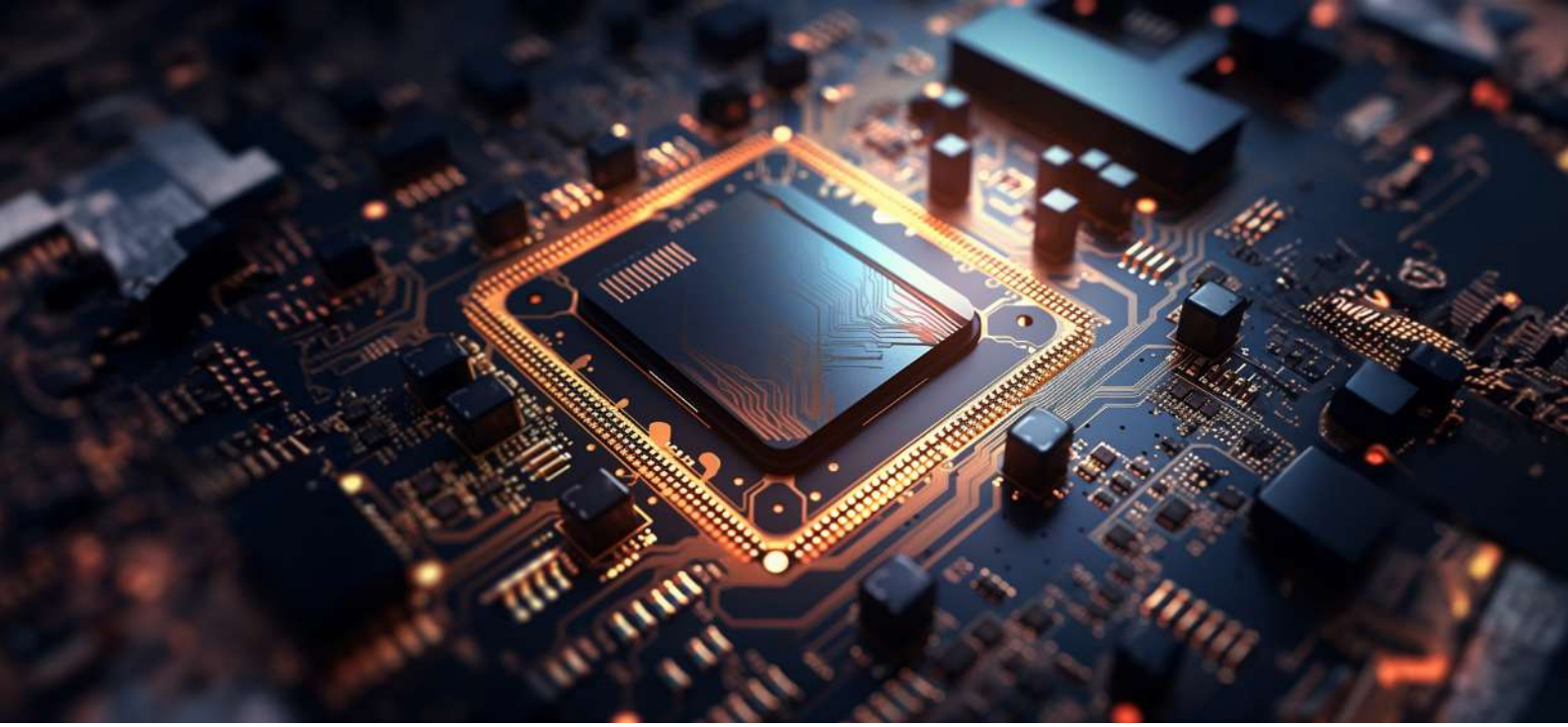
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JOIN INNOVATION

2026

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT




SUPPORT



Dear stakeholders

It is with great pleasure and pride that I address you as Sole Director of NECTO GROUP, a company that has partnered with Italy's leading manufacturers in lighting, electromechanics and electronics for over 30 years and, after years of sustained commitment, is now presenting its first Sustainability Report. This important achievement is not only a milestone in our journey, but also evidence of our ongoing commitment to creating value, not just for our business partners, but for the entire ecosystem in which we operate.

