

CONSOLIDATED NON-FINANCIAL STATEMENT 2021

PURSUANT TO ARTICLES
3 AND 4 OF LEGISLATIVE DECREE
N. 254/2016

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SOME C S.P.A.





INDEX

7	Letter from the Chairman
11	Introduction
12	Somec Group
12	The Group's identity
16	Integrity and transparency
20	Products and services
24	The European Union Taxonomy
27	TURNOVER
28	CAPEX
29	OPEX
30	Sustainability at Somec
32	The value of our people
36	Employee health and safety
39	Employee well-being and retention
43	People around us: the local community
46	Environmental protection
47	Combatting climate change
52	Responsible consumption of resources
56	Responsible management of procurement practices
57	Supply chain
60	Landscape
62	Seascape
64	Choice of materials: between innovation and responsibility
69	Methodological note
69	Reporting process
70	Reporting standards and scope
71	Stakeholders involvement
72	Calculation methods
73	Table of disclosures in accordance with Legislative Decree 254 - Material topics - GRI topics
74	GRI Content Index
81	Auditor's Report





BUILDING EVERY DAY THE WORLD OF TOMORROW

Dear colleagues and partners,

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

It has been another very busy year for Somec Group, characterised by strong acceleration in growth and prestigious orders in the United States. In July, we signed the agreement to acquire 60% of Blue-steel, and have finalised this in 2022, completing a transaction with strong strategic value for Somec. The operation represents a part of the international consolidation of the Landscape division, where we are active in the United States through our subsidiary Fabbrica LLC, acquired in 2018. During the year, we acquired the minority interests of Primax, Inoxtrend, Hysea and Gico. For the latter, the agreement to take over the minority stake in the company was signed in 2021 and has been finalised in 2022. These are important steps towards the realisation of the group's vision, which is to become the hub of Italian construction quality, meaning the aggregator of all processes, industrial and craft skills for the realisation of construction solutions sought by marine and civil architects, for clients of complex turnkey projects around the world. Somec will ultimately achieve this result once it has established a reputation as a credible and reliable partner of excellence among the world's leading operators of complex turnkey construction projects. Today, this is only possible with the utmost attention to sustainability.

This CNFS is an important step in communicating and consolidating one of the pillars of our growth, in favour of both our customers and our global sustainability goals. The value we attribute to this goes far beyond the fashions of the moment. This is why we have requested certification for the sustainability level of our business, providing a clear and certain reference to improve our performance each year. In 2021, Somec voluntarily sought independent assessment by Sustainalytics, so as to improve our transparency to stakeholders and strengthen our approach to the sustainability journey. The result of this review is a rating measuring managed and unmanaged risks of environmental, social and governance factors, and for this Somec received an ESG risk rating of 24.5. This performance places the group at a ranking of 43rd out of 133 companies in the sector: a satisfactory result, but one that we can and will certainly improve. The rating measures exposure to material, industry-specific ESG risks, and how well the company manages these risks. As part of the rating process, Sustainalytics assesses the material ESG (MEI) factors faced by Somec. For our Group, business ethics, resource use and emissions, effluents and waste issues were rated as having "medium" ESG risk, while product governance and occupational health and safety were rated as negligible. The environmental and social impact of products and services and the MEI Carbon-Own Operation received a medium risk rating.

Through our business and research and development activities, we have always supported our customers in achieving their own environmental sustainability goals, both by designing innovative buildings to the highest standards, such as the LEED standard, and by designing glazed envelopes for the great ships of the future, as well as producing innovative solutions for the kitchens of the world's ships and restaurants. All this with the utmost attention to minimising material and energy waste.

2021 was a very important year for orders from the USA. Just to mention the two most prestigious ones, through its subsidiary Fabbrica LLC, Somec won the order for development of the exterior façade of the headquarters of a prestigious luxury brand, on Fifth Avenue in New York. For this order, Fabbrica will work on the design, production and installation of aluminium-clad glass windows (over 16 metres tall) in the ground floor atrium, and on the fitting of the entire external façade with an area of about 13,000 square metres of high-performance double-glazed windows with built-in sunshades. The project is designed to achieve an LEED Platinum rating, certifying high standards in terms of environmental and sustainable design. Also through Fabbrica LLC, the Group won a new contract to build the facades of the Massachusetts General Hospital. Founded in 1811, the hospital is considered one of the three oldest in the United States, and serves as the hospital hub of the prestigious Harvard Medical School. The project consists of two buildings of 18 and 17 floors, composing a significant expansion programme, with Fabbrica taking responsibility for the design, engineering and production of over 37,000 square metres of curtain walling. Fabbrica LLC was chosen for the technical skills of its people and its experience in managing complex projects, combined with design flexibility and its abilities in cutting-edge sustainability solutions.

8

During the past financial year we have also kept faith with our corporate DNA by consolidating our propensity to create lasting partnerships and relationships. In this area, we have supported our supply chain, mainly based in Italy and composed of small-medium enterprises, thus safeguarding the local business community and the provision of employment to Italian households.

The continuation of the pandemic, although with less dramatic numbers than in 2020, has made 2021 a particularly challenging year. Once again I can proudly say that our quality, dynamism and great abilities in teamwork have achieved another year to be remembered and treasured. We are extremely proud of the way our people - the true strength of the Group - have worked incessantly to overcome the current moments of emergency and uncertainty.

I've always said that our mission is **"Building the world of tomorrow, every day"**, which is what we have been doing with since the outset. Each day, we strive to find solutions that satisfy an ever-changing variety of demands and meet the requirements of each individual project, 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 now more than ever.

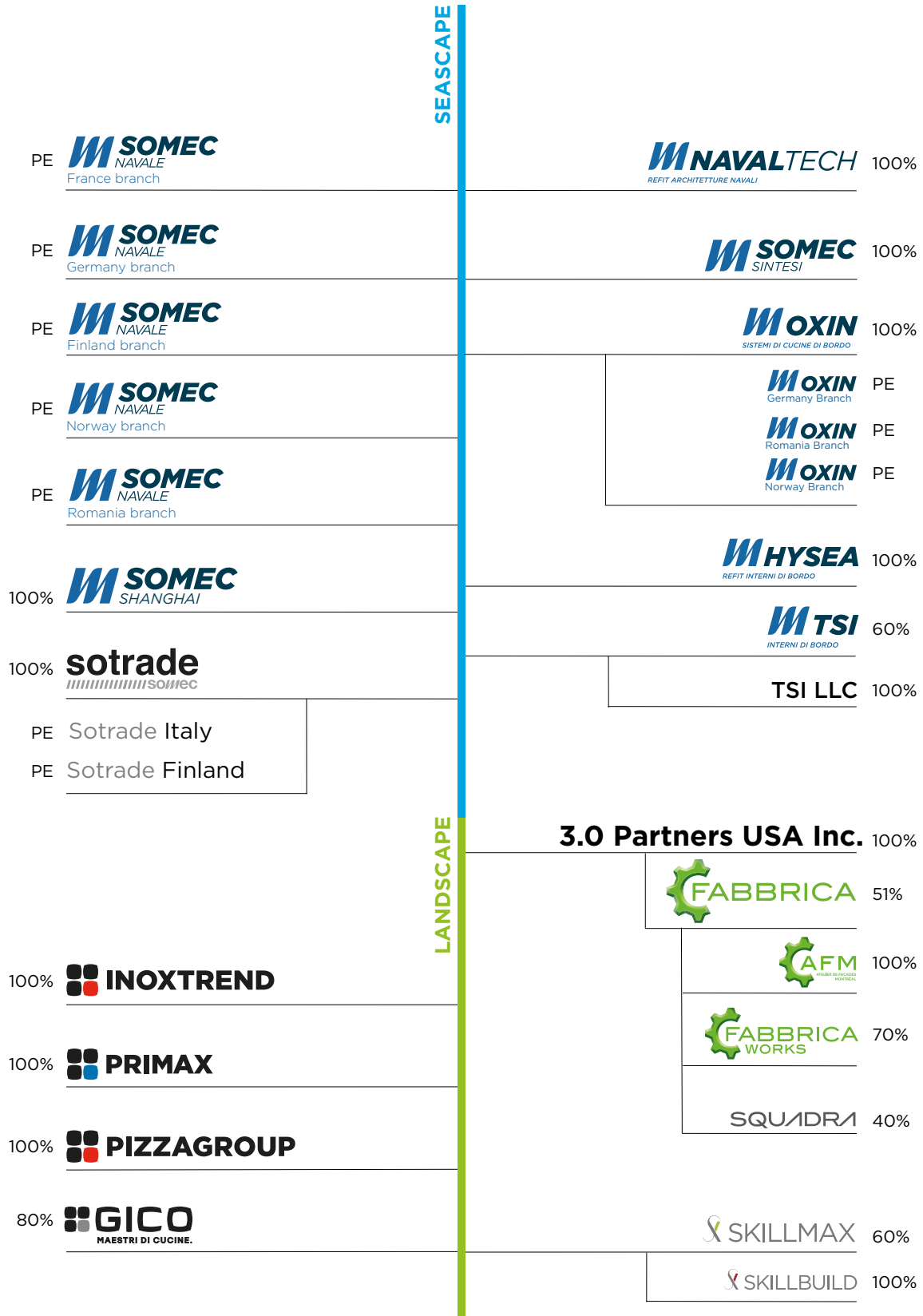
The near future is driven by a new vision, embodied in a new line of business: the design and creation of high-end interiors. Under the Mestieri brand, Somec aims to gather together a number of “Made in Italy” companies, capable of preserving and further developing the skills of top-level craftspeople specialised in fine work with sophisticated materials, from metals to marble, precious woods, leather, fabrics and much more. With this operation we expect to further strengthen our growth project through three specific business segments: Engineered systems for marine architecture and civil facades, Professional kitchen systems and products, and Design and creation of customised interiors. In essence, this is Somec’s third major evolutionary stage. The first was emerging as an international player in the construction of ships’ outer shells; the second was to move into the civil sector. The third, already begun, involves the consolidation of these three large containers, in replacement of the former division between marine and civil activities. The aim is to attack markets with increasingly higher margins, allowing us to grow and develop in a potentially endless way.

Thank you,

Oscar Marchetto
Chairman of Somec S.p.A.

SOMEK

EXM ticker: SOM



PE: Permanent Establishment
 *Squadra S.r.l.: 40% owned by Somec S.p.A. and Fabbrica LLC

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. In accordance with the EU Taxonomy Regulation 2020/852, the Somec Group CNFS contains a specific section dedicated to the mapping of economic activities that respect the criteria of eco-sustainability as defined by the legislation - and therefore can be considered "sustainable" in the framework of the Taxonomy.

This, the Group's second non-financial statement, describes the reporting period between 1 January 2021 and 31 December 2021, and also allows the reader to compare the results with those of the 2019 and 2020.



SOMECC 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.

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 **"New horizons are where sky and sea meet"**.

The momentum created by this change of direction meant that in a short time Somec's sales capacity, in both the land-based and marine sectors, was greatly strengthened and diversified, preparing it for its expansion into new business sectors and geographic areas in the following years. 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 debut in the Far East as of 2021/2022, and was just a precursor to one of the most important steps made by the Group in its 40-year history: in August 2020, Somec was listed on Borsa Italiana's Mercato Telematico Azionario (MTA). This new beginning has allowed the Group to continue to look ahead, using its solid foundations to meet its growth targets and consolidate its business activities, particularly in the land-based sector.

SEASCAPE

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.

In this direction, in July 2021 Somec signed an agreement for the acquisition of 60% of the share capital of Bluesteel Srl, a European player in engineered façade and window and door systems. Completed in 2022, this is an M&A transaction with strong strategic value, serving in the international consolidation of the division that deals with engineered systems for civil architecture and facades, already growing steadily in the United States through the subsidiary Fabbrica LLC. The operation allows Somec to expand its civil business in Europe more rapidly, relying on important production and design synergies among the various Group companies, on combined contributions of high competence in complex building envelope projects, and on our consolidated presence in the old continent. The Bluesteel Srl acquisition was followed by an increase in controlling interest in the American company Fabbrica LLC, aimed at further strengthening the Group's role in sharing in the management of this company, as it further grows involvement in numerous innovative projects for façades of iconic buildings. From October 2021 to March 2022, Gico served as the Silver Sponsor for the Italian Pavilion at Expo 2020 Dubai, and with the creation of the working environment for Chef Niko Romito (Bulgari Hotels) confirmed its place among the world's leading players in the outfitting of professional kitchens. This prestigious collaboration confirmed the company's strategy of working alongside starred restaurants, providing tailor-made solutions that express our constant research in product quality.

