

Consolidated non-financial statement 2020

pursuant to articles 3 and 4
of legislative decree
N. 254/2016

—

Somec S.p.A.

somec



**where sky
and sea
meet.
and beyond.**



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Letter from the Chairman

Dear colleagues and partners,

I present to you today our very first non-financial statement (hereinafter also "CNFS").

During this unprecedented year, Somec Group has pulled together to face the unforeseen challenges of the pandemic. We continued to grow as a Group, and in 2020 managed to complete four acquisitions, the transition to international accounting standards, a translisting to the Borsa Italiana MTA market, and our first CNFS. In addition to pursuing our strategy, we also implemented initiatives to improve the group's transparency with stakeholders, our governance and our disclosure.

Our CNFS marks the first step towards the disclosure and consolidation of one of the mainstays of our growth in favour of our clients and global sustainability targets.

Through our business and our research and development activity, we have always strived to help our customers to meet environmental sustainability objectives:

we do this by contributing to the design and planning of large and innovative buildings that meet the highest environmental standards (such as LEED standards), partly thanks to our curtainwalls;

we do this by designing glass envelopes for the large ships of the future, boosting productivity with the technological achievements of the entire industry in the interests of environmental sustainability;

we do this on ships and in restaurants around the world by designing and manufacturing highly energy efficient kitchen appliances;

we do this inside buildings and ships by minimising material and energy wastage, using our skills for interior architecture and design, and working with wood and other materials.

As for the impact of the pandemic on the growth of our business: Somec Group is one of the lucky ones; we were forced to shut down for just a short time and only our production activities were affected.

When the lockdown began, one of our key areas of activity, design and engineering, had already been reorganised to allow staff to work remotely, and we ordered the partial closure of our Italian plants whilst operations outside Italy continued.

Our order visibility gave us an advantage and strategic decisions such as diversifying our markets proved effective, almost ahead of expectations.

We are an international group, and thanks to proximity production we have been able to continue to operate, albeit at different times in different regions of the world.

During the lockdown, we continued to engage with all our external stakeholders: clients, suppliers, and investors alike. We continued discussions in order to plan with internal stakeholders, allowing us to meet most of our deliveries, with only a slight delay in some cases. We continued to pursue our growth strategy.

Remaining faithful to our values and our belief in creating lasting partnerships and relationships, we implemented all initiatives aimed at supporting our supply chain, which is mainly based in Italy and is composed of small-medium enterprises, thus safeguarding the local business community and the employment it provides to Italian households.

We are extremely proud of the way our people - the true strength of the Group - have responded. They have worked tirelessly, side by side - albeit remotely, to meet the challenges of the pandemic and the consequent uncertainty. The experience that our group, and its people, have been through, takes me back to 2014, a year when Somec was recovering from a difficult period, when a journalist asked us: "Is it still possible to do business during tough times?", to which we replied, "Yes, of course it is. All we have to do is truly believe that it is people who make companies work and who make the dreams they're built on a reality".

The brief closures also had positive consequences: we had time to reflect without having to deal with the demands of day-to-day business.

During that period of great uncertainty, we considered the future of the sectors in which we operate: the group, which is renowned within the market for its ability to provide innovative solutions for its clients' projects, is well-positioned to play a leading role in helping to shape the world of tomorrow.

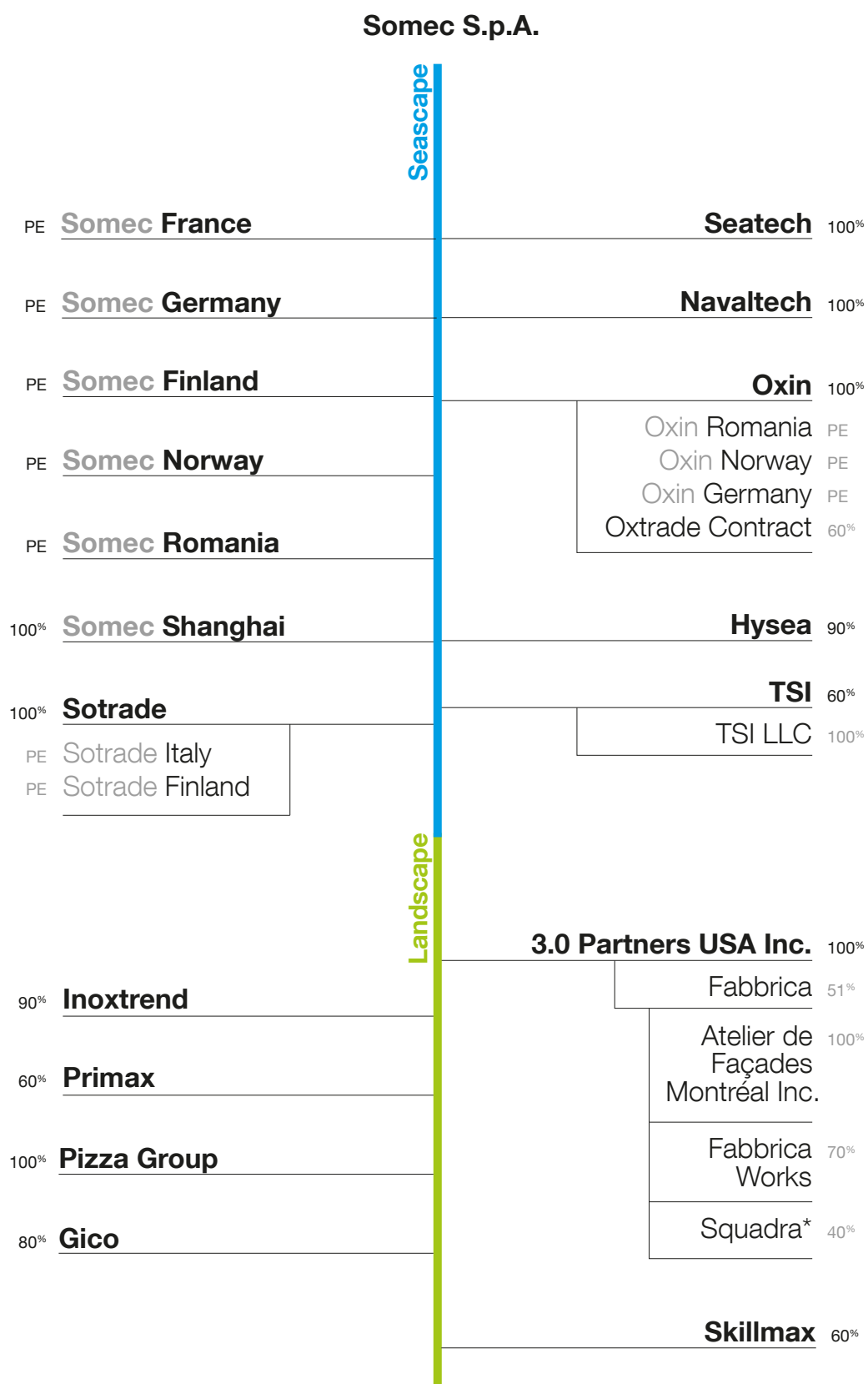
Building every day the world of tomorrow - our mission - is what we have been doing with passion since we started out. Each day, we strive to find solutions that meet the requirements of each individual project and satisfy an ever-changing variety of demands, handling the entire process from start to finish until we deliver full turnkey solutions. Every day, we work alongside our customers to help them achieve their goals. We have done this every day for 40 years, and today more than ever.

We see our new era as one of communication and team effort, where if one person wins, we all win. A new approach to a different future must involve us all, so we can do things we previously took for granted differently and better and allow for "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Gro Harlem Brundtland, Our Common Future, 1987).

Thank you,

Oscar Marchetto
Chairman of Somec S.p.A.





Introduction

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 Consolidated Annual Financial Report.

This is the Group's first non-financial statement and describes the reporting period between 1 January 2020 and 31 December 2020. The CNFS also allows the reader to compare the results with those of the year 2019.

Somec Group

The Group's identity

Somec Group is composed of a number of companies that are highly specialised in the design, engineering and execution of large turnkey projects involving the construction of glass envelopes for the marine and civil construction sectors, as well as the production and installation of professional kitchens and outfitting of public areas and interiors. Through targeted acquisitions and expansion, the Group's strategy is aimed at consolidating its ability to meet the needs of the world's largest customers in its business sectors, by developing innovative solutions using a wide variety of highly specialist skills. In other words, the Group's high level of expertise has allowed it to reach - and maintain - a leadership position on the market.

seascope

Somec has been operating in the marine industry since 1993, designing and producing glazing systems for cruise ships, and in recent years making professional kitchens through its subsidiary, Oxin; HySea creates public dining and entertainment areas. Navaltech is an associate company that provides refitting and maintenance services for ships in the USA and Caribbean. Sotrade provides on-site installation and maintenance services as well as real time on-board maintenance services during navigation.

landscape

Somec has been offering first-rate glazing solutions for the civil construction segment since 1978, while Fabbrica LLC caters to the ever-expanding market in the USA, relying on the twenty-year experience of its founders and on the sizeable manufacturing and design synergies with the parent company. Inoxtrend, which operates in the professional kitchen supplies business, is the leader of a new group of operators that are set to transform the sector, through Somec's innovative capacity and in line with the vision of our Chairman, Oscar Marchetto.

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 Seascope 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 "Our 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. In 2016, the Group acquired Oxin, thereby entering the market of professional kitchens for cruise ships. 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 construction sector in the United States. In the following years, the Group established a number of new companies and made several acquisitions - which, overall, helped to strengthen 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 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 will allow the Group to continue to look "beyond the horizon", using its solid foundations to meet its growth targets and consolidate its business activities, particularly in the land-based sector.

seascape



marine glazing

Design, engineering, manufacture and installation of glass envelopes for cruise ships



marine cooking equipment

Design, manufacture & installation of professional turnkey equipment for cruise ships galleys



marine public areas

Design, supply and installation of turnkey projects for public areas and living spaces of cruise ships

landscape



building façades

System engineering, manufacture and installation of special building façades



professional cooking equipment

Production of professional food service equipment for restaurants



public areas interiors

Turn-key contract solutions for luxury outfitting of boutiques, stores, hospitality and public areas

the netherlands
lobith-tolkamer

germany
papenburg
bremerhaven
hamburg
wismar
stralsund
rostock

uk
southampton

norway
langsten

portugal
viana do castelo

finland
turku
helsinki

slovakia
sotrade

romania
tulcea

kroatia
pula

italy
monfalcone
ancona
genova
trieste
marghera
castellammare di stabia
palermo

spain
cadiz

france
saint
nazaire

somec HQs
oxin and otrade HQs
hysea HQs
inoxtrend HQs
primax HQs
TSI HQs
squadra HQs
pizza group HQs
fabbrica works HQs
skillmax HQs
gico HQs

china
qingdao
somec
shanghai

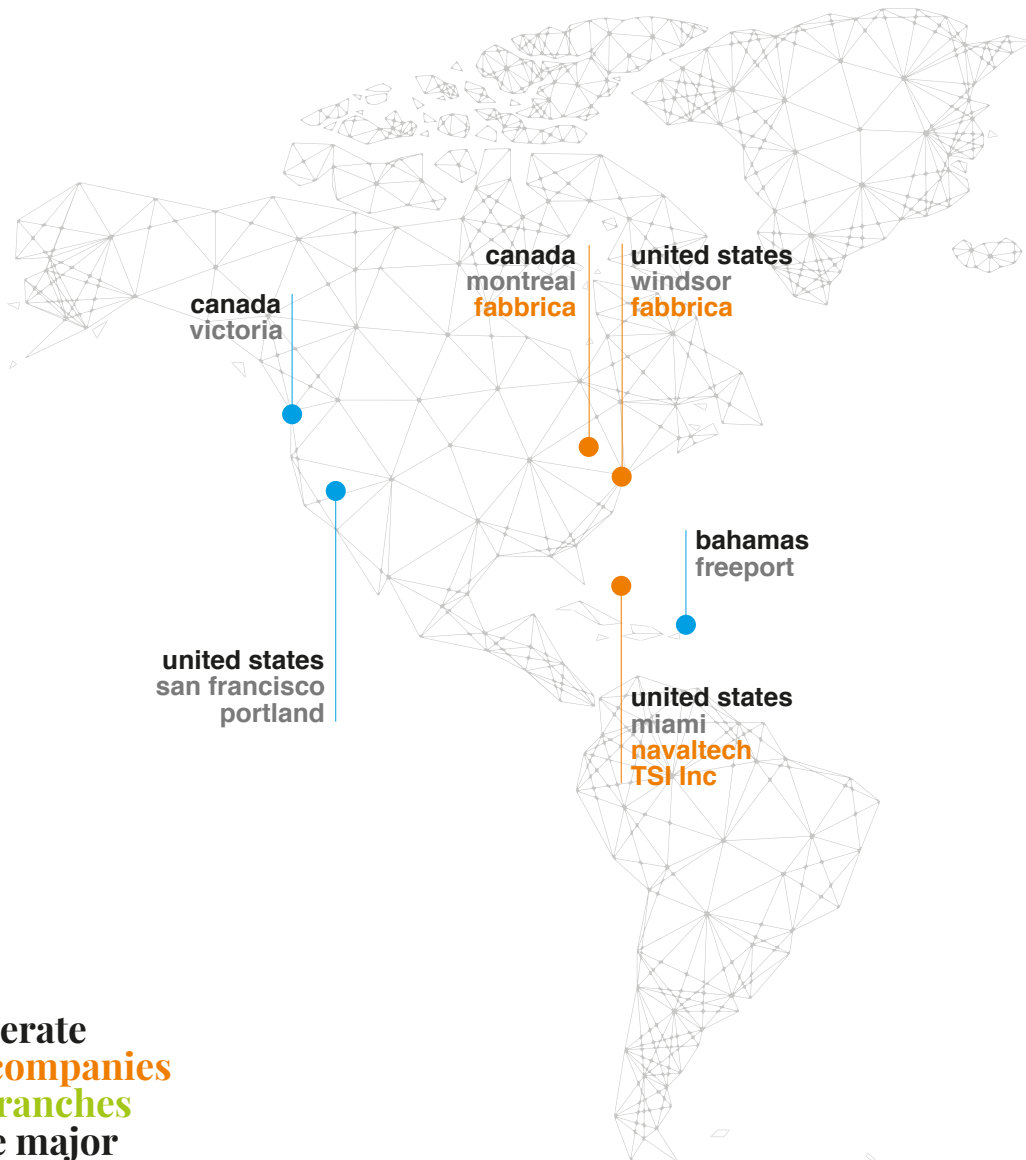
japan
nagasaki

australia
sidney

singapore

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 20 companies in Finland, France, Germany, Slovakia, United Kingdom, United States, Canada, Romania, Norway, China, and Italy, employing a total of 809 people.

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.



we operate
with **companies**
and **branches**
on the major
yards in
the world

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 five members¹. The Board holds the powers for the ordinary and extraordinary administration of the Group, including setting the organisational and strategic guidelines.

Confirming our strong focus on responsible governance and in compliance with current regulations, the parent company Somec S.p.A. has adopted an Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001. Organisational Model 231 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. The Code of Ethics is a key feature of the Model and establishes the principles that the company must aspire to in reaching its business objectives. In particular, five general and fundamental ethical values are identified and are applied to all Somec's business areas:

Integrity: business is managed in a professional and responsible manner in order to avoid creating situations in which potential conflicts may arise, ensuring that conduct is honest, moral, and correct and is perceived as such;

Transparency: the Company conducts its internal and external relations with various parties by providing clear, complete, prompt and accurate information;

Legality: during both decision-making and implementation, all conduct is in full compliance with internal procedures, all applicable national and international regulations, as well as regulations established by the Supervisory Authorities;

Impartiality: decisions and conduct are carried out while respecting the personal characteristics of each individual, encouraging and rewarding integrity and responsibility, accepting diversity and rejecting any form of discrimination based on age, health, sex, religion, race, political and cultural views, or personal and social status;

Prudence: business is conducted with a full awareness of the risks, the management of which is carried out in a responsible manner; we therefore encourage prudent conduct, particularly when actions and decisions may result in damage to other people or property.

In accordance with legal requirements, Somec's 231 Model also includes a whistleblowing procedure that allows company employees to report any unlawful or non-compliant conduct anonymously.

Although only Somec S.p.A. has adopted the 231 Model so far, its subsidiaries have implemented practices that are inspired by those of the parent company and mirror its principles and values. With a view to achieving further integration between the various areas of the business, the Group plans to extend the Model 231 to its subsidiaries over the next few years, starting with Oxin, where work on the preparation and application of the Model will begin in 2021.

The importance afforded to these aspects by the Group, and therefore regardless of the formal procedures implemented by the individual companies, is shown by the fact that in 2019 and 2020 there were no confirmed cases of corruption - as was also confirmed by the due diligence carried out for our various acquisitions.

¹ The Somec Group Board of Directors is composed of four men and one woman, all of whom are aged over 50.

Fiscal transparency

Somec conducts its business according to the values and principles of Integrity, Transparency, Legality, Impartiality and Prudence, 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 Group-wide tax strategy in place and individual subsidiaries operate according to local tax regulations. Furthermore, although the Group has not yet established a formal tax governance procedure and each company manages taxation aspects independently, it has appointed Studio Lorenzon as the single tax advisor for all Group subsidiaries. Somec S.p.A. appointed BDO Consulting and other external consultants to oversee and plan all activity concerning national and international tax systems.

Furthermore, Somec S.p.A. has begun to update its 231 Model in order to incorporate tax offences. This process began at the end of 2020 following a risk assessment and the development of a new procedure, which is currently in the very early stages, with the aim of analysing and managing tax-related risks. As mentioned earlier in the report, the Group plans to extend management of the issues regulated by Model 231 to its subsidiaries over the next few years, starting with Oxin.

The whistleblowing procedure allows for anonymous reports of any non-compliant or unethical/unlawful conduct, which is dealt with directly by the SB. There have been no reports of tax-related offences to date.

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.

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 previously mentioned, the Group operates through two divisions: **Seascope**, which includes the segments of Marine glazing, Marine cooking equipment and Marine public areas; and **Landscape**, including the segments of Building façades, Professional cooking equipment and Public area interiors.

Seascope

In over 25 years in the business, the Seascope division has contributed to the construction (new building) and conversion, modernisation, replacement and refitting services of more than 250 cruise ships at the world's main shipyards. It is divided into three segments, which employed a total of 436 employees as at 31 December 2020.

Marine Glazing 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 the parent company Somec, which conducts most of its business at its headquarters in San Vendemiano, while installation is performed by the subsidiaries Oxtrade Contract and Sotrade, as well as other specialist companies within the sector.

Thirty years of experience in the steel making business has allowed Somec to expand the **Seascope** division to include **Marine cooking equipment**, which has been operating in the market for new building and refitting orders for over fifteen years. The services cover the entire life cycle of the product, from design, to production, to assembly, right up to the installation of catering areas such as kitchens and bars, cruise ship refrigerators, mainly in stainless steel. Product customisation to meet client specifications and in compliance with current product safety regulations make the segment a core strength of the Group's offer within the Seascope division. Our products are developed and manufactured entirely at Oxin's Treviso plant and are subsequently installed by the associate company Oxtrade Contract or similar external companies.

Finally, the Group's services also include the design, tailor-made production, conversion, renovation, replacement and refitting of public areas (such as casinos, shops, theatres, restaurants, nightclubs, bars, children's play areas, spas, swimming pools, solariums, lounges) on cruise ships, both newly constructed (new building) and those in need of refitting (**Marine public areas**). TSI (with sites in Cantù - Como, Aprilia - Latina, Marghera - Venice and Miami - Florida, USA) and Hysea (with sites in San Vendemiano - Treviso and Padua) work directly with shipowners, architects and interior designers, handling the entire process from initial design to installation. The production stage is entrusted to a network of suppliers, manufacturers and specialist artisans: this characteristic, which differs from the Group's strategy in the other segments of the division, is due to the high degree of diversification in outfitting projects for public

areas on cruise ships, as orders may involve significant production complexities (for example, floors and panels in wood, ceramic, stone, carpet; wooden, metal or plastic ceilings; partition walls; glass; standard or made-to-measure furniture; electrical equipment; plumbing material; air conditioning; audio and video systems, etc.)

Landscape

The Landscape division, which was inaugurated in 1978 when Somec itself was founded, has a total of 373 employees and a portfolio of services offered for land-based 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 Group's main real estate market is the US, particularly in the cities of New York, Boston and Washington DC, where glazed skyscrapers are commonplace. 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. It therefore identifies and applies cross-sector synergies between the **Building façades** and **Marine glazing** segments.

Following the acquisition of Skillmax, the Landscape division entered the **Public area interiors** business in 2020. The main clients in this segment are the retail and hospitality industries, for which the Group designs and installs bespoke furniture solutions for offices, hotels, shops and airports. High quality standards and unique and innovative solutions are Somec's strength in this area, where it enjoys a considerable competitive edge thanks to its experience in outfitting interior spaces on luxury cruise ships. Due to the complexity and diversity of its products, Skillmax uses a network of selected local suppliers and artisans, and manages the remaining stages of design, assembly and manufacturing at its headquarters in Callalta (Treviso).

Finally, thanks to the experience of the subsidiaries Inoxtrend, Primax, Pizza Group and Gico, the Group has been operating for many years and is increasingly more present in the segment of **Professional cooking equipment**. It offers a broad and complete range of products that are suitable for use in various professional cooking locations, such as restaurants, bars, hotels, pizzerias, pastry shops, school canteens, hospital canteens, supermarkets, etc. Production is carried out entirely by the Group and includes ovens, blast chillers, appliances and equipment for pizzerias, and hobs for professional kitchens.

Sustainability at Somec

Somec is aware that the success of a company is measured based not only on economic indicators, but also on its ability to be sustainable over time, creating value for itself and all its stakeholders. During the two-year reporting period covered by the Consolidated Non-Financial Statement, sustainability issues - with particular emphasis on occupational health and safety (following the outbreak of the Coronavirus pandemic) and the climate emergency - have come to the forefront with unprecedented speed and it is against this backdrop that Somec has prepared its first consolidated non-financial statement.

During 2020, the Group identified the main categories of internal and external stakeholders that are most able to influence or are most exposed to the influence of the Group. Their involvement is of utmost importance in order to gauge their interest and expectations in relation to sustainability issues, so as to be able to strengthen and improve the relationships that already constitute one of the Group core strengths.

The Group's stakeholders

Clients

Employees

Financial institutions and intermediaries

Local Community

Public Administration and certification and supervisory authorities

Shareholders

Suppliers

Trade union and trade associations

In 2020, the Group also defined its own material topics, i.e. sustainability matters that are relevant to Somec itself. The Group first identified the material topics by performing a desk analysis of the main sustainability trends, sector trends, a benchmark analysis of the main competitors and peers and a media analysis aimed at measuring pressure from the media and public opinion. Subsequently, the Group's top management took part in a workshop to establish the importance of material topics from the company's point of view.

The Group identified 14 material topics, aligned with the five areas defined by Legislative Decree 254/2016: **Environment, Social, Human Resources, Anti-corruption measures** and **Human Rights**.

Environment	Consumption of resources	Guaranteeing transparency in the selection of resources, ensuring compliance with quality standards and limiting environmental impacts.
Environment	Energy efficiency and climate change	Reducing energy consumption, favouring energy-efficient solutions and fostering an energy saving culture in order to reduce the Group's overall impact on climate change.
Environment	Waste management	Encouraging efficient waste management and disposal, favouring recycling and re-use.
Environment	Polluting emissions	Limiting polluting emissions by adopting the best technology available and complying with environmental regulations.
Human resources	Diversity and equal opportunity	Guaranteeing equal opportunity and combating all forms of discrimination (e.g. based on sex, religion, political views, nationality).
Human resources	Training and education	Promoting and strengthening the skills of all employees, offering high quality training and enhancing know-how for career development.
Human resources	Industrial relations	Open-communication between employees, their representatives and Group management.
Human resources	Occupational health and safety	Guaranteeing a safe and healthy workplace, fostering structured health and safety procedures.
Human resources	Employee welfare and well-being	Creating a welcoming, stimulating and positive work environment, guaranteeing a healthy work-life balance and offering welfare benefits to workers.
Social	Sustainable supply chain management	Fostering sustainable supply chain management, taking account of the environmental and social criteria for supplier selection procedures and committing to environmental and social risk management throughout the entire supply chain.
Social	Relations with local community	Supporting local communities by sponsoring local initiatives and projects, making donations and choosing goods and services from local suppliers.
Social	Product safety and innovation	Guaranteeing product quality and safety, encouraging innovation and investing in research and development.
Anti-corruption	Business ethics	Undertaking ethical business practices and adopting measures to combat all forms of corruption.
Human rights	Human rights	Guaranteeing respect for human rights within the Group and throughout the entire value chain.

The value of people

Somec has always taken special care of its employees - who are, above all, people: women and men who actively contribute daily to the Somec's success at the various levels of the Group. These solid assets proved to be a key strength during 2020, when the Coronavirus pandemic shook economies around the world, forcing us all to face an unprecedented emergency. The biggest challenge was to guarantee business continuity, by adapting to the new and unpredictable scenario. We drew on our capacity for resilience, with Somec's management and the companies within the Group working tirelessly side by side. When news of the spread of the pandemic first broke, the Group promptly appointed an internal Task Force to manage the emergency and has taken decisive action from the get-go aimed at safeguarding the health of its people, bringing the Health and Safety and Human Resources functions and top management around the same table. In particular, and starting with our Italian branches, Somec took proactive steps to adapt to the infection prevention and containment measures, anticipating legislation and setting up an internal committee to monitor the evolution of the emergency on a daily basis: the committee has also been responsible for keeping a direct line open with the authorities and trade unions in order to manage any problems together. Nonetheless, despite the Group's prompt action, which ensured continuity and prevented it from having to lay off employees or downsize the company, it was inevitably forced to use the furlough scheme in order to ensure that employees and their families received financial support, whilst saving their jobs and allowing Somec to offset the decline in production volumes due to the impact of the pandemic on the global economy. The restrictions put in place by the governments of the various countries in which the Group does business forced us to halt operations at our Italian production sites during the national lockdown, as well as at shipyards in Italy and France. Although they continued to operate, activity at our US production sites and at overseas shipyards suffered a sharp slowdown - although not to the extent of the Italian and French sites. In order to guarantee the continuity of the Group, the Boards of the Group companies continued to work relentlessly to support and coordinate international business at an unprecedented and challenging time: Somec ramped up its IT systems, allowing a large number of its employees to work from home.

In other words, 2020 witnessed an enormous team effort, during which the Group accelerated the integration processes between its various businesses with a view to managing the pandemic by sharing and applying best practices throughout its companies and across countries. The human resources department proved to be one step ahead in the process of standardising procedures and processes under a single Group leadership - although many of the activities that had been planned in our 2020 strategy were postponed until the following year due to the health crisis.

As at 31 December 2020, the Group had a total of 809 employees, 171 of whom women and 638 men. The sizeable difference in the number of male and female employees in Somec's workforce is due to the core activities of the business, many of which require a large amount of manual labour, which is often more suited to male employees. The increase compared to 2019 is mainly the result of the acquisitions of Gico, Skillmax and Pizza Group, in addition to the establishment of Fabbrica Works. In fact, if we consider the numbers on a like-for-like basis² in 2019-2020, we note that the reduction in the workforce involved more men (-9.7%) than women (-2.2 %). Another aspect that sets the Group apart in terms of human resources management is our clear preference for permanent contracts (97.5%) over fixed-term contracts - an aspect confirmed by the increase, in a year marred by difficulties, in the share of permanent contracts, which in 2019 stood at 92.5%. To complete the picture, in 2020 97.3% of Somec employees were on a full-time contract, a slight reduction compared to 98.5% the previous year.

² Typically used in field of sales and commerce, the LFL method allows us to render two numbers comparable by adjusting for any changes (terminations and recruitments) during the reporting period.

GRI 102-8 disclosure - Information on employees and other workers

	Type of contract	Gender	Unit of measurement	2019	2020
Employees by contract type	Permanent	Female	n.	123	167
		Male	n.	567	622
		Total	n.	690	789
	Fixed-term	Female	n.	16	4
		Male	n.	40	16
		Total	n.	56	20
	Totale		n.	746	809
Employees by work schedule type	Full time	Female	n.	132	154
		Male	n.	603	633
		Total	n.	735	787
	Part time	Female	n.	7	17
		Male	n.	4	5
		Total	n.	11	22
	Total		n.	746	809

Half of our workforce is employed at Somec S.p.A., Fabbrica LLC and Oxin S.r.l.. More specifically, the parent company alone employs 27.2% of the workforce, followed by 15.3% at the US subsidiary and 12.5% at Oxin. The remaining employees of the Group account for a lower percentage of staff, at around an average share of 3.7% each. In addition to directly employed staff, the Group also employs a small group of other workers, including self-employed individuals³ (15 in 2019, 11 in 2020), temping staff (10 in 2019, 13 in 2020) and interns (5 in 2019, 3 in 2020).

In addition to the gender breakdown, the typical characteristics of the Group's business are also reflected in the breakdown of personnel, i.e. a pyramid structure, at our manufacturing companies: blue collar workers comprise the largest category in Somec's workforce, at more than half of employees (50.6%, down slightly on 2019), followed by white collar workers (44.6%, up slightly year on 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, of which there is an almost identical amount of staff. It is worth underlining that there were no noteworthy variations from one year to the next in the two younger categories, while from 2019 to 2020 there was a sharp increase in the number of workers over the age of 50.

³ For Italian companies, these workers are self-employed individuals with their own VAT numbers who issue invoices to the company, while Oxtrade Contract - which is subject to Romanian law - has a similar type of contractual relationship with external workers.

GRI 405-1 disclosure - Diversity of governance bodies and employees

	Job category	Unit of measurment	2019		2020	
			Female	Male	Female	Male
Employees by job category and gender	Executive	n.	1	9	2	10
	Manager	n.	3	19	4	23
	White collar	n.	121	200	147	214
	Blue collar	n.	12	381	17	392
	Total	n.	137	609	170	639

GRI 405-1 disclosure - Diversity of governance bodies and employees

	Job category	Unit of measurment	2019			2020		
			< 30	30-50	>50	< 30	30-50	>50
Employees by job category and age	Executive	n.	0	4	6	0	3	9
	Manager	n.	0	14	8	0	17	10
	White collar	n.	78	208	35	83	231	47
	Blue collar	n.	84	235	74	75	231	103
	Total	n.	162	461	123	158	482	169

Employee health and safety

Thanks to the strong sense of responsibility that sets the Group apart in every aspect of its operations, Somec is committed to promoting and supporting any measures that safeguard the health and safety of its employees, in full compliance with current legislation. In line with this effort, for the companies subject to Italian law, the Group has begun the gradual process of consolidating and standardising health and safety practices with the aim of managing centrally all the aspects that are currently controlled by the individual companies. This strategy has been far from easy or conventional, also considering the difficulties caused by both the international scenario and the Group's rapid expansion and numerous acquisitions made in recent years. In an unprecedented year like 2020 - the effects of which will undoubtedly have repercussions for years to come - the Group has set also itself apart for the proactive approach with which it has incorporated and developed the ever-changing requirements of anti-Covid regulations, which since March 2020 have been the focus of the main functions: we promptly ensured that employees were physically distanced from their colleagues and provided the required Personal Protective Equipment to ensure operations were performed correctly; in some cases, the Group opted to rotate furloughed staff in order to ensure that there was no crowding on factory floors whilst also ensuring that no worker was penalised more than others; we took out a Covid insurance policy that provides compensation and healthcare coverage for any workers who are admitted to hospital; we encouraged all employees (mainly white collar workers) who are able to work remotely from home to do so.

In general, the procedures that the Group companies have put in place in order to manage any employee health and safety-related issues are in full compliance with the applicable national legislation. 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 in order 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 it is covered by appropriate risk assessment procedures conducted by foreign companies. In Italy, Health and Safety Officers play a key role that acts 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.

In addition to the necessary distinctions made on a geographical basis - which in the member states of the European Union in general, and in Italy in particular, depend directly on stringent occupational health and safety laws, with the respective mandatory regulations that provide for it - it is worth noting the differences deriving from the different nature of the companies in the Group's portfolio. In particular, the Marine glazing and Marine cooking equipment segments in the Seascope division, as well as Building façades and Professional cooking equipment in the Landscape division, purely involve production activity, i.e. processing (cutting, bending, welding) of steel and metals as well as on-site installation activities. These are different risks from those identified for Marine public areas and Public area interiors - which focus mainly on the installation and sale of semi-finished and finished products, with the exception of Skillmax which performs production activities that may present risks similar to the first group. For example, the first group are 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. These 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. One important prevention practice worth noting is the monitoring of so-called near-misses⁴ performed by Fabbrica LLC and, as of October 2020, also by Skillmax.

During 2020, the total number of hours worked by employees declined, a fact that reflects the critical situation caused by the Coronavirus pandemic - even more so if we consider the expansion of the scope of consolidation over the same period. Despite the drop in the number of hours worked, the total number of injuries increased - albeit to a limited extent, and mostly involving minor incidents, mainly small injuries and minor injuries limited to manufacturing employees, and due to carelessness or failure to observe the established protocol. Over the two-year period just one injury took place, which resulted in the worker having to take more than 6 months off work from the Fabbrica LLC plant due to a fracture following an injury involving an electric pallet truck.

The number of hours worked also decreased⁵ (to a greater extent than for directly employed workers) for external workers whose work and/or workplace is under the supervision of the Group⁶. There was also a disproportionate reduction in the number of injuries with respect to the decrease in the number of hours worked.

Finally, during the two-year reporting period, 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 2019 and 2020, there were no cases of occupational illnesses, the risks associated with which are identified by means of specific risk assessment procedures that identify those that occur most frequently due to the repetitive nature of some tasks and exposure to noise and vibrations during some production processes.

⁴ A near-miss or "near-accident" is defined as any work-related event that could have caused an injury or damage to health (illness) or death but did not result in any of these outcomes.

⁵ The category includes temping staff and subcontractors.

⁶ For details on the estimates and assumptions adopted in order to calculate the number of hours worked by external workers, please see the Methodological Note.

GRI 403-9 disclosure - Work-related injuries

	Information	Unit of measurement	2019	2020
Employees	Hours worked	n.	1,383,279.4	1,296,374.5
	Total number of injuries	n.	18	21
	<i>of which high consequences injuries</i>	n.	0	1
	Injuries frequency rate	Rate	2.60	3.24
	High consequences injuries frequency rate	Rate	0.00	0.15
	Information	Unit of measurement	2019	2020
External workers	Hours worked	n.	1,200,469.5	884,134.21
	Total number of injuries	n.	12	1
	Injuries frequency rate	Rate	2	0.23

Employee well-being and retention

Somec is well aware that production performance goes hand in hand with the well-being and retention of its people. In this context, Somec takes care of its employees through various targeted initiatives: again in this case, the Group is in the process of standardising practices and procedures, and over the next few years aims to eliminate any differences between the various subsidiaries in terms of HR management. One of Somec's objectives for the next few years is to establish a Group policy that sets fixed and variable benefits for employees, as well as expanding its current Welfare platform and converting all employees' performance bonuses - the possibility of which is being considered during the negotiation of second-level contracts with the trade unions - into flexible benefits. In regard to collective bargaining, collective bargaining agreement coverage reached 80% in 2020, an increase of 7 percentage points on the previous year: in particular, the National Collective Labour Agreement (CCNL) for Metalworkers is the contract used for all employees in Italy, while workers in Romania (Oxtrade) and in some of those based in Finland (Sotrade) are covered by similar agreements. The other companies with offices outside Italy, on the other hand, do not offer any contracts negotiated with trade unions due to the local legislation in force and the structure of the labour market in the United States (Fabbrica LLC) and Canada (Atelier de Façade). Furthermore, as already mentioned, in 2020 we signed a Covid insurance policy covering 100% of employees in Italy.

Our Recruitment Policy - which we began drafting in the early months of 2020 but which was postponed following a change in company priorities due to the Coronavirus outbreak, was formalised and extended to all Italian companies within the Group at the end of 2020. As a direct consequence of the health crisis and the drop in production volumes experienced by all the Group's subsidiaries, recruitment suffered a sharp slowdown compared to the previous year - a setback that, even considering the acquisitions completed during 2020, led to a 55% reduction in the recruitment of new employees. The most drastic reduction, in absolute and percentage terms, affected male employees (-59%, corresponding to 189 fewer workers). The termination trend, on the other hand, was more stable and increased slightly on a two-year basis, at 3%, and was evenly distributed (in absolute terms) between men and women and throughout all age groups.

GRI 401-1 disclosure – New employee hires and employee turnover

	Gender	Age	Unit of measurement	2019	2020
New employee hires	Female	<30	n.	20	13
		30 - 50	n.	25	19
		>50	n.	5	3
	Total female employees		n.	50	35
	Female hiring rate		%	36.5	20.6
	Male	<30	n.	110	46
		30 - 50	n.	173	74
		>50	n.	35	9
	Total male employees		%	318	129
	Male hiring rate		%	52.4	20.3
	Total hires		n.	368	164
	Total hiring rate		%	49.5	20.3
	Gender	Age	Unit of measurement	2019	2020
Employee turnover	Female	<30	n.	6	8
		30 - 50	n.	15	25
		>50	n.	6	2
	Total female employees		n.	26	35
	Female turnover rate		%	19.0	20.6
	Male	<30	n.	60	54
		30 - 50	n.	101	107
		>50	n.	29	27
	Total male employees		n.	190	188
	Male turnover rate		%	31.3	29.5
	Total turnover		n.	216	223
	Total turnover rate		%	29.0	27.6

Training and education was also affected by the differences between the practices and procedures of Somec's subsidiaries, already mentioned several times in this report. Training carried out during the two year reporting period was mainly based on not overly formalised guidelines, and mainly concerned health and safety aspects required by law, non-mandatory informal on-the-job training and courses offered to employees to improve their soft skills (languages, technical aspects of products, regulations, etc.). Obviously, the project to standardise and centralise training and education throughout the Group - including the analysis of training requirements in order to draw up training plans that aim to strengthen skills and take action where we find room for improvement - suffered a major slowdown in 2020 and most of the integration targets were postponed to subsequent years. For this reason, the Group undertakes to promptly monitor the training hours provided for all Italian companies as of 2021 and to publish them in the CNFS of the next reporting period.

Finally, Somec is well-aware of the importance of respect for human rights, an integral part of Model 231. Although there is no formal system in place to report cases of discrimination other than the whistleblowing procedure already mentioned in the introduction, the Group is not aware of any such cases arising during the two-year reporting period. The Group plans to gradually extend the human rights monitoring procedure as required by Model 231 to all Italian companies.

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 continually 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 2020, the Group continued to support the usual initiatives and associations, but also extended its support to those focused on the healthcare emergency and community aid.

As in 2019, Somec S.p.A. and Oxin S.r.l. sponsored Universo Treviso Basket, a basketball club from the city of Treviso which currently plays in Italy's top league: the main objective of our sponsorship is to promote the sport and encourage young people in the area to get involved via the San Vendemiano basketball youth academy (Rucker Sanve). What's more, in 2019 Somec was one of the sponsors of the Premio Comisso and the Premio Campiello, two historical literary events that are held annually in Veneto but which transcend regional lines and are renowned throughout the country.

The **Giovanni Comisso literary prize** was launched in Treviso in 1979 by a group of friends of the writer, the first edition of which was dedicated to fiction, with a biography section added as of the third edition in 1981. The aim of the award is to raise awareness of Giovanni Comisso's work: to this end, starting from the first editions, high school students have been involved, distributing more than 40,000 books of Comisso's works to Italian schools and also involving Italian-speaking students attending foreign universities.

The "**Campiello**" is a literary prize, established in 1962 thanks to the Veneto region's industrialists, and is awarded to writers of Italian fiction. Throughout its history, the Premio Campiello has proven the validity of its cultural choices by raising the awareness of the general public of numerous authors and novels that have marked the history of Italian literature. The Campiello has seen the success of the works in the competition confirmed both in terms of sales but also by the fact that some of the books have been made into film. The Campiello is currently considered to be one of the most prestigious literary awards in Italy and one of the most important on the Italian literary scene. It is also a channel via which the region of Veneto's industrialists contribute to the promotion of Italian fiction and with the aim of helping people to discover the pleasure of reading based on an awareness that the *raison d'être* of any literary award is to "create new readers".

As for charitable donations, in 2020 Somec continued to donate to the **Telethon Foundation**, a not-for-profit organisation that raises funds to finance and promote scientific research into genetic diseases and rare diseases in children. Moreover, the subsidiary Fabbrica LLC participates in the "**Weekend Wheels Backpack Program**", a project via which the company provides food and supplies to children in need on a weekly basis: between its launch in 2013 and end of the school year in June 2020, the programme had distributed more than 17,000 backpacks filled with groceries, equivalent to nearly 130,000 meals. As for the health emergency, 2020 was a year in which the Group worked closely with Public Administration bodies: Somec made a donation to the Municipality of Treviso to help finance Coronavirus containment measures, as well as to the Municipality of San Vendemiano to help finance the "Tablet in classe" programme. The aim of the project is to provide every first-year middle school student and teacher with a tablet in order to allow for more innovative teaching methods: the tablets were made available to the local public school on loan.

HR risk 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.	Somec HR management is based on the values of respect, equality and merit. All forms of discrimination are prohibited and all employees are afforded equal opportunity, without distinction. Somec S.p.A. has adopted Model 231 and a code of ethics with rules of conduct and is committed to rolling out the model to all Group companies.
Employee welfare and well-being Staff training and education	Somec is exposed to strategic risk in light of the know-how of its employees who have acquired specific skills in relation to the complex engineering content of 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 and to keep them within the Group, thus reducing the turnover rate as much as possible.
Occupational health and safety	These risks are related to the health and safety conditions at sites and offices and are mainly due to production activities.	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.
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.
Diversity and equal opportunity	Without a diversity policy the Group would be at risk of being ill-prepared to adapt to any current or future legislation or regulations.	The Group strives to combat all forms of discrimination in the workplace by providing equal opportunities to all employees.

Environmental protection

The concept of sustainability is by definition strictly related to the environment, respect thereof, an understanding of the impacts that human activity has on the environment and the consequent reduction of negative effects on the world we live in. Over the last few years in particular we have witnessed a veritable explosion of awareness of the concept of climate crisis, and a heartfelt and unexpected participation in the fight against climate change that has resulted in supranational organisations, institutions, as well as private companies and public opinion uniting in a single movement.

Somec is well aware of the context in which the factories of the Group companies operate, and shares this concern for the issue of climate change. As for the aspects relating to Human Resources discussed in the previous chapter, Somec Group - whose parent company has adopted ISO 14001 certification - also relies on ongoing coordination between its subsidiaries in order to manage environmental issues: the expansion of the Group as a result of our growth through acquisitions, a strategy that relies heavily on control of the reference sectors, means that the Group companies depend on standardised practices and procedures. The standardisation and centralisation process was heavily delayed in 2020 due to the outbreak of the Coronavirus pandemic. Our subsidiaries opted to delay some measures that were already scheduled - or that were being considered/the subject of feasibility studies - in order to concentrate resources on managing the health crisis. The impact of the pandemic has also led to an overall reduction in production volumes and, consequently, in energy consumption, which declined for almost all our subsidiaries.

Combatting climate change

Whereas, on the one hand, the reduction in energy consumption in 2020 compared to the previous year was due to the effects of the pandemic that began in Italy in March, in absolute terms the year just ended had a lower impact on environment - albeit not intentional. In future years, when we expect to return to business-as-usual, Somec Group is committed to considering the possibility of adopting virtuous practices and installing new technologies that enable us to decouple production capacity from energy consumption and the impact on the environment.

The 2020 trend can in fact be seen in the consumption trends of our subsidiaries, with the exception - in aggregated and consolidated terms - of electricity consumption, which bucked the overall trend, and diesel consumption. In more detail, consumption of LPG and methane gas - both used for heating and, to a much lesser extent, during testing of some of the ovens produced by Group companies operating in the Professional cooking equipment segment - decreased year-on-year by 2% and 29% respectively. Similarly, although in much smaller quantities in absolute terms, the petrol consumption of the company fleet (vans, trucks and cars) dropped by 35%. Conversely, as mentioned earlier, diesel consumption - which, as in the case of petrol, is used to fuel the fleet of the Group's subsidiaries - due to the expansion of Group, rose by almost half (46%) compared to the previous year, while kWh of electricity purchased was up by 30%. Overall, energy consumption fell by 21.3% in 2020, a trend that was heavily influenced by the reduction in the use of natural gas - which is our main source of energy.

Initiatives

Skillmax: revamping LED - warehouses

Pizza Group: revamping LED

Gico: revamping LED - external lighting

Fabbrica: revamping LED - warehouses and offices; installation of motion sensors for lighting

Inoxtrend: installation of solar panels

GRI 302-1 disclosure - Energy consumption within the organisation

		2019		2020	
	Source	Litres	GJ	Litres	GJ
Fuel consumption of the company fleet	Diesel	85,471.98	2,808.02	124,982.12	4,497.26
	Petrol	4,560.27	164.11	2,975.22	97.64
	Total		2.972.13		4,594.91

As regards the rise in the consumption of some energy sources, it is worth offering an in-depth analysis that provides an explanation for this trend. As mentioned in the previous chapters, in 2020 the Group was expanded to encompass Fabbrica Works, Skillmax, Pizza Group and Gico: the previously described data therefore refers to consolidated Group amounts which obviously consider the newly acquired companies in the year just ended. If we do not include the aforementioned companies in order to perform a like-for-like comparison, consumption of all energy sources considered would show a reduction, with the exception of electricity, which is almost in line with the previous year. More specifically, consumption of LPG decreased by 12.6%, methane gas by 29.9%, diesel by 22.6%, petrol by 34.8%, while kWh of electricity purchased increased by 0.1%.

Future initiatives

Skillmax: ISO 14001 certification; installation of solar panels to achieve energy self-sufficiency

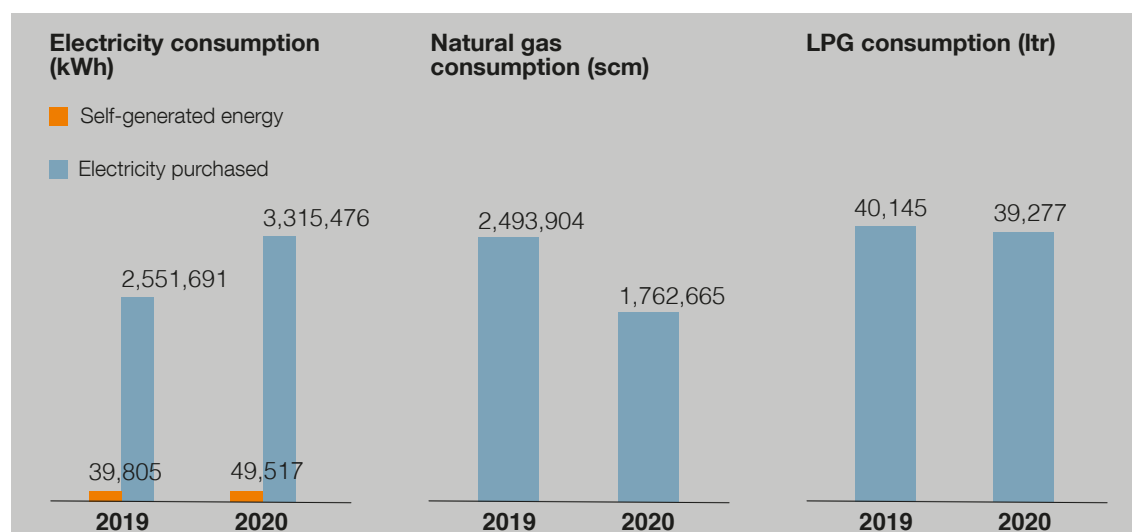
Gico: LED revamping - workshop

It is also worth taking a closer look at our consumption of renewable energy. In 2020, 6.9% of the electricity purchased and consumed by Group companies is covered by Guarantees of Origin⁷ - rising to 9% if we perform a LFL comparison, up on the 8.3% of the previous year and in marked contrast to the overall decrease in consumption and our flat electricity consumption. This data demonstrates that the Group is committed to using renewable energy sources and confirms its commitment from one year to the next.

Inoxtrend, a Group company that operates in the Professional cooking equipment segment, also consumes energy generated by the solar panels installed at its plant. Of the entire amount of energy generated, which in 2020 amounted to a total of 72,087 kWh, an increase of 37.3% year on year, Inoxtrend consumes 68.7% and re-feeds the remaining amount into the grid. This means that 18.1% of the entire energy requirement in 2020 was generated by the solar panels at the plant. It is worth noting, considering the share of energy generated by the plant and that covered by Guarantees of Origin, that over half of the company's total annual consumption (52.9%) is composed of clean and zero-impact energy.

⁷ A Guarantee of Origin (GO) is an electronic document that certifies the renewable origin of the energy sources used by qualified plants. For each MWh of renewable energy fed into the grid by qualified plants, the supplier issues a GO certificate, in compliance with EC Directive 2009/28.

Energy consumption within the organisation



GRI 302-1 disclosure - Energy consumption within the organisation				
	Source	Unit of measurement	2019	2020
Non-renewable energy consumption	Natural gas	GJ	89,269.78	63,035.78
	LPG	GJ	955.53	954.93
Indirect energy consumption	Electricity purchased	GJ	9,186.09	11,935.71
	<i>of which from renewable sources</i>	GJ	762.20	826.41
Energy generated	Energy generation and consumption	GJ	143.30	178.26
Total energy consumption		GJ	102,526.83	80,699.59

Greenhouse gas emissions resulting from the Group's production operations is 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 from 2019 to 2020. In particular, and as outlined in more detail in the Methodological Note in this report, the calculated emissions have been classified according to the categories of Scope 1 and Scope 2. 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 different 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	Unit of measurement	2019	2020
Diesel	tCO ₂ e	229.7	335.9
Petrol	tCO ₂ e	10.6	6.9
Natural gas	tCO ₂ e	5,063.9	3,565.3
LPG	tCO ₂ e	61.1	61.1
F-Gas – R410A	tCO ₂ e	0	8.4
Total Scope 1 emissions	tCO₂e	5,365.3	3,977.5
Electricity – Location based	tCO ₂	955.2	1,180.1
Electricity – Market based	tCO ₂ e	1,175.5	1,512.5
Total Scope 1 + Scope 2 emissions - location based	tCO₂e	6,320.5	5,157.7
Total Scope 1 + Scope 2 emissions - market based	tCO₂e	6,536.8	5,490.1

In addition, Inoxtrend's energy self-sufficiency allowed the Group to avoid emitting 24 tonnes of carbon dioxide into the atmosphere in 2020, helping to lower the Italian energy mix. This corresponds to a saving of almost 193,770 kilometres travelled in a medium-sized car.

Responsible consumption of resources

Somec is aware that environmental sustainability does not simply mean more efficient energy consumption and reducing greenhouse gas emissions, but in a broader sense it also means having 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 nature of the business 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 also includes information on the impact of its management of water resources, waste and polluting emissions.

Most of the water consumed by Group subsidiaries is used for sanitation purposes. The only exception being Somec S.p.A., which uses small quantities of water in a closed circuit for its glass grinding machines at its San Vendemiano plant. Withdrawals are mostly made from the mains water supply (94% of total consumption in 2020), while the remainder comes from our own wells. On a like for like basis, consumption is almost entirely covered by third-party sources (99.9%): the increase in well withdrawals followed our expansion during the year and the acquisition of Pizza Group. The increase in total withdrawals from 2019 to 2020 (+25%) was also heavily reduced - albeit reaching +6.8%, mainly due to some unscheduled maintenance carried out during 2020 - if we consider the companies controlled by the Group in both years. Somec only consumes fresh water and no withdrawals are made from water-stressed areas.

GRI 303-3 disclosure – Water withdrawal

Source	Unit of measurement	2019	2020
Withdrawal of groundwater (wells)	m ³	2	553
Total withdrawal from third parties (mains water supply)	m ³	6,827.0	7,974.7
Total water withdrawals	m³	6,829.0	8,527.7

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 it does not have a significant impact on the environment: in fact, the amount of hazardous waste as a percentage of the total waste produced (0.7% in 2020, 0.3% in 2019) means that Somec does not have to adopt special measures for its management and disposal - which is always in full compliance with the applicable laws. It is worth noting the different types of waste produced by the various subsidiaries according to their activities: in general, the companies that operate more on the manufacturing side of the business, i.e. Marine glazing, Building façades, Marine cooking equipment and Professional cooking equipment, generate waste such as aluminium, iron, steel and metals in general, as well as glass used for manufacturing and wood for packaging; Marine public areas and Public area interiors, which mainly perform assembly, transit and storage activities, produce a greater amount of waste from packaging material (such as paper and cardboard, plastic, mixed packaging and wood) as a percentage of the total waste produced.

In 2020, wood made up the largest share of waste materials - a marked increase on the previous year and accounting for more than a quarter of the total (27.3%). Aluminium (10.9%) and glass (10.3%) were next in line, followed by paper and cardboard (6.2%), iron and steel (5%), metals in general (4.8%) and mixed packaging (4.5%). Plastic (1.1%) is preceded only by "other" materials, which, for example include: sludge, sealants, insulation, paint, batteries, powders and absorbent materials. As for the other items discussed in the CNFS, the significant changes in the amount of the various waste materials is attributable to the new additions to the Group in 2020 - excluding which, the individual amounts of waste items would have decreased or remained the same.

Initiatives

Skillmax: elimination of plastic bottles and installation of water dispensers;

Somec: improved management of aluminium waste and more recycling;

Gico: reuse of pallets and reduction of incoming packaging;

Fabbrica: installation of water dispensers and reduction in the use of plastic bottles; installation of a waste compactor

GRI 306-3 disclosure – Waste generated

Waste category	Unit of measurement	2019	2020
Paper and cardboard	t	224.72	176.15
Plastic	t	36.76	30.82
Wood	t	573.10	778.44
Mixed packaging	t	46.78	129.40
Aluminium	t	212.51	310.02
Iron and steel	t	110.77	142.76
Glass	t	191.13	294.46
Metals	t	98.50	138.13
Other	t	65.76	84.81
Total	t	1,560.02	2,084.99

The Group's manufacturing activities also generate a minimal amount of polluting emissions: in particular, these include painting, welding and laser cutting. Extraction systems undergo regular checks, are in full compliance with the applicable regulations - and 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 that generate 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 the those already performed in-house by the companies themselves are not usually required. In particular, the Province of Treviso requires that raw materials procured and transported to the individual production sites are monitored 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, in the few cases in which they have been taken, have not revealed any abnormalities, thus confirming that effectiveness of the Group's own monitoring system.

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	<p>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).</p> <p>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.</p>	The Group undertakes to adopt all the necessary measures to describe its energy system and consumption, and to identify any measures to improve its energy efficiency.
Waste management	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>

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 - procurement practices in particular. In an especially challenging year like 2020, being able to count on solid relationships with its suppliers ensured that we had a constant supply of materials and third-party processing of 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 glass elements and cooking equipment for both the Seascope and Landscape divisions: given there is limited scope in terms of product innovation due to current regulations and the strict safety and durability requirements for products and materials exposed to significant atmospheric and structural stress, R&D at the various Group companies is focused on the design and production of highly tailor-made solutions.⁸

Suppliers play a key role in ensuring products and services comply with customer demands and regulatory requirements, thus increasing customer satisfaction. It is therefore worth explaining how Somec Group manages its supplier selection, qualification and assessment system, its procurement and selection system for raw materials and compliance with current laws and regulations.

Supply chain

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

The Group is also firmly committed to supporting the local industrial sector, and in fact the Group's suppliers are mostly Italian, and mainly located in the regions of Northern Italy. Unsurprisingly, in 2020 60% of expenditure on suppliers was earmarked for local Italian suppliers, in line with 2019 (63%).

Given the various specific requirements of the Group companies, the supply chain is managed according to business segment, 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 Group 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.

⁸ During the reporting period, we were made aware of two cases of non-compliance in terms of the health and safety aspects of the products sold (a safety problem with a rolling machine and a press), both at Pizza Group and both in 2020. The Group launched an in-depth review to improve all the products in the range and improve their safety performance.

The supply chain management approach adopted for the various business segments of the Somec Group can be divided as follows:

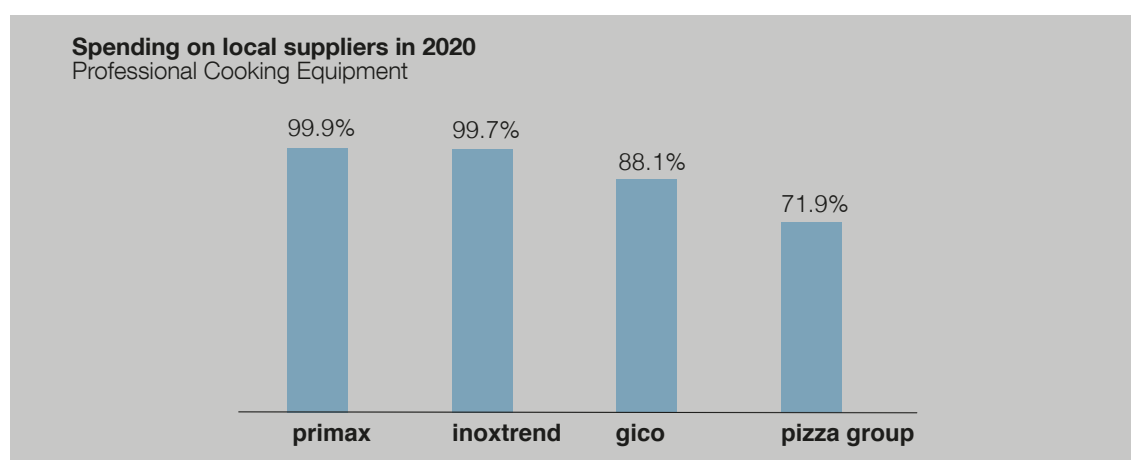
Landscape, which includes Building façades, Professional cooking equipment and Public area interiors.

Seascape, which includes Marine glazing, Marine cooking equipment and Marine public areas.

landscape

The **Professional Cooking Equipment** segment⁹ 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 also obtains insulating foams from suppliers to make refrigerators, while Gico purchases finished products to be sold directly.

The suppliers for this business segment are mainly Italian, with 84.5% of expenditure going to local suppliers in 2020. Following the acquisition of Pizza Group and Gico, the companies in the Professional Cooking Equipment segment have begun to use the same suppliers, where possible, while continuing to support local businesses.



As regards supplier selection and qualification for Inoxtrend and Pizza Group, an initial screening phase is carried out on the basis of the supply history, the type of customers with which the suppliers already have a stable relationship, the reliability of the company and its geographic location. 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.

Conversely, Primax has chosen to base its supplier selection and assessment process on long-established practices based on the know-how gained by the company over the years. Product quality assessments and evaluation of delivery reliability is based not only on historical analysis, but, where possible, it uses on-site visits to monitor the type of system in place, the cleanliness and condition of machines and the way the business is organised overall.

⁹ This business segment includes the following subsidiaries: Primax, Inoxtrend, Pizza Group and Gico.

Finally, Gico, in line with other companies in the segment, mainly chooses its suppliers based on quality criteria. The company has also adopted ISO 9001 certification, thanks to which regular audits are carried out to assess the quality of the suppliers themselves.

The **Public areas interiors**¹⁰ segment uses a highly varied group of suppliers. This is due to the need to procure a wide and varied range of materials, ranging from raw materials such as paints, marble, metals and glass to finished goods such as fabrics. The majority of suppliers are based locally, in line with Group policy: in 2020, 97% of expenditure went to local suppliers.

Skillmax has adopted policies and procedures for the selection and assessment of suppliers according to quality management criteria in compliance with ISO 9001 certification. The results of the supplier assessment and qualification process are recorded in a database to determine the suitability of the chosen supplier. Suppliers are chosen based on quality requirements and those deemed suitable are included on the official list of qualified suppliers.

Finally, as regards the Building façades segment, Fabbrica LLC suppliers are located throughout the globe. 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.

seascope

The Marine cooking equipment and Marine Glazing segments mainly use suppliers of finished goods, local contractors and, subcontractors for on-board installation activity. Oxin S.r.l. and Somec S.p.A. have both adopted an ISO 9001 certified quality management system that allows them to map out all the supply requirements that must be applied by suppliers. The system also allows them to define the selection, qualification and evaluation criteria and to carry out regular quality control audits. The supplier selection process is divided into two parts, the first involves screening, whereby information is gathered and used to make an assessment in terms of the economic soundness and production capacity of the supplier. The second stage focuses on management of the supplier - from its selection to the final delivery of the products.

The information gathered focuses on product quality-related issues. The qualification procedure of the parent company Somec S.p.A. also extends to environmental and health and safety aspects, such as the adoption of certifications: characteristics relating to ISO 14001 and MOG231-compliance are considered. 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.

Both companies, in line with Group-wide operations, source their supplies mainly from Italian suppliers. In particular, in 2019 and 2020 Oxin S.r.l. allocated approximately 69% of its expenditure to local suppliers, while Somec S.p.A. allocated around 75% in both years. 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 also required from the Italian and foreign clients that place the order.

Finally, for the **Marine public areas**¹¹ segment, the supply chain is mainly split between suppliers of finished products, artisan suppliers that make tailor-made products such as furnishings, walls, ceilings, flooring and decorative lighting, and labour providers for installation services, such as painters, electricians,

¹⁰ This business segment includes SKillmax.

¹¹ This business segment includes the subsidiaries TSI and Hysea.

decorators, carpenters, etc. Selection and assessment of suppliers takes place by means of supply tenders in order to establish the cost and availability of the supplier. For Hysea, the use of newly introduced suppliers takes place with targeted on-site visits to companies in order to ascertain their suitability in the technical and manufacturing field; T.S.I. also includes aspects of environmental sustainability. Somec and Oxin select installation service suppliers based on their compliance with the regulations in force.

Regulations and certifications

IMO/MED: with particular reference to flame retardant products, this concerns the certification of materials to be embarked according to procedures established by the International Maritime Organization (IMO) or the European Union (MED Directive 2014/90 / EU).

USPHS: with particular reference to the Marine Cooking Equipment segment, this concerns the suitability and properties of the surfaces and materials that come into contact with food.

MOCA e FCM: applied to the cooking segments, these cover all producers of materials and objects that come into contact with food and for the newly acquired companies are in the process of receiving certification.

FGAS: European legislation that aims to implement a marked reduction in the limits of F-Gas on the market, regulating its use and promoting a more sustainable approach for refrigeration systems.

Choice of materials: between innovation and responsibility

The Somec Group works daily to develop innovative products that provide aesthetic solutions and know-how to meet the needs of its customers and to improve its technical skills to consolidate its leadership position in the land-based and marine sectors.

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.

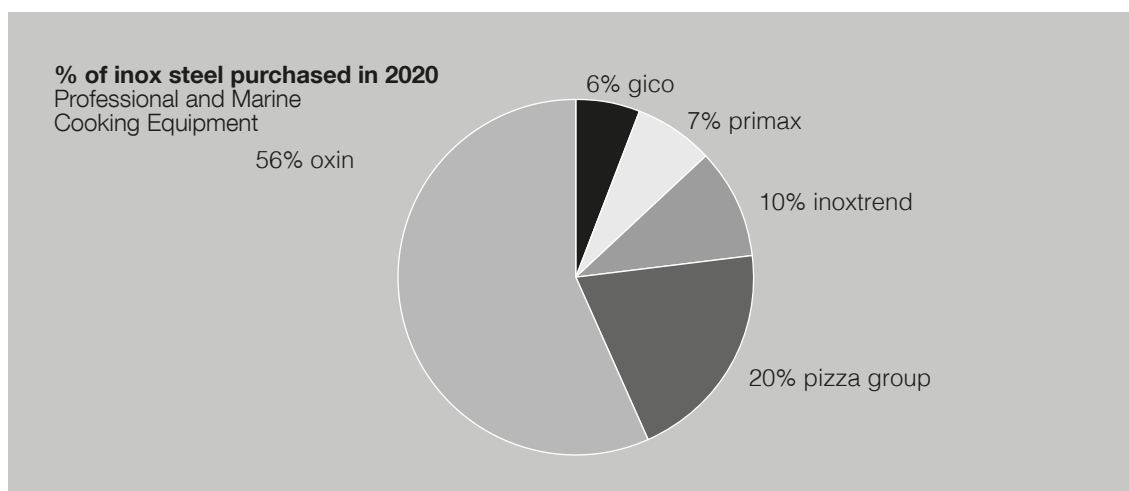
The choice of materials is one of the most important steps in order to be able to guarantee high quality products to customers. In most cases, the choice of materials is dictated by the customer itself and therefore the Group has little decision-making power in this area and therefore meets the requests while ensuring that the materials are always compatible with the performance required by regulations and by clients.

Some of the main materials purchased by the Group companies include stainless steel, aluminium, glass, paints, electrical components (such as electrical cables), wood and cardboard for packaging. The Professional Cooking Equipment and Marine cooking equipment segments mainly purchase stainless steel, one of the most durable and fully recyclable building materials in existence. During 2020, the companies of these two business segments purchased a total of 1,028 tonnes of stainless steel, 56% of which for Oxin S.r.l. for the marine sector, 20% for Pizza Group, 10% for Inoxtrend and 7% and 6% respectively for Primax and GICO, in the land-based sector.

As regards the Marine Glazing and Building façades segments, the main materials purchased are aluminium and glass. In 2020 Somec S.p.A. and Factory LLC purchased a total of 4,532 tonnes of aluminium, at 1,330 tonnes and 3,202 tonnes respectively.

Finally, the Group companies operating in the Public area interiors and Marine public areas segments purchase various different materials order to guarantee the customer not just high quality but also handcrafted and "unique" products for interior design/furnishing. Some of the main raw materials used by the companies include paints, metals and wood and other materials such as fabrics, lighting products, laminates, etc.

Starting with the choice of materials and suppliers, Somec Group's business model is therefore focused on overseeing all stages of the project cycle, whether in-house or external, in order to maintain control over the order and enable it to provide customers with safe, high quality products.



Raw material and supply chain management-related risk

The key risks identified by the Group associated with the relevant topics indicated by Legislative Decree 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.	The Group strictly observes national and international regulations on the procurement, import and export of raw materials.
Sustainable supply chain management	<p>Supplier violation of the principles on which the Group is based. 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.</p> <p>Failure to carry out adequate assessments of potential suppliers and failure to monitor compliance with environmental and social regulations.</p>	<p>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.</p> <p>In addition, the company is committed to extending the adoption of Model 231 to the other Group companies.</p>
Product safety and innovation	<p>Violation of product health and safety regulations and potential non-compliance with quality standards of the order.</p> <p>Manufacturing of products using materials that are incompatible with environmental protection.</p>	<p>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.</p> <p>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.</p>

Methodological Note

The Somec Group 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.

The Somec S.p.A. Board of Directors approved the consolidated non-financial statement on 25 March 2021.

Reporting process

In order to identify the material topics for the Group, we performed desk analyses in order to identify the expectations of Somec's stakeholders and the corporate priorities.

The analysis included:

- *benchmark analysis*: in order to identify the most common non-financial issues, sustainability reports and the websites of competitor and comparable companies and a selection of inspirer companies were analysed;
- *analysis of sector documents*: the main non-financial documents published by the most important international organisations on the subject of sustainability were analysed;
- *analysis of the press*: an analysis of publicly available articles relating to Somec and the most relevant non-financial topics was carried out, with the aim of identifying pressure from public opinion and the media;
- *sustainability macrotrend*: the documents and reports of the most relevant and influential non-governmental organisations, policy makers, and the main global stock exchanges were analysed in order to identify the main non-financial issues at the local and international level.

The results of these analyses were presented to top management through a specific interactive workshop that allowed participants to discuss the results obtained from the desk analyses, to assess the economic, environmental and social impacts that are relevant to Somec for each material topic identified and to approve the material topics of the Group.

Reporting standard and scope

The Group adopted the GRI Sustainability Reporting Standards, published by the GRI - Global Reporting Initiative according to the “GRI-referenced claim”¹² for the preparation of its CNFS.

The reporting scope, in line with the requirements of Legislative Decree no. 254/2016, coincides with that of the 2020 Consolidated Financial Statements, i.e. it includes the fully-consolidated companies for financial reporting purposes, with some exceptions shown below:

- **3.0 Partners Inc** was excluded due to the absence of direct employees and production activities;
- **Navaltech LLC, Seatech LLC and TSI Inc** were excluded as these are commercial/administrative companies with fewer than five employees and only one office. Given the negligible social and environmental impacts, we decided not to include them in the non-financial report;
- **Somec Shanghai CO. LTD** was not included as it was not operational in 2019 and 2020.

Inoltre, si segnala che per Oxtrade Contract Srl, Sotrade Sro, Atelier de Façade Montréal e Squadra che non detengono asset fisici produttivi è stato deciso di non rendicontare gli aspetti legati all'ambiente in quanto non presenti.

Furthermore, for Oxtrade Contract Srl, Sotrade Sro, Atelier de Façade Montréal and Squadra, which do not have any tangible production assets, we decided not to report any environmental-related aspects. It is also worth mentioning that the data on waste includes only that generated by the Group's production activities, given that office waste accounts for a less significant amount and has a far smaller impact. In any event, the Group will adopt a standardised monitoring system over the next few years in order to also disclose this data at the consolidated level. Furthermore, as regards the data relating to materials consumed, for this first year of reporting we only managed to collect data for the most frequently used materials (e.g. Inox steel). As with waste, the Group will undertake to collect this data from all Group companies over the next few years. Finally, as regards polluting emissions, the interviews carried out revealed that all polluting emissions from welding and painting activities are not particularly relevant at a consolidated level and the emission values are constantly monitored and consistently below the legally-allowed thresholds.

The reporting year to which all information and data included in the consolidated non-financial statement refer is 2020. For more details, the “Table of disclosures according to Legislative Decree 254 - Material Topics - GRI Topics ” shows the relevant non-financial aspects in line with Legislative Decree no. 254/2016, the related scope and any limitations thereof.

¹² Please refer to the GRI Content Index for details on the indicators reported.

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.
- **Direct emissions (Scope 1):** for the consumption of natural gas, LPG, petrol and diesel, the emission factors from the DEFRA (Department for Environment Food & Rural Affairs of the United Kingdom) were applied; for refrigerant gas leaks from air conditioning units, the GWP published in the fifth Assessment Report (AR5) of the IPCC (Intergovernmental Panel on Climate Change) was 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 - 2018, 2017 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 – 2019, 2018 data. For consumption recorded in the United States and pertaining to the subsidiary Fabbrica LLC, the 2020 Green-e Residual Mix Emissions Rates (2018 data), eGrid subregion EPA NYLI source were applied.

Table of disclosures in accordance with Legislative Decree n. 254 - Material topics – GRI topics

Legislative decree 254	Material topics	GRI topic	Boundary	
			Internal	External
Environment	Energy efficiency and climate change	GRI 302: Energy	Group	-
		GRI 305: Emissions	Group	-
	Waste management	GRI 306: Effluents and waste	Group	-
	Material consumption	GRI 301: Materials	Group	-
	Polluting emissions	GRI 305: Emissions	Group	-
	Water management	GRI 303: Water and effluents	Group	-
Human rights	Human rights	GRI 406: Non-discrimination	Group	-
HR management	Occupational health and safety	GRI 403: Health and safety	Group	Suppliers
	Welfare and well-being of employees	GRI 401: Employment	Group	-
	Employee training	GRI 404: Training and education	Group	-
	Industrial relations	GRI 402: Labour/management relations	Group	-
	Diversity and equal opportunity	GRI 405: Diversity and equal opportunity	Group	-
Social impacts	Relations with local communities	GRI 413: Local communities	Group	-
	Product safety and innovation	GRI 416: Customer health and safety	Group	-
	Sustainable supply chain management	GRI 414: Supplier social assessment	Group	Suppliers
Anti-corruption measures	Business ethics	GRI 205: Anti-corruption	Group	-

GRI CONTENT INDEX

The reporting standard adopted by the Group for the preparation of the CNFS are GRI Sustainability Reporting Standards, issued by the GRI - Global Reporting Initiative According to GRI Standard 101: Foundation, paragraph 3, this document refers to the following Reporting standards ("GRI-referenced"). Unless otherwise specified, the cited Disclosures have been applied in full.

GRI Standards	Disclosure	Description	Reference	Omissions - Notes
General indicators of GRI standards - 101: Foundation 2016				
GRI 102 General disclosure 2016				
Organisational profile	102-1	Name of the organisation	P. 1	
	102-2	Activities, brands, products, and services	P. 10 - 17	
	102-3	Location of headquarters	P. 12-13	
	102-4	Location of operations	P. 12 -13	
	102-5	Ownership and legal form	P. 8, 10	
	102-6	Markets served	P. 10 - 17	
	102-8	Information on employees and other workers	P. 20 - 21	
	102-9	Supply chain	P. 36 - 41	
Strategy	102-14	Statement from senior decision-maker	P. 6 - 7	
	102-15	Key impacts, risks, and opportunities	P. 20, 28, 29, 35, 36, 41	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	P. 14 - 15	
Governance	102-18	Governance structure	P. 14	
Stakeholder engagement	102-40	List of stakeholder groups	P. 18	
	102-41	Collective bargaining agreements	P. 25	
Reporting practice	102-45	Entities included in the consolidated financial statements	P. 42 – 44	
	102-46	Defining report content and topic boundaries	P. 42 – 45	
	102-47	List of material topics	P. 19	
	102-48	Restatements of information	-	As this is the first year of reporting, there are no restatements of information.
	102-49	Changes in reporting	-	As this is the first year of reporting, there are no restatements of information.
	102-50	Reporting period	P. 9	
	102-51	Date of most recent report	-	2020 is the first year of reporting.
	102-52	Reporting cycle	-	The report will be published on an annual basis.
	102-53	Contact point for questions regarding the report	P. 54	
	102-54	Claims of reporting in accordance with the GRI Standards	P. 43	
	102-55	GRI content index	P. 46-50	
	102-56	External assurance	P. 51	

Economic topics (GRI 200)				
GRI 204 Procurement practices 2016	103-1	Explanation of the material topic and its boundary	P. 19, 36-37, 41	
	103-2	The management approach and its components	P. 36-40	
	103-3	Evaluation of the management approach	P. 36-40	
	204-1	Proportion of spending on local suppliers	P. 36-40	
GRI 205 Anti-corruption 2016	103-1	Explanation of the material topic and its boundary	P. 13, 19, 41	
	103-2	The management approach and its components	P. 14	
	103-3	Evaluation of the management approach	P. 14	
	205-3	Confirmed incidents of corruption and actions taken	P. 14	
GRI 207 Tax 2019	207-1	Approach to tax	P. 15	
	207-2	Tax governance, control, and risk management	P. 15	
	207-3	Stakeholder engagement and management of concerns related to tax	P. 15	
	207-4	Country-by-country reporting	-	As 2020 is the first year of reporting and the first year of application of Standard 207, the Company has not disclosed information as required by GRI 207-4 due to difficulties encountered in obtaining data of the required level of detail for each tax jurisdiction. The Company therefore undertakes to obtain the necessary data and information for disclosure as of the next reporting period.
Environmental topics (GRI 300)				
GRI 301 Materials 2016	103-1	Explanation of the material topic and its boundary	P. 29, 40,42-43	
	103-2	The management approach and its components	P. 29, 40,42-43	
	103-3	Evaluation of the management approach	P. 40-41	
	301-1	Materials used by weight or volume	P. 40-41	
GRI 302 Energy 2016	103-1	Explanation of the material topic and its boundary	P. 19, 29, 42-43	
	103-2	The management approach and its components	P. 29 - 31, 35	
	103-3	Evaluation of the management approach	P. 29 - 31, 35	
	302-1	Energy consumption within the organisation	P. 29 - 31	

GRI 303 Water and Effluents 2018	103-1	Explanation of the material topic and its boundary	P. 19, 33, 42-43	
	103-2	The management approach and its components	P. 33	
	103-3	Evaluation of the management approach	P. 33	
	303-1	Interactions with water as a shared resource	P. 33	
	303-2	Management of water discharge-related impacts	P. 33	
	303-3	Water withdrawal	P. 33	
GRI 305 Emissions 2016	103-1	Explanation of the material topic and its boundary	P. 19, 29, 42-43	
	103-2	The management approach and its components	P. 29-32	
	103-3	Evaluation of the management approach	P. 29-32, 35	
	305-1	Direct (Scope 1) GHG emissions	P. 29-32	
	305-2	Energy indirect (Scope 2) GHG emissions	P. 29-32	
GRI 306 Waste 2020	103-1	Explanation of the material topic and its boundary	P. 19, 33-34, 42-43	
	103-2	The management approach and its components	P. 29, 35	
	103-3	Evaluation of the management approach	P. 29, 35	
	306-1	Waste generation and waste-related impacts	P. 34	
	306-2	Management of significant waste-related impacts	P. 34	
	306-3	Waste generated	P. 34	
GRI 308 Supplier Environmental Assessment 2016	103-1	Explanation of the material topic and its boundary	P. 19, 36, 42-43	
	103-2	The management approach and its components	P. 36-39	
	103-3	Evaluation of the management approach	P. 36-39	
	308-1	New suppliers that were screened using environmental criteria	P. 36-39	The Group does not currently have a standardised process in place to assess suppliers on the basis of environmental criteria.
Social disclosures (GRI 400)				
GRI 401 Employment 2016	103-1	Explanation of the material topic and its boundary	P. 19, 20, 42-43	
	103-2	The management approach and its components	P. 25-26	
	103-3	Evaluation of the management approach	P. 25-26	
	401-1	New employee hires and employee turnover	P. 25-26	

GRI 402 Labor/Management Relations 2016	103-1	Explanation of the material topic and its boundary	P. 19, 42-43
	103-2	The management approach and its components	P. 25-26
	103-3	Evaluation of the management approach	P. 25-26
	402-1	Minimum notice periods regarding operational changes	P. 25-26
GRI 403 Occupational health and safety 2018	103-1	Explanation of the material topic and its boundary	P. 19, 23, 42-43
	103-2	The management approach and its components	P. 23, 28
	103-3	Evaluation of the management approach	P. 23, 28
	403-1	Occupational health and safety management system	P. 23-25
	403-2	Hazard identification, risk assessment, and incident investigation	P. 23-25
	403-3	Occupational health services	P. 23-25
	403-4	Worker participation, consultation, and communication on occupational health and safety	P. 23-25
	403-5	Worker training on occupational health and safety	P. 23-25
	403-6	Promotion of worker health	P. 23-25
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 23-25
GRI 404 Training and education 2016	103-1	Explanation of the material topic and its boundary	P. 19, 26, 42-43
	103-2	The management approach and its components	P. 26, 28
	103-3	Evaluation of the management approach	P. 26, 28
	404-2	Programs for upgrading employee skills and transition assistance programs	P. 26
GRI 405 Diversity and equal opportunities 2016	103-1	Explanation of the material topic and its boundary	P. 19, 21, 42-43
	103-2	The management approach and its components	P. 21, 28
	103-3	Evaluation of the management approach	P. 21, 28
	405-1	Diversity of governance bodies and employees	P. 21-22

GRI 406 Non-discrimination 2016	103-1	Explanation of the material topic and its boundary	P. 19, 42-43	
	103-2	The management approach and its components	P. 26, 28	
	103-3	Evaluation of the management approach	P. 26, 28	
	406-1	Incidents of discrimination and corrective actions taken	P. 26	
GRI 414 Supplier social assessment 2016	103-1	Explanation of the material topic and its boundary	P. 19, 36, 42-43	
	103-2	The management approach and its components	P. 36- 39	
	103-3	Evaluation of the management approach	P. 36- 39	
	414-1	New suppliers that were screened using social criteria	P. 36- 39	The Group does not currently have a standardised process in place to assess suppliers on the basis of social criteria.
GRI 416 Customer health and safety 2016	103-1	Explanation of the material topic and its boundary	P. 19, 36, 42-43	
	103-2	The management approach and its components	P. 36	
	103-3	Evaluation of the management approach	P. 36	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	P. 36	
GRI 413 Local communities 2016	103-1	Explanation of the material topic and its boundary	P. 19, 27, 42-43	
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	413-1	Operations with local community engagement, impact assessments, and development programs	P. 27	

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 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 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 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 2020 in accordance with article 4 of the Decree approved by the Board of Directors on 25th March 2021 (hereinafter "DNF").

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"), with regards to the selection of GRI Standards specified in the paragraph "Methodological Note" of the DNF, 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 identifying 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.

Auditors' independence and quality control

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

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Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00991231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 7 delibera n. 10831 del 16/7/1997
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confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains 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. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 4. a) below.

4. 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 Oxin 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 Somec S.p.A. and Oxin S.r.l. production sites, 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 2020 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, with regards to the selection of GRI Standards specified in the paragraph "Methodological Note" of the DNF.

Other information

The comparative information presented in the DNF for the year ended on 31st December 2019 has not been examined.

Treviso, 8th April 2021

EY S.p.A.
Signed by:
Maurizio Rubinato
(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,
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www.somecgroup.com