Since our foundation, quality, service and technological innovation have been the pillars of our identity. We have developed and implemented an advanced quality management system that enables us to work with some of the most renowned and prestigious international brands. These partnerships inspire us every day to improve and maintain the highest standards of reliability, safety and precision.

Our industry is evolving rapidly. To meet global challenges successfully, we have focused on adopting sustainable practices in line with ESG (Environmental, Social and Governance) principles. We firmly believe that technological innovation and sustainability are two sides of the same coin and that, together, they can generate long-term value. Our vision is guided by the belief that industrial excellence cannot be separated from environmental and social responsibility: thanks also to this vision,

Our Sustainability Report is intended as a first step on a path of transparency and accountability that we are determined to follow. It details the measures we have taken to reduce our environmental impact, improve working conditions for our people and actively contribute to the wellbeing of the communities in which we operate. Initiatives of which we are particularly proud include optimising our supply chain, automating our warehouse and our commitment to reducing material waste through advanced monitoring and control technologies.

We also believe that our commitment to governance is equally crucial. Our strategy is based on integrity, transparency and inclusivity, principles that are fundamental to building strong, lasting relationships with customers, suppliers and other stakeholders.

Our company's future rests on its ability to innovate, integrating ESG factors ever more effectively into our operating strategies. We know that much work remains to be done, but we are confident that, with the support of everyone involved, we can move further towards a business model that combines economic growth with sustainability.
I conclude by thanking all those whose dedication and commitment have contributed to these achievements. I am certain that, together, we can build an increasingly sustainable and innovative future for NECTO GROUP.

Enjoy the report
Giuseppe Bova
Sole Director, NECTO GROUP

CONTENTS

1 – OUR COMMITMENT TO A SUSTAINABLE FUTURE 7

1.1 – Recognised commitment: the EcoVadis rating 8
1.2 – Our commitment to our stakeholders 9
1.3 – The sustainability topics most material to NECTO GROUP 11

2 OUR IDENTITY 14

2.1 – History 15
2.2 – Values, mission and Code of Ethics 15
2.3 – Business model 17
2.4 – Governance and corporate organisation 18
2.5 – Management systems and privacy 21

3 PRODUCT RESPONSIBILITY 2.3

3.1 Necto Group products 2.4
3.2 – Product quality, safety and compliance 27
3.3 – Materials used 31
3.4 – Supplier relationships and sustainable procurement 31
3.5 – Innovation, research and development 35
3.6 – Responsible communication and customer relations 36

4 PEOPLE AND COMMUNITIES 39

4.1 – People policies 40
4.2 – Workforce composition 40
4.3 – Health and safety 4.2
4.4 – Staff training and development 44
4.5 – Diversity and inclusion 46
4.6 – Employee benefits and wellbeing 47
4.7 – Respect for and protection of human rights 48

5 ENVIRONMENT 51

5.1 – Necto Group's environmental policy 52
5.2 – Procurement policy for environmental sustainability 52
5.3 – Energy consumption and emissions calculation 52
5.4 – Waste and scrap material management 55

6 ECONOMIC PERFORMANCE 57

6.1 – Business performance 58
6.2 – Distribution of value created 58

7 STANDARDS AND METHODOLOGY 61

7.1 – GRI content index 63


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OUR COMMITMENT TO A SUSTAINABLE FUTURE

1.

1.1 – Recognised commitment: the EcoVadis rating

Over the years, Necto Group has worked consistently to maintain high standards of Corporate Social Responsibility, embedding ethical principles and sustainable practices in its operations. The confirmation of the EcoVadis Medal for 2025 is part of this journey, recognising the Group's ongoing commitment to responsible, sustainable business management.

EcoVadis' reliable ratings and intuitive monitoring tools will enable us to manage risks more effectively and integrate eco-innovations into our global supply chains. This recognition is not merely an award, but a springboard for continuous improvement in sustainability management.

EcoVadis: protecting the environment and workers

EcoVadis, a leader in corporate sustainability management, assessed us against 21 international criteria covering the environment, labour protection, human rights, ethics and sustainable procurement. This assessment confirms our dedication to a sustainable future.

The EcoVadis collaborative platform manages sustainability performance assessments across 150 industries and 110 countries.

