to

Total members of the governance body	2023	2022	2021
Members of the governance body to whom policies and procedures have been communicated	19	14	21
Total members of the governance body	32	32	34
%	59%	44%	62%

Total number and percentage of governance body members that have received training on anti-corruption policies and procedures

Total members of the governance body	2023	2022	2021
Members of the governance body who have received training on the organization's anti-corruption policies and procedures	13	11	8
Total members of the governance body	31	32	34
%	42%	34%	24%

Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to

Number of employees	2023	2022	2021
Executives/managers notified	17	17	4
Total number of Executives/managers	21	44	34
%	81%	39%	12%
White-collar workers notified	95	89	6
Total number of white-collar employees	308	479	346
%	31%	19%	2%
Blue-collar workers notified	116	103	0
Total number of blue-collar employees	201	329	214
%	58%	31%	0%

¹ | Co-opted by the Board of Directors on December 22, 2022, to replace Giovanna Mariani, who passed away on November 4, 2022.

Total number and percentage of employees who have received training on the organization's anti-corruption policies and procedures			
Number of employees	2023	2022	2021
Executives/managers who have received training	17	17	4
Total number of Executives/managers	21	44	34
%	81%	39%	12%
White-collar employees who have received training	95	89	6
Total number of white-collar employees	308	479	380
%	31%	19%	2%
Blue-collar employees who have received training	116	103	0
Total number of blue-collar employees	201	329	214
%	58%	31%	0%

Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to			
Number of business partners	2023	2022	2021
Business partners notified	20	20	15
Total number of business partners	705	743	696
%	3%	3%	2%

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

	2023	2022	2021
SECO S.p.A., PSM Tech S.r.l., SECO Mind S.r.l.			
Main activities	Production, R&D, and marketing of edge computing hardware solutions (modules, standard and custom integrated systems) and IoT and data analytics software solutions		
Number of employees	405	370	364
Euro/000			
Revenue from sales to third parties	98.082	106.213	73.306
Revenue from intra-Group transactions with other tax jurisdictions	22.005	16.692	9.729
Pre-tax profit/loss	881	5.793	-1.314
Tangible assets other than cash and cash equivalents	426.113	427.022	11.802
Tax on company income paid on a cash basis	706	113	330
Taxes on profit	-221	-143	158

	2023	2022	2021
SECO Holdings, Inc., SECO USA, Inc., SECO Mind USA, LLC			
Main activities	Design and marketing of edge computing hardware solutions (modules, standard and custom integrated systems) and IoT and data analytics software solutions		
Number of employees	31	28	23
Euro/000			
Revenue from sales to third parties	27.005	24.298	19.188
Revenue from intra-Group transactions with other tax jurisdictions	712	464	87
Pre-tax profit/loss	1.236	1.925	2.697
Tangible assets other than cash and cash equivalents	28.681	28.295	114
Tax on company income paid on a cash basis	-	-	434
Taxes on profit	296	920	434

	2023	2022	2021
SECO Northern Europe GmbH, SECO Mind Germany GmbH			
Main activities	Production, R&D, and marketing of edge computing hardware solutions (modules, standard and custom integrated systems) and IoT and data analytics software solutions		
Number of employees	207	189	177
Euro/000			
Revenue from sales to third parties	73.092	57.980	12.378
Revenue from intra-Group transactions with other tax jurisdictions	7.607	1.677	592
Pre-tax profit/loss	13.266	3.889	-16
Tangible assets other than cash and cash equivalents	129.458	105.005	4.068
Tax on company income paid on a cash basis	2.152	-	175
Taxes on profit	4.346	994	175

	2023	2022	2021
Fannal Electronics Co Ltd, SECO Microelectronics			
Main activities	Manufacturing, R&D, and sale of edge computing hardware solutions (modules, touch displays, standard and custom integrated systems)		
Number of employees	136	146	159
Euro/000			
Revenue from sales to third parties	11.624	12.373	7.421
Revenue from intra-Group transactions with other tax jurisdictions	7.810	12.082	7.644
Pre-tax profit/loss	4.681	6.219	3.197
Tangible assets other than cash and cash equivalents	24.397	20.484	799
Tax on company income paid on a cash basis	-	-	643
Taxes on profit	576	941	643

	2023	2022	2021
SECO Asia Limited			
Main activities		Sub-Holding	
Number of employees	/	/	/
Euro/000			
Revenue from sales to third parties	19	-	-
Revenue from intra-Group transactions with other tax jurisdictions	0	25	34
Pre-tax profit/loss	-218	-176	-33
Tangible assets other than cash and cash equivalents	13.409	13.237	-
Tax on company income paid on a cash basis	-	-	-
Taxes on profit	-	-	-

Piri.ai, Inc., e-GITS India Private Ltd.			
Main activities		IoT and AI software development	
Number of employees	17	73	112
Euro/000			
Revenue from sales to third parties	1	-	-
Revenue from intra-Group transactions with other tax jurisdictions	667	1.366	325
Pre-tax profit/loss	206	332	72
Tangible assets other than cash and cash equivalents	565	465	15
Tax on company income paid on a cash basis	-	-	22
Taxes on profit	7	111	22

