



Sustainability Report 2022

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Letter to the stakeholder

Dear stakeholders,

our journey began 120 years ago when our founder, my great-grandfather Secondo Mona, opened a shop for the sale and repair of cycles and motorcycles in Somma Lombardo along the famous road from Milan to Paris.

In those days, a community of young and brave pioneers started the first aviation activities on the open grounds of what then became known as the Milan Malpensa International Airport. Secondo, soon fascinated by this new venture, joined the community offering his know-how and expertise in mechanics for the repair and overhaul of the first aero-engines. This was back in 1913.

A decade later, in 1923, he was able to obtain an important quality certification of the time for the design and manufacturing of fuel equipment for aircraft, and this was the beginning of a century-long history of contributions to the aerospace industry of products of own design first for national aircraft programs, then for European ones and later worldwide for aircraft and helicopter manufacturers, both for the civil and military industry.

Our Company has always paid attention to its people and market and societal changes, striving to adapt to technological developments and to proactively face new challenges and continuously satisfy new needs while pursuing business growth.

We are aware of the global challenges and the disruptions that we are currently experiencing, spanning from new professional competencies needed and new life-work balance and welfare opportunities on the social side, to energy challenges, climate change and natural resources depletion on the environmental side.

For this reason, we have set ourselves the goal of ensuring that our business growth is always accompanied by a progressive focus on sustainability, improving our production process efficiency, looking for more sustainable product development solutions, promoting professional progress and equality of treatment and opportunities among our people and guaranteeing full compliance with external regulatory requirements and our Code of Ethics.

Our sustainability journey began in 2021 with the publication of an ESG Company Profile, disclosing our commitment to ESG (Environmental, Social and Governance) issues. Today, we are making a further step forward with the publication of our first Sustainability Report as a voluntary commitment to report on our performance from an environmental and social perspective thus formalizing our endorsement of sustainable business practices to ensure that not only current generations but also future ones can satisfy their needs.

As an evidence of our promotion of environmentally responsible practices, already in 2007, we certified our Environmental Management System under the ISO 14001 certification. More than 10 years ago, we installed two photovoltaic plants on our factory roofs, generating in-house renewable energy. Over the years, we have actively pursued other initiatives and invested in energy and water savings along our production processes according to our Energy Audit program.

Following the ISO 9001 and EN 9100 certifications for our Quality Management System and the other civil and military certifications specific to our business, we continuously pursue and ensure the highest quality standards

in all our products. We have been actively investing also in research and development of new and innovative products, with a view to sustainability, also through external partnerships with Universities.

We believe that our employees, with their skills and competencies, are key resources for the achievement of our goals and our business viability. For this reason, we pay utmost attention to their well-being, health, and safety in the workplace, and we devote extensive resources to their training and professional development.

We are still headquartered in Somma Lombardo, a historic town in the province of Varese, where we settled our manufacturing plant at the beginning of the 20th Century. . And since then, we have invested in collaborations and partnerships with local suppliers fostering the development of a supply chain of proximity.

We have also engaged with the local community through numerous initiatives and donations, including monetary and non-monetary sponsorships of local NGOs, educational centres, local schools, sports associations etc., aiming at contributing to their economic and social development.

We are aware that to preserve our planet and future generations, we ought to return to living more sustainably, saving on precious and scarce resources, preserving the planet and encouraging more balanced production and consumption habits. We must all together change the way we think and act.

Claudia Mona

CEO Secondo Mona SpA

Secondo Mona and its operative context

Headquartered in Somma Lombardo, Secondo Mona operates in the aerospace industry, as a leading supplier of a wide range of products designed and manufactured for various onboard applications on any type of aircraft, both civil and military, business jet, helicopter and UAV. After sales MRO services on these products are also part of the business.

For the civil market, the Company primarily supplies fuel systems and sub-systems of own design for business jets, helicopters, tiltrotors and airships while it industrializes and manufactures engine components and single equipments and sub-assemblies for landing systems for the newest large commercial aircraft, such as Boeing B787, Airbus A350-900, A350-1000, A320 and for Bombardier regional aircrafts.

Further fuel systems, subsystems and other equipment, such as electromechanical and hydraulic actuators, are designed and manufactured for other applications in the military market such as fighters, trainers and transport aircraft, helicopters or UAVs

Its products are designed, developed and qualified according to Customer specifications in close collaboration with major aircraft, engine and systems manufacturers worldwide.

Secondo Mona is still a vertically integrated company that has full control of its design and production processes, - from prototype design and development to product qualification and certification, to the entire production cycle up to aftersales services such as maintenance, repair and overhaul and spare parts supply. This enables Secondo Mona to be competitive on the global aerospace market and to have a significant role for its worldwide Customers in its niche field of specialization.

Secondo Mona's 2022 Highlights for Sustainability

Governance

Code of Ethics and 231 Model since 2020
zero incidents of corruption

Status of Authorized Economic Operator (AEO
C authorization) since 2021

ISO 27001 certified Information Security
Management System

Financial statements audited by a world-renowned audit firm (Big4) since 2015

Environment

ISO 14001 certified Environmental Management
System since 2007

168.36 MWh solar self-produced electricity¹

7,099 MWh total energy consumption

26.30 tCO_{2e} and 46.14 tCO_{2e} emissions avoided²

Products and processes according to REACH
Regulation

Energy audit since 2016

People

323 employees, of which 17% females

97% permanent employees

228 employees under 50 years old

20.58 average training hours per employee per
year

Product

ISO 9001 and

EN 9100 certified Quality Management System since
2006

zero incidents of non-compliance concerning the health and safety impacts of products
NADCAP accreditation for special processes

Supply Chain

57% of purchases from local suppliers³

13% suppliers located in EU

69% of local suppliers⁴

18% suppliers located in EXTRA EU⁵

¹ Quantity of electricity produced through the solar panels installed on the Company's roof, that is internally consumed and partially injected into the local grid.

² 26.30 Scope 2 GHG Emissions Location-based; 46.14 Scope 2 GHG Emissions Market-based; for more information, please refer to the 'Environment' section.

³ The geographical definition of local for Secondo Mona refers to suppliers based in the same country as the Company.

⁴ The geographical definition of local for Secondo Mona refers to suppliers based in the same country as the Company.

⁵ The 'EXTRA EU' category refers to suppliers located in the UK, USA and Switzerland.

Secondo Mona's Profile

Secondo Mona's History

120 years of History and Aerospace Technology

1903 Founded by Mr. Secondo Mona in Somma Lombardo, northern Italy.

1913 Secondo Mona meets with the Italian aviation pioneers community and starts the repair and maintenance of engines on the first aeroplanes.

1923 The company grows rapidly and starts the **design and production of on-board fuel equipment**

1930s The company develops important **partnerships with the European aviation industry**.

1940s The company grows but after the Second World War it has to **diversify its productions serving also other industries**.

1950s Italian aviation industry restarts with the **Fiat G91 and Macchi MB326 programmes** and Secondo Mona participates with the supply of **fuel equipment of own design**.

1960s Development of first **collaborations with US aircraft companies** through the **F104G programme**.

1970s The third generation joins the company and the participation on the **Tornado multinational programme** and also on **new helicopter programmes** begins.

1980s Collaborations with the **military programmes G222, AMX and MB339**, with the supply also of the smoking system for the Italian Aerobatic Team, Frece Tricolori.

1990s Extensive partnerships with the European aerospace industry on the multinational programmes **Eurofighter and NH90**. Opening of new markets and new technologies

2000 Claudia and Riccardo Mona, the fourth generation of the family, join the company. **From equipment to system supply** on the **M346 programme**.

2003 Secondo Mona celebrates its **100th anniversary of family business**.

2006 Supply of important sub-assemblies for landing systems on the **Boeing B787** and on **Bombardier aircraft**.

2010s New design competencies in electronics and software are introduced for the supply of **customized Fuel Systems**. Several news contracts are acquired on the global market.

2013 Secondo Mona celebrates **100 years of contributions to the aerospace industry** and consolidates its presence on the market at all major international airshows.

2020s Secondo Mona becomes a large company and accelerates its process of a more robust **management and governance**.

2023 The company celebrates **120 years of activity** and enters as a founding partner in the Volandia Foundation Museum of Flight.

Vision and Mission

For 120 years Secondo Mona has been committed to continuously improving its manufacturing processes, with the objective to offer **high quality, reliable and innovative aerospace systems** at a competitive price while addressing ever-changing market trends and ensuring customer satisfaction. These can only be achieved thanks to long-term and enriching partnerships and collaborations with suppliers and business partners.

As stated in its **Mission**, Secondo Mona aims to

«improve its processes to provide innovative and reliable aeronautical systems at a competitive cost, with full satisfaction of customers and in continuous partnerships with its suppliers»

Its **vision** is to:

«Fly higher and higher in the world over 100 years of Italian aeronautical history»

Secondo Mona's financial performance

On December 31st, 2022, Secondo Mona generated revenues of approximately €51m, in line with respect to the previous reporting period (€51m as of December 31st, 2021).

The results obtained in FY 2022 indicate the solid performance of the Company, thanks to a wide variety of projects carried out with existing and new customers both for the design and manufacturing of products as well as for repair and maintenance activities.

The audit of the statutory financial statements of Secondo Mona S.p.A is carried out by KPMG S.p.A.

Secondo Mona actively operates both in the domestic and international market; with a direct export of sales of around 70% of which 25% is within EU countries and 75% is outside EU countries, mainly in the UK, the US, Canada, Switzerland, Turkey, Israel, U.A.E. and up to China, India and Australia.

Secondo Mona's Sustainability Path

Stakeholder Engagement

For Secondo Mona, listening to and partnering up with its stakeholders are essential prerequisites for its growth and success and the creation of shared value in the short, medium and long term.

Secondo Mona interacts with all its stakeholders, both internal and external, through specific activities and communication sessions that are carried out regularly. The Company is committed to establishing prosperous, enriching and long-lasting relationships with all its stakeholders, based on transparency, mutual trust, collaboration, openness and two-way communication.

The main categories of stakeholders with whom the Company has an ongoing engagement are reported below:

- ❖ **Employees:** people are an essential resource for the Company's success and continuity. Secondo Mona is committed to creating a stimulating, open and inclusive working environment, in which people feel motivated, at ease and protected.
- ❖ **Customers:** Secondo Mona pays special attention to its customers, striving for their satisfaction by offering high-quality products and services on time and on cost, by complying with the regulatory requirements of the aerospace industry, meeting the strictest standards in terms of product and materials' safety and quality and following market trends, also in terms of product innovation and sustainability.
- ❖ **Suppliers and business partners:** the establishment of long-lasting and profitable partnerships with all suppliers and business partners is a necessity for Secondo Mona to achieve corporate success, especially in the long term.
- ❖ **Government and Institutions:** 120 years of permanent presence in the territory have enhanced its continuous collaboration and dialogue with institutional and governmental bodies, making them an integral part of Secondo Mona's business model.
- ❖ **Local Community:** supporting and investing in the local community and its economic, social and cultural development are key assets for Secondo Mona to create shared value.

The approach sought by Secondo Mona is aimed at achieving continuous communication through various types of dialogue and engagement initiatives while exploiting the following channels of interactions.

STAKEHOLDER CATEGORY	STAKEHOLDER ENGAGEMENT ACTIVITY AND CHANNEL OF INTERACTION	
EMPLOYEES	<ul style="list-style-type: none"> • Company's welfare plan and benefits • Periodic meetings • Training activities • Involvement of the management team in strategic decisions definition and execution. 	<ul style="list-style-type: none"> • Company's intranet • E-mails • Direct Communication • Unitary workplace union representatives (RSU)
SUPPLIERS and BUSINESS PARTNERS	<ul style="list-style-type: none"> • Long-term partnerships with suppliers • Collaborations with locally based suppliers • Ad-hoc procedures for supplier selection, evaluation and management. 	<ul style="list-style-type: none"> • Secondo Mona's website • Suppliers' portal • On-site Audits • Meetings • E-mails

<p style="text-align: center;">CUSTOMERS</p>	<ul style="list-style-type: none"> • Annual Customer satisfaction surveys; • On-going dialogue with the sales department • Periodic visits • Offering of after-sale services (e.g. maintenance and repair). 	<ul style="list-style-type: none"> • E-mails • Secondo Mona’s website • Direct Communication with the sales department • Meetings • On-site audits and visits to the manufacturing plant • Participation to national and international air shows and fairs
<p style="text-align: center;">GOVERNMENT and INSTITUTIONS</p>	<p>Active participation and contribution to industry associations</p> <ul style="list-style-type: none"> • Meetings with local authorities. 	<ul style="list-style-type: none"> • Audits • Periodic Meetings • Conferences
<p style="text-align: center;">LOCAL COMMUNITY</p>	<ul style="list-style-type: none"> • Donations to local community initiatives • Sponsorships of local community events • Participation to educational programs and trainings with local schools and Universities 	<ul style="list-style-type: none"> • Events and ad-hoc meetings • Direct Communication with Secondo Mona • E-mails • Sponsorships • Collaborations with local newspapers

Materiality Analysis

In line with the internationally recognized standards for sustainability reporting, namely the Global Reporting Initiative (GRI) standards, and as part of Secondo Mona’s path towards sustainability, the Company conducted its first **Materiality Assessment**, aimed at identifying the **economic, environmental, social and governance issues** that are most relevant for the Company, its stakeholders and for the context in which it operates. This has been done also considering the **positive and negative impacts** that Secondo Mona has or could have on the **economy, environment, and society**, including impacts on their human rights across its activities and business relationships.

The Materiality Process endorsed by the Company can be divided into four major steps:

<p style="text-align: center;">1</p> <p>Identification of the most important impacts, both actual and potential, positive and negative, intended, or unintended, that the Company has or could have on the economy, environment, and people, including impacts on human rights, through its activities and business relationships in the short, medium, and long-term.</p> <p>The identification of these impacts has been carried out through assessments of the economic, environmental, and social effects that are or could be generated by the Company and analysis of supporting documentation.</p>	<p style="text-align: center;">2</p> <p>Identification of potentially relevant ESG issues for the Company through benchmarking analysis, sector analysis and analysis of national and international standards and directives on sustainability-related topics and examination of internal documentation, such as, but not limited to Code of Ethics, 231 Model and existing policies and certifications.</p>	<p style="text-align: center;">3</p> <p>Assessment of potentially material topics through an online survey involving Secondo Mona's stakeholders and Top Management.</p> <p>The objective of this assessment has been to evaluate the relevance of the topics from a double perspective: Secondo Mona's business and Secondo Mona's stakeholders</p>	<p style="text-align: center;">4</p> <p>Prioritization of the material topics and related impacts that represent the most relevant issues for the Company and its stakeholders on which future strategies and objectives are going to be defined.</p>
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The materiality analysis process was conducted in 2022 for the publication of the Company Profile 2021 and it was subsequently validated for the Sustainability Report 2022. Indeed, to be aligned with the new GRI Standards, the materiality analysis was revised to identify the actual and potential impacts on the economy, environment and people, including impacts on their human rights across Secondo Mona's activities and business relationships, both upstream and downstream; these impacts entail positive and negative impacts, short-term and long-term impacts, reversible and irreversible impacts and can be caused either intentionally or unintentionally by Secondo Mona.

Seventeen material topics of economic, environmental, social and governance nature were identified and grouped into the following 6 macro categories: *Governance, People, Environment, Product, Society and Supply Chain*. The list of the prioritized material topics for Secondo Mona and related positive and negative, actual, and potential impacts that might occur as a consequence of business activities is reported below.