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

Thanks to this expansion and Somec's diversified but complementary expertise, the Group now has offices and plants on three continents, directly or indirectly controlling about 20 companies in Finland, France, Germany, Slovakia, United Kingdom, Romania, Norway, China, Italy, United States, Canada, and employing a total of 822 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.

FLORIDA
 NAVALTECH 
 TSI 

NEW YORK
 3.0 PARTNERS USA

GERMANY
 SOMEK BRANCH 
 OXIN BRANCH 




CONNECTICUT
 FABBRICA

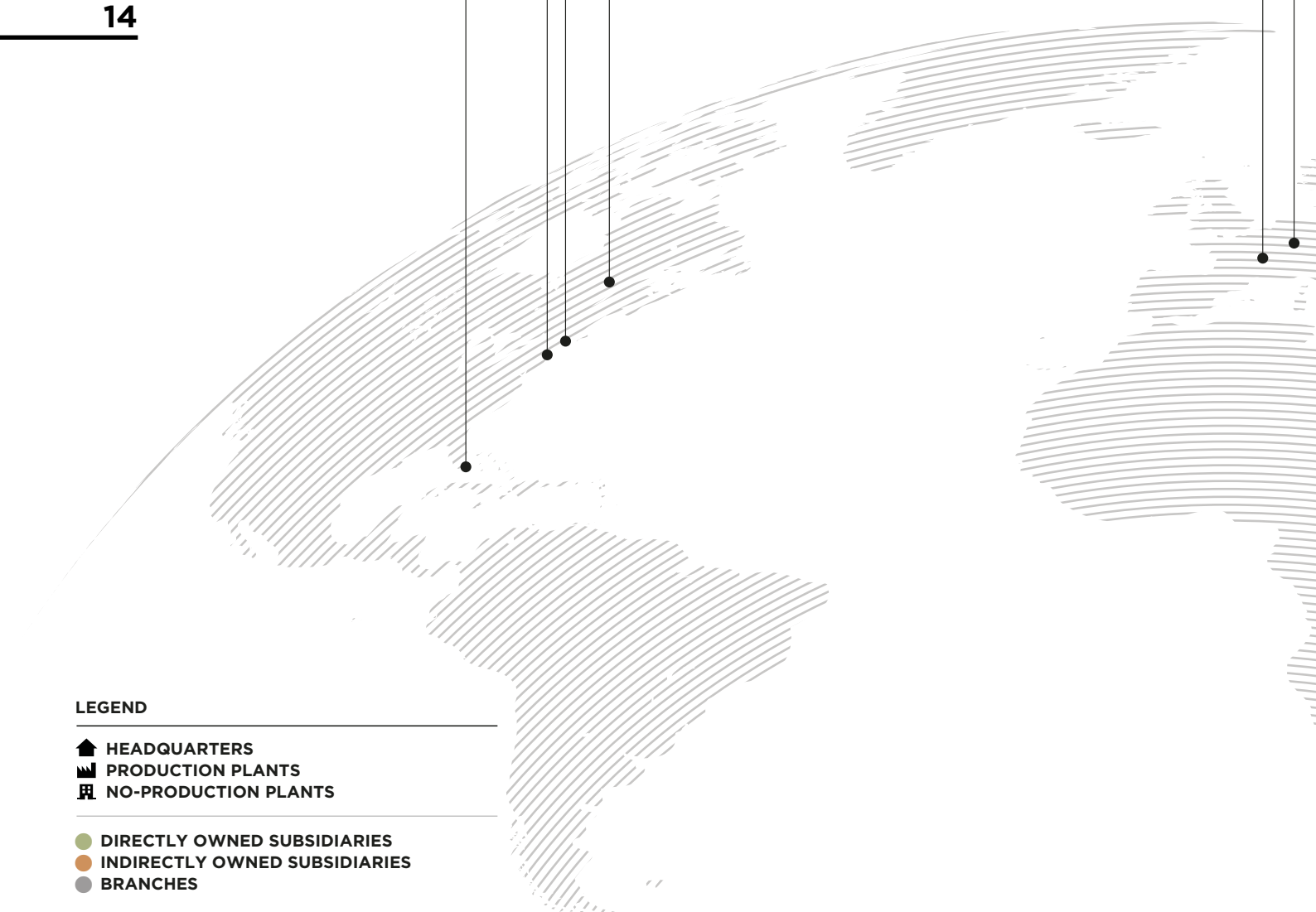
FRANCE
 SOMEK BRANCH 

CANADA
 ATELIER
 DE FAÇADES

LEGEND

-  HEADQUARTERS
-  PRODUCTION PLANTS
-  NO-PRODUCTION PLANTS

-  DIRECTLY OWNED SUBSIDIARIES
-  INDIRECTLY OWNED SUBSIDIARIES
-  BRANCHES



ITALY

▲ SOMEK GRUPPO HQ

🏭 FABBRICA WORKS

🏭 GICO

🏭 HYSEA

🏭 INOXTREND

🏭 OXIN

🏭 PIZZA GROUP

🏭 PRIMAX

🏭 SKILLMAX

🏭 SKILLBUILD

🏭 SOMEK NAVALE

🏭 SQUADRA

🏭 TSI

🏭 SOTRADE BRANCH

NORWAY

🏭 SOMEK BRANCH

🏭 OXIN BRANCH

FINLAND

🏭 SOMEK BRANCH

🏭 SOTRADE BRANCH

SLOVAKIA

🏭 SOTRADE

ROMANIA

🏭 OXTRADE CONTRACT

🏭 SOMEK BRANCH

🏭 OXIN BRANCH

CHINA

🏭 SOMEK SHANGHAI

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

In the course of 2021, with a view to increasing uniformity in the management of corporate affairs, the Group created a Legal Affairs section. This move has the further objective of more centralised management of business ethics, including in the periodic updating and management of the parent company's Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 (so-called MOG 231), with the relative implementation of the MOG in the other companies, according to different time plans. Confirming our strong focus on responsible governance and in compliance with current regulations, the parent company Somec S.p.A. has adopted an Organisational Model 231, which 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

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

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. In the first half of 2021, a supplement on tax offences was added to the Somec Model 231, thereby introducing a special section on these matters.

Another important initiative completed in 2021 was the adoption of four group policies, aimed at the systematic and uniform management of the issues of sustainability, environment, anti-corruption and workplace health and safety. The anti-corruption policy, in particular, aims at more strongly affirming the extension of the parent company's modus operandi on business ethics to all companies, regardless of the regulations in force in the countries of operation. All policies, which are freely accessible on the Group's website, incorporate the ethical principles on environment, business, and occupational health and safety, as enshrined in the main international conventions.

These principles, which are part of Somec's own history and culture, are exemplified in the companies' respect for human rights and in continuous improvement of performance, not only in health, safety and worker protection, but also in environmental protection, in particular through maximal reduction of impacts on nature, improvement in the use of energy resources, minimisation of waste production, and reduction of atmospheric emissions. These same international principles are further exemplified in the commitment of Group companies to operate according to best practices of transparency and fair tax competition, as well as to avoid and not tolerate any form of corruption or bribery. To ensure the effectiveness of these policies and give everyone, employees and external workers, the opportunity to report any violations of which they become aware in the performance of their duties, the whistleblowing tool, initially provided only for Somec S.p.A., has been extended to all companies, operable through a special function on the Group website.

Over the course of 2021, in confirmation of the Group's commitment to extend the 231 Model of Organisation, Management and Control to its subsidiaries, the Oxin company began and completed the process of implementing the model. Over the next few years, implementation will be extended to the other companies

**THE SOMEC ETHICAL VALUES ARE: INTEGRITY, TRANSPARENCY,
LEGALITY, IMPARTIALITY AND PRUDENCE**

Future objectives:

- **Training of all parent-company employees in the 231 Model, within 2022**
- **Continuously extend the 231 Model to all subsidiary companies, beginning with the most relevant ones**
- **Renew the legality-certification rating for the Gico subsidiary and extend the rating to the other companies**

The emphasis on the importance of these aspects by the Group, and therefore regardless of the formal procedures implemented by the individual companies, is shown by the fact that once again in 2021, there were no confirmed cases of corruption - as was also confirmed by the due diligence carried out for our various acquisitions.

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.

18

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.

The table below presents the accounts for our group, country by country.⁽²⁾

(2) The country-by-country accounting does not include Squadra.

	IV. Revenues from sales to third parties	V. Revenues from group operations with other tax jurisdictions	Revenues from group operations with the same tax jurisdiction	Total revenues	Separate financial statement (IFRS standards)	VI. Pre-tax gain/loss	VIII. Tax paid on company income (cash basis)	IX. Tax on company profit matured on gains/losses	III. Employees	VII. Material activities other than cash and equivalents
Canada	7,633	1,727,444	-	1,735,076	1,735,076	- 69,013	-	-	21	1,159,504
China	1,610,312	460,188	-	2,070,500	2,070,500	- 425,480	-	- 528	4	186,438
Finland	8,839,290	-	616,919	9,456,209	-	378,664	102,797	61,321	11	4,546,087
France	12,284,774	-	-	12,284,774	-	40,182	430,784	8,790	3	5,094,671
Germany	9,021,276	-	-	9,021,276	-	550,837	82,090	95,600	4	7,223,994
Italy	119,070,276	12,336,344	2,459,070	133,865,690	174,317,048	4,986,532	1,540,979	1,139,799	580	163,231,389
Norway	3,229,652	-	-	3,229,652	-	113,004	3,331	33,613	-	2,300,371
Romania	7,507,979	-	734,749	8,242,728	734,749	1,045,724	112,046	153,492	-	1,749,554
Slovakia	1,227	35,211	-	36,438	1,084,969	- 51,228	-	12,316	4	123,957
USA	88,977,889	537,250	-	89,515,138	89,515,138	10,586,097	1,955,333	843,684	170	49,615,624
Overall total	250,550,307	15,096,437	3,810,738	269,457,481	269,457,481	17,155,321	4,227,359	2,348,088	797	235,231,588
Consolidation adjustments				-18,907,174		-		-		
Amount in balance sheet				250,550,307		17,155,321		2,348,088		

Currency: Euro



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 300 cruise ships at the world's main shipyards. It is divided into three segments, which employed a total of 396 employees as at 31 December 2021.

Marine glazing

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 subsidiary Sotrade, as well as other specialist companies within the sector.



Marine cooking equipment

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.



Marine public areas

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 426 employees and a portfolio of services offered for land-based solutions.

Building façades

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.



Custom interiors

Following the acquisition of Skillmax, in 2020 the Landscape division entered the Custom interiors business. The main clients in this segment are the most distinguished brands, for which the Group designs and installs customised furnishing solutions for the hospitality, retail, office, private residence, catering and yachting sectors, devoting its own distinguishing attention to detail. High quality standards and unique and innovative solutions are Somec's strength in this area, where it enjoys a considerable competitive edge thanks in part to its experience in outfitting interior spaces on luxury cruise ships. Due to the complexity and diversity of its products, Skillmax draws on a network of selected local suppliers and artisans and manages the remaining stages of design, assembly and manufacturing at its headquarters in San Biagio di Callalta (Treviso). Beginning in 2021 these activities are also supported by the Skillbuild subsidiary, specialising in renovation and energy-saving building redevelopment projects.



Professional cooking equipment

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, as well as hobs for professional kitchens. All the systems and products dedicated to the Group's professional kitchens are characterised by high standards of efficiency and durability and, thanks to proprietary software, offer the possibility for the various players along the supply chain to initiate predictive and efficiency-enhancing actions at plant level.





