GRUPPO

SUSTAINABILITY REPORT 2023

Consolidated non-financial statement
pursuant to articles 3 and 4
of italian legislative decree 254/2016

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OUR DAILY COMMITMENT TO RESPONSIBILITY

Dear shareholders, employees and partners,

the many events that have taken place in recent times have profoundly marked the world scenario, at all levels. Five years ago, we were already focusing on the challenge of the twin green and digital transition when the pandemic broke out, causing long-lasting effects on our lives. Meanwhile, geopolitical tensions between the US and China, conflicts between Russia and Ukraine, and more recently in the Middle East, have further shaken the global picture.

Events that impact our everyday life, but which do not undermine our greatest strength: our ingenuity, commitment and dedication to creating a better future for our Group and society at large. After all, a wise Native American proverb reminds us that We do not inherit the earth from our ancestors; we borrow it from our children.

Before going into the details of our ESG projects, and to gain a full insight into the latter, I think it is useful to go through Somec's journey over the past year.

Business diversification in our three business units – i.e. Horizons: engineered systems for naval architecture and building façades, Talenta: professional kitchen systems and products and Mestieri: design and production of bespoke interiors – is now a well-established fact that allows us to focus our energies and resources with concrete results in each of our business areas.

With regard to the first business unit, we are witnessing a significant recovery in the naval sector. A positive trend that, combined with our extensive experience and strong reputation, is enabling us to seize numerous opportunities. We also continued to win prestigious contracts in the civil sector, thanks mainly to Fabbrica, our overseas subsidiary operating in the American market, particularly in the East Coast of the United States. A major development in the last 12 months was the professional kitchen systems and products business unit we named Talenta. A brand that not only shines a spotlight on human ingenuity but also makes it available to the talent of restaurant owners and award-winning chefs. This was a significant step, including from a communication perspective, that will strengthen the business unit's market positioning.

With regard to mestieri, as little as two years after its incorporation it is recognised as a guardian of know-how featuring a wealth of manual skills and portraying high-end Italian craftsmanship, reminding us that the greatest asset of a company invariably lies with its people and their knowledge.

In this respect, 2023 saw us reach a significant milestone: we exceeded the 1,000-employee mark. An achievement resulting from commitment and dedication as well as the trust and support of our customers and partners. The efforts of this team, being both large and cohesive, allows us to take on new challenges and continue to grow by setting ourselves ever more ambitious goals.

These include the Group's continued commitment to the goals of the UN 2030 Agenda. Constant research and development endeavours enable us to provide increasingly innovative and high-performance solutions to help reduce the human impact on the planet. I am thinking, for example, of the contribution that our glazed curtain walls can make to buildings, significantly improving their energy efficiency. But mention should also be made of professional kitchen systems and products designed by Talenta to minimise consumption. All these being efforts that undoubtedly make us competitive in a society that is increasingly sensitive to these issues.

Moving from product to process, I would like to share another significant milestone reached as part of our commitment. For the first time, we have indeed published an inventory of indirect Scope 3 emissions for the year 2022, i.e. all emissions resulting from activities outside our organisation, such as those of suppliers and customers. This action allows us to fully understand the environmental impact of our value chain and take concrete measures to reduce it.

Among these, we believe in fully sharing the path we are embarking upon together with those working inside and outside the Group. That is why we involved 700 people in our Stakeholder Engagement questionnaire, with a high rate of retention. A significant response underlining how employees and contractors feel they are part of a company-wide virtuous process. The results of this engagement, which was analysed from various respects, will help us to identify priority areas on which to focus efforts and resources.

The path has been outlined and, calling on each of us, will require an increasingly structured organisation. In this regard, I would like to point out that our Internal Board Risk and Sustainability Committee has reached its second year of operation and we will shortly set up a special Executive Committee and introduce the ESG Manager role. This new organisation will allow our efforts to gain further momentum, ensuring a constant focus on these highly strategic issues.

In conclusion, our commitment to sustainability is becoming increasingly structured within the Group. The greater our size, the greater the efforts we need to make in order to make growth organic and harmonious. I am therefore convinced that this is the right way to make the Somec Group's dream come true: gaining global recognition – more and more every day – as the hub of Italian manufacturing quality.

Thank you,

Oscar Marchetto
Chairman of Somec S.p.A.


SOMEC
GRUPPO

The consolidated non-financial statement (hereinafter also "CNFS") for Somec S.p.A. (hereinafter also "Somec" or the "Group") was prepared in accordance with the provisions of articles 3 and 4 of Legislative decree n. 254/2016 - implementing EU directive 2014/95 ("Barnier Directive") - and subsequent amendments, regarding the non-financial reporting obligations of large public interest entities.

With Legislative Decree n. 254/2016, the Italian legislator has transposed the provisions of the Barnier Directive into Italian law concerning the disclosure of non-financial information and information on diversity by certain companies and certain large groups. In particular, as of the 2017 financial year, public interest entities (as defined by art. 16, paragraph 1 of Legislative Decree 27 January 2010, n. 39), of the dimensions defined by art. 2, paragraph 1, of Legislative Decree n. 254/2016 (a category that includes Somec), are required each financial year to prepare a non-financial statement containing information that provides the reader with an understanding of the company's business, its performance, its results and the impact it has in terms of environmental, social, human resources, human rights and anti-corruption measures, considered relevant based on the business and characteristics of the enterprise. Pursuant to article 2, paragraph 2 of Legislative Decree n. 254/2016, in the case of public interest entities that are parent companies of a large group, such as Somec Group, the non-financial statement must be drawn up on a consolidated basis in accordance with the provisions of article 4 of Legislative Decree n. 254/2016.

Pursuant to the provisions of articles 3 and 4 of the Decree, the objective of the CNFS is therefore to explain the organisational model, the business, the key risks (and related risk management approach) and performance indicators of the Somec Group in relation to environmental and social aspects as well as to human resources, human rights, and anti-corruption measures relevant to the business and characteristics of the Group.

According to the provisions of art. 5, paragraph 3 of the Decree, the non-financial statement is separate from the "Directors' Report" included in the Group's 2023 Consolidated Annual Financial Report. In accordance with the EU Taxonomy Regulation 2020/852, the Somec Group CNFS contains a specific section dedicated to the mapping of economic activities that respect the criteria of eco-sustainability as defined by the legislation - and therefore can be considered "sustainable" in the framework of the Taxonomy.

In 2023, Directive 2022/2464/EU, Corporate Sustainability Reporting Directive ("CSRD"), came into force, aiming to respond to the growing market demand for information on sustainability, with a view to increasing transparency and combating greenwashing. In addition to the significant increase in the group of entities that are required to comply with the obligation, the requirements companies are required to meet have likewise grown. Some of the new requirements include, by way of example: preparing forward-looking disclosure with short, medium and long-term deadlines; reference to financial disclosure and reporting on intangibles (i.e. intellectual, human, social and relational capital); the introduction of the concept of dual materiality, i.e. the company's impact on the community and vice versa; or reporting in accordance with the Sustainable Finance Disclosure Regulation (SFDR) and EU Taxonomy Regulation.

Although CSRD will apply as of 2024 reporting, the Somec Group is working to ensure compliance with the requirements, based on the work done in previous years.

This is the fourth edition of the NFS for the Group and covers the reporting period running from 1 January 2023 to 31 December 2023. At the same time, it provides the reader with the tools for a comparison with figures from the two previous financial years.

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THE GROUP’S IDENTITY

THE HUB OF ITALIAN CONSTRUCTION QUALITY

The Somec Group brings together a whole range of companies highly specialised in the design, engineering and completion of large turnkey projects for naval architecture systems and civil façades, as well as for the production and installation of professional kitchens and the design and creation of fine interiors and customised architectural elements.

By relying on targeted acquisition and expansion operations, the Group aims to combine innovative skills and know-how with a view to achieving ever higher levels of excellence in its target sectors, to meet the needs of an evolving market. The Group’s high level of expertise has allowed it to reach, and maintain, a leadership position on the market, a position it aims to develop and grow.

The Group’s story began in 1978 in San Vendemiano (Treviso), thanks to the intuition of Aldo and Ermenegildo Sossai, who founded Somec S.p.A. and began making glass envelopes for the civil construction sector. After fifteen years, in 1993 Somec began designing, producing and installing windows and glass envelopes on cruise ships, thus expanding its business in the Seascape division which specialises in the Marine glazing segment. After further expanding into the marine refitting sector in 2005, the challenges brought about by the 2008 crisis for the Italian real estate market paved the way for a marked change of direction, thus becoming a milestone in Somec's history: the management team, headed by Oscar Marchetto and composed of a group of entrepreneurs, launched the project “New horizons are where sky and sea meet”.

The momentum created by this change of direction meant that in a short time Somec's sales capacity, in both the land-based and marine sectors, was greatly strengthened and diversified, preparing it for its expansion into new business sectors and geographic areas in the following years. By leveraging its established presence at major shipyards, in 2016 the Group entered the market for professional kitchens for cruise ships through the acquisition of Oxin, a company highly specialised in this field. At the same time, after establishing Fabbrica LLC (Somec gained the majority stake two years later) the Group expanded into the business of making glass envelopes for the civil construction sector in the United States. In the following years, the Group established a number of new companies and made several acquisitions - which, overall, helps strengthening the Group's presence in its business sectors: Inoxtrend, which operates in the professional kitchen supplies market, was acquired in 2017; Hysea, established during the same year in order to strengthen the Group’s position in cruise ship public area interiors; Skillmax, specialising in turnkey construction projects for public area interiors; GICO and Pizza Group, which produce and install professional kitchens.

The establishment of Somec Shanghai in 2019, marked Somec's début in the Far East as of 2021/2022, and was just a precursor to one of the most important steps made by the Group in its 40-year history: in August 2020, Somec was listed on Borsa Italiana's Mercato Telematico Azionario (MTA).

This new beginning has allowed the Group to continue to look ahead, using its solid foundations to meet its growth targets and consolidate its business activities, with a special focus on the civil sector. With this in mind, in July 2021 Somec signed an agreement, executed in 2022, to acquire 60% of the share capital of Bluesteel Srl, a European player in engineered building façade and window and door systems, an M&A deal carrying strong strategic value. It is indeed part of the international consolidation of the business unit dealing with civil architecture and building façade engineered systems, which is already growing steadily in the US through its subsidiary Fabbrica LLC. The operation allows Somec to expand its civil business in Europe more rapidly, relying on important production and design synergies among the various Group companies, on combined contributions of high competence in complex building envelope projects, and on our consolidated presence in the old continent.

The Bluesteel Srl acquisition was followed by an increase in controlling interest in the American company Fabbrica LLC, aimed at further strengthening the Group's role in sharing in the management of this company, as it further grows involvement in numerous innovative projects for façades of iconic buildings. Driving the growth of this business is also the new local laws of some American cities as they have introduced virtuous re-design processes aimed at reducing CO2emissions through a programme intended to improve the way new projects are implemented and existing buildings are modified. From October 2021 to March 2022, GICO served as the Silver Sponsor for the Italian Pavilion at Expo 2020 Dubai, and with the creation of the working environment for Chef Niko Romito (Bulgari Hotels) confirmed its place among the world's leading players in the outfitting of professional kitchens. This prestigious collaboration confirmed the company's strategy of working alongside starred restaurants, providing tailor-made solutions that express our constant research in product quality.

In the second half of 2021, the Group presented its new identity, involving new logos and identity communication tools extending through Somec and all the individual companies, precisely identifying the different fields of action, and all in a coordinated and coherent manner. The new Group website further contributed to presenting the market with a renewed, contemporary, clear image. In late October, management met with an audience of stock-exchange analysts and financial investors for presentation of the Group's objectives and growth strategy to 2025, and introducing the new evolution leading to recognition of Somec as a hub of Italian construction quality, a partner of excellence in the world, and an expert in complex turnkey projects in three business units: engineered systems for marine architecture and civil façades; professional kitchen systems and products; design and production of bespoke luxury interiors and architectural elements. With this evolution, Somec has laid the foundations of an ambitious project: to bring together excellence in the processing of the finest materials - metals, marble, fabrics and wood - for a complete and exclusive offer, under the brand name "Mestieri". This name, signifying "the master trades", is chosen specifically for its references to the "Made in Italy" brand, and its distinctive indications of specialisation, attention to detail, craftsmanship. And indeed, the world of high-end interior design is already looking at Mestieri with great interest.

In 2022, Somec further strengthened its foothold in the United States by establishing Pizza Group USA LLC and Mestieri USA INC, US-based subsidiaries of the Group's Italian companies. With a view to expanding the operating scope of the Mestieri Business Unit (BU), the Group finalised the acquisition of majority stakes in Budri S.r.l., specialising in the processing of precious marble and natural stone, and Lamp Arredo S.r.l., specialising in the production of furniture and ornamental metal items for boutiques, hotels, museums and exclusive homes.

2023 started with the acquisition of Gino Ceolin S.r.l., a company specialising in customised metalwork for architectural elements and interiors, particularly for use in high-end retail, hospitality and residential environments. The naval segment was also boosted with the entry of Somec Sintesi, a company specialising in restoration and maintenance services for window walls on cruise ships for operators based in Europe.

In 2023, the acquired companies came fully on stream together with the sharing of their know-how and experience, as borne out by the many references gained over the years, to pursue projects in synergy with and under the coordination of Mestieri and the organisation established in the meantime.

BUSINESS SEGMENTS

HORIZONS

Engineered systems
for naval architecture
and building façades

SOMEC NAVALE

SOMEC NAVALTECH

SOMEC SINTESI

FABBRICA

FABBRICA WORKS

AFM

bluesteel

SQUADRA

TALENTA

Professional
kitchen systems
and products

SOMEC OXIN

GICO

INOXTREND

PIZZAGROUP

PRIMAX

OXIN

MESTIERI

Design and
production of
bespoke interiors

SOMEC TSI

BUDRI®

CEOLIN

lamparredo

SKILLMAX

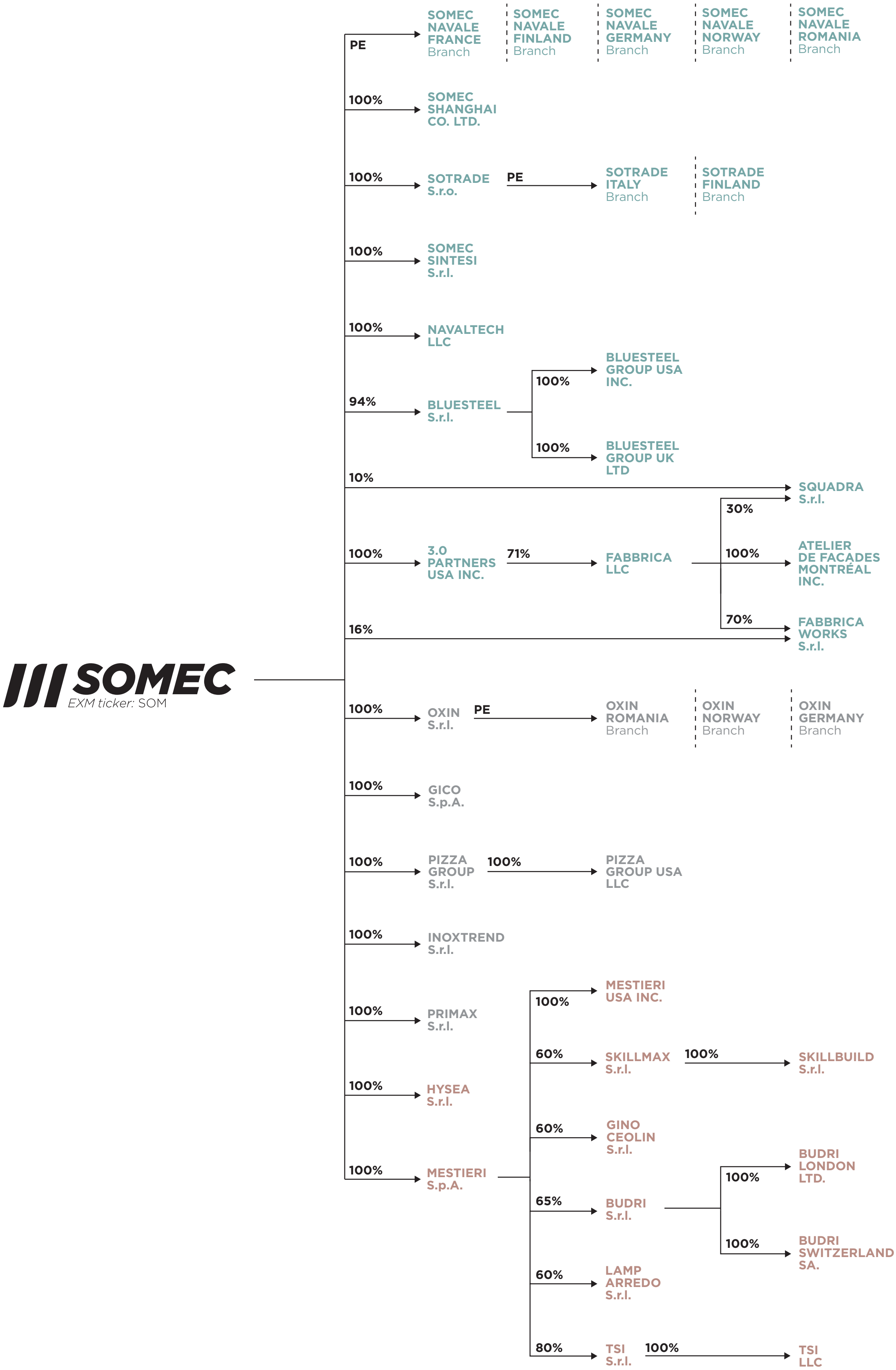
Thanks to this expansion and Somec's diversified but complementary expertise, the Group now has offices and plants on three continents, directly or indirectly controlling about 20 companies in Italy, United States, Finland, France, Germany, Slovakia, United Kingdom, Romania, Norway, China, Canada, and employing a total of more than 1,000 people.

"Our mission is to build tomorrow's world every day"
Oscar Marchetto

Coordinating a business with various facets and characteristics is a challenge, but also a strength of Somec Group, which is able to apply its unique engineering expertise in all projects to create innovative, integrated and tailor-made solutions for its customers. Somec and its people strive to use technological innovation to "build the world of tomorrow every day", acting as the go-to operator in the market, respecting the law, the environment and its workers.

COMPANY STRUCTURE

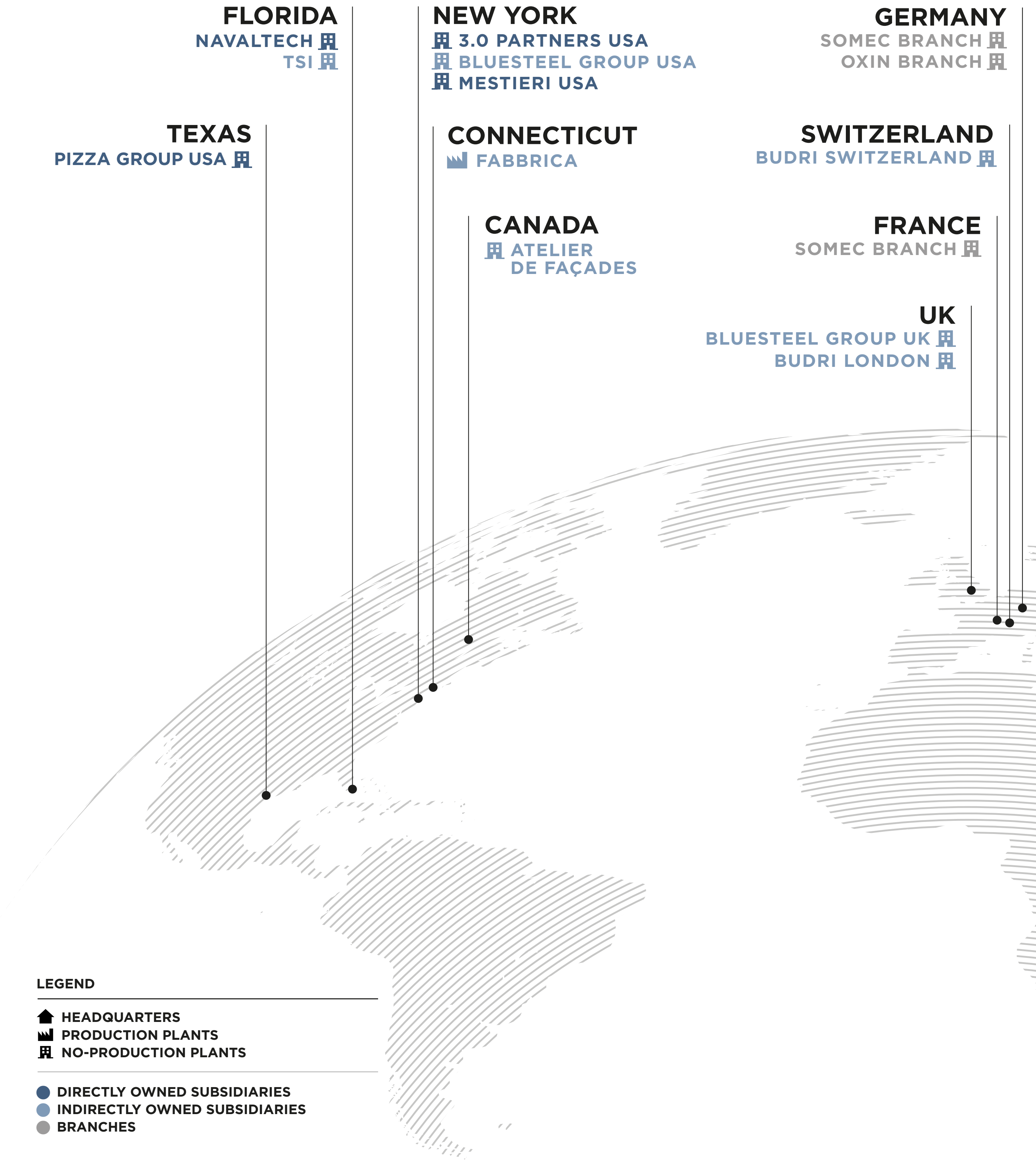
The following graph shows the Group's structure at 31 December 2023.



HORIZONS: ENGINEERED SYSTEMS FOR NAVAL ARCHITECTURE AND BUILDING FAÇADES
TALENTA: PROFESSIONAL KITCHEN SYSTEMS AND PRODUCTS
MESTIERI: DESIGN AND PRODUCTION OF BESPOKE INTERIORS

PE: Permanent Establishment

INTERNATIONAL PRESENCE



ITALY
SOMEC GRUPPO HQ
SOMEC NAVALE

BLUESTEEL
BUDRI
GINO CEOLIN
FABBRICA WORKS
GICO
HYSEA
INOXTREND
LAMP ARREDO
MESTIERI
OXIN
PIZZA GROUP
PRIMAX
SKILLMAX
SKILLBUILD
SOMEC SINTESI
SQUADRA
TSI
SOTRADE BRANCH

NORWAY
SOMEC BRANCH
OXIN BRANCH

FINLAND
SOMEC BRANCH
SOTRADE BRANCH

SLOVAKIA
SOTRADE

ROMANIA
SOMEC BRANCH
OXIN BRANCH

CHINA
SOMEC SHANGHAI

GOVERNANCE, INTEGRITY AND TRANSPARENCY

Somec is aware that a key part of the strategy of expansion and leadership on its markets is the deep sense of responsibility that permeates the Group's activities all over the globe. With this in mind, Somec has adopted a governance structure that consists of a Board of Directors that is nominated at the Shareholders' Meeting and is composed of seven members(1). The Board holds the powers for the ordinary and extraordinary administration of the Group, including setting the organisational and strategic guidelines.

The Ordinary Shareholders' Meeting of 29 April 2020 of Somec S.p.A. approved the Shareholders' Meeting Regulations governing the conduct of Ordinary and Extraordinary Shareholders' Meetings, including voting on the appointment of the Board of Directors. These regulations are available to shareholders for their perusal at the registered office and on the corporate website (www.somecgroup.com).

The Board of Directors of Somec S.p.A., the Group's highest governing body, consists of executive and non-executive directors, all of whom meet the requirements laid down by the law provisions and regulations in force and applicable from time to time. They also have professional experience and skills adequate to the tasks entrusted to them, including with reference to sustainability and sustainable development issues.

The criteria used for the nomination and selection of board members include the following aspects:

- views of stakeholders (including shareholders)
- diversity
- independence
- meaningful expertise in relation to the organisation's impacts

The number, skills and authority of the non-executive directors are such as to ensure that their judgement can carry significant weight in the decision-making process of the Board while guaranteeing effective monitoring of operations. Non-executive directors rely on their specific expertise to contribute to board discussions, including sustainability issues, helping reach decision in line with the corporate interest while taking into account the interests of other stakeholders.

The composition of the Board of Directors complies with the gender requirements set forth in the applicable laws and regulations, the Articles of Association and the Corporate Governance Code. The chairperson of the Board of Directors is not an executive of the organisation.

The Parent company's internal control system includes specific procedures (e.g., related party procedure, 231 Compliance Programme, etc.) designed to prevent and mitigate possible conflicts of interest of directors. More specifically, these procedures set out specific controls to ensure that transactions with related parties comply with criteria of transparency, substantive and procedural fairness and are conducted in the exclusive interest of Somec.

In transactions with related parties of greater significance, which may also be carried out through subsidiaries, the Company prepares, pursuant to Article 114(5) of the Consolidated Act on Finance (TUF), a briefing paper intended for the market, informing stakeholders.

(1) The Board of Directors of the Somec Group consists of 4 men and 3 women, all over 50 years of age with the exception of one board member, who is over 40 years of age.

On 4 May 2023, the Board of Directors has established internal committees with powers to conduct preliminary enquiries, provide advice and submit proposals on specific issues, in accordance with law provisions and the Corporate Governance Code:

- the **Control, Risk and Sustainability Committee** is composed of two independent Directors, holding office until the approval of the financial statements for the year ending 31 December 2025. This Committee is tasked with providing support, subject to adequate preliminary enquiry activity, in respect of the Board of Directors' assessments and decisions relating to (i) the internal control and risk management system, (ii) the approval of periodic financial reports and (iii) analysis of ESG issues. With respect to the latter issue, the Control Committee has been assigned the task of contributing to the definition of adequate sustainability programmes within the framework of a policy consistent with the values pursued by the Company, interacting with the Department responsible for the management of the activities in question, in order to outline intervention programmes and ensure their optimal execution and reporting. In this context, the Control, Risk and Sustainability Committee will perform the following tasks in particular:

  a) assisting the Board of Directors in the discharge of its duties related to the definition of sustainability strategies, policies and programmes, outlining their guidelines and contents, in consultation with the relevant function in relation to the topics covered

  b) overseeing the appropriate implementation of the programmes defined for the purpose of preparing the annual Sustainability Report

  c) performing such additional tasks, including support tasks, as may be assigned by the Board of Directors in the area of sustainability

- the Remuneration and Appointment Committee consists of three independent Directors who will remain in office until the approval of the financial statements for the year ending 31 December 2025. It is tasked with assisting the Board of Directors in drafting the remuneration policy, submitting proposals or giving opinions on the remuneration of executive directors and directors holding special offices, as well as on setting performance objectives related to the variable component of such remuneration. More specifically, by monitoring the application of the remuneration policy, it checks the actual achievement of performance-based objectives. It then periodically assesses the adequacy and overall consistency of the policy for the remuneration of directors and top management

  In accordance with Recommendation 16 of the Corporate Governance Code, the Remuneration Committee also acts as Appointment Committee, resulting in the formal establishment of the Remuneration and Appointment Committee, with the additional task of assisting the Board of Directors in the discharge of the following duties:

  a) self-assessment of the governing body and its committees

  b) definition of the optimal composition of the governing body and its committee

  c) identification of candidates for the office of director in the event of co-option

  d) submission of a list by the outgoing Board of Directors, to be prepared in a manner that ensures transparent formation and presentation

  e) preparing, updating and implementing any succession plan for the chief executive officer and other executive directors

- the Related Party Committee is composed of three independent directors, and performs the tasks set out in the "Related Party Transactions" Regulations adopted by Consob with Resolution No. 17221 of 12 March 2010, as amended from time to time, with account also being taken of the guidelines and guidance provided by Consob (Notice No. DEM/10078683 of 24 September 2010) on the application of the aforesaid Regulations

The members of the committees and their chairpersons are appointed and removed by resolution of the Board of Directors. Unless appointed by the Board of Directors, the Chairperson of each committee is elected by each committee at its first meeting following its establishment. The number of members sitting on the Committees is decided from time to time by the Board of Directors at the time of appointment, including non-executive and independent directors; the Chairperson of each committee is chosen from among the independent directors.