MACRO-CATEGORY	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS
PRODUCT	Product Quality and Safety	<ul style="list-style-type: none"> Production of high-quality and reliable products and/or components and promotion of the highest quality and safety standards along the entire supply chain Emphasis on protecting customer health and safety along the entire product life cycle 	<ul style="list-style-type: none"> Accidents and/or sanctions/penalties deriving from low product quality and safety Loss of competitiveness and worsening of market positioning due to a reduction in product quality
GOVERNANCE	Ethics and Compliance	<ul style="list-style-type: none"> Compliance with anti-corruption laws and regulations Positive reputational impacts, enhanced by the adoption of the Code of Ethics and 231 Model 	<ul style="list-style-type: none"> Negative reputational impacts due to episodes and/or incidents of corruption Extra-costs incurred due to sanctions, penalties and/or non-compliance with regulations/ laws/ directives

		<ul style="list-style-type: none"> Promotion of ethical, transparent, and responsible business practices along the entire value chain 	<ul style="list-style-type: none"> Difficulties in engaging and establishing long-lasting partnerships with customers, and business partners due to unethical and improper practices and/or behaviors/ conducts
GOVERNANCE	Data Protection and Cybersecurity	<ul style="list-style-type: none"> Data protection and protection of the right to privacy of anyone who is in some way related to Secondo Mona Adequate management of information security, ensuring data confidentiality, especially in the case of cyber-attacks 	<ul style="list-style-type: none"> Interruptions to business continuity due to cyber-attacks Negative reputational impacts to data breaches and/or losses Violation of the right to privacy
SOCIETY	Customer Relation and Satisfaction	<ul style="list-style-type: none"> Higher customer attraction and increased customer trust Improved market positioning Adequate management of customers' requests and complaints and collaborations with customers aimed at developing and innovating products 	<ul style="list-style-type: none"> Interruptions and/or difficulties in customer relations Lower customer satisfaction and consequent increase in customer complaints Failure to satisfy customers' requests and to adjust to market trends with consequent worsening of Secondo Mona's market positioning
PEOPLE	Talent Attraction, Retention, and Development	<ul style="list-style-type: none"> Enhancement of the professional skills of each employee by means of training programs and career paths that are specific for the role Higher talent attraction and retention 	<ul style="list-style-type: none"> Lower productivity due to the inability to enhance, protect and develop human resources Potential staff turnover and consequent know-how loss Difficulties in attracting and retaining talents, especially young people, and in the long term
PEOPLE	Workplace Health and Safety	<ul style="list-style-type: none"> Compliance with national directives on occupational health and safety Higher staff productivity and efficiency due to the creation of a safe and healthy work environment 	<ul style="list-style-type: none"> Increase in injury frequency and severity rate and job-related illnesses and consequent decrease in staff well-being Negative reputational impacts due to job-related illnesses, accidents and/or injuries Additional costs arising from sanctions/penalties and non-compliance with laws/regulations/directives on health and safety
PEOPLE	Employee Well-being	<ul style="list-style-type: none"> Increased productivity and efficiency and better performance due to higher personnel well-being Creation of a stimulating work environment where employees are free to express their opinion 	<ul style="list-style-type: none"> Decreased productivity and efficiency due to the worsening of personnel well-being Negative reputational impacts due to the lack of staff enhancement
ENVIRONMENT	Energy and Emissions	<ul style="list-style-type: none"> Use of energy arising from renewable sources (e.g installation of photovoltaic panels) 	<ul style="list-style-type: none"> Contribution to climate change and emissions from Company's operations

		<ul style="list-style-type: none"> Reduction of energy consumption and related emissions Cost savings resulting from higher energy efficiency 	<ul style="list-style-type: none"> Lower energy efficiency resulting in additional costs
PRODUCT	Innovation and Sustainable Product Development	<ul style="list-style-type: none"> Increased cooperation with stakeholders through partnerships and/or research projects Development of innovative and high-performance products, such as fuel systems and equipment 	<ul style="list-style-type: none"> Loss of competitiveness and worsening of market positioning due to the lack of innovation Decline in customer satisfaction if obsolete products are kept on the market
PRODUCT	Use of Raw Materials	<ul style="list-style-type: none"> Positive impact on the environment generated by the use of sustainable raw materials Use of recycled materials in view of circular economy pursuant to the latest standards and directives, such as ISO 59000 and European Taxonomy Limited use of dangerous substances Compliance with applicable regulations such as REACH 	<ul style="list-style-type: none"> Adverse impacts on the environment due to the use of dangerous, harmful, and polluting materials and/or substances Exploitation of natural resources, destruction of natural habitats and loss of biodiversity Use of critical raw materials that will constitute a risk for the Company
SUPPLY CHAIN	Responsible Supply Chain	<ul style="list-style-type: none"> Supply chain improvement, promotion of more sustainable environmental and social performances Compliance with regulations/laws/directives on the supply chain 	<ul style="list-style-type: none"> Potential disruptions in business continuity and Company's activities along the entire supply chain Environmental and social negative impacts along the entire supply chain
ENVIRONMENT	Waste Management	<ul style="list-style-type: none"> Responsible management of waste, especially those that are dangerous, pursuant to ISO 14001 Reduction of environmental impact through waste reuse and recycling Cost benefits generated by reuse and recycling activities 	<ul style="list-style-type: none"> Non-compliance with applicable regulations regarding waste management Additional costs due to sanctions and/or penalties related to waste disposal Contribution to pollution due to increased waste production
GOVERNANCE	Digital Transformation	<ul style="list-style-type: none"> Higher competitiveness thanks to the use of new technologies and the development of digital competences Greater efficiency in manufacturing processes and operational activities Enhanced talent attraction and retention, especially of younger people 	<ul style="list-style-type: none"> Lower competitiveness on the market and reduced customer satisfaction Inefficiency of manufacturing processes due to obsolete technology Difficulties in attracting and retaining talents, due to the lack of digital innovation
SOCIETY	Community Impact and Development	<ul style="list-style-type: none"> Lasting and profitable relationships between Secondo Mona and the local community Shared value creation through listening and engagement activities with the local community Positive impact generated by local employment and charitable activities 	<ul style="list-style-type: none"> Lack of connection and cooperation with the local community Inability to identify and satisfy local community's requests and needs

ENVIRONMENT	Water Management	<ul style="list-style-type: none"> Responsible use of water resources with the aim of reducing water consumption and safeguarding resources, whenever possible, also through reuse Proper treatment of wastewater, especially in case of toxic substances and pollutants 	<ul style="list-style-type: none"> Water pollution and consequent negative impacts on the environment and human health Additional costs due to sanctions and/or penalties related to wastewater Irresponsible management of water resources not in accordance with applicable directives
ENVIRONMENT	Climate Change	<ul style="list-style-type: none"> Compliance with regulations on climate change mitigation (for instance, EU Taxonomy, Carbon Border Adjustment Mechanism, European Green Deal) Enhancement of economic and production activities aimed at climate change adaptation and mitigation 	<ul style="list-style-type: none"> Contribution to climate change, air pollution and emissions Additional costs due to non-compliance with regulations/directives pertaining to climate change (in the form of sanctions/penalties) Extreme weather events impacting on Company's activities
SUPPLY CHAIN	Human Rights	<ul style="list-style-type: none"> Protection and promotion of human rights along the entire value chain People enhancement and consequent increased attraction and retention of talents 	<ul style="list-style-type: none"> Negative reputational impacts generated by failure to respect human rights Disruptions in business continuity and Company's activities




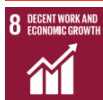


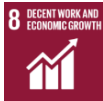



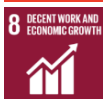

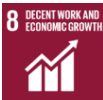



This first Materiality Analysis is an important milestone in Secondo Mona's path to sustainability and highlights the Company's commitment to sustainable development. For the definition of the material topics identified by Secondo Mona, please refer to the section 'Material topics description' in the Appendix.

Secondo Mona's Contribution to the Sustainable Development Goals (SDGs)



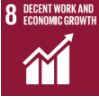
Secondo Mona actively contributes to the **17 Sustainable Development Goals** of the **2030 Agenda for Sustainable Development** of the United Nations. These 17 objectives, with 169 targets, represent an urgent call for action for ending poverty and hunger, eliminating inequality, boosting economic growth and industry development, tackling climate change, preserving natural resources (on land and below water), promoting the use of clean and renewable energy and, partnering up in order to guarantee a sustainable development for the current and future generations.

The Sustainable Development Goals to which Secondo Mona contributes are reported below. Each material topic has been associated with one or more SDGs.

MATERIAL TOPIC	SDGs
Product Quality and Safety	
Ethics and Compliance	
Data Protection and Cybersecurity	

Customer Relation and Satisfaction	
Talent Attraction, Retention, and Development	   
Workplace Health and Safety	  
Employee Well-being	  
Energy and Emissions	   
Innovation and Sustainable Product Development	

<p>Use of Raw Materials</p>	 
<p>Responsible Supply Chain</p>	
<p>Waste Management</p>	    
<p>Digital Transformation</p>	
<p>Community Impact and Development</p>	
<p>Water Management</p>	 
<p>Climate Change</p>	   

	 
<p style="text-align: center;">Human Rights</p>	

For the correlation between Secondo Mona’s material topics, the GRI indicators reported within this Sustainability Report and the related SDGs please refer to the Appendix section.

Governance

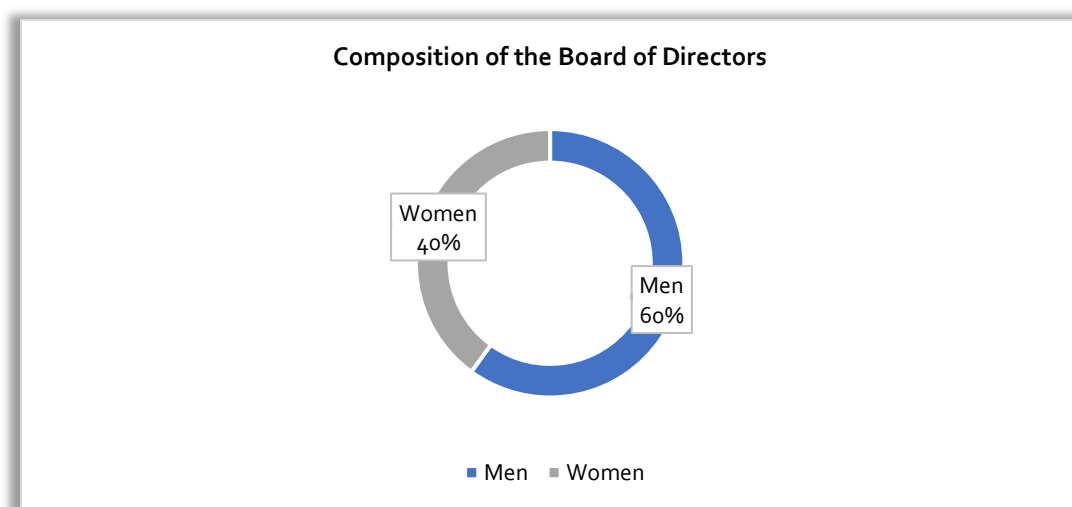
Secondo Mona's Governance

Secondo Mona has adopted a corporate governance structure that ensures correct and responsible business conduct. The Company promotes a sustainability and ethics-oriented business culture.

Secondo Mona has a **Board of Directors**, in charge of guiding the Company and defining the strategic objectives over the short and medium term. As of December 31st, 2022, the Board of Directors is composed of five independent members, including the Chairman of the Board, who is also CEO of the Company. The Board of Directors is made up of:

- ❑ Three executive directors, involved in the daily management of the business
- ❑ Two independent non-executive directors.

The Board of Directors meets periodically and its members are elected for 3 years.



The Board of Directors is assisted by the **Board of Statutory Auditors**, composed of three independent members, including the Chairman and two acting auditors, whose tenure is 3 years. The Board of Statutory Auditors' role is to supervise:

- The respect and compliance with laws and regulations
- The fulfillment of proper administration principles
- The suitability of the Company's structure and its correct functioning..

The Company has also appointed a **Supervisory Body**, specifically the '*Organismo di Vigilanza*', made up of three independent members, responsible for managing and ensuring compliance with the Organization, Management and Control Model, also known as 231 Model, adopted by Secondo Mona.

The tenure of the members of the highest governance body and committees is 3 years and the nomination is carried out by the Board of Directors based on their competences, independence and professional experience.

Governance Structure and Composition	Name	Age	Gender	Assignment
Board of Directors	Renato Mona	80	Male	Chairman and CEO
	Claudia Francesca Mona	51	Female	Vice-chairman and CEO
	Riccardo Stefano Mona	49	Male	CEO
	Sergio Fabrizi	86	Male	Director

	Adriana Galli	80	Female	Director
Board of Statutory Auditors	Carlo Lazzarini	56	Male	Chairman
	Luigi Doppietti	76	Male	Auditor
	Giovanni Bandera	54	Male	Auditor
Supervisory Board (Organismo di Vigilanza)	Elio Giannangeli	42	Male	Chairman
	Maurizio Randazzo	59	Male	Member
	Cinzia Petroni	51	Female	Member

Secondo Mona has started a process of progressive integration of sustainability and environmental, social and governance (ESG) issues with the Company's business model.

For this reason, the Board of Directors actively promotes the pursuit of sustainability-related objectives and the implementation of initiatives; it also monitors the impacts on the economy, environment and society caused by Secondo Mona.

The Board of Directors is periodically informed on the Company's progress towards sustainability reporting and sustainability initiatives and activities; indeed, one of the CEO, who is also part of the Board, reports progress on ESG activities, initiatives and projects that are in place. At corporate level, executives are in charge of data collection, approval, and reporting.

Ethics and Compliance

For Secondo Mona it is important to conduct business ethically, with integrity and transparency. Ethics and compliance are fundamental as they can positively or negatively contribute to corporate activities. Potential non-compliance with laws and regulatory requirements and unethical business operations could cause serious damage to the Company's reputation and lead to additional costs due to penalties, fines, and sanctions. Vice versa, the respect and pursuit of ethical business management enhances the corporate reputation and leads to improved relationships with stakeholders, including clients, business partners, suppliers, and local authorities.

In 2019 the Company adopted a **Code of Ethics**, approved by the Board of Directors and periodically subject to review. This serves as a "**charter of fundamental rights and duties**" for Company's managers, employees, collaborators (business partners, suppliers, and consultants) and for anyone, who is related to its operations. This document sets out the rights, responsibilities, and rules of conduct that every recipient of the Code of Ethics shall be familiar with and comply with.

As stated in its Code of Ethics, Secondo Mona carries out its operations in compliance with all the laws, directives, and regulations, also respecting the rules of fair competition in the market. The Company condemns any form of violation of human rights, including the exploitation of child and/or forced labor, human trafficking, and terrorism financing. Indeed, Secondo Mona refrains from having any kind of relations with third parties that are likely to be either directly or indirectly involved in criminal activities, terrorism financing, human trafficking, and/or child labor exploitation.

Secondo Mona strives to prevent and mitigate any actual or potential conflict of interest and to ensure accounting transparency, truthfulness, and accuracy. It also undertakes to protect the privacy of sensitive information, know-how, and intellectual property and to guarantee the highest level of confidentiality and data protection.

All external relations with third parties, especially with authorities and institutions, are managed with attention and care and per applicable regulations. The Company condemns any form of bribery and corruption, aimed at obtaining financing or contribution under false claims, and prevents any kind of corruptive practice.

In addition to the Code of Ethics, an **Organization, Management and Control Model**, pursuant to the provisions set forth under Italian Law Decree no. 231/2001, was adopted in 2020 and is regularly updated. The aim is to prevent crime commission, avoid and discourage illegal conduct and detect improper and unethical business practices and episodes of non-compliance with the principles set out in the Code of Ethics.

The **Supervisory Body** (*Organismo di Vigilanza*), appointed in 2020, is in charge of verifying compliance with the above Model. It has the following responsibilities:

- ❑ Evaluating its effectiveness and suitability
- ❑ Proposing modifications or changes, if necessary
- ❑ Monitoring initiatives aimed at enhancing the acknowledgment and awareness of the Model within the Company
- ❑ Ensuring the application and suitability of the internal control system in force.

Through the Supervisory Board, Secondo Mona ensures that all cases of suspected or actual wrongdoing, unethical behavior, or breach of the principles of the 231 Model and Code of Ethics are adequately reported and managed. The Company has defined a **whistleblowing mechanism** through which any actual or potential breach or critical concern can be communicated anonymously to ad-hoc governance bodies, specifically to the Supervisory Body. All employees are aware of the whistleblowing procedure in place within Secondo Mona, as they are periodically informed due to training and awareness activities.

All violations, unethical conducts and grievances are adequately and promptly managed and prosecuted, and corrective measures are undertaken as established by the Code of Ethics.

All stakeholders are strongly encouraged to report any conduct, problem and/or claim, which are handled with extreme care.

Internal and external **awareness** on compliance with the Code of Ethics and 231 Model, publicly available on the website, is constantly strengthened by Secondo Mona. Internally, **communication and training sessions are periodically carried out**; specific training on the issues covered by the Code of Ethics and 231 Model is provided to all personnel and these two documents shared upon hiring with all new employees. Externally, the **Company informs its third parties** about the adoption of the Code of Ethics, which all business partners shall comply with.

During the reporting period, **100%** of employees received **training on topics related to business ethics and integrity**.

During the reporting period 2021-2022, **zero legal actions** were recorded, both pending and completed for anti-competitive behavior, for violations of anti-trust laws and monopoly practices.

During 2022, Secondo Mona recorded **zero confirmed incidents of corruption**, either in the form of incidents in which employees were dismissed or disciplined for corruption, or of contract terminations with business partners due to violations related to corruption. In addition, zero public legal cases of corruption took place.

As far as compliance with laws is concerned, during the reporting period Secondo Mona incurred in **zero significant instances of non-compliance with laws and regulations**.

Data Protection and Cybersecurity

Given their increasingly strategic role in business operations, Secondo Mona is focused on the **protection and confidentiality of personal data and information**. Actual and potential data breaches and/or losses can seriously damage the firm reputation, causing disruptions to business continuity due to unauthorized or illegal access to data and leading to violations of the right to privacy and confidentiality.

The Company is committed to ensuring that any data is protected from internal or external threats, unauthorized and illegal modification, access and leak, loss, damage, and theft. In addition, Secondo Mona aims at safeguarding the information and personal data of its employees, clients, business partners and suppliers and of anyone who is related to its activities throughout the whole life cycle of information (ranging from its creation, use, storage, to its disposal).

Secondo Mona operates in full compliance with applicable laws, directives, and regulations as far as ICT security is concerned. The Company is well aware that adequate management of data is of utmost importance to ensure confidentiality, information integrity and authenticity, to guarantee business continuity and to avoid repercussions and interruptions to business operations, negative reputational impacts, and the unavailability of ICT systems. In 2022 the Company adopted an **Information Security Policy**, which sets out the principles and guidelines followed internally while using, collecting, storing, and disposing of any kind of personal data.

The **Information Security Management System (ISMS)** has the objective to:

- ❑ Preserve the confidentiality, integrity, and availability of information and ICT (information and communication technology) resources.

This Policy is publicly available on the Company's website and accessible on the intranet. An Information Security Management System handbook was also defined and adopted in 2022.

Secondo Mona recognizes that effective information security management is critical for business operations, services and more generally, for business continuity.



Information Security Management System

In 2022 the Company obtained the **ISO 27001:2013** certification, an internationally recognized standard for information security and information security management system (ISMS). This represents an outstanding achievement for the Company in its promotion of data protection, confidentiality, and information integrity.

All personnel is responsible for preserving, adequately protecting, and using the Company's assets, both tangible (equipment, infrastructure) and intangible (trademarks, know-how, licenses).

Periodic risk assessments are carried out in order to detect actual and potential risks that can or could in any way damage information security in terms of probability (likely-unlikely) and impact (on a scale from low to critical), to implement corrective actions and remediation plans and to actively monitor the level of risk exposure of the Company.

Moreover, the Company has defined specific roles and responsibilities for all personnel who has access to confidential data and information, including an ICT manager, and provides adequate and specific training.

Given how cyber-attacks can adversely influence a firm performance, reputation and viability, Secondo Mona is actively focused on the assessment, prevention, minimization and management of any risk or threat related to cybersecurity.

During 2021 and 2022, **zero substantiated complaints concerning data breaches or privacy** were received, neither from outside parties nor from regulatory authorities. Similarly, zero data breaches or identified leaks or thefts of data were recorded.

The Company provides **training** and **communication sessions** to its employees on the importance of information security and data protection, on the ISO 270001 information security management system and it informs its personnel on how to behave and conduct business when dealing with private and sensible information. Similarly, it advocates for unceasing awareness and encourages its employees to pay utmost attention. For this reason, during the reporting period, 100% of its workforce was subject to training on data protection.

Digital Transformation

Digitalization plays a key role for Secondo Mona and its business activities as well as for its long-term success, viability and competitive positioning within the market. To this end, Secondo Mona continuously promotes the enhancement of digital skills and competences and the use of digital tools, devices and platforms, the aim being the acceleration of digital transformation throughout the whole Company.

The process of digital transformation was already in place before the Covid pandemic period, and this allowed Secondo Mona to guarantee the functionality of all its main activities and processes also from remote. Thus the digitalization process accelerated in these last years and was extended also on the shop floor thanks to legislative initiatives like Industry 4.0 and the delivery of the Manufacturing Execution System (MES) in all production areas. Moreover, a Product Lifecycle Management (PLM) was extended from Design Engineering to Manufacturing Engineering, to Quality and to the Manufacturing and the Maintenance Organization.



More recently, in 2021 and 2022, Secondo Mona invested in a vast IT project of redesign of its main processes in order to address and execute a migration to the **new Enterprise Resource Planning (ERP) SAP S/4 HANA**.

Environment

Secondo Mona is aware of the impacts caused by its activities on the planet and recognizes that pursuing environmental preservation in the short and long-term plays a fundamental role. Therefore, the Company intends to progressively improve its environmental performance by reducing energy consumption, minimizing emissions generation and responsibly using natural resources.

In 2007, the Company adopted an **Environmental Management System**, based on **ISO 14001 certification**, the aim being the pursuit of environmentally responsible practices and the continuous improvement of its environmental performance.

In relation to the Environmental Management System, the Company has assigned specific roles and responsibilities to guarantee an adequate management of its environmental performance. Furthermore, periodic evaluations are conducted by the Company to measure the impact generated by its different activities. These enable the delineation of corrective actions and the implementation of remediation and improvement plans.

In addition, an **Environmental Policy** has been implemented by the Company starting from 2007. The Policy, publicly available on the website, outlines the Company's commitment to:

- ❑ Preserving the planet throughout its operations
- ❑ Reducing energy consumption
- ❑ Preventing pollution
- ❑ Promoting material recycling with a view to circularity
- ❑ Reducing waste production and water consumption
- ❑ Minimizing the environmental impacts caused by its products, manufacturing, and distribution processes.

Secondo Mona also intends to monitor the environmental performance along its downstream and upstream value chain and encourages its partners to continuously improve their environmental performance.

The Company periodically undergoes energy audits by externally authorized bodies aimed at measuring and verifying direct and indirect energy consumption and identifying any potential areas for improvement.

Climate Change – Energy & Emissions

Secondo Mona recognizes that **climate change** represents one of the biggest and most serious threats globally. Accordingly, the Company is pledged to:

- ❖ Proactively manage climate change risks, such as but not limited to physical risks, regulatory risks (for instance, the introduction of new directives at the EU level aimed at mitigating climate change), market risks (i.e., interruptions to business continuity due to extreme climatic events) and reputational risks (negative impacts on the Company's reputation due to the mismanagement of climate-related topics);
- ❖ Minimize direct and indirect energy consumption and consequently reduce greenhouse gas (GHG) emissions.

Energy Consumption

Energy consumption is closely monitored by Secondo Mona, the aim being its reduction over time. The Company also considers the accelerating shift of the market on renewable energy sources and resulting increase in energy efficiency, which may also lead to economic savings, as an important aspect for its business. On the contrary, Secondo Mona is aware that not chasing energy reduction may result in negative impacts on the environment due to an active contribution to energy consumption and emissions and low economic savings, due to a decline in energy efficiency.

The Company consumes energy, both directly and indirectly:

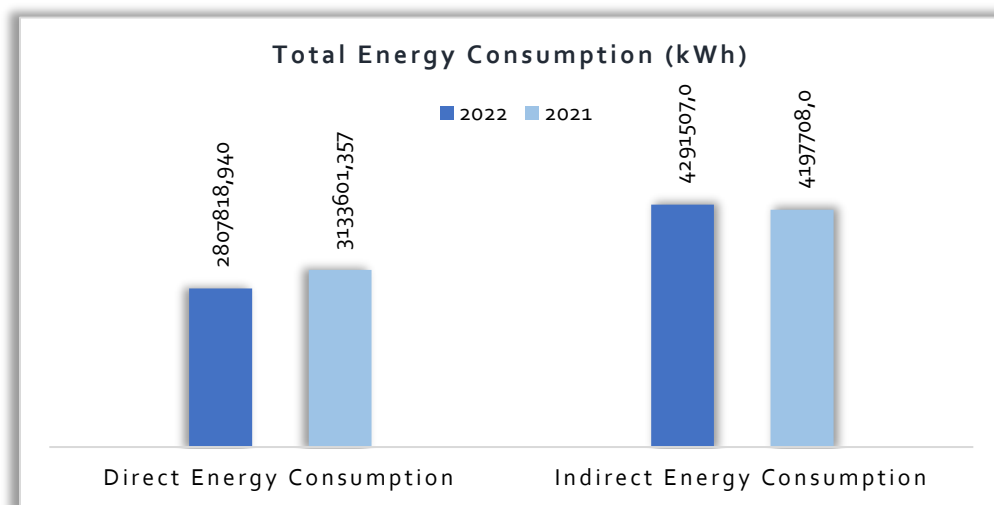
- ❑ From **renewable sources**, for instance, solar panels
- ❑ From **non-renewable sources**, such as natural gas, diesel, and petrol.

Direct and indirect energy consumption of Secondo Mona is mainly due:

❶ To production activities	❷ To equipment and machinery functioning	❸ To facility heating, air conditioning and lighting	❹ For the company's fleet of cars	❺ To other uses
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As demonstration of its pledge to lower energy consumption and to support the transition to renewable energy sources, the Company promotes energy efficiency initiatives and the use of renewable energy. Indeed, two **photovoltaic panels** have been installed at the Somma Lombardo's plant (Company's headquarters), which have been operating since 2010 and 2011. The two solar panels, with an installed power of **131kW** and **68kW**, generate in-house electricity from renewable sources for the Company.

During 2022, total energy consumption amounted to **7,099,326 kWh**, whereby **2,807,819 kWh** refers to **directly consumed energy** from non-renewable sources (natural gas), from company-owned vehicles (petrol and diesel) and from renewable sources (self-produced electricity) and the remaining portion (**4,291,507 kWh**) to **indirect energy consumption**.



The energy intensity of Secondo Mona, calculated according to total revenues, is reported below:

Energy Intensity	u.m	2021	2022
Energy Consumption	MJ	26,392,714	25,557,573

Turnover (Revenues)	€	51,024,190	50,854,710
Energy Intensity	MJ/€	0.517	0.503

During 2022, the solar systems produced a total of **168,360** kWh of electricity, in line with respect to the previous reporting period (in 2021, internally generated energy amounted to 175,185 kWh), thus meeting a percentage of the Company's energy requirements. In addition, in 2022 67,408 kWh surplus electricity was injected into the grid.

Total Self-produced Electricity	u.m	2021	2022
Solar (self-produced electricity)		175,185	168,360
of which autoproduced and consumed	kWh	106,392	100,952
of which autoproduced and sold ¹		68,793	67,408

Note¹: not included in the calculation of total energy consumption.

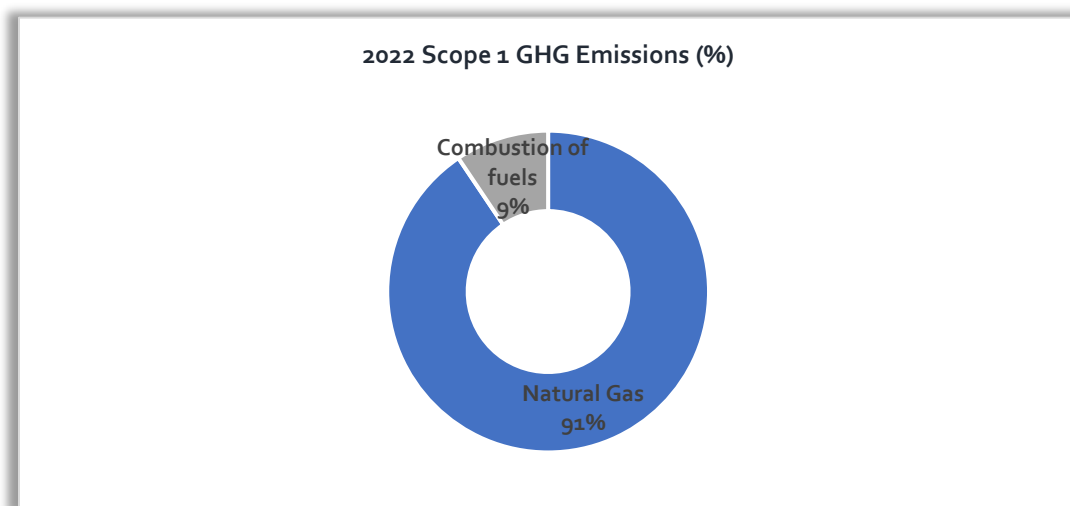
Secondo Mona is also progressively substituting the Company's car fleet with hybrid car models.

In terms of energy efficiency, Secondo Mona is actively investing in initiatives aimed at enhancing energy efficiency, such as LED lighting systems installed within the Company's plant and the implementation of counters in each production department (e.g. mechanical department, testing department, galvanic department) to constantly monitor energy consumption per manufacturing area.

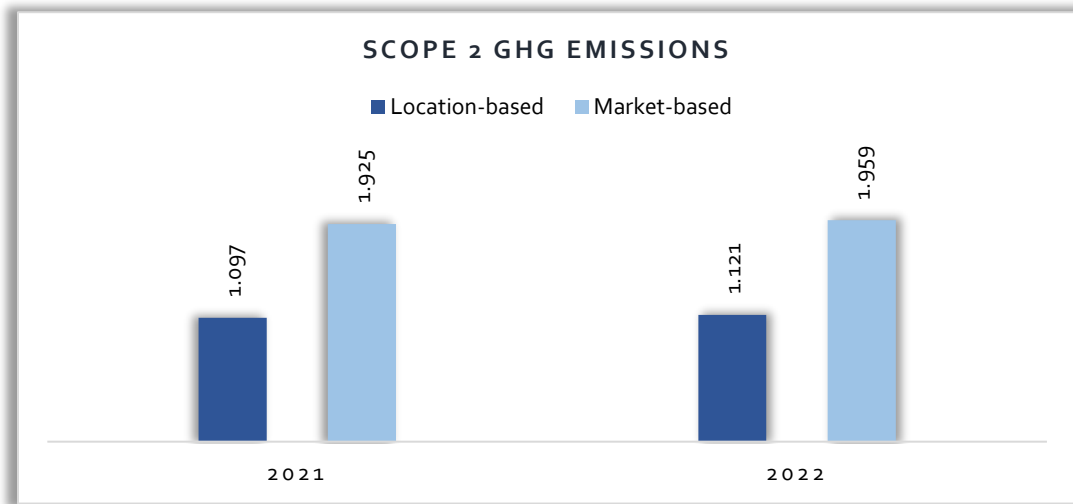
Greenhouse Gas (GHG) Emissions

In terms of greenhouse gas (GHG) emissions, Secondo Mona monitors its Scope 1 (direct) emissions, generated from sources owned or controlled by the Company, and Scope 2 (indirect) emissions, deriving from the generation of purchased or acquired electricity.

During the current reporting period, **Scope 1 emissions** amounted to **502.82 tCO_{2e}**, primarily due to natural gas consumption and partially due to the use of company-owned vehicles.



Scope 2 emissions, both market-based and location-based, were equal to respectively **1,959 tCO_{2e}** and to **1,121 tCO_{2e}**.



In an alternative scenario, in which Secondo Mona were to use energy withdrawn from the grid, instead of using the renewable energy produced through the two photovoltaic systems installed in the Company's plant, it would contribute to emissions generation. The emissions avoided thanks to the use of solar energy, would have been potentially equal in 2022 to:

- ❑ **Scope 2 GHG Emissions Location-Based: 26.30 tCO_{2e}**
- ❑ **Scope 2 GHG Emissions Market-Based: 46.14 tCO_{2e}**

As far as emissions are concerned, in 2022 the Company obtained from an external party a **carbon offset certificate** for the neutralization of 1.333 tCO_{2e} relating to the management of its industrial waste; indeed, this third party, in charge of managing and disposing of waste, carefully monitors the CO₂ emissions deriving from management and transportation of waste and it enables organizations, like Secondo Mona, to estimate the environmental footprint of their industrial waste, not only in terms of disposal but also in terms of transportation and all the necessary actions to dispose of waste.

Waste Management

For Secondo Mona it is vital to properly manage the waste, both hazardous and non-hazardous, generated by its operations. A **responsible waste management** entails savings from an economic perspective due to waste recovery and recycling and consequent reduced environmental impact. On the other hand, whenever waste is not properly managed, negative related impacts may be penalties and sanctions due to non-compliance with waste regulations and contribution to waste generation and pollution.

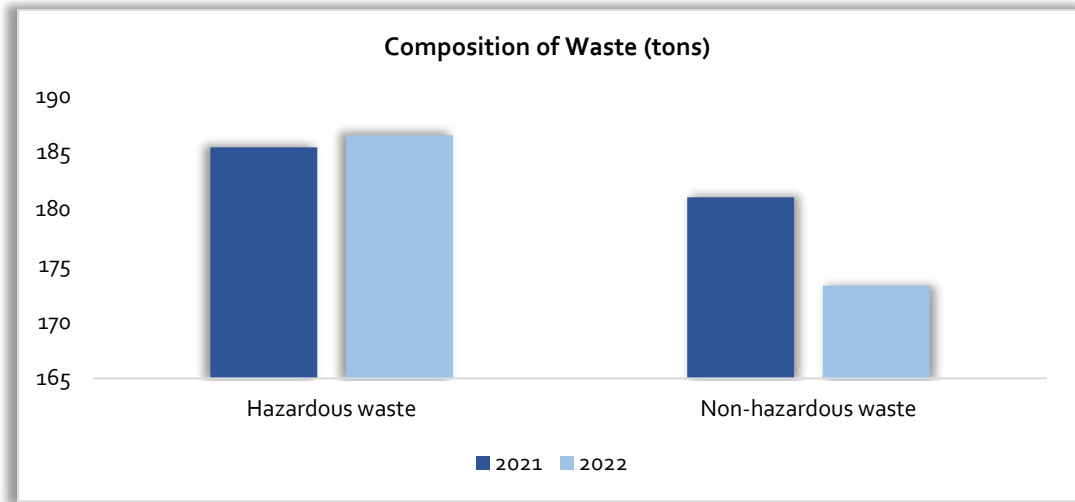
Ad-hoc internal procedures have been defined and implemented to ensure an adequate management of production scraps and of waste arising from office premises; responsibilities have been assigned to qualified personnel, especially for the management of hazardous waste and dangerous substances.

The waste generated by Secondo Mona mainly consists of:

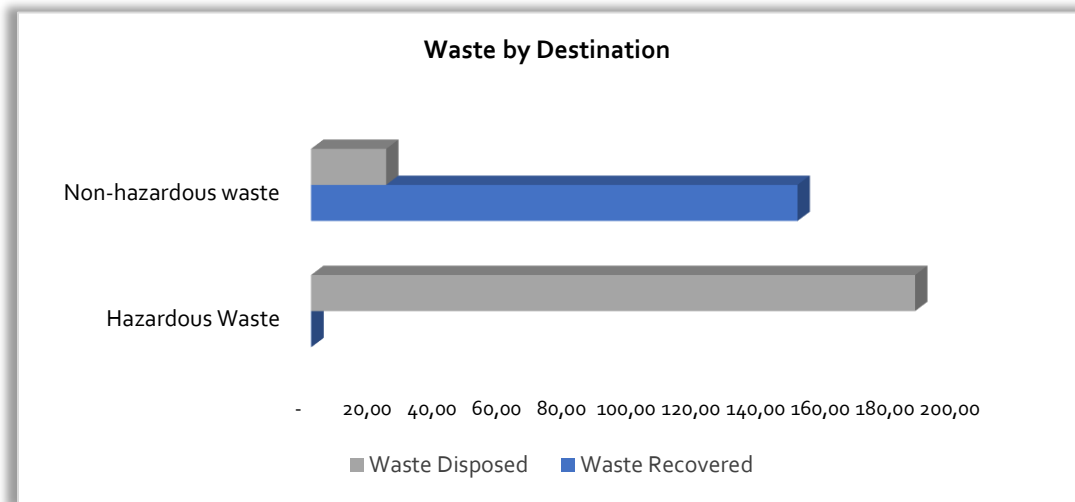
- ❑ **Industrial waste**, such as but not limited to various type of chemicals, water solutions, eluates, metals, machinery solutions, varnish, etc.
- ❑ **Packaging materials**, specifically cardboard, paper, wooden
- ❑ **Other materials**.

The Company treats both hazardous waste (e.g. dangerous substances originating from galvanic activities, emulsions from repair and maintenance activities, contaminated materials, and chemicals) and non-hazardous waste.

During 2022, Secondo Mona generated **359 tons** of waste, of which 52% as hazardous waste deriving from dangerous materials, substances and chemicals used throughout its manufacturing processes and the remaining amount as non-hazardous waste.



Of the waste generated in 2022, **waste disposed through landfilling and incineration** (with energy recovery) amounted to **209 tons** whereas **waste recovered in terms of preparation for reuse and other recovery operations** was equal to **150 tons**.



In terms of waste disposal, waste is suitably disposed, in compliance with applicable regulatory requirements including the Italian Law Decree 152/2006 (D.Lgs. 152/2006: “*Norme in materiale ambientale*”) and with the ISO 14001:2015. Specifically, non-hazardous waste is managed by an external supplier, in charge of treating, transporting, and disposing of scraps whereas hazardous waste is disposed of by an authorized third party.

Water Management

With regards to **water consumption**, Secondo Mona actively monitors water withdrawals, discharges, and usages, in order to:

- ❖ Safeguard water resources from contamination
- ❖ Minimize water consumption
- ❖ Improve water efficiency and recycling, also considering the current situation of water scarcity faced globally.

Responsible management of water resources is bound to generate a positive footprint on the environment through the minimization of water consumption by reducing withdrawals and adequately treating wastewater and water discharges. Conversely, whenever the Company does not properly manage water, it will cause negative impacts on the environment, such as water and soil contamination, and on people's health and it will also lead to extra costs to be sustained due to fines and penalties for non-compliance with water discharge limits and regulations as well as negative reputational impacts.

Water is withdrawn from the local aqueduct and is exploited for production purposes, including thermal and galvanic processes, water-cooling systems, and chemical operations and for sanitary purposes within office premises.

During 2022, water withdrawals amounted to **17 megaliters**, with a slight decrease with respect to the previous year (22 megaliters in the previous reporting period). The Company is indeed committed to progressively reducing the quantity of water withdrawn from the local grid and consumed.

Water discharges take place in compliance with applicable regulatory requirements and limits, including the "Autorizzazione Unica Ambientale", according to which Secondo Mona is authorized to discharge wastewater in the local drainage system, as permitted by the Italian Law Decree 152/2006 (art. 124 of the D.Lgs. 152/2006).

Water discharges are constantly monitored both internally, by the entitled laboratory, and externally, by third parties or by the competent authority, to verify that quality indicators (e.g. pH levels, presence of iron, chloride, sulfate, nitrogen, lead, zinc, nickel etc.) and limits established by law are fully respected. For this reason, water is either:

- treated before being discharged through **primary treatment** consisting of two levels: (1) first level of treatment through two sedimentation basins and (2) **secondary treatment** through three sedimentation basins, perfectly aligned with the Company's pledge to progressively improve the quality of water discharges,
- discharged directly to a third authorized party.

During the reporting period, **zero incidents of non-compliance with discharge limits** were recorded.

In 2022, water discharges were equal to approximately 12 megaliters, of which 11.2 freshwater and 0.7 of water coming from other sources.

As proof of Secondo Mona's ongoing attention to water recovery and recycling, ad-hoc water purification, treatment, and recycling systems have been implemented over the years in various manufacturing areas.



During 2022 a **highly efficient purification system** has been installed in the NDT (non-destructive testing) department, that enables for recycling the water used in the NDT department and reusing it within the same process. In addition, it allows for a reduction in the quantity of water discharges and for a more efficient and responsible water consumption.

Furthermore, in the future the Company plans to install counters to constantly monitor water consumption within various departments, with the goal of detecting any leakage, waste and/or inefficiency.

In terms of water consumption, the Company attentively monitors the quantity of water consumed throughout the manufacturing process and encourages its employees to reduce water consumption, whenever possible. During the reporting period, water consumption amounted to **5.8 megaliters**.

Total Water Consumption	u.m	2021	2022
Water Withdrawal	ML	22.641	17.775
Water Discharge		0.662	11.931
Water Consumption		21.979	5.844

Note: the difference in water consumption between 2021 and 2022 can be explained by the fact that data have been collected using a different approach and methodology. Data for the reporting period 2022 are the most accurate. Secondo Mona is actively working towards ensuring accuracy of the data.

People

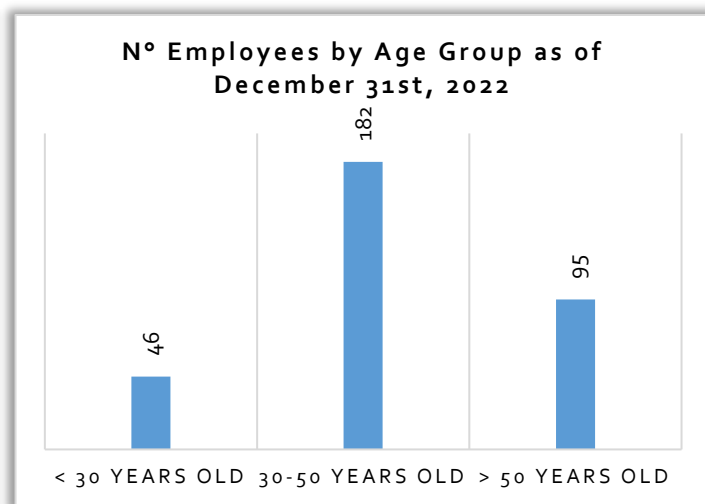
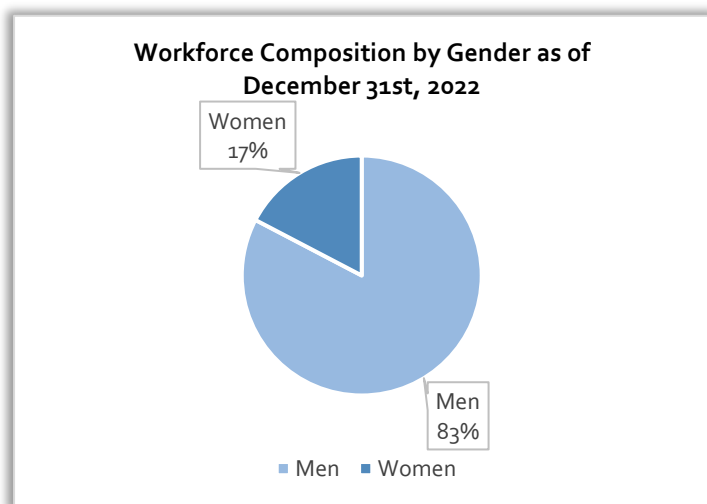
Secondo Mona is aware of the importance of its employees, who are a strategic and critical resource for business continuity and growth, the achievement of corporate goals and the creation of value in the short and long-term. To this end, Secondo Mona is committed to:

- ❖ Enhancing the personal and professional growth of its employees
- ❖ Developing the skills, competences and abilities of each person working throughout the Company
- ❖ Promoting well-being
- ❖ Ensuring a safe and healthy work environment
- ❖ Providing adequate training to all its personnel.

As of December 31st, 2022, Secondo Mona employed **323 people**, slightly increased with respect to the previous year; as of December 31st, 2021, employees amounted to 312.

Total Number of Employees	u.m	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Total number of employees	n.	264	48	312	267	56	323

In terms of gender distribution, **women** represented **17% of the total workforce**, amounting to 56 as of December 31st, 2022. With respect to the previous year, the number of female employees increased, indicating the Company's commitment to equal opportunities. Significant is also the presence of women in executive and relevant roles and throughout all divisions of the company, also with STEM degrees and jobs.



Most employees are in **the 30-50 years old age group**, followed by the >50 years old age group. Employees in the <30 age range account for 14% of the total workforce, nonetheless the Company is highly prone to investing in the development and recruitment of young talents.

The Company employs:

- **Directors**, in charge of making strategic decisions, guiding the Company's performance, setting targets and objectives, both for the short and long-term and monitoring their progress
- **Middle managers**, responsible for implementing projects and initiatives, managing daily activities and decision-making and supervising employees

- **White collars**, whose task is to perform specific tasks within the various Divisions of the Company
- **Blue collars**, that conduct operational and manual duties mainly in the Manufacturing and Maintenance organization.

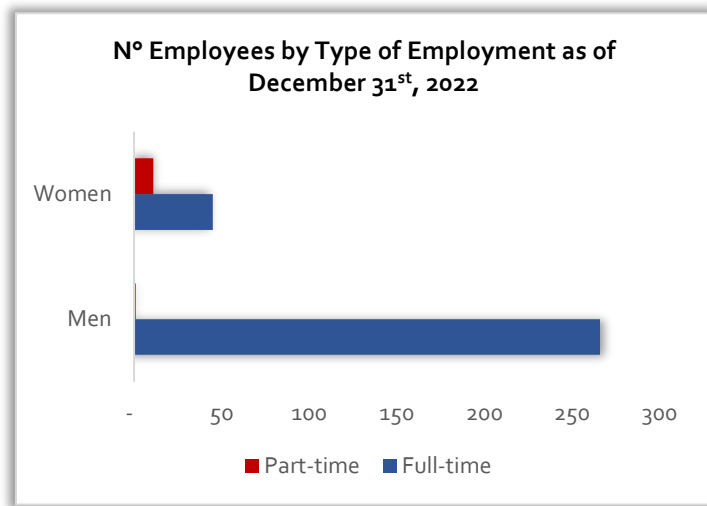
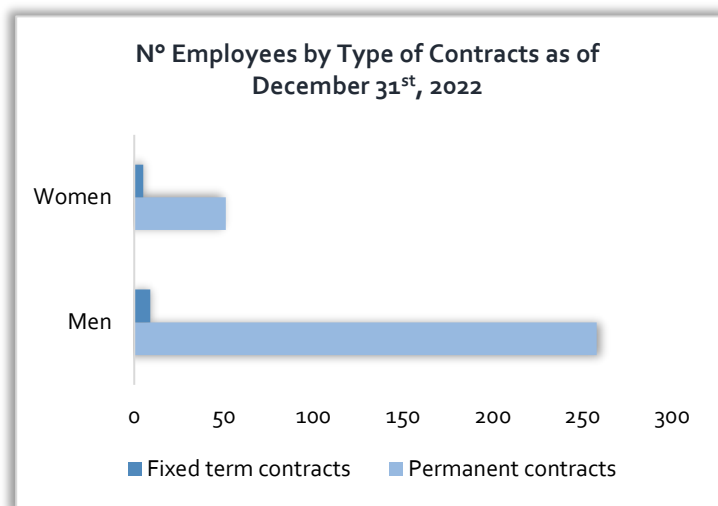
As of December 31st, 2022, the blue collars category amounted to 158, followed by white collars (142) and managers (14).

Employees by Professional Category	u.m	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Directors	n.	6	3	9	6	3	9
Middle managers		14	1	15	13	1	14
White collars		105	34	139	100	42	142
Blue collars		139	10	149	148	10	158
Total		264	48	312	267	56	323

With regard to employment contracts, on December 31st, 2022, Secondo Mona's workforce was composed of:

- ❑ **311 employees with a full-time contract;**
- ❑ **12 employees with a part-time contract.**

Secondo Mona primarily offers permanent contracts, a clear indicator of the Company's intention to retain its talents. Indeed, **96% of the workforce** (corresponding to 309 employees) has a **permanent contract**, the remaining personnel has a fixed-term contract (14).



As of December 31st, 2022, Secondo Mona only had 5 workers, whose work is controlled by the Company, but who are not employees (of which 2 temporary workers and 3 self-employed workers).

Employee Well-being

One of the main objectives of Secondo Mona is to guarantee employee welfare. In order to take care of employees, the Company actively invests in the well-being of its personnel to:

- ❑ Boost their productivity, effectiveness and fulfillment

- ❑ Ensure their satisfaction over time
- ❑ Create an open and stimulating working environment, in which employees feel at ease and motivated.

Conversely, if employees do not feel valued and appreciated, they might be less productive and efficient and might be highly prone to leave the Company, with subsequent impacts on corporate reputation and know-how loss.

Secondo Mona intends to ensure work-life balance for all its employees. To this end, it offers working hours and schedule flexibility, allows working remotely (depending on the job function/department) and guarantees part-time contracts to its employees. As of December 31st, 2022, **12 benefitted from these contracts**, 92% being female workers.

Secondo Mona recognizes and preserves the right of all personnel to join trade unions, to freedom of association and to collective bargaining. All employees are covered by **collective bargaining agreements**, representing 100% of the total workforce.

Unitary workplace union representatives (RSU) operate throughout the Company intending to promote a continuous dialogue between Secondo Mona and its personnel.

Secondo Mona supports a wide range of initiatives to ensure employee well-being. Firstly, the Company offers its employees, both full-time and part-time, permanent and fixed-term contracts, various benefits, including:

- Daily canteen service
- Paid leaves for medical visits and checkups, ensuring paid leaves also for medical visits of employees' children, especially infants and young kids (up to 8 years old children)
- Numerous insurance policies, such as: life insurance policy and accident insurance policy for incidents that take place both at work and outside work
- Disability and invalidity coverage
- Preventive health screening, depending on gender
- Free support for the compilation of tax-related documents (such as 730 Model of the Italian authorities)
- Grants for extra-curricular activities of Secondo Mona's personnel relatives (i.e., children). In 2021 and 2022 the Company granted a scholarship for the children of its employees and a discount for the Vollandia summer camp
- Parental leave for maternity and/or paternity leaves
- Retirement provisions and transition-assistance programs.

Secondly, all employees have access to a welfare platform in which specific programs and discounts (e.g. sports centers, gyms, museums and cultural centers, shops and commercial activities) are offered.

As far as parental leave is concerned, Secondo Mona offers the chance to take maternity and paternity leaves, per Italian laws and regulations. During 2022, **56 employees** took parental leave, out of **100% of workers entitled to take parental leave**; hence, the **return-to-work rate** amounts to **100%** whereas the **retention rate** (calculated as the number of employees retained 12 months after returning to work following a period of parental leave) is equal to **95%**.

Talent Attraction, Retention and Development

The attraction, retention and development of talents plays a significant role for Secondo Mona. This

ensures business continuity and competitiveness in the short and long-run while preserving the Company's ability to respond to ever-changing market trends. Employees need to feel satisfied, motivated and properly appreciated; if this is the case, it will be easier for the Company to retain its people and attract new talents. On the other hand, if employees are not happy, they will be more likely to quit and leave the Company, thus leading to a high employee turnover rate and loss of precious know-how and skills, as well as reduced productivity and efficiency.

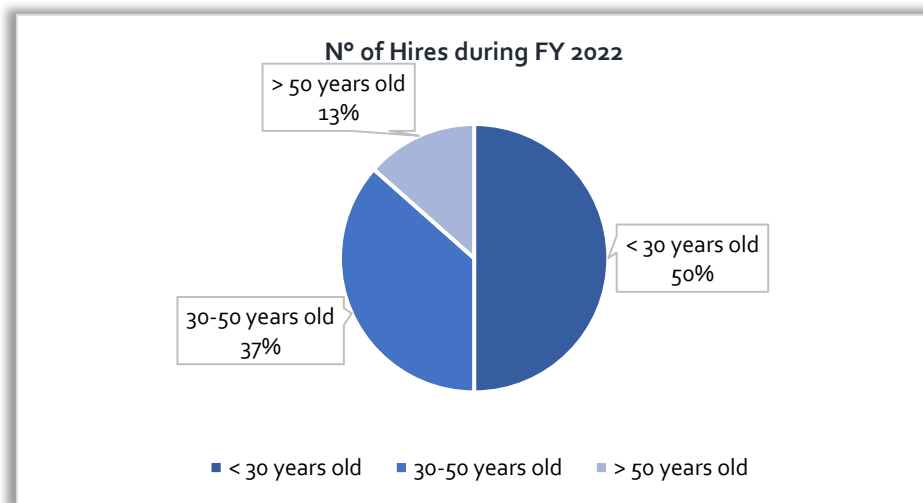
Talent Attraction

The Company is committed to attracting the best talents and to recruiting individuals that best represent Secondo Mona's values over time. For this reason, Secondo Mona defends equal opportunities for women and men, condemning any kind of discrimination starting from the recruitment stage and throughout the whole career.

Recruitment takes place by partnering up with schools, Universities, and educational centers and primarily by posting job advertisements both on the Company's website and on social media such as LinkedIn. The process is managed through an applicant tracking software (ATS), which enables Secondo Mona to identify the candidates that best suit its necessities and is composed of various steps including initial screening, recruitment, job interviews (both online and on-site), selection of the candidate and finally, on-boarding. If successful, newly hired employees start the on-boarding phase, the goal being the acquisition of skills and competencies needed for the job and the integration within the organizational structure. During 2022, 346 hours of training were carried out for newly hired employees.

Meetings are set up to introduce the newly hired personnel to the workforce and training activities, including basic training on the Company's internal procedures and on the requirements of the aerospace industry and technical training on the tasks to be carried out, are executed.

During 2022, **52 new employees** joined the Company, **50% of whom were in the <30 years old age group** and **29% were females**. Thus, the **incoming turnover rate** was equal to **16%**.



Similarly, **44 people**, of whom 36 male workers and 8 female employees, left Secondo Mona either due to dismissal or retirement, for an **outgoing turnover rate** of **14%**.

Turnover Rate (outgoing)	u.m	2021	2022
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		Men	Women	Total	Men	Women	Total
Turnover rate (outgoing)		4%	2%	4%	13%	14%	14%
< 30 years old	%	3%	0%	2%	24%	44%	28%
30-50 years old		6%	3%	5%	5%	6%	5%
> 50 years old		1%	0%	1%	25%	13%	23%

Talent Retention and Development

Secondo Mona actively invests in activities and programs for upgrading personnel’s competencies and abilities and for favoring the acquisition of new technical and professional skills and the valorization of the potential of each employee. The growth and upskilling of each employee, both from a personal and professional perspective, is of utmost importance for the Company.

Secondo Mona invests in the enhancement of the know-how of its workforce, carefully monitoring the risk of losing skills and competencies, that may damage its business continuity and cause interruptions to its operations; thus, an assessment based on risk mitigation, availability of skills and specific know-how, both internally and externally, in the market, and training activity is carried out to ensure that it has the right workforce for its operations.

To this end, training activities are periodically carried out based on every employee’s needs and competencies, also in relation to the fulfilled role and assigned tasks. Ad-hoc training plans are defined annually for each worker to ensure professional development and enhancement

The training courses organized by the Company are centered on:

- Compliance with laws and regulations;
- Anti-corruption, human rights and respect of the Code of Ethics and 231 Model;
- Cybersecurity and use of software;
- Languages;
- Legislation, specifically for the aerospace industry.

In addition, technical-specialist and professional courses, both theoretical and practical, are regularly organized so that all employees have all the skills and competencies required for their job.

In order to safeguard the health and safety of all its employees, Secondo Mona advocates for training on health and safety in the workplace, both generic training and specific work-related training, in compliance with article 37 of the Italian Law Decree no. 81/08.

During 2022, Secondo Mona provided approximately **6,647 hours of training** to its employees, with an increase of 19% with respect to the previous year (5,580 in 2021). Out of 6,647, **32% of training hours** were dedicated to training sessions on the **laws and legislation regulating the aviation industry**, followed by **1,278 (19%) hours of training on software use and application**. Employees also received ad-hoc language (English) training.

Training Hours by Topic	u.m	31/12/2021	31/12/2022
Aviation Legislation	n° hours	1,822	2,122
Use of Software ¹		0	1,278
Technical-specialist, professional (development of managerial skills)		2,105	807
Languages ²		0	800

Health and Safety		1,071	709
Induction for new hires		210	346
Cyber Security		0	315
Code of Ethics/ 231 Model (Compliance, Anti-Corruption, Human rights, Discrimination, etc.)		328	180
Environment		44	90
Total		5,580	6,647

Note¹: the difference between 2021 and 2022 in "use of software" training hours can be explained by the fact that during the current reporting period, several training hours were dedicated to training on the implementation and use of the new operating system, adopted by the Company in 2022.

Note²: the difference between 2021 and 2022 in languages courses can be explained by the fact that during the previous reporting period, language training was suspended due to Covid-19 restrictions.

Annually, the Company defines a clear-cut training plan, including basic training on organizational procedures and technical training for the specific tasks, for all its personnel, for new hires and for every worker that has switched to different tasks.

To promptly update employee's skills and ensure employee retention through continuous satisfaction, all personnel is subject to the assessment of technical skills and cross competences, aimed at defining performance and career development reviews and defining career paths, perfectly aligned with the Company's needs and strategic objectives. Indeed, the Company periodically appraises employee performance, promoting the personal and professional development of individuals based on their professional category by assessing employee performance, and by measuring presence and absenteeism rate. Performance evaluation is carried out by the head of department and subsequently shared with the HR department and Company's directors.

During 2022, **100% employees** were involved in **performance reviews** and **professional development reviews**.

Workplace Health and Safety

As stated in its Code of Ethics, Secondo Mona is committed to ensuring adequate and secure working conditions, thus **safeguarding the health and safety of all its employees and external workers**, in compliance with the applicable laws and directives, e.g., the Italian Law Decree 81/2008.

It is of outstanding importance that this issue is taken seriously by the Company to preserve corporate reputation and to safeguard the health and safety of all personnel through the creation of a healthy work environment. On the contrary, the mismanagement of workplace health and safety could significantly worsen the health of the workforce, work-related illnesses, an increased injury frequency and severity rate and lead to extra-costs due to fines and sanctions as far as occupational health and safety are concerned and last but not least, to negative impacts on the Company's reputation.

In the pursuit of the highest standards of occupational health and safety, the Company is focused on preventing occupational accidents, injuries, and diseases. For this reason, the following measures are adopted by Secondo Mona:

- **Preventive risk assessments** to detect actual and potential hazards, that could damage workers' health and safety. As established by internal procedures, a careful examination of the entire

manufacturing process, including working conditions, the devices, tools, machinery, and used equipment is conducted in order to accurately identify existing and future hazards, both physical (e.g. explosion, radiation, noises, electric risk, burn, injuries), chemical (e.g. gas inhalation, ingestion), biological (e.g. contamination) and psychological (e.g. working conditions). Actual and potential hazards, classified as transversal risks, safety risks and health risks, are evaluated based on risk probability (how likely or unlikely the risk can actually take place) and risk magnitude (the degree to which the situation poses a low or high threat to the health and safety of workers). Based on the degree of probability and significance and consequent priority, actions for risk mitigation and minimization are defined and implemented.

- **Training sessions** are conducted for all personnel to ensure awareness of the correct use of machinery and equipment. All workers, when hired and periodically, are subject to supervised technical training, specific to their tasks, operations, and responsibilities.
- **Safety devices** and **personal protection equipment (PPE)** are supplied to the entire workforce. In addition, ad-hoc training is carried out to ensure employee awareness on the correct use of PPE and its benefits.
- Responsibilities related to health and safety issues are periodically allocated to well-trained personnel, in charge of verifying that safe and healthy working conditions are guaranteed within the Company and that all employees possess the suitable tools, devices and personal protection equipment, required to carry out their activities.
- **Reporting** of any **actual** or **potential risk** and/or situation that is or may be potentially damaging for the health and safety of employees, but has not occurred, defined as near miss.
- **Management** and **monitoring of incidents**, both at work and *in itinere*, and near-miss situations as established by the internal procedures adopted by the Company. Every near-miss or close-call incident should be reported through a specific form as soon as possible to the HSE department, in charge of carefully examining the situation and defining corrective actions and remediation plans to safeguard the health and safety of workers.

As far as health and safety is concerned, worker participation and consultation are guaranteed. Employees have the right to elect every three years their representative as set by the Italian Law Decree; the representative is in charge of participating to periodic corporate meetings and to the annual risk assessment and of making sure that workers are sufficiently protected.

Furthermore, periodic health monitoring, by means of periodic checkups and periodic medical visits, is provided annually to all employees (one per worker).

During 2022, **129 employees** received **training on occupational health and safety**, specifically first-aid, electrical compliance, and chemical hazards.

In 2022, **6 accidents** were recorded among employees, of which **4 at the workplace** (cuts, hand crushing, sliding) and **2 in itinere**. These accidents were promptly examined and investigated by the HSE department. The **rate of recordable work-related injuries** amounted to approximately **7%** in 2022 whereas in the reporting year 2021, the rate was equal to 5.6%.

Employees are constantly reminded of the importance of correctly using personal protection equipment and safety devices and of adhering to the safety guidelines defined by the Company.

No accidents occurred among external workers, whose work is controlled by Secondo Mona.

Similarly, **no fatalities** because of work-related injuries or high-consequence work-related injury took place during the reporting period. **No work-related ill health and fatality**, as a result of work-related illness, took place during 2022 and 2021 both among Secondo Mona's employees and external workers.

Work-related Injuries	u.m	2021	2022
Total number of recordable work-related injuries	n.	3	6
<i>At workplace</i>		3	4
<i>In itinere</i>		-	2
Total number of fatalities as a result of work-related injury		-	-
<i>At workplace</i>		-	-
<i>In itinere</i>		-	-
Total number of high-consequence work-related injuries (excluding fatalities)		-	-
<i>At workplace</i>		-	-
<i>In itinere</i>		-	-
Worked hours	h	534,838	534,074
Employee injury rates related only to workplace injuries	%		
Rate of recordable work-related injuries¹		5.6	7.5
Rate of fatalities as a result of work-related injury		-	-
Rate of high-consequence work-related injuries (excluding fatalities)		-	-

Calculation Note¹: Rate of recordable work-related injuries computed as: (number of recordable work-related injuries at workplace / number of worked hours) * 1,000,000

Product

Product Quality and Safety

Secondo Mona actively works towards high-quality standards for all its products in order to ensure unceasing customer satisfaction, to guarantee the health, safety and reliability to all those parties who use its products along the whole product life cycle

Episodes and/or incidents of non-compliance regarding the health and safety of products could seriously harm Customers , result into additional costs due to sanctions and penalties and turn into a loss of Customer satisfaction and, as a consequence, loss of competitiveness and of market positioning. Therefore, ensuring continuous product reliability and product quality is a prerequisite.

Secondo Mona has obtained the following certifications:

- ❖ **ISO 9001:2015 and EN 9100:2018**, which defines specific criteria for a Quality Management System, such as but not limited to productivity, risk assessment, process integration and primarily focuses on the effectiveness of quality-related processes and procedures.

The **Quality Management System** of Secondo Mona ensures that:

- High-quality standards are continuously sought throughout the whole life cycle of products
- Environmental impacts associated with the manufacturing of products and/or components are mitigated and if possible, minimized
- Last but not least, the health and safety of all parties involved (workers, customers for instance) are protected.

This is possible thanks to the identification of process owners with specific responsibilities and duties and thanks to the delineation and application of detailed procedures along the whole manufacturing process, which entail: (a) an identification of the product and/or service requirements, - (b) assessment of the quality and safety standards, (c) recognition of the associated actual and potential risks and (d) verification of the adherence to aviation regulatory requirements.

For this reason, specific tools, systems, and devices, such as but not limited to testing areas, chemical and electronical laboratories, have been implemented to support the manufacturing process. The aim is to ensure compliance with technical product requirements and specifications, either requested by the customer or typical of the aviation industry, and with applicable regulations and laws.

Following the adoption of the Quality Management System, the Company has defined a **Quality Policy**, that is periodically updated by the Quality Department and approved by the Top Management.

The Policy displays the objectives in terms of quality pursued by Secondo Mona:

❶ Customer satisfaction thanks to its ' <i>delivery on time, on quality and on cost</i> '	❷ Continuous improvement in line with applicable regulations and existing product requirements	❸ Enhancement of know-how and organizational knowledge	❹ Process monitoring in order to achieve the best outcomes in terms of product quality, product safety and client satisfaction
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As stated in the policy, publicly available on the website, Secondo Mona extends its quality requirements also to its suppliers and business partners to guarantee that all the externally supplied processes, products, and services conform to internal procedures and requirements.

The Company guarantees the safety of the substances and materials used for manufacturing as a necessity to ensure product reliability, conformity, quality and most of all, security. All substances are fully compliant with the most restrictive international regulations on chemical substances, including the *Restriction of Hazardous Substances Directive* (commonly known as RoHS) 2002/95/CE and with the *Registration, Evaluation, Authorization, and restriction of Chemical* (REACH) regulations.

Secondo Mona promptly monitors the impacts and associated risks, both actual and potential, concerning the health and safety of the materials and substances used throughout the manufacturing process. Indeed, internal procedures, which establish the guidelines for the use of chemicals in proprietary and non-proprietary products, have been adopted.

In addition, several **System, Product/Program** and **Process internal audits** are executed internally, directly by Secondo Mona through ad-hoc and specialized departments and personnel to verify the effectiveness and conformity of quality management system and the adherence of products, services, and processes to customer and/or industry requirements. These internal audits are carefully planned and periodically carried out and the results obtained are meticulously examined as to implement corrective actions, if needed. Similarly, customers or regulatory bodies or certificatory authorities carry out audits to verify the maintenance of the certifications.

In 2021, **42 audits** were carried out, of which 23 for compliance with the EN 9100 standard requirements whereas in 2022 109 audits, both system and program audits, were conducted.

A clear indicator of the attention placed by Secondo Mona to product quality and conformity is that during 2022 **no incidents of non-compliance with regulations and/or voluntary codes** concerning the health and safety of products and services were recorded, neither incidents of non-compliance resulting in a fine or penalty nor episodes of non-compliance resulting in a warning.



NADCAP Accreditations

Secondo Mona has obtained the **NADCAP** accreditation (National Aerospace and Defense Contractors Accreditation Program), an internationally recognized accreditation standard for the aerospace and defense industry special processes.

Secondo Mona's NADCAP accreditations apply to its non-destructive testing (NDT), its chemical processing, also including zinc-nickel treatment, and its heat treatment special processes.

These accreditations, which are periodically updated through physical procedural audits of the entire process, authenticate the Company's reliability and compliance with regulatory requirements and represent an important milestone.

Sustainable Product Development and Innovation

The development of innovative and sustainable products is increasingly pursued by Secondo Mona, the aim being the reduction of negative impacts generated by its products, systems and components on the environment and people's health and customer satisfaction. Indeed, the lack of product innovation and

investments in the research and development of new products, especially in the long term, may lead to a worsening or loss of competitiveness and market positioning and to reduced Customer satisfaction.

Since 2007, the Company has been actively investing in **sustainable product development solutions** by phasing out toxic substances and/or materials and progressively reducing the most serious ones.

Among the various sustainable solutions, continuously being sought and developed by Secondo Mona and more generally by the aerospace industry, it is worth highlighting the following:

- ❑ Replacement of chromium plating on pump shafts with steel-hardening processes
- ❑ Substitution of cadmium plating with less damaging plating, such as zinc-nickel plating
- ❑ Replacement of metals with plastic polymer compounds
- ❑ Replacement of chemical conversion on light alloys in the case of electrical conductivity
- ❑ Manufacturing of equipment that is compatible with 100% Sustainable Aviation Fuels, waste-originated and renewable fuels, thus ensuring sustainability within the aircraft system
- ❑ Implementation of innovative manufacturing processes, such as additive manufacturing for metal alloys and polymeric compounds.



With specific reference to plating, Secondo Mona replaced the dangerous cadmium plating with less damaging plating, namely zinc-nickel plating, which allows for steel treatment aimed at ensuring greater endurance to diverse weather conditions. To this end, the Company has invested in the **installation** of an innovative **zinc-nickel process line** for its zinc-nickel plating, which has been recently accredited by NADCAP.. This represents an important milestone for Secondo Mona in its path toward the adoption of more sustainable practices in product design and manufacturing.

In addition, in 2022 the Company started investing in the research of various sustainability-related projects, such as

- **Sustainable Aviation Fuels (SAF):** although Secondo Mona has already verified the compatibility of its equipment and systems with 100% Sustainable Aviation Fuels or any other plant-based fuel, it is intently working on testing its equipment with other types of bio-fuel, such as e-fuel and synthetic fuels.
- **Innovative propulsion and fuel systems for hybrid planes:** these hybrid systems use turbines for electric generation, thus guaranteeing high optimization of the turbine operating points, with increased efficiency and reduced air emissions.
- **Hydrogen-fueled aircraft:** Secondo Mona, following the direction endorsed by the European aerospace industry, is actively involved in the development of hydrogen-based systems, both for fuel power supply and for hydrogen engine combustion. The main challenge is represented by the need to refuel, store and distribute hydrogen on board under extremely low-temperature conditions, while ensuring that the fuel remains liquid.

Participation in various projects and partnerships with Customers, business partners and Universities at national and international level, focused on the research and development of innovative and sustainable products, for instance, innovative and sustainable fuel systems, is of remarkable importance for Secondo Mona.



EU Clean Sky 2 Program

The Company joined the EU Clean Sky 2 Program, part of the EU Horizon 2020 Framework Program. This is known as the largest research program for aviation ever launched in Europe, the aim being to develop new, innovative, and cutting-edge technologies to reduce noise levels and CO₂ emissions produced by aircrafts and to incorporate them into the next generations of aircrafts, both large, regional, and small planes and helicopters, starting from 2025 onwards. The overall objective is to minimize the direct and indirect impact of aviation on the environment.

The Company actively participate to the following two programs; DigiFuel for the Next Generation Civil Tiltrotor (NGCTR) and StrongCraft for the Racer.



DigiFuel - Next Generation Civil Tiltrotor (NGCTR)

Secondo Mona leads a project for the fuel system of the big research and innovation Leonardo Helicopter platform aimed at developing a next-generation civil tiltrotor with increased productivity and operational capability, reduced environmental impact and CO₂ emissions. Indeed, the primary objective is to demonstrate the potential CO₂ emissions minimization, reduction of noise footprint and of cost of ownership while maximizing speed, efficiency, and productivity.

Specifically, this program is focused on optimizing the operational capability of aviation systems to reduce energy consumption through the development of an innovative system architecture that allows for the availability of filtered fuel to the engine and whose main system is interfaced through a digital channel CANBUS to the aircraft avionics.



StrongCraft - Racer

Secondo Mona participates on the fuel system project of the Airbus Helicopter platform and is , focused on the research of new and innovative materials, for instance lighter materials and plastic materials, to reduce the negative environmental impact due to the use of hazardous substances or treatments.

Precisely, Secondo Mona has extended the use of technopolymers, replacing metallic materials; this enables for a reduction in the use of materials, substances and/or components that are hazardous or damaging and that may need anti-corrosion finishing operations.

Use of Raw Materials

For Secondo Mona paying attention to the environment implies also **responsibly managing raw materials**, using and recycling, where possible and allowed by the stringent quality criteria of the aerospace industry, materials and promoting circular economy practices; vice versa, negative impacts, such as pollution, destruction of natural habitats and biodiversity loss, may be caused by improper use and management of materials and substances, especially if hazardous, polluting and damaging for the environment and people's health and safety.

Secondo Mona obtained the **UNI EN ISO 14001** for its environmental management system, renewed in 2022. For more information, please refer to the section 'Environment'.

Since 2007 the Company has been implementing low environmental impact design activities in order to develop new products that have a reduced impact on the planet. Specifically, Secondo Mona intends to phase out radio-

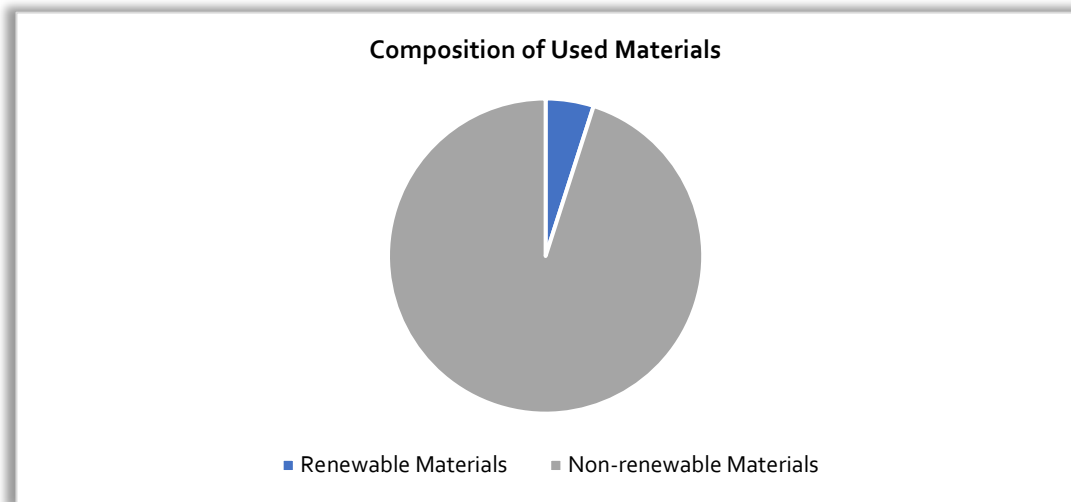
active substances and/or harmful substances from its products, such as but not limited: asbestos, chloro fluoro carbons, chromium 6, hydrazine, polyvinyl chloride (PVC) and mercury compounds.

Secondo Mona plans to assess and use substances and implement processes aimed at reducing and, where possible, eliminating the use of harmful materials and components (e.g. cadmium, chromium).

Throughout its manufacturing processes, the Company exploits various types of input materials, both renewable and non-renewable:

- ❑ **Renewable materials**, such as wood pallets and paper and wooden packaging;
- ❑ **Non-renewable materials**, including alloys, copper, titanium, bronze, rubber and plastic materials, resin, varnish, lubricant, oil, solvent, galvanizing products, and other raw materials.

During 2022, **122,581 kg of materials** were used, of which 5% were renewable materials and the remaining amount as non-renewable materials, namely ferrous and non-ferrous metals, chemical substances, oils, fluids and lubricant substances and plastic packaging.



Supply Chain

For Secondo Mona, collaborations with its suppliers and business partners are key for ensuring business continuity and viability, unceasing corporate growth, product quality and customer satisfaction.

The Company involves approximately **550 suppliers**, both direct and indirect, throughout its operations. Direct suppliers amount to around 50% of total suppliers and are primarily engaged with the supply of raw materials, components spare parts and subcontracted activities (such as machining and special processes) whereas indirect suppliers are used for all other services such as maintenance and general services.

In 2021, suppliers amounted to 602, whereas in 2022 the Company engaged with **540** (of which 300 direct suppliers and 240 indirect partners), for a total expenditure of **28,000,000€**.

The supply chain composition and expenditure by type of suppliers (direct and indirect) are reported below.

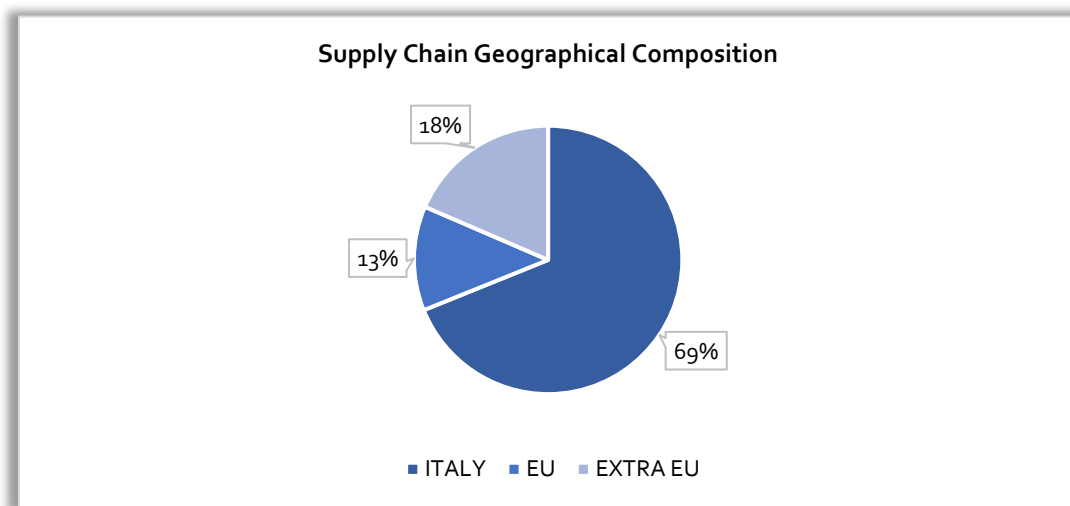
Total Suppliers by type	u.m	2021	%	2022	%
Total		602	100%	540	100%
Direct	n.	285	47%	300	56%
Indirect		317	53%	240	44%

Note: during the reporting period Secondo Mona started a process of maximizing and optimizing the management of the supply chain, also reducing the number of suppliers with which it partners up.

Total Suppliers' Expenditure	u.m	2021	%	2022	%
Total		24,000,000	100%	28,000,000	100%
Direct	€	18,200,000	76%	24,000,000	86%
Indirect		5,800,000	24%	4,000,000	14%

Note: the increase in suppliers' expenditure is due to price volatility and exchange rate fluctuations.

In terms of dimensions, Secondo Mona's suppliers are both small-medium enterprises and large corporations whereas in terms of geographical location, Secondo Mona collaborates with suppliers that are located in Italy and, for direct supplies, only in countries that have an aerospace industrial base, i.e. mainly in Europe, the UK and the US.,



Note: the EXTRA-EU category refers to suppliers located in the United Kingdom, Switzerland, and United States of America.

Secondo Mona has traditionally invested in the development and growth of local suppliers and has continued on this path without recurring to delocalization of productions and supplies. As a matter of fact, during the reporting period, of the total Company's suppliers, **69%** was represented by **local suppliers, located nearby Secondo Mona** and more generally, in Italy. **57%** of the total procurement budget was indeed spent on local suppliers.

Proportion of Spending on Local Suppliers	u.m	2021	2022
Purchases from suppliers locally established ²	€	13,700,000	16,000,000
Total purchases from suppliers		24,000,000	28,000,000
Expenditure from Local Suppliers	%	57%	57%

Local Suppliers	u.m	2021	2022
Suppliers established in the same country as your plant ²	n.	399	372
Total number of suppliers ¹		602	540
Percentage of Local Suppliers	%	66%	69%

Note¹: during the reporting period Secondo Mona started a process of maximizing and optimizing the management of the supply chain, also reducing the number of suppliers with which it partners up.

Note²: the geographical definition of local for Secondo Mona refers to suppliers based in the same country as the Company.

Responsible Supply Chain

Secondo Mona is committed to promoting responsible and transparent practices along its supply chain. Advocating for a **responsible supply chain** implies creating long-lasting relationships with suppliers and favoring the quest for more sustainable performances, from an environmental and social perspective. On the contrary, negative impacts on the environment (such as pollution and higher consumption) and society may be induced by irresponsible practices along the supply chain.

In 1984, the Company adopted a **Policy for the selection, management, evaluation, and supervision/monitoring of the suppliers of materials and components**.

The Company executes a full evaluation of suppliers, through ad-hoc procedures, to verify the production capacity, suitability of the production system and processes and adherence of the quality system to regulatory requirements (if any) and the technical requirements set out by Secondo Mona.

This process can be divided into four phases:

1. Collection of information regarding the procurement practices, the use of sub-suppliers (if applicable) and the organizational structure and operations
2. Preliminary evaluation of the information collected
3. Evaluation of the production capacity, suitability of the manufacturing operations and of the quality system with respect to the regulations of the aerospace industry and of Secondo Mona through planned audits and assessments
4. Approval and registration of the selected supplier in the list of suppliers of Secondo Mona.

Indeed, the Company has defined a list of approved suppliers, known as **Albo Fornitori**, which contains all suppliers that have been selected and properly evaluated and are deemed suitable for the procurement practices pursued by Secondo Mona. This list is periodically updated in relation to each supplier performance.

Suppliers are continuously supervised based on the following criteria:

① Punctuality of their deliveries	② Non-conformities of the products, materials and/or components supplied	③ Implementation of corrective actions, hence by monitoring two parameters: on-quality delivery (OOD) and on-time delivery (OTD)
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Periodically, Secondo Mona calculates this vendor rating and if needed, implements corrective actions, intending to improve supplier performance.

In its selection and evaluation of suppliers, Secondo Mona assesses the risk associated with each supplier by evaluating the following parameters:

- Location in which the organization operates (geographical site, propensity to natural disasters, presence of economic and political threats)
- Source of supply (availability of other/alternative suppliers)
- Type of supply
- Possession of certificates.

As proof of its commitment to sustainable practices, Secondo Mona will gradually implement environmental and social criteria in the selection and evaluation process of suppliers as to establish a more responsible supply chain and procurement practices.

Human Rights

Protecting human rights is crucial for Secondo Mona for the preservation of each individual's rights, both internally and along the entire supply chain. Episodes of human rights violations could represent a serious threat to the Company's operations and to business continuity; this could undoubtedly lead to extra costs due to sanctions and non-compliance with national and international regulations and agreements on human rights protection.

For this reason, the Company promotes **inclusivity** and **equal opportunities** among employees, starting from the selection phase, focusing only on the recognition of merits, capabilities, and skills; it rejects any kind of discrimination based on gender, age, race, nationality, religion and personal beliefs. It ensures a work environment that safeguards the health and safety of employees, limiting any risk and/or harm to workers' safety. It also secures the dignity of each employee, banning any form of offensive or intimidating behavior.

In addition, it ensures that all suppliers comply with the principles set within the Code of Ethics; indeed, the Company refrains from having relationships and/or partnerships with any party, that contributes, either directly or indirectly, to violations of human rights by exploiting child labor and forced labor, to human trafficking, to financing terrorism and to political threats.

Secondo Mona advocates for employee awareness of human rights issues. To this end, in the current reporting period, **180 hours** were dedicated to **training on human rights issues**.

Society

The operations conducted by Secondo Mona involve and consequently impact society and more specifically, customers and the local community. The Company promotes customer satisfaction and the economic, social, and cultural development of the local community.

Customer Satisfaction and Relation

The satisfaction of all its customers represents a priority for Secondo Mona to ensure corporate success.

The Company is committed to engaging with its customers and satisfying their needs throughout the whole product life cycle, by continuously investing in research and development, ensuring product quality and reliability, and providing after-sale services of spare parts and maintenance, repair and overhaul activities (MRO).

By meeting customers' needs, Secondo Mona aims to improve Customer trust, attraction and retention as well as to minimize and, if possible, avoid interruptions and/or difficulties in the relationships with them, especially if claims are not well and promptly managed and to experience a worsening the Company's market positioning.

The Company, through all its organizational functions, is deeply invested in the establishment and maintenance of long term relations with its Customers who are the driving force of its business.,

As defined in its **Quality Policy**, Secondo Mona strives for excellence through its:

① 'Delivery on time, on quality and on cost'	② Continuous monitoring and enhancement of its manufacturing processes	③ Management of complaints, incidents of non-compliance and/or actual or potential hazards related to the health and safety of products	④ Compliance with all applicable laws, directives, and regulatory requirements, especially with respect to the aviation industry	⑤ Focus on product development and innovation, in line with ever-changing market trends
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Annually, the Company evaluates the degree of customer satisfaction through an online survey sent to a defined number of clients, including a series of indicators, such as:

- Communication
- Problem-solving attitude
- Accuracy and time schedule of the response
- Propensity to fulfill urgent requirements
- Quality standards of the products and services supplied
- Compliance with the requirements displayed in the contract
- Punctuality of deliveries
- Type of packaging

from a double perspective: importance of the selected customer and level of customer satisfaction. The results are carefully examined and compared with surveys from previous years and if necessary, corrective actions are promptly undertaken to ensure unceasing satisfaction from all customers.

Community Impact and Development

The Company actively contributes to local community development by offering concrete assistance through various initiatives, the aim being shared value creation and the establishment of durable relationships.

Numerous social, cultural and economic initiatives are periodically promoted by the Company, as well as engagement activities. As far as social initiatives are concerned, Secondo Mona strongly advocates for the development of personal and professional skills, for employee well-being and local community support.

The initiatives sponsored during the reporting period are briefly described below:

Support to local schools and educational centers:

Approximately 30 internships were provided by Secondo Mona to students between 2021 and 2022.

In addition, the Company participated to the national project '*Generazione d'Industria*', the aim being the establishment of a partnership between schools and industries, thus giving the possibility to young people to gain experience from locally headquartered companies. It also sponsored a 'Project Work' initiative by organizing training sessions offered by its Technical Director and HR personnel to students of a local institute to simulate job interviews .

And took part to an event, organized by a local school, to strengthen the collaborations and project works between students and companies.

Participation to cultural initiatives and events:

Secondo Mona organizes every year since more than ten years a conference on the history of local aerospace pioneers, pilots and aircraft manufacturers in order to spread the culture of the aerospace cluster to the local community and the young generations..

Donations to the local community:

During 2021 and 2022, Secondo Mona made various donations to local community projects, such as:

- 'Fondazione Visconti di S. Vito' for the restoration of portraits
- Local church of Somma Lombardo
- Local day-care center

Sponsorship of sport associations:

Secondo Mona sponsored some selected local sport associations in line with the dominant passions of its employees that are running and biking. Yearly there is locally a biking trophy of national or regional level and a group of employees has founded the Secondo Mona Running Team to participate at several local runs.

In terms of membership associations, Secondo Mona is part of the **Italian Manufacturers Association** (Confindustria Varese) and of **Industria ed Università** (LIUC- Università Carlo Cattaneo) and of the following associations: **AIAD** (Federazione Aziende Italiane per l'Aerospazio, la Difesa e la Sicurezza), **Lombardia Aerospace Cluster**, **CIRA** (Centro Italiano Ricerche Aerospaziali), **UNI Ente Italiano di Normazioni**, **APIInD** (Associazione Italiana Prove non Distruttive) and **AIFM** (Associazione Italiana Fisica Medica).

Conclusions

Appendix

1. Performance Indicators

Disclosure 2-7 Employees

Total number of employees of employees by employment contract (permanent and fixed term)

Total Number of Employees	u.m.	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Permanent contracts	n.	258	41	299	258	51	309
Fixed term contracts		6	7	13	9	5	14
Total		264	48	312	267	56	323

Note¹: Secondo Mona does not have any non-guaranteed hours employee.

Note²: Different methodologies have been applied for the collection of data for 2021 and 2022. Secondo Mona is working towards increasing the accuracy and reliability of the data.

Total number of employees of employees by employment type (full-time and part-time)

Total Number of Employees	u.m.	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Full-time	n.	263	37	300	266	45	311
Part-time		1	11	12	1	11	12
Total		264	48	312	267	56	323
% Full-time	%	99.6%	77.1%	96.2%	99.6%	80.4%	96.3%
% Part-time	%	0.4%	22.9%	3.8%	0.4%	19.6%	3.7%

Note: different methodologies have been applied for the collection of data for 2021 and 2022. Secondo Mona is working towards increasing the accuracy and reliability of the data.

Disclosure 2-8 Workers who are not employees

Total Number of External Workforce	u.m.	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Self-employed workers	n.	2	-	2	3	-	3
Temporary workers		2	-	2	2	-	2
Total		4	-	4	5	-	5

Disclosure 2-30 Collective Bargaining Agreements

Number of employees covered by collective bargaining agreements	u.m.	2021	2022
Number of employees covered by collective bargaining agreements	n.	312	323
Total employees		312	323
% employees covered by collective bargaining agreements	%	100%	100%

Disclosure 401-1 New employee hires and employee turnover

Number of New Hires	u.m.	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Total New Hires	n.	27	8	35	37	15	52
< 30 years old		8	2	10	17	9	26
30-50 years old		16	6	22	15	4	19
> 50 years old		3	-	3	5	2	7

Turnover Rate (Incoming)	u.m.	2021			2022		
		Men	Women	Total	Men	Women	Total
Turnover Rate (Incoming)	%	10%	17%	11%	14%	27%	16%
< 30 years old		22%	50%	24%	46%	100%	57%
30-50 years old		11%	18%	13%	10%	13%	10%

> 50 years old		0%	0%	3%	6%	13%	7%
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Number of Terminations	u.m	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Total Terminations		10	1	11	36	8	44
< 30 years old	n.	1	-	1	9	4	13
30-50 years old		8	1	9	7	2	9
> 50 years old		1	-	1	20	2	22

Turnover Rate (Outgoing)	u.m	2021			2022		
		Men	Women	Total	Men	Women	Total
Turnover Rate (Outgoing)		4%	2%	4%	13%	14%	14%
< 30 years old	%	3%	0%	2%	24%	44%	28%
30-50 years old		6%	3%	5%	5%	6%	5%
> 50 years old		1%	0%	1%	25%	13%	23%

Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews

% of employees receiving performance reviews	u.m	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Directors	%	100%	100%	100%	100%	100%	100%
Middle Managers		100%	100%	100%	100%	100%	100%
White collars		100%	100%	100%	100%	100%	100%
Blue collars		100%	100%	100%	100%	100%	100%
Total		100%	100%	100%	100%	100%	100%

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

Training hours by gender and professional category	u.m	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Directors	n	92	42	133	91	36	127
Middle Managers		304	38	342	362	31	393
White collars		2,473	397	2,870	2,619	992	3,611
Blue collars		2,297	71	2,368	2,439	77	2,516
Total		5,074	506	5,580	5,457	1,191	6,647

Average Training Hours per professional category	u.m	2021			2022		
		Men	Women	Total	Men	Women	Total
Directors	n° training hours / n° employees	15.25	13.83	14.78	15.17	12.00	14.11
Middle Managers		21.71	38.00	22.80	27.85	31.00	28.07
White collars		23.55	11.66	20.64	26.19	23.62	25.43
Blue collars		16.53	7.10	15.89	16.48	7.70	15.92
Total		19.22	10.53	17.88	20.44	21.26	20.58

Disclosure 405-1 Diversity of governance bodies and employees

Total Number of Employees by Gender and Age Group	u.m	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Directors	n.	6	3	9	6	3	9
< 30 years old		-	-	-	-	-	-
30-50 years old		2	2	4	1	-	1

> 50 years old	4	1	5	5	3	8
Middle managers	14	1	15	13	1	14
< 30 years old	-	-	-	-	-	-
30-50 years old	8	1	9	7	-	7
> 50 years old	6	-	6	6	1	7
White collars	105	34	139	100	42	142
< 30 years old	10	4	14	9	9	18
30-50 years old	57	24	81	58	26	84
> 50 years old	38	6	44	33	7	40
Blue collars	139	10	149	148	10	158
< 30 years old	27	-	27	28	-	28
30-50 years old	74	7	81	84	6	90
> 50 years old	38	3	41	36	4	40
Total	264	48	312	267	56	323
< 30 years old	37	4	41	37	9	46
30-50 years old	141	34	175	150	32	182
> 50 years old	86	10	96	80	15	95

Employees (head count)	u.m	31/12/2021			31/12/2022		
		Men	Women	Total	Men	Women	Total
Permanent contracts	n.	258	41	299	258	51	309
< 30 years old		33	2	35	32	5	37
30-50 years old		140	29	169	150	31	181
> 50 years old		85	10	95	76	15	91
Fixed term contracts		6	7	13	9	5	14
< 30 years old		4	2	6	5	4	9
30-50 years old		1	5	6	-	1	1
> 50 years old		1	-	1	4	-	4
Total		264	48	312	267	56	323
< 30 years old		37	4	41	37	9	46
30-50 years old		141	34	175	150	32	182
> 50 years old		86	10	96	80	15	95

Disclosure 401-3 Parental Leave

Employees that were entitled to parental leave, by gender	u.m	2021	2022
Men	n°	264	267
Women		48	56
Total		312	323

Employees that took parental leave, by gender	u.m	2021	2022
Men	n°	43	45
Women		14	11
Total		57	56

Employees who returned to work after parental leave ended, by gender	u.m	2021	2022
Men	n°	42	45
Women		14	11
Total		56	56

Employees who returned to work after parental leave ended and who were still employed 12 months after their return to work, by gender	u.m	2021	2022

Men	n°	46	40
Women		8	13
Total		54	53

Rate to return to work, by gender	u.m	2021	2022
Men	%	98%	100%
Women		100%	100%
Total		98%	100%

Retention rate, by gender	u.m	2021	2022
Men	%	N/A	95%
Women		N/A	93%
Total		N/A	95%

Note: Secondo Mona began collecting this indicator from 2021. Hence, data from previous reporting periods are not available.

Disclosure 302-1 Energy Consumption

Total Energy Consumption	u.m	2021	2022
From non-renewable sources	kWh	2,835,770	2,518,445
Natural gas		2,835,770	2,518,445
From company-owned vehicles		191,439	188,422
Petrol		88,160	85,120
Diesel		103,280	103,302
From renewable sources		106,392	100,952
Solar (self-produced electricity) ¹		106,392	100,952
Total Direct Energy Consumption		3,133,601	2,807,819
Electricity		4,197,708	4,291,507
from non-renewable sources		4,197,708	4,291,507
Total Indirect Energy Consumption		4,197,708	4,291,507
Total Energy Consumption		7,331,309	7,099,326

Note: Source of Conversion Factor used:

DEFRA (UK Government GHG Conversion Factors for Company Reporting)

Note²: Secondo Mona auto produces renewable energy through its solar panels; part of this energy is auto produced and internally consumed while the remaining portion is auto produced and sold to the grid. In the calculation of total energy consumption, only solar auto produced, and internally consumed energy is accounted for. Indeed, during 2022, total auto produced energy amounted to 168,360 kWh, of which 100,952 kWh consumed internally and 67,408 kWh injected into the grid.

Disclosure 305-1 Direct (Scope 1) GHG Emissions

Direct (Scope 1) GHG Emissions	u.m	2021	2022
From non-renewable sources	tCO _{2e}	513.46	455.44
Natural gas		513.46	455.44
From company-owned vehicles		48.34	47.38
Petrol		21.88	21.21
Diesel		26.46	26.17
Tot. Direct (Scope 1) Emissions		561.80	502.82

Note: Source of Emission Factor

Natural Gas: National Inventory Report 2022-ISPRA

Petrol and Diesel: DEFRA Conversion Factors 2021 and 2022 (UK Government GHG Conversion Factors)

Disclosure 305-2 Energy Indirect (Scope 2) GHG Emissions

Energy Indirect (Scope 2) GHG Emissions	u.m	2022	2021
Location-based	tCO _{2e}	1,121	1,097

Market-based	tCO _{2e}	1,959	1,925
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Note: Source of Emission Factor

Location-based: National Inventory Report 2022-ISPRA

Market-based: AIB Residual Mixes 2020 and 2021

Disclosure 306-3 Waste Generated

Composition of the Waste Generated	u.m	2021	2022
Hazardous waste	t	185.45	186.50
Non-hazardous waste		181.03	173.22
Total Waste Generated		366.48	359.72

Disclosure 306-4 Waste diverted from disposal

Waste diverted from disposal	u.m	2021	2022
Hazardous waste	t	0.54	0.10
Preparation for reuse		0.54	0.10
Non-hazardous waste		153.05	150.07
Preparation for reuse		153.05	-
Other recovery operations		-	150.07
Total waste		153.59	150.17

Disclosure 306-5 Waste directed to disposal

Waste diverted to disposal	u.m	2021	2022
Hazardous waste	t	184.90	186.40
Other disposal operations ¹		184.90	186.40
Non-hazardous waste		27.99	23.15
Landfilling		22.33	20.50
Incineration - with energy recovery		5.42	2.65
Other disposal operations	0.24	-	
Total waste		212.89	209.55

Disclosure 303-3 Water Withdrawal

Water withdrawal by source	u.m	2021	2022
Third-party water	ML	22.641	17.775
<i>freshwater (≤1,000 mg/L Total Dissolved Solids)</i>		22.641	17.775
<i>other water (>1,000 mg/L Total Dissolved Solids)</i>		-	-
Total water withdrawal		22.641	17.775
<i>freshwater (≤1,000 mg/L Total Dissolved Solids)</i>		22.641	17.775
<i>other water (>1,000 mg/L Total Dissolved Solids)</i>		-	-

Disclosure 303-4 Water Discharge

Water discharge by destination	u.m	2021	2022
Surface water	ML	0.662	-
<i>freshwater (≤1,000 mg/L Total Dissolved Solids)</i>		0.662	-
<i>other water (>1,000 mg/L Total Dissolved Solids)</i>		-	-
Third-party water		-	11.931
<i>freshwater (≤1,000 mg/L Total Dissolved Solids)</i>		-	11.210
<i>other water (>1,000 mg/L Total Dissolved Solids)</i>		-	0.721
Total water discharge		662	11.931
<i>freshwater (≤1,000 mg/L Total Dissolved Solids)</i>		662	11.210
<i>other water (>1,000 mg/L Total Dissolved Solids)</i>		-	0.721

Note: the difference in water discharges between 2021 and 2022 is due to the fact that data have been collected using a different approach and methodology. Data for the reporting period 2022 are the most accurate. Secondo Mona is actively working towards ensuring accuracy of the data.

Disclosure 303-5 Water Consumption

Total Water Consumption	u.m	2021	2022
Water Withdrawal	ML	22.641	17.775
Water Discharge		0.662	11.931
Water Consumption		21.979	5.844

Note: the difference in water consumption between 2021 and 2022 can be explained by the fact that data have been collected using a different approach and methodology. Data for the reporting period 2022 are the most accurate. Secondo Mona is actively working towards ensuring accuracy of the data.

Disclosure 301-1 Materials used by weight or volume

Materials used by weight	u.m	2021	2022	
Non-renewable materials	kg	460,095	116,531	
Plastic Packaging		4,700	5,666	
Ferrous Metals		75,800	15,941	
Non-ferrous Metals		175,00	87	
Chemical Substances		71,250	12,448	
Paintings		1,000	1,664	
Oils, fluids, and lubricant substances		29,310	23,780	
Other		103,035	56,945	
Renewable materials			6,050	6,050
Paper and cardboard packaging			4,700	4,700
Wooden pallets		1,350	1,350	
Total		466,145	122,581	

Note: the difference in the quantity of the materials used between 2021 and 2022 is due to different data collection approaches and methodologies. Data for the 2021 reporting period are an estimation whereas data for the reporting period 2022 are the most accurate. Secondo Mona is actively working towards ensuring accuracy of the data.

2. Material Topics' Definition


The definition associated with each material topic is reported below.

MACRO-CATEGORY	MATERIAL TOPIC	DEFINITION
PRODUCT	Product Quality and Safety	Ensure the development of products that comply with quality and safety standards pursuant to laws, regulations, and ISO standards, in order to safeguard the health and safety of the Company's customers along the entire product life cycle. Guarantee the highest quality and safety standards along the whole production process.
GOVERNANCE	Ethics & Compliance	Behave properly, transparently, and responsibly and guarantee the highest ethical standards in order to prevent any improper and irresponsible behavior, such as episodes of corruption. Promote a sound and transparent governance by ensuring full compliance with applicable laws and regulations.
GOVERNANCE	Data Protection and Cybersecurity	Ensure that the information and data of customers, employees, suppliers, and anyone who is somehow related to Secondo Mona's business activities are protected against any unauthorized changes, losses, and data breach. Manage information security in an appropriate way.
SOCIETY	Customer Relation and Satisfaction	Nurture trustworthy and transparent relationships with customers based on an ongoing dialogue and engagement. Manage customer satisfaction by offering more innovative and sustainable products and


PEOPLE	Talent attraction, retention, and development	services that satisfy customers' requests and needs as well as market trends.
		Promote and enhance human capital through talent attraction and retention policies and technical and managerial training activities in order to create a highly competent and qualified work environment.
		Safeguard occupational health and safety, in compliance with the applicable laws by improving risk awareness, investing in training activities and consistently monitoring the frequency and severity rates of injuries, job-related illnesses and accidents.
PEOPLE	Workplace Health and Safety	Guarantee personnel well-being, also through the implementation of welfare initiatives. Introduce da remuneration and performance evaluation system aimed at enhancing the personal contribution and commitment of each employee.
PEOPLE	Employee Well-being	
ENVIRONMENT	Energy & Emissions	Reduce energy consumption, direct and indirect emissions and invest in energy efficient initiatives while constantly monitoring the Company's impact on the environment.
PRODUCT	Innovation and Sustainable Product Development	Develop more sustainable products that are highly innovative in terms of sustainability and have a lower environmental impact, by investing in R&D and exploiting new technologies in order to increase the Company's competitiveness. Promote project and initiatives, even in cooperation with customers and suppliers, aimed at encouraging the adoption of innovative approaches.
PRODUCT	Use of Raw Materials	Promote the development and the use of raw materials with low environmental impact and minimize the use of the most polluting materials and substances.
SUPPLY CHAIN	Responsible Supply Chain	Invest in responsible procurement practices by selecting, evaluating and monitoring suppliers on their social and environmental performance and promoting the integration of ESG issues along the entire supply chain. Optimize material procurement with the aim of preserving natural resources and minimizing impacts on the planet.
ENVIRONMENT	Waste Management	Manage waste deriving from the activities carried out by the Company in a responsible manner by collecting and properly disposing of production scraps, especially if dangerous, in order to reduce the environmental impact.
GOVERNANCE	Digital Transformation	Promote digital transformation, the use of new technologies as well as the development of technical and digital skills.
SOCIETY	Community Impact and Development	Promote the social and economic development of local communities through philanthropic initiatives, engagement programs, awareness activities and donations.
ENVIRONMENT	Water Management	Promote a responsible management of water resources within all the activities carried out by the Company, by reducing water consumption, whenever possible, and actively monitoring withdrawals and discharges.
ENVIRONMENT	Climate Change	Promote the fight against climate change by reducing energy consumption, emissions, and pollution and by optimizing the use of energy coming from renewable sources along the entire value chain. Monitor and mitigate risks arising from climate change.

SUPPLY CHAIN	Human Rights	Ensure the respect of human rights by repudiating all forms of violation of human rights in any activity carried out by the Company and along the entire supply chain.
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3. Correlation among GRI Standards, Material Topics, and Sustainable Development Goals

MATERIAL TOPIC	GRI Standards	SDGs
Product Quality and Safety	416-1 Assessment of the health and safety impacts of product and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
Ethics & Compliance	205-3 Confirmed incidents of corruption and actions taken 206-1 Legal Actions for anti-competitive behavior, anti-trust, and monopoly practices	
Data Protection and Cybersecurity	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	
Customer Relation and Satisfaction		
Talent attraction, retention, and development	405-1 Diversity of governance bodies and employees 401-1 New employee hires and employee turnover 404-1 Average Hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs 404-3 Percentage of employees receiving regular performance and career development reviews	   
Workplace Health and Safety	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-9 Work-related injuries 403-10 Work-related ill health	  

Employee Well-being	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental Leave	  
Energy & Emissions	302-1 Energy consumption within the organization 302-3 Energy Intensity	   
Innovation and Sustainable Product Development		
Use of Raw Materials	301-1 Materials used by weight or volume	 
Responsible Supply Chain	204-1 Proportion of Spending on local suppliers	
Waste Management	306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	    
Digital Transformation		

Community Impact and Development	<p>303-1 Interactions with water as a shared resource</p> <p>303-2 Management of water discharge-related impacts</p> <p>303-3 Water withdrawal</p> <p>303-4 Water discharge</p> <p>303-5 Water consumption</p>	
Water Management		 
Climate Change	<p>305-1 Direct (Scope 1) GHG emissions</p> <p>305-2 Energy indirect (Scope 2) GHG Emissions</p>	     
Human Rights		

Methodological Note

This is the first Sustainability Report of Secondo Mona (hereinafter 'the Company'), and it represents an important milestone in the path endorsed by the Company towards sustainable development.

The aim of this document, which is the result of a structured and concise reporting process, is to disclose to all stakeholders the Company's performance from an ESG perspective (Environment, Social and Governance) and the progressive integration of ESG aspects within business activities.

The Sustainability Report was prepared in compliance with the widely recognized reporting standards 'Global Reporting Initiative Sustainability Reporting Standards' (hereinafter 'GRI Standards') issued in 2021 by the Global Reporting Initiative according to the 'in accordance' option.

In 2022, Secondo Mona followed a materiality analysis process, aimed at the identification of the material topics from an economic, environmental, and social perspective for the Company and its stakeholders, considering the impacts on the economy, environment, and people, including impacts on their human rights across the Company's activities and business relationships. This process was conducted in line with the GRI standards and industry best practices. For a more detailed understanding of the process, please refer to the '*Materiality Analysis*' section.

For this reason, directly measurable qualitative and quantitative indicators have been selected and associated with each material topic. For some of the material topics, it was not possible to identify GRI standards that best represented the issue, thus for these cases, only GRI 3-3 'Management of material topics' is provided. For additional information on the GRI standards reported, please refer to the '*GRI Content Index*'.

Secondo Mona underwent a reporting process, which entailed the collection of qualitative and quantitative data, review and analysis of the information collected and the preparation and disclosure of this Sustainability Report.

The reporting scope refers to Secondo Mona S.p.A. The data and information included within this report refer to the activities carried out by Secondo Mona during the 2022 fiscal year, from January 1st, 2022, to December 31st, 2022. The reporting frequency is annual.

To provide a more coherent view of the Company's performance, information regarding the 2021 fiscal year (January 1st, 2021-December 31st, 2021) was provided.

It should be pointed out that to ensure data reliability, the use of estimates has been limited to duly reported cases.

Since this is the first Sustainability Report of Secondo Mona, there are no restatements of information and no significant changes in reporting took place. Furthermore, during the reporting period the Company was not subject to significant changes in the Company's operating sector, value chain and/or business relationships.

Secondo Mona's Sustainability Report is not subject to external assurance.

For any additional information regarding this Sustainability Report, please contact: sostenibilita@secondomona.com

GRI Content Index

Statement of use	Secondo Mona S.p.A has reported in accordance with the GRI Standards for the period 01/01/2022 – 31/12/2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No GRI Sector Standard is applicable

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	NOTES
General disclosures				
GRI 2: General Disclosures 2021	2-1 Organizational details	Secondo Mona and its operative context Secondo Mona's profile Methodological Note		
	2-2 Entities included in the organization's sustainability reporting	Methodological Note		
	2-3 Reporting period, frequency and contact point	Methodological Note		Reporting period: 01.01.2022-31.12.2022 Reporting frequency: Annual Publication date Agosto 2023 Contract Point: sostenibilita@secondo.mona.com
	2-4 Restatements of information	Methodological Note		No restatements of information are present within this Sustainability Report. This is the first Sustainability Report of Secondo Mona S.p.A.
	2-5 External assurance	Methodological Note		Not applicable. Secondo Mona Sustainability Report is not subject to external assurance.
	2-6 Activities, value chain and other business relationships	Secondo Mona and its operative context Secondo Mona's 2022 highlights for sustainability Secondo Mona's profile Governance Environment People Product		

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	NOTES
		Supply Chain Society		
	2-7 Employees	People Appendix - Performance Indicators		
	2-8 Workers who are not employees	People Appendix - Performance Indicators		
	2-9 Governance structure and composition	Governance – Secondo Mona's Governance		
	2-10 Nomination and selection of the highest governance body	Governance – Secondo Mona's Governance		
	2-11 Chair of the highest governance body	Governance – Secondo Mona's Governance		The Chairman of the Board of Directors is also the CEO of the Company.
	2-12 Role of the highest governance body in overseeing the management of impacts			The highest governance body is actively involved in the management of impacts on the economy, environment, and society, generated by Secondo Mona.
	2-13 Delegation of responsibility for managing impacts			The responsibility for managing the Company's impacts is assigned to each director within Secondo Mona.
	2-14 Role of the highest governance body in sustainability reporting	Governance – Secondo Mona's Governance		The highest governance body oversees and is informed on the sustainability reporting process.
	2-15 Conflicts of interest			Conflicts of interest are prevented and mitigated by the presence of three CEOs.
	2-16 Communication of critical concerns	Governance – Ethics and Compliance		Critical concerns can be communicated to the Supervisory Body.
	2-17 Collective knowledge of the highest governance body			Secondo Mona drafted its first Sustainability Report. The Company is working towards progressively advancing the knowledge of the highest governance body on sustainability-related issues.

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	NOTES
	2-18 Evaluation of the performance of the highest governance body			Secondo Mona does not have any process in place for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people.
	2-19 Remuneration policies			The remuneration of the highest governance body is exclusively composed of a fixed pay.
	2-20 Process to determine remuneration			The process to determine remuneration considers the role, and responsibilities/tasks, professionalism.
	2-21 Annual total compensation ratio		Confidentiality Constraint	
	2-22 Statement on sustainable development strategy	Letter to the stakeholders		
	2-23 Policy commitments	Governance – Ethics and Compliance		Secondo Mona does not adhere to authoritative intergovernmental instruments. Nonetheless, it ensures responsible business conduct and respect for human rights through its Code of Ethics and 231 Model.
	2-24 Embedding policy commitments	Governance – Ethics and Compliance		Secondo Mona strives to embed its policy commitments across its activities and business relationships through engagement initiatives (e.g. training and communication activities) with its stakeholders.
	2-25 Processes to remediate negative impacts			Claims are promptly monitored by Secondo Mona through ad-hoc procedures.
	2-26 Mechanisms for seeking advice and raising concerns	Governance – Ethics and Compliance		Critical concerns can be communicated through a whistleblowing

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				mechanism to the Supervisory Body
	2-27 Compliance with laws and regulations	Governance – Ethics and Compliance		Secondo Mona has not incurred in any fines and non-monetary sanctions for non-compliance with laws and / or regulations during the reporting period.
	2-28 Membership associations	Society – Community Impact and Development		
	2-29 Approach to stakeholder engagement	Stakeholder Engagement		
	2-30 Collective bargaining agreements	People Appendix – Performance Indicators		100% of employees is covered by collective bargaining agreements.
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis		
	3-2 List of material topics	Materiality Analysis		
Governance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance – Secondo Mona's Governance		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Governance – Secondo Mona's Governance		
Ethics and Compliance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance – Ethics and Compliance		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Governance – Ethics and Compliance		During the reporting period Secondo Mona has not incurred into incidents of corruption, neither in which employees were dismissed or disciplined or contracts with business partners were terminated or not renewed.
GRI 206: Anti-competitive behavior 2016	206-1 Legal Actions for anti-competitive behavior, anti-trust, and monopoly practices	Governance – Ethics and Compliance		During the reporting period, zero legal actions were recorded, both pending and completed for anti-competitive behavior,

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	NOTES
				for violations of anti-trust laws and monopoly practices.
Data Protection and Cybersecurity				
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance – Data Protection and Cybersecurity		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Governance – Data Protection and Cybersecurity		During the reporting period, no complaints regarding breaches of customer privacy or data loss were recorded.
Digital Transformation				
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance – Digital Transformation		Secondo Mona has not identified a GRI topic-specific indicator related to Digital Transformation. Nonetheless, information complaint with GRI 3-3 is provided.
Energy and Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment -Climate Change – Energy & Emissions		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environment -Climate Change – Energy & Emissions Appendix – Performance Indicators		
	302-3 Energy intensity	Environment – Climate Change – Energy & Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environment – Climate Change – Energy & Emissions Appendix – Performance Indicators		
	305-2 Energy indirect (Scope 2) GHG emissions	Environment – Climate Change – Energy & Emissions Appendix – Performance Indicators		
Climate Change				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment – Climate Change – Energy & Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environment – Climate Change – Energy & Emissions Appendix – Performance Indicators		

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	NOTES
	305-2 Energy indirect (Scope 2) GHG emissions	Environment – Climate Change – Energy & Emissions Appendix – Performance Indicators		
Waste Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment – Waste Management		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environment – Waste Management		
	306-2 Management of significant waste-related impacts	Environment – Waste Management		
	306-3 Waste generated	Environment – Waste Management Appendix – Performance Indicators		
	306-4 Waste diverted from disposal	Environment – Waste Management Appendix – Performance Indicators		
	306-5 Waste directed to disposal	Environment – Waste Management Appendix – Performance Indicators		
Water Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment – Water Management		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Environment – Water Management		
	303-2 Management of water discharge-related impacts	Environment – Water Management		
	303-3 Water withdrawal	Environment – Water Management Appendix – Performance Indicators		Secondo Mona operates in an area with low-risk (<10%) water stress.
	303-4 Water discharge	Environment – Water Management Appendix – Performance Indicators		Secondo Mona operates in an area with low-risk (<10%) water stress.
	303-5 Water consumption	Environment – Water Management Appendix – Performance Indicators		Secondo Mona operates in an area with low-risk (<10%) water stress.
Employee Well-being				
GRI 3: Material Topics 2021	3-3 Management of material topics	People – Employee Well-being		
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to	People – Employee Well-being		There are no differences in the benefits offered by

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	temporary or part-time employees			Secondo Mona to full-time and part-time employees.
	401-3 Parental leave	People – Employee Well-being Appendix – Performance Indicators		Return to work rate, calculated as the number of employees that did return to work after parent leave and the number of employees due to return to work after parental leave, is equal to 100%. Retention rate, calculated as number of employees retained 12 months after returning to work following a period of parental leave and the number of employees returning from parental leave in prior reporting period, is equal to 95%.
Workplace Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	People – Workplace health and safety		
	403-1 Occupational health and safety management system	People – Workplace health and safety		
	403-2 Hazard identification, risk assessment, and incident investigation	People – Workplace health and safety		
	403-3 Occupational health services	People – Workplace health and safety		
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	People – Workplace health and safety		
	403-5 Worker training on occupational health and safety	People – Workplace health and safety Appendix – Performance Indicators		
	403-6 Promotion of worker health	People – Workplace health and safety		
	403-7 Prevention and mitigation of occupational health and safety impacts directly	People – Workplace health and safety		

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	linked by business relationships			
	403-9 Work-related injuries	People – Workplace health and safety Appendix – Performance Indicators		
	403-10 Work-related ill health	People – Workplace health and safety Appendix – Performance Indicators		
Talent Attraction, Retention and Development				
GRI 3: Material Topics 2021	3-3 Management of material topics	People – Talent attraction, retention, and development		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	People – Talent attraction, retention, and development Appendix – Performance Indicators		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	People – Talent attraction, retention, and development Appendix – Performance Indicators		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	People – Talent attraction, retention, and development Appendix – Performance Indicators		
	404-2 Programs for upgrading employee skills and transition assistance programs	People – Talent attraction, retention, and development		
	404-3 Percentage of employees receiving regular performance and career development reviews	People – Talent attraction, retention, and development		
Product Quality and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Product – Product Quality and Safety		
	416-1 Assessment of the health and safety impacts of product and service categories	Product – Product Quality and Safety		
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product – Product Quality and Safety		Secondo Mona has not incurred into incidents of non-compliance concerning the health and safety impacts of products and services.

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Sustainable Product Development and Innovation				
GRI 3: Material Topics 2021	3-3 Management of material topics	Product – Sustainable Product Development and Innovation		Secondo Mona has not identified a GRI topic specific indicator related to Innovation and Sustainable Product Development. Nonetheless, information complaint with GRI 3-3 is provided
Use of Raw Materials				
GRI 3: Material Topics 2021	3-3 Management of material topics	Product – Use of Raw Materials		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Product – Use of Raw Materials Appendix – Performance Indicators		
	301-2 Recycled input materials used	Product – Use of Raw Materials	Information unavailable or incomplete.	Secondo Mona is working to establish a process to collect data on recycled materials from its suppliers.
Responsible Supply Chain				
GRI 3: Material Topics 2021	3-3 Management of material topics	Supply Chain – Responsible Supply Chain		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supply Chain – Responsible Supply Chain		
Human Rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	Supply Chain – Human Rights		Secondo Mona has not identified a GRI topic-specific indicator related to Human Rights. Nonetheless, information complaint with GRI 3-3 is provided.
Customer Satisfaction and Relation				
GRI 3: Material Topics 2021	3-3 Management of material topics	Society – Customer Satisfaction and Relation		Secondo Mona has not identified a GRI topic-specific indicator related to Customer Satisfaction and Relation. Nonetheless, information complaint with GRI 3-3 is provided.
Community Impact and Development				
GRI 3: Material Topics 2021	3-3 Management of material topics	Society – Community Impact and Development		Secondo Mona has not identified a GRI topic-specific indicator related to Community Impact and Development.

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	NOTES
				Nonetheless, information compliant with GRI 3-3 is provided.