THE EUROPEAN UNION TAXONOMY

In line with the strategic objectives of the European Green Deal, the European Union has introduced a specific taxonomy through Regulation (EU) 2020/852 (hereinafter the "Regulation"). This taxonomy establishes a classification system for economic activities considered "environmentally sustainable", using a common language that provides a nomenclature for different economic activities and their relative contributions to climate change. The economic activities considered "eco-sustainable" are mapped in a classification system described in detail in Article 3 of the Regulation. Under the Regulation, an economic activity is considered eco-sustainable ("aligned"), if:

→ **It contributes in a concrete way to at least one of the six objectives defined in Article 9 of the Regulation:**

- I. Mitigation of climate change
- II. Adaptation to climate change
- III. Sustainable use and protection of water
- IV. Transition to a circular economy
- V. Pollution prevention and reduction
- VI. Protection of biodiversity and ecosystems

→ **It does not have a significant negative impact**

(Do No Significant Harm - DNSH) on any of the six objectives stated in Article 9

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

→ **It is aligned with the technical screening criteria concerning each of the six environmental objectives, as set by the European Commission.**

The criteria, contained in Articles 10, 11, 12, 13, 14 and 15 of the Regulation, specify the minimum conditions for the economic activity to be recognised as contributing to one of the defined environmental objectives

Companies subject to the obligation to publish a Non-Financial Declaration (NFD) are required to communicate the shares of eligible and non-eligible activities for the first year of reporting (2021), in terms of the European Taxonomy definitions of Turnover, capital expenditure (CapEx) and operating expenditure (OpEx). Under the Regulation, the term "eligible" refers to an economic activity "described in the Delegated Acts [...] irrespective of whether such economic activity meets one or all of the technical screening criteria set out in those Delegated Acts."⁽³⁾

(3) Article 1, Delegated Act 2178/2021

The technical screening criteria will be further developed in the next reporting year and will help determine which activities are eligible and which are aligned with the taxonomy and therefore formally classifiable as "environmentally sustainable". To date, the list of potentially eco-sustainable activities and the related technical screening criteria have been defined with reference only to the first two climate change objectives (mitigation and adaptation). The list of activities related to the remaining four targets will be published in the course of 2022.

At the methodological level, the Somec Group has carried out an analysis of the activities of its subsidiaries, aimed at identifying which of these may contribute to the objectives of mitigation and/or adaptation to climate change according to European legislation.

In the process of identifying potentially eligible activities, the Group deemed it appropriate to conduct a multi-level strategic analysis, considering both the diversity of its companies and its planned sustainability objectives. With an eye to the future, the Somec Group intends to already take on board the regulatory requirements - choosing to provide its stakeholders with an account of those activities that could fall within those eligible, and already have characteristics intrinsically aligning with the technical screening criteria. Therefore, based on the cornerstones of transparency and great attention to communication with its stakeholders, this section presents the eligible activities that could potentially be "aligned" under the Taxonomy as soon as next year.

As prescribed by the Annexes to the Delegated Act of European Regulation 2020/852 (EU Taxonomy), the methods for defining and calculating the Turnover, CAPEX and OPEX key performance indicators (KPIs), based on the assets classified as eligible for the purposes of the Regulation, are described below. The KPIs were calculated considering what is defined by the regulations concerning the "denominator", meaning the aggregate of values attributed to eligible and non-eligible assets, and the "numerator", meaning the portion of the denominator referring only to eligible assets.

Specifically:

- The calculation of the **Turnover KPI** considers the sum of revenues from the sale of products and provision of services, in accordance with IAS 1 par. 82(a) and Directive 2013/34/EU, which defines the denominator of "Net Turnover" as revenues from the sale of products and provision of services, net of VAT, returns and other added taxes
- The **CAPEX KPI** considers the sum of all additions to tangible and intangible elements of the balance sheet during the 2021 financial year, including rights of use under IFRS 16
- The **OPEX KPI** considers the sum of operating expenses associated with research and development, maintenance, day-to-day servicing of assets, building renovations and short-term leases

The numerators and denominators of the three KPIs were defined with the involvement of Group's administrative-accounting structures, at the levels of both the holding company and the relevant individual business areas.



Pursuant to the indications of Delegated Act 2178/2021, Annex 1, the accounting items associated with the various KPIs were identified, starting from the items of the financial statements, both IAS/IFRS consolidated and management, the latter in line with the statutory financial statements.

The table below summarises the KPIs for Turnover, CAPEX and OPEX, showing the percentages generated by eligible assets and by non-eligible assets, for each indicator.

	2021 Eligible share	2021 Non-eligible share
Turnover	11.47%	88.53%
CAPEX	25.63%	74.37%
OPEX	12.99%	87.01%

TURNOVER

Numerator

For identification of the components of revenues attributable to eligible activities in accordance with the European Regulation, a study was carried out on the Group's reporting, considering the revenues produced only by the legal entities generating eligible activities. The eligible activity identified were **3.5) Manufacture of energy efficiency equipment for buildings, and 4.1) Electricity generation using solar photovoltaic technology**, to a residual extent. In particular, analyses were carried out on revenues deriving from the sale of household appliances with a high level of energy efficiency, and from the sale of energy produced by photovoltaic panels:

- **Inoxtrend** generated eligible turnover both from the sale of professional ovens, with its Gourmet, Professional Bakery, Professional Gastro, Professional Compact 51, Nice & Go and Snack ranges, and from the sale of energy produced by its own photovoltaic panels
- **Gico** generated eligible turnover from the sale of professional kitchens for high-level services, including the Monoblocco, Fusion, H+ and Style Modulare ranges
- **Pizza Group** generated eligible turnover from the sale of professional household appliances for bakery and pizza services, including ovens, spiral mixers, moulders and expanders
- **Primax** generated eligible turnover through the sale of ovens, blast chillers and optimal modules for horizontal cooking

Denominator

The denominator is derived from the accounting details of Somec Group's 2021 consolidated financial statements, since within these, the turnover items includable in the KPI can be traced back to the individual revenue items or their sub-items. The consolidated financial statements report on the sale of goods and services, net of discounts, VAT or any other direct taxes, from the perspective of the Group's core business revenues. In particular the denominator includes the following two items and sub-items:

- "Revenues from contracts with customers", including all revenue items of a characteristic nature associated with the Group such as "Italian ship sales", "EU ship sales", "Extra-EU ship sales", "Italian construction sales", "EU construction sales", "Extra-EU construction sales" and "Product sales"
- "Other residual revenues and income", as a sub-item of the macro-item "other residual revenues"

CAPEX

Numerator

To obtain the share of increases in tangible and intangible assets attributable to eligible assets, a study was conducted on the companies within the consolidation perimeter making investments during 2021. Eligible assets subject to capitalised investments were identified as **3.5) Manufacture of energy efficiency equipment for buildings and 6.5) Transport by motorbikes, passenger cars and light commercial vehicles**, for all companies within the Group's scope of consolidation. Specifically, on the basis of the consolidated financial statements, the following investments are considered:

- Capitalised development costs
- Software licenses applied to products
- Plant and machinery
- Extraordinary maintenance on third party assets
- Fleet of company cars
- Leased assets capitalised in accordance with IFRS 16

28

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

Denominator

The denominator must consider the sum of eligible and non-eligible components. The identification activity therefore distinguished the increases in value of tangible, intangible and rights-of-use assets (according to IFRS 16) occurring during 2021. As indicated by the Regulation, these values were identified without taking into account the effects of depreciation, impairments and changes in fair value.

In view of this, an analysis was conducted on the internal reports of the Group's assets, at consolidated level as of 31 December 2021, with particular attention to investments for the period, i.e. showing the new acquisitions and increases in assets during the year.

OPEX

Numerator

For the numerator of the OPEX KPI, an analysis was carried out on corporate and sub-consolidated financial statements (mainly management accounts), identifying the associated cost components for the consolidated companies incurring expenses classified as eligible. Eligible assets subject to non-capitalised costs were identified as **3.5) Manufacture of energy efficiency equipment for buildings and 7.3) Installation, maintenance and repair of energy efficiency equipment.**

For activity 3.5, the following details companies and activities with relevant non-capitalised costs incurred in 2021:

- **Inoxtrend** incurred maintenance, cleaning and short-term lease costs
- **Gico** incurred maintenance and short-term lease costs
- **Pizza Group** incurred maintenance, cleaning and short-term lease costs
- **Primax** incurred maintenance, cleaning and short-term lease costs

For eligible activity 7.3, the relevant company and costs are:

- **Somec S.p.A.** incurring operating costs of replacement of lighting elements (LED bulbs)

29

Denominator

For the denominator, an analysis was performed on the consolidated statutory and management values. In particular, specific line items were considered relating to the following:

- "Maintenance expenses", included in the macro-item "Costs for services"
- "Cleaning expenses", included in the macro-item "Other general expenses"
- "Short-term lease expenses", included in the macro-item "Leases, rentals and other costs"

For non-capitalised R&D costs, a study was conducted on internally-produced reports, thereby identifying the 2021 reporting on R&D contracts for which service and personnel costs were charged, using management-type chargeback logic at standard rates.

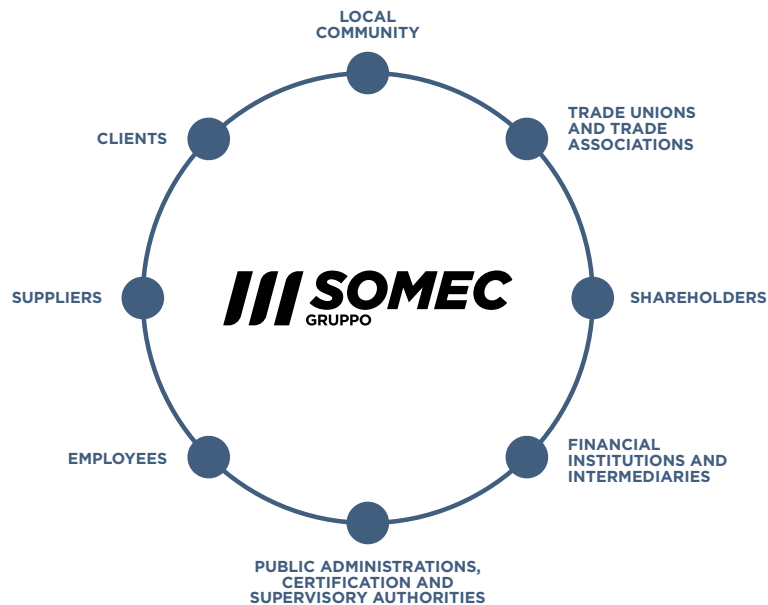




SUSTAINABILITY AT SOMEC

THE VALUE OF RESPONSIBILITY

Somec is aware that the success of a company is measured not only through economic indicators, but also on its ongoing achievement of sustainability, creating value for itself and all its stakeholders. The reporting period covered by this CNFS, like the two previous ones, was characterised by the Covid19 pandemic emergency as well as an exacerbation of climate change. In this context, the Group has adopted a Sustainability Policy, an Environmental Policy and a Health and Safety Policy, strongly recognising and giving greater strength to the principles that inspire the various activities at the heart of Somec. During 2020, the Group identified the main categories of internal and external stakeholders most influential on or most exposed to the Group's influence. It is of utmost importance to involve these in gauging their own interests and expectations on sustainability issues, thereby enabling the strengthening and improvement of relationships that constitute one of the Group's core strengths. The mapping of these interests and expectations has remained unchanged during 2021.

30


Similarly, there has been no change in the mapping of the material topics, i.e. sustainability matters 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.
	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.
	Waste management	Encouraging efficient waste management and disposal, favouring recycling and re-use.
	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).
	Training and education	Promoting and strengthening the skills of all employees, offering high quality training and enhancing know-how for career development.
	Industrial relations	Open-communication between employees, their representatives and Group management.
	Occupational health and safety	Guaranteeing a safe and healthy workplace, fostering structured health and safety procedures.
	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.
	Relations with local community	Supporting local communities by sponsoring local initiatives and projects, making donations and choosing goods and services from local suppliers.
	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 OUR 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.

The management of the Covid19 emergency continued through 2021, through the same structure as in 2020, i.e. a dedicated Task Force comprising Health and Safety, Human Resources and company management, meeting at a single table. The pre-existing protocols were maintained and updated in keeping with regulatory provisions issued from time to time. In particular, the Italy-based companies implemented a Green Pass management procedure, each with systematic provision of spot checks, according to the provisions of the reference legislative decree.

Over the year, there were no lockdown episodes within the Group, although there were numerous cases of both direct and indirect positivity. Managing the work of employees abroad became particularly challenging and especially in the first half of the year, due in part to the greater restrictions imposed by countries such as the USA and China, including at a bureaucratic level.

The use of the Wages Guarantee Fund in 2021 was much reduced and always less, until ceasing completely in the second half of the year. The same occurred for smart working, which by the end of 2020 remained only as a tool to manage specific situations.

In addition, the companies maintained all the provisions on daily supply of masks to all employees, on special sanitising stations in various areas, and on periodic sanitisation of premises, where present including the canteen. Barriers were put in place in the offices to ensure proper spacing between workstations. The foreign offices also adapted to the changing management of the pandemic in their respective contexts, continuing to manage the emergency in accordance with current regulations. Fabbrica, for example, never stopped its activities, but implemented emergency action plans and ensured constant compliance with all local, state and federal regulations. This went even beyond legal requirements: from the outset, the company obligated use of masks and installed Plexiglas barriers; hand sanitisation stations were placed throughout the facility, and all employees were checked daily for temperature, with recording of results. In addition to the implementation of physical barriers, cost-free on-site Covid tests were provided for all employees, on a weekly basis. Once vaccines were available, employee access was facilitated by scheduling vaccination for those who were interested.

During 2021, despite the continuation of the pandemic, it was possible to continue the process of integrating some important functions at Group level, such as the Legal Affairs function, the Marketing and Communication function and the Group Business Development function.

In addition, as already mentioned, the foundations were laid for evolution of the group towards reassociation of the vital forces of the business, i.e. landscape and seascape, in favour of a tripartite subdivision - Engineered systems of marine and civil architecture, Professional kitchen systems and products, Design and creation of customised interiors.

This subdivision was made official at the end of 2021, and will be applied with the financial statements for the first half of 2022. Until then, all reports will remain divided into "landscape" and "seascape".

Despite the resumption of activities and the introduction of new functions, the issue of staffing is still a sensitive point for the Group. We are witnessing a particular historical moment characterised by staff shortages, especially in North-Eastern Italy. High turnover has been stimulated by the reopening of many activities after the 2020 lockdown, along with reorganisation of the companies.

The Group's personnel requirements concern all segments, in various positions and at different levels. In this regard, the personnel search and selection policy has been extended to all Italian subsidiaries. The current context is also reflected in the increasing trend in hours worked over 2021. In consideration of production peaks and deadlines on important projects, some Italy-based Group companies signed trade-union agreements for the management of overtime during the summer period, with the provision of higher remuneration compared to the provisions of the national collective agreement.

The permanent contract is still the preferred one.

As at 31 December 2021, the Group had a total of 822 employees, 177 of whom women and 645 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. Overall, the trend shows an increase compared to 2020, and this is justified both by the continued investment in people and the increased staff body, and by the inclusion of Somec Shanghai, Navaltech, Skillbuild and some of Somec's overseas organisations in the reporting scope. Again this year, the aspect that sets the Group apart in terms of human resources management is our clear preference for permanent contracts (95.1%) over fixed-term contracts (4.96%). To complete the picture. In 2021, the Somec Group employed 97.6% of its employees on a full-time contract, a slight increase from 97.3% in the previous year.

GRI 102-8 DISCLOSURE - INFORMATION ON EMPLOYEES AND OTHER WORKERS

	Contract type	Gender	2019	2020	2021
Employees by contract type	Permanent	Female	123	167	165
		Male	567	622	617
		Total	690	789	782
	Fixed term	Female	16	4	12
		Male	40	16	28
		Total	56	20	40
Total			746	809	822
Employees by work schedule type	Full time	Female	132	154	162
		Male	603	633	640
		Total	735	787	802
	Part time	Female	7	17	15
		Male	4	5	5
		Total	11	22	20
Total			746	809	822

Units: n.

The Group's workforce is distributed 48% in the companies of the Seascope division and 52% in the Landscape division.

The highest numbers of workers are concentrated in Somec S.p.A., Fabbrica LLC and Oxin S.r.l.. The parent company alone employs 27% of the workforce, followed by 20% at the US subsidiary and 11% at Oxin. The remaining companies of the Group account for lower percentages of staff, at an average share of around 2.7% each. In 2021, apart from directly employed staff, the Group relied on a small group of non-employee workers. The number of self-employed workers⁽⁴⁾ decreased (15 in 2019, 11 in 2020, 2 in 2021) while the number of temporary workers increased (10 in 2019, 13 in 2020, 26 in 2021) and finally while the number of interns remained in line with previous years (5 in 2019, 3 in 2020, 4 in 2021). In addition to the gender breakdown, the typical characteristics of the Group's business are also reflected in the pyramid structure of personnel, observed at our manufacturing companies. Of the Somec work force, blue collar workers comprise the largest category, at more than half of employees (49.1%, down slightly on 2020), followed by white collar workers (45.5%, up slightly year on the previous 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.

(4) For the Italian companies, these workers operate as freelancers with a VAT identification number.

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

	Job category	2019		2020		2021	
		Female	Male	Female	Male	Female	Male
Employees by job category and age	Executives	1	9	2	10	0	16
	Managers	3	19	4	23	4	24
	White collars	121	200	147	214	147	227
	Blue collars	12	381	17	392	26	378
	Total	137	609	170	639	177	645

Unità di misura: n.

	Job category	2019			2020			2021		
		<30	30-50	>30	<30	30-50	>30	<30	30-50	>30
Employees by job category and age	Executives	0	4	6	0	3	9	0	4	12
	Managers	0	14	8	0	17	10	0	13	15
	White collars	78	208	35	83	231	47	70	237	67
	Blue collars	84	235	74	75	231	103	64	231	109
	Total	162	461	123	158	482	169	134	485	203

Unità di misura: n.

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.

In the first half of 2021, Somec issued a Group Policy on Workplace Health and Safety, inviting the individual companies to adhere to the principles contained therein, while for the time being maintaining their own procedures and practices, determined in part by the different regulations of their countries of operation. At the same time, the parent company began the process of integrating and implementing its own workplace safety management system according to the ISO45001 standard, and will receive certification for this system within the first half of 2022. The subsidiary Fabbrica Works already obtained this certification during 2021.

In general, the procedures put in place by the Group companies for management of any employee health and safety-related issues have been reconfirmed as fully complying with the relevant national laws. Monitoring and supervision are assigned to various corporate functions, who are offered special training, on the basis of their specific skills and responsibilities.

Risk assessment is carried out by the Health and Safety Officer of each company with the support of dedicated internal teams: in accordance with current regulations, inspections and meetings with employees and / or their Safety Representatives are carried out 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 2021, Somec took a further step in the path of harmonisation by identifying a single Health and Safety Officer for all companies in the food service equipment sector, apart from Oxin, and a single occupational physician. The management of safety and environmental documents is carried out through a portal, thereby ensuring data entry and compliance with the relevant deadlines. This system, which was already present in Gico, has been extended to the PizzaGroup, Primax and Inoxtrend companies. Somec aims to also align and standardise other companies over the next few years.

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-misses⁽⁵⁾ performed by Fabbrica LLC and, as of October 2020, also by Skillmax. Since 2021, the parent company has also been monitoring near misses, primarily for preventive purposes, but also in view of its desire to further improve its occupational safety management system with a view to ISO45001 certification.

At Oxin, significant investments have been made in improved working conditions for staff in certain production departments. Among these, a structure has been installed for weight-free handling of articles, thereby allowing materials management without effects on staff health. Other departments have seen the introduction of machines designed for noise reduction and prevention of carpal tunnel problems. In addition, specific training has been provided for prevention of musculoskeletal disorders.

(5) 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.



The 2021 reporting period saw an 8% increase in total employee working hours compared to the previous year, mainly due to the general increase in recruitment within the Group's subsidiaries. As regards the number of injuries, the figure is in line with last year's: all injuries were minor, mostly accidental.

With regard to workers who are not employees but whose work and/or place of work is under the Group's control, there was a 49% increase in hours worked compared to 2020. The significant increase is due to the crucial need for new manpower in managing the post-pandemic recovery, mainly as temporary workers. It should also be noted that, reflecting the increase in the number of hours worked over last year, the number of injuries recorded also increased.

Finally, during the year, there were no commuting injuries - where transport was organised by a Group company and travel took place during working hours - or deaths. No external workers were seriously injured during the period. In 2021, 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.

GRI 403-9 DISCLOSURE - WORK-RELATED INJURIES

	Information	2019	2020	2021
	Hours worked	1,383,279.4	1,296,374.5	1,400,687.2
	Total number of injuries	18	21	20
Employees	of which high consequences injuries	0	1	0
	Injuries frequency rate	2.60	3.24	2.86
	High consequences injuries frequency rate	0.00	0.15	0.00
	Hours worked ⁽⁷⁾	1,200,469.5	884,134.21	1,316,678.7
External workers⁽⁶⁾	Total number of injuries	12	1	3
	Injuries frequency rate	2	0.23	0.46

(6) La categoria include i lavoratori interinali e i subappaltatori.

(7) Per un dettaglio delle stime e delle assunzioni adottate nel calcolo delle ore lavorate dai lavoratori che non sono dipendenti si faccia riferimento alla Nota Metodologica.

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. Although the HR function is centralised for the Italian subsidiaries, the Group, is still 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 as flexible benefits - a possibility being considered during the negotiation of second-level contracts with the trade unions.

At the moment, this overall objective is in progress. During 2021, a second-level supplementary contract was stipulated for three years, limited to the parent company. This provides for the establishment of the Inditex result bonus, on the basis of the three indicators: profitability, productivity and quality. If the bonus is achieved, this will be converted into welfare instruments. A selection of more evolved platforms of welfare vouchers is being considered for 2022, for all companies subject to the CCNL Metalmeccanico, the Italian national collective bargaining agreement.

A further step forward, again concerning the parent company, was the formalization of a system of trade union relations within the company collective agreement, providing for establishment of a special Company Observatory involving the union representatives and meeting not less than every four months, for resolution of issues of workplace safety. In addition, the collective agreement now includes a new section dedicated to the social and sustainability dimensions, with a number of provisions in favour of employees, including the following

- Additional paid leave in the event of serious illness for a further 6 months, once the obligatory protection has expired, in an amount equal to 30% of gross pay
- Allowance of 10% of average daily pay for the period of optional maternity leave, provided that the other parent has also taken at least 15 continuous days of optional leave from work; one of the aims here is to encourage equal parenting, as well as balance between family and professional responsibilities
- A contribution of €400 a year for day-care for the children of employees with at least 24 months' seniority
- Solidarity time bank, for transfer of accrued holidays and annual paid leave, thereby promoting solidarity among colleagues
- Establishment of two scholarships for children of employees who have achieved excellent results in their final year of secondary schooling, amounting to €750 per year each; one of the aims is promotion of social advancement
- Promotion of employee health through provision of awareness-raising moments dedicated to healthy lifestyles, in collaboration with the University of Padua

- Advance payment of severance pay up to a maximum of 80%, in cases provided for by law
- From July 2021, the company will contribute an additional 0.2% of the minimum contractual amount to workers enrolled in supplementary pension funds

Beginning in 2022 and where possible, given that there is no Group trade union coordination, the intention is to gradually extend such social and sustainability initiatives to other Group companies. In other companies, such as PizzaGroup, Inoxtrend and Oxin, given the trend in 2021, a bridging agreement was made with the relevant trade union, with the extension of welfare amounts in addition to those provided for in the national collective agreement.

In 2021, the overall collective bargaining agreement coverage was 76%. The contract used for all employees in Italy is the National Collective Labour Agreement (CCNL) for Metalworkers, and some workers based in Finland (Sotrade) are covered by similar agreements. For the other companies with offices outside Italy the local legislation, and in the USA (Fabbrica LLC) and Canada (Atelier de Façade), the characteristics of the labour markets do not provide any structures for contracts negotiated with trade unions.

In 2021, the Personnel Search and Selection Policy was extended to all Italian subsidiaries. Hiring increased overall compared to last year, by 21%. More specifically, the male share of hires increased by 25%, while the increase in the rate of female hires was in line with last year, registering growth of 9%. As regards terminations, the amount decreased compared to the previous year, with a trend of -28%.

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

	Gender	Age	2019	2020	2021
New employee hires	Female (n.)	<30	20	13	11
		30-50	25	19	21
		>30	5	3	6
	Total female employees (n.)		50	35	38
	Female hiring rate (%)		36.5	20.6	21.5
	Male (n.)	<30	110	46	55
		30-50	173	74	93
		>30	35	9	13
	Total male employees (n.)		318	129	161
	Male hiring rate (%)		52.4	20.3	25.0
	Total hires (n.)		368	164	199
Total hiring rate (%)		49.5	20.3	24.2	

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

	Gender	Age	2019	2020	2021	
Employee turnover	Female (n.)	<30	6	8	5	
		30-50	15	25	18	
		>30	6	2	8	
	Total female employees (n.)			26	35	31
	Female turnover rate (%)			19.0	20.6	17.5
	Male (n.)	<30	60	54	40	
		30-50	101	107	66	
		>30	29	27	23	
	Total male employees (n.)			190	188	129
	Male turnover rate (%)			31.3	29.5	20.0
Total turnover (n.)			216	223	160	
Total turnover rate (%)			29.0	27.6	19.5	

41

In 2021, the process of standardising training for Italian companies was completed. As early as the end of 2020, the HR department had conducted informal surveys with managers to assess the training needs of their employees, for preparation of a database and drawing up of the 2021 training plan. This resulted in an initial database for group-wide training, not only of compulsory nature on health and safety, but also on Digital Skills, Hard Skills, Language Skills and Soft Skills.

Beginning in 2021, the Group is regularly monitoring the training hours provided for all companies. Overall, 5,720 hours were provided last year, mainly to white collars (61%), followed by blue collars, managers and executives, for an average of 6.96 hours per employee.

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

	Employment category	2021
Average training hours by employment category	Executives	9.3
	Managers	7.5
	White collars	9.3
	Blue collars	4.7
	Gender	2021
Average training hours by gender	Female	8.0
	Male	6.7

Units: h



Where possible, during the compulsory safety refresher training sessions for operational staff, awareness-raising and training sessions on topics such as healthy lifestyles and correct posture were added, in collaboration with the University of Padua.

SOMEK GROUP has initiated a fruitful and interesting collaboration by commissioning GYMHUB to update the specific safety training for three groups of workers with high-risk tasks.

GYMHUB SRL is a university spin-off, established in 2016 by the University of Padua Department of Medicine. The company aims to ensure the well-being of the person, through projects in the sphere of worker health and safety. In particular, the Somec training project focuses on the study and practice of specific preventive and compensatory exercises to reduce the risk of pathologies and musculoskeletal disorders of the spine, shoulder and upper limbs.

The project sessions were organised with sequential theoretical and practical sessions led by lecturers specialised in instructing in ad hoc exercises for protection of the main musculoskeletal functions. Among the main theoretical topics were tips on ergonomics, notions of biomechanics and posturology, and preventive measures in the workplace, with the practical parts comprising several hours of demonstration and practice, using exercise guide sheets. Wearing comfortable clothes and shoes, and using mats and elastic bands, the participants willingly joined in, evidently intrigued and involved, confirming greater enjoyment of the course than had been expected.

Also in 2021, given the continuing Covid emergency, some training within the group was conducted by e-learning, but where possible the training sessions were held in-person or through synchronised distance training.

- Further structuring of the training plan
- Formalisation of a training procedure that includes training in the field
- Formalisation of a qualitative evaluative record of the completed training activities

Finally, concerning Model 231, Somec is well-aware of the importance of respect for human rights, and for this reason aims to take full advantage all opportunities to provide immediately usable methods for the protection of employees. Given this, a whistleblowing tool has been set up at Group level, by means of a dedicated page on the website, accessible to employees of all 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 2021, the Group continued to support the usual initiatives and associations, but also extended its support to those focused on community aid.

As in prior years, 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).

Turning to charitable donations, in 2021 Somec renewed its support for the **Telethon Foundation**, a non-profit organisation that raises funds to finance and promote scientific research into genetic and rare diseases of children.

In 2021, Somec supported **La Locanda del Sogno**, a non-profit organisation committed to combating social hardship in innovative ways, intervening in timely and concrete manner so that the people temporarily assisted can move towards true autonomy and dignified living condition, enhancing the potentials and uniqueness of each person. Somec also assisted the **Fondazione Opera San Francesco per i Poveri** (St Francis Foundation for the Poor), a non-profit organisation providing cost-free assistance and shelter to the poor, and **Pane Quotidiano Onlus**, a lay NGO whose aim is to provide basic foodstuffs to those in need, every day and free of charge.

On the occasion of the 2021 Christmas festivities, Somec presented each Group employee with a gift package, the purchase of which also supported the **Fondazione di Comunità Sinistra Piave Onlus**, an NGO active in projects within municipalities on the left bank of the Piave river that are aimed at strengthening this fragile territory, through the actions of an aware and active community. This same perspective gave rise to the initiative "Feste Buone 2021", in collaboration with the local associations **Oltre l'Indifferenza** and **Cooperativa Sociale I Tigli 2**, and within this, the projects "Panettone Solidale" and "Biscotto Solidale", in support of local associations that promote activities involving disabled people, through activities from Thursday to Sunday evening. One of the aims of this is to give relief to families, and to begin handicapped persons on the path of "After We Parents", including through aids and tools for disabled guests of day centres operated by the local social and health units.

***The Association "Oltre L'Indifferenza** (Overcoming Indifference), founded in 1998, offers educational and recreational opportunities for people with disabilities by engaging with the skills, autonomy, and self-determination of the individual person. Since 2016 the association has been headquartered at Villa Alba in Fontanelle (Treviso): a private house surrounded by green space, free of architectural barriers and with ample day and night spaces. Oltre l'Indifferenza is an active part of InterAgendo, which brings together different educational and associative entities of the Treviso area for co-planning of residential and work services, in application of law 112/2016 on "After We Parents".*

The TIGLI 2 Social Coop is an NGO structured as a holistic economic, entrepreneurial and social system, enabling disadvantaged persons to develop employment and professions through social cooperation and work experience. The system overcomes the logic of welfarism, considering that work can help people acquire both economic security and skills, and thus help define and strengthen the individual's social identity. TIGLI 2 takes an entrepreneurial approach to market areas, offering a multiplicity of services, with these in turn key to its growth and success.

In 2021, the subsidiary Fabbrica LLC also participated in the **Weekend Wheels Backpack Program**, supporting provision of free weekend meals to primary school children in fragile family circumstances, normally supported on weekdays by school canteens but on weekends without access to adequate food.

44

Another interesting initiative supported by Fabbrica LLC is **The Pan Mass**, a charity bike ride organised in Massachusetts USA on the first weekend of August, attracting cyclists and volunteers from all over the United States and other countries. The beneficiary of the fundraiser is the Dana-Farber Cancer Institute, a centre of excellence for cancer research and treatment, including paediatric cancers. The company also supported **Big Brothers Big Sisters of America**, which gives young people a voice and ensures their future through mentoring activities, and to **Intercommunity Healthcare**, a solidarity-based health network providing primary care to those who cannot afford insurance. Finally, Fabbrica is committed to support for **Rebuilding Together NYC**, operating in maintenance of homes for the most deprived, while simultaneously contributing to training and professional re-employment in the construction industry, for people who have lost their jobs.

The other companies in the group have also contributed in various ways to supporting local communities, from the charitable projects of local non-profit associations to donations to specific organisations.

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.
Employee welfare and well-being Staff training and education	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. In 2021, in particular, Oxin adopted Model 231.	The Group recognises the expertise and know-how acquired by its employees and is committed to adopting retention measures aimed at maintaining and guaranteeing the well-being of its employees over time. The Group uses various initiatives to attract people with strong professional skills; to continuously increase and update their capacities, including through training and sharing of know-how; and finally to keep them within the Group, thus reducing the turnover rate as much as possible.
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.

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



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, Group companies rely on heterogeneous practices and procedures. The standardisation and centralisation projects were again postponed, in some cases, for 2021. 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, still in a critical phase.

46

As already mentioned, in the first half of the year a number of important policies were approved and issued at Group level, including an Environmental Policy and a Sustainability Policy, aimed at speeding the process of unification and harmonisation, while leaving individual companies the possibility of achieving common objectives through their own specific procedures, sometimes determined by the different operating contexts.

LA LOTTA AL CAMBIAMENTO CLIMATICO

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.

During 2021, a number of concrete initiatives were carried out, in particular in Primax, Pizza Group and Gico, the three companies in the food service equipment sector, for improvement of production processes. The dual aim was to apply a single high-performance laser cutting system capable of meeting the production needs of several group companies, while disposing of obsolete machines and thereby reducing energy consumption.

With a view to combating climate change as much as possible through tangible actions, special contracts have been signed for the supply of 100% certified green energy, with guarantees of origin, for the group's production companies with operations in Italy.

The individual companies have also independently undertaken targeted actions to reduce consumption or prevent situations of environmental pollution. Gico, for example, following the outcome of an internal environmental audit, proceeded with emptying, cleaning and sealing two underground tanks containing diesel fuel. Gico also began a LED revamping process on some parts of the building it occupies.

Another much-desired initiative of the company in 2021 was, in agreement with the building owner, to request clean-up of the asbestos roof of the plant. The work will be carried out in 2022 and the cost will be borne by the owner.

Other initiatives implemented in 2021:

- Energy diagnoses completed for Somec S.p.A. and Inoxtrend
- LED revamping in production departments of the parent company (identified as an objective based on the energy diagnosis)
- Expansion of Skillmax headquarters and reorganisation of the company utilising 7,000 m2 of new production space, in coordination with major investments in latest-generation machinery
- Relocation of Hysea's headquarters to the San Biagio di Callalta plant, which already houses the Skillmax headquarters, for optimisation of space and resource use
- Replacement of the vending machines at six group companies with new ones equipped with water dispensers, also providing employees with personal water bottles, for reduction of plastic consumption

Initiatives planned for the next few years:

- Feasibility studies on installation of photovoltaic panels for Somec and Skillmax facilities
- A process of centralisation of company fleet management, with completion as early as 2022
- For some companies in the cooking sector, particularly PizzaGroup and Gico, a feasibility study is underway, aimed at elimination of polystyrene packaging and replacement with alternative recyclable material, such as cardboard.

Still in regard to environment and safety, it should be noted that in 2021, the centralised management of the companies in the food service equipment sector led to a series of internal audits, analyses of working environments and updating of documents, revealing opportunities for improvement that the companies are now evaluating for exploitation. The case of Gico, for example has been mentioned, but there is also the virtuous example of Pizza Group, which has set ambitious goals for 2022, including the reduction of chemical uses and the review of factory workstations, aimed at improving ergonomics.

For 2021, there was an increase in all dimensions of the subsidiaries' consumption, except - in aggregate and consolidated value - for LPG, which showed a counter-trend, and for diesel consumption, which remained almost stable. In particular, the consumption of LPG and methane gas - both used for heating, and to a much lesser extent for testing some of the ovens produced by Group companies in the Professional cooking equipment segment - changed on annual basis by -32% and +1% respectively. Gasoline consumption for the corporate fleet (vans, trucks, cars) increased significantly year on year, due to the gradual recovery in travel and business activities, accompanied also by an increase in the presence of hybrid cars in the Group's fleet. Conversely, and as anticipated, consumption of diesel - used, like petrol, to power the vehicle fleet of Group subsidiaries - remained in line with the previous year. Finally, the purchase of kilowatt-hours of electricity showed a positive sign of 30.5%. Overall, energy consumption in 2021 increased by 11.2%.

GRI 302-1 DISCLOSURE - ENERGY CONSUMPTION WITHIN THE ORGANISATION

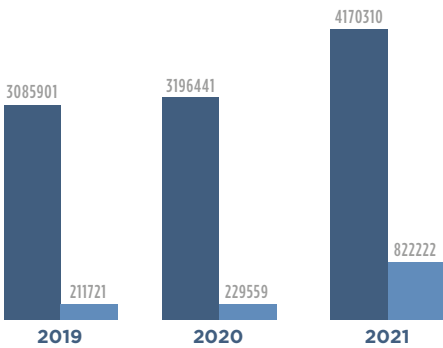
	Source	2019		2020		2021	
		Litres	GJ	Litres	GJ	Litres	GJ
Fuel consumption of the company fleet	Diesel	85,471.98	2,808.02	124,982.12	4,497.26	123,756.00	4,471.81
	Petrol	4,560.27	164.11	2,975.22	97.64	15,744.00	521.48
	Total		2,972.13		4,594.91		4,993.29

A separate note should be dedicated to the virtuous practice of purchasing electricity from renewable sources: in fact, in 2021, 20% of the electricity purchased and consumed by Group companies is covered by Guarantees of Origin,⁽⁸⁾ around four times as much as the previous year. These figures demonstrate the Group's focus on sourcing from renewable sources and confirm its commitment to this from one year to the next.

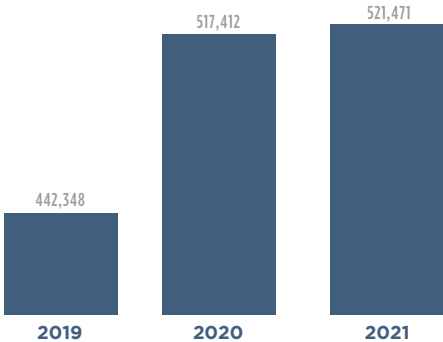
Inoxtrend, a Group company that operates in the Professional cooking equipment segment, also consumes energy generated by the solar panels installed at its plant. Of the entire amount of energy generated, which in 2021 amounted to a total of 66,195 kWh, a decrease of 8% year on year, Inoxtrend consumes 81% and re-feeds the remaining amount into the grid. This means that 15.4% of the entire energy requirement in 2021 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 100% of the company's total annual consumption is composed of clean and zero-impact energy.

ENERGY CONSUMPTION (kWh)

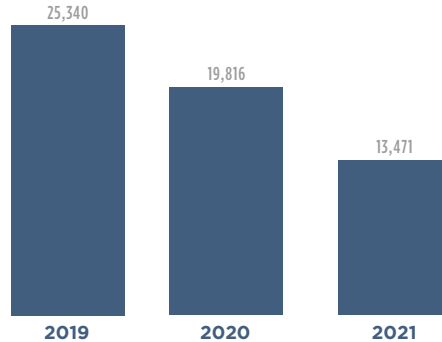
- consumption of purchased electrical energy
- of which with renewable-source certification



NATURAL GAS (m³)



LPG (litres)



(8) The Guarantee of Origin (GO) is an electronic certification that attests to the renewable origin of the sources used by qualified installations. For every MWh of renewable electricity fed into the grid by qualified installations, the supplier issues a GO certificate, in accordance with Directive 2009/28/EC.



GRI 302-1 DISCLOSURE - ENERGY CONSUMPTION WITHIN THE ORGANISATION⁽⁹⁾

	Source	2019	2020	2021
Non-renewable energy consumption	Natural gas	15,833.95	18,503.52	18,689.46
	LPG	603.14	481.78	327.87
Indirect energy consumption	Electricity purchased	11,109.24	11,507.19	15,013.12
	<i>of which from renewable sources</i>	<i>762.20</i>	<i>826.41</i>	<i>2,960.00</i>
Energy generated	Energy generation and consumption	143.30	178.26	191.90
Total energy consumption		30,661.75	35,265.64	39,215.64

Units: GJ

50

The emissions of greenhouse gases resulting from the Group's production operations are directly related to the issue of energy consumption. Emission trends therefore track those of fuel and electricity consumption - with few variations due to the update to emissions factors during the three years period. 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.

(9) For calculation of the energy consumption figures, more detailed data became available than was considered in the 2020 reporting, thereby enabling refinement of the calculations both for the current reporting year (2021) and in keeping with this, for the previous years (2019 and 2020). The present NFR thus provides the most reliable and consistent representation possible, with the most accurate data for 2021, 2020 and 2019.

GRI 305-1, 2 DISCLOSURE - DIRECT GHG EMISSIONS (SCOPE 1) AND INDIRECT ENERGY EMISSIONS (SCOPE 2)⁽¹⁰⁾			
Categories	2019	2020	2021
Diesel	229.7	335.9	334.8
Petrol	10.6	6.9	36.8
Natural gas	898.2	1,046.5	1,054.1
LPG	38.6	30.8	21.0
F-Gas - R410A	0	8.4	0.0
F-Gas R407C	0	0	14.2
F-Gas R427A	0	0	0.7
Total Scope 1 emissions	1,177.0	1,428.5	1,461.6
Electricity - Location based	1,163.4	1,120.9	1,370.3
Electricity - Market based	1,446.7	1,435.3	1,621.6
Total Scope 1 + Scope 2 emissions location based	2,340.4	2,549.5	2,831.9
Total Scope 1 + Scope 2 emissions market based	2,623.7	2,863.9	3,083.2

Units: tCO₂e

In addition, Inoxtrend's energy self-sufficiency allowed the Group to avoid emitting 30.4 tonnes of carbon dioxide into the atmosphere in 2021, helping to lower the Italian energy mix. This corresponds to a saving of almost 242,840 kilometres travelled in a medium-sized car.

(10) For calculation of the emissions figures, more detailed data became available than was considered in the 2020 reporting, thereby enabling refinement of the calculations both for the current reporting year (2021) and in keeping with this, for the previous years (2019 and 2020). The present NFR thus provides the most reliable and consistent representation possible, with the most accurate data for 2021, 2020 and 2019.



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.

The water consumption of the controlled companies is mainly for hygienic-sanitary use. The only exception is again Somec S.p.A., which uses small quantities in a closed circuit of the glass-grinding section of San Vendemiano production plant. Water is mainly drawn from utilities aqueducts (96% of total consumption in 2021), with the remainder coming from owned wells. Limited to 2021, water withdrawals from wells are directly attributable to PizzaGroup's consumption. Overall, water withdrawals increased by 6% compared to last year. All water withdrawn is fresh water and there are no withdrawals from areas subject to water stresses.

52

GRI 303-3 DISCLOSURE - WATER WITHDRAWAL

Source	2019	2020	2021
Withdrawal of groundwater (wells)	2	553	353
Total withdrawal from third parties (mains water supply)	6,827.0	7,974.7	8,711.6
Total water withdrawals	6,829.0	8,527.7	9,064.6

Units: m³

Waste management is carried out in full compliance with the regulations in force in all the countries in which the subsidiaries are located. Waste production is directly linked to the activities performed by the Group, and the quantities generated are monitored regularly, as required for annual reporting under European law or other applicable regulations. Waste disposal is performed entirely by specialist third parties which contribute to the correct management of the materials. In particular, some of our aluminium and steel waste is resold and is thus reintroduced directly into the value cycle. Generally speaking, the waste generated by Somec and our waste management procedures ensure that the company does not have a significant impact on the environment: in fact, the amount of hazardous waste as a percentage of the total waste, at 0.3% in 2021 (0.7% in 2020, 0.3% in 2019) means that Somec - always in full compliance with the applicable laws - does not have to adopt special measures for waste management and disposal.

It is worth noting the different types of waste produced by the various subsidiaries according to their activities: 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 2021, wood accounted for the largest share of materials disposed of and accounted for more than a quarter (36.6%) of the total - although it showed a year-on-year decrease of 47%. The next categories by share are aluminium (18.1%) and iron and steel (18.0%), followed at a distance by glass 9.9%, other and paper and cardboard (9.3% respectively) and mixed packaging (6.7%). Metals in general (0.2%) are preceded by plastics (1.8%). The category "other" includes, by way of example, sludge, sealants, paints, batteries, powders and absorbent materials. As for the other dimensions commented within this NFS, the high variability of the waste items is attributable to the movement of the group perimeter in 2021 - excluding which the values are mostly stable. Compared to the previous year, the changes in the different waste categories are mostly related to an updated aggregation process that further refines the reporting. Overall, waste production decreased by 26%, mainly due to two factors: first, initiatives taken for optimisation and reuse of all materials in companies of the Food Equipment sector and in particular for wood in the Interior Sector; second, the fact that in 2020 the parent company's waste reporting also included waste relating to the expansion of the production unit.

GRI 306-3 DISCLOSURE - WASTE GENERATED			
Waste category	2019	2020	2021
Paper and cardboard	224.72	176.15	143.05
Plastic	36.76	30.82	28.26
Wood	573.10	778.44	410.30
Mixed packaging	46.78	129.40	103.10
Aluminium	212.51	310.02	280.18
Iron and steel	110.77	142.76	278.65
Glass	191.13	294.46	152.95
Metals	98.50	138.13	3.22
Other	65.76	84.81	144.36
Total	1,560.02	2,084.99	1,544.06

Units: t



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 inter-national, 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> <p>Regarding physical risks related to climate change, the Somec Group has, to date, not identified any significant risks. With regard to transitional risks, one of the main risks to the group is increases in energy costs.</p>	<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.</p>
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>In compliance with current legislation, the Group's Italian companies prepare an annual waste report by type and disposal (MUD). In the coming years, the Group will evaluate the opportunity to have foreign subsidiaries adopt waste monitoring systems as well.</p> <p>The Group is also careful to assess, with due advance notice, changes in applicable regulations in order to act promptly to ensure compliance in waste management.</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 period like the one just completed, 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 the product, in the fields of marine architecture systems and civil facades, as well as in both marine and non-marine professional kitchen equipment. Somec designs and manufactures innovative glazed enclosures that guarantee achievement of the highest-level safety and durability requirements for products and materials exposed to great atmospheric and structural stress. The role of the product development engineers in the company is to meet the highest standards of performance required by the most demanding clients, in each case optimising executive projects for reduction in consumption of noble raw materials.⁽¹⁾

56

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

(1) During the reporting period, there was only one case of non-conformity concerning the health and safety of products sold (a safety problem with a moulding press), relating to PizzaGroup. Since the year of acquisition, the Group has undertaken an in-depth review for improvement of all the products in its catalogue with the aim of increasing their safety performance. The improvement process is continuous, and concerns the addition of magnetic sensors and additional safety devices, as well as the strengthening of the machine for greater stability.

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. In 2021 70% of expenditures were earmarked for Italian suppliers, in line with 2019 (63%) and 2020 (60%).

The preference for local suppliers proved to be a winning choice in addressing an issue emerging in 2021 as a consequence of the pandemic, namely the global shortage of raw materials, particularly considering the major impacts on group-wide procurement due to problems in sourcing materials, higher prices and delays in delivering goods.

The preference for local suppliers has allowed us to avoid sourcing from much more distant sources.

The group has been able to mitigate the damage caused by the pandemic on supply chains, thanks in part to the predictability of business in the companies operating on contracts, which have stockpiled the relative core materials, such as aluminium and steel, and also because we are not tied to supply sources in Asia, with the exception of particular goods such as electronic components.

In addition to the intensification of relations with nearby suppliers, a process of synergistic standardisation of stainless-steel procurement for all food companies was begun in autumn 2021. This process achieves both greater bargaining power and higher product quality. The same strategy is in place for electronics, with the aim of defining single, common suppliers for the same segment. Examples of these strategies can be seen in the changes to the production and supply chains of Gico and PizzaGroup, which have generated benefits for the entire food segment.

In PizzaGroup, old plants were decommissioned and parts of the production processes were reallocated to other group companies, thereby intensifying intra-group production operations and gaining improvements in availability of semi-finished products.

In Gico, processes that had until recently been carried out on old machinery were outsourced, and the old plants were decommissioned, also achieving results in the environmental, safety and energy-saving perspectives. As mentioned in another chapter, Gico has acquired a high-performance laser cutting system that enables important synergies between companies in the food sector.

The opportunities for collaboration and exchange between Gico and PizzaGroup have enabled important improvements. Entire lines have been rethought and new product ranges have been created, with these achieving important recognition at prestigious trade fairs such as Host Milano.

***Host Milano**, held from 22 to 26 October in 2021, is the world's most important exhibition dedicated to catering and hospitality, thereby asserting Europe, and more specifically Italy and Milan, as the primary exhibition hub and centre of attraction for international and Italian excellence. The 2021 edition exceeded expectations, enabling the Group's companies to communicate themselves at their best before an audience of industry professionals, while making significant contacts and laying the foundations for new projects.*

INOXTREND presented a completely renewed product range, including the new series of Level-Up ovens, with very satisfactory results. These high-level products, of refined design and extraordinary performance, serve as multifunctional tools for cooking any dish, achieving perfect results and with optimal work organisation.

Sectoral professionals visiting the GICO stand appreciated the new modular H+ line, on view at the stand and also presented by renowned chef Carlo Cracco.

PIZZAGROUP successfully exhibited its latest creation, the 550 Oven. Made entirely of stainless steel, this is a product of extraordinary solidity and quality, achieving the perfect combination of functions and design.

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.

Nonetheless, a process has begun to raise awareness not only among all group companies, but also among suppliers, in line with the sustainability path undertaken and aimed at increasingly considering environmental aspects, social aspects, and those concerning product quality. First and foremost this is a cultural path, scheduled to intensify over the coming years and involve an increasingly broader audience. The parent company, for example, had in previous years already assessed its suppliers with respect to environmental criteria, as required by ISO 14001 certification. In 2021 the company also introduced social assessment criteria, and after the forced hiatus of the Covid emergency, resumed audits at suppliers' premises. These audits now devote greater consideration to occupational safety, and to further sensitising suppliers on the need for corrective actions for compliance with the standards requested by Somec.

Somec has also begun raising awareness among long-standing suppliers through the vehicles of questionnaires and audits on health and safety, environmental and social issues.

At the same time, other Group companies, starting with those certified ISO9001, have been informed of the need to adopt similar criteria on supplier evaluation beginning in 2022.

Objectives 2022:

- To minimise and contain Δ costs, through continuous monitoring of the supply chains of individual companies, promoting a synergistic approach between the Group's overseeing departments, and where possible, seeking to group-level agreements with leading players
- In Gico, undertake planned management changes towards more synergic processes, achieving more precise and unambiguous tracing of management by performance measures, with these measures readable by the central departments and in service of the departmental objectives for managers within the various legal entities
- Also, in Gico, continue the revision of management processes, designing a common model that, as much as possible, brings homogeneity to the food sector
- Overall in the food sector, aim to standardise supply chains with a synergic strategy

The supply chain management approach adopted for the various Somec group business segments is divided between:

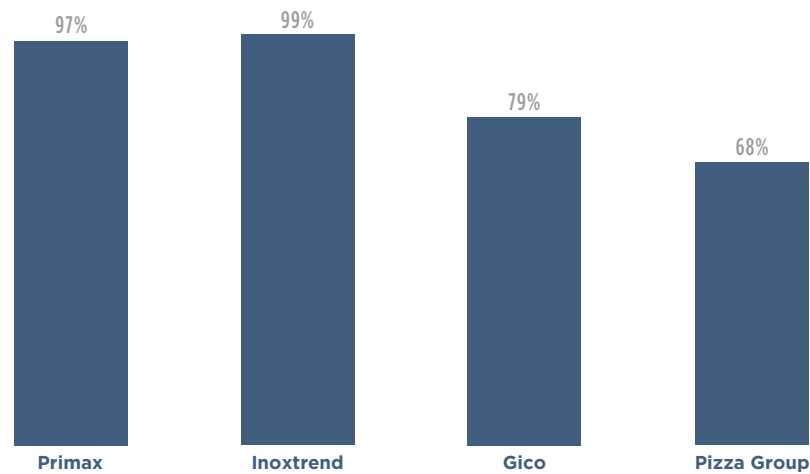
- Landscape, including Building façades, Professional cooking equipment and Public area interiors
- Seascape, including Marine glazing, Marine cooking equipment and Marine public areas

LANDSCAPE

The **Professional Cooking Equipment** segment⁽¹²⁾ 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 86% of expenditure going to local suppliers in 2021. 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.

SPENDING ON LOCAL SUPPLIERS 2021



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.

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

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.

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**⁽¹³⁾ 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 2021, 99% of expenditure went to local suppliers – a slight increase over the previous year.

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.

(13) This business segment includes Skillmax.



SEASCAPE

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 MOG-231 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, over the triennium, Oxin S.r.l. allocated approximately 69% of its expenditure to local suppliers, while Somec S.p.A. allocated around 90% in the course of 2021, up from 2020 and 2019, when the percentage spent on local suppliers was 75%. In addition, Oxin allocated 36% of its expenditure to locally based suppliers, in Veneto and Friuli Venezia Giulia.

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**⁽¹⁴⁾ 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, 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 in terms of production space.

(14) This business segment includes the subsidiaries TSI and Hysea.

Reference standards and certifications

- **IMO/MED:** certification refers to products with flame-resistant characteristics and concerns materials to be embarked, according to procedures established by the International Maritime Organisation (IMO) or European Union (MED Directive 2014/90/EU)
- **USPHS:** of particular interest to the Marine Cooking Equipment segment, the standards concern the healthiness and properties of surfaces and materials in potential contact with food
- **MOCA e FCM:** standards referring to all manufacturers of materials and objects that come into contact with food, applicable to the Cooking segments and in certification processes for the most recently acquired companies
- **FGAS:** certification under European legislation aimed at decisive reductions in the Fluorinated-Gas limits applicable in the market, regulating their use and promoting a more sustainable approach to refrigeration systems
- **UKCA:** In the UK, replaces CE certification following Brexit

CHOICE OF MATERIALS: BETWEEN INNOVATION AND RESPONSIBILITY

The Somec Group works daily to develop innovative products that provide aesthetic solutions and knowhow 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 guaranteeing high quality products to customers. In the companies that work to order, in many cases the choice of materials is linked with both the customer's specifications and the standards. The strength of the individual Group companies is their ability apply their know-how and experience, gained over many years, in service of the customer, each for their own sectors of competence. In this way, thanks to their design offices, the companies propose tailor-made solutions capable of intervening with products that ensure the inherent materials are always compatible and performance-optimised in respect to the customer's specifications and the standards in force.

64

In this regard, 2021 was characterised by important innovations, especially as regards companies in the food sector. Although the pandemic had a negative impact in general on production activities and the various technical departments, mainly due to the lack of personnel, there were significant developments in R&D and new product ranges were launched, especially in Gico, PizzaGroup and Inoxtrend, also with successful presentations at the Host Milano trade fair.

In Primax, a complete restructuring of the production lines is under way, first of all for production of items in the "cold" sector. In this sense, the production of blast chillers relies on green gas technologies⁽¹⁵⁾, as required by current regulations.

Choosing from the range of permitted gases, the company has selected one with the lowest environmental impact, of far better performance than required by the current standards and in advance of future regulatory obligations.

The refrigerant gases are chosen on the basis of both theoretical study and internal tests, carried out to assess performance and consumption. Oxin is currently carrying out a project to improve design efficiency, with the aim of standardising production in future years. At PizzaGroup, new product lines have been developed with advantages of energy efficiency, allowing shorter oven heating times and considerable energy savings.

(15) The gas mentioned is R-290 and the reference standard is the 517/2014 F-Gas Regulation.

550 Electric Oven

The PizzaGroup 550 electric oven, built entirely in stainless steel, is a symbol of solidity and quality. This is a product engineered in detail, from structure to exterior coverings, from design to individual components: the perfect combination of design and know-how, creativity and professionalism.

The 550 oven is equipped with a microprocessor that controls all functions, incorporating the latest generation of electronics for constant control of the chamber temperature, and intelligently managing increases and decreases in oven temperature.

Electric Flash Oven

The Flash tunnel oven, also built entirely in stainless steel, is designed for "small restaurant operations" and dedicated in particular to defrosting/reheating pizzas and bruschettas. The main feature is the conveyor belt system, allowing the user to place the uncooked food at the oven entrance and, setting the time, automatically obtain the ready dish at the exit of the cooking area on the opposite side, thus ensuring preparation without charring or other harm to edibility.

This oven also has the unique advantage of allowing heating/cooking of food that is longer than the cooking chamber.

The design of the thermal insulation, and an infrared control system for internal temperature, concentrating the heat inside the oven only where it is needed, have achieved a 40% increase in energy efficiency.

These two electric oven products have obtained the relevant certifications. In addition to guaranteeing high levels of user safety, they also allow easier cleaning.

Dragon Tunnel Oven

The static tunnel oven designed by PizzaGroup cooks on a special refractory stone, which in combination with the special conveyor belt with interchangeable inlet and outlet, guarantees perfect food fragrance. Dragon is entirely built using stainless steel, including for the internal structures. This is a product synonymous with guaranteed quality and longevity. Reaching temperatures of as much as 450°C and equipped with a dense mesh conveyor belt, this oven is designed to cook even highly hydrated dough, including the renowned Neapolitan pizza, which bakes in just over 60 seconds.



Thanks to the integrated Advance Power system, the oven detects the products inserted at all times, and automatically changes the power output for maintenance of the selected cooking temperatures, thus saving even more energy when the oven is in low production or pause. Cooking times are significantly reduced, by up to 40% compared to a traditional professional oven. The system also incorporates the Cook & Grill function: electronically imposing three controlled temperature zones for perfect cooking and finishing. This product is destined for the American market and will receive certification in 2022, in keeping with the relevant national procedures.

The products already on the market are certified, safe for the end user, and guarantee easier cleaning. The "Dragon" tunnel oven will enter the certification process in 2022, entirely in the USA, given that this product is intended for the American market.

As far as companies in the food sector are concerned, beginning in 2021 the Group has chosen to carry out product certifications through third-party bodies, in preference to self-certification.

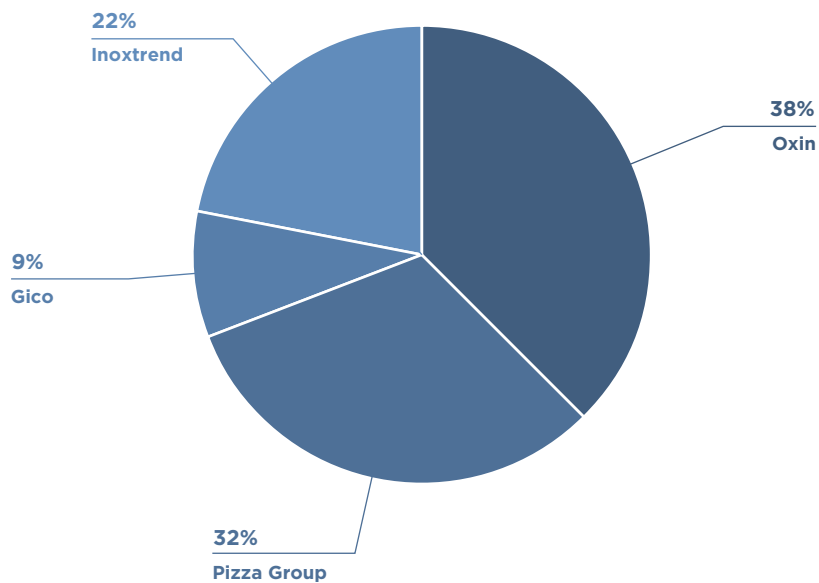
In 2021, Gico continued MOCA certification for both catalogue and customised products, covering the materials used, manufacturing processes and the warehouse storage phase. Gico has also begun the SASO certification process for all gas products destined for the African and Saudi Arabian markets, for completion in 2022.

Saudi Arabia is an important market, but operators intending to gain access must meet specific requirements, including compliance with Saudi Arabian Standards Organization (SASO) technical and quality regulations, with accompanying certification of the products supplied. The SASO mark, compulsory in Saudi Arabia, signifies that the goods comply with the country's standards and safety regulations.

As mentioned in previous sections, in addition to working to obtain these important certifications, Gico has embarked on a process for improvement of production processes, aimed at improving efficiency and reducing consumption. Over the next few years, one of the objectives for the food sector R&D department is the previously mentioned evaluation of different types of greener material in replacement of polystyrene packaging, such as cardboard. At the moment, only new models are receiving this substitution, with implementation for older products scheduled in the future.

The main materials purchased by the Group companies include stainless steel, aluminium, glass, paints, electrical components (e.g. electrical cabling), wood and cardboard for packaging. For the **Professional Cooking Equipment** and **Marine Cooking Equipment** sectors, the main materials purchase is stainless steel, a fully recyclable construction material and one of the most durable in existence. In 2021 for these two sectors, Oxin S.r.l., of the Marine sector, accounted for 38% of the tons of stainless steel purchased, with a further 32% of purchases by Pizza Group, 22% by Inoxtrend and 9% by Gico, all in the civil sector.

% OF STAINLESS STEEL PURCHASED IN 2021



As regards the **Marine Glazing** and **Building façades** segments, the main materials purchased are aluminium and glass.

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

The Somec Group business model is therefore centred on the choice of materials and suppliers, then care in all stages of the project cycle, whether in-house or external, maintaining control over the order and ensuring the provision of safe, high-quality products to the customers. The pre-sales and design phases are therefore fundamental for development of the specific project design, the choice of elements composing each order, and the programming and executive customisation. Here, with its vast experience, Somec plays a uniquely fundamental role in establishing the meeting point among all the project stakeholders, chief among these the architects, clients and general contractors.

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. The Group also continues the strategy of sourcing from the local supply chain.
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. In addition, the company is committed to extending the adoption of Model 231 to the other Group companies. Oxin's Model 231 was approved in 2021, an objective already anticipated in the previous CNFS.</p> <p>With regard to the monitoring of suppliers, a process is underway to raise their awareness of environmental and social aspects through questionnaires and targeted audits.</p>
Product safety and innovation	<p>Violation of product health and safety regulations and potential noncompliance 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. Furthermore, the Group applies the precautionary principle in all its activities.

The Somec S.p.A. Board of Directors approved the consolidated non-financial statement on 23 March 2022.

REPORTING PROCESS

In order to identify the material topics for the Group, over the course of 2020 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. The results of the materiality assessment were confirmed for the reporting year 2021.

REPORTING STANDARD AND SCOPE

The Group adopted the GRI Sustainability Reporting Standards, published by the GRI - Global Reporting Initiative according to the “GRI-Core” option 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 2021 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
- **TSI Inc** was excluded as it is an administrative company with less than five employees and only one office. Given the insignificant social and environmental impacts, it was decided not to include it in the non-financial reporting

70

Furthermore, for **Navaltech LLC, Sotrade Sro, Atelier de Façade Montréal, Skillbuild Srl and Somec Shangai Co. Ltd.**,⁽¹⁶⁾ which do not hold physical production assets and do not have significant environmental impacts, it was decided not to report on these 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. 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 2021. 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.

(16) The 2019 and 2020 data do not include the social aspects of Navaltech LLC and Somec Shangai Co. Ltd.

STAKEHOLDERS INVOLVEMENT

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

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

CALCULATION METHODS

We applied the following calculation methods:

- **The death rate resulting from injuries in the workplace** is the ratio of the total number of deaths resulting from injuries in the workplace to the total number of hours worked, multiplied by 200,000
- **The rate of high consequences injuries in the workplace** (excluding deaths) is the ratio of the total number of high consequences injuries in the workplace (excluding deaths) to the total number of hours worked, multiplied by 200,000
- **The rate of recordable workplace injuries** is the ratio of the number of recordable workplace injuries, excluding injuries incurred during commuting, to the total number of hours worked, multiplied by 200,000
- **The hours worked by external workers** were calculated based on an estimate of the value of the labour contract and the average hourly cost of the same labour, distinguishing between Italy and other countries. For Gico and Pizza Group, the estimation in 2021 is supported by the timecard management system
- **Direct emissions (Scope 1):** for the consumption of natural gas, LPG, petrol 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 - 2019, 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 - 2020, 2019, 2018 data. For consumption recorded in the United States and pertaining to the subsidiary Fabbrica LLC, the 2021 and 2020 Green-e Residual Mix Emissions Rates (2019, 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	-	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	-	Group	-
	Product safety and innovation	GRI 416: Clients' health and safety	Group	-
	Sustainable supply chain management	GRI 308-1: Suppliers environmental assessment	Group	Suppliers
		GRI 414-1: Supplier social assessment	Group	Suppliers
Anti-corruption measures (active and passive)	Business ethics	GRI 205: Anti-corruption	Group	-

GRI CONTENT INDEX

GRI Standards	Disclosure	Description	Reference	Omissions - Notes
General indicators of GRI standards - 101: Foundation 2016				
GRI 102 General disclosure 2016				
	102-1	Name of the organisation	Cover of the document	
	102-2	Activities, brands, products, and services	P. 12-23	
	102-3	Location of headquarters	P. 14-15	
	102-4	Location of operations	P. 14-15	
	102-5	Ownership and legal form	P. 10	
	102-6	Markets served	P. 12-23	
Organisational profile	102-7	Scale of organisation	P. 20-23	
	102-8	Information on employees and other workers	P. 33-34	
	102-9	Supply chain	P. 57-63	
	102-10	Significant change in the organisation and its supply chain	P. 57-63	
	102-11	Precautionary Principle or approach	P. 69	
	102-12	External initiatives	P. 43-44	
	102-13	Membership in associations		The group is not a member in any relevant association
Strategy	102-14	Statement from senior decision-maker	P. 7-9	
	102-15	Key impacts, risks, and opportunities	P. 45, 55, 68	
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	P. 16-19	
Governance	102-18	Governance structure	P. 16-19	

Stakeholder engagement	102-40	List of stakeholder groups	P. 30	
	102-41	Collective bargaining agreements	P. 38	
	102-42	Identifying and selecting stakeholders	P. 30	
	102-43	Approach to stakeholder engagement	P. 71	
	102-44	Key topics and concerns raised	P. 30-31, 69	
Reporting practice	102-45	Entities included in the consolidated financial statements	P. 70	
	102-46	Defining report content and topic boundaries	P. 73	
	102-47	List of material topics	P. 31	
	102-48	Restatements of information	-	
	102-49	Changes in reporting	-	See Methodological Note
	102-50	Reporting period	P. 11	
	102-51	Date of most recent report	-	2021 is the second year of reporting
	102-52	Reporting cycle	-	The report is published on an annual basis
	102-53	Contact point for questions regarding the report	P. 84	
	102-54	Claims of reporting in accordance with the GRI Standards	P. 70	
	102-55	GRI content index	P. 74-80	
	102-56	External assurance	P. 81	

ECONOMIC TOPICS (GRI 200)

GRI 204 Procurement practices 2016	103-1	Explanation of the material topic and its boundary	P. 31, 57-63, 68, 70, 73
	103-2	The management approach and its components	P. 57-63
	103-3	Evaluation of the management approach	P. 57-63
	204-1	Proportion of spending on local suppliers	P. 57-63
GRI 205 Anti-corruption 2016	103-1	Explanation of the material topic and its boundary	P. 31, 16-17, 68, 70, 73
	103-2	The management approach and its components	P. 16-17
	103-3	Evaluation of the management approach	P. 16-17
	205-3	Confirmed incidents of corruption and actions taken	P. 16-17
GRI 207 Tax 2019	103-1	Explanation of the material topic and its boundary	P. 18-19
	103-2	The management approach and its components	P. 18-19
	103-3	Evaluation of the management approach	P. 18-19
	207-1	Approach to tax	P. 18-19
	207-2	Tax governance, control, and risk management	P. 18-19
	207-3	Stakeholder engagement and management of concerns related to tax	P. 18-19
	207-4	Country-by-country reporting	P. 19
ENVIRONMENTAL TOPICS (GRI 300)			
GRI 302 Energy 2016	103-1	Explanation of the material topic and its boundary	P. 31, 46-51, 55, 70, 73
	103-2	The management approach and its components	P. 46-51
	103-3	Evaluation of the management approach	P. 46-51
	302-1	Energy consumption within the organisation	P. 46-51

GRI 303 Water and Effluents 2018	103-1	Explanation of the material topic and its boundary	P. 31, 46, 52, 70, 73	
	103-2	The management approach and its components	P. 52	
	103-3	Evaluation of the management approach	P. 52	
	303-1	Interactions with water as a shared resource	P. 52	
	303-2	Management of water discharge-related impacts	P. 52	
	303-3	Water withdrawal	P. 52	
GRI 305 Emissions 2016	103-1	Explanation of the material topic and its boundary	P. 31, 46-51, 54-55, 70, 73	
	103-2	The management approach and its components	P. 46-51, 54	
	103-3	Evaluation of the management approach	P. 46-51, 54	
	305-1	Direct (Scope 1) GHG emissions	P. 46-51, 54	
	305-2	Energy indirect (Scope 2) GHG emissions	P. 46-51, 54	
GRI 306 Waste 2020	103-1	Explanation of the material topic and its boundary	P. 31, 46, 52-53, 55, 70, 73	
	103-2	The management approach and its components	P. 52-53	
	103-3	Evaluation of the management approach	P. 52-53	
	306-1	Waste generation and waste-related impacts	P. 52-53	
	306-2	Management of significant waste-related impacts	P. 52-53	
	306-3	Waste generated	P. 52-53	
GRI 308 Supplier Environmental Assessment 2016	103-1	Explanation of the material topic and its boundary	P. 31, 56-59, 68, 70, 73	
	103-2	The management approach and its components	P. 56-59	
	103-3	Evaluation of the management approach	P. 56-59	
	308-1	New suppliers that were screened using environmental criteria	P. 56-59	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. 31, 32, 39-41, 45, 70, 73
	103-2	The management approach and its components	P. 39-41
	103-3	Evaluation of the management approach	P. 39-41
	401-1	New employee hires and employee turnover	P. 39-41
GRI 402 Labour/Management Relations 2016	103-1	Explanation of the material topic and its boundary	P. 31, 32, 39-41, 45, 70, 73
	103-2	The management approach and its components	P. 39-41
	103-3	Evaluation of the management approach	P. 39-41
	402-1	Minimum notice periods regarding operational changes	P. 39-41
GRI 403 Occupational health and safety 2018	103-1	Explanation of the material topic and its boundary	P. 31, 32, 36-38, 45, 70, 73
	103-2	The management approach and its components	P. 36-38
	103-3	Evaluation of the management approach	P. 36-38
	403-1	Occupational health and safety management system	P. 36-38
	403-2	Hazard identification, risk assessment, and incident investigation	P. 36-38
	403-3	Occupational health services	P. 36-38
	403-4	Worker participation, consultation, and communication on occupational health and safety	P. 36-38
	403-5	Worker training on occupational health and safety	P. 36-38
	403-6	Promotion of worker health	P. 36-38
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 36-38
403-9	Work-related injuries	P. 36-38	
403-10	Work-related ill health	P. 36-38	

GRI 404 Training and education 2016	103-1	Explanation of the material topic and its boundary	P. 31, 32, 41-42, 45, 70, 73	
	103-2	The management approach and its components	P. 41-42	
	103-3	Evaluation of the management approach	P. 41-42	
	404-1	Average hours of training per year per employee	P. 41-42	
	404-2	Programs for upgrading employee skills and transition assistance programs	P. 41-42	
GRI 405 Diversity and equal opportunities 2016	103-1	Explanation of the material topic and its boundary	P. 31, 32, 34-35, 45, 70, 73	
	103-2	The management approach and its components	P. 34-35	
	103-3	Evaluation of the management approach	P. 34-35	
	405-1	Diversity of governance bodies and employees	P. 34-35	
GRI 406 Non-discrimination 2016	103-1	Explanation of the material topic and its boundary	P. 31, 32, 42, 45, 70, 73	
	103-2	The management approach and its components	P. 42	
	103-3	Evaluation of the management approach	P. 42	
	406-1	Incidents of discrimination and corrective actions taken	P. 42	
GRI 414 Supplier social assessment 2016	103-1	Explanation of the material topic and its boundary	P. 31, 56-59, 68, 70, 73	
	103-2	The management approach and its components	P. 56-59	
	103-3	Evaluation of the management approach	P. 56-59	
	414-1	New suppliers that were screened using social criteria	P. 56-59	The Group does not currently have a standardised process in place to assess suppliers on the basis of social criteria
GRI 416 Clients' health and safety 2016	103-1	Explanation of the material topic and its boundary	P. 31, 56, 68, 70, 73	
	103-2	The management approach and its components	P. 56	
	103-3	Evaluation of the management approach	P. 56	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	P. 56	



NON-GRI ISSUES

Use of materials	103-1	Explanation of the material topic and its boundary	P. 31, 56, 64-68, 70, 73
	103-2	The management approach and its components	P. 64-67
	103-3	Evaluation of the management approach	P. 64-67
Local communities	103-1	Explanation of the material topic and its boundary	P. 31, 32, 43-44, 70, 73
	103-2	The management approach and its components	P. 43-44
	103-3	Evaluation of the management approach	P. 43-44

AUDITOR'S REPORT



Building a better
working world

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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 2021 in accordance with article 4 of the Decree approved by the Board of Directors on 23rd March 2022 (hereinafter "DNF").

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

Responsibilities of Directors and Board of Statutory Auditors for the DNF

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

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Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. 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. comparison of economic and financial data and information included in the DNF with those included in Somec Group's consolidated financial statement;
4. 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.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

In particular, we have conducted interviews and discussions with the management of Somec S.p.A. and with the personnel of Gico S.p.A., Pizza Group S.r.l. and Fabbrica LLC 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 Gico S.p.A. and Pizza Group 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 2021 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.

Our conclusions on the DNF of the Somec Group do not refer to the information included in the paragraph "The European Union Taxonomy" of the DNF itself, that are required by art.8 of the European Regulation 2020/852.

Treviso, April 7, 2022

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.

Somec S.p.A. / San Vendemiano (TV) Italy

For further information about the contents
of this Consolidated Non-Financial Statement,
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 **SOME C**
GRUPPO