Non-financial note

2023

ElettronicaFM

YOUR SMART TECHNOLOGIES

ElettronicaFM
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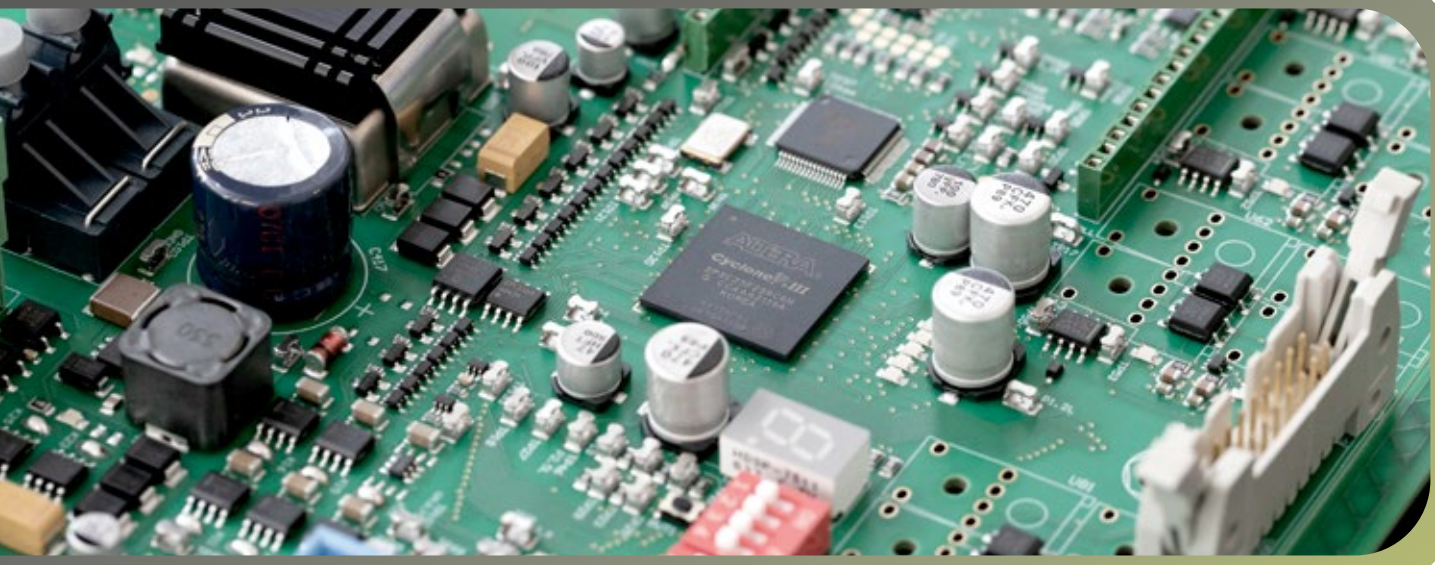
.1 ABOUT US

1.1 HISTORY



Elettronica FM (EFM) was founded in 1984 as an electronic board assembler.
In the nineties, the turning point arrived with the move to the historic headquarters of Via Leonardo da Vinci 27, together with the ISO 9002 certification obtained in 1996.
At the beginning of the new millennium, the SMT assembly department was opened; in 2005 the company continued to expand, acquiring a company in France called Watt power Energy Conversion (WEC) specialized in power applications, and expanding the production site in Italy from 2500 to 3500 m^2.
In 2017 the company obtained the ISO/TS 16494 certification, converted into IATF 16949 in 2018.
In 2017, work began on the construction of the current new headquarters in Via Leonardo Da Vinci 14, opened in 2019. In 2023, work was carried out to expand the SMT department and the photovoltaic system.

Today EFM offers, along with its production capacity, a consolidated experience in the design of electronic systems, both starting from the ideas and needs of the customer, and with the remaking of existing projects to make them producible on an industrial scale, reducing costs and increasing reliability.

ElettronicaFM
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1984 — **Mauro Ferrari established Elettronica FM**

1990 — 

Opening of the headquarters
in Via Leonardo Da Vinci, 27
46040 Guidizzolo (MN)

1996 — **Certification of the Quality Management System**
in accordance with UNI EN ISO 9002:1994

2000 — **Opening** of SMT department

2003 — **Certification of the Quality Management System**
in accordance with UNI EN ISO 9001:2000

2005 — **Acquisition of the Watt power Energy Conversion**

2006 — **Expansion of the headquarters in via Leonardo da Vinci, 27 46040 Guidizzolo (MN) from 2500 m² to 3500 m²**

2009 — **Certification of the Quality Management System**
in accordance with UNI EN ISO 9001:2008

2017 — **Certification of the Quality Management System**
in accordance with ISO TS ISO 16949:2009

2018 — **Certification of the Quality Management System**
in accordance with IATF 16949:2016 and
UNI EN ISO 9001:2015

2019 — 

Opening of the headquarters
in via Leonardo da Vinci, 14
46040 Guidizzolo (MN)
of 8200 m² of which 1000 m²
in a clean room

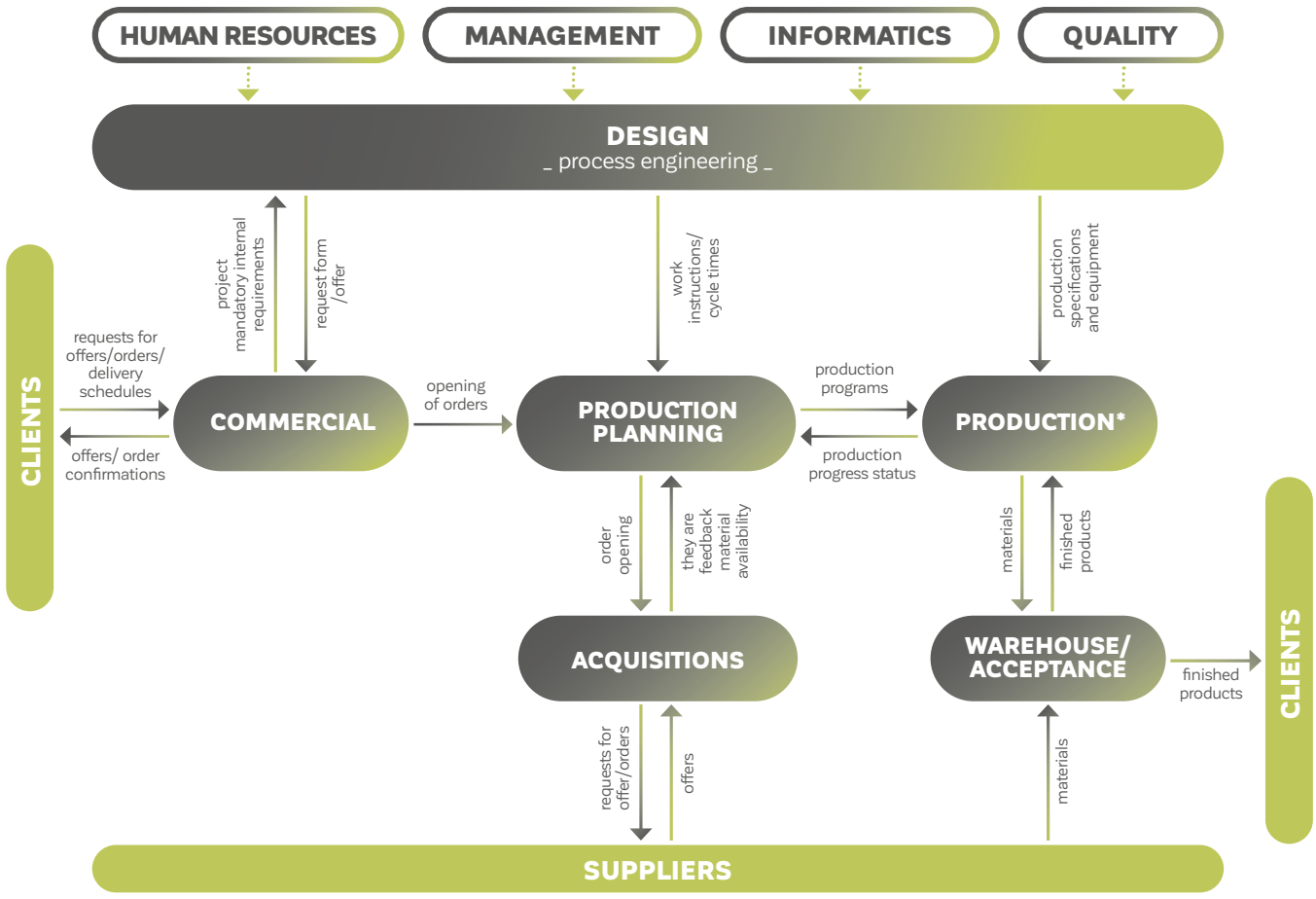
2023 — 

- **SMT department expansion**
- **Photovoltaic system expansion**
- Start-up of activities for sustainability reporting

1.2 PROCESSES

EFM is able to provide its Customers with a 360° service in the creation of PCBa that goes from the design of hardware and software on a specific customer or the reengineering of projects for the optimization of impacts in terms of cost and quality including the realization of the necessary samples for verifications, certifications and approvals of products both nationally and internationally by accredited bodies up to the design and realization based on the production volumes of all the testing solutions necessary to guarantee compliance with the requirements of series productions.

main processes and their interactions



support processes primary processes

*laser marking • SMT • AOI • depaneling • finishing • PTH assembly and welding lines PTH assembly• conformal coating • machine assembly • testing

EFM:
the technology partner that can manufacture and develop customized products using the most innovative and advanced techniques in both production and testing.

1.3 CERTIFICATIONS

To guarantee the best quality performance to its customers and therefore reduce the impacts deriving from the non-quality of products and processes, **EFM has adopted an accredited quality management system in accordance with ISO 9001:2015 and IATF 16949:2016.**


IMQ

CERTIFICATO N.
CERTIFICATE N. **9115.ELFM**

ELETTRONICA FM SRL

ISO 9001:2015

CISQ

IMQ CERTIFICATION

IMQ CERTIFIED
QUALITY MANAGEMENT SYSTEM
ISO 9001:2015

The company has a quality management system (QMS) certified in accordance with the ISO9001:215


IQNET

Certificate

CISQ

IQNET CERTIFICATION

IQNET
RECOGNIZED CERTIFICATION

The company has a quality management system (QMS) certified in accordance with the ISO9001:215


CISQ

CISQ CERTIFICATION

CISQ
AUTOMOTIVE
IATF 16949

As a supplier (TIER2) to the automotive market, the company has also certified its quality management system (QMS) in accordance with industry technical standards.

ElettronicaFM
YOUR SMART TECHNOLOGIES

.2 ENVIRONMENT

2.1 CLIMATE CHANGE

As "Electronic Manufacturing Services", in line with the Paris Agreement and the European Green Deal, EFM has strategically adopted the objective of participating in the transition towards a sustainable economy by integrating into its business model all the activities necessary to contribute to the containment of global warming within 1.5°C focusing, in particular, on energy efficiency, electrification and CO^2eq reduction. To this end, it has aligned its sustainability initiatives with the directives of the European Union and the United Nations Sustainable Development Goals (SDGs). **At the energy level EFM is in line with the ambitious goal dictated by the EU's "Fit for 55" plan which aims at reducing greenhouse gas emissions by 55% by 2030 by reducing direct and indirect emissions and promoting sustainable practices and clean technologies.**

2.1.1 CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

EFM's environmental policies directly contribute to the transition towards a low carbon economy and impact on several SDGs, including:

SDG 7_Ensure access to affordable, reliable, sustainable and modern energy: promoting the use of renewable energies and improving energy efficiency.

SDG 9_Build resilient infrastructure, promote sustainable industrialization and foster innovation: investing in innovative technologies for energy production and self-sufficiency.

SDG 13_Take urgent action to combat climate change and its impacts: by adopting measures you will reduce greenhouse gas emissions.

2.1.2 CLIMATE CHANGE MITIGATION

SCOPE 1: DIRECT EMISSIONS GENERATED BY SOURCES AND PROCESSES OWNED OR CONTROLLED BY THE ORGANISATION.[1]

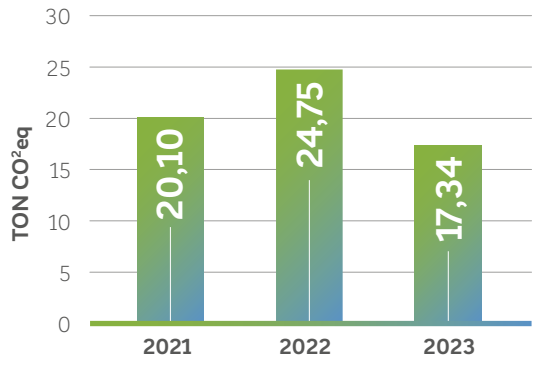
During 2020 EFM moved its activity to the new headquarters in Guidizzolo. The construction of the new headquarters and the subsequent choices in terms of energy efficiency and energy self-generation allowed the company not to proceed with the connection to the gas distribution network using, for the thermoregulation of the plant, air conditioners fitted with heat pumps for the management of the winter months.
The typical industrial activity of EFM beyond that of the carbon footprint of the headquarters results in negligible direct GHG emissions. The emissions of GHG materials detected

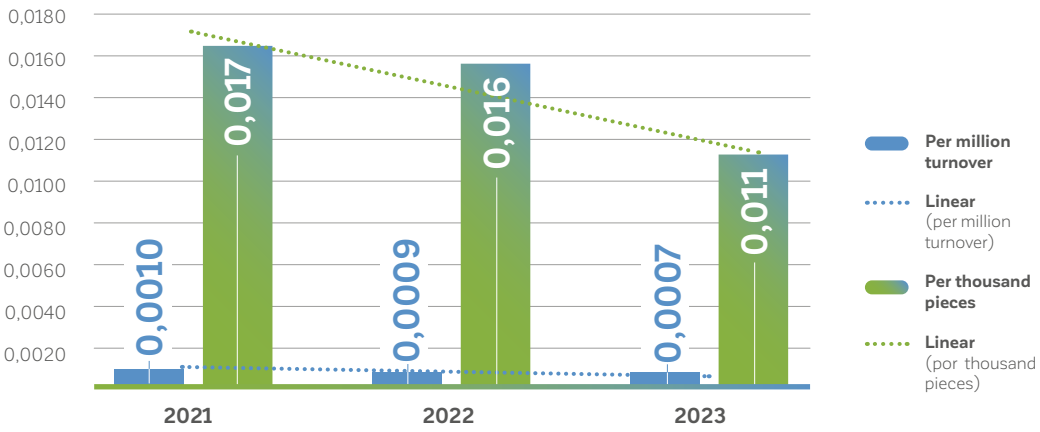
[1]Calculation methodology used: The equivalent CO^2 emissions were calculated using the Emission factors (CO^2) – EE Location Based method, considering the consumption of petrol and diesel.

and subject to the reduction policies are mainly related to the emissions of the company vehicles used for commercial activities and for the delivery of PCBs to Customers.

During 2023, the commitment started already in 2022 to update the company's vehicle fleet continued with the disposal of all Diesel-powered cars were replaced with electric cars. The updating of the vehicle fleet in combination with improved logistics also thanks to a greater awareness of sustainability issues contributed to the optimization of transport, allowing in 2023 to reduce, compared to 2021, the tons of CO^2eq. emitted by 13.73%.

The improvement trend is even more evident when measured in its intensity and parameterised at the level of turnover and pieces produced. The objective of gradual reduction up to zero impact will be pursued with the turnover of the company's own vehicles that gradually pass from combustion power to BEV.





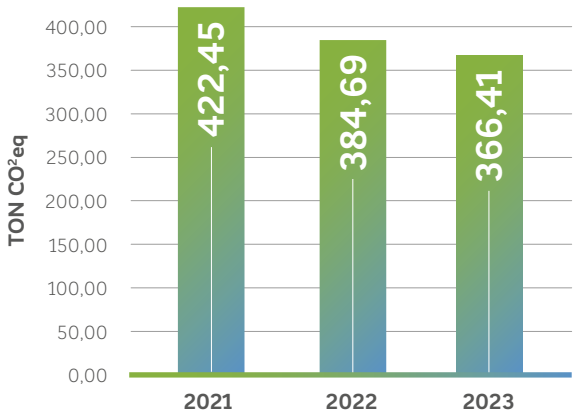
Scope 1 emissions related to both thousands of pieces and revenue

SCOPE 2: INDIRECT ENERGY EMISSIONS, RELATED TO THE PURCHASE AND CONSUMPTION OF ELECTRICITY PRODUCED OUTSIDE THE PERIMETER OF THE ORGANISATION.[2]

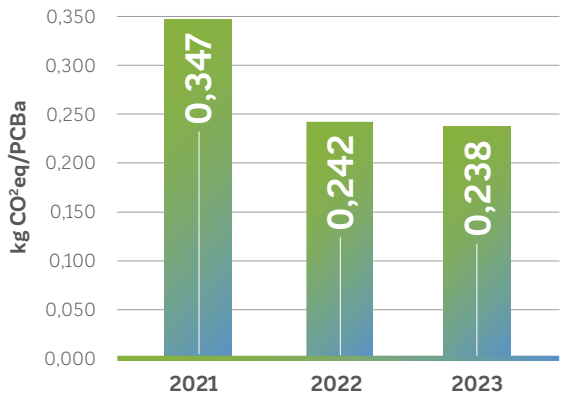
The indirect emissions of EFM suffer, for the part not self-produced, the energy mix offered by the energy provider. Despite the energy crisis that impacted the mix of sources due to the war in Ukraine, increasing the use of high emission fossil sources EFM was able to maintain a downward emission trend, going from 422 tons of CO^2 equivalent in 2021 to 366 in 2023 with a reduction of 13.27%, thus establishing a virtuous circle that will allow a further decrease for the next few years and allowing the company to plan the next medium

[2]Calculation methodology used: The equivalent CO^2 emissions were calculated using the Emission factors (CO^2) – EE Location Based method, considering the consumption of petrol and diesel.

and long-term targets to achieve the goal of net zero.
The reduction in the intensity of CO^2eq emissions compared to the number of PCBs produced is particularly significant, going from 0.347 in 2021 to 0.238 in 2023 with a reduction of 31.54% for each PCBa produced.



Scope 2



Scope 2 emissions related to PCBa produced

SCOPE 3: INDIRECT EMISSIONS OF THE VALUE CHAIN.

The emissions of Scope 3 were not yet strictly mapped by EFM, however it is important to highlight some investments and activities undertaken by the company to reduce them both by bringing in the production, carried out with zero impact, of some inputs previously purchased and through agreements with third parties to guarantee the control of the supply chain. **The mapping and calculation of the emissions of scope 3 is among the objective activities that the company has in progress and that will be reported with the next sustainability report.**

2.1.3 NITROGEN CYCLE

In the production process, EFM uses nitrogen to carry out the welding of the PCBs. Until 2020, nitrogen was purchased from third party suppliers with aggravation of CO^2 emissions on logistics but with a positive carbon footprint also for the production processes used.
EFM was committed to freeing its nitrogen needs from external supplies, thus reducing the emissions coming from the supply, normally carried out with road transport and its production.

Today EFM is able to produce 200m³/h @ 50ppm and 36m³/h @ 5ppm to cover the entire needs of the production lines. The production of nitrogen is carried out entirely by zero-impact processes, thus reducing the emissions of Scope 3.

2.1.4 LOGISTICS AND COMMERCIAL DISTRIBUTION

The majority of the commercial distribution of the product is carried out directly with the EFM means, however where it is not possible or convenient, a chosen supplier is also relied on for its strategy of offsetting climate-altering emissions.
From 2022 the choice of the logistics provider allowed to participate in the greenhouse gas emissions compensation program. The EFM team is also actively engaged since April 2022 with the conveyors used both for the collection of the purchased components and for the deliveries to adhere to projects of compensation of the emissions coming from transport. Through Climate Partner (id 19353-2306-118379) EFM takes part in a deforestation prevention program in Pacajá, Brazil. **The project allowed to compensate 232 kg of CO2 equivalent during the last 8 months of 2022. The deforestation project will not only have an impact on the emission of CO^2 but also on the protection of local communities with positive effects on SDGs 1, 4, 7, 11, 13, 15, 16.**

2.1.5 ENERGY EFFICIENCY

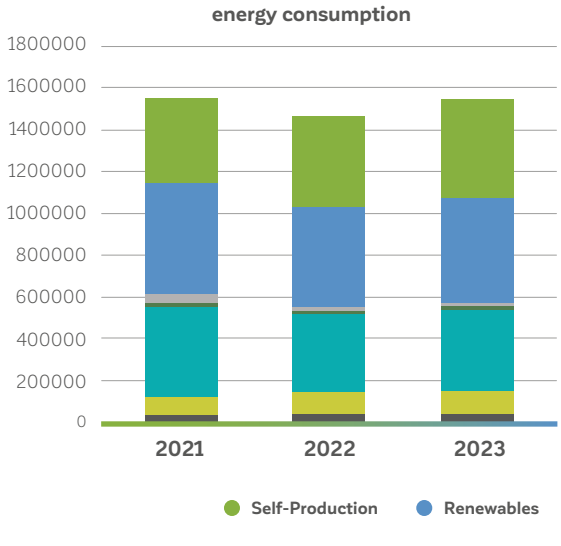
Since the design phase of the new headquarters, the main focus of the project was directed to energy saving. The office building meets the requirements of class A4, and the production area meets the requirements of A++. The lighting is totally LED, managed, together with the air conditioning, by a centralized home automation system that allows to optimize the consumption based on the presence or not of the personnel in the company and the lighting conditions.

2.1.6 USE OF RENEWABLE ENERGIES (ENERGY MIX)

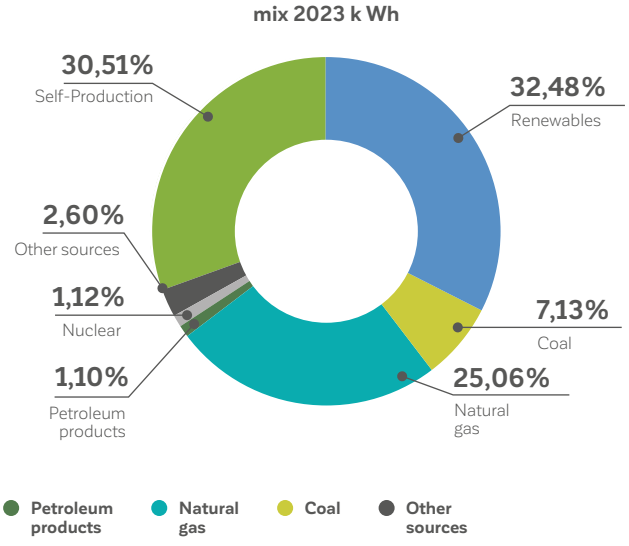
The plant's energy needs come solely from the supply and self-production of electricity. Compared to 2021 (taken on a base year basis for the availability of complete data from the establishment of all the processes at the current headquarters), in the two-year period 2022 – 2023, following the consequences of the geo-political situation arising from the conflict in Ukraine, there was a change in the electricity supply mix by the distributor used, with a return to the use of higher-emission fossil sources such as coal (increased by 26.9%) and oil (increased by 81.94%).
Despite the worsening of the production mix used by the energy supplier thanks to self-production (growth of 16.8%), in 2023 EFM managed to bring the total share of energies from renewable sources to 62.99%.

	ENERGY CONSUMPTION AND MIX	YEAR 2023	COMPARATIVE WITH BASE YEAR 2021
1	Fuel consumption from coal and coal products (MWh)	110,38	+26.87 %
2	Fuel consumption from crude oil and petroleum products (MWh)	16,99	+81,94 %
3	Fuel consumption from natural gas (MWh)	387.83	-10,63 %
4	Fuel consumption from other non-renewable sources (MWh)	40,26	+24.47 %
5	Consumption from nuclear products (MWh)	17,31	-63,27 %
6	Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources (MWh)	0,00	/
A	TOTAL NON-RENEWABLE ENERGY CONSUMPTION (MWh) (CALCULATED AS THE SUM OF LINES 1 TO 6)	572,77	-6,07 %
	Share of non-renewable sources in totale energy consumption (%)	37,0%	-5,92 %
8	Fuel consumption for renewable sources (including biomass, biogas, non-fossil fuel waste, renewable hydrogen, etc.) (MWh)	0,00	/
9	Consumption for purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	502,65	-6,22 %
10	The consumption of self-generated non-fuel renewable energy (MWh)	472,20	+16,79 %
B	Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	974.84	+3,67 %
	Share of renewable sources in totale energy consumption (%)	63,0%	+3,84 %
	TOTALE ENERGY CONSUMPTION (MWh) (CALCULATED AS THE SUM OF LINES A AND B)	1547,61	-0,16 %

Table of energy mix related to the base year



Composition of the energy mix for the last 3 years

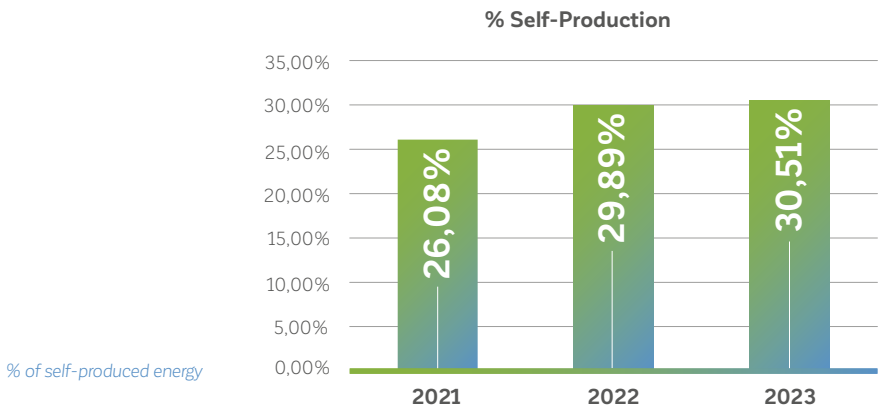


Details of the energy consumption mix for 2023

Growth in self-generation was possible through a decisive investment policy carried out by EFM. In fact, two interventions were carried out to expand the photovoltaic plant, the first as an extension on the entire roof of the office building, while the second through the partial coverage of the employee parking lot, with the dual purpose of increasing the self-production of energy and offering coverage to the staff's cars.

Following the interventions carried out in 2023, the capacity installed of the photovoltaic system was increased to 700kWp.

The increase may ultimately increase self-generation and consequently the sustainability of energy consumption, further reducing the gap from the goal of net zero undertaken by the company. The full benefit will already be visible from 2024.



In addition, in order to further optimise the potential of the photovoltaic system, by 2026, the installation of a park of batteries for the accumulation of the energy produced by the panels is planned, to allow its use during evening hours, further reducing the demand for energy to the network and improving the efficiency of use of the self-generated one.

Elettronica FM Headquarters in 2021

Elettronica FM Headquarters in 2023

2.2 POLLUTION

2.2.1 AIR

In the construction of the current plant, an air treatment system with activated carbon filtration was forecast before the introduction into the atmosphere.
For the current three expected emission points, the filtration system guarantees performance well above the limits imposed by current legislation:

POLLUTANT: **POWDERS**

year 2023

POINT OF ISSUE	PROVENANCE	LIMITE VALUE mg/Nm³	FOUND VALUE mg/Nm³	DETECTED RATIO/LIMIT %
E1	PTH Welding machines	10	< 0,1	-99%
E2	Conformal coating	10	1,2	-88%
E3	SMT ovens	10	0,5	-95%

POLLUTANT: **TIN**

year 2023

POINT OF ISSUE	PROVENANCE	LIMITE VALUE mg/Nm³	FOUND VALUE mg/Nm³	DETECTED RATIO/LIMIT %
E1	PTH Welding machines	2	< 0,1	-95%
E2	Conformal coating	N/A	N/A	N/A
E3	SMT ovens	10	< 0,1	-95%

POLLUTANT: **VOC**

year 2023

POINT OF ISSUE	PROVENANCE	LIMITE VALUE mg/Nm³	FOUND VALUE mg/Nm³	DETECTED RATIO/LIMIT %
E1	PTH Welding machines	3000	0,18	-100%
E2*	Conformal coating	3000	N/A	N/A
E3	SMT ovens	3000	25,53	-99%

**Exempted from performing air emission control analysis for use of raw materials not exceeding the maximum threshold.*

The use of cutting-edge plants has allowed a 17.68% reduction from 2021 to date in the use of chemicals containing VOCs:

YEAR: **2021**

COMMERCIAL NAME OF THE PRODUCT	PRODUCT CONSUMPTION kg/year	VOC IN THE PRODUCT %	VOC IN THE PRODUCT kg/year	AVERAGE VOC CONTENT %
Paint products	300.00	9.37	28.00	-
Organic thinner	80.00	100.00	80.00	-
Washing solvent for equipment cleaning	12.00	80.00	10.00	-
Flux/Antioxidant	825.00	95.30	786.22	-
TOTAL products used	**1217.00**	**-**	**904.22**	**74.30 %**

YEAR: **2022**

COMMERCIAL NAME OF THE PRODUCT	PRODUCT CONSUMPTION kg/yaer	VOC IN THE PRODUCT %	VOC IN THE PRODUCT kg/year	AVERAGE VOC CONTENT %
Painted products	330.00	9.37	30.92	-
Organic thinner	90.00	100.00	90.00	-
Washing solvent for equipment cleaning	15.00	97.50	14.62	-
Flux/Antioxidant	821.00	95.30	782.40	-
TOTAL products used	**1256.00**	**-**	**917.94**	**73.08 %**

YEAR: **2023**

COMMERCIAL NAME OF THE PRODUCT	PRODUCT CONSUMPTION kg/yaer	VOC IN THE PRODUCT %	VOC IN THE PRODUCT kg/year	AVERAGE VOC CONTENT %
Painted products	298.00	9.70	28.91	-
Organic thinner	4500	100.00	45.00	-
Washing solvent for equipment cleaning	18.00	100.00	18.00	-
Flux/Antioxidant	640.80	95.40	611.32	-
TOTAL products used	**1001.80**	**-**	**703.23**	**70.20 %**

2.2.2 WATER

The EFM production process has no uses, discharges or emissions in water that is used only in closed cycle cooling circuits (§ 2.3).
The annual analyses carried out also on the withdrawals from the well for exclusive fire and irrigation use confirm the non-material impact of EFM's own processes.

2.2.3 SOIL

Elettronica FM does not carry out work that may lead to soil erosion or pollution.

2.3 WATER

The EFM plant is fitted with different sources of water supply depending on the types of use and water availability. The system allows to reduce the use of water from the external supply circuit to the limit with a high level of circularity.
The distribution of water takes place in a capillary way with a ring network that allows to have in the same point always the double supply (potable and non-potable).

For drinking water, a connection to the public network was forecast and it is used for toilets and for backup supplies to all other services in case of default of the other systems.
For the non-potable water supply, a well was built for exclusive fire and irrigation use that maintains the level of the storage tank.

The underground storage tank acts as a rainwater collection and firewater reserve with a total accumulation of 90,000 litters divided into 72,000 litres as a firewater reserve and 18,000 litres for irrigation/cooling cooler/flush toilets.
The rainwater collection takes place for the cover water only and it is decanted in a pre-tank before the conveyance in the accumulation that takes place by touching. This process allows to get rid of any debris collected during the flow.
The storage water is then conveyed to the water plant where it is filtered by a mechanical filter and then chemically treated with a continuous cycle before being introduced into the cooling circuits of the chiller and in the network that feeds the flush toilets. If irrigation is working, the chemical treatment is bypassed.

For the portion dedicated to fire-fighting, the well intervenes to maintain the level by means of a draught autoclave, mechanical filter and then pouring into the tank.
If the 18,000 litres dedicated to irrigation/toilets/chiller cooling were not available due to lack of precipitation, through a diverter valve the entire process is fed by the public drinking water network.

The water used in the closed chiller cooling cycle is reconverted in the tank in order to avoid waste. The approach to the water cycle as described above allowed a reduction in consumption, in 2023, accounting for 9.2%.

EFM	YEAR **2021**	YEAR **2022**	YEAR **2023**
Annual consumption from water mains	282	314	256

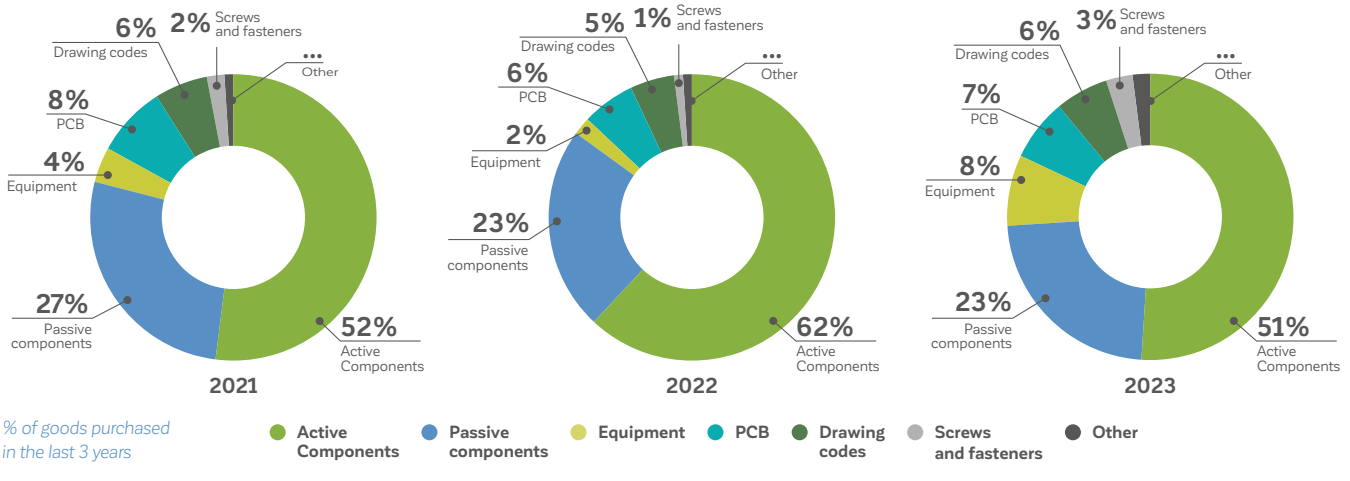
2.4 NATURAL RESOURCES

EFM, as a downstream buyer of materials or components that may have a high environmental impact or contain "Conflict Minerals," is committed to following strict practices in line with critical raw materials regulations, supply chain analysis, EU objectives and SDG indicators.

EFM's strategy is focused on the implementation of an in-depth supply chain analysis, based on two methodologies in order to identify and manage the environmental and social risks associated with its procurement operations.

- Verification of the existence of relevant ISO certifications, mainly ISO 14000 and ISO 45000
- Insertion of ad hoc contractual clauses on respect for human and labour rights
- Analysis of critical factors or "hotspot analysis" to highlight production sites with significant risks

During 2024 on some types of production inputs, the feasibility verification began to develop an LCA study that will bring the first results in 2025.



2.4.1 CONFLICT MINERALS

Regarding "Conflict Minerals," EFM does not have direct relationships with smelters or refineries, but since 2017 it introduced a policy in its management system to discourage the purchase of minerals from the "Conflict Region" that do not comply with the Minerals Due Diligence of the Responsible Minerals Initiative (RMI). Due diligence measures implemented provide reasonable assurance regarding the source and chain of custody of minerals. This process is based on the need to obtain data from direct suppliers, who in turn gather information along their supply chains to identify the original sources of the "Conflict Minerals."

EFM expects its suppliers to purchase or produce using only responsible sources and provide, upon request, adequate verification of the country of origin and source of the materials used. This approach not only contributes to supply chain transparency, but also promotes ethical and responsible procurement practices.

2.4.2 GENERAL ENVIRONMENTAL IMPACTS

In the selection and monitoring of suppliers, EFM constantly evaluates not only the technical and logistical capabilities of the partner, but also its organisation. This includes the accreditation of management systems to ISO 14001:2015 (environmental management) and ISO 45001:2018 (occupational health and safety).
These accreditations are considered preferential in the choice of suppliers, in order to guarantee that they operate in a sustainable and safe way, minimizing environmental impacts and protecting the health and safety of workers.

2.4.3 PRINTED CIRCUITS (PCB)

Printed circuits (PCBs), although representing only 7% of the material purchased, are particularly relevant both from a technical point of view to guarantee the quality of the final product, and from a sustainability point of view as well as being the only production input under the direct control of the company. PCB is normally imported from Chinese manufacturers located in southern China. As an initial phase it was possible to verify the exact location of the production plants and detect the potential environmental risks through the "encore DB".
To address these risks, in May 2023, EFM launched initiatives aimed at both the reduction of waste (§ 2.5.2) and the selection of production facilities that integrate international standards of environmental management and safety at work. Thanks to partnerships with important European players in the management of plants in Asia, today EFM purchases 95% of the PCBs from plants with ISO 14001:2015 and ISO 45001:2018 accredited management systems. **This guarantees not only a reduction in environmental impacts, but also greater safety for the workers involved in the production process.**

SUPPLIER	LOCATION	ISO 14001	ISO 45001
A	Dongguan City, Guangdong Province, China	YES	YES
	Chenzhou City, Hunan Province, China	YES	YES
B	Zhaoqing, Guangdong, China	YES	NO
C	Dalian Economic and Technological Dev.Zone, Liaoning Province	YES	YES
	Jiangmen, Guangdong, China	YES	YES
D	Baoan District, Shenzhen, China	YES	YES
	Ganzhou, Jiangxi China	YES	YES
E	Jiangmen City, Guangdong Province, China	YES	YES
F	Huangshi City, Hubei Province, China	YES	YES
G	Macedonia	YES	YES
H	Shenzhen City, Guangdong Province, China	YES	YES
I	Huizhou City, Guangdong Province, China	YES	YES

2.4.4 SUPPLY CHAIN ANALYSIS AND HOTSPOT ANALYSIS

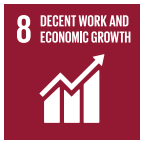
EFM implemented a detailed supply chain analysis, known as "hotspot analysis," to identify and manage risks throughout the supply chain.
This analysis allows to identify the critical areas ("hotspots") where the greatest environmental and social risks are concentrated, allowing EFM to develop targeted strategies to mitigate them.

In 2024, EFM's purchasing department plans to integrate the sustainability practices of production plants into the assessment of the vendor rating. For these suppliers, the geographical location will also be evaluated based on the areas of risk for climate change. **This holistic approach ensures that EFM not only meets current sustainability standards, but also is ready for future environmental and social challenges.**

Screenshot from Encore Hotspot Analysis

2.4.5 CONTRIBUTION TO THE EU GOALS AND SDG INDICATORS

EFM approach to the management of natural resources is closely aligned with the objectives of the European Union and the indicators of sustainable development (SDGs).
Due diligence practices, supplier evaluation based on international standards, and the implementation of hotspot analysis, directly contribute to sustainability objectives, including:



SDG 8_Promote inclusive and sustainable economic growth, employment and decent work for all: use benchmarks of the Italian market to evaluate company performance and adopt best practices.

SDG 12_Ensure sustainable consumption and production patterns: promoting waste reduction and the use of reusable packaging.

SDG 13_Take urgent action to combat climate change and its impacts: reducing greenhouse gas emissions associated with the production and management of waste.

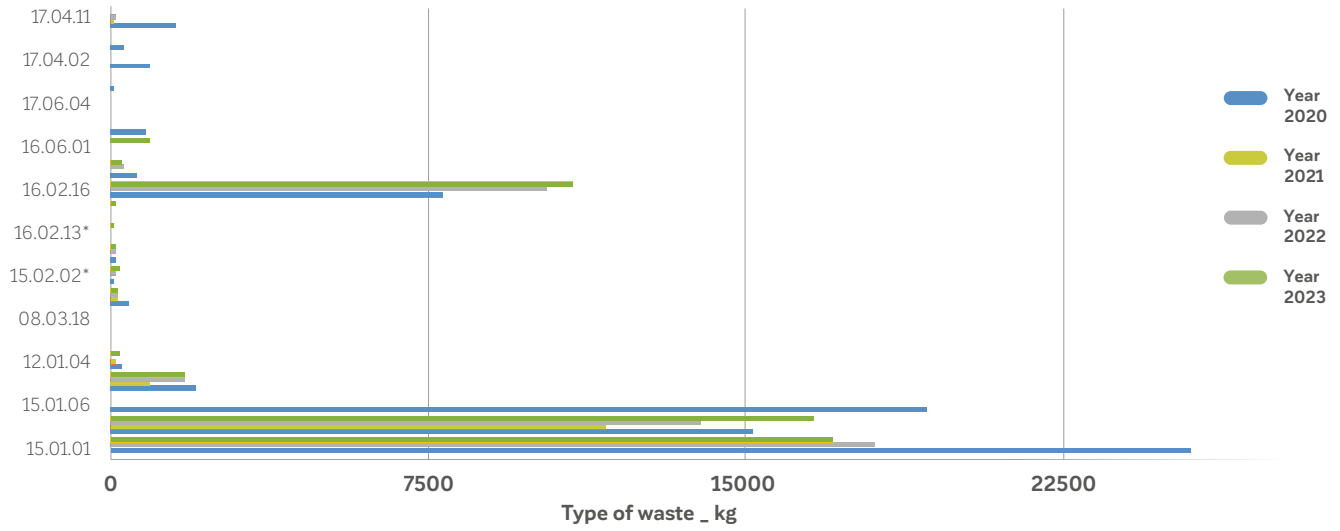
2.5 THE CIRCULAR ECONOMY

Waste management is a crucial aspect of corporate sustainability, reflecting EFM's ongoing commitment to the reduction of environmental impact and the adoption of a circular strategy. The strategies implemented not only respond to current needs but also allow the company to be ready for future environmental challenges, contributing significantly to the SDGs and promoting a more sustainable production model.
The path undertaken by EFM represents a virtuous example of how companies can integrate sustainability into their daily operations, contributing to a greener and more responsible future.

2.5.1 CURRENT WASTE SITUATION

Since 2021, EFM has destined 100% of the waste produced for recovery, confirming its strong commitment to sustainability.
In 2022, there was an increase in the amount of waste produced, mainly due to the increase in production volumes.

C.E.R.	DESCRIPTION	2020 kg	2021 kg	2022 kg	2023 kg
15.01.01	Paper and cardboard packaging	25,480	15,260	18,020	17,040
15.01.02	Plastic packaging	15,180	11,670	13,925	16,590
15.01.06	Mixed material packaging	19,240	0	0	0
12.01.03	Filings, flakes and dust of nonferrous materials	1,985	935	1,745	1,723
12.01.04	Particles and dust of nonferrous materials (tin)	248	118	0	233
12.01.05	Filings and shavings of plastic materials	34	18	11	34
15.01.10*	Packaging containing residues of or contaminated with hazardous substances	435	170	163	164
15.02.02*	Absorbents, filter materials (including oil filters not otherwise specified), rags and protective clothing, contaminated with hazardous substances	57	0	102	206
15.02.03	Absorbents, filter materials, rags and protective clothing, other than those mentioned in item 15.02.02*	125	0	115	85
16.02.13*	Discontinued equipment containing hazardous components other than those mentioned in 16.02.09 and 16.02.12	/	/	/	55
16.02.14	Discarded equipment other than those mentioned in items 16.02.09 to 16.02.13	/	/	/	90
16.02.16	Components removed from equipment other than those in 16.02.15	7,855	5,960	10,315	10,914
16.03.03*	Inorganic wastes, containing hazardous substances	618	16	308	244
16.06.01	Lead-acid batteries	/	/	/	917
17.06.03	Other insulation materials containing or consisting of hazardous substances	810	0	0	/
17.04.01	Copper, bronze, brass	65	0	0	/
17.04.02	Aluminum	935	0	0	/
17.04.05	Steel	315	0	0	/
17.04.11	Cables other than those mentioned in item 17.04.10.	1,545	75	98	/



Quality by type of waste produced

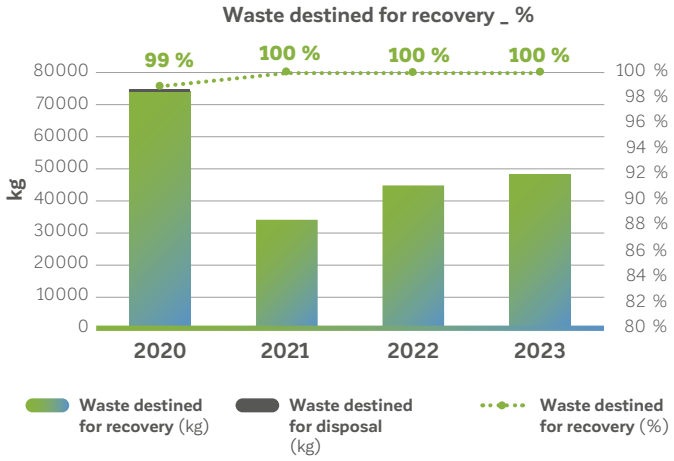
However, when comparing waste to revenues for PCBs sold, the trend is decreasing, indicating an increasing efficiency in waste management.

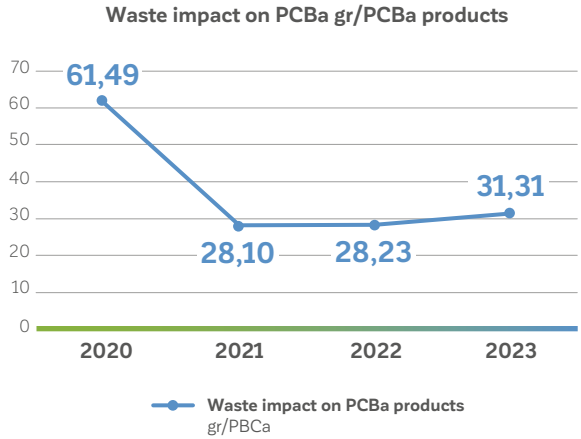
The total waste recovery strategy made it possible to avoid sending materials to landfills, favouring reuse and recycling.

2.5.2 WASTE REDUCTION STRATEGIES

The EFM team adopted an integrated approach in the technical, commercial and logistics departments to encourage the use of reusable packaging for supplies to customers. This initiative aims at reducing waste from disposable packaging, which in 2022 represented about 30% of the total. The transition to reusable packaging not only reduces the amount of waste produced, but also improves logistics efficiency and reduces long-term costs.

For the two-year period 2025-2026, EFM expects that 80% of productions will be released using reusable packaging, further reducing the environmental impact of packaging waste. This forecast is based on a series of pilot projects and collaborations with suppliers and customers to test and implement innovative and sustainable packaging solutions.





2.5.3 CIRCULARITY OF THE STRATEGY

EFM's strategy strongly focuses on circularity, combining efficient waste management with the adoption of reusable materials. This approach not only reduces the amount of waste sent to landfills but also contributes to the overall sustainability of the supply chain

Circularity is integrated into all phases of the product life cycle, from design to production, distribution, and end of life.

EFM developed a number of initiatives to promote circularity, including:

- **Design aimed at sustainability:** introduction of eco-design principles to reduce the environmental impact of products from the design phase.
- **Collaboration with Suppliers:** working closely with suppliers to develop and implement reusable and sustainable packaging solutions.
- **Employee Education and Involvement:** training and awareness programs for employees on waste management practices and sustainability.
- **Technological Innovation:** investments in advanced technologies to improve material recycling and recovery processes.

2.5.4 IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

EFM initiatives in waste management and circularity contribute to several Sustainable Development Goals (SDGs), including:

SDG 9_Build resilient infrastructure, promote sustainable industrialization and foster innovation: supporting innovation and the adoption of sustainable technologies to improve the efficiency of production processes and waste management.

SDG 12_Ensure sustainable consumption and production patterns: promoting waste reduction and the use of reusable packaging.

SDG 13_ Take urgent action to combat climate change and its impacts: Reducing greenhouse gas emissions associated with the production and management of waste.

SDG 15_Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss: minimizing the environmental impact of waste on natural resources.

2.5.5 RESULTS AND PROGRESS

EFM achieved significant results in waste management and in the implementation of the circular strategy. Preliminary data for 2023, which will be consolidated in MUD 2024, confirms further improvements in the amount of waste recovered and a continuous reduction in waste per unit of product. Collaborations with suppliers led to the development of new reusable packaging solutions, with increasing customer acceptance.

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.3 SOCIAL PILLARS FOR THE COMPANY

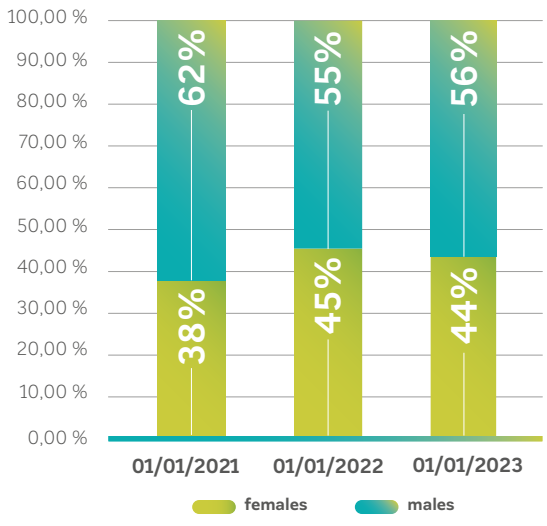
3.1 COMPOSITION OF EMPLOYEES

The analysis of data regarding the composition of employees as of December 31 of each year provides crucial information on the distribution by age and gender.
The table excludes cadres and executives so as not to create distortions as the number is small.
The data is taken from the gender salary gap.
The trend shows a growth in the workforce, with diversification by both gender and age groups, mainly in the 25-49 age group, with an increase in youth employment (15-24 years) of 1.7%.

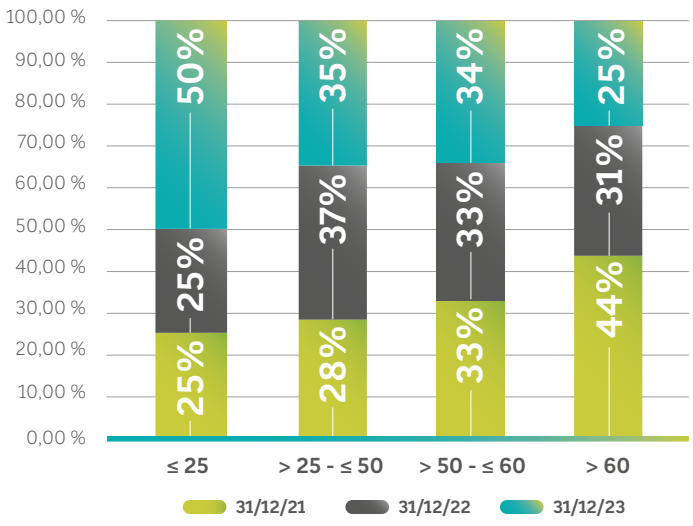
There was a growth in the employment rate, especially women who had an almost double increase compared to employment growth in 2022, and then settled in 2023.

The increase in female employment stood at 31% in the three-year period and 5% if normalized for the overall growth of the workforce, almost double the national average figure which accounts for 2.3%.

This trend (growth in youth and female employment) strengthens the objectives of the social pillar in the ESG field as it confirms a greater inclusiveness and an expansion of company skills through the hiring of personnel with different backgrounds. However, in the older groups, the representation of women decreased.



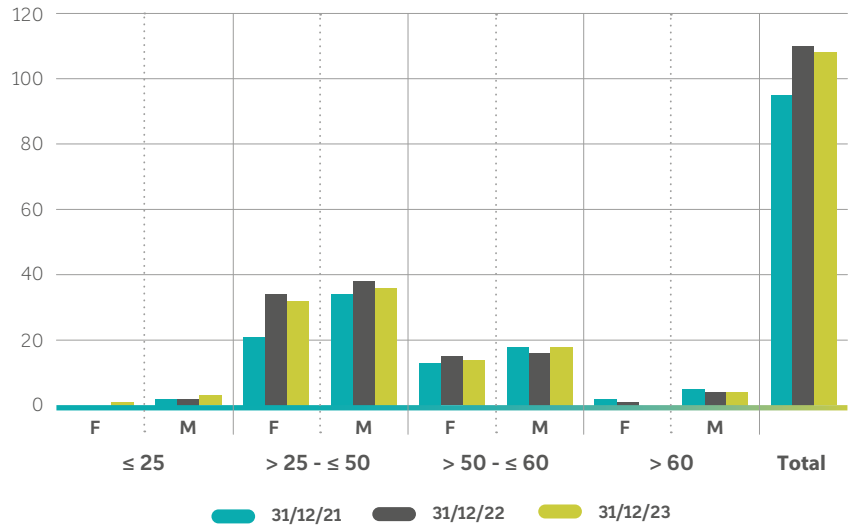
Composition % by gender



Composition % by age

COMPOSITION OF EMPLOYEES

AS OF 12/31 EACH PERIOD (EXCLUDING EXECUTIVES AND MANAGERS)									
PERIOD	≤ 25		> 25 - ≤ 50		> 50 - ≤ 60		> 60		TOTAL
	F	M	F	M	F	M	F	M	
31/12/2021	/	2	21	34	13	18	2	5	**95**
31/12/2022	/	2	34	38	15	16	1	4	**110**
31/12/2023	1	3	32	36	14	18	/	4	**108**



Employee composition up to 12/31 of each period (excluding executives and managers)

3.1.1 TURNOVER

Staff turnover, which is the number of people resigning out of the number of people in the workforce (%), is a critical indicator of employee stability and satisfaction.
The maximum annual target was 4% but as shown in the table, the final figure was always below the target, indicating a high level of stability and loyalty to the company.

TURNOVER

NUMBER OF PEOPLE RESIGNED OUT OF NUMBER OF PEOPLE IN THE LABOR FORCE (%) (EFFECTIVENESS)		
2021	Global goal	4
	Global progressive	3,23
2022	Global goal	4
	Global progressive	2,83
2023	Global goal	4
	Global progressive	1,44

3.1.2 ANALYSIS OF THE TREND OF WAGES AND SALARIES

The overall average growth in the two-year period of average wages and salaries was between 8 and 9% clearly higher than the national average which accounts for 2.9%. The exception to the figure on cadres is mainly due to the small number of such managers present in the company, which is strongly influenced by the seniority and origin of the personnel hired.

The average salary figure remained aligned with the national average salaries.
In particular:

- **Blue collars:**
  The weighted median salary of workers increased steadily from 2021 to 2023. The percentage change between 2021 and 2023 accounted for 9%, while between 2022 and 2023 it accounted for 2%.

- **White collars:**
  Average annual salaries of employees increased over the period considered. The percentage change between 2021 and 2023 accounted for 8%, while between 2022 and 2023 it accounted for 3%.

- **Senior management:**
  Average annual salaries of cadres showed a fluctuating trend.
  The percentage change due to the type of assumptions and the small number is not significant.

WAGES AND SALARIES

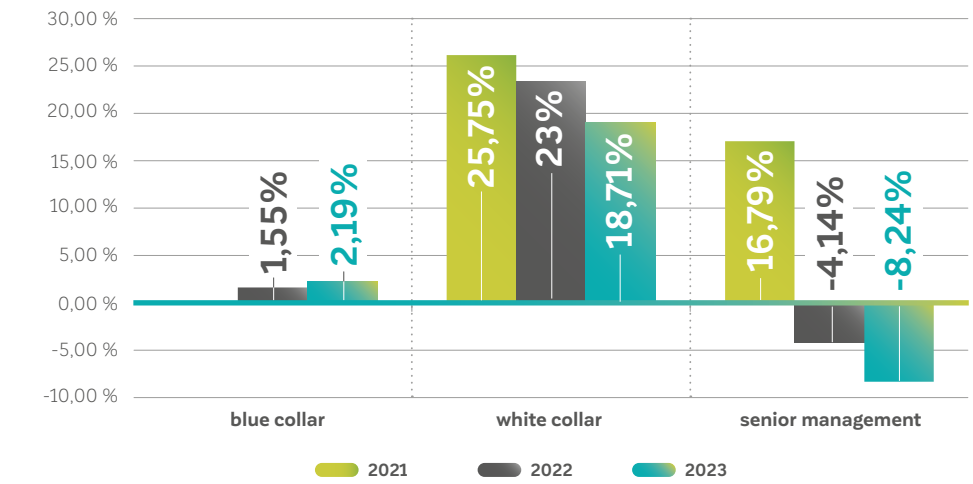
YEAR	BLUE COLLAR	WHITE COLLAR	SENIOR MANAGEMENT
2022/2021	2 %	3 %	-7 %
2023/2022	6 %	5 %	6 %
2023/2021	9 %	8 %	-2 %

3.1.3 GENDER PAY GAP

- **Blue collars:**
  The gender pay gap remained low and close to 0% in 2021 and fluctuated slightly in the following years (1.55% in 2022 and 2.19% in 2023).

- **White collars:**
  The gender pay gap decreased over time, from 25.75% in 2021 to 18.71% in 2023.

- **Senior management:**
  In 2021 there was a gap of 16.79% in favour of men, but it was reversed in the following two years, with a gap in favour of women of 4.14% in 2022 and 8.24% in 2023.



Gender payment gap %

3.1.4 RELATIONSHIP WITH THE ELECTRONIC COMPONENTS INDUSTRY SECTOR

Data on the gender pay gap of the specific sector of electronic components are not available; however, the national data for 2021 accounts for 9.9% for workers, 10.8% for employees and for 5.1% for data tables that do not change particularly in 2022. The comparison shows how EFM is actively working to close the payment gap and at least for workers and managers it has reached a satisfactory level. **Finally, the Company is undertaking the UNI PDR125 certification process that will certainly lead it to monitor these parameters even more closely.**

GENDER PAY GAP

YEAR	BLUE COLLAR	WHITE COLLAR	SENIOR MANAGEMENT
2022	9,20 %	10,50 %	4,90 %
2021	9,90 %	10,80 %	5,10 %
2020	11,80 %	10,20 %	4,30 %

3.1.5 EDUCATION AND TRAINING

EFM pays particular attention to the training of employees both in reference to compulsory training, for example on safety alone in the three-year period more than 400 hours have been provided and on voluntary training aimed at increasing the skills of employees.
In particular, in addition to the data in the table reflecting the average training hours that the company normally carries out over the years, over 2,000 hours of training on industry 4.0 in 2021 and 60 on Cybersecurity in 2022 were provided (not included in the table).

NUMBER OF TRAINING HOURS

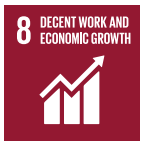
YEAR	TOTAL	VOLUNTEER	MANDATORY
2021	532	394	138
2022	179	171	8
2023	638	374	264

3.1.6 FINAL CONSIDERATIONS

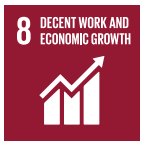
The analysis of the composition of employees and global progressives indicates that the company is making progress towards greater inclusiveness and diversification of the workforce, although there are areas that need improvement to achieve the objectives set.

Compared with the Italian market, the company is aligned with national trends of increased employment and inclusion of different age groups and gender. The company suggests, among other things:

SDG 5_ Achieve gender equality and empower all women and girls: keep on promoting the inclusion of different age groups and gender in the workforce, through targeted recruitment policies and training programs.



SDG 8_Promote inclusive and sustainable economic growth, employment and decent work for all: improve employee satisfaction through corporate benefits, professional growth opportunities and a positive work environment.



SDG 8_Promote inclusive and sustainable economic growth, employment and decent work for all: use benchmarks of the Italian market to evaluate company performance and adopt best practices.

SDG 10_Reduce inequality within and among countries.

SDG 16_End poverty in all its forms everywhere: communicate goals and progress transparently, maintaining stakeholder trust and incentivising continuous improvement.

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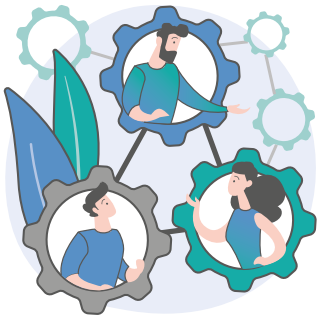
.4 GOVERNANCE

4.1
TRANSPARENCY AND GOOD GOVERNANCE
Company culture
Tax transparency

4.1 TRANSPARENCY AND GOOD GOVERNANCE



EFM is committed to ensuring maximum transparency and good governance, with the aim of maintaining trusting relationships with all stakeholders, including institutional ones such as the State.

EFM is well aware that any decision taken in the corporate field will have an affect on the company that employs more than 100 families and these principal conditions every action of the administrative body.

Its commitment is reflected in a series of practices and policies that cover various aspects of corporate governance, described below.

These efforts are aligned with the ESG (Environmental, Social, Governance) principles and contribute to the United Nations Sustainable Development Goals (SDGs).

4.1.1 COMPANY CULTURE

INSPIRING BUSINESS ETHICS (CODE OF CONDUCT)

EFM adopts a code of conduct representing the core values and guidelines for all company activities. This code underlies all our policies and is constantly updated to reflect best practices and international standards.

The adoption of the code of conduct supports SDGs 16 (Peace, Justice, and Strong Institutions) and 8 (Decent Work and Economic Growth) by promoting ethical business practices.

4.1.2 TAX TRANSPARENCY

TAX CONTROL FRAMEWORK

EFM implemented an effective tax control system and is committed to further improving the control of tax risks and maintaining a sanctions-free history.

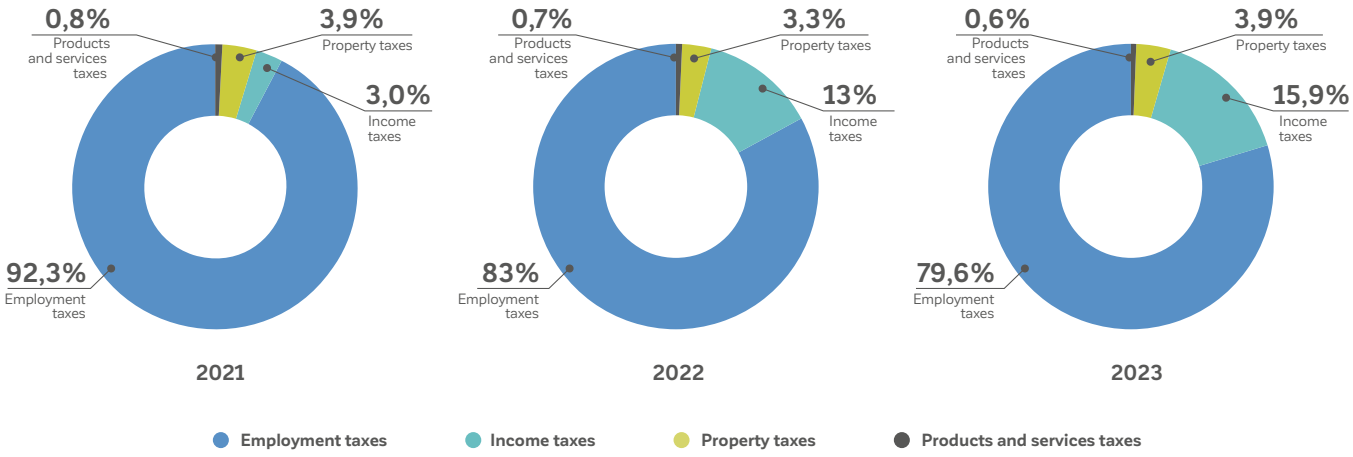
This helps to create a transparent and accountable business environment.

TOTAL TAX CONTRIBUTION

The destination of the taxes paid by EFM is clear and transparent.

The company provides detailed reports on the various types of taxes and their economic and social impact, thus supporting SDG 16 (Peace, Justice, and Strong Institutions) through fiscal transparency.

Tax key figures



MANAGEMENT OF RELATIONS WITH SUPPLIERS

SDG 8_Promote inclusive and sustainable economic growth, employment and decent work for all:
EFM manages relations with suppliers with the utmost transparency and fairness. Payments are made on time, and in particular, the company pays attention to suppliers who are small and medium-sized enterprises (SMEs) to avoid delays that could negatively affect their operations.

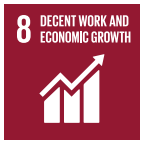
CORRUPTION AND BRIBERY PREVENTION

SDG 16_End poverty in all its forms everywhere:
EFM has a strict bribery and corruption prevention policy, which is signed off on by all employees. This commitment is supported by ongoing training programs and internal controls.

WHISTLE-BLOWER PROTECTION

SDG 16_End poverty in all its forms everywhere:
EFM implemented a whistleblowing procedure to ensure that all reports of wrongdoing can be made safely and anonymously. It protects whistle-blowers from any form of retaliation, promoting an ethical and transparent work environment.

PAYMENT PRACTICES



SDG 8_Promote inclusive and sustainable economic growth, employment and decent work for all:
EFM committed to strictly comply with the payment deadlines agreed with the suppliers. In particular, the company ensures that suppliers, especially those who are individuals or small businesses, receive payments in a timely manner to support their financial stability.

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july 2024

CERTIFICATION ECOVADIS

We are pleased to inform you that our Company has obtained recently an important certification by Ecovadis.
This recognition confirms our ongoing commitment to sustainability and ethics in our production processes.
Through this certification, we can assure our customers and partners that environmental, social and ethical standards are at the core of our activities.
We are proud to have achieved this important milestone and we will continue to work hard to maintain and improve our standards.
We want to thank you, our stakeholders, for your continued support and trust in our company. We hope that this certification further strengthens our partnership and demonstrates our commitment to a sustainable and responsible one.

Thank you again for your support and keep following us for further updates on our work and progress.

Kind regards

Mauro Ferrari

Melissa Ferrari

Rev. 00 _ July 2024

ElettronicaFM
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