1.2 – Our commitment to our stakeholders

For NECTO GROUP, managing its business sustainably means establishing and maintaining transparent, collaborative and constructive relationships with everyone directly involved in and/or affected by its activities: its stakeholders. In conducting its business, NECTO GROUP engages with numerous internal and external stakeholders who can influence its operations to varying degrees and who have an interest in the company acting responsibly and sustainably.

The diagram below shows the main stakeholders identified by NECTO GROUP.



NECTO GROUP considers ongoing interaction and dialogue with all its stakeholders to be essential and strategically important. It therefore uses communication tools and methods repeatedly throughout the year.

The way relationships are managed and the different stakeholder groups are engaged varies according to the depth and maturity of each relationship; in all cases, dialogue with the different

stakeholder groups is always guided by the principles set out in the company's Code of Ethics.

Communication takes place through the following listening and dialogue channels:

STAKEHOLDERS	LISTENING AND DIALOGUE CHANNELS
Owners (members, shareholders)	Direct communication; shareholders' meeting approving the financial statements
Customers → businesses	Customer satisfaction surveys, sales visits, business relationships, internal and field sales, strategic analysis surveys
Customers → users, citizens	Website enquiries, direct contact
Staff	Assemblies, meetings
Bodies and institutions	Luce in Veneto trade association
Suppliers	Vendor rating (qualification before contract award), product certification and company profile requests, second-party audits by external companies, inspection visits
Third parties → banks, insurers	Participation in trade associations

1.3 – The sustainability topics most material to NECTO GROUP

The information and data in NECTO GROUP's Sustainability Report concern the economic, social and environmental topics considered most relevant, or material, to the company and its stakeholders, identified through benchmarking. This analysis had two aims: to place NECTO GROUP in the context of its business sector and international macro-trends in corporate sustainability, and to identify key material topics to help the company define its strategic and operational priorities through a systematic, strategic approach to sustainability.

DIMENSIONS	TOPICS
Environmental dimensions	• Energy management • Reducing emissions and tackling climate change • Materials and waste management
Social dimension	• Employment and working conditions • Staff training and development • Employee health and safety • Employee benefits and social protection • Protection of human rights
Economic and governance dimension	• Business ethics and integrity • Economic performance • Regulatory compliance and risk management • Combating active and passive corruption
Customers and suppliers	• Quality and safety of solutions, products and/or services • Privacy and data protection • Customer satisfaction • Sustainable supply chain management

To manage these topics, NECTO GROUP has implemented internal policies and management systems (see also the dedicated section), including:

- Employee health and safety + risk assessment document
- Employee wellbeing and good working conditions
- Diversity, equity and inclusion
- Human resources management
- Preventing corruption
- Quality policy
- Information security
- Procurement for environmental sustainability
- Sustainable procurement
- Reducing energy consumption

The following pages examine these policies and management approaches in greater depth, highlighting NECTO GROUP's contribution to the responsible, sustainable management of the most significant social and environmental topics.



OUR IDENTITY

2.

2.1 – History

For over 30 years, NECTO GROUP has distributed lighting, electronic and electromechanical materials, with a distinctive approach closely linked to product customisation.

NECTO GROUP began trading in electronic and electromechanical components in 2007.
Its origins date back to MBM s.n.c., founded in 1993 to trade in electrical and electromechanical components for small domestic appliances and related components. In 1999, it moved premises and expanded its facilities; in 2000, it created an electronics division that subsequently became independent.
NECTO GROUP markets major national and international brands, providing ongoing support for its customers' business development. From 2007 to 2010, it also
manufactured wiring harnesses, moulded plug cables and connections for the domestic appliance industry at its Altavilla Vicentina site.
In 2011, following a corporate demerger and the licensing of its "AD" series connections to ITW Industrial Components s.r.l., Necto Group returned to being solely a trading business. When the AD series licence expired, NECTO GROUP resumed manufacturing.

In 2024, NECTO GROUP acquired Fairwind to further strengthen its technical organisation and ability to offer bespoke solutions. The integration enables more specialised support, greater product availability and faster responses to customer needs, with an ongoing focus on quality and sustainability.