The Remuneration Committee plays a key role in supporting the Board of Directors in defining, supervising and, if necessary, revising the Remuneration Policy and designing both short- and medium/long-term equity and monetary incentive schemes. Consistent with the latest regulatory requirements and the Group's mission and principles, the Remuneration Policy sets out the criteria and guidelines for remuneration of:

- members of the Board of Directors ("Directors")
- members of the Board of Statutory Auditors
- key executives

The main purpose of the Policy is to attract, remunerate and retain top management members of the Somec Group, and to ensure that the interests being pursued match those of shareholders and investors. Notably, by adopting the Policy, Somec sets out to:

- ensure that a remuneration policy is implemented in a fair and transparent manner, in compliance with the market benchmark
- share the increase in the value of the Company with the highest professional profiles
- engage and encourage directors and top management in achieving the objectives set by the company management
- set up a balanced remuneration system, in line with the Company's corporate policies, consisting of a fixed and a variable part, and related to the achievement of both short- and medium/long-term results
- attract, motivate and retain people having the professional skills required to ensure the continuity and success of the Somec Group's business, including by granting non-monetary benefits in line with market best practices

Defining the remuneration of company and group employees requires a whole range of criteria to be considered, including:

- professional expertise
- organisational role held
- responsibilities assigned

In defining its Remuneration Policy, the Company did not retain any independent experts.

As part of the Remuneration Policy definition process, a major role is played by the Board of Statutory Auditors, which gives opinions and comments on the remuneration allocated to Directors. The Board of Statutory Auditors is also called upon to (i) establish whether the salaries and remuneration paid and the Remuneration Policy adopted by the Company are consistent, and (ii) give its opinion on the proposals submitted, with special regard to any directors holding special offices. The Remuneration Committee, in its capacity as Nomination Committee, also plays a key role in assessing the performance of the Board of Directors.

To ensure greater transparency towards its shareholders, Somec S.p.A. has introduced the **Policy for managing dialogue with Shareholders and other Stakeholders**, in line with the Corporate Governance Code, to which the Company adheres, national and international best practices, Assonime Circular 23/2021 and the engagement policies adopted by institutional investors and asset managers. With this in mind, the following objectives are pursued:

- guaranteeing a non-discriminatory, constant and open relationship, based on a mutual understanding of roles, with current institutional investors, potential investors, asset managers, financial market operators, the Italian and international economic press, rating agencies and proxy advisors, trade associations and its shareholders in general as well as holders or bearers of other financial instruments issued by the Company

- allowing greater insights to be gained into the activities carried out by the Company and the Group, its economic and financial performance and its strategies aimed at pursuing sustainable success in line with the recommendations of Article 1 of the Corporate Governance Code

- maintaining an adequate information flow with such stakeholders based on principles of fairness and transparency, in compliance with the law

In addition, Somec voluntarily underwent an independent assessment by rating agency Sustainalytics in 2021 and 2022. This assessment also covered aspects of governance and how the Board of Directors is managed with regard to impacts on the economy, the environment and people. On the basis of the results of these assessments, among other things, the Parent Company has embarked on a path of improvement that also involves the highest governing body, leading to the identification of sustainability targets for Group companies and specific targets on ESG issues for strategic directors.
Bearing out its strong focus on responsible governance and in compliance with applicable regulations, the Parent Company Somec S.p.A. has adopted an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001. It is a voluntary system via which the company's procedures are aligned with current regulations concerning administrative and criminal responsibilities for certain types of offences: those committed in the conduct of relations with Public Administration bodies, corporate crimes, market abuse, environmental and health and safety-related offences, etc. The document, compliance with which is overseen by the relevant Supervisory Body, also identifies the risks associated with the aspects covered by the Legislative Decree and the measures applied to manage them.

During 2023, Somec’s Model 231 was revised and updated with the aim of incorporating regulatory and organisational changes that had occurred since its last approval. In particular, a new special section was implemented in respect of the group of offences concerning non-cash payment instruments (Article 25-octies of the aforesaid Decree); the relation of this Article with money laundering offences under Article 25-octies is intended to emphasise the close connection with such offences. The aforesaid Decree is, indeed, the act of transposition of Directive 2019/713/EU of the European Parliament and of the Council of 17 April 2019 on combating fraud and counterfeiting of means of payment other than cash, which pose a threat to security as they can be sources of revenue for organised crime and thus allow other criminal activities to be carried out, such as terrorism, illegal drug trade and human trafficking.

In the second half of 2023, the provisions of Law 137 of 2023 were implemented, such Law converting Law Decree No. 105 dated 10 August 2023, known as the "Justice Decree" or "Omnibus-bis Decree"; among its many innovations, the legislative intervention added another piece to the work of expanding the list of predicate offences constituting administrative liability arising out of an offence committed by a legal entity under Legislative Decree 231/2001, also covering the offences of disrupting the freedom to invite tenders (Article 353 of the Italian Criminal Code), disrupting the freedom to choose a contractor (Article 353-bis of the Italian Criminal Code) and fraudulent transfer of valuables (Article 512-bis of the Italian Criminal Code).

Lastly, the Model incorporated the provisions of Legislative Decree 24 of 2023, which required private companies to set up procedures to manage whistleblowing, integrating the internal control system and the organisational structure; to this end, in addition to adopting an ad hoc procedure Somec endeavoured to activate an internal channel to enable the timely and efficient handling of whistleblowing.

Aware that the exempting efficacy of the Model is strictly connected to the knowledge of its contents and procedures by the Recipients (executives and reports) who are – insofar as they have been made aware of it – required to comply with it, Somec has disseminated the Document to all employees.

Even though Legislative Decree 231/01 does not address the issue of staff training, Article 6(a) thereof states that "The organisational model must be adopted and effectively implemented by the management body of the entity in order to be effective."
The wording "effectively implemented" has a very broad meaning, which also implies the need for employees of a company that has adopted an organisational model to be adequately trained on:

- the administrative liability of entities in general
- the organisational model in force within their company

The importance of effective staff training is also highlighted by the Confindustria guidelines, which make it clear that an adequate training programme must be "developed for staff in risk areas, appropriately geared based on the levels of the recipients."
With reference to training under Model 231, during 2023 Somec endeavoured to organise training sessions addressed to all employees with the aim of providing a complete and exhaustive framework on Legislative Decree 231/2001 as well as on the Model adopted by the Company.
Aware that the fulfilment of the training obligations in the area of whistleblowing was an obligation expressly set forth in Article 4(2) of Legislative Decree 24/2023, the Company organised ad hoc training on whistleblowing; this training activity allowed, in particular, employees to learn about the use of the whistleblowing channel and to ask the trainer specific questions on the circulated procedure.

As part of the effort aimed at strengthening the governance of ESG aspects, which started in 2021 with the issuance of four Group-wide policies concerning sustainability, environment, occupational health and safety and anti-corruption, in 2022 Somec's Board of Directors approved and published a fifth Group-wide policy concerning human rights. Like previous policies, it is available on the Group website and is based on the principles enshrined in the main international human rights initiatives and conventions, including the Global Compact.

Bearing out the Group's commitment to extend the 231 Model to its subsidiaries as well, in 2023 the process of implementing such Model also got underway for the following companies: GICO, Budri, Gino Ceolin, Mestieri, Skillmax, Skillbuild and Lamp Arredo.
The implementation project, which was completed for all companies in 2023, resulted in the appointment of a single-member Supervisory Board for each company, which drew up a schedule for monitoring and control activities on the controls put in place.
As a proof of the Group's focus on this issue, and thus irrespective of any formal procedures implemented by the individual companies, no confirmed cases of non-compliance with laws and regulations, nor cases of corruption were recorded in 2023 – as further emerged on the occasion of the due diligence process carried out during acquisition transactions.

In 2022, Somec drew up a Group Code of Ethics on which, among others, the Company's Organisational Model is based, with the aim of defining, formalising and sharing the set of ethical values that inspire the Group, with observance thereof by the recipients being the key element for the Group's good functioning, reliability and reputation.
In a nutshell, the Code of Ethics ensures effective action in preventing, detecting and combating breaches of laws and regulations applicable to the company's activity, and constitutes an integral part of the Organisation, Management and Control Model drawn up to prevent the offences set forth in Legislative Decree 231/01 and related regulations.

The principles set forth in the Code of Ethics and Group policies, which are part of Somec's own history and culture, are exemplified in the companies' respect for human rights and in continuous improvement of performance, not only in health, safety and worker protection, but also in environmental protection, in particular through maximal reduction of impacts on nature, improvement in the use of energy resources, minimisation of waste production, and consequent reduction of atmospheric emissions. These same international principles are further exemplified in the commitment of Group companies to operate according to best practices of transparency and fair tax competition, as well as to avoid and not tolerate any form of corruption or bribery.
More specifically, the Human Rights Policy strongly states the commitment of the parent company and all subsidiaries to:

- respect human rights, as well as prevent and mitigate negative impacts on those rights resulting from the company's business

- value the diversity of all employees, opposing any form of discrimination, whether direct or indirect, on the basis of gender, marital status, sexual orientation, religious or political beliefs, trade union membership, ethnicity, nationality, social background, physical or mental disability

The Group is committed to fostering an appropriate working environment, endeavouring to cause work activities to be geared towards dialogue and mutual respect, protecting the well-being and promoting the work-life balance of its employees, ensuring decent wages and fair working hours. The policy sets out the Group's strong opposition to any form of labour exploitation, including child labour, forced compulsory labour and any form of mental or physical abuse or coercion against both its own workers and those employed along the supply chain, with any form of human trafficking and exploitation being roundly condemned. Health and safety in the workplace, as set out in the ad hoc policy, are fundamental rights that the Group is committed to ensuring for all. In addition to this, the Group is committed to keeping workplaces free from violence, harassment, intimidation and internal and external threats. Workers are free to decide whether to join a trade union without fear of intimidation or reprisals, the right to collective bargaining being guaranteed to all, while the Group is committed to an open and meaningful dialogue with recognised trade union representatives. Aware of how important it is to ensure adequate safeguards for all stakeholders involved in personal data processing operations, the Group respects the right to privacy of all its stakeholders.

In line with its own Code of Ethics and Human Rights Policy, Somec firmly believes that managing diversity makes us more creative, flexible, productive and competitive, contributing to innovation and business success. The benefits are differentiated on the basis of the relevant stakeholders. Internally, employees tend to show greater involvement where the professional environment is fair, inclusive and diverse. Externally, diversity can prove to be a real added value, making it easier to understand the needs of customers and local communities, thus translating into a higher return for our shareholders.

As a demonstration of its commitment, and following the path of strengthening Governance, initiated in 2021, the Group has drawn up and adopted the so-called **Workforce Diversity and Inclusion Policy** in 2023, with which it:

- has laid down the 3 founding elements of the policy, namely diversity and equal opportunities, non-discrimination and meritocracy
- promotes respectful conduct among its employees, focused on the values of inclusion, inviting reports on any discrimination observed in the company or during the performance of their work
- values diversity in all its forms and assesses any risks related to the occurrence of discrimination within the Company

In this regard, it should be noted that no cases of discrimination were found to have occurred in any of the Group companies in 2023.

GOALS SET FOR 2024

- finalisation of the business plan linked to ESG issues, with specific short, medium and long-term sustainability targets
- establishing and activation of the ESG Executive Committee
- inclusion of environmental and social performance KPIs for strategic executives

In 2024, Somec is committed to achieving the goals already outlined in 2023 through a path of engagement with both the Group’s strategic executives and mid management.
During the last months of 2023 and the first months of 2024, preparatory work continued on the drafting of a sustainability business plan involving managers from all departments across the various business areas. The plan, which will be finalised in 2024, will define strategic drivers and related targets, broken down by both company and sector, taking into account primarily the priorities set out within the framework of the UN 2030 Agenda for Sustainable Development (Sustainable Development Goals - SDGs), thus contributing to their achievement.

Also in the pipeline is the establishment of a managerial Sustainability Committee consisting of top management and a number of individuals with expertise in environmental, health and safety issues, with the aim of supporting the Board of Directors in the pursuit of long-term ESG objectives. Given its strategic role, this Committee will be made up of key corporate figures that can ensure consistency between business development and the achievement of the Group’s sustainable objectives.

In addition, Somec intends to adopt environmental and social KPIs to assess the performance of its strategic executives in order to align the management’s objectives with those of the Group in the area of sustainability as set out in the multi-year plan.

The main purpose of these measures is to improve capabilities, collective knowledge and best practices with a view to sustainable development.

FISCAL TRANSPARENCY

Somec conducts its business according to the values and principles as defined within its Code of Ethics. These principles, the cornerstone of the company, also form the basis of its fiscal management procedures and act as point of reference to guarantee responsible taxation management. Somec Group also believes that taxes represent an important means of contributing to the social and economic development of the countries in which it operates. Somec therefore ensures it acts in compliance with the tax laws in all jurisdictions in which it conducts its business.

Tax-related issues are dealt with by our Tax Division. However, Somec does not currently have a Groupwide tax strategy in place and individual subsidiaries operate according to local tax regulations. Tax management of the majority of the Group's subsidiaries is coordinated centrally, ensuring consistent tax management across all entities concerned based on the following criteria:

- appropriate and timely assessment and settlement of statutory taxes and fulfilment of related obligations
- management of tax risk, i.e. the risk of committing tax law violations or abuse of the principles and purposes of the tax system
- transfer pricing policy in line with the OECD Transfer Pricing Guidelines for Multinational Enterprises
- transparency and fairness in relations with the tax authorities in the event of audits concerning both Group companies and third parties

Somec S.p.A relies on the support of leading consulting firms to carry out and plan all activities related to international taxation.

In 2023, the Model was therefore extended to subsidiary GICO S.p.A., engaging in the professional kitchen market. In all companies where the 231 Organisational Model has been adopted, tax offences have also been included as part of the control model and a special procedure has been drawn up for this purpose. The Group does not make any investments in or through countries considered to have preferential tax regimes for the sole purpose of reducing the tax burden.

The whistleblowing procedure allows for anonymous reports of any non-compliant or unethical/ unlawful conduct, which is dealt with directly by the SB. Violations that may be reported through internal company channels include those considered as fiscally relevant to stakeholders.
In 2023, no reports were received on tax matters.

Furthermore, the Group has not received any reports from its stakeholders regarding taxation issues. Relations with the tax authorities are conducted on the basis of the principles of fairness, transparency and in compliance with the legislation applicable in the various countries in which Somec conducts its business.

The table below presents the accounts for our group, country by country.

GRI 207-4 DISCLOSURE: COUNTRY-BY-COUNTRY REPORTING

	IV. Revenues from sales to third parties	V. Revenues from group operations with other tax jurisdictions	Revenues from group operations with the same tax jurisdiction	Total revenues	Separate financial statement (IFRS standards)	VI. Pre-tax gain/loss	VIII. Tax paid on company income (cash basis)	IX. Tax on company profit matured on gains/losses	III. Employees	VII. Material activities other than cash and equivalents
Canada	153,142	-	1,318,107	1,471,249	1,471,249	436,609	-	-	18	541,185
China	2,498,127	-	-	2,498,127	2,862,673	377,480	-	-	4	628,283
Finland	12,534,828	1,053,001	-	13,587,829	-	634,982	8,483	115,343	5	10,149,739
France	20,697,214	-	-	20,697,214	-	1,060,278	106,005	296,878	5	5,265,936
Germany	16,136,526	-	-	16,136,526	-	(992,844)	(2,789)	-	3	9,836,280
Italy	207,000,000	7,923,399	15,509,821	230,433,219	281,703,840	(12,062,288)	1,983,885	(263,216)	793	282,121,357
Norway	-	-	-	-	-	(114,079)	-	-	-	230,960
Romania	-	-	-	-	-	(7,807)	-	-	-	96,107
Slovakia	-	94,937	-	94,937	-	(2,246)	-	-	34	525,803
Switzerland	1,329,317	-	-	1,329,317	1,329,317	194,472	-	(32,407)	-	206,270
UK	982,905	-	-	982,905	982,905	(179,376)	35,188	(24,542)		243,775
USA	105,291,951	1,723,469	107,172	107,122,592	107,122,592	9,138,422	1,764,121	(1,217,884)	157	76,715,767
Overall total[2]	**366,624,011**	**10,794,806**	**16,935,099**	**394,353,916**	**395,472,577**	**(2,389,615)**	**3,894,893**	**(1,125,828)**	**1,019**	**386,561,463**

Unit of measure (currency): Euro

(2) The country-by-country reporting boundary does not include Squadra (affiliated company) but all the companies belonging to the Group as included in the consolidation scope for the purposes of the consolidated financial statements for the year ended 31 December 2023.

PRODUCTS AND SERVICES

All the Group's main businesses are project-based. Somec designs and produces unique solutions that are suitable for the conditions of use and meet the safety and quality standards of marine and civil engineering. After completing the design stage, which is typically carried out alongside the client and the various stakeholders in the project (construction sites, architects, etc.), the entire production and procurement stage is carried out in-house, ensuring that the result matches the customer's expectations in terms of aesthetics and quality. The synergies created between the expertise of the Group's subsidiaries, combined with the specialist skills acquired through collaboration with major names in the business of civil and marine engineering, and with major shipowners and property developers all over the world, ensure that Somec is seen as the go-to company in its business sectors.
As mentioned earlier, since 2021 the Group has been operating through three business units, which have been consolidated in particular over the past year: engineered systems for naval architecture and building façades (Horizons), professional kitchen systems and products (Talenta) and design and production of bespoke interiors (Mestieri).

HORIZONS: ENGINEERED SYSTEMS FOR NAVAL ARCHITECTURE AND BUILDING FAÇADES

The Somec Group is one of the largest players in Europe and North America regarding the design, careful selection of materials, production, installation and maintenance of innovative solutions and original construction systems in the naval and civil fields, ensuring the highest certified standards of quality and durability. The companies that are part of this business unit make up the Group's largest organisation, with a total of 607 employees as at 31 December 2023.

For more than 25 years, the naval BU has been contributing to the new building and conversion, modernisation, replacement and refitting of more than 320 cruise ships in the world's leading shipyards.

Naval is one of the most complex segments given that the products are required to withstand hostile and highly stressful environments during their life cycle: physical and logistical problems related to installation at shipyards, high safety and functionality requirements due to exposure to seawater and adverse weather conditions, function and aesthetic quality requirements requested by customers. In particular, the Group designs, manufactures and installs balconies, and sliding, hinged and automatic doors for balconies, balustrades and partitions, as well as windows for the bridge, glass walls for public spaces, screens, special windows for solariums, skywalks and skylights, and fireproof doors and windows.

The design stage is the fulcrum of this segment, conducted based on the requirements of shipowners and executed at shipyards: therefore, most of the products are highly custom-made and take into account the specific needs of each customer. These projects are commissioned directly to parent company Somec Navale, which conducts most of its business at its San Vendemiano site, outsourcing the installation to its subsidiary Sotrade, as well as to other companies specialising in this sector. Refitting projects in the US and Europe are entrusted to specialised subsidiaries Navaltech, based in Florida, and Somec Sintesi, based in Italy, respectively.

The **building façade** sector, which was launched in 1978 at the same time as the foundation of Somec itself, has a portfolio of services covering on-land solutions.

The Building façades division, a historical business sector for the Group, makes façades and external fittings for new and old residential and commercial buildings. The target real estate market is the United States, especially in the cities of New York, Boston and Washington DC, where glazed and unglazed skyscrapers (ceramics, metals, etc.) are chiefly built. In 2023, the west coast was also the subject of several projects that will soon be rolled out.

The design of glass elements, and their assembly and installation, is performed by the US subsidiary Fabbrica LLC, its Canadian subsidiary Atelier de Façades Montréal and the Italian Fabbrica Works, as well as a network of mainly European suppliers. In February 2019, the Group acquired a minority stake in the Italian company Squadra, a firm that makes glass modules and mainly deals with products and semi-finished products for Fabbrica and Somec Navale. It therefore identifies and applies cross sector synergies between the Building façades and Marine glazing segments.

Since 2022, following the acquisition of Bluesteel, a company specialising in the construction and installation of curtain walls, doors and windows, movable walls and products for the interior and exterior cladding of buildings, the Group has been endeavouring to replicate in Europe the winning strategy already established in the USA and particularly in the UK, where Bluesteel has its own office.

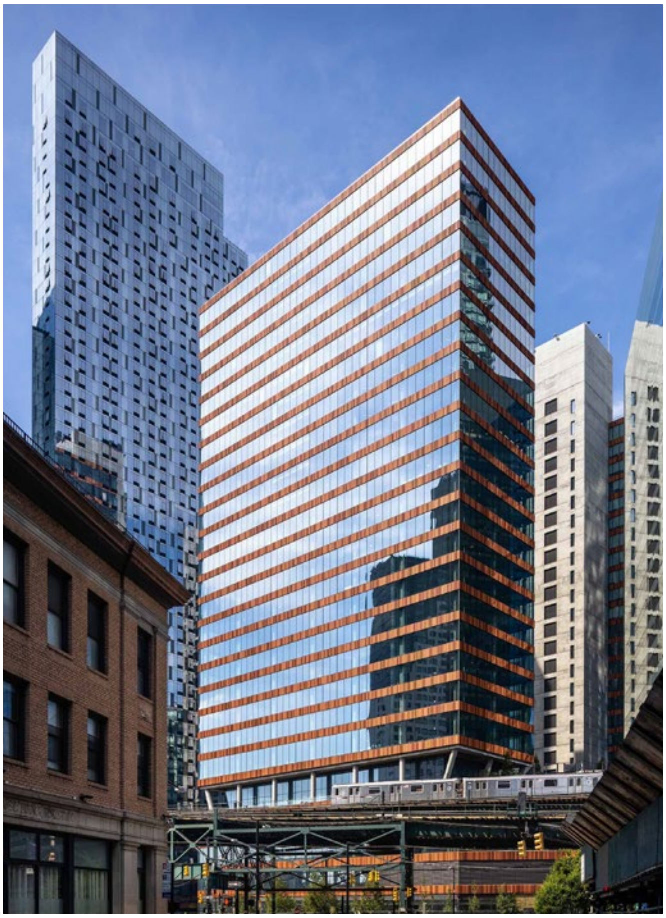
The City of New York is embarking on a virtuous re-design effort to support Local Law 97, which requires reducing CO_2 emissions by improving the way new projects are rolled out and modifying existing ones. One of the solutions adopted by New York operators entails upgrading the façades of buildings, replacing existing ones with higher-performance systems, including glazed façades. Somec has the capacity to support this urban revolution, allowing it to play a leading role in the re-design of New York and all cities that will follow this example.

Fabbrica is a market leader in the premium segment for the design of high-value complex architecture projects. It is selected for high-end iconic projects that require unique engineering and manufacturing skills to reflect the vision and creativity of the world's most renowned architects.

In addition, Fabbrica won a contract for a new science centre of a major private women's liberal arts college that is part of the educational network of the prestigious Columbia University in New York. This bears out the expansion in the education segment, in which we have been engaging for a long time by collaborating with some of the most prestigious university institutions, and which proves to be completely unaffected by short-term or speculative patterns.

Specifically, the project involves the extension and renovation of a 14-floor building that currently houses research laboratories. Fabbrica will be responsible for the design, production and installation of the glazed cladding of the new portion of the building, replacement of the louvered windows in the existing building, and the supply of new doors, windows and fire doors. It will also provide a large roof, glass parapets and metal panels for a total of approximately 3,900 square metres of glazed façades. The project phases will get underway in the second quarter of 2024, with installation work scheduled for completion by the first quarter of 2025.


ICON OF THE SEAS



TALENTA: PROFESSIONAL KITCHEN SYSTEMS AND PRODUCTS

The Somec Group designs integrated and customisable systems for professional kitchens, in both naval and civil fields, that harmoniously combine aesthetics and performance at a high level. Turnkey projects designed for the catering and hospitality sectors, characterised by certified standards of high efficiency and durability, for a classy clientèle.

With regard to the **naval catering** sector in the new building and refitting market, decades of experience in stainless steel processing have allowed the Group to expand its activities. The services offered cover the entire product lifecycle, from design, production, assembly to installation of catering areas, including kitchens and bars, cruise ship refrigerators.

Product customisation in full compliance with customer requirements and in accordance with current safety legislation make this segment the Group's offering pièce de résistance.
Products are developed and manufactured entirely at Oxin's Treviso site, which, in specific cases, works in conjunction with other Group companies to integrate its products into high-value design and quality projects, where different project materials are used.

As far as the civil sector is concerned, the Group is becoming increasingly successful thanks to the experience gained by its subsidiaries GICO, Inoxtrend, Primax and Pizza Group.

The commercial offering is wide and thorough, suitable for a whole range of **professional catering** applications such as restaurants, bars, hotels, pizzerias, pastry shops, school canteens, hospital canteens, supermarkets, etc. Production is handled entirely by the Group and covers ovens, blast chillers, equipment and appliances for pizzerias, and stovetops for professional kitchens. All systems and products dedicated to the Group's professional kitchens feature high efficiency and durability standards and, thanks to a proprietary software application, enable the different players along the supply chain to take predictive and efficiency-enhancing plant-related actions.

Since March 2022, the Group has increased its presence in the United States by creating Pizza Group USA LLC in Texas, an American subsidiary of the Italian company bearing the same name, which in 2023 expanded its network of reps covering the entire territory, including through numerous demonstration kitchens.

In October 2023, at Host, the international HORECA trade fair, Talenta was introduced, the business unit that brings together all the companies in the sector under the "United for talents" umbrella, highlighting the competitive edge afforded by a synergetic group that operates in the market with a complete and integrated solutions programme. The occasion led the department to review its brand image, presenting itself to the world in a coordinated and impactful way.


GICO


INOXTREND
HELLO, CHEF

MESTIERI: DESIGN AND PRODUCTION OF BESPOKE INTERIORS

Somec Group delivers interiors customisation projects. Smooth environments, featuring elegance and refined details, to unfold the beauty of such details, reflecting and meeting the customer's needs. A set of strong capabilities dedicated to the most complex and sophisticated projects for naval cruise, hospitality and catering, high-end residential property and high-end retail.

Notably, the Group's services include the design, tailor-made production, conversion, renovation, replacement and repair of **public areas on board cruise ships** (such as casinos, shops, theatres, restaurants, discos, bars, children's areas, spas, swimming pools, solariums, lounges), either newly built or refitted. TSI (based in Cantù - Como, Aprilia - Latina, Marghera - Venice and Miami - Florida, USA) and Hysea (based in San Vendemiano - Treviso) work directly with ship owners, architects and interior designers covering the entire process, from initial design to installation. Production, on the other hand, is entrusted to a network of specialised suppliers and craftsmen. This approach, which reflects the strategy adopted by the Group for the other business units as well, is due to the high level of diversification of projects for the outfitting of public areas on cruise ships. Indeed, a single order involves a whole range of production complexities (e.g. wooden, ceramic stone and carpet flooring; wooden, metal or plastic ceilings; partition walls; glazing; standard or custom-made furniture; electric material; plumbing equipment; air conditioning; audio and video systems, etc.).

With the acquisition of Skillmax, the Group entered the business of **bespoke interiors in the civil sector** in 2020. The main customers in this segment include brands of excellence, for which the Group designs and installs customised furnishing solutions for businesses engaging in the hospitality, retail, office, private residences, catering and yachting sectors, where paying attention to the last detail makes the difference. The pursuit of the highest quality and the development of unique and state-of-the-art solutions is indeed a plus in this field, where Somec can enjoy a wide competitive edge resulting, among other things, from the experience it has gained in fitting out interior spaces on luxury cruise ships. To this end, due to the intrinsic complexity and diversification of the products offered, Skillmax relies on a network of selected local suppliers and craftsmen, managing the remaining design, assembly and manufacturing phases at its headquarters in San Biagio di Callalta (Treviso). Since 2021, it has also relied on the contribution of its subsidiary Skillbuild, specialising in renovation and building redevelopment projects with a view to saving energy.

As mentioned earlier, as of 2022, the companies Budri, Lamp Arredo and, as of 2023, Gino Ceolin will also be part of this group. Since the beginning of 2022, all of the Group's companies engaging in the design and creation of interiors, both in the naval and civil fields, have merged into the Mestieri BU with the aim of delivering highly customised solutions for the interiors of diverse high-end environments, using noble materials treated with craftsmanship combined with state-of-the-art techniques. Since April 2022, Mestieri has also opened a branch office in the USA, increasing the presence of this business unit overseas, where Italian craftsmanship and know-how are most appreciated.

> *Mestieri combines a network of excellences, creators of truly unique and customised projects and products.*
>
> *Mestieri designs and delivers exclusive environments for residential and retail, starred hotels and catering, yachting and cruising settings. It promotes and coordinates the work of the production companies involved, empowering and promoting skills and creativity. By delivering top-quality projects, MESTIERI extols knowledge, which is the foundation of Italian excellence. Being part of the Group enables prestigious craft businesses to find new strength and solidity, ensuring the retention of skills and expertise at risk of being lost.*
>
> *Mestieri is guided by an exploring spirit, devoted to research. The design and creation processes reflect this propensity for innovation, and make extensive use of digital tools. Design software and new machining technologies bring craftsmanship to the next level, enabling an engineering approach to be adopted. The dialogue between knowledge and technology gives rise to creations that define a new way of conceiving beauty.*

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THE EUROPEAN UNION TAXONOMY

In line with the strategic objectives of the European Green Deal, the European Union has introduced a specific taxonomy through Regulation (EU) 2020/852 (hereinafter the "Regulation").

This taxonomy establishes a classification system for economic activities considered "environmentally sustainable", using a common language that provides a nomenclature for different economic activities and their relative contributions to climate change. The economic activities considered "eco-sustainable" are mapped in a classification system described in detail in Article 3 of the Regulation. Under the Regulation, an economic activity is considered eco-sustainable ("aligned"), if:

- **it contributes in a concrete way to at least one of the six objectives defined in Article 9 of the Regulation:**
  - I. climate change mitigation
  - II. climate change adaptation
  - III. sustainable use and protection of water
  - IV. transition to a circular economy
  - V. pollution prevention and reduction
  - VI. protection of biodiversity and ecosystems

- **it does not have a significant negative impact (Do No Significant Harm - DNSH)** on any of the six objectives stated in **Article 9**

- **it is undertaken in compliance with the minimum guarantees for the protection of human and workers' rights,** provided for in Article 18 of the Regulation, and recognising the importance of international rights and standards (including OECD, UN, the International Labour Organisation and the International Charter of Human Rights)

- **conforms to the Technical Screening Criteria (TSC) set by the Commission,** which define the performance conditions in order for it to contribute substantially to one of the six environmental objectives and to comply with the DNSH principle; these conditions are issued by the European Commission, for each objective, through technical annexes in Delegated Regulations (Delegated Regulation 2021/2139 of 4 June 2021, amended by Delegated Regulation 2485/2023 of 27 June 2023, and Delegated Regulation 2486/2023 of 2 June 2023

According to the provisions of Article 8 of the Taxonomy, companies listed on regulated markets in the European Union that are required to prepare the Non-Financial Statement (NFS) must meet the transparency requirements concerning environmentally sustainable activities. To this end, they are required to disclose three key performance indicators (KPIs) in terms of **turnover**, operating costs (**OpEx**) and investments (**CapEx**) related to environmentally sustainable economic activities out of the total of these three items at Group level.

The procedure for providing such disclosure as required under Article 8 of the Taxonomy are set out in Delegated Regulation (EU) 2021/2178. Eligible activities are required by the Regulation to be screened according to the relevant Technical Screening Criteria (TSC) in order to define in what percentage and share they are aligned (i.e., taxonomy aligned) with the performance requirements set out in the Delegated Acts.

From a methodological perspective, regulatory changes have prompted the Somec Group to conduct an analysis of the activities of its subsidiaries to identify which among them can (i) be considered eligible (by NACE and by qualitative assessment of the type of activity) and, consequently, (ii) contribute to the objectives of climate change mitigation and/or adaptation and/or sustainable use and protection of water and marine resources, and/or transition to the circular economy and/or prevention and control of pollution, and/or protection of biodiversity and the health of eco-systems according to European legislation. Subsequently, based on the analysis of the Technical criteria ("**TSC**") pertaining to each eligible activity, taxonomy aligned activities were identified, i.e. **those activities that can significantly contribute to the achievement of at least one of the objectives contained in the EU Taxonomy, without causing significant harm to any of the remaining environmental objectives, or on the basis of the verification**, for each activity, of compliance with the Do No Significant Harm ("**DNSH**") principle. Lastly, compliance with the **Minimum Social Safeguards** ("**MSS**") was established.

As per guidance provided in Annex I to Delegated Act 2178/2021, the results of operations and financial data of eligible and aligned activities for the calculation of the different KPIs were retrieved by the parent company from the general accounting and analytical accounting systems used for the preparation of the IAS/IFRS consolidated financial statements and the operating budget reconciled with the statutory financial statements.

As set out in the Annexes to the Delegated Act of the European Regulation 2020/852, the methods for defining and calculating the KPIs of "Turnover", "Capital Expenditures (CapEx)" and "Operating Expenditures (OpEx)" are described below, based on the activities classified as eligible and aligned for the purposes of the Regulation.

Specifically:

- for the calculation of the "**Turnover" KPI**, the numerator consisted of the sum of revenues from the sale of products and the provision of services in accordance with IAS 1(82)(a) associated with taxonomy aligned economic activities, divided by net revenues (denominator) pursuant to Article 2(5) of Directive 2013/34/EU

- the **KPI relating to "Capital Expenditures (CapEx)"** takes into account, on the denominator side, the sum of all tangible and intangible additions reflected in the statement of assets and liabilities (including rights of use under IFRS 16) that occurred during financial year 2023, taken before depreciation, amortisation and any write-ups. Conversely, the numerator includes the portion of capital expenditures that meet one of the following conditions:

a) they are related to assets or processes associated with taxonomy aligned economic activities

b) they form part of a plan to expand taxonomy aligned economic activities or to enable eligible economic activities to be aligned with the taxonomy

c) they relate to the purchase of products deriving from taxonomy aligned economic activities and to individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas savings, with special reference to the activities listed under 7.3 to 7.6 of the Delegated Act on climate, as well as other economic activities listed in the Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, provided that these measures are implemented and made operational within 18 months

→ **the KPI relating to "Operational Expenses (OpEx)"** takes into account – on the denominator side – the sum of operational expenses associated with research and development, building refurbishment and/or renovation measures, short-term rental, day-to-day maintenance of property, plant and equipment, either by the company or by third parties, necessary to ensure the continuous and effective pursuit of these objectives. Conversely, the numerator includes operational expenses that meet one of the following conditions:

a) they are related to assets or processes associated with taxonomy aligned economic activities, including training and other human resource adaptation needs, as well as direct non-capitalised research and development costs

b) they relate to the purchase of products deriving from taxonomy aligned economic activities and to individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas savings, as well as to individual building renovation measures identified in Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, provided that these measures are implemented and made operational within 18 months

TURNOVER

Below is the disclosure for financial year 2023 of the portion of turnover derived from products or services associated with taxonomy aligned economic activities:

ECONOMIC ACTIVITIES (1)	Code (2)	Turnover (3) (K EUR)	Proportion of Turnover 2023 (4) (%)
A. Taxonomy-eligible activities			
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
Manufacture of energy efficiency equipment for buildings	3.5 (CCM)	29,472	7.9%
Installation, maintenance and repair of energy efficiency equipment	7.3 (CCM)	750	0.2%
Professional services related to the energy performance of buildings	9.3 (CCM)	1,418	0.4%
Turnover of environmentally sustainable activities (taxonomy aligned) (A.1)		**31,641**	**8.5%**
of which enabling		**31,641**	**100%**
of which transitional			**0%**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Manufacture of energy efficiency equipment for buildings	3.5 (CCM)	110,511	29.8%
Installation, maintenance and repair of energy efficiency equipment	7.3 (CCM)	5,786	1.6%
Retrofitting of sea and coastal freight and passenger water transport	6.12 (CCM)	21,534	5.8%
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**137,831**	**37.1%**
Turnover of Taxonomy-eligible activities (A.1+A.2)		**169,472**	**45.7%**
B. Taxonomy-non-eligible activities			
Turnover of Taxonomy- non-eligible activities		**201.572**	**54.3%**
Total		**371.044**	**100%**

Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")								
Climate Change Mitigation (5) (Yes,No, N/AM)	Climate Change Adaptation (6) (Yes,No, N/AM)	Water and marine resources (7) (Yes,No, N/AM)	Circular Economy (8) (Yes,No, N/AM)	Pollution (9) (Yes,No, N/AM)	Biodiversity and ecosystems (10) (Yes,No, N/AM)	Climate Change Mitigation (11) (Yes,No)	Climate Change Adaptation (12) (Yes,No)	Water and marine resources (13) (Yes,No)	Circular Economy (14) (Yes,No)	Pollution (15) (Yes,No)	Biodiversity and ecosystems (16) (Yes,No)	Proportion of turnover aligned with taxonomy for year 2023 (18) (%)	Category enabling activity (19) (A)	Category transitional activity (20) (T)
Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	6.0%	A	
Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	1.0%	A	
Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	0.6%	A	
8.5%	**0%**	**0%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**7.6%**		
100%	**0%**	**0%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**100%**	**A**	
0%						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0%**		**T**
AM	N/AM	N/AM	N/AM	N/AM	N/AM							28.0%		
AM	N/AM	N/AM	N/AM	N/AM	N/AM							2.0%		
AM	N/AM	N/AM	N/AM	N/AM	N/AM							4.0%		
0%	**0%**	**0%**	**0%**	**0%**	**0%**							**34.0%**		
0%	**0%**	**0%**	**0%**	**0%**	**0%**							**41.6%**		

TURNOVER NUMERATOR

SHARE OF TURNOVER/TOTAL TURNOVER		
	Aligned to taxonomy by objective	Eligible for taxonomy by objective
CCM	8.50%	37.10%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

SECTION A.1
TAXONOMY ALIGNED AND/OR PARTIALLY ALIGNED COMPANIES

Section A.1 covers all taxonomy aligned economic activities with respect to eligible activities identified. In detail, following activities pertaining to analyses of NACE compared to “EU Taxonomy Compass”, internal training activities and on the basis of guidance provided by the Managers of the individual companies through the completion of specific questionnaires prepared in accordance with the EU guidelines, aligned activities were identified, taking into account the criteria laid down in the regulations. Specifically:

a) compliance with Technical Screening Criteria (TSC);

b) compliance with the Do No Significant Harm (DNSH) principle relating to the environmental objectives of Climate Change Adaptation (Appendix A), Sustainable Use and Conservation of Water (Appendix B), Transition to a Circular Economy, Pollution Prevention and Control (Appendix C), and Safeguarding Biodiversity and Ecosystems (Appendix D)

c) compliance with Minimum Social Safeguards (MSS)

> CLIMATE CHANGE MITIGATION OBJECTIVE

> Significant contribution

Below is a list, for each company, of **the activities aligned with the climate change mitigation** identified, in respect of which the share of turnover was reported:

Activity 3.5 - Manufacture of energy efficiency equipment for buildings

- Primax generated partially aligned turnover from the sale of refrigerated cabinets in energy class A using natural and environmentally friendly R290 refrigerant gas and equipped with a Nube cloud control system that optimises energy consumption peaks
- Fabbrica[(2)] generated partially aligned turnover from the production of windows and glazed envelopes with a U-value of 1.0 W/m²K or less, doors with a U-value of 1.2 W/m²K or less, and glass curtain walls with a U-value of 0.5 W/m²K or less
- Bluesteel generated partially aligned turnover from the production of windows and glazed envelopes with a U-value of 1.0 W/m²K or less, doors with a U-value of 1.2 W/m²K or less, and glass curtain walls with a U-value of 0.5 W/m²K or less

Activity 7.3 – Installation, maintenance and repair of energy efficiency equipment

- Fabbrica generated partially aligned turnover from the installation of windows and glazed envelopes with a U-value of 1.0 W/m²K or less, doors with a U-value of 1.2 W/m²K or less, and glass curtain walls with a U-value of 0.5 W/m²K or less
- Bluesteel generated partially aligned turnover from the installation of windows and glazed envelopes with a U-value of 1.0 W/m²K or less, doors with a U-value of 1.2 W/m²K or less, and glass curtain walls with a U-value of 0.5 W/m²K or less

Activity 9.3 - Professional services related to energy performance of buildings

- Skillbuild generated aligned turnover from professional services related to the energy performance of buildings (aka “Superbonus 110%”).
  No significant harm (identified and/or reported) was caused by the activity to the remaining climate objectives and no exceptions emerged regarding compliance with the MSS

(3) The design services of Atelier De Façades Inc were included within the turnover of Fabbrica LLC.

> Verification of criteria that do not cause significant harm ('DNSH') to the other 5 environmental objectives

DNSH Climate Adaptation
The DNSH criterion on climate change adaptation requires compliance with Appendix A of Delegated Regulation 2021/2139, which requires a robust climate risk and vulnerability assessment and an evaluation of adaptation solutions. The Somec Group has assessed the main risks as part of its Risk Assessment developed in line with internationally recognised models and best practices. It also assesses, among other things, risks, opportunities and intervention measures related to climate risks. As in the previous year, no specific significant environmental risks were identified in 2023. As a result, based on the company's climate risk management procedures, it is not expected that activities 3.5, 7.3, 9.3 will lead to a worsening of the negative effects of the current climate and expected future climate on the company itself or on people, nature or assets.

DNSH Sustainable use and protection of water and marine resources
Activities 3.5, 7.3 and 9.3 have a non-significant foreseeable impact on this environmental objective, taking into account both indirect and direct effects of implementation throughout the manufacturing cycle. Risks of environmental degradation related to the preservation of water quality and water stress were identified as very low. Water consumption by the company is mainly related to hygienic-sanitary use.

DNSH Transition to a circular economy
With regard to activities 3.5 and 7.3, the implementation of techniques that favour the circular economy, starting from the product design phase up to waste management, is requested through special questionnaires. Companies with eligible turnover have planned to develop a waste management plan that ensures a high level of recyclability and reuse during the production and installation phases of projects. No DNSH risk was identified with respect to activity 9.3 since it is a service activity.

DNSH Pollution prevention and control
The criteria in Appendix C of Delegated Regulation 2021/2139 were amended with the publication of Delegated Regulation 2023/2485. The analysis of the criteria was conducted by administering questionnaires that were filled in by companies with aligned activities following an assessment of their production facilities and material codes used, the purpose being to exclude from the scope of alignment the turnover deriving from the use of harmful and/or polluting substances set out in the relevant regulations and standards.

DNSH Protection and restoration of biodiversity and ecosystems
The foreseeable impact on this environmental objective by the activity conducted is negligible, considering the direct effects and primary indirect effects over the life cycle. The production and installation of products are not carried out on buildings located in or near biodiversity-sensitive areas.

> Verification of Minimum Safeguards

With regard to compliance with Article 3(c) of Regulation 2020/852, the Group analysed compliance with Minimum Social Safeguards, corruption, taxation and fair competition. The Group conducted the assessment considering the (i) design of its own processes and their adequacy in identifying and preventing possible negative impacts, (ii) actual compliance with the principles and (iii) the effectiveness with which possible occurrences were managed through corrective actions. In this respect, the Group's commitment is shown through the publication of and compliance with the Code of Ethics, the Anti-Corruption Policy and the Human Rights Policy.

SECTION A.2
COMPANIES WITH TAXONOMICALLY ELIGIBLE ACTIVITIES

Section A.2 refers to all economic activities that are eligible but not aligned with the taxonomy according to the parameters defined by the Technical Screening Criteria ("TSC") and the Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) requirements. In detail, the following activities were identified:

> CLIMATE CHANGE MITIGATION OBJECTIVE

Activity 3.5 - Manufacture of energy efficiency equipment for buildings

→ Inoxtrend generated eligible turnover from the sale of professional ovens, with its Gourmet, Professional Bakery, Professional Gastro, Professional Compact 51, Nice & Go, and Snack lines. The product range is not in line with the minimum requirements set by the TEG for determining a significant contribution to the climate change mitigation target

→ Primax generated eligible turnover from the sale of refrigerated cabinets and tables not belonging to classes A and B. The range of these products is therefore not in line with the minimum requirements set by the TEG for determining a significant contribution to the climate change mitigation target

→ GICO generated eligible turnover from the sale of professional kitchens for high-end services alone, including the Monoblocco, Fusion, H+, and Style Modulare ranges. The range of these products is not in line with the minimum requirements set by the TEG for determining a significant contribution to the climate change mitigation target

→ Pizza Group generated eligible turnover from the sale of professional, bakery and pizza service appliances, including ovens, spiral dough mixers, moulders and expanders. The range of these products is not in line with the minimum requirements set by the TEG for determining a significant contribution to the climate change mitigation target

→ Pizza Group Usa generated eligible turnover from the sale of professional, bakery and pizza service appliances in the US market, including ovens, spiral dough mixers, moulders and expanders. The range of these products is not in line with the minimum requirements set by the TEG for determining a significant contribution to the climate change mitigation target

- Fabbrica generated eligible turnover from the production of windows and glazed envelopes with a U-value exceeding 1.0W/m²K, doors with a U-value exceeding 1.2 W/m²K as well as glass curtain walls with a U-value greater than 0.5 W/m²K, therefore not in line with the minimum requirement for recognition of a significant contribution to the climate change mitigation target

- Fabbrica Works generated eligible turnover from the production of windows and glazed envelopes with a U-value exceeding 1.0W/m²K, doors with a U-value exceeding 1.2 W/m²K as well as glass curtain walls with a U-value greater than 0.5 W/m²K, therefore not in line with the minimum requirement for recognition of a significant contribution to the climate change mitigation target

- Bluesteel generated eligible turnover in relation to the production of windows and glazed envelopes with a U-value exceeding 1.0W/m²K, doors with a U-value exceeding 1.2 W/m²K as well as glass curtain walls with a U-value greater than 0.5 W/m²K, therefore not in line with the minimum requirement for recognition of a significant contribution to the climate change mitigation target

Activity 6.12 – Upgrading of maritime and coastal freight and passenger transport

- Somec Sintesi generated eligible turnover in relation to the refitting of cruise ships based on NACE, which, however, does not contribute significantly to the 10% reduction target for ship fuel consumption set out in the Technical Screening Criteria (“TSC”)

- Based on its own NACE, Navaltech generated eligible turnover in relation to the refitting of cruise ships, which, however, does not contribute significantly to the 10% reduction target for ship fuel consumption set out in the Technical Screening Criteria (“TSC”)

Activity 7.3 - Installation, maintenance and repair of energy efficiency equipment

- Fabbrica generated eligible turnover from the installation of windows and glazed envelopes with a transmittance coefficient exceeding 1.0W/m²K, doors with a U-value exceeding 1.2 W/m²K as well as glass curtain walls with a U-value greater than 0.5 W/m²K, therefore not in line with the minimum requirement for recognition of a significant contribution to the climate change mitigation target

- Bluesteel generated eligible turnover in relation to the production of windows and glazed envelopes with a U-value exceeding 1.0W/m²K, doors with a U-value exceeding 1.2 W/m²K as well as glass curtain walls with a U-value greater than 0.5 W/m²K, therefore not in line with the minimum requirement for recognition of a significant contribution to the climate change mitigation target

SECTION B
COMPANIES INELIGIBLE FOR TAXONOMY

Section B includes the turnover of the remaining economic activities deemed as non-eligible for EU taxonomy purposes.

> Changes Numerator Turnover compared to disclosure for the year 2022

As stated in Chapter 1.2.3.1 “Contextual Information on Turnover KPI” of Commission Delegated Regulation (EU) 2021/2178, a qualitative explanation of the change in the Turnover KPI is given:

1) compared to disclosure for the year 2022, the percentage of the eligible share of activities pertaining to the “Manufacture of energy efficiency equipment for buildings” and “Installation, maintenance and repair of energy efficiency equipment" was revised from 3% regarding both activities to 6% for “Manufacture of energy efficiency equipment for buildings” and 1% for “Installation, maintenance and repair of energy efficiency equipment”, respectively.
This restatement was due to the:
   - inclusion of 9% of Bluesteel’s turnover within Section A.1
   - change in the weight of factory installation activity, which was adjusted to 2% from the previous 10% for the manufacturing activity
   - inclusion of Skillbuild’s turnover (100%) within the activity “Professional services related to energy performance of buildings” in section A.1

2) the percentage share of eligible activities according to the 2022 disclosure was restated and adjusted to 37% from the previous 48%. This change was necessary due to the exclusion of Somec Navale from the scope of eligible companies because although its NACE (25.12) is included in the EU Taxonomy Compass list, the related activity description “Manufacture of energy efficiency equipment for buildings” refers only to buildings and not to vessels

3) as a result, compared to information under 2), the percentage share of activities not aligned to the Taxonomy referring to the 2022 disclosure was revised and updated to 54% from the previous 47% to ensure appropriate comparability with the 2023 figure

4) net of restatements under 1), 2) and 3) above, the impact of aligned, eligible and ineligible activities changed compared to the 2022 disclosure due to the inclusion of Atelier de Façade’s turnover in Fabbrica and the integration of Gino Ceolin within the Taxonomy reporting scope

5) revenues from the resale of self-generated electricity (carried forward to 2022) were excluded as this is not the main activity of the companies in the Group

TURNOVER DENOMINATOR

The denominator was derived from the accounting details of the Somec Group’s consolidated financial statements for financial year 2023, since the turnover items that can be included in the KPI relate to the individual revenue items, or their sub-items, of the consolidated financial statements themselves. The latter specifically refer to the sale of goods and services, net of discounts, VAT or any other direct taxes, qualifying as revenues from the Group’s core business. In particular, the following two items and sub-items were reflected in the consolidated financial statements:

- → “Revenues from contracts with customers”, including all core business-related revenue items associated with the Group, such as “Italy Naval Sales”, “EU Naval Sales”, “Non-EU Naval Sales, “Italy Building Sales”, “EU Building Sales”, “Non-EU Building Sales” and “Product Sales

- → “Other residual revenues and income” as a sub-item of the macro-item “other residual revenues”

PORTION OF CAPITAL EXPENDITURE - CAPEX

Below is the disclosure for financial year 2023 of the portion of capital expenditures from products or services associated with taxonomy aligned economic activities:

ECONOMIC ACTIVITIES (1)	Code (2)	CapEx (3) (K EUR)	Proportion of CapEx 2023 (4) (%)
A. Taxonomy-eligible activities			
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
Manufacture of energy efficiency equipment for buildings	3.5 (CCM)	220	1,96%
Installation, maintenance and repair of energy efficiency equipment	7.3 (CCM)	-	0,00%
Professional services related to the energy performance of buildings	9.3 (CCM)	6	0,05%
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**225**	**2.0%**
of which enabling		**225**	**100%**
of which transitional			**0%**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Manufacture of energy efficiency equipment for buildings	3.5 (CCM)	2,072	18.5%
Retrofitting of sea and coastal freight and passenger water transport	6.12 (CCM)	112	1.0%
Installation, maintenance and repair of energy efficiency equipment	7.3 (CCM)	-	0.0%
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,183**	**19.5%**
CapEx of Taxonomy eligible activities (A.1 + A.2)		**2,409**	**21.4%**
B. Taxonomy-non-eligible activities			
CapEx of Taxonomy-non- eligible activities		**8,811**	**78.5%**
Total		**11,220**	**100%**

Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")								
Climate Change Mitigation (5) (Yes,No, N/AM)	Climate Change Adaptation (6) (Yes,No, N/AM)	Water and marine resources (7) (Yes,No, N/AM)	Circular Economy (8) (Yes,No, N/AM)	Pollution (9) (Yes,No, N/AM)	Biodiversity and ecosystems (10) (Yes,No, N/AM)	Climate Change Mitigation (11) (Yes,No)	Climate Change Adaptation (12) (Yes,No)	Water and marine resources (13) (Yes,No)	Circular Economy (14) (Yes,No)	Pollution (15) (Yes,No)	Biodiversity and ecosystems (16) (Yes,No)	Proportion of turnover aligned with taxonomy for year 2023 (18) (%)	Category enabling activity (19) (A)	Category transitional activity (20) (T)
Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	0.5%	A	
Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	0%	A	
Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	0%	A	
2%	**0%**	**0%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0%**		
100%	**0%**	**0%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**100%**	**A**	
0%						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0%**		**T**
AM	N/AM	N/AM	N/AM	N/AM	N/AM							6.2%		
AM	N/AM	N/AM	N/AM	N/AM	N/AM							0.3%		
AM	N/AM	N/AM	N/AM	N/AM	N/AM							0%		
0%	**0%**	**0%**	**0%**	**0%**	**0%**							**6%**		
0%	**0%**	**0%**	**0%**	**0%**	**0%**							**7%**		

CAPEX NUMERATOR

SHARE OF CAPEX/CAPEX TOTALS		
	Aligned to taxonomy by objective	**Eligible for taxonomy by objective**
CCM	2.00%	19.50%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

According to paragraph 1.1.2.2. “Numerator” of Delegated Act 2021/2178 “Disclosure Act”, the numerator corresponds to the portion of capital expenditure included in the denominator that meets one of the following conditions:

a) they are related to assets or processes associated with taxonomy aligned economic activities

b) hey form part of a plan to expand taxonomy aligned economic activities or to enable eligible economic activities to be aligned with the taxonomy (“CapEx plan”) under the condition referred to in the second paragraph of 1.1.2.2 hereof

c) they relate to the purchase of products deriving from taxonomy aligned economic activities and to individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas savings, with special reference to the activities listed under Annex I, 7.3 to 7.6, of the Delegated Act on climate, as well as other economic activities listed in the Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, provided that these measures are implemented and made operational within 18 months

In order to (i) obtain the share of increases in tangible and intangible assets attributable to aligned activities, (ii) identify any investment plans aimed at ensuring alignment with the EU Taxonomy and/or (iii) identify purchases from aligned activities, as well as individual measures that contribute to the reduction of greenhouse gases, a study was conducted on the companies within the scope of consolidation that made investments during 2023.

Specifically, on the basis of the consolidated financial statements, the following investments (Capex) are considered:

- capitalised development costs
- software licenses applied to products
- land and buildings incidental to aligned activities
- plant and machinery
- extraordinary maintenance and building renovation
- extraordinary maintenance on third party assets
- fleet of company cars
- leased assets capitalised in accordance with IFRS 16

As indicated by the Regulation, the values were identified without accounting for effects of depreciation, write-downs or fair-value changes.

Aligned activities were identified after an analysis process was conducted based on NACE findings as benchmarked against the instructions set out in the 'UE Taxonomy Compass', guidance provided by the Managers of the individual companies through specific interviews, completion of the GRI 302-4 “Reduction of energy consumption” form, and information obtained from the Group’s management control, with account being taken at all times of the criteria set forth in the regulations. Specifically:

a) compliance with Technical Screening Criteria (TSC) for targets applicable to the activity

b) compliance with the Do No Significant Harm (DNSH) principle relating to the environmental objectives of Climate Adaptation (Appendix A), Sustainable Use and Conservation of Water (Appendix B), Transition to a Circular Economy, Pollution Prevention and Control (Appendix C), and Safeguarding Biodiversity and Ecosystems (Appendix D)

c) compliance with Minimum Social Safeguards (MSS)

> CLIMATE CHANGE MITIGATION OBJECTIVE

Below are the classified activities for each company, in respect of which **CapEx were reported for “Climate Change Mitigation”** in accordance with the Disclosure Act 2021/2178:

SECTION A.1
COMPANIES WITH ACTIVITIES ALIGNED AND/OR PARTIALLY ALIGNED WITH THE TAXONOMY

a) Are related to assets or processes associated with taxonomy aligned economic activities:

Activity 3.5 - Manufacture of energy efficiency equipment for buildings

- Fabbrica: share of investments referring to the aligned part of turnover
- Bluesteel: share of investments referring to the aligned part of turnover
- Primax: share of investments referring to the aligned share of turnover

Activity 7.6 Installation, maintenance and repair of renewable energy technologies

- No Capex was identified with regard to this activity

Activity 9.3 - Professional services related to energy performance of buildings

- Investments referred to the company Skillbuild, which shows fully aligned activity

b) They form part of a plan to expand taxonomy aligned economic activities or to enable eligible economic activities to be aligned with the taxonomy ("CapEx plan") under the condition referred to in the second paragraph of 1.1.2.2 hereof:

→ No specific Capex plan aimed at expanding aligned activities

c) Relating to the purchase of products from economic activities aligned with the taxonomy and individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas reductions, with special reference to the activities listed in sections 7.3 to 7.6 of Annex I to the Climate Act(3):

→ No specific Capex was identified with respect to companies with activities aligned with and/or eligible for GHG mitigation purposes

SECTION A.2
COMPANIES WITH TAXONOMICALLY ELIGIBLE ACTIVITIES(4)

Activity 3.5 - Manufacture of energy efficiency equipment for buildings

→ Fabbrica: share of investments (Capex) referring to the part of the activity that showed to be eligible but not aligned according to the Technical Expert Group ("TEG") criteria

→ Primax: share of investments (Capex) referring to the part of the activity that showed to be eligible but not aligned according to the Technical Expert Group ("TEG") criteria

→ Bluesteel: share of investments (Capex) referring to the part of the activity that showed to be eligible but not aligned according to the Technical Expert Group ("TEG") criteria

→ (Capex) investments of companies showing activity fully eligible for NACE but not aligned according to Technical Expert Group ("TEG") criteria:
- GICO
- Inoxtrend
- Pizza Group
- Pizza Group Usa
- Fabbrica Works

Activity 7.6 - Installation, maintenance and repair of renewable energy technologies

→ No Capex was identified with regard to this activity

(4) The individual efficiency measures (re-lamping carried out by Skillmax and Lamp Arredo and boiler replacement carried out by Oxin) were not included in the aligned activities because the companies that implemented them show NACE and activities that are not eligible for Taxonomy.
(5) Below are the companies included within section "A.2 Taxonomy-eligible but not environmentally sustainable activities (activities not aligned with the taxonomy)" of the disclosure for the year 2023 as pursuant to Commission Delegated Regulation (EU) 2021/2178, amended by Delegated Regulation (EU) 2023/2486 of 27 June 2023 "Annex II".

Activity 6.12 – Upgrading of maritime and coastal freight and passenger transport

→ (Capex) investments of companies showing activity fully eligible for NACE but not aligned according to Technical Expert Group ("TEG") criteria:
- Somec Sintesi
- Navaltech

No significant harm (identified and/or reported) was caused by the above-mentioned activities to the remaining **five objectives** defined under Article 9 of the Regulation, and no exceptions emerged regarding compliance with the MSS.

SECTION B
COMPANIES INELIGIBLE FOR TAXONOMY

Section B includes Capex relating to the remaining economic activities deemed as non-eligible for EU taxonomy purposes.
The above section also includes individual capitalised efficiency measures carried out by companies with NACE and activities not eligible for taxonomy purposes (re-lamping carried out by Skillmax and Lamp Arredo and boiler replacement carried out by Oxin).

> Changes Numerator Capex compared to disclosure for the year 2022

As stated in Chapter 1.2.3.2 "Contextual Information on Capital Expenditure KPI" of Commission Delegated Regulation (EU) 2021/2178, a qualitative explanation of the change in Capital Expenditure KPI is given:

- Somec Navale was excluded from the scope of eligible companies because although its NACE (25.12) is included in the EU Taxonomy Compass list, the related activity description "Manufacture of energy efficiency equipment for buildings" refers only to buildings and not to vessels. Therefore, the Capex 2022 portion considered in Section A.2 in the disclosure for the year 2022 was restated under Section B in the disclosure for the year 2023

- Bluesteel's CapEx was partially restated (9%) under section A.1 "Environmentally friendly activities (aligned with taxonomy)" compared to the disclosure for the year 2022

- Sotrade and Shanghai were excluded from the scope of eligible companies as compared to the disclosure for the year 2022, consistent with the considerations made for Somec Navale. In this connection, it should be noted that since the companies engage in "Installation of Energy Efficiency Equipment" activities on ships and not on buildings, their respective Capex was restated under Section B

- CapEx relating to photovoltaic systems and investments in M1 and N1 category vehicles were not allocated to the core business and are no longer shown individually

Net of the changes brought about by the restatements as summarised above, there was a substantial increase in the proportion of CapEx relating to eligible activities, rising to 19% from 6% in 2022. This change was mainly due to the effect of business combinations, mainly related to non-eligible activities, which in 2022 had resulted in a denominator of 33,031,000 Euro, significantly higher than the total CapEx in 2023 (11,220,000 Euro).

Finally, the percentage of CapEx associated with eligible activities increased slightly from the 2022 disclosure (+1.5%) due to the increase in CapEx of Fabbrica LLC.

CAPEX DENOMINATOR

As to the denominator side, the sum of eligible and non-eligible items was considered.
As specified by Commission Delegated Regulation (EU) 2021/2178, the denominator must also include additions to tangible and intangible assets resulting from business combinations.

The activity conducted resulted in increases in value that occurred during financial year 2023 being stated by tangible, intangible and right of use of assets (according to IFRS 16). These values were selected without considering the effects of depreciation, write-downs and fair value changes, as required by the Regulation.

In summary, capital expenditure must include costs accounted for on the basis of:

- IAS 16 “Property, Plant and Equipment”, paragraph 73(e), sub-paragraphs (i) and (iii)
- IAS 38 “Intangible Assets”, paragraph 118(e)(i)
- IAS 40 “Investment Property”, paragraph 76(a) and (b) (for the fair value model)
- IAS 40 “Investment Property”, paragraph 79(d)(i) and (ii) (for the cost model)
- IAS 41 “Agriculture”, paragraph 50(b) and (e)
- IFRS 16 “Leases”, paragraph 53(h)

Leases that do not result in the recognition of a right of use on the asset side are not to be accounted for as capital expenditure.

In view of this, the reports produced internally at the consolidated level concerning the situation of the Group’s assets as of 31 December 2023 were analysed.

Notably, special attention was paid to investments for the period, which showed the new acquisitions and increases in assets during the year.

PORTION OF OPERATING EXPENSES – OPEX

Below is the 2023 disclosure of the portion of operating expenses from products or services associated with taxonomy aligned economic activities:

ECONOMIC ACTIVITIES (1)	Code (2)	CapEx (3) (K EUR)	Proportion of OpEx 2023 (4) (%)
A. Taxonomy-eligible activities			
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
Manufacture of energy efficiency equipment for buildings	3.5 (CCM)	2,574	13,2%
Installation, maintenance and repair of energy efficiency equipment	7.3 (CCM)	62	0,3%
Professional services related to energy performance of buildings	9.3 (CCM)	47	0,2%
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**2,683**	**13.7%**
of which enabling		**100%**	**100%**
of which transitional		**0%**	**0%**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Manufacture of energy efficiency equipment for buildings	3.5 (CCM)	8,616	44.05%
Retrofitting of sea and coastal freight and passenger water transport	6.12 (CCM)	548	2.8%
Installation, maintenance and repair of energy efficiency equipment	7.3 (CCM)	187	0.96%
Operating expenses of taxonomy eligible but not environmentally sustainable activities (activities not aligned with the taxonomy) (A.2)		**9,351**	**47.8%**
OpEx of Taxonomy eligible activities (A.1+A.2)		**12,033**	**61.5%**
B. Taxonomy-non-eligible activities			
OpEx of Taxonomy-non- eligible activities		**7,524**	**38.5%**
Total		**19,558**	**100%**

Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")								
Climate Change Mitigation (5) (Yes,No, N/AM)	Climate Change Adaptation (6) (Yes,No, N/AM)	Water and marine resources (7) (Yes,No, N/AM)	Circular Economy (8) (Yes,No, N/AM)	Pollution (9) (Yes,No, N/AM)	Biodiversity and ecosystems (10) (Yes,No, N/AM)	Climate Change Mitigation (11) (Yes,No)	Climate Change Adaptation (12) (Yes,No)	Water and marine resources (13) (Yes,No)	Circular Economy (14) (Yes,No)	Pollution (15) (Yes,No)	Biodiversity and ecosystems (16) (Yes,No)	Proportion of turnover aligned with taxonomy for year 2023 (18) (%)	Category enabling activity (19) (A)	Category transitional activity (20) (T)
Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	11,8%	A	
Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	1,0%	A	
Yes	N/AM	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	0,0%	A	
13.7%	**0%**	**0%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**13%**		
100%	**0%**	**0%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**100%**	**A**	
0%						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0%**		**T**
												54.7%		
												1.1%		
												1.1%		
												57%		
												70%		

OPEX NUMERATOR

SHARE OF OPEX/OPEX TOTALS		
	Aligned to taxonomy by objective	Eligible for taxonomy by objective
CCM	13.70%	47.80%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

With regard to the numerator of the KPI relating to operating expenditure (OpEx,) an analysis was carried out on the corporate and sub-consolidated financial statements, mostly management-related, with the following items being identified in accordance with paragraph 1.1.3.2 "Numerator" of the Delegated Act 2021/2178:

a) cost items related to assets or processes associated with taxonomy aligned economic activities, including training and other human resource adaptation needs, as well as direct non-capitalised research and development costs

b) cost items related to the purchase of products deriving from taxonomy aligned economic activities and to individual, non-capitalised measures that enable the target activities to achieve low carbon emissions or greenhouse gas savings, as well as to individual building renovation measures identified in Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, provided that these measures are implemented and made operational within 18 months

Aligned activities were identified following an analysis process based on guidance provided by the Managers of the individual companies through the completion of specific questionnaires prepared in accordance with the EU "sustainable-finance-teg-taxonomy-tools" guidelines, taking into account the criteria set forth in the regulation. Specifically:

a) compliance with Technical Screening Criteria (TSC)

b) compliance with the Do No Significant Harm (DNSH) principle relating to the environmental objectives of Climate Adaptation (Appendix A), Sustainable Use and Conservation of Water (Appendix B), Transition to a Circular Economy, Pollution Prevention and Control (Appendix C), and Safeguarding Biodiversity and Ecosystems (Appendix D)

c) compliance with Minimum Social Safeguards (MSS)

SECTION A.1
COMPANIES WITH ACTIVITIES ALIGNED AND/OR PARTIALLY ALIGNED WITH THE TAXONOMY

Section A.1 shows the operating expenses attributable to activities **aligned with the climate mitigation objective** identified following the analysis process:

Activity 3.5 - Manufacture of energy efficiency equipment for buildings

- all operating expenses (OpEx) related to the design, maintenance, repair and cleaning of plant and/or machinery, short-term technical consultancy leases related to assets to processes associated with taxonomy-aligned activities (Primax, Bluesteel, Factory/Atelier De Façades and Skillbuild)
- all expenses related to taxonomy-aligned energy purchases (e.g. electricity with certification of origin from renewable sources purchased from Repower (Primax)

Costs related to individual building renovation/efficiency measures (replacement of light bulbs, fixtures, installation of electric vehicle charging stations), which were not capitalised, were not identified in the 2023 Disclosure with reference to the companies engaging in taxonomy-aligned activities (Primax, Bluesteel, Fabbrica/Atelier De Façades and Skillbuild).

Activity 7.3 – Installation, maintenance and repair of energy efficiency equipment

- all costs to train human resources and have them become familiar with the installation activity (Bluesteel and Fabbrica/Atelier De Façades)

Activity 9.3 - Professional services related to energy performance of buildings

- all costs to train human resources and have them become familiar with the activities (Skillbuild)

No significant harm (identified and/or reported) was caused by this activity to the remaining **five objectives** defined under Article 9 of the Regulation, and no exceptions emerged regarding compliance with the MSS.

SECTION A.2
COMPANIES WITH TAXONOMICALLY ELIGIBLE ACTIVITIES

Section A.2 shows operating expenses attributable to the following eligible but not taxonomy aligned activities for achieving Climate Change mitigation and adaptation objectives as per the criteria set out in the regulations:

Activity 3.5 - Manufacture of energy efficiency equipment for buildings

- all operating expenses (OpEx) relating to the maintenance, repair and cleaning of plant and/or machinery related to processes and assets associated with the share of activities deemed eligible but not taxonomy-aligned of companies Primax, Bluesteel, Fabbrica/Atelier De Façades, and operating expenses of fully eligible companies GICO, Inoxtrend, Pizza Group, Pizza Group Usa and Fabbrica Works
- all expenses related to the maintenance and/or repair of solar photovoltaic systems in the Inoxtrend company
- all expenses related to taxonomy-aligned energy purchases made by companies deemed eligible but not taxonomy-aligned (e.g. electricity with certification of origin from renewable sources purchased from Repower by Inoxtrend and Pizza Group)

Activity 6.12 – Retrofitting of sea and coastal freight and passenger water transport

- all operating expenses related to refitting activities (non-capitalised R&D costs, staff training costs, etc.) with reference to Somec Sintesi and Navaltech

SECTION B
COMPANIES INELIGIBLE FOR TAXONOMY

Section B includes the operating expenses of the remaining economic activities deemed as non-eligible for EU taxonomy purposes.
It should be noted that expenses related to taxonomy-aligned energy purchases made by companies not eligible for taxonomy (e.g. electricity with certification of origin from renewable sources purchased from Repower by Somec Navale and T.S.I.) were included.

Costs related to individual building renovation/efficiency measures (replacement of light bulbs, fixtures, installation of electric vehicle charging stations), which were not capitalised, were not identified in the 2023 Disclosure with reference to non-eligible companies.

> Changes in the numerator of operating expenditure compared to the disclosure for the year 2022

As stated in Chapter 1.2.3.3 “Contextual Information on Operating Expenditure KPI” of Commission Delegated Regulation (EU) 2021/2178, a qualitative explanation of the change in Operating Expenditure KPI is given:

1) Compared to Disclosure for the year 2022, the 2023 numerator also includes the costs of account 41531020 “Design” and account 41536020 “Technical Consultancy”, as well as the costs of purchasing electricity arising from taxonomy-aligned activities

2) Compared to Disclosure for the year 2022, a portion of Bluesteel’s costs (9%) was reflected in section A.1 “Environmentally sustainable (taxonomy-aligned) activities” of Disclosure for the year 2023

3) Depending on the type of projects, the share of Fabbrica’s eligible activities increased by about 10%, from 20% in Disclosure for the year 2022 to 30% in Disclosure for the year 2023

4) Considering points 2) and 3), the percentage of operating expenses aligned to the 2023 Taxonomy stood at 14%, showing an increase of about 1% compared to the percentage reported in Disclosure for the year 2022

5) Somec Navale was excluded from the scope of eligible companies because although its NACE (25.12) is included in the EU Taxonomy Compass list, the related activity description “Manufacture of energy efficiency equipment for buildings” refers only to buildings and not to vessels. Therefore, compared to Disclosure for the year 2022, approximately 55% of Somec Navale’s operating expenditure was restated from Section A.2 “Taxonomy-eligible but not environmentally sustainable activities (activities not aligned with taxonomy) to Section B. “Taxonomy-Ineligible Activities”

6) The reduction in item A.2 from 54.7% in 2022 (such percentage reflecting the restatement for comparability purposes due to the inclusion of account 41531020 “Design” and account 41536020 “Technical Consultancy”) to 44% in 2023 was mainly due to the change in scope resulting from the inclusion of Gino Ceolin: on a like-for-like basis, the percentage of operating expenditure of eligible activities stood approximately at 50%

OPEX DENOMINATOR

As to the denominator, an analysis was conducted on the consolidated statutory and operating values. Notably, specific financial line items (financial statements for the year ended 31 December 2023) pertaining to the requirements of the Regulation (paragraph 1.1.3.1. of Decree 2021/2178) were considered.

Therefore, direct non-capitalised costs associated with research and development, building renovation, short-term lease (excluding RoU), maintenance and repair, and such direct expenditure associated with the day-to-day maintenance of property, plant and equipment, either by the enterprise or by third parties to whom such tasks are outsourced, as may be necessary to ensure the continuous and effective operation of those assets, were included. Cost items related to assets or processes associated with taxonomy-aligned business activities, including training and other human resources adaptation needs, were also considered.
Lastly, costs related to the purchase of products arising from taxonomy-aligned business activities (e.g. electricity purchased from renewable energy producer Repower) and activities aligned with individual (not capitalised) measures that enable target activities to achieve low carbon emissions (only pertaining to Group companies with eligible or aligned turnover) were also included.

Details of the accounts considered are provided below:

- 41531020 “Design” (considered as expensed design and development costs)
- 41532000 “Maintenance costs"
- 41534030 “Energy costs” (only if arising from taxonomy-aligned business activities)
- 41536020 “Technical consultancy”
- 41536040 “IT consultancy” (incidental to the conduct of business)
- 41538030 “Cleaning costs”
- 41540000 Fees, rentals and other costs (including short term leases)
- Staff training costs retrieved from account 41538040 “Sundry labour costs”

> Changes in the denominator of operating expenditure compared to the disclosure for the year 2022

As stated in Chapter 1.2.3.3 “Contextual Information on Operating Expenditure KPI” of Commission Delegated Regulation (EU) 2021/2178, a qualitative explanation of the change in Operating Expenditure KPI is given:

1) From a scope perspective, the denominator includes the costs of the company Gino Ceolin (not eligible for the Taxonomy), which is not included in the scope of the 2022 Disclosure (498,000 Euro)

2) Compared to the 2022 Disclosure, the denominator includes costs related to account 41531020 “Design” (expensed design and development costs) and account 41536020 “Technical consultancy” as they are considered related to assets or processes associated with taxonomy-aligned business activities.
This change resulted in a restatement of the total value reflected in the 2022 Disclosure from 3,314,000 Euro to 19,558,000 Euro (including the change in scope)

3) The 2023 denominator includes the share of EE purchased from renewable sources (Repower), which was not considered in the 2022 Disclosure

With regard to (1) and (2), it should be noted that a restatement was also made with respect to the 2022 percentage figure.

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SUSTAINABILITY AT SOMEC

THE VALUE OF RESPONSIBILITY

In 2023, the international economic scenario was characterised by strong perceived uncertainty at all levels. The persistent and growing geopolitical tensions in the Middle East and Ukraine resulted in a drop in international trade and significant erosion in purchasing power due to inflationary patterns of rising prices. These changes led to an increase in interest rates and consequently to greater prudence in investments, especially in a sector such as construction, where a large part of the Group operates.

Against this new post-pandemic backdrop, the needs and requirements of the various stakeholders with whom the Group engages have revolved around a sustainable development directive. Our external stakeholders are in turn influenced by an increasingly responsible and demanding regulatory framework and incentive system geared towards actions aimed at energy efficiency, the application of circular economy principles, the use of recycled or sustainable materials, and specialised staff training. Similarly, end consumers are showing increasing sensitivity and focus on this regard. For this reason, customers and suppliers are demanding precise and transparent requirements and information, as well as general corporate responsibility on social and environmental impact plans.

At the same time, we are witnessing a cultural paradigm shift in the labour market and individual welfare. As we will see in the following paragraphs, we have identified the twin transition as a necessary and inevitable process, which moves along two ways: digital and green. A workplace that shares the values of the individual while ensuring educational growth in a safe environment where new best practices are implemented is becoming increasingly sought-after. Examples include smart ways of working such as flexible working hours, a mix of in-person and remote working, or the reorganisation and optimisation of workplaces.

This change of perspective affects not only talent retention but makes it difficult to find resources having specific skills, which are becoming increasingly essential. At the same time, other events have had an impact on the labour market, such as the “Superbonus 110%” incentives in Italy, which attracted workers in the construction industry, sometimes complicating the recruitment of personnel within the Group’s construction sites.

In an ever-changing context, Somec strives to listen to the needs of its stakeholders, both internal and external, as it is aware that this is the way to create shared and sharable value. For this reason, the mapping of the Group's stakeholders already identified for previous years has been reconfirmed for the year under review, albeit with a higher level of involvement for the purpose of this Non-financial Statement, as will be explained in the following paragraphs.


REGIONS AND THEIR POPULATIONS
UNIONS AND CATEGORY ASSOCIATIONS
SHAREHOLDERS
FINANCIAL INSTITUTIONS AND INTERMEDIARIES
PUBLIC ADMINISTRATIONS AND CERTIFICATION AND CONTROL AUTHORITIES
EMPLOYEES
SUPPLIERS
CUSTOMERS

The economic value generated and distributed (aka “added value”) reflects the wealth produced by the SomecGroup in the financial year 2023. In accordance with of GRI Standard 201, this added value measures the economic impact of its activities on its main stakeholders, i.e., the Group’s ability to create value for its own stakeholders.

INDICATOR 201-1 – DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

	2023	2022[6]	2021
Economic value generated	**374,696**	**330,178**	**264,251**
Economic value distributed	**370,161**	**318,756**	**237,927**
Operating costs	287,054	247,684	186,648
Value distributed to employees	65,741	57,866	48,711
Value distributed to capital providers	14,997	3,288	1,608
Value distributed to Public Authorities	(818)	1,394	507
Value distributed to shareholders	3,119	8,466	374
Value distributed to the community	68	58	79
Economic value retained	**4,535**	**11,422**	**26,324**

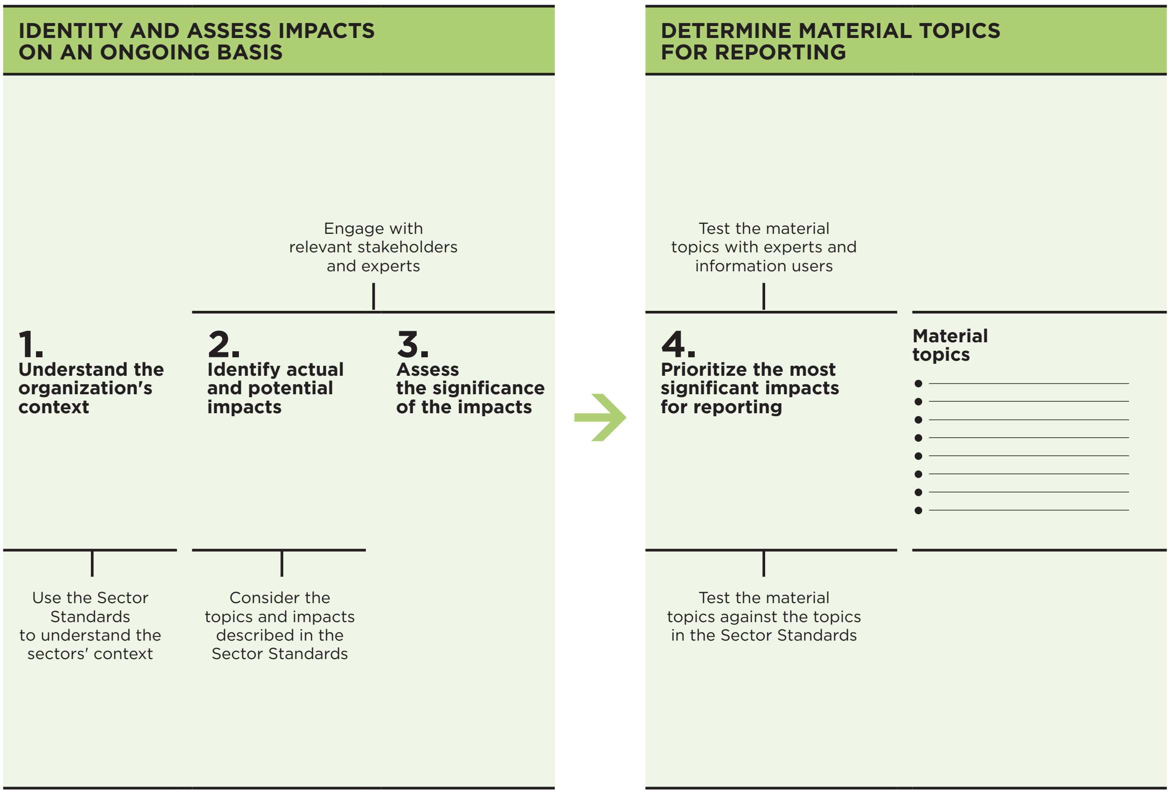
Measurement unit: €

In 2023, the operational process by which Somec S.p.A. identifies and assesses ESG material topics is aligned with the new GRI Standard 3 - Material Topics 2021.

The determination of material topics, as was the case in the financial year 2022, was carried out on the basis of the assessment of actual or potential ESG impacts from an inside-out perspective, i.e. the impacts that the Somec Group’s business generates on the environment, people and, in general, stakeholders. These impacts were divided into positive and negative impacts, to be then assessed through the allocation of a rating summarising their magnitude and likelihood of occurrence.

(6) As part of the data calculation for the year 2023, more detailed data were relied upon as compared to items considered for the calculation carried out last year as shown in the 2022 Non-Financial Statement. The data relied upon in the course of 2023 made it possible to adjust the calculation for the reporting year 2022; this NFS therefore reflects the most accurate figure for the three-year period 2023-2021.

By engaging an internal working group that also involved representatives of the main Italian and foreign subsidiaries, Somec S.p.A. carried out the following analysis phases for the purpose of determining the material topics, as shown in the chart below:



Regarding phase 2, the GRI Sector Standards were not considered, inasmuch no standard comparable to Somec's business was found.

Context analysis
During this phase, Somec S.p.A. carried out – for itself and all of its subsidiaries – an initial high-level analysis covering its operations, its business relationships, and the sustainability context in which these take place, as well as a general survey on its stakeholders to collect information for identifying actual and potential impacts.
For the purposes of this analysis, Somec updated the Group's scope and any further impact resulting from the new entities.

Identification of actual and potential impacts
During this phase, Somec S.p.A. identified its actual and potential impacts on the economy, the environment, and people, including those on their human rights, in the context of its activities and business relationships.
Specifically, actual impacts included those that have already occurred, while potential impacts included those that could potentially occur. Impacts can be of various sorts:

- negative or positive
- short-term or long-term
- intentional or unintentional
- reversible or irreversible

Assessing the extent of impacts
During this phase, Somec assessed the significance of the impacts identified in the previous phase in order to prioritise them. Prioritisation allows Somec S.p.A. to take action to address impacts and, subsequently, to determine material topics to be reported for non-financial reporting purposes.
The extent of an actual impact depends on the severity of the impact itself, while that of a potential impact depends on the severity and likelihood of the impact. The severity of an actual or potential impact was assessed on a scale of 1 (least severe) to 5 (most severe) according to the following criteria:

- scale: measures how severe the impact is within a pre-set range
- scope: how widespread is the impact, for example, the number of people affected or the extent of environmental damage
- irremediability characteristics: indicates how difficult it is to mitigate or compensate the resulting damage

In addition to severity, the probability of an impact occurring was also assessed on a scale of 1 (least likely) to 5 (most likely) and, finally, severity was weighted with probability.

Stakeholders' involvement
To determine actual or potential impacts, and gain external feedback on the assessment of their importance, Somec conducted Stakeholder Engagement activities, specifically involving its employees (internal stakeholders) and some of the main suppliers for different types of purchases. This effort did not disclose any new material topics compared to those considered by management; furthermore, the weights assigned to the ESG issues assessed were in line and generally confirmed.

Prioritisation of the most important impacts for reporting
During this phase, with a view to establishing the material topics for reporting, Somec S.p.A. prioritised the impacts identified in the previous phases according to their importance.

Definition of a threshold to determine which topics are relevant
For the purposes of its reporting, Somec S.p.A. grouped impacts into material topics and selected topics with a rating of 3 or higher.

Approval of material topics
The highest governing body of Somec S.p.A. validated the final list of material topics through the approval process of the Non-Financial Statement.

However, the process for identifying and assessing material topics was carried out by including the sustainability issues under Article 2 of Legislative Decree 254/2016, which requires that the non-financial statement contains at least information regarding the:

- → use of energy resources, distinguishing between those from renewable and non-renewable sources, and the use of water resources
- → greenhouse gas emissions and air pollutant emissions
- → impact – where possible on the basis of realistic assumptions or scenarios, including over the medium term – on the environment as well as on health and safety, associated with the risk factors under 1(c) or other relevant environmental and health risk factors
- → social and personnel management aspects, including actions taken to ensure gender equality, measures to implement the conventions of international and supranational organisations in this area, and how dialogue with the social partners is carried out
- → respect for human rights, measures taken to prevent human right violations, and actions taken to prevent discriminatory conduct and actions
- → fight against corruption and bribery, describing the measures adopted to this end

Based on the analysis carried out, the following ESG topics were identified:

- → **energy efficiency and climate change**
- → **emissions of pollutants**
- → **occupational health and safety**
- → **consumption of raw materials**
- → **product safety and innovation**
- → **employee welfare and well-being**
- → **development of resources and human capital**
- → **human rights**
- → **waste management and circular economy**
- → **sustainable supply chain management**
- → **diversity and equal opportunity**
- → **business ethics and sustainability governance**
- → **relationship with local communities**
- → **industrial relations**
- → **cybersecurity**
- → **protection of water resources**
- → **taxation management**

Somec assessed the significance of the impacts that were identified to prioritise them and identify which related ESG topics were to be considered as material. The following ESG topics with a rating of 3 or higher were considered as “material”:

SCOPE	MATERIAL TOPIC	DESCRIPTION
ENVIRONMENT	**Energy efficiency and climate change**	Limiting energy consumption, promoting efficient solutions and spreading an energy-saving culture with a view to reducing the Group's overall impact on climate change
	Waste management and circular economy	Promoting efficient waste management and disposal of materials used, maximising recycling and reuse according to circular economy principles
HUMAN RESOURCES	**Employee welfare and well-being**	Establishing a welcoming, stimulating and positive working environment, ensuring work-life balance and providing welfare schemes for employees
	Development of resources and human capital	Promoting and driving the development of human capital by delivering skill development and capacity building endeavours, appropriate training and career plans consistent with the potential of each resource
	Occupational health and safety	Ensuring product safety and quality by stimulating innovation and investing in research and development
	Industrial relations	Establishing open and regular communication between employees, their representatives and Group management
	Diversity and equal opportunities	Ensuring equal opportunities and combat all forms of discrimination (e.g. gender, religion, political opinion, nationality)
	Relationship with local communities	Supporting local communities by sponsoring local initiatives, projects and donations and sourcing goods and services from local community suppliers to the largest extent possible
SOCIAL	**Material consumption**	Ensuring transparency in the choice of materials used, guaranteeing compliance with quality standards while limiting environmental impacts
	Supply chain sustainable management	Promoting sustainable supply chain management, taking environmental and social criteria into account when selecting suppliers and committing to manage environmental and social risks across the entire supply chain
	Product safety and innovation	Ensuring product safety and quality by stimulating innovation and investing in research and development
FIGHT AGAINST CORRUPTION	**Business ethics and sustainability governance**	Ensuring that (i) the company's governance, management and control bodies discharge their duties effectively with regard to sustainability issues and their mix, and (ii) business is conducted based on such ethical principles as to includes the fight against corruption and the quality of relations with customers, suppliers and the communities impacted by the company's operations
HUMAN RIGHTS	**Human Rights**	Ensuring respect for human rights within the Group and across the entire value chain

In order to proceed with the identification and assessment of material topics for the Group, desk analyses had already been conducted in 2020 to gain an understanding of the expectations of Somec stakeholders and, as a result, of company priorities. This analysis included:

- benchmark analysis – To identify the non-financial topics mostly covered, the sustainability reports and websites of competing and comparable companies as well as a selection of inspirer companies were analysed
- analysis of industry documents – The main non-financial documents published by major international organisations on sustainability were analysed
- press review analysis – An analysis was conducted on publicly available articles related to Somec and the most relevant non-financial areas, with the aim of identifying pressures from the public and the media
- sustainability macrotrends – An analysis was conducted on the documents and reports of the most important and influential non-governmental organisations, policy makers and major stock exchanges on a global level, with the aim of identifying the main non-financial topics at a local and international level

The results of these analyses were submitted to top management through an ad hoc interactive workshop that allowed participants to (i) discuss the results arisen from the desk analyses, (ii) assess – in respect of each material topic identified – the significant economic, environmental and social impacts for Somec, and (iii) approve the Group's material topics. The results of the 2020 materiality assessment were confirmed by the new assessment process implemented for 2023, further supplemented with the information gathered from the Stakeholder Engagement of employees and suppliers.

The Group manages the impacts identified by the material topic analysis using a system of organisational delegations and functional responsibilities. Some of these responsibilities (e.g., human resources, environment, health and safety) are delegated directly by the Board of Directors, while others are the subject of delegations and procedures within the operational management of each corporate function. The periodic process of reporting to the Board of Directors on impacts on the economy, the environment and people has been established on the basis of regulatory requirements for each material topic related to laws and regulations (e.g., health and safety of workers) and at the request of the Board of Directors for updates on specific projects (e.g., HR management improvement projects).

The following table lists the impacts identified during the materiality assessment associated with each ESG topic, both material and non-material.

IDENTIFIED IMPACTS
Impacts of energy saving strategies and actions in terms of consumption of energy resources and reduction of GHG emissions, including in relation to targets set at the European level and under international treaties
A slowdown in renewables' investments or purchases from clean energy producers causes negative impacts in terms of higher GHG emissions and global warming
Quality and communication of a strategic sustainability plan to internal and external stakeholders can provide opportunities for stakeholders to mitigate ESG impacts in terms of new joint planning and sharing of actions and objectives
Weaknesses in the ESG indicator system can give rise to negative impacts on the effectiveness of reporting, business ethics and the effectiveness of sustainability governance
The lack of adequate safety measures on worksites could cause accidents to workers, with consequences on their physical and psychological well-being
The absence of transparent and clear lobbying activities could facilitate the occurrence of corruption offences
Aggressive management of economic and ESG disclosure and data communication to the market and stakeholders can create distorting effects on the stock and harm to investors
Impacts on workers' health and safety related to the outbreak of new pandemics in the absence of an adequate protection and prevention system
The impact on staff resulting from ineffective HR management in the development of upskilling, reskilling and life-long learning tools will cause poorer staff knowledge as well as the exit of key company profiles
Regulatory developments designed to improve the energy efficiency of offices and production facilities generate opportunities for energy savings and lower GHG emissions
Failure to respect diversity (e.g. gender, disability) in the composition of the workforce and governing bodies could have impacts on the level of compliance with diversity legislation and create negative consequences for staff and colleagues in terms of equal opportunity
Potential cybersecurity breaches may trigger negative impacts in terms of data breach and personal data protection
As part of the process whereby target companies and due diligence activities are assessed, failure to reflect ESG implications in the M&A model could result in negative impacts on the effectiveness of the Group's ESG governance
The lack of a sustainability policy system could have impacts on the subsidiaries' ability to conduct business according to the ethical principles of the parent company
Welfare policies tailored to the needs of staff can help have a positive impact on employee welfare and bring about virtuous effects on their behaviour (e.g. decrease in absenteeism rates)
The lack of standard procedures and the mere reliance on the individuals' background can limit the scope of the internal control system as related to ESG aspects, with impacts on governance in terms of transparency and integrity
Failure to monitor regulations on key ESG issues, including the reporting of non-financial information (CSRD) could cause negative impacts on the effectiveness of ESG governance as well as on the environment and stakeholders
Deficiencies in the Compliance Programme under Legislative Decree 231 can cause significant impacts on the fight against corruption and business ethics
Ineffective integration of newly-acquired companies may cause negative impacts on the sustainable management of the supply chain and business conduct according to the ethical principles of the parent company
Programmes designed to advance and improve the skills of all employees, ensuring quality training with a view to career development, generate positive impacts on human capital and act as key drivers for attracting talent and qualified personnel
Violation of product safety regulations will result in negative impacts on the safety of end consumers
Possible impacts on workers' health and safety, the environment and business ethics resulting from acquisitions of companies that pay little attention to these aspects
The lack of a Delegations of Authority model could cause inefficiencies in terms of coordination and control as well as risks of fraud that can cause harm to stakeholders

Short term	Medium/long-term	Negative	Positive	Actual	Potential	Consumption of raw materials	Energy efficiency and climate change	Waste management	Emissions of pollutants	Protection of water resources	Diversity and equal opportunities	Resources and human capital	Industrial relations	Occupational health and safety	Employee welfare and well-being	Sustainable supply chain management	Local communities relations	Product safety and innovation	Business ethics and governance	Human Rights	Cybersecurity	Taxation
B			●	●			●		●													
B		●		●			●		●													
B			●		●														●			
B		●			●														●			
B		●		●										●								
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	ML	●			●														●			
B		●			●														●			
B		●		●															●			
	ML	●			●											●			●			
B			●	●							●	●			●							
B		●			●													●				
B		●			●			●	●					●		●			●	●		
B		●			●														●			

IDENTIFIED IMPACTS
Deficiencies in sustainable supply chain management strategy could cause negative impacts on the environment and product safety
Shortcomings in the financial reporting system and tools could increase the likelihood of fraudulent conduct and behaviour, unreliable financial statements or inaccurate forecasts in companies' business plans
Deficiencies and violations of the Compliance Programme under Legislative Decree 231 can cause significant impacts on the Group from an administrative liability and business ethics perspective, involving stakeholders in a negative manner
A career development and performance management system generates positive impacts on staff development, well-being and equal opportunities
The inadequacy of one's business model in ESG terms can cause impacts on the company's competitiveness and future survival, especially in the case of failure to integrate sustainable development goals across all business functions
Aggressive fiscal conduct could reduce government revenues and lead to reduced investment in infrastructure and public services, an increase in government debt, or the shifting of tax obligation to other taxpayers
Deficiencies in sustainable supply chain management strategy generates impacts on worker health and safety in subcontracting activities as well as impacts on business ethics
Failure of the subsidiary companies to implement an effective governance model would not allow the parent company to have full organizational control over the subsidiaries, resulting in negative ESG impacts in terms of governance
Failure to rely on adequate safety measures in factories could cause accidents, more or less serious, to the workforce
Practices aimed at restricting freedom of association and collective bargaining can cause negative impacts on workers' rights
Impacts on workers due to failure to respect human rights regarding workers' conditions and rights (working hours, forced leave, etc.)
Deficiencies in the waste management and monitoring system, as well as in actions designed to drive transition to a circular economy, could lead to significant impacts in terms of environmental pollution and non-compliance with legislation
A governance model lacking the tools to protect the company from the risk of conflicts of interest can cause harm to stakeholders
Staff management in breach of respect, equality and merit empowerment could lead to workplace discrimination and lack of equal opportunities
Extreme weather events (droughts, floods, extreme rainfall events, etc.) due to climate change may disrupt and compromise operations at production plants and worksites, as well as business continuity. These situations can have impacts on workers and local communities
Any violation of the procedure for regulating related party transactions may lead to negative impacts in terms of transparency and discrimination against minority shareholders
A decrease in the availability of certain raw materials or a potential increase in demand, causing a rise of the materials price, could result in procurement difficulties while making it difficult to sustain cost increases. This could cause negative impacts on compliance with quality standards as well as environmental impacts due to environmentally unfriendly sourcing choices
The life cycle of products, from production to disposal, can cause impacts on the environment and stakeholders
Impacts on the environment and workers due to polluting emissions from painting, welding and laser cutting plants insofar BAT (Best Available Technology) is not available
Impacts on workers due to Group suppliers' failure to respect human rights regarding the conditions and rights of workers
Impacts on local communities due to Group initiatives, projects and donations in terms of local development opportunities
Impacts on water resources from Somec's and Pizza Group's water withdrawals for production activities and Budri's discharges

Short term	Medium/long-term	Negative	Positive	Actual	Potential	Consumption of raw materials	Energy efficiency and climate change	Waste management	Emissions of pollutants	Protection of water resources	Diversity and equal opportunities	Resources and human capital	Industrial relations	Occupational health and safety	Employee welfare and well-being	Sustainable supply chain management	Local communities relations	Product safety and innovation	Business ethics and governance	Human Rights	Cybersecurity	Taxation
B	ML	●			●	●	●	●	●							●		●	●			
B		●			●												●		●			
B		●			●														●			
B	ML	●			●						●	●			●							
	ML	●			●														●			
B		●			●												●		●			●
B		●			●											●						
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B	ML	●			●									●			●					
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	ML	●			●	●																
	ML	●			●	●	●	●								●						
B	ML	●		●					●													
B		●			●											●				●		
B			●	●													●					
B	ML	●			●					●												

THE VALUE OF OUR PEOPLE

Throughout its sustainable development process, Somec has always paid special attention to the social aspect of its own employees, who are first and foremost people, women and men who at different levels of the Group actively contribute, day in and day out, to its success. Balancing economic growth objectives with the well-being of employees is one of the challenges the Group is facing in order to attract, retain, develop and motivate talent.

The “Sustainable Human Resource Management” neologism aims to redefine the HR function on the basis of its cross-cutting interactions: environmental and social dimension, internal and external stakeholders. In line with the UN’s 2030 Agenda, the specific objectives aimed at the development of the individual take into account the fight against poverty and social exclusion, as well as the promotion of health and well-being in order to ensure the conditions necessary for the development of human capital.

In this context, the HR function can operate along two complementary lines: corporate and planning. The former refers to the impact of Human Resources on the consolidation of corporate group-wide policies and practices, with a view to promoting corporate values and culture among internal stakeholders. The latter refers to the planning of specific measures for the application of the aforementioned values through initiatives such as smart ways of working, continuing education, corporate welfare systems and programmes, or diversity and inclusion.

Following the latest acquisitions in the interiors sector in late 2022, the Group focused its efforts on promoting and extending its values and corporate culture. The management of these operations required the strengthening of the HR Function, which centrally manages almost all of the Group's Italian companies and subsidiaries with the same management system (which was applied to the latest acquisitions as of January 1, 2023). The same applies to the Management Control and ICT Functions, with the aim of ensuring greater supervision and providing a consistent service to all entities belonging to the Group.

Broadly speaking, the many hires that took place in 2023 were meant also to cover resignations during the year; thus, staffing remains a sensitive issue.

The problem of resources turnover and recruiting persists, having now taken a global dimension as it affects all BUs, both in various positions and at different levels. On the other hand, no significant impact on the organisation and human resources was noted from the international geopolitical context, such as the ongoing military conflicts in Ukraine and the Middle East.

As at 31 December 2023, the Group had a total of 1058 employees, 228 of whom women and 830 men. The difference in the number of male and female employees is due to the activities of the Somec Group’s core business, which require a large amount of manual labour, often more suited to male employees. The trend shows an increase in the number of employees compared to 2022, due to the continuous investment in people and staff increases, and to the inclusion of companies Lamp Arredo (45 employees) and Gino Ceolin (23 employees) in the reporting scope. There remains a clear preference for open-ended contracts (94.14%) over fixed-term contracts (5.86%). To complete the picture, as at 31 December 2023 the Somec Group employed 96.98% of its employees on a full-time contract, a slight decrease from 97.25% in the previous year.

GRI DISCLOSURE 2-7 - EMPLOYEES					
	Contract type	**Gender**	**2023**	**2022**	**2021**
Employees by contract type	**Permanent**	Female	212	192	165
		Male	784	662	617
		Total	**996**	**854**	**782**
	Fixed term	Female	16	11	12
		Male	46	44	28
		Total	**62**	**55**	**40**
		Total	**1058**	**909**	**822**
Employees by work schedule type	**Full time**	Female	202	183	162
		Male	824	701	640
		Total	**1026**	**884**	**802**
	Part time	Female	26	20	15
		Male	6	5	5
		Total	**32**	**25**	**20**
		Total	**1058**	**909**	**822**

Measurement unit: no.

The Group's workforce is allocated as follows: 57% in the companies of the Engineered Systems for Naval Architecture and Building Façades BU, 23% in the companies of the Professional Kitchens Systems and Products BU and 20% in those engaging in the Design and Production of Bespoke Interiors BU.
In terms of geographical distribution, 83.1% of the workforce is concentrated in Europe (Italy, France, Germany, Finland, Norway, Romania, Slovakia), 16.5% in North America (USA and Canada) and a remaining 0.4% in Asia (China).

Specifically, the highest number of workers is concentrated in the following companies: Somec S.p.A. (256 employees, rising to 269 if the employees of permanent establishments are included), Fabbrica LLC (155 employees) and Oxin S.r.l. (76 employees). The parent company alone employs 24% of the workforce, followed by 15% at the US subsidiary and 7% at Oxin. The remaining companies of the Group account for lower percentages of staff, at an average share of around 3% each. In 2023, apart from directly employed staff, the Group relied on a small group of non-employee workers.

As at 31 December 2023, the number of self-employed workers (4) remained unchanged from last year (2 in 2021 and 4 in 2022), while the number of temporary workers (73) was slightly up (77 in 2021 and 68 in 2022); finally, the number of interns (6) was slightly up from previous years (4 in 2021 and 4 in 2022). It should be noted that no "on-call" workers are relied upon.

In addition to the gender breakdown, the typical characteristics of the Group's business are also reflected in the staff breakdown: blue collars make up the largest category of Somec's workforce, employing almost half of the employees (47.4%, up from 44.3% in 2022), followed by white collars (47.0%, slightly down from 49.1% last year), managers and executives.

As regards age distribution, most workers fall into the age group of between 30 and 50 years, followed by over 50s and under 30s.

GRI 405-1 DISCLOSURE - DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

	Job category	2023		2022		2021	
		Female	Male	Female	Male	Female	Male
Employees by job category and gender	Executive	0	19	0	19	0	16
	Manager	9	31	7	35	4	24
	White collar	180	317	166	280	147	227
	Blue collar	39	463	30	372	26	378
	Total	**228**	**830**	**203**	**706**	**177**	**645**

Measurement unit: no.

	Job category	2023			2022			2021		
		<30	30-50	>30	<30	30-50	>30	<30	30-50	>30
Employees by job category and age	Executive	0	4	15	0	8	11	0	4	12
	Manager	0	20	20	0	21	21	0	13	15
	White collar	92	306	99	82	292	72	70	237	67
	Blue collar	68	282	152	52	233	117	64	231	109
	Total	**160**	**612**	**286**	**134**	**554**	**221**	**134**	**485**	**203**

Measurement unit: no.

EMPLOYEE HEALTH AND SAFETY

Thanks to the strong sense of responsibility that characterizes the Group in every aspect of its business, Somec is committed to promoting and supporting every measure to safeguard the health and safety of its employees, in full compliance with current regulations. In line with this commitment, the Group has begun a gradual process of consolidating and standardizing health and safety practices for companies subject to Italian legislation, with the aim of centrally managing all aspects that are currently controlled by individual companies.

Starting 2021, Somec has in place a Group Policy on Workplace Health and Safety, inviting the individual companies to adhere to the principles contained therein, while for the time being maintaining their own procedures and practices, determined in part by the different regulations of their countries of operation too.

Bearing out their commitment, Fabbrica Works and Bluesteel have been ISO 45001-certified since 2021, as is the parent company since 2022, having completed the process of integrating and implementing its occupational safety management system according to the UNI ISO 45001 standard. The standard allows the health and well-being of workers to be improved and hazards at the workplace to be reduced, thereby more effectively preventing occupational injuries and illnesses while increasing health and safety performance.

In general, the procedures implemented by the Group companies for managing any employee health and safety-related issues have been reconfirmed as fully complying with the relevant national laws. Monitoring and supervision are assigned to various corporate functions, who are offered special training, on the basis of their specific skills and responsibilities. Risk assessment is carried out by the Health and Safety Officer of each company with the support of dedicated internal teams: in accordance with current regulations, inspections and meetings with employees and / or their Safety Representatives are carried out to promptly identify risks, perform the necessary assessments and propose any mitigating measures to prevent future injuries.

The same procedure applies in the case of injuries in the workplace, depending on the severity of the event. For our companies based in Italy the set of procedures is contained in the Risk Assessment Document, as required by law, while the foreign companies are covered by appropriate risk assessment procedures. In Italy, Health and Safety Officers play a key role as a link throughout the chain of management of health and safety issues. In compliance with legal requirements, we have appointed trained physicians as part of the company's health and safety management practices and procedures. The doctors contribute to the risk assessment procedure and guarantee the confidentiality of any information that may arise during regular check-ups with employees, in full compliance with privacy regulations. Medical check-ups conducted by the trained physicians are structured on the basis of a specific healthcare protocol according to the various tasks performed by each worker, a fundamental aspect to eliminate risks.

It is worth noting the differences arising from the different nature of the Group's portfolio companies in addition to the necessary distinctions on a geographical basis. Geographically, the member states of the European Union in general, and Italy in particular, are directly dependent on the stringent occupational health and safety laws, with their respective mandatory regulations providing for them.
Specifically, the Horizons and Talenta BUs engage in purely production activities. As they entail the processing (cutting, bending, welding) of steel and metals in general, or glass, they involve, together with on-site installation activities, different risks than those identified for the Design and Production of Bespoke Interiors business unit, having its focus mainly on the installation and marketing of semi-finished and finished products.

Exceptions include: Skillmax, which carries out production activities that may present risks similar to the first group; Budri, which may present risks of a similar nature as it engages in production activities relating to marble cutting and processing as well as site installation. For instance, the first group is exposed to the following risks: explosion, chemical hazard, entrapment hazard and amputation. However, there are also risks that are common to all the Group's activities, such as, among others: the risk of being injured by forklift trucks, risk of falling from a height, risk of slipping, noise hazard.

A further distinction can be made in reference to the tasks performed within the individual companies: in addition to the aforementioned risks, in fact, we must consider those that typically arise as a result of using video terminals for office workers at our manufacturing companies, as well as the activities carried out by subsidiaries such as Squadra and Atelier de Façade, which mainly involve the design and engineering of products. In this case the possible injures include visual fatigue and ergonomic-related injuries.

In accordance with legal requirements, the Group implements all measures necessary to mitigate and prevent the risks identified in the Risk Assessment Documents (or documents of a similar nature and purpose) of the subsidiaries. In particular, mandatory occupational health and safety awareness training is key in this respect. In addition, we provide all the necessary PPE (gloves, protective goggles, safety shoes, hearing protection and specific PPE used on construction sites, such as safety harnesses for working at height) and signs are posted indicating the dangers and reminding workers of appropriate conduct when using certain machinery that can easily cause injury.

During the year under review, the parent company made significant investments to preserve the safety of people and vehicles alike as well as production efficiency within the plant, fitting its forklifts with an anti-collision system and a system for automatically slowing down the forklift in enclosed spaces or in the presence of other people with beepers.

In 2023, Factory LLC renovated the exterior façade with a glass facade, brightening the environment and thus providing greater comfort for employees.

During 2023, the number of hours worked by employees increased by 11.7% compared to the previous year. Again, the increase was mainly due to the change in the scope of consolidation following the inclusion of Lamp Arredo and Gino Ceolin companies engaged in the interiors sector; on a like-for-like basis, the increase was 4.8%. As to the number of accidents, the figure was in line with that of the previous year: injuries were entirely minor in nature, mostly relating to accidental injuries.

With regard to workers who are not employees but whose work and/or place of work is under the Group's control, there was a 9.5% increase in hours worked compared to 2022 (11.9% on a like-for-like basis excluding Gino Ceolin and Lamp Arredo). The increase was due to the need for new labour, mainly temporary workers, which is crucial to ensure flexibility in production volumes. It should also be pointed out that, despite the increase in the number of hours worked, the number of injuries increased slightly from a rate of 2.1% (in 2022) to 2.3% (in 2023), though it was still small overall, increasing from a total of 17 (in 2022) to 21 (in 2023).

Finally, during the year, there were no commuting injuries - where transport was organised by a Group company and travel took place during working hours - or deaths. No external workers were seriously injured during the period. In 2023, there was only one case of occupational illness (within Somec); the relevant risks are mapped out by special risk assessment procedures where repetitiveness of tasks, exposure to noise, and vibration in certain production processes are identified as the most recurring ones.

GRI 403-9 DISCLOSURE - WORK-RELATED INJURIES

	Information	2023	2022	2021
Employees	Hours worked	1,819,427	1,628,363	1,400,687
	Total number of injuries	21	17	20
	of which with high consequences	0	0	0
	Injuries frequency rate	2.31	2.09	2.86
	High consequences injuries frequency rate	0	0	0
External workers[7]	Hours worked[8]	1,626,155	1,441,189	1,316,678
	Total number of injuries	7	4	3
	Injuries frequency rate	0.86	0.56	0.46

(7) The category includes temporary workers and subcontractors.
(8) For details of the estimates and assumptions adopted in the calculation of hours worked by non-employees, reference should be made to the Methodological Note.

EMPLOYEE WELL-BEING AND RETENTION

People strategies and policies, developed over the years, were reinforced in 2023 to continue laying a solid foundation for the Group’s growth and successful performance in a complex and dynamic backdrop.

In 2023 the coverage of collective bargaining agreements was 83%. In particular, the National Collective Labour Agreement (CCNL) “for workers employed in the private metalworking and plant installation industry” was the reference contract for the majority of employees employed in Italy. CCNLs “for employees in the service and distribution sector” and "for employees in the wood, cork, furniture and furnishings industries and in the forestry industry” were applied to a small number of employees. As to managers, the CCNL “for managers in industrial companies” was applied. For permanent establishments and companies abroad, reference was made to the national collective agreement or legislation in force in the relevant country.

With reference to second-level collective bargaining, in 2023 Pizza Group and Primax stipulated a supplementary contract; the previously signed contracts for Somec and Oxin employees remained in force. These contracts are designed to recognize production benefits and/or bonuses, including tax and contribution advantages, to improve people's living and working conditions and increase their sense of belonging to the Company. Indeed, under these contracts the parties (i.e., workers’ trade unions and the company) supplement the applicable CCNL with a number of measures, such as:

- granting financially favourable conditions to employees suffering from serious illnesses and on leave
- establishment of a Company Observatory, shared with the Work Councils, within which issues related to health and safety in the workplace are dealt with
- incentives for equal parenting
- childcare aids
- establishment of the solidarity time bank
- contributions to reward increased schooling and outstanding achievements of employees’ children
- improved measures with regard to the advance payment of severance pay
- complementary social security
- a performance bonus, based on income, productivity and quality targets with the right of option in “Credito Welfare”

In relation to employer branding, we implemented some attraction actions, with the aim of promoting the Group in the labour market too. Specifically, in 2023 we took part in the Punto di INCONTRO fair in Pordenone and the IUAV Career Day in Venice, both occasions being dedicated to work, training and guidance, coupled with exchange and dialogue sessions for those interested in training and work paths. In 2023, the Group recruited 4 students on a work-related learning scheme, 11 trainees with the aim of placement in the Company, 2 interns from ITS (technical institutes of higher education) and 4 interns for a curricular internship included in their University careers.

As regards recruitment and selection, the process is structured and transparent, with a focus on the principles of inclusiveness and equality, aimed at ensuring equal opportunities for all individuals, regardless of age, ethnicity, nationality, religion, gender, disability, sexual orientation, political affiliation, marital and socio-economic status. Candidates are thoroughly assessed: from technical to soft skills, paying attention to aptitude, experience and professional aspirations. The recruiting process is also now more digitised, following the adoption of ad-hoc software.

Recruitment increased by 1.9% over the previous year. Specifically, the male share of hires decreased by 2.7% while the female share increased by 23.9%. The total weight of female hires in relation to the total number of hires during the year was therefore 21.1%, up from 17.4% in 2022. With regard to terminations – on completion – they went down 28.2% over the previous year.

As far as the geographical breakdown of recruitment is concerned, 81.1% of recruitments took place in Europe and 18.9% in North America. Terminations, on the other hand, are broken down as follows: 86% Europe, 13.5% North America and 0.5% Asia.

GRI 401-1 DISCLOSURE - NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

	Gender	Età	2023	2022	2021
New employee hires	Female (no.)	<30	24	20	11
		30-50	27	24	21
		>30	6	2	6
	Total female employeese (no.)		**57**	**46**	**38**
	Female hiring rate (%)		**25.0**	**22.7**	**21.5**
	Male (no.)	<30	66	50	55
		30-50	105	136	93
		>30	42	33	13
	Total male employees (no.)		**213**	**219**	**161**
	Male hiring rate (%)		**25.7**	**31.0**	**25.0**
	Total hires (no.)		**270**	**265**	**199**
	Total hiring rate (%)		**25.5**	**29.2**	**24.2**

	Gender	Age	2023	2022	2021
Employee turnover	Female (no.)	<30	10	9	5
		30-50	26	24	18
		>30	4	6	8
	Total female employees (no.)		**40**	**39**	**31**
	Female turnover rate (%)		**17.5**	**19.2**	**17.5**
	Male (no.)	<30	33	43	40
		30-50	78	142	66
		>30	35	35	23
	Total male employees (no.)		**146**	**220**	**129**
	Male turnover rate (%)		**17.6**	**31.2**	**20.0**
	Total turnover (no.)		**186**	**259**	**160**
	Total turnover rate (%)		**17.6**	**28.5**	**19.5**

As concerns training and development, the Somec Group believes it is important to strengthen the know-how of resources to improve and learn new skills, a key driver for the success and sustainability of the organisation, as it improves performance while underpinning innovation.
The learning process is also currently more digitised, following the adoption of ad-hoc software. Overall, 8,065 hours were provided last year, mainly to white collars (57%), followed by blue collars (33%), managers (7%) and executives (3%), for an average of 7.6 hours per employee.

With regard to the overall increase in hours delivered to employees (+2076, i.e., +34.7% compared to 2022), the following should be noted in particular:

- an increase of about 83% in training hours delivered to managers (+273)
- a 17% increase in the number of training hours delivered to blue-collar workers (+384), taking into account the entry of Lamp Arredo and Gino Ceolin, with 110 and 52 hours of training delivered to blue-collar workers, respectively
- a 40% increase in the number of training hours delivered to white-collar workers (+1319) can be attributed to the increase in the number of people in this category (51 people), and to the entry of Lamp Arredo and Gino Ceolin, with 46 and 51 training hours delivered to white-collar workers, respectively

GRI 404-1 DISCLOSURE – AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

	Job category	2023	2022	2021
Average training hours by employment category	Executive	11.4	6.1	9.3
	Manager	15.0	7.8	7.5
	White collar	9.3	7.4	9.3
	Blue collar	5.2	5.6	4.7
	Gender			
Average training hours by gender	Donne	9.7	7.1	8.0
	Uomini	7.1	6.5	6.7

Measurement unit: h

The main subjects of training delivered in 2023 included:

- compliance
- digital skills
- hard skills
- language skills
- safety
- soft skills

By way of example and not limitation:

- to encourage a virtuous circle of cyber risks awareness and understanding when using devices and to promote the adoption of appropriate behaviour, we made employees aware of cyber risks and trained them to recognise them
- privacy training was delivered
- the employees of companies that have adopted the 231/01 Organisational Model were trained on the subject
- some employees – e.g. from technical, purchasing, logistics departments – attended training activities on ESG issues promoted by the Academy of Sustainability of Confindustria Veneto Est, participating in particular in the following courses: "Sustainability in the purchasing process as a strategic lever for business success", "Sustainable Products: Green innovation & Green Design", "Implementing a sustainable supply chain"
- on the topic of preventing harassment in the workplace and gender-based violence aimed at developing a culture of respect for women's dignity, a Somec Group representative attended an initiative that is part of the "GENERIamo Cultura" project: a seminar on using language while respecting gender identity
- when new software was implemented, employees were trained to use it
- continuous technical and professional training is the subject of constant and special attention
- several training actions to increase the use of the English language were implemented as part of the "Somec Group Language Programme"
- more than 4,000 hours of training, mandatory and non-mandatory, on health and safety in the workplace were delivered

With reference to welfare, in addition to the information provided about second-level bargaining and for companies benefiting from it, corporate welfare can be relied upon through a portal whereby beneficiary employees can access a range of items, goods and services, such as:

- vouchers
- sports and wellness vouchers
- health vouchers
- education and training vouchers
- family care vouchers
- culture and leisure vouchers
- travel vouchers
- public transport refunds
- education and training refunds
- family care refunds
- pension payments to closed-end funds

We also make available a range of special agreements offering discounts on products and services in different categories.
In 2023, Skillmax, Total Solution Interiors, GICO, Inoxtrend and Oxin were invited to join the “Free Mammography and Ultrasound” events dedicated to prevention, where women were given the opportunity to have a free mammography and/or ultrasound scan at a mobile clinic.

As it comes to compensation & benefits, our remuneration policies and incentive systems are a key element in attracting, retaining and motivating qualified people capable of building, in the short and long term, the Group’s success and competitive advantage, thus enhancing the value of human capital and promoting a culture of performance consistent with corporate values. Our total reward systems aim to ensure consistency with respect to the position and responsibilities held, regardless of gender. Our approach to total remuneration involves a mix of components: fixed, short-term variable, long-term variable, benefits and intangible reward.

More specifically, in 2023 Somec S.p.A. assigned to its Managing Directors and Strategic Executives ESG targets as part of the variable incentive plans to promote a culture of sustainability, in line with the Group's values, while encouraging managers to think sustainably in their areas of action.

GOALS SET FOR 2024

- expansion of second-level bargaining and/or welfare programmes, the goal also being to grant benefits or production bonuses, with tax and contribution advantages, improve people’s working-life conditions and increase their sense of belonging to the company

- setting up cooperation initiatives with schools, technical institutes and universities

- training employees dealing with personal data processing in privacy matters

- specific training on cybersecurity

PEOPLE AROUND US: THE LOCAL COMMUNITY

The commitment that Somec shows towards the well-being and retention of its people is also extended outside the Group. Over the years, Somec has proved to be attentive and receptive to the needs of local communities, undertaking to support and sponsor local initiatives where its subsidiaries are located. During 2023, the Group continued to support the usual initiatives and associations, extending its support to those focused on community aid.

The parent company, Oxin and PizzaGroup keep a close eye on the sport landscape by sponsoring Universo Treviso Basket, a basketball club from the city of Treviso currently playing in the A Series; Somec supported Associazione Sportiva Dilettantistica Judo Opitergium and Associazione Sportiva Dilettantistica Pumas Baseball too

As for the allocation to charity, for the 2023 Christmas gifts to every Group employee, Somec has activated its support for Save the Children, the international organization that has been fighting to save at-risk children and ensure their future for more than 100 years.
Budri has been long supporting – with donations – projects related to the care of young cancer patients in the Paediatric Oncohematology Department of the Policlinico di Modena. In this connection, it participates in the various initiatives undertaken by a paediatric oncology onlus, with the aim of providing assistance to children facing cancer and leukaemia conditions, aiding and helping their families both during and after their hospital stay. Further, Budri supported a charity initiative with the association Amici del Cenacolo di Milano, run by a religious organisation, for the rehabilitation of drug addicts.

> ***ASEOP*** *is a voluntary association, having legal personality, founded in Modena in 1988 on the initiative of a group of parents of children with oncohematological diseases. Specifically, this Association is involved in initiatives to support and help children and their families, with a focus on free hospitality at the “Casa di Fausta” and on providing support to those coming from distant parts of Italy and the world.*
>
> *It also offers a school care service to ensure school attendance during the in-patient period and afterwards, with emphasis on fun and the reintegration of young outpatients into society. It helps families with the discharge of formalities they would otherwise have to deal with themselves, as required by INPS (National Social Security Institute) and the relevant bodies under Law 104.*
>
> *The Association supports the Paediatric Oncohematology Department of Azienda Ospedaliero-Universitaria Policlinico di Modena through structural and instrumental improvement endeavours, as well as by making scholarships and training programmes available for medical and nursing staff.*
>
> *In addition, it supports research in paediatric Oncohematology, with special reference to the development of increasingly effective and innovative cell therapies to increase cure rates for the most difficult forms of cancer.*

In 2023, the subsidiary Fabbrica LLC participated in the **Weekend Wheels Backpack Program**, supporting provision of free weekend meals to primary school children in fragile family circumstances, normally supported on weekdays by school canteens but on weekends without access to adequate food.

Another interesting initiative supported by Fabbrica LLC is **The Pan Mass**, a charity bike ride organised in Massachusetts USA on the first weekend of August, attracting cyclists and volunteers from all over the United States and other countries. The beneficiary of the fundraiser is the Dana-Farber Cancer Institute, a centre of excellence for cancer research and treatment, including paediatric cancers.

The company also supported **Big Brothers Big Sisters of America**, which gives young people a voice and ensures their future through mentoring activities. Fabbrica also continued supporting the community through the **ACES High Robotics Team** project, by making a donation to a local high school to support its participation in the international robotics programme known as FIRST (For Inspiration and Recognition of Science and Technology). The programme introduces high school students to various aspects, from design to production, including marketing, web design, animation and, of course, robot design, production and maintenance.

Plus, Fabbrica gave a donation to the **Breaking Ground** association, whose mission is to raise awareness and provide housing for the homeless or those who have experienced difficulties in other housing programmes, to give them an alternative to street life. The other companies in the Group have also contributed in various ways to supporting local communities, from the charitable projects of local non-profit associations to donations to specific organisations.

RISKS RELATED TO PEOPLE AND COMMUNITY MANAGEMENT

The key risks identified by the Group associated with the relevant topics indicated by Legislative Decree no. 254/2016 are as follows:

Material topics	Identified risks	Risk management approach
Human Rights	Somec is exposed to reputation risk in the event of discrimination or violations (real or alleged) - committed by the workforce - of universally recognised human rights and the principles of legality, transparency and fairness that the company aspires to. Data breach is also considered as part of the risks related to human rights in terms of personal data protection	Somec's personnel management is based on the values of respect, equality and merit as stated in the Group's policies on human rights, diversity and inclusion. As clearly stated in the Human Rights Policy approved by the Group, all forms of discrimination are outlawed and equal opportunities are granted to all, without distinction. A group-wide Code of Ethics was adopted, while the whistleblowing procedure was extended to all companies. The 231 Model has been adopted by the parent company, Oxin, GICO, Budri, Gino Ceolin, Mestieri, Skillmax, Skillbuild, Lamp Arredo and TSI, and is expected to be progressively extended to other companies. The parent company has implemented an organisational model to mitigate privacy risks.
Employee welfare and well-being **Development of resources and human capital**	Somec is exposed to strategic risks related to the know-how of its employees who have gained specific expertise in relation to the highly engineered Somec products.	The Group recognises the expertise and know-how acquired by its employees and is committed to adopting retention measures aimed at maintaining and guaranteeing the well-being of its employees over time. The Group uses various initiatives to attract people with strong professional skills; to continuously increase and update their capacities, including through training and sharing of know-how; and finally, to keep them within the Group, thus reducing the turnover rate as much as possible. To increase employee retention, an incentive policy was recently introduced, featuring a fixed remuneration on a variable basis, a long-term variable component (to the beneficiaries of the LTI 2021-2025 plan) as well as non-monetary benefits.
Occupational health and safety	These risks are related to the health and safety conditions at sites and offices and are mainly due to production, and installation and/or fitting activities.	The Group complies with regulations for the management of health and safety in the workplace (notably, the Company and its Italian subsidiaries comply with Legislative Decree 81/2008, as amended), while companies operating abroad are in compliance with local regulations. The parent company obtained ISO 45001 certification in 2022, as did Bluesteel and FabbricaWorks. The company shares its occupational health and safety policy on its website, encouraging individual companies to comply with the principles set out therein while maintaining, for the time being, their own procedures and practices, as these have been established based on the different local regulations of the countries in which they operate. For the companies based in Italy, safety risk assessment is managed through the involvement of the Head of Prevention and Protection Function (HPPF) as required by law.
Industrial relations	Without trade union agreements and solid industrial relations, the Group would be at risk of failing to meet the demands of its stakeholders, thus exposing itself to reputation risks.	Over the years, the Group has signed various trade union agreements, including second-level agreements, to guarantee the best possible working conditions for its employees and works consistently with trade unions in Italy.

Material topics	Identified risks	Risk management approach
Diversity and equal opportunity	The lack of programmes and initiatives aimed at protecting diversity within the company could lead to the company being unprepared to respond to any (current or future) legislation or regulation on the subject.	Somec's personnel management is based on respect, equality, inclusiveness, merit empowerment and gender equality values. The Group strives to combat all forms of discrimination in the workplace by providing equal opportunities to all employees. This commitment has been further strengthened through the approval of a Group policy on diversity and workforce inclusion and the adoption of a group-wide Code of Ethics.
Relationship with local communities	Risk associated with the adoption of transfer pricing and profit shifting strategies inconsistent with market principles and OECD rules. Risk related to low and/or no attention and sensitivity towards local communities.	Somec conducts its business according to the values and principles as defined within its Code of Ethics. These principles, the cornerstone of the company, form the basis of its fiscal management procedures and act as point of reference to guarantee responsible taxation management. Somec Group also believes that taxes represent an important means of contributing to the social and economic development of the countries in which it operates. Somec therefore ensures it acts in compliance with the tax laws in all jurisdictions in which it conducts its business. Somec has always been attentive and responsive to the needs of local communities, committing itself to supporting and sponsoring initiatives that are linked to the area where its subsidiaries operate.

Table 1 - The table provides a schema of the types of risk identified and the relative management methods

ENVIRONMENTAL PROTECTION

The impacts of climate change are increasingly frequent, intense and disruptive. By now, almost half of the world's population is forced to live in regions vulnerable to climatic phenomena, including our Italian peninsula, with Legambiente's Climate Cities Observatory having recorded 378 extreme climatic events in 2023. This means that every sector of the global economy is exposed to some degree of climate-related risk, as stated by the World Economic Forum.

Climate science is clear about these events being a close consequence of the current (and previous) level of anthropogenic emissions and the deterioration of nature. There is therefore a need to move along two directions: on the one hand, the absolute urgency to mitigate greenhouse gas emissions; on the other, the need for an adaptive response by communities, businesses and governments to present and future changes.

Somec is sensitive to environmental issues, aware of the deep interconnection between the environment and other sustainability aspects. With this in mind, the Group is aware of the setting in which the companies within its scope operate and, for aspects related to both Human Resources discussed in the previous chapter as well as aspects relating to the management of environmental aspects, the Some Group - whose parent company is ISO 14001 certified – is pursuing the goal of transferring and increasing awareness throughout the Group.

Thanks to the strong and rapid expansion of the perimeter, deriving from the pursuit of a growth strategy for acquisitions that resolutely relies on the supervision of reference sectors, the Group's companies still rely sometimes on heterogeneous practices and procedures, due in part to the diversity of their production processes. In order to respect and protect the environment, the adopted Environment and Sustainability Policies aim to accelerate the process of unification and harmonization, while leaving individual companies free to achieve the common goals through their own specific procedures, sometimes determined by the different contexts in which the companies operate.

Following the positive reconfirmation of ISO 14001 by Bluesteel, in 2023 Oxin obtained ISO 14001 certification for which it has drawn up a Quality and Environment Policy stressing the desire to direct its scope of action towards reducing the use of natural resources, reducing energy consumption and fostering lifelong training, in order to prevent environmental pollution and improve the Environmental Management System. Likewise, Budri has embarked on the path to ISO 14001 certification, being committed to obtaining it in 2024.

In addition, the process of centralising the management of the company car fleet was completed in order to monitor utilisation and to evaluate interventions aimed at reducing travel and the resulting CO_2.

ENERGY EFFICIENCY AND MEASURES TO FIGHT CLIMATE CHANGE

SAlthough Somec's business cannot be considered energy intensive compared to other more energy-intensive sectors, the Group kept a strong focus on global environmental issues, so both energy and climate change were included as material topics following the analysis conducted under the new GRI 3 Universal Standard.

Starting from 2022, the companies of the Somec Group have taken targeted actions based on the Parent company's guidance to reduce energy consumption and, therefore, also greenhouse gas emissions, including for the purpose of ensuring compliance with Ministerial Decree No. 383 of 6 October 2022 - Heating Reduction. With regard to greenhouse gas emissions, the project to create the GHG Scope 3 Emissions Inventory was finalised in 2023, limited to certain Group companies and covering FY 2022. It was published on the corporate website(9).

It should be noted that starting from 2021 a number of concrete initiatives were carried out, most notably in the three companies engaging in the food industry (Primax, Pizza Group and GICO), to improve production processes. The underlying goal was twofold: (i) use a single high-performance laser cutting system capable of meeting the production needs of several companies within the group, and (ii) reduce energy consumption while allowing some obsolete machines to be decommissioned.

For 2023, consumption of LPG(10) and methane gas – both used for heating and, to a lesser extent, for the testing of certain ovens by companies in the Professional Kitchens Systems and Products BU – dropped by 1.5% and increased by 3.5% year-on-year, respectively.

Diesel oil and petrol consumption related to the company fleet (vans, trucks and cars) reflect the gradual conversion of the car fleet and a general policy of reducing kilometers travelled: on a like-for-like basis, there was an overall reduction of 5.3% in diesel fuel consumption and a reduction of 23.1% in petrol consumption; including the newly acquired Gino Ceolin and Lamp Arredo in the reporting boundary, diesel fuel consumption increased by 7.8%, while petrol consumption remained unchanged. With a view to migrating to more efficient engines in terms of both CO_2 emissions and fuel consumption, during the course of 2023 orders were placed for a fleet of vehicles to replace old diesel vehicles and as new cars for mixed use, including as many as 7 full hybrid vehicles (6 vehicles for Somec and 1 for Oxin, with delivery scheduled for 2024), which will significantly reduce the CO_2 released into the environment thanks to the use of electric motors in combination with thermal motors.

These vehicles have the advantage of not having to be recharged via cables/stations, as they are recharged during the journey by leveraging braking energy and are therefore efficient in terms of range, since they do not require frequent stops and special care from the user. As a result, the switch from traditional thermal engines will not be perceived and the user will adopt a more environmentally friendly driving style.

(9) The GHG Scope 3 Emissions Inventory was prepared in line with the framework established by the GHG Protocol on the following categories: Purchased goods and services, Fuel and energy related activities, Waste generated in operations, Business travels, Employee commuting.
(10) Starting from 2023, LPG consumption includes the usage share for Sotrade's car fleet.

Purchased electricity (17,733.35 GJ) increased by 1.7% compared to 2022 (17,439.22 GJ); on a like-for-like basis, i.e. excluding Gino Ceolin S.r.l. and Lamp Arredo S.r.l., the figure compared to 2022 was down 4.4%. In addition, it should be noted that in 2023, compared to the baseline year 2022, the Group undertook energy saving initiatives, which led to a total electricity saving of 36,794 MJ, mainly attributable to relamping and lighting modernisation activities at Lamp Arredo and Skillmax, as well as the installation of a new refrigeration unit and the replacement of the boiler at Oxin.

Indicator 302-4 has been measured since financial year 2022 by relying on a methodology for calculating electrical energy saved compared to 2022 (baseline) based on the technical data of production machinery.

GRI 302-1 DISCLOSURE - ENERGY CONSUMPTION WITHIN THE ORGANISATION

	Source	2023		2022		2021	
		Litres	GJ	Litres	GJ	Litres	GJ
Fuel consumption of the company fleet	Diesel	184,013.40	6,572.56	170,689.44	6,156.02	123,756.35	4,471.81
	Petrol	26,256.04	871.23	34,151.36	1,131.25	15,744.00	521.48
	LPG	1,320.00	32.22	0.00	0.00	0.00	0.00
	Total		**7,476.01**		**7,287.27**		**4,993.29**

Special emphasis should be placed on the Group's virtuous practice of purchasing electricity from certified renewable sources. In this connection, in 2023 45.6% of the electricity purchased and consumed by the Group's companies was covered by Guarantees of Origin(11), in line with 2022.
These figures demonstrate the Group's focus on sourcing from renewables(12) and confirm its commitment in this direction.

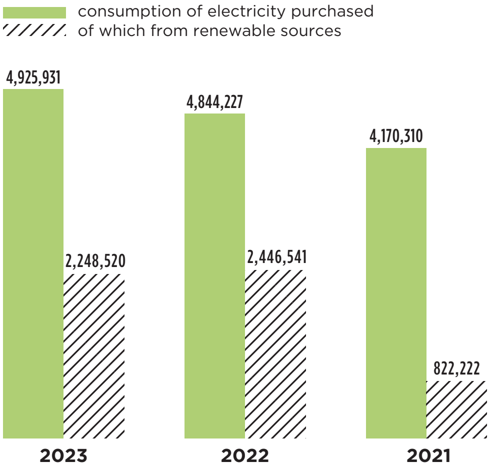
Inoxtrend, a Group company that operates in the Professional cooking equipment BU, generates and consumes energy produced by the solar panels installed at its plant. Of the entire energy production, which totalled 38,531 kWh in 2023 (down 41.8% from the previous year's 66,221 kWh, due to an internal reorganisation of production assets that resulted in production stoppages), Inoxtrend fed back into the grid and sold 20% of it.

Interestingly, considering the share of electricity produced by the plants and the share covered by Guarantees of Origin, Inoxtrend is proud to report that its annual consumption of clean, zero-impact energy totals 100%.

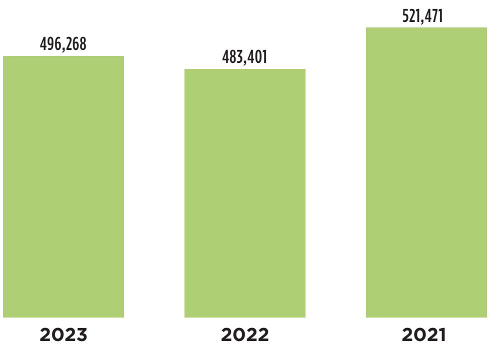
Further, Budri, part of the Group's Design and Production of Bespoke Interiors BU since August 2022, is equipped with a new-generation 10 kW photovoltaic system. During 2023, the plant generated 16,556 kWh. The total electricity from photovoltaic systems produced in 2023 amounted to 55,087 KWh.

(11) The Guarantee of Origin (GO) is an electronic certification attesting to the renewable origin of the sources used by qualified plants. For each MWh of renewable electricity fed into the grid by qualified plants, the supplier will issue a GO certificate, in accordance with Directive 2009/28/EC.
(12) To be specific, the production companies Inoxtrend, Oxin, Pizza Group, Primax, Somec and TSI.

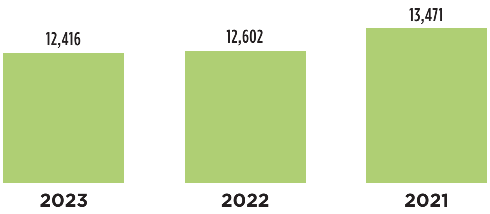
ENERGY CONSUMPTION (kWh)



COMPRESSED NATURAL GAS (m³)



LPG CONSUMPTION (L)



GRI 302-1 DISCLOSURE - ENERGY CONSUMPTION WITHIN THE ORGANISATION

	Source	2023	2022	2021
Non-renewable energy consumption	Natural gas	18,072.08	17,346.76	18,689.46
	LPG	270.85	306.70	327.87
Indirect energy consumption	Electricity purchased	17,733.35	17,439.22	15,013.12
	of which from renewable sources	*8,094.67*	*8,807.55*	*2,960.00*
Energy generated	Energy generation and consumption	170.55	255.07	191.90
Total energy consumption[13]		**43,722.85**	**42,635.01**	**39,215.64**

Measurement unit: GJ

(13) The figure for total energy consumed is to be viewed as including the consumption of the company fleet.

The emissions of greenhouse gases resulting from the Group's production operations are directly related to the issue of energy consumption. Emission trends therefore track those of fuel and electricity consumption - with few variations due to the update to emissions factors during the three years period. Specifically, as further detailed in the Methodological Note of this report, the calculated emissions were classified according to Scope 1 and Scope 2 categories. The former includes direct emissions resulting from the activities of the company, or from machinery, equipment and vehicles owned - or similar; the latter includes indirect emissions resulting from the consumption of energy supplied by the grid.

This second category is further divided into two parts, according to two calculation methods: the location-based methodology takes into consideration a factor that reflects the energy mix of the country in which the energy consumption takes place; the market-based method reflects choice of energy source, and therefore, for example, takes into consideration the amount of electricity covered by GO.

GRI 305-1,2 DISCLOSURE - DIRECT GHG EMISSIONS (SCOPE 1) AND INDIRECT ENERGY EMISSIONS (SCOPE 2)

Categories	2023	2022	2021
Diesel	489.5	460.7	334.8
Petrol	61.7	79.9	36.8
Natural gas	1,012.4	982	1,054.1
LPG[14]	19.4	19.6	21.0
F-Gas – R410A	1.0	90.1	0.0
F-Gas – R407C	0	29.3	14.2
F-Gas – R427A	0	0	0.7
F-Gas - R134 A	0.3	0	0
Total Scope 1 emissions	**1.584,2**	**1.661,6**	**1.461,6**
Electricity - Location based	1,602.2	1,582	1,370.3
Electricity - Market based	1,302.8	1,179.8	1,621.6
Total Scope 1 + Scope 2 emissions location based	**3,186.4**	**3,243.6**	**2,831.9**
Total Scope 1 + Scope 2 emissions market based	**2,887.0**	**2,841.3**	**3,083.2**

Measurement unit: tCO_2e

In addition, Inoxtrend and Budri’s energy self-sufficiency allowed the Group to avoid emitting 25.2 tonnes of carbon dioxide into the atmosphere in 2023, helping to lower the Italian energy mix.

(14) From 2023 onwards, LPG consumption is also to be viewed as including the portion used for Sotrade’s car fleet.

RESPONSIBLE CONSUMPTION OF RESOURCES

Somec is aware that environmental sustainability does not simply mean more efficient energy consumption and GHG emission reduction, in a broader sense it implies a more harmonious relationship with nature. This means having a deep sense of responsibility in the use of the resources needed for the proper performance of the Group's activities, as well as in the management of the resulting impacts. The business nature of our subsidiaries is heavily linked to energy consumption, as already discussed in the previous paragraphs: therefore, there are no other areas of high environmental impact related to the use of resources. However, in order to provide the transparency with which the Group has committed to undertake its path towards sustainability, the Somec CNFS includes information on the impact of its management related to water resources, waste and polluting emissions. The water consumption of the controlled companies is mainly for hygienic-sanitary use.

Within the group, only three production units use small amounts of water in their production processes. Namely:

- Somec S.p.A. in its production plant in San Vendemiano (Treviso) in the glass grinding process using a closed water circuit
- Budri S.r.l., at its plant in Mirandola (Modena) for its marble cutting and finishing processes through an efficient water reuse circuit
- Lamp Arredo S.r.l. in its Quinto (Treviso) factory in the painting departments

Water is mainly drawn from utilities aqueducts (94.7% of total withdrawal in 2023), with the remainder coming from owned wells. Water withdrawals from wells are directly attributable to the consumption of PizzaGroup and Lamp Arredo, the latter consolidated for the first time in 2023. Overall, water withdrawals increased by 2,529.64 m3 (+17.0%) compared to last year. All water withdrawn is fresh water and there are no withdrawals from areas subject to water stresses.

GRI 303-3 DISCLOSURE - WATER WITHDRAWAL

Source	2023	2022[15]	2021
Withdrawal of groundwater (wells)	919	484	353
Total withdrawal from third parties (mains water supply)	16,469	14,374	8,712
Total water withdrawals	**17,388**	**14,858**	**9,065**

Measurement unit: m^3

(15) The comparative 2022 figure was supplemented and re-exposed (for 5,544 m3) to make it comparable with the 2023 figures. This addition was due to a honing in water withdrawal data collection methodologies. No additions were made in 2021.

Waste management is carried out in full compliance with the regulations in force in all the countries in which the subsidiaries are located. Waste production is directly linked to the activities performed by the Group, and the quantities generated are monitored regularly, as required for annual reporting under European law or other applicable regulations. Waste disposal is performed entirely by specialist third parties which contribute to the correct management of the materials. In particular, some of our aluminium and steel waste is resold and is thus reintroduced directly into the value cycle. Generally speaking, the waste generated by Somec and our waste management procedures ensure that the company does not have a significant impact on the environment: in fact, the amount of hazardous waste as a percentage of the total waste, at 0.3% in 2023 (0.5% in 2022, 0.4% in 2021) means that Somec – always in full compliance with the applicable laws - does not have to adopt special measures for waste management and disposal. It is worth noting the different types of waste produced by the various subsidiaries according to their activities. Generally speaking, companies that are part of the Horizons and Talenta BUs, being more production-oriented, generate waste such as aluminum, iron, steel, and general metals, in addition to glass used for production and wood for packaging. On the other hand, the Bespoke Interiors business unit has a higher generation of material for packaging (such as paper and cardboard, plastic, mixed packaging and wood) as a percentage of total waste generated, engaging more in assembly, transit and storage tasks.

Sludge and marble management at Budri is likewise worth noting. With regard to sludge, the "coarse" part of sludge is channelled to tanks to collect waterjet cutting trimmings; subsequently, water recovery channelling systems lead the effluent to settling tanks where sludge settles to the bottom. Periodically, special disposers empty and clean the tanks using trucks with suction pumps. The remaining sludge is then transported to specific receiving mediums for sludge recovery by regeneration. With regard to marble and stone material, it is collected in special tanks where only the stone aggregate is disposed of. Then, an appropriate disposer recovers the aggregate to grind it and reuse it in the construction industry, usually for roadbeds.

In 2023, the waste category "Other" accounted for the largest share of disposed materials, covering approximately 20.9% of the total waste disposed of, down from last year's figure (23.2%). This category includes, but is not limited to, waste such as sealants, insulators, paints, batteries, powders and absorbent materials. As with the other measurements commented on in this NFS, the variance from the previous year incorporates Gino Ceolin and Lamp Arredo in the Group's scope and, consequently, the inclusion in the "Other" category of waste derived primarily from ferrous powders; aluminium (18.7%), sludge (12.4%) and wood (13.9%) are the next categories, followed at a distance by marble (8.2%), iron and steel (7.7%), glass (6.2%), mixed packaging (5.6%), paper and cardboard (5.0%), plastic (1.2%) and metals (0.1%).

Overall, compared to 2022, waste production decreased by 11.3% (-14.4% on a like-for-like basis, i.e. not considering Lamp Arredo and Ceolin) mainly due to the reduction in undifferentiated waste in Fabbrica (-22.7%) attributable to the decrease in units produced and the reduction in sludge and marble waste in Budri (-28.8% and -50.3% respectively) due to a partial recognition of the 2023 figure following the postponement of part of the deliveries to 2024. It should be noted that Fabbrica, in addition to the previously installed compactors, purchased an additional compacting service to increase the capacity of the bins by approximately 40%.

GRI 306-3 DISCLOSURE - WASTE GENERATED[16]			
Waste category	**2023**	**2022**	**2021**
Aluminium	477.49	392.66	280.18
Sludges	317.44	438.53	0
Wood	355.63	325.32	410.30
Marble	209.90	422.76	0
Iron and steel	197.11	109.26	278.65
Glass	158.96	219.95	152.95
Mixed packaging	143.13	164.47	103.10
Paper and cardboard	128.32	116.86	143.05
Plastic	31.35	23.56	28.26
Metals	1.84	0	3.22
Other	533.39	667.00	641.36
Total	**2,554.54**	**2,880.37**	**2,041.07**

Measurement unit: t

The Group's manufacturing activities generate a minimal amount of polluting emissions: in particular, these include painting, welding and laser cutting.

Suction points are regularly inspected and are fully compliant with current regulations - although they do not generate a significant impact in absolute terms. More specifically, the Group has fitted filtration systems in the stacks at the plants of companies generating polluting emissions. This prevents dust and dangerous substances from being released into the air.

Authorisation is generally granted to Somec Group by the competent Provincial authorities: given the low level of emissions, additional regular checks other than those already performed in-house by the companies themselves are not usually required. In particular, the Province of Treviso requires monitoring raw materials procured and transported to the individual production sites in order to estimate the amount of emissions generated by their usage.

The authorities later assess whether to perform additional specific checks by taking samples- which have not revealed any abnormalities, in the few cases in which they have been taken, thus confirming that effectiveness of the Group's own monitoring system.

(16) It should be noted that the breakdown of waste categories was updated.
Specifically, the quantities of sludge produced were stated and reported separately from the "Other" category.
This update did not cover the figure for 2021, a year in which this type of waste was not present.

ENVIRONMENTAL RISK MANAGEMENT

The key risks identified by the Group associated with the relevant topics indicated by Legislative Decree n. 254/2016 are as follows:

Material topics	Identified risks	Risk management approach
Energy efficiency and climate change	Without an adequate system to monitor and manage energy consumption, the Group would be unable to establish and implement any energy efficiency measures that could generate financial savings (missed opportunities) as well reduce its environmental impact (consumption of natural resources and GHG emissions). For the Group, greenhouse gas emissions are mainly the result of energy consumption. Given the growing international, European and national pressure in terms of this issue, in the event that new restrictions were introduced, without a plan to manage and reduce emissions, the Group would be exposed to compliance risk. Regarding physical risks related to climate change, the Somec Group has, to date, not identified any significant risks. Regarding transitional risks, one of the main risks to the Group consists in increases in energy costs.	The Group's business model is non-energy intensive. The Group is committed to taking all necessary measures to outline its energy system and consumption, as well as to identify any measures to improve its energy efficiency.
Waste management and circular economy	Without an adequate waste management and monitoring system the Group would be unable to properly supervise waste management, and would therefore be exposed to compliance risk. Furthermore, developments in European legislation may lead to significant changes in terms of waste management and disposal in the coming years: the risk is therefore that some Group companies, or the Group as a whole, would be non-compliant.	In compliance with current legislation, the Group's Italian companies prepare an annual waste report by type and disposal (MUD). In the coming years, the Group will evaluate the opportunity to have foreign subsidiaries adopt waste monitoring systems as well. The Group is also careful to assess, with due advance notice, changes in applicable regulations in order to act promptly to ensure compliance in waste management.

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RESPONSIBLE MANAGEMENT OF PROCUREMENT PRACTICES

In order to conduct business efficiently and sustainably, while maintaining a lasting presence in its sectors throughout the world, Somec must manage the value chain responsibly - particularly procurement practices.

Inflationary trends, as well as longer lead times influenced by geopolitical emergencies impacting on important logistics routes, are factors with which every economic operator has to reckon with on a daily basis. The Group can rely on a strong relationship with its suppliers, enabling it to find quick and efficient solutions that ensure a constant supply of materials and third-party processing based on the highest quality standards.

The combination of both compliance with binding regulatory standards and an ability to meet client demands is the cornerstone of Somec's success. The Group conducts its daily business and sets out its long-term strategy with the customer as the focal point.

Based on the input of their business partners, Somec and its subsidiaries develop the best customised solutions to meet the client's expectations and needs perfectly. Research and Development is key part of this process, above all in the design of the product, in the fields of marine architecture systems and civil facades, as well as in both marine and non-marine professional kitchen equipment. Somec designs and manufactures innovative glazed enclosures that guarantee achievement of the highest-level safety and durability requirements for products and materials exposed to great atmospheric and structural stress. The role of the product development engineers in the company is to meet the highest standards of performance required by the most demanding clients, in each case optimising executive projects for consumption reduction of noble raw materials.

The Somec group transforms different materials according to the BU: our tailor-made approach to customisation, with execution at the highest level of perfection, is essentially dependant on sourcing, selecting, negotiating, ordering and receiving materials, such as aluminium or glass, steel, wood, marble, etc.

During 2023, the Group continued its efforts to make logistics and transport more efficient across the board and shared among the different group companies. In this regard, we mention as an example the shared scheduling of loads and trips in an increasingly efficient manner between the parent company and various plants of geographically close entities.

Similarly, the management of material movements to and from subcontracted processing suppliers improved significantly during the year. An analysis allowed some intermediate steps at the Group’s plants to be cut down, ensuring significant reductions in the number of shippings.

Somec is aware that a sustainable supply chain embeds the concepts of ecological, transparent and circular supply chains, “ecological” meaning integrating the principles and benchmarks of environmental responsibility into the management of the entire product value chain.

This path, already consolidated for the Group companies holding ISO 14001, is being progressively extended to the other companies.

Complementarily, a “circular” supply chain needs to be developed whereby the product is dismantled, or returned to raw material, and then converted into a new item, benefiting from the environmental advantages of recycling. For this reason, the parent company’s R&D team is working based on a Design to Cost approach, with a strong focus on cost-benefit efficiency in the production chain. This has resulted in an analysis of the various product lines for mapping the value of the components, to be then rationalised.

This leads to increased efficiency, as can also be demonstrated by the third supply chain requirement, i.e. “transparency”, to use digital security solutions and corroborate compliance with ethical and environmental rules and regulations along the supply chain. This is the approach the Group intends to continue following in 2024: reduce complexity in terms of manufacturing and assembly in favour of plans designed to integrate circularity into the production cycle.

SUPPLY CHAIN

Somec Group seeks relationships based on the values of integrity, transparency, legality, impartiality, and prudence with its suppliers. Its large and diversified network of suppliers is managed on the basis of these values, hence, relations with them are conducted on good terms to guarantee customers high quality tailor-made products.

The Group is firmly committed to supporting the local industrial sector, as a matter of fact the Group's suppliers are mostly Italian, mainly located in the regions of Northern Italy. In 2023, 75% of expenditures were earmarked for Italian suppliers, in slight increase compared to 2022 (72%) and 2021 (70%).

The preference for local suppliers continued to be a winning factor in increasing efficiency, reducing time and waste. In addition to the intensification of relations with nearby suppliers, which continued in the reporting year, a process of synergistic standardization of stainless steel purchasing for all food companies has been underway for some years now. This process achieves both greater bargaining power and higher product quality.

For the purpose of reducing exposure to supplier concentration risk, efforts were made to diversify the sources of supply also in 2023, resorting to new partners and, in any case, trying to favour district proximity. The search for local suppliers is a concrete measure shared not only by the Italian subsidiaries but also by the Group's permanent establishments.

Steel, aluminium and glass are the product sectors in which the Group is creating the greatest synergies by establishing common supply relationships.

The progressive development of a common management system for most of the Group is generating increasing efficiencies in the supply chain area. The use of accurate information, combined with the alignment of procurement processes, ensures efficient ordering and increasing centralization of shipments based on a win-win model between the Group and its suppliers.

With regard to the companies operating in "Mestieri", the customised interiors business division – having undergone rapid development through the acquisition of several new companies – the integration and alignment of purchasing processes is still underway.

Given the various specific requirements of the Group companies, the supply chain is managed according to business unit, with the ultimate aim of ensuring that supply processes are constantly subject to controls and restrictions that oblige suppliers to fulfil their contractual and legal obligations. The Group has therefore opted not to adopt a "one-size-fits-all" policy to manage aspects relating to the selection and assessment of suppliers, but each individual company is committed to ensuring that each supply process takes into account the quality of the materials and services provided, in line with the values of the culture promoted by the Group. Furthermore, all companies, in accordance with the provisions of employment laws in force, undertake to ensure recruitment processes are in compliance with competition laws and based on the principles referred to in the Parent Company's Code of Ethics.

GOALS SET FOR 2024

- the goal for 2024 remains to increase synergies both within and between the three business units of the Group and across all companies, starting with common product groups, promoting data exchange and implementing, where possible, joint negotiations on strategic, current or prospective material suppliers

- the Group has set itself the goal of gradually increasing and extending green procurement actions to all key suppliers, such as ESG data collection in the selection and accreditation phases and targeted audits

- as to internal processes, the Group aims to continue the process of obtaining new certifications, with special reference to ISO 9001 for Mestieri S.p.A. and ISO 14001 for Budri S.r.l.

The supply chain management methods applicable to the different business units of the Somec Group can be broken down, as mentioned previously, into the tripartition:

- Horizons: engineered systems for naval architecture and building façades
- Talenta: professional kitchen systems and products
- Mestieri: design and production of bespoke interiors

Regarding the **Horizons**[17] BU, a distinction should first be made for Factory LLC, which differs from the rest of the Italy-based BU in its choice of suppliers due to its overseas presence. Its location involves choosing suppliers from all over the world. The most significant suppliers provide glass and aluminium, located in Germany and Italy respectively, while suppliers of wood for packaging are located in the United States.

The companies in this BU, with the sole exception of Fabbrica, mainly source their supplies from Italian suppliers for geographical reasons, in line with group-wide practice. In addition, as mentioned, new synergies were being consolidated between the companies belonging to this BU, whose core business is mainly related to product categories such as aluminium and glass, as well as relations with local subcontractors and subcontracted suppliers, for installation activities only. In particular, Somec S.p.A. allocated for both years about 90% in 2023, a percentage in line with 2022 (89%) and 2021 (90%). It should be noted that Somec S.p.A.'s percentage of procurement from suppliers in the Triveneto region reached 58% in 2023, showing a slight increase over 2022 (56%).

When selecting labour providers, drawing from a large number of suppliers, the Group ensures that they are in compliance with regulations in terms of pension and social security contributions, contracts and insurance, as well as occupational health and safety procedures.
Compliance with the above requirements is mandatory and required from the Italian and foreign clients placing the order.

The Parent Company, Bluesteel and Fabbrica Works have long since adopted an ISO 9001 certified quality management system that allows all supply characteristics to be applied by suppliers to be mapped. The management system makes it possible to define selection, qualification and assessment criteria and to carry out audits for quality control on a regular basis.

The supplier selection process consists of two parts: (i) screening, where information gathered will be used to make an initial assessment in terms of economic soundness and production capacity, and (ii) supplier management, from selection to final delivery of products. In addition, as all three are ISO 45001 certified, the questionnaires were supplemented with health and safety questions.

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(17) This business unit includes the following subsidiaries: Somec, Navaltech, Sotrade, Fabbrica, Fabbrica Works, Atelier de façades Montreal, Bluesteel, Squadra.

The information gathered is mainly related to product quality, in addition to questions related to environmental, social and health and safety aspects, especially as far as Somec and Bluesteel are concerned, since they are ISO 14001 certified too. The implementation of systems such as the Compliance Programme (aka 231 Model) or the adoption of environmental, social or safety certifications by suppliers is considered a preferential requirement and results in a higher score being awarded to the supplier during its evaluation.

In addition, last year, as part of the Stakeholder Engagement processes, the parent company was involved in the Green Procurement project, aiming to survey the commitment of its suppliers with regard to certain ESG issues and aspects, most notably environmental sustainability issues. The Quality Department then made the appropriate additions to its questionnaire and submitted the new version to all suppliers. This version best reflects the material topics defined for the Group, thus including – in environmental terms – questions relating, for example, to energy efficiency and climate change, pollutant emissions, waste management, water management and circular economy. Complementing the endeavour were questions on governance and business ethics, as well as topics such as occupational health and safety, product safety and innovation, sustainable supply chain management, industrial relations and taxation management.

The **Talenta**(18) BU mainly uses suppliers in the steel industry, precision mechanics, the insulation sector, the electromechanical and metalworking sectors, and the glass industry. Each company has its own specific requirements, e.g., Primax obtains insulating foams to make refrigerators from suppliers, while GICO purchases finished products to be sold directly.

Suppliers for this business unit are predominantly Italian, accounting for 80% of the share of supplier spending in 2023, of which 47% represents local suppliers belonging to the Triveneto area. Following the acquisition of Pizza Group and GICO, the companies belonging to the relevant BU began a process of supply chain standardisation so as to be able to use the same suppliers, where possible, while continuing to support the local supply chain.

With regard to the selection and qualification of suppliers, the selection remains the same for Primax and GICO, whilst Inoxtrend reached 100% of procurement from local suppliers, with a 1% increase: an initial screening is conducted on the basis of the supply history, the type of customers with whom the suppliers have already established a stable relationship, the company's organisational strength and geographical location. Specifically, Oxin allocated 40% of expenditure to local suppliers based in Veneto and Friuli-Venezia Giulia, Primax 75%, Inoxtrend 81%, GICO 43% and Pizza Group 47%.

Once the terms of supply have been agreed, both companies request a sample from the supplier in order to establish quality standards and compliance with the technical specifications. Supplier evaluations, on the other hand, are carried out continuously on the basis of delivery times, product quality and the supplier's ability to meet specific requests. Supply agreements may be terminated in the event of continuous or frequent delays and non-compliance. Whenever possible, visits are made to suppliers to check their organisation, cleanliness and condition of their equipment.

GICO and Oxin, both holding ISO 9001 certification, manage the selection and assessment of their suppliers primarily on the basis of quality criteria. Both companies carry out regular audits to assess the quality of their suppliers. Effective 2022, both Oxin and GICO have embarked on an awareness-raising effort with their suppliers, including both long-standing and new firms, regarding the sustainability policy adopted by the Group and have begun to carry out assessments based on both environmental and social criteria. In particular, in view of the ISO 14001 environmental certification obtained in May 2023, Oxin had already assessed a total of 60 suppliers according to the new methodology during the previous year.

The **Mestieri**(19) BU srelies on a very diverse supplier base. This is due to the need to procure a wide and varied range of materials: from raw materials such as paints, marble, metals and glass to finished goods such as fabrics. Moreover, reliance is made upon craft firms for the production of customised products for different product groups such as furniture, walls, ceilings, flooring and decorative lighting; and on labour suppliers for installation activities, such as painters, electricians, decorators, carpenters, wood workers.

(18) This business unit includes the following subsidiaries: Oxin, GICO, Primax, Inoxtrend and Pizza Group.

The majority of suppliers are based locally, in line with Group policy practice (97% for Skillmax; 82% TSI; 85% Budri and 92% Gino Ceolin).
Skillbuild, Skillmax, TSI and Gino Ceolin have adopted policies and procedures for the suppliers' selection and assessment according to quality management criteria, in compliance with ISO 9001 certification. Further, Mestieri adopted a system in line with ISO 9001 certification, which is committed to obtain in the course of 2024.

Skillmax records the results of the supplier assessment and qualification process on database, to better determine the suitability of the chosen provider. Suppliers are chosen based on quality requirements and those deemed suitable are included on the official list of qualified suppliers. In 2022, both companies seized the opportunity to supplement their qualification processes with assessment-related aspects according to environmental and social criteria, in line with the policies adopted by the parent company, involving long-established or at any rate most used suppliers. Similarly, Budri committed to adopt ISO 14001 in 2024, for which it adopted its own environmental footprint qualification policies and processes.

(19) This business unit comprises the following companies:
TSI, Hysea, Skillmax, Skillbuild, Budri, Lamp Arredo and Gino Ceolin.

CHOICE OF MATERIALS: BETWEEN INNOVATION AND RESPONSIBILITY

The Somec Group works daily to develop innovative products capable of delivering aesthetic solutions and know-how to meet its customers' demands while improving technical capabilities with a view to gaining a stronger leadership in the three business units.
The complexity of the Group's business requires high quality standards and compliance with technical regulations at every stage of the production process. It is no coincidence that the quality of the product is built step by step during every single stage of the process and each individual, whether internal or external, must therefore abide by the rules, regulations and standards on which the Group's business is based.
The materials choice is one of the most important steps in guaranteeing high quality products to customers. When working to order, the choice of materials is mostly linked with both the customer's specifications and the standards. The strength of the individual Group companies is their ability to apply their know-how and experience, gained over many years, in service of the customer, each for their own sectors of competence. In this way, thanks to their design offices, the companies propose tailor-made solutions capable of intervening with products that ensure the inherent materials are always compatible and performance-optimised in respect to the customer's specifications and the standards in force.

Being aware that the most sustainable solution is to avoid the creation of waste altogether with a view to a circular economy geared towards reuse, the parent company endeavours to develop innovative solutions from a logistical point of view, embracing the growing sensitivity in terms of packaging, not only of its own end products, but also of incoming materials and semi-finished products. A synergy between the logistics, purchasing and R&D departments, to which our suppliers contributed in a proactive fashion, resulted in several feasibility studies being implemented in 2023, such as the elimination of plastic bags containing the accessories of products that are supplied to Somec. By inserting the accessories directly into the main packaging, suppliers no longer need to buy and pack the individual parts, doing away the need for our employees to take them out and generate plastic waste. This practice results in a significant reduction of plastic material and efficiency in terms of processes and production. Indeed, by eliminating non-specialised activities, time schedules are readjusted accordingly.

Similarly, Somec began using accessory handling boxes with two major suppliers that then shuttle between the supplier's production site and our departments, again leading to a significant reduction in plastic production. Given the positive outcome of the experiment, there are plans to extend this "returnable packaging" system to other suppliers as well. With the silicone supplier, on the other hand, a decision was made to opt for the use of plastic bags rather than hard plastic refills, thereby doubling the amount of product and significantly reducing the creation of hazardous waste.
Therefore, we will adopt a packaging optimisation approach also in 2024, the ultimate goal being to eliminate the use of individual kits.

We welcome input from our suppliers, such as using ship transport to send one thousand containers to Spain rather than using one truck per container, following the growing European preference for shipping by sea over road haulage.

In addition, the R&D team completed an assessment effort on the elimination of cover nylon and stretch nylon, both being non-recyclable because they are processed in such a way as to have a flame retardant effect, as required for use on construction sites. The study in this case had a negative outcome since, according to the analyses carried out, if biodegradable options were used, the additive would disintegrate the plastic within two months, thereby failing to guarantee the integrity of the product due to lack of coverage during halts.

Emphasis should be placed on the efforts made by parent company's plant to increase the utilisation of its current 1,500 steel trestles to send its ship glass façades to shipyards for use based on a "returnable packaging" system. The use of such systems ensures the gradual reduction of alternative wooden cases, which can only be used twice due to their low durability, resulting in a greater waste of resources from both an environmental and economic perspective.

The Americans with Disabilities Act ("ADA") is a 1990 US law that prohibits discrimination against individuals with disabilities in all areas of public life, including employment, schools, transportation, and all public and private places open to the general public.

Consistent with plans made for 2023, Somec Navale proposed motorised sliding door solutions suitable for use in ship cabins, created ad hoc to comply with European standard EN 16005:2012 and the American legislation on disabilities, "2010 ADA Standards for Accessible Design": it operates in the "low-energy" regime, with low movement forces. This led to the development of LSS-M, Lift & Slide System - Motorised door, i.e., electrically operated sliding doors fitted with lifting and sliding motors, a control unit and a control panel with Braille characters. Unlike products currently available on the market, which are fitted with visually impactful automation systems, Somec's motorised product has the distinguished feature of (i) being fitted with motors that are invisible from the outside and (ii) being aesthetically identical to the analogous manual version of the door.

Accessible cabins for guests with mobility and other disabilities must have certain dimensional characteristics that the LSS-M window frame offers: access to the balcony overlooking the sea has been facilitated by increasing the passage width and ensuring comfortable wheelchair transit. In addition, to avoid unevenness in the passage leading to the outside area, Somec provides additional flooring systems with integrated, automated flap systems that are arranged to eliminate steps and niches that are dangerous for users with disabilities. This allows Somec to offer windows and balconies in compliance with the requirements of many of the international cruise ship owners, dealing with US customers, who must offer a number of ADA-compliant cabins.

Tests are being finalised for the integration of an obstacle detection radar system into the Automatic Vertical Sliding Window (AVSW). In the current version, there is a "man-present" type of control, causing the movement of the window to be dependent on the continuous pressing of a button. This ensures that residual risk zones (normally present in an automatic machine) are controlled by the operator operating the window. The future integration of a radar will make it possible to adopt eventually a fully automated window solution, as the entire opening area will be monitored and the motion of the window stopped if an obstacle is detected.

During the year 2023, specific training courses were delivered to the Technical Department on metal carpentry. Notably, the topics of welding steel structures (welding technologies and analysis of reference standards for designation) and workshop machining were covered. The training was held by Somec Navale's Engineering Department and Technical Management, with the aim of improving the specific skills of design engineers.

Further, a special mention goes to Budri, which has invested and continues to invest heavily in R&D, especially in terms of sustainability. The R&D Department is indeed very active on environmental issues such as eco-sustainability, biodegradability, recovery of waste materials, lightness, malleability and reuse of material, all such issues being viewed as increasingly important by the luxury and design industry, as their demand for the design and production of environmentally friendly products is strongly on the rise

As part of the HORIZON 2020 research programme, the European Union has awarded Budri SLIM®, a patented cutting-edge technology that allows marble weight to be reduced.
The SLIM project stemmed from the desire of Budri's Research and Development business unit to create eco-friendly products, with very attractive implications regarding (i) raw material consumption (natural stone), i.e., the true driver of sustainability, (ii) the use of biodegradable adhesives, (iii) product life and (iv) the management of product disposal with a view to eco-sustainability. Indeed, the reduction in the transport and excavation use means results in considerable positive impacts in terms of less consumption and therefore less erosion of mountains, quarries, etc., while preserving the geomorphological structure of the environment. Budri SLIM slabs optimise the production of blocks, even facilitating the production process and thus guaranteeing greater safety for the operator as the weight is considerably reduced. The slabs are easier to transport and install, with less risk for the operators using them and fewer emissions. As they are only 3 mm thick, they allow weight to be reduced by 85% compared to traditional 20 mm marble slabs. In this way, a 2 cm slab of marble yields at least five slim slabs to date. At the same time, Budri SLIM panels are reinforced with a patented composite that makes them ultra-resistant to impact and compression. Constantly evolving, Budri is currently considering eco-friendly variants with recycled or biodegradable material for the substrate to which the stone panel is glued.

The main materials purchased by Group companies include stainless steel, aluminium, glass, paint, electrical components (such as electrical cables), wood and cardboard for packaging.
With regard to the Engineered systems for naval architecture and building façades business unit, the primary materials purchased were aluminium and glass. With specific reference to aluminium, in FY2023 Somec S.p.A and Fabbrica purchased 46% and 52%, respectively, of the total purchased group-wide.

Companies engaging in the Talenta BU mainly purchase stainless steel, one of the most durable and fully recyclable building materials. The breakdown of tons of stainless steel purchased in 2023 by companies in this business segment is as follows: 44% Oxin S.r.l., 24% Pizza Group, 18% Inoxtrend, 8% GICO and 6% Primax.

Finally, the Group companies operating in the Mestieri BU purchase noble materials of various kinds. These are worked with combinations of craftsmanship and cutting-edge techniques, thereby guaranteeing each customer the development of highly personalised solutions.
These are sophisticated creations, encapsulating the perfect combinations of ingenuity and perfection. The main raw materials used include metals, wood and glass, as well as products such as fabrics, paints, lighting elements, etc.

In particular, Skillmax and Lamp Arredo are increasingly using aluminium honeycomb panels in the production of their customised interior products. It is a hexagonal core product, similar to a honeycomb, which is covered for this purpose by a very thin veneer made of extremely light yet strong wood, making it possible to replace other heavier materials such as wood. Aluminium has the advantage of being totally rot-resistant and recyclable while ensuring greater resistance to fire, compression, shear and corrosion.

Right from the choice of materials and suppliers, the Somec Group's business model is therefore focused on handling all phases of the project cycle, whether in house or externally, in order to have control over the job order and ensure that a safe and high-quality product is delivered to the customer. The pre-sales and design phases are therefore fundamental for developing the specific project design, the choice of elements composing each order, and the programming and executive customisation. Here, with its vast experience, Somec plays a uniquely fundamental role in establishing the meeting point among all the project stakeholders, chief among these the architects, clients and general contractors.

The following table shows the purchase figures for the main raw and packaging materials for certain Group companies[20], with reference to 2023:

Raw materials (natural resources used to produce goods or deliver services, such as minerals or wood)	Renewable	2023	2022
Metals	YES	7,185.3	8,858.3
Glass[21]	YES	3,085.7	2,814.5
Wood[22]	YES	133.7	74.9
Stone material	NO	1,535.0	-
Total		**11,939.7**	**11,747.7**

Measurement unit: t

Packaging materials, including paper, cardboard and plastic	Renewable	2023	2022
Wood	YES	916.4	680.6
Cardboard[23]	YES	107.6	101.6
Nylon/pe[24]	YES	74.3	89.6
Polystyrene[25]	YES	14.7	11.5
Plastic[26]	YES	360.6	465.4
Total		**1,473.6**	**1,348.7**

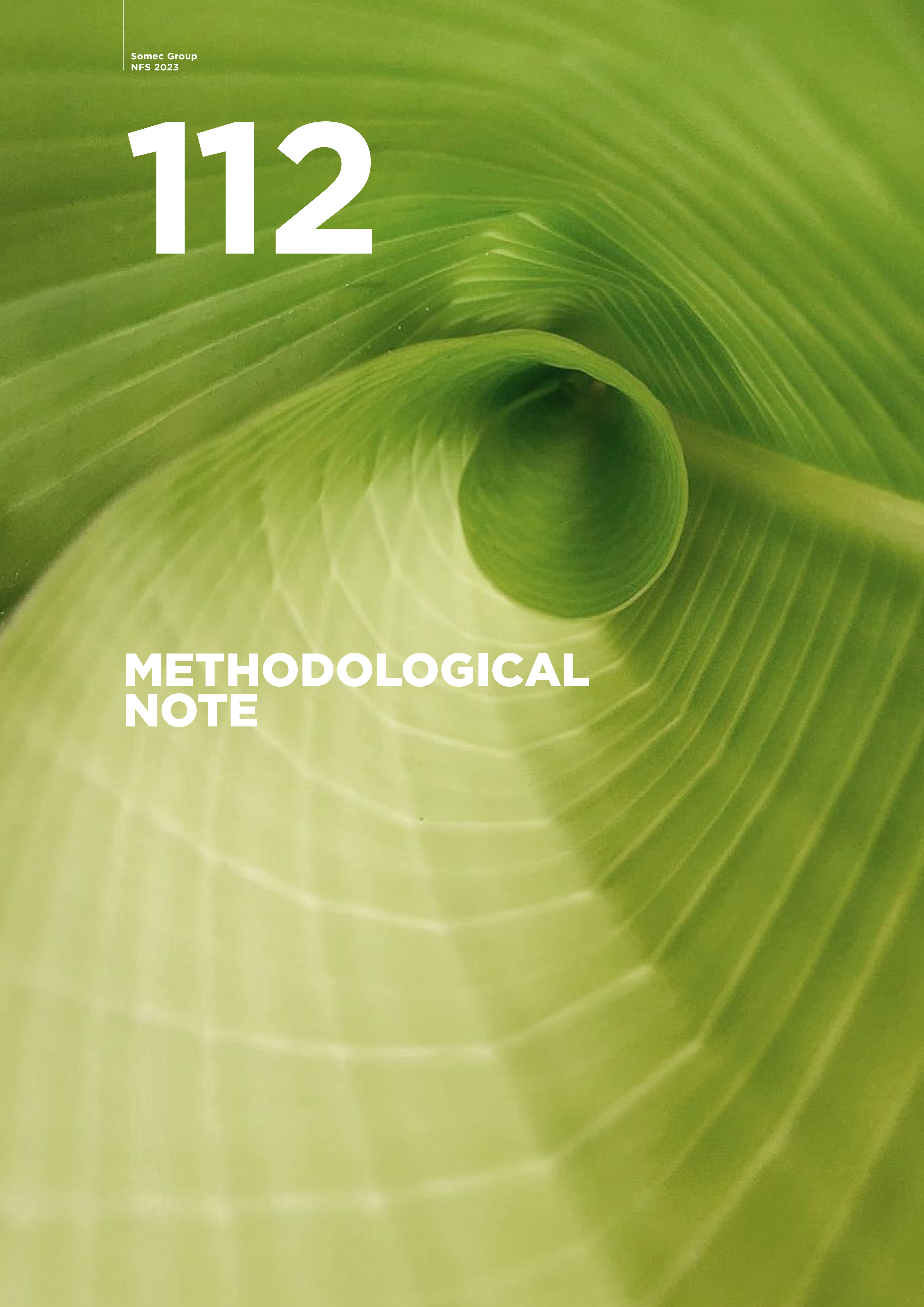
Measurement unit: t

(20)The companies included in the GRI 301-1 reporting are:
Bluesteel, Budri, Fabbrica (except glass), GICO, Gino Ceolin, Inoxtrend, Lamp Arredo, Oxin, PizzaGroup, Primax, Skillmax, Somec and TSI.
(21) The figure related to glass is not available for Inoxtrend for 2022 and Lamp Arredo for 2023.
(22/23/24/25) Data are not available for Lamp Arredo forl 2023.
(26)Data are not available for Inoxtrend for 2022 and 2023.

RAW MATERIAL AND SUPPLY CHAIN MANAGEMENT-RELATED RISK

The key risks identified by the Group associated with the relevant topics indicated by Legislative Decree n. 254/2016 are as follows:

Material topics	Identified risks	Risk management approach
Consumption of raw materials	Any reduction in the availability of certain raw materials or a potential increase in demand, with a consequent increase in the price of materials, could create supply difficulties for the Group in the medium term, thus leading to an increase in the cost of purchasing the raw materials and/or to use substitute materials with different life cycles and more impactful from an environmental and social point of view.	The Group strictly observes national and international regulations on the procurement, import and export of raw materials. The business model allows procurement strategies and activities to be planned well in advance, reducing the risk of material shortages and backlogs. The Group also continues the strategy of sourcing from the local supply chain.
Sustainable supply chain management	Supplier violation of the Group's principles. Given Somec's strict observation of the principles of legality, transparency and fairness, should a supplier commit a violation and / or an offence according to Legislative Decree 231/2001, the company could be exposed to reputation risk. Failure to carry out adequate assessments of potential suppliers and failure to monitor compliance with environmental and social regulations.	Somec S.p.A requires its suppliers to comply with the principles enshrined in the Code of Ethics, as an essential condition for establishing a professional relationship. In addition, the company is committed to extending the adoption of Model 231 to the other Group companies. The 231 Compliance Programme has been adopted not only by the parent company and Oxin, but also by GICO, Budri, Gino Ceolin, Mestieri, Skillmax, Skillbuild, Lamp Arredo and TSI, with its gradual extension to other companies being in the pipeline. A process is underway to raise the suppliers' awareness of environmental and social aspects through questionnaires and targeted audits.
Product safety and innovation	Violation of product health, safety regulations and potential noncompliance with quality standards of the order. Manufacturing of products using materials that are incompatible with environmental protection.	Somec Group complies with national and international regulations in order to consistently guarantee high quality and safety standards (for example: IMO/ MED; USPHS; MOCA; FGAS; etc.). The company monitors any non-compliance with the health and safety standards of the products it supplies to its customers. The Group ensures compliance with national and international environmental regulations to minimise and limit the negative impacts of the materials used as much as possible.



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METHODOLOGICAL NOTE

This CNFS complies with the requirements established by Legislative Decree 254/2016 concerning the disclosure of non-financial information by large organisations and public interest entities.

This report aims to provide an understanding of the organisational model, business, main risks and performance indicators of the Group in relation to environmental, social, human resources, respect for human rights and anti-corruption measures that are relevant to the business and characteristics of the company. Furthermore, the Group applies the precautionary principle in all its activities.
The Somec S.p.A. Board of Directors, which is responsible for reviewing the information disclosed in the NFS, including material topics, approved this Consolidated Non-Financial Statement on 27 March 2024.

REPORTING PROCESS

Somec S.p.A. identifies and assesses ESG material topics through an analysis methodology aligned with the GRI Standard 3 - Material Topics 2021.

The analysis of material topics was carried out starting with the Group Risk Assessment 2022, which included the assessment of ESG-type risks by awarding a rating finalised to an impact assessment from an outside-in perspective. Subsequently, this analysis was broadened to take into account the inside-out perspective, i.e., Somec Group's business impacts on the environment, people and stakeholders in general. Somec assessed the significance of the impacts – broken down into positive, negative and actual impacts – that were identified to prioritise them and figure out which ESG topics were to be considered as "material".

To gain external feedback on the assessment of the importance of its material topics, Somec conducted Stakeholder Engagement activities, specifically involving its employees (internal stakeholders) and some of the main suppliers for different types of purchases. This effort did not disclose any new material topics that had not been considered by management; furthermore, the weights assigned to the ESG issues assessed were in line and generally confirmed.

Reference should be made to the "Sustainability at Somec" section for further information on the methodology used to identify and assess material topics.

The process for reporting quantitative and qualitative information is based on a system of data collection and information on material topics. In this respect, a number of reporting forms are sent to individual group companies according to the scope defined for each GRI indicator.

Specific guidance, sent to subsidiaries by the Working Group established at the parent company Somec S.p.A., helps make the data collection process more accurate, reliable and consistent. Information that is not managed through reporting forms is gathered through direct involvement of the Group's stakeholders by conducting interviews and using questionnaires, where useful.

REPORTING STANDARD AND SCOPE

The reporting standards adopted by the Group for the preparation of its NFS are the GRI Sustainability Reporting Standards, published by the GRI - Global Reporting Initiative and updated as at June 2021.

The update mainly concerned three Universal Standards that were applied by Somec for the preparation of the Consolidated Non-Financial Statement 2023:

- **GRI 1 Foundation 2021:** requirements and principles for using GRI standards (replacing GRI 101:2016)
- **GRI 2 General Disclosures 2021:** disclosures about the reporting organisation (replacing GRI 102:2016)
- **GRI 3 Material Topics 2021:** disclosures and guidance about the organisation’s material topics (replacing GRI 103:2016)

The reporting boundary, consistent with the requirements of Legislative Decree 254/2016, was expanded to include the new companies acquired during financial year 2023, with some exclusions, as shown in the following table:

SCOPE OF REPORTING Legislative Decree 254/2016

Company	Environment	Human Resources	Social	Fight against corruption	Human Rights
Atelier De Façades Montréal Inc.	No	Yes	No	Yes	Yes
Bluesteel S.r.l.	Yes	Yes	Yes	Yes	Yes
Bluesteel Group UK Ltd	No	No	No	Yes	Yes
Bluesteel Group USA Inc.	No	No	No	Yes	Yes
Budri S.r.l.	Yes	Yes	Yes	Yes	Yes
Budri Switzerland SA	No	No	No	Yes	Yes
Budri London Ltd	No	No	No	Yes	Yes
Fabbrica LLC	Yes	Yes	Yes	Yes	Yes
Fabbrica Works S.r.l.	Yes	Yes	Yes	Yes	Yes
GICO S.p.A.	Yes	Yes	Yes	Yes	Yes
Hysea S.r.l.	No	Yes	No	Yes	Yes
Inoxtrend S.r.l.	Yes	Yes	Yes	Yes	Yes
Lamp Arredo S.r.l.	Yes	Yes	Yes	Yes	Yes
Mestieri S.r.l.	Yes	Yes	Yes	Yes	Yes
Mestieri USA Inc.	No	No	No	Yes	Yes
Navaltech LLC	No	Yes	No	Yes	Yes
Oxin S.r.l.	Yes	Yes	Yes	Yes	Yes
3.0 Partners USA Inc.	No	No	No	Yes	Yes
Primax S.r.l.	Yes	Yes	Yes	Yes	Yes
Pizza Group S.r.l.	Yes	Yes	Yes	Yes	Yes
Pizza Group USA LLC	No	No	No	Yes	Yes
Somec Sintesi S.r.l.	Yes	Yes	No	Yes	Yes
Skillbuild S.r.l.	Yes	Yes	No	Yes	Yes
Skillmax S.r.l.	Yes	Yes	Yes	Yes	Yes
Somec S.p.A.	Yes	Yes	Yes	Yes	Yes
Sotrade S.r.o.	Yes	Yes	No	Yes	Yes
Somec Shanghai CO. LTD	No	Yes	No	Yes	Yes
Total Solution Interiors S.r.l.	Yes	Yes	Yes	Yes	Yes
Total Solution Interiors LLC	No	No	No	Yes	Yes
Squadra S.r.l.(27)	Yes	Yes	Yes	Yes	Yes

(27) It should be stressed that – for the sake of completeness – Squadra S.r.l. was included 100% within the reporting scope, even though the company was not fully consolidated.

Below are the reasons explaining why certain companies were excluded from the reporting scope of this NFS:

- Bluesteel Group UK Ltd, Bluesteel Group USA Inc., Budri Switzerland SA, Budri London Ltd, and Mestieri USA Inc. were excluded on the grounds that these companies have no employees and do not engage in production activities. They host in fact commercial offices
- 3.0 Partners Inc. was excluded on the grounds that this company has no employees and does not engage in production activities. It is a holding company
- Mestieri S.r.l. was excluded for the abscence of production activities as it is a holding company
- Pizza Group USA LLC was excluded on the grounds that the company does not engage in production activities. It hosts a commercial office and has one employee
- TSI LLC's disclosures pertained only to the anti-corruption and Human Rights parts, as it is an administrative company with less than five employees and only one office. Given the insignificant social and environmental impacts, it was decided not to include it in the non-financial reporting

Furthermore, it should be noted, as shown in the table above, that for Atelier de Façades Montréal, Navaltech LLC, Sotrade Sro, Skillbuild Srl, Somec Sintesi S.r.l. (data already collected by Somec S.p.A.) and Somec Shanghai CO. LTD (such companies not owning manufacturing physical assets), it was decided not to report on environmental aspects, as there are no significant impacts in this respect.

It should also be noted that waste data are related to the Group's production activities, as office waste accounts for a less significant and impactful share. In any case, the Group will adopt a consistent monitoring or estimation system in the coming years to disclose these data at a consolidated level. Finally, as far as pollutant emissions are concerned, the interviews conducted revealed that all pollutant emissions from welding and painting activities are not particularly relevant at a consolidated level, while emission values are constantly monitored and always below the thresholds required by legislation.

The disclosures and data reflected in this consolidated non-financial statement refer to reporting year 2023. For the sake of clarity, the "Area Reconciliation Table under Legislative Decree 254 - Material Topics - GRI Topic" shows the relevant non-financial aspects pertaining to the areas set out in Legislative Decree 254/2016, the relevant scope and any limitations thereof.

Somec prepared the Consolidated Non-financial Statement 2023 in accordance with the GRI Standards by complying with the compliance requirements set out in GRI Universal Standard 1.

STAKEHOLDERS' INVOLVEMENT

Somec has always involved its stakeholders through various communication channels and different ways of engagement. The main ones are represented below:

Stakeholder	Means of involvement
Regions and their populations	Events, social networking, fairs
Unions and category associations	Continuous dialogue, meetings
Shareholders	Periodic formal meetings, periodic management reports
Financial institutions and intermediaries	Formal meeting and management reports
Public administrations and certification and control authorities	Formal meetings and periodic interactions
Employees	Stakeholder Engagement Questionnaire; continuous dialogue via the HR department and employees; specific initiatives
Suppliers	Stakeholder Engagement through ad hoc round table and questionnaire; continuous dialogue and regular meetings
Customers	Website, social networking, events, customer service, fairs

In 2023, to gain external feedback on the assessment of its material topics, Somec conducted Stakeholder Engagement activities, specifically involving its employees (internal stakeholders) and some of the main suppliers for different types of purchases. The effort did not disclose any new material topics that had not been considered by management.

The Board of Directors periodically obtains information on the outcome of the dialogue with stakeholders and makes reliance on such information to guide the approval processes for Group strategies, sustainability policies, and the formalisation of Somec's vision, mission and values statements.

In addition, the Board of Directors approves the Group Risk Analysis document every two years for identifying and managing the organisation's impacts on the economy, environment and people. In 2022, the group-wide risk assessment document was updated and supplemented with the identification and assessment of ESG (Environmental, Social & Governance) risks and will be revised in 2024. This document was used as support for conducting the analysis of impacts on the economy, the environment and people and material topics according to GRI Universal Standard 3.

CALCULATION METHODS

We applied the following calculation methods:

- ➔ **the death rate resulting from injuries in the workplace** is the ratio of the total number of deaths resulting from injuries in the workplace to the total number of hours worked, multiplied by 200,000

- ➔ **the rate of high consequences injuries in the workplace** (excluding deaths) is the ratio of the total number of high consequences injuries in the workplace (excluding deaths) to the total number of hours worked, multiplied by 200,000

- ➔ **the rate of recordable workplace injuries** is the ratio of the number of recordable workplace injuries, excluding injuries incurred during commuting, to the total number of hours worked, multiplied by 200,000

- ➔ **the hours worked by external workers** were calculated based on an estimate of the value of the labour contract and the average hourly cost of the same labour, distinguishing between Italy and other countries. For GICO and Pizza Group, the estimation in 2021 is supported by the timecard management system

- ➔ **direct emissions (Scope 1):** for the consumption of natural gas, LPG, petrol, diesel and refrigerant gas leaks from air conditioning units, the emission factors from the DEFRA (Department for Environment Food & Rural Affairs of the United Kingdom) were applied

- ➔ **indirect emissions (Scope 2):**

  • location based: these emissions were calculated by multiplying the electricity purchased from the national grid by the energy mix emission factor used in Terna international comparisons based on Enerdata data – 2019 data

  • market based: these emissions were calculated by multiplying the amount of non-renewable energy by the residual mix emission factors of each country, according to the following source valid for consumption within the European Union: European Residual Mixes, AIB – 2022, 2021, 2020 data. For consumption recorded in the United States and pertaining to the subsidiary Fabbrica LLC, the 2023, 2022 and 2021 Green-e Residual Mix Emissions Rates (2021, 2020 e 2019 data), eGrid subregion EPA NYLI source was applied

REVIEW OF DISCLOSURES

The criterion identified by Somec to establish the significance of a change or error in the data and comparative information provided in the NFS of previous years, entails establishing whether such change or error can significantly influence the decision-making process of the NFS recipients.

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GRI CONTENT[27] INDEX

(27) Quantitative indicators that do not relate to any general or topic-specific disclosures of the GRI Standards, which are contained on the pages shown in the Content Index, are not the subject of limited review by EY S.p.A.

Statement of use	Somec S.p.A. has provided the disclosures included in this Non-Financial Statement "in accordance with the GRI Standards" for the period spanning 1 January 2023 - 31 December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No GRI Sector Standard applicable

Standard GRI/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	**Reason**	**Explanation**
General disclosures					
	1. Organisation and its reporting practices				
GRI 2 General Disclosures - version 2021	2-1 Organisational details	Group identity			
	2-2 Entities included in the organisation's sustainability reporting	Group identity			
	2-3 Reporting period, frequency and contact point	Introduction			
	2-4 Restatement of information	Methodological note - Review of information			
	2-5 External assurance	Report of the auditing firm			
	2. Activities and workers				
	2-6 Activities, value chain and other business relations	Products and services			
	2-7 Employees	The value of people			
	2-8 Non-employees	The value of people			

Standard GRI/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Reason	Explanation
	3. Governance				
GRI2 General Disclosures - version 2021	2-9 Governance structure and composition	Integrity and transparency			
	2-10 Nomination and selection of the highest governing body	Integrity and transparency			
	2-11 Chair of the highest governing body	Integrity and transparency			
	2-12 Role of the highest governing body in overseeing the management of impacts	Methodological note - Stakeholder engagement			
	2-13 Delegation of responsibility for managing impacts	Sustainability at Somec, The value of responsibility			
	2-14 Role of the highest governance body in sustainability reporting	Methodological note			
	2-15 Conflicts of interest	Governance, integrity and transparency			
	2-16 Communication of critical concerns	The value of responsibility, Methodological note			
	2-17 Collective knowledge of the highest governing body	Governance, integrity and transparency			
	2-18 Valutazione della performance del massimo organo di governo	Governance, integrity and transparency			
	2-19 Remuneration policies	Governance, integrity and transparency			
	2-20 Process to determine remuneration	Governance, integrity and transparency			

Standard GRI/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Reason	Explanation
GRI 2 Informative Generali - versione 2021	2-21 Annual total compensation ratio		Undisclosed indicator	Confidentiality obligations	
	2-22 Statement on sustainable development strategy	Letter from the Chairman			
	2-23 Policy commitments	The value of responsibility, Workers' health and safety, Well-being and empowerment of one's own people, Methodological note			
	2-24 Embedding policy commitments	The value of responsibility, Workers' health and safety, Well-being and empowerment of one's own people, Methodological note			
	2-25 Processes to remedy negative impacts		Undisclosed indicator	Unavailable or incomplete disclosure	
	2-26 Mechanisms for seeking advice and raising concerns	Governance, integrity and transparency			
	2-27 Compliance with laws and regulations	Responsible management of procurement processes			
	2-28 Membership associations				The Group is not a member of any association worth mentioning
	2-29 Approach to stakeholder engagement	Stakeholder engagement			
	2-30 Collective bargaining agreements	Well-being and empowerment of our people			

Standard GRI/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Reason	Explanation
Material topics					
GRI 3 Material topics - Version 2021	3-1 Process to determine material topics	Sustainability at Somec			
	3-2 List of material topics	Sustainability at Somec			
Relationship with local communities					
GRI 3 Material topics – Version 2021	3-3 List of material topics	The people around us: the local community			
GRI 204 Procurement practices 2016	204-1 Proportion of spending on local suppliers	The supply chain, The people around us: the local community			
Business ethics and sustainability governance					
GRI 3 Material topics – Version 2021	3-3 List of material topics	Integrity and transparency			
GRI 205 Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Integrity and transparency			
Consumption of raw materials					
GRI 3 Material topics – Version 2021	3-3 List of material topics	Choosing materials between innovation and responsibility			
Materials 2016	301-1 Materials used by weight or volume	Choosing materials between innovation and responsibility			
Energy efficiency and climate change					
GRI 3 Material topics – Version 2021	3-3 List of material topics	Energy efficiency and measures to fight climate change			
GRI 302 Energy 2016	302-1 Energy consumption within the organisation	Energy efficiency and measures to fight climate change			
	302-4 Reduction of energy consumption	Energy efficiency and measures to fight climate change			
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Energy efficiency and measures to fight climate change			
	305-2 Energy indirect (Scope 2) GHG emissions	Energy efficiency and measures to fight climate change			

Standard GRI/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Reason	Explanation
Waste management and circular economy					
GRI 3 Material topics – Version 2021	3-3 List of material topics	Responsible use of resources			
GRI 306 Rifiuti 2020	306-1 Waste generation and significant waste-related impacts	Responsible use of resources			
	306-2 Management of significant waste-related impacts	Responsible use of resources			
	306-3 Waste generated	Responsible use of resources			
Sustainable supply chain management					
GRI 3 Material topics – Version 2021	3-3 List of material topics	The supply chain			
GRI 308 Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	The supply chain			
GRI 414 Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	The supply chain			
Employee welfare and well-being					
GRI 3 Material topics – Version 2021	3-3 List of material topics	Well-being and empowerment of our people			
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	Well-being and empowerment of our people			
Diversity and equal opportunity					
GRI 3 Material topics – Version 2021	3-3 List of material topics	The value of people			
GRI 405 Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	The value of people			

Standard GRI/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Reason	Explanation
Occupational health and safety					
GRI 3 Material topics – Version 2021	3-3 List of material topics	Workers' health and safety			
GRI 403 Occupational health and safety 2018	403-1 Occupational health and safety management system	Workers' health and safety			
	403-2 Hazard identification, risk assessment, and incident investigation	Workers' health and safety			
	403-3 Occupational health services	Workers' health and safety			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Workers' health and safety			
	403-5 Worker training on occupational health and safety	Workers' health and safety			
	403-6 Promotion of worker health	Workers' health and safety			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Workers' health and safety			
	403-9 Work-related injuries	Workers' health and safety			
	403-10 Work-related ill health	The value of people			

Standard GRI/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Reason	Explanation
Development of resources and human capital					
GRI 3 Material topics – Version 2021	3-3 List of material topics	Well-being and empowerment of our people			
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	Well-being and empowerment of our people			
	404-2 Programs for upgrading employee skills and transition assistance programs	Well-being and empowerment of our people			
Human Rights					
GRI 3 Material topics – Version 2021	3-3 List of material topics	The value of responsibility, Well-being and empowerment of our people			
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	The value of responsibility, Well-being and empowerment of our people			
Labour relations					
GRI 3 Material topics – Version 2021	3-3 List of material topics	Well-being and empowerment of our people			
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	Well-being and empowerment of our people			
Product safety and innovation					
GRI 3 Material topics – Version 2021	3-3 List of material topics	Choosing materials between innovation and responsibility			
GRI 416 Clients' health and safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Choosing materials between innovation and responsibility			

Standard GRI/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Reason	Explanation
Other disclosure provided not related to material topics					
GRI 201 Economic performance	201-1 Direct economic value generated and distributed	The value of responsibility			
GRI 207 Tax 2019	207-1 Approach to tax	Governance, integrity and transparency - Tax transparency			
	207-2 Tax governance, control, and risk management	Governance, integrity and transparency - Tax transparency			
	207-3 Stakeholder engagement and management of concerns r elated to tax	Governance, integrity and transparency - Tax transparency			
	207-4 Country-by-country reporting	Governance, integrity and transparency - Tax transparency			
GRI 303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	Responsible use of resources			
	303-2 Management of water discharge-related impacts	Responsible use of resources			
	303-3 Water withdrawal	Responsible use of resources			

AUDITOR'S REPORT

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Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 CONSOB Regulation adopted with Resolution n. 20267 of January, 2018

(Translation from the original Italian text)

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

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5, paragraph 1, lett. G) of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Somec S.p.A. and its subsidiaries (hereinafter "Somec Group" or "Group") for the year ended on 31st December 2023 in accordance *ex* art. 4 of the Decree approved by the Board of Directors on 27th March 2024 (hereinafter "DNF").

Our assurance engagement does not cover the information included in the paragraph "The European Union Taxonomy" of the DNF of the Group, that are required by art. 8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative ("GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

EY S.p.A.
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Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. In the financial year of this engagement our audit 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

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

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;

2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;

3. comparison of the economic and financial data and information included in the DNF with those included in the Somec Group's consolidated financial statements;

4. understanding of the following aspects:
    - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
    - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
    - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

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With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
In particular, we have conducted interviews and discussions with the management of Somec S.p.A. and with the personnel of Budri S.r.l. and Inoxtrend S.r.l and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at group level:
  a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the following companies: Budri S.r.l. and Inoxtrend S.r.l., that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Somec Group for the year ended on 31st December 2023 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.
Our conclusions above do not refer to the information included in the paragraph "The European Union Taxonomy" of the Group DNF itself, that are required by art. 8 of the European Regulation 2020/852.

Treviso, 8th April 2024

EY S.p.A.

Stefano Marchesin
(Statutory Auditor)

This report has been translated into the English language solely for the convenience of international readers.

For further information about the contents of this Consolidated Non-Financial Statement, please contact us directly at the following e-mail addresses:

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