SECO BH d.o.o.			
Main activities		Development and design of software algorithms	
Number of employees	16	11	n/a (company not included in the scope)
Euro/000			
Revenue from sales to third parties	0	42	-
Revenue from intra-Group transactions with other tax jurisdictions	426	104	-
Pre-tax profit/loss	62	-11	-
Tangible assets other than cash and cash equivalents	60	39	-
Tax on company income paid on a cash basis	-	-	-
Taxes on profit	-	-	-
GRI 207-4 - Country-by-country reporting			

Euro/000	2023	2022	2021
Economic value generated	216.406	205.987	115.778
Revenues from sales and services	209.822	200.906	112.293
Other revenues and income	2.151	4.371	4.045
Other income and financial charges	4.433	710	-560
Economic value distributed to suppliers	146.307	146.722	81.928
Economic value distributed to employees	40.657	36.524	24.610
Economic value distributed to providers of capital	9.772	5.382	1.473
Economic value distributed to shareholders	-	-	-
Economic value distributed to the government (Public Administration)	4.945	2.721	1.242
Economic value distributed to the community	94	68	24
Economic value distributed	201.776	191.417	109.277
Economic value retained	14.631	14.570	6.501
GRI 201-1 - Direct economic value generated and distributed			

5.2.2] "Giving Our All" chapter

Employees by employment contract	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent	483	172	655	452	138	590	421	127	548
EMEA	440	167	607	379	129	508	365	118	483
Of which Italy	290	110	400	240	84	324	242	81	323
USA	27	3	30	25	3	28	25	3	28
APAC	16	2	18	48	6	54	31	6	37
Fixed-term	66	91	157	110	117	227	120	114	234
EMEA	18	3	21	41	21	62	33	27	60
Of which Italy	4	1	5	30	16	46	23	18	41
USA	1	0	1	5	0	5	4	1	5
APAC	47	88	135	64	96	160	83	86	169
Total	549	263	812	562	255	817	541	241	782
EMEA	458	170	628	420	150	570	398	145	543
Of which Italy	294	111	405	270	100	370	265	99	364
USA	28	3	31	30	3	33	29	4	33
APAC	63	90	153	112	102	214	114	92	206

GRI 2-7: Total number of employees by employment contract (permanent, temporary, and apprenticeships), by region

Employees by employment type	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time	529	234	763	543	229	772	525	219	744
EMEA	439	141	580	403	124	527	383	123	506
Of which Italy	293	105	398	269	92	361	264	92	356
USA	27	3	30	28	3	31	28	4	32
APAC	63	90	153	112	102	214	114	92	206
Part-time	20	29	49	19	26	45	16	22	38
EMEA	19	29	48	17	26	43	15	22	37
Of which Italy	1	6	7	1	8	9	1	7	8
USA	1	0	1	2	0	2	1	0	1
APAC	0	0	0	0	0	0	0	0	0

GRI 2-7: Total number of employees by employment contract (permanent, temporary, and apprenticeships), by region

Workers who are not employees	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Outsourced workers (e.g. temporary workers)	45	25	70	46	20	66	28	7	35
EMEA	45	25	70	46	20	66	28	7	35
Of which Italy	31	20	51	41	19	60	25	7	32
USA	0	0	0	0	0	0	0	0	0
APAC	0	0	0	0	0	0	0	0	0
Internship	0	1	1	3	0	3	7	2	9
EMEA	0	1	1	2	0	2	3	1	4
Of which Italy	0	1	1	2	0	2	3	1	4
USA	0	0	0	0	0	0	0	0	0
APAC	0	0	0	1	0	1	4	1	5
Other	6	0	6	5	0	5	4	0	4
EMEA	4	0	4	4	0	4	3	0	3
Of which Italy	3	0	3	3	0	3	3	0	3
USA	2	0	2	0	0	0	0	0	0
APAC	0	0	0	1	0	1	1	0	1
Total	51	26	77	54	20	74	39	9	48
EMEA	49	26	75	52	20	72	34	8	42
Of which Italy	34	21	55	46	19	65	31	8	39
USA	2	0	2	0	0	0	0	0	0
APAC	0	0	0	2	0	2	5	1	6

GRI 2-8 Workers who are not employees

New hires, by age and gender	2023			2022			2021					
	under 30	30-50	over 50	under 30	30-50	over 50	under 30	30-50	over 50			
Male	43	54	107	107	81	12	200	36%	148	35	316	58%
EMEA	34	45	88	33	33	9	75	18%	103	30	164	41%
Of which Italy	25	29	55	19	19	4	42	16%	14	1	31	12%
USA	1	1	3	3	8	2	13	43%	5	3	13	45%
APAC	8	8	16	71	40	1	112	100%	40	2	139	122%
Female	23	32	56	56	54	2	112	44%	76	18	153	63%
EMEA	11	18	30	13	14	2	29	19%	31	18	64	44%
Of which Italy	7	12	19	6	9	1	16	16%	7	1	18	18%
USA	1	0	1	0	0	0	0	0%	1	0	2	50%
APAC	11	14	25	43	40	0	83	81%	44	0	87	95%
Total	66	86	163	163	135	14	312	38%	224	53	469	60%
EMEA	45	63	118	46	47	11	104	18%	134	48	228	42%
Of which Italy	32	41	74	25	28	5	58	16%	21	2	49	13%
USA	2	1	4	3	8	2	13	39%	6	3	15	45%
APAC	19	22	41	114	80	1	195	91%	84	2	226	110%
Incoming turnover rate %	34%	18%	20%	74%	29%	11%	38%	86%	50%	46%	60%	

GRI 401-New employee hires and employee turnover

Departures by age and gender	2023				2022				2021						
	under 30	30-50	over 50	Total	Turnover %	under 30	30-50	over 50	Total	Turnover %	under 30	30-50	over 50	Total	Turnover %
Male	55	53	9	117	21%	95	76	9	180	32%	53	31	2	86	16%
EMEA	9	30	7	46	10%	15	34	5	54	13%	12	7	1	20	5%
Of which Italy	8	18	3	29	10%	12	19	4	35	13%	12	7	1	20	8%
USA	1	1	1	3	11%	3	7	2	12	40%	0	1	1	2	7%
APAC	45	22	1	68	108%	77	35	2	114	102%	41	23	0	64	56%
Female	17	32	2	51	19%	49	37	7	93	36%	30	24	1	55	23%
EMEA	3	8	2	13	8%	11	5	6	22	15%	1	2	1	4	3%
Of which Italy	1	6	1	8	7%	8	3	2	13	13%	1	2	1	4	4%
USA	1	0	0	1	33%	0	1	0	1	33%	0	0	0	0	0%
APAC	13	24	0	37	41%	38	31	1	70	69%	29	22	0	51	55%
Total	72	85	11	168	21%	144	113	16	273	33%	83	55	3	141	18%
EMEA	12	38	9	59	9%	26	39	11	76	13%	13	9	2	24	4%
Of which Italy	9	24	4	37	9%	20	22	6	48	13%	13	9	2	24	7%
USA	2	4	1	4	13%	3	8	2	13	39%	0	1	1	2	6%
APAC	58	46	1	105	69%	115	66	3	184	86%	70	45	0	115	56%
Outgoing turnover rate %	38%	17%	8%	21%	65%	24%	13%	33%	37%	12%	3%	18%			
GRI 401-Employee departures and turnover															

Type of benefit	China	Serbia ²	Germany ³	Italy	USA
Executives/managers					
Life insurance	x		x	x	x
Health insurance	x	x	x	x	x
Insurance coverage in case of disability, invalidity	x		x	x	x
Parental leave	x		x	x	x
Pension contributions	x		x	x	x
Employee shareholdings			x	x	x
MBO			x	x	
Collective bonus	x	x	x	x	x
Company vehicle			x	x	
Company welfare	x			x	x
Lunch vouchers	x		x		
Internet Reimbursement		x			x
Other economic bonuses			x		
White-collar workers					
Life insurance	x			x	x
Health insurance	x	x	x	x	x
Insurance coverage in case of disability, invalidity	x	x	x	x	x
Parental leave	x	x	x	x	x
Pension contributions	x	x	x	x	x
Employee shareholdings			x	x	x
MBO				x	
Collective bonus	x		x	x	x
Company vehicle				x	
Company welfare	x	x		x	x
Lunch vouchers	x	x	x	x	x
Internet Reimbursement		x			x
Other economic bonuses			x		
Blue-collars					
Life insurance	x				x
Health insurance	x		x	x	x
Insurance coverage in case of disability, invalidity	x		x	x	x
Parental leave	x		x	x	x
Pension contributions	x		x	x	x
Employee shareholdings				x	x
MBO					
Collective bonus	x		x	x	x
Company vehicle					
Company welfare	x			x	
Lunch vouchers	x		x	x	
Other economic bonuses			x	x	

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

2 | Other: White-collar employees also receive a commuting allowance.

3 | For SECO Northern Europe: partial life insurance for CEOs; disability and invalidity coverage, granted if the cause is a work-related injury; a company vehicle per the relevant company policy; other specific benefits: an attendance bonus (employees who are not absent from work due to sickness receive a Euro 100 bonus each quarter after their six-month probationary period), training benefits (Euro 26.59 per month/employee after the probationary period), contribution to public transport tickets, and a well-being bonus (employees with gym or similar memberships receive up to Euro 20 per month as an annual payment; the health bonus can also be used to rent bicycles).

Work-related injuries	2023	2022	2021
Number of injuries recorded	2	2	1
requiring one to three days of absence	1	0	0
requiring more than three days of absence	1	2	1
of which work-related injuries with serious consequences (excluding fatal injuries)			
of which fatal injuries caused by work-related injuries			
Hours worked ⁴	1.290.679	1.690.997	1.001.420
Injury rate with one to three days of absence ⁵	0,08%	0,00%	0,00%
Injury rate with more than three days of absence ⁶	0,08%	0,12%	0,10%

GRI 403-9 Work-related injuries

Number of employees	Unit	2023	2022	2021
Total number of employees that were entitled to parental leave, by gender				
Male	n.	17	18	15
Female	n.	15	14	9
Total number of employees that took parental leave, by gender				
Male	n.	16	17	15
Female	n.	15	14	9
Total number of employees that returned to work in the reporting period after parental leave ended, by gender				
Male	n.	16	17	15
Female	n.	8	6	6
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender				
Male	n.	14	14	10
Female	n.	5	6	3
Total number of employees who should have returned to work following the end of parental leave, by gender				
Male	n.	16	17	15
Female	n.	8	6	7
Return-to-work rate of employees that took parental leave, by gender				
Male	%	100%	100%	100%
Female	%	100%	100%	86%
Retention rates of employees that took parental leave, by gender				
Male	%	82%	93%	n.a.
Female	%	83%	100%	n.a.

GRI 401-3: Parental leave

4 | The data reported cover all and Group's production sites: Arezzo and Tregozzano (SECO S.p.A.), Hamburg and Wuppertal (SECO Northern Europe GmbH), Hangzhou (Fannal Electronics Co., Ltd.) and Siena (SECO Mind S.r.l.).

5 | The injury rate is calculated as the ratio of the total number of work-related injuries to the total number of hours worked, multiplied by 1,000.

6 | Ibidem

Average training hours by professional category ⁷	2023				2022				2021			
	Italy	APAC	Europe	Total	Italy	APAC	Europe	Total	Italy	APAC	Europe	Total
Training hours - Executives/Managers	183	251	0	434	56	690	0	746	176	390	0	566
Male	15	8	1	24	14	8	0	22	13	7	0	20
Female	2	2	0	4	3	2	0	5	3	1	0	4
Average training hours - Executives/Managers	10,8	25,1	0,0	15,5	3,3	69,0	0,0	27,6	11,0	48,8	0,0	23,6
Training hours - white-collar employees	4983	1899	3006	9888	4081	3313	1480	8874	2543	750	0	3293
Male	166	40	18	224	141	24	8	173	136	24	0	160
Female	66	29	3	98	61	24	3	88	58	36	0	94
Average training hours - white-collar employees	21,5	27,5	143,1	30,7	20,2	69,0	134,5	34,0	13,1	12,5	0,0	13,0
Training hours - blue-collar employees	1052	5299	0	6351	794	8701	0	9494,5	100	600	0	700
Male	114	10	0	124	115	22	0	137	116	11	0	127
Female	43	57	0	100	36	66	0	102	38	43	0	81
Average training hours - blue-collar employees	6,7	79,1	0,0	28,4	5,3	98,9	0,0	39,7	0,6	11,1	0,0	3,4
Total hours of training	6218	7449	3006	16673	4931	12704	1480	19115	2819	1740	0	4559
Average training hours	15,3	51,0	136,6	29,0	13,3	87,0	134,5	36,3	7,7	14,3	0,0	9,4

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

7 | The following data refer to the following companies: Fannal Electronics Co.Ltd., BH d.o.o., SECO S.p.A., e PSM Tech, SECO Mind S.r.l and SECO Mind Germany GmbH.

Employee category, by age and gender	2023						2022						2021					
	<30		30-50		over 50		<30		30-50		over 50		<30		30-50		over 50	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
EMEA	96	32	280	103	82	35	83	30	258	89	79	31	75	31	255	84	68	30
Executives/managers	0	0	13	1	10	2	0	0	12	2	10	2	0	0	13	2	7	2
White-collar	58	19	171	64	48	16	43	19	149	55	41	11	32	15	152	50	35	12
Blue-collar	38	13	96	38	24	17	40	11	97	32	28	18	43	16	90	32	26	16
of which Italy	69	20	183	75	42	16	60	21	166	65	44	14	60	26	166	60	39	13
Executives/managers	0	0	8	0	5	2	0	0	9	1	5	2	0	0	10	1	3	2
White-collar	40	11	107	45	20	10	29	12	92	42	20	7	26	13	92	37	18	8
Blue-collar	29	9	68	30	17	4	31	9	65	22	19	5	34	13	64	22	18	3
USA	7	1	7	1	14	1	6	1	10	1	14	1	6	1	10	2	13	1
Executives/managers	0	0	1	0	4	0	0	0	1	0	4	0	0	0	1	0	4	0
White-collar	7	1	6	1	10	1	6	1	9	1	10	1	6	1	9	2	9	1
Blue-collar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APAC	23	33	40	57	0	0	62	38	49	64	1	0	72	39	40	53	2	0
Executives/managers	0	0	6	1	0	0	1	0	6	2	1	0	1	0	6	1	0	0
White-collar	17	11	26	16	0	0	52	16	30	18	0	0	64	20	31	28	1	0
Blue-collar	6	22	8	40	0	0	9	22	13	44	0	0	7	19	3	24	1	0
Total Executives/managers by gender	0	0	20	2	14	2	1	0	19	4	15	2	1	0	20	3	11	2
Total Executives/managers	0	0	22	16	16	1	1	23	17	1	1	1	1	23	1	13	1	13
Total white-collar by gender	82	31	203	81	58	17	101	36	188	74	51	12	102	36	192	80	45	13
Total white-collar	113	284	75	137	262	63	138	186	46	85	149	43	272	58	272	58	16	16
Total blue-collar by gender	44	35	104	78	24	17	49	33	110	76	28	18	50	35	93	56	27	16
Total blue-collar	79	182	41	82	186	46	85	149	46	85	149	43	149	43	149	43	16	16
Total employees by gender	126	66	327	161	96	36	151	69	317	154	94	32	153	71	305	139	83	31
Total employees by age group	192	488	132	220	471	126	224	444	444	444	444	444	444	444	444	444	444	444

GRI 405 - Diversity of employees

Employee training on human rights policies or procedures	2023	2022	2021
Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations	77	60	38
Number of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations	51	48	29
Total number of employees	209	632	604
Percentage of employees trained during the reporting period	24%	8%	5%

Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	2023	2022	2021
Total number of significant agreements and contracts	8644	10593	10986
Number of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	8644	10571	10965
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening compared to the total number of significant agreements and contracts signed during the year	100.0%	99.8%	99.8%

New suppliers that were screened using social criteria	2023	2022	2021
Number of new suppliers that were screened using social criteria	30	6	32
Number of new suppliers	47	14	78
Percentage of new suppliers that were screened using social criteria	63.8%	42.9%	41.0%

GRI 414-1: New suppliers that were screened using social criteria

5.2.3| "Protecting the Environment" chapter

Raw materials (metric ton) ⁸	2023	2022	2021
Renewables	89.84	92.39	89.16
Cardboard	49.93	58.94	61.42
of which recyclable	0.00	0.00	0.12
Bioplastic	0.00	0.00	0.06
Wooden pallets	39.91	33.45	27.68
Non-renewables	1,682.20	1,719.74	730.19
FR4	58.60	55.74	36.00
Glass	1,253.75	1,320.54	477.46
Steel	126.00	122.13	121.00
Copper	14.00	14.40	25.00
Aluminum	91.75	87.00	16.00
Silver	0.10	0.09	0.26
Silver paste	0.04	0.05	0.03
Gold	0.02	0.02	0.01
Plastic	88.00	82.90	30.00
Plastic tubs	12.21	5.37	1.44
Electrostatic bags	37.73	31.51	23.00
Total	1,772.04	1,812.13	819.35

GRI 301-1- Materials used by weight or volume

8 | SECO Mind S.r.l., SECO Mind Germany, BH d.o.o., SECO Mind US, and its subsidiary PIRI AI are excluded from the scope.

Type of consumption (GJ)	2023	2022	2021
Electricity purchased	13.420	12.262	8.535
of which from renewable sources	5.320	5.050	4.750
Self-generated electricity from renewable sources	522	477	243
of which consumed internally	522	477	243
Natural gas (for heating)	2.575	2.488	832
Fuel used by the company vehicle fleet	2.983	2.635	1.664
Diesel (100% mineral diesel)	2.571	2.456	1.514
Petrol (100% mineral petrol)	374	168	88
Natural gas	38	12	62
Total energy consumption	19.501	17.861	11.274
Renewable energy	5.842	5.526	4.993
Non-renewable energy	13.659	12.335	4.616
% Renewable energy on total	30%	31%	44%
Energy intensity (GJ/k€)	0,0929	0,0889	0,0969
GRI 302-1 Energy consumption within the organization GRI 302-3 Energy intensity			

Direct and indirect emissions (ton CO ₂ eq)	2023	2022	2021
Direct (Scope 1) GHG emissions	338	311	158
from diesel consumption	180	173	107
from petrol consumption	25	11	6
from natural gas consumption	133	127	46
of which for heating	131	126	42
of which for vehicles	2	1	4
Indirect Scope 2 emissions (location based)	1.666	1.495	1.023
from electricity consumption	1.666	1.495	1.023
Indirect Scope 2 emissions (market based)	1.332	1.180	608
from electricity consumption	1.332	1.180	608
Total Scope 1 and Scope 2 emissions (location-based)	2.005	1.806	1.182
Emissions intensity	0,00955	0,00899	0,01016
Total Scope 1 and Scope 2 emissions (market-based)	1.670	1.491	766
Emissions intensity	0,00796	0,00742	0,00659
GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Direct (Scope 2) GHG emissions GRI 305-4 GHG emissions intensity			

Water withdrawal (ML) ⁹	2023	2022	2021
Groundwater	1.235	1.329	1.289
Third-party water resources	12.220	9.973	5.984
Total	13.455	11.302	7.273
GRI 303-3 - Water withdrawal			

⁹ | The data presented refer to SECO S.p.A, PSM Tech, Fannal Electronics Co.Ltd., and SECO Northern Europe.

Waste diverted from disposal (metric ton)	2023	2022	2021
Hazardous waste	8,47	22,30	1,66
Recycling	0,00	0,00	0,00
Preparation for reuse	8,47	22,30	1,66
Non-hazardous waste	77,72	11,99	61,81
Preparation for reuse	0,00	0,00	0,01
Recycling	77,72	11,99	61,80
Waste	0,00	0,00	0,00
Composting	0,00	0,00	0,00
Total	86,19	34,29	63,47

GRI 306-4- Waste diverted from disposal

Waste directed to disposal ¹⁰ (metric ton)	2023	2022	2021
Hazardous waste	5,38	3,47	3,38
Incinerated (with energy recovery)	0,00	0,00	0,00
Incinerated (without energy recovery)	0,00	0,00	0,00
Landfill	5,38	3,47	3,38
Non-hazardous waste	132,54	74,37	55,24
Incinerated (with energy recovery)	12,00	12,00	12,00
Incinerated (without energy recovery)	10,00	10,00	10,00
Landfill	110,54	52,37	33,24
Total	137,92	77,84	58,62

GRI 306-4- Waste directed to disposal

¹⁰ | Data related to waste are reported for the following companies: SECO S.p.A., PSM Tech, Fannal Electronics Co. Ltd., SECO USA for 2021. Data for SECO USA were not available for 2022 and 2023.

5.3| GRI Content Index

The table below provides information on the GRI indicators used to prepare the SECO Group's 2023 NFS. In accordance with the latest Italian version of the GRI Standards¹¹, the standards and individual indicators are indicated with reference to the specific document page where they are discussed. Omissions, and their justifications, are explained in the columns to the right.

GRI Content Index				
GRI standard ¹²	Disclosure	Page number	Omission	Explanation
CORE PRINCIPLES				
GRI 1 – Foundation – 2021				
GENERAL DISCLOSURES				
GRI 2 - General Disclosures 2021				
GRI 2 - General Disclosures 2021	2-1 Organizational details	7-9; 31-33; 90-94		
	2-2 Entities included in the organization's sustainability reporting	125-127		
	2-3 Reporting period, frequency and contact point	125-127		
	2-4 Restatements of information	144		
	2-5 External assurance	154		
	2-6 Activities, value chain and other business relationships	22-23; 97-102		
	2-7 Employees	70-73		
	2-8 Workers who are not employees	70-73		
	2-9 Governance structure and composition	31-33; 130-131		
	2-10 Nomination and selection of the highest governance body	32-33		
	2-11 Chair of the highest governance body	33		
	2-12 Role of the highest governance body in overseeing the management of impacts	33-38; 58-63		

GRI 2 – Informativa generale 2021	2-13 Delegation of responsibility for managing impacts	34-38		
	2-14 Role of the highest governance body in sustainability reporting	58-63		
	2-15 Conflicts of interest	34-38		
	2-16 Communication of critical concerns	34-38		
	2-17 Collective knowledge of the highest governance body	58-65		
	2-18 Evaluation of the performance of the highest governance body		X	Information not available
	2-19 Remuneration policies		X	Information not available
	2-20 Process to determine remuneration		X	Information not available
	2-21 Annual total compensation ratio		X	Information not available
	2-22 Statement on sustainable development strategy	10-11		
	2-23 Policy commitments	34-35; 63-64; 74; 103-104		
	2-24 Embedding policy commitments	34-35; 63-64; 74; 103-104		
	2-25 Processes to remediate negative impacts	13-14; 58-65; 67-68; 109-110		
	2-26 Mechanisms for seeking advice and raising concerns	34-36; 87-88		
	2-27 Compliance with laws and regulations	In 2023, one incident of non-compliance with laws and regulations was identified regarding the non-payment of stamp duty by Fannal, which received and paid the related fine. For the period 2021-2022, on the other hand, there were no non-compliances with laws and regulations.		
	2-28 Membership associations	104-105		
	2-29 Approach to stakeholder engagement	56-60		
	2-30 Collective bargaining agreements	100% of employees of Italian companies are covered by collective bargaining agreements		

¹¹ | The 2021 version of the GRI Standards was used

¹² | For an in-depth discussion and description of the GRI Standards under consideration, please refer to the following link

MATERIAL TOPICS				
GRI 3 - Material topics 2021	3-1 Process to determine material topics	58-63		
	3-2 List of material topics	61-63		
MATERIAL TOPICS				
Topic: Economic performance				
GRI 3 - Material topics 2021	3-3 Management of material topics	45-46		
GRI 201 - Economic performance 2016	201-1: Direct economic value generated and distributed	45-46; 135		
Topic: Procurement practices				
GRI 3 - Material topics 2021	3-3 Management of material topics	97-102		
GRI 204 - Procurement practices	204-1: Proportion of spending on local suppliers	98		
Topic: Anti-corruption				
GRI 3 - Material topics 2021	3-3 Management of material topics	34-38		
GRI 205 - Anti-corruption 2016	205-2: Communication and training about anti-corruption policies and procedures	131-132		
	205-3: Confirmed incidents of corruption and actions taken	No instances of corruption identified in the three-year period.		
Topic: Taxes				
GRI 3 - Material topics 2021	3-3 Management of material topics	46		
GRI 207 - Tax 2019	207-1: Approach to tax	46		
	207-2: Tax governance, control and risk management	46		
	207-3: Stakeholder engagement and management of concerns related to tax	46		
	207-4: Country-by-country reporting	132-134		
Topic: Materials				
GRI 3 - Material topics 2021	3-3 Management of material topics	113-115		

GRI 301 - Materials 2016	301-1: Materials used by weight or volume	143		
	301-2: Recycled input materials used	143		
Topic: Energy				
GRI 3 - Material topics 2021	3-3 Management of material topics	116-118		
GRI 302 - Energy 2016	302-1: Energy consumption within the organization	144		
	302-3: Energy intensity	144		
Topic: Water and effluents				
GRI 3 - Material topics 2021	3-3 Management of material topics	115-116		
GRI 303 - Water and effluents 2018	303-1: Interactions with water as a shared resource	115-116		
	303-2: Management of water discharge-related impacts	115-116		
	303-3: Water withdrawal	144		
Topic: Emissions				
GRI 3 - Material topics 2021	3-3 Management of material topics	118-119		
GRI 305 - Emissions 2016	305-1: Direct (Scope 1) GHG emissions	144		
	305-2: Energy indirect (Scope 2) GHG emissions	144		
	305-4: Emissions intensity	144		
Topic: Waste				
GRI 3 - Material topics 2021	3-3 Management of material topics	119-122		
GRI 306 - Waste 2020	306-1: Waste generation and significant waste-related impacts	119-122		
	306-2: Management of significant waste-related impacts	119-122		
	306-3: Waste generated	145		
	306-4: Waste diverted from disposal	145		
	306-5: Waste directed to disposal	145		

Topic: Environmental compliance				
GRI 3 - Material topics 2021	3-3 Management of material topics	111-112		
Topic: Employment				
GRI 3 - Material topics 2021	3-3 Management of material topics	74-77		
GRI 401 – Employment 2016	401-1: New employee hires and employee turnover	137		
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	139-140		
	401-3: Parental leave	140		
Topic: Labor/management relations				
GRI 3 - Material topics 2021	3-3 Management of material topics	70-71		
GRI 402: Labor/management relations 2016	402-1: Minimum notice periods regarding operational changes	The minimum period to notify workers and their representatives of organizational changes that could significantly impact them is established in compliance with current regulations and in the relative Collective Bargaining Agreement ¹³ .		
Topic: Occupational health and safety				
GRI 3 - Material topics 2021	3-3 Management of material topics	85-87		
GRI 403 – Occupational health and safety 2018	403-1: Occupational health and safety management system	85-87		
	403-2: Hazard identification, risk assessment, and incident investigation	86		
	403-3: Occupational health services	85-87		
	403-4: Worker participation, consultation, and communication on occupational health and safety	86		
	403-5: Worker training on occupational health and safety	87		
	403-6: Promotion of worker health	85-87		

GRI 403 – Occupational health and safety 2018	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	85-87		
	403-8 Workers covered by an occupational health and safety management system	86		
	403-9: Work-related injuries	140		
	403-10: Work-related ill health	The Group continuously monitors risks. No incidents of work-related ill health were identified during the period 2021-2023.		
Topic: Training and education				
GRI 3 - Material topics 2021	3-3 Management of material topics	77-82		
GRI 404 – Training and education 2016	404-1: Average hours of training per year per employee	81-82; 141		
	404-3: Percentage of employees receiving regular performance and career development reviews	The performance evaluation system was introduced at the end of 2022. 2023 was the first year of development of a periodic performance evaluation, but data are not yet available for 2023.		
Topic: Diversity and equal opportunity				
GRI 3 - Material topics 2021	3-3 Management of material topics	70-71		
GRI 405 – Diversity and equal opportunity 2016	405-1: Diversity of governance bodies and employees	131		
Topic: Non-Discrimination				
GRI 3 - Material topics 2021	3-3 Management of material topics	70-71		
GRI 406 – Non-discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	No incidents of discrimination were reported in the period 2021-2023		
Topic: Freedom of association and collective bargaining				
GRI 3 - Material topics 2021	3-3 Management of material topics	70-71; 97-104		
GRI 407 – Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	In the three-year period 2021-2023, there were no interactions with suppliers at which the right to freedom of association and collective bargaining might be at risk.		

¹³ | L'informazione riportata si riferisce ai dipendenti delle sedi italiane del Gruppo.

Topic: Child labor				
GRI 3 - Material topics 2021	3-3 Management of material topics	70-71; 97-104		
GRI 408 – Child labor 2016	408-1: Operations and suppliers at significant risk for incidents of child labor	In the three-year period 2021-2023, no situations at risk of violating child labor regulations were identified.		
Topic: Forced or compulsory labor				
GRI 3 - Material topics 2021	3-3 Management of material topics	70-71; 97-104		
GRI 409 – Forced or compulsory labor 2016	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	In the three-year period 2021-2023, no situations at risk of violating forced labor regulations were identified.		
Topic: Local communities				
GRI 3 - Material topics 2021	3-3 Management of material topics	104-107		
Topic: Human rights assessment				
GRI 412 - Human rights assessment 2016	412-2 Employee training on human rights policies or procedures	143		
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	143		
Topic: Supplier social assessment				
GRI 3 - Material topics 2021	3-3 Management of material topics	99-101		
GRI 414 – Supplier social assessment 2016	414-1: New suppliers that were screened using social criteria	101		
Topic: Customer health and safety				
GRI 3 - Material topics 2021	3-3 Management of material topics	88-90		
GRI 416: Customer health and safety 2016	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	In 2023, there was one incident of non-compliance at SECO Northern Europe, relating to a Li-ion battery and a subsequent recall of the product in question.		
Topic: Marketing and labeling				
GRI 3 - Material topics 2021	3-3 Management of material topics	87-88		
GRI 417 – Marketing and labeling 2016	417-3: Incidents of non compliance concerning marketing communications	In the three-year period 2021-2023, there were no cases of non-compliance with current regulations at the level of Group communications and advertising campaigns.		

Topic: Customer privacy				
GRI 3 - Material topics 2021	3-3 Management of material topics	95-96		
GRI 418 – Customer privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	In the three-year period 2021-2023, there were no incidents that resulted in any kind of privacy violation of SECO Group customers.		
OTHER MATERIAL TOPICS				
Topic: Business ethics and development of AI				
GRI 3 - Material topics 2021	3-3 Management of material topics	24-25; 40-41		
Topic: Research, innovation and development				
GRI 3 - Material topics 2021	3-3 Management of material topics	39-45		
Topic: Customer satisfaction and protection				
GRI 3 - Material topics 2021	3-3 Management of material topics	87-96		

SECO S.p.A.

Independent Auditors' Report
on the consolidated non-financial statement pursuant
to article 3, paragraph 10 of Legislative Decree no.
254 of December 30, 2016 and of article 5 of CONSOB
Regulation n. 20267 of January 18, 2018

December 31, 2023

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

Independent Auditors' Report

on the consolidated non-financial statement pursuant to article 3, paragraph 10 of Legislative Decree no. 254 of December 30, 2016 and of article 5 of CONSOB Regulation n. 20267 of January 18, 2018

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 ("Decree") and to article 5 of the CONSOB Regulation n. 20267 of January 18, 2018, we have been engaged to perform a limited assurance engagement on the Consolidated Non-Financial Statement of SECO S.p.A. and its subsidiaries (the "Group") as at December 31, 2023 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on March 18, 2024 (hereinafter the "NFS").

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

Directors' and Board of Statutory Auditors' responsibility for the NFS of SECO SpA

The Directors are responsible for the preparation of a NFS in accordance with articles 3 and 4 of the Decree and "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative, "core" option (hereinafter "GRI Standards"), identified as a reporting standard. The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for the identification of the content of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the Group' business and characteristics, to the extent necessary to ensure an understanding of the Group's business, performance, results and the related impacts.

Finally, the Directors are responsible to design a business management model for the organisation of the Group's activities, as well as, with reference to the matters identified and reported in the NFS, for the policies for the identification and management of the risks generated or undertaken by the Group. The Board of Statutory Auditors is responsible for overseeing, within the terms prescribed by law, compliance with the provisions set out in the Decree.

Auditors' independence and quality control

We are independent in compliance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour.

During the period to which the current engagement refers, our firm applied the International Standard on Quality Control 1 (ISQC Italia 1), and as a result, maintained a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

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

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

Specifically, we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the process in place for the selection process in the light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance to the Decree.
3. Comparison of data and financial economic disclosures presented in the NFS with those included in the Group's consolidated financial statements.
4. Understanding of the following matters:
 - Business management model of the Group's activity, with reference to the management of the topics set out in article 3 of the Decree;
 - Policies adopted by the entity in connection with the topics set out in article 3 of the Decree, achieved results and related key performance indicators;
 - Main risks generated and/or undertaken, in connection with the topics set out in article 3 of the Decree.

With reference to these matters, we compared them with the disclosures presented in the NFS and carried out the procedures described in point 5, letter a).

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

Specifically, we carried out interviews and discussions with the management of SECO S.p.A. and we also performed limited documentary verifications, in order to gather information on the processes and procedures supporting the collection, aggregation, processing and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, with respect to significant information, taking into consideration the Group's business and characteristics:

- at parent company's level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business model, policies applied and main risks, we carried out interviews and gathered supporting documentation to check for consistency with available evidence.

with regards to quantitative information, we carried out both analytical and limited procedures to ensure, on a sample basis, the correct aggregation of data.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of SECO Group as of December 31, 2023 has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the Decree and selected GRI Standards.

Our conclusions on the NFS of SECO Group do not extend to the data contained in paragraph “*The European Taxonomy*” thereof, required by article 8 of the European Regulation 2020/852.

Milan, March 28, 2024

BDO Italia S.p.A.
Signed by

Andrea Meneghel
Partner

SECO

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