2.2 – Values, mission and Code of Ethics

Looking back at our history as a distributor and manufacturer, particularly our recent growth beyond financial performance alone, we feel we play a pivotal, active role in our customers' supply chains across very different sectors. We prefer to call our company a "team", because it is built on continuous training and the personal and professional qualities of its people. NECTO GROUP has always been committed to acting as a partner and solution provider for the markets in which our customers operate, proactively tackling business challenges alongside them.
In recent years, internal strategic and training analysis has strengthened our belief that

this approach creates long-term relationships and develops solutions to market and customer needs. We are increasingly focused on relationships and solutions, supported by an ethical, professional team, with the clear aim of meeting customers' needs.

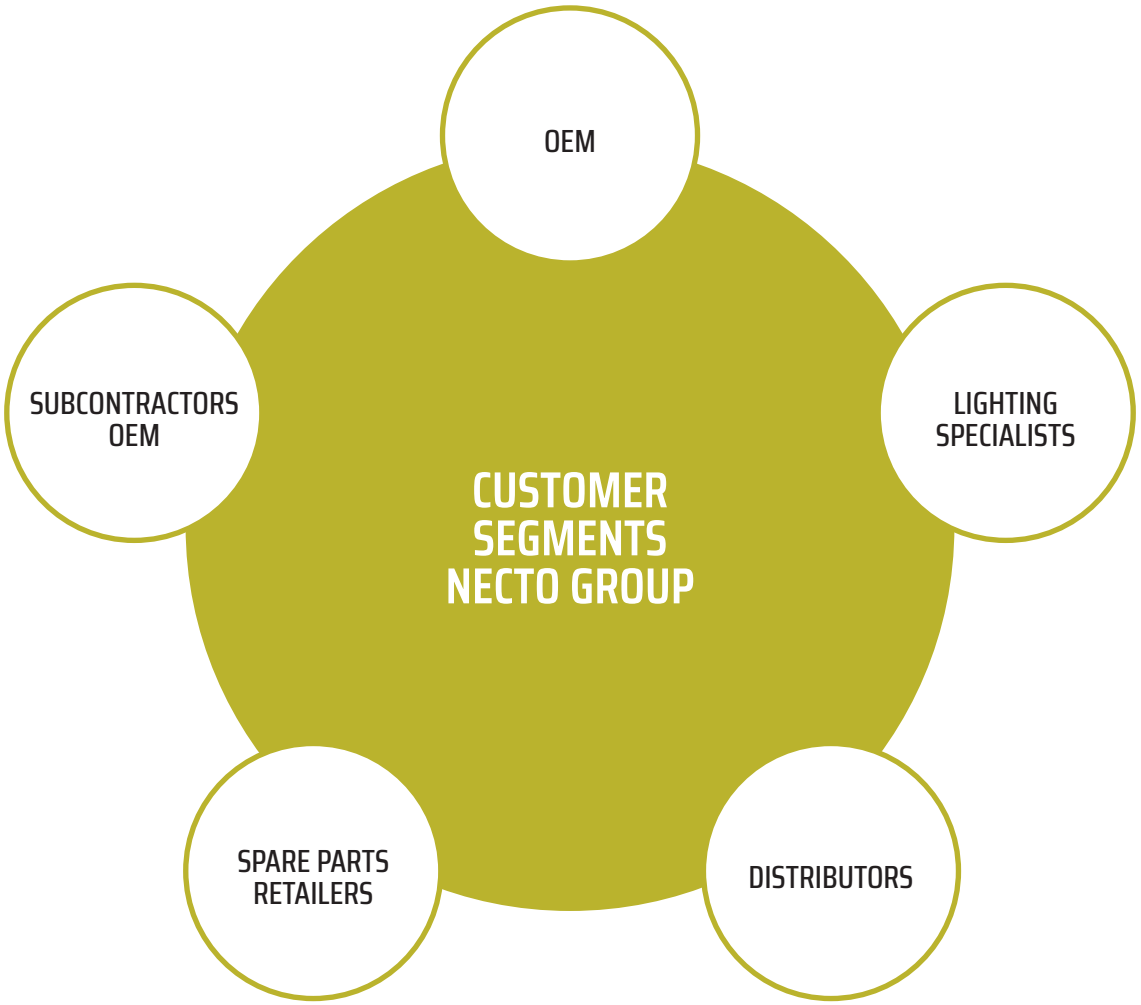
Through continuous training and the acquisition of related, complementary businesses, we aim to become a reference point in industry. Our intention is therefore to be a modern, sustainable and efficient SME, with the ambition of becoming a medium-sized enterprise, contributing innovation and sustainability, and gradually developing from a partner/supplier into a genuine solution provider. Through this improvement, we can offer technical, commercial and professional expertise without losing sight of the ethical and sustainability principles that have guided us.

NECTO GROUP is a member of CONFAPI: we believe in the value of our local area, the opportunities created by collaboration and the sharing of experience between similar businesses. NECTO GROUP shares the association's values and principles and adopts them as its internal code of ethics.
We therefore recognise CONFAPI's Code of Ethics as a local business constantly seeking improvement at corporate, professional and identity level.
In joining the CONFAPI association system, entrepreneurs also undertake to consider the effects of all their professional and association-related conduct on the business community and the association as a whole.
As entrepreneurs, they therefore commit to:
• fully complying with laws and employment agreements;
• treating their employees fairly, fostering professional development and safeguarding workplace safety;
• acting fairly and properly towards customers, suppliers and competitors;
• maintaining relationships with public authorities and the country's social and political groups based on fairness and integrity;
• treating environmental protection and the prevention of all forms of pollution as an ongoing commitment.

At NECTO GROUP, we seek to create an increasingly supportive, collaborative, proactive, constructive and sustainable working environment, encouraging our stakeholders to be inspired by it and embrace its values and principles.
NECTO GROUP has also been a member of the LUCE in Veneto network for several years and is serving its second term on the association's board. This is a network of lighting businesses in Veneto, one of the sector's leading regions, considered representative at national and European level. The network consists mainly of SMEs, with NECTO GROUP among its larger and more structured companies. Membership of the network and its board reflects NECTO GROUP's desire to help spread the sustainability and organisational principles that our company has adopted.

2.3 – Business model

NECTO GROUP distributes lighting, electronic and electromechanical materials, with an approach closely linked to product customisation and working with customers to find the solution best suited to their needs.
Thanks to the breadth and variety of its offering, NECTO GROUP can meet customer requirements with a comprehensive product range across electromechanics, electronics and lighting. However extensive the range, it is not enough on its own to provide customers with practical solutions. This is why NECTO GROUP regards its advisory service as strategic, helping customers make the best choice for their specific needs.



NECTO GROUP's technical department comprises specialists who provide detailed insights into product characteristics and support with their use. It shares information and keeps up to date with current regulations governing lighting, electronics and electromechanics.

NECTO GROUP works with both major international groups and small local businesses, on the customer and supplier sides alike. Experience has shown us that more structured companies are naturally further advanced in the way their value chains operate, in terms of organisation, ethics, sustainability, working environment, training, gender equality, competitiveness and efficiency. Alongside our own qualities, these characteristics inspire the journey that NECTO GROUP is undertaking as an SME and wishes to continue developing. Beyond the purely product-related areas in which we operate, we aim to add value through our expertise and the transformations we can deliver. The real value we believe we can transfer is therefore the expertise and company model described above, which we wish to bring to SMEs that are further from this model and from putting those values and that journey into practice. We embrace these values day by day, seek to improve them and hope to inspire others in the sector, bringing them into the value chains of which we are part.

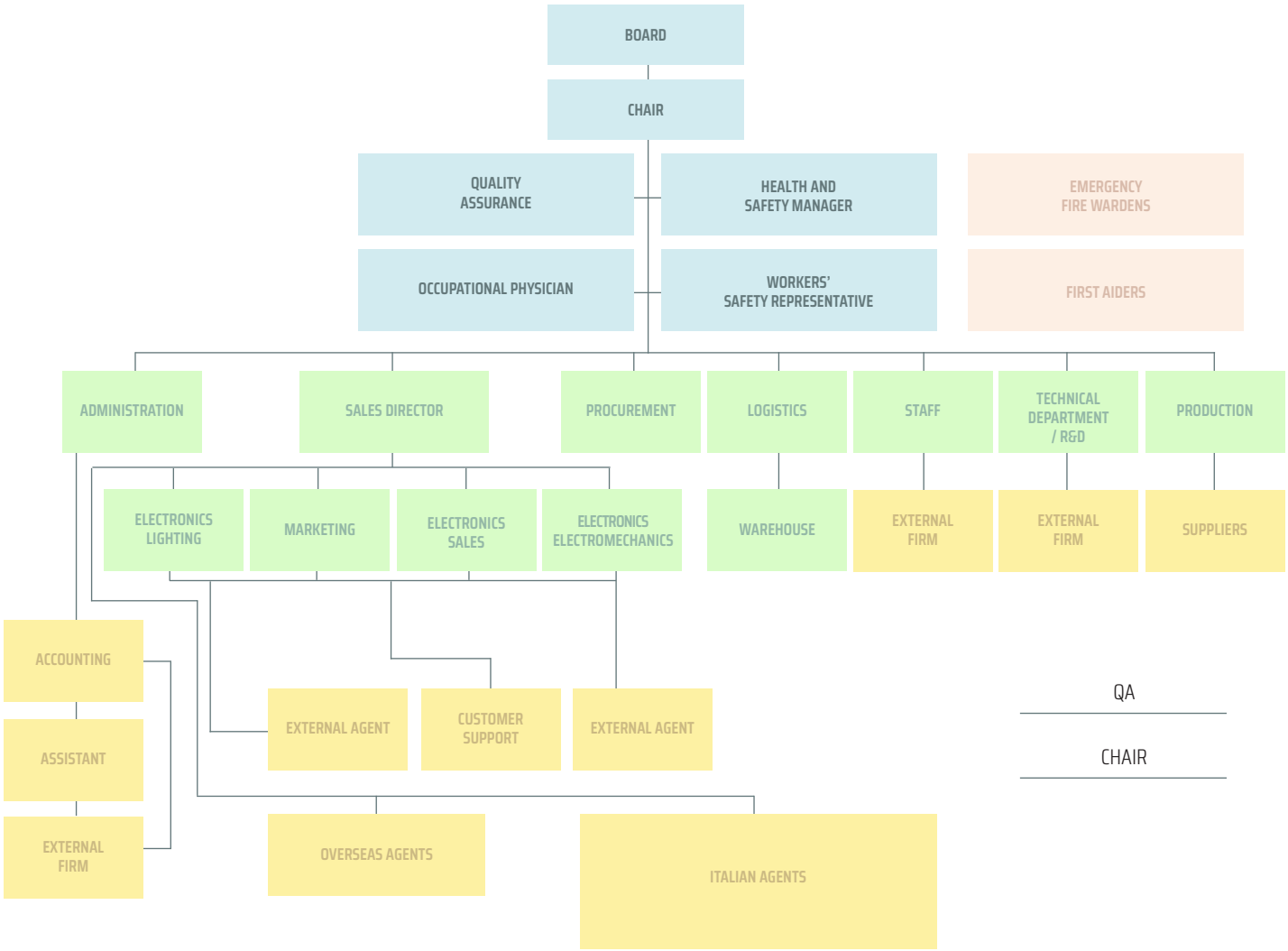
2.4 – Governance and corporate organisation

NECTO GROUP distributes lighting, electronic and electromechanical materials, with an approach closely linked to product customisation and working with customers to find the solution best suited to their needs.
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NECTO GROUP has adopted a traditional governance model, with a Sole Director (Giuseppe Bova, in office since 2020) and a Board of Statutory Auditors responsible for overseeing management. Both bodies are appointed by the Members' Meeting. The company has engaged an audit firm to audit its accounts and issue an opinion on its financial statements, in accordance with the law and its Articles of Association.

NECTO GROUP's management is directly responsible for strategic development, staff and financial statements.
Dedicated functions and departments cover each area, with managers and project managers responsible for individual projects.
The company is structured as follows:

- General management
- Quality assurance
- Sales and marketing
- Technical department and research and development
- Administration/accounting
- Staff
- Procurement
- Warehouse/logistics



2.4.1 – Anti-corruption

Management and the heads of Procurement and Sales are aware of the risks of corruption, extortion or improper conduct in the business transactions in which NECTO GROUP is involved. The company adopts a zero-tolerance stance towards all forms of corruption, in both the public and private sectors.

The company rejects and combats all forms of corruption and is fully committed to ensuring that its actions and conduct are based solely on transparency, honesty and moral integrity, preventing any attempt at corruption.

As distributors of electronic, electromechanical and lighting components, we feel responsible towards our stakeholders and pursue a vision of "Ethical Commitment", working towards ISO 37001:2016 in order to implement an anti-corruption policy that develops over time.

NECTO GROUP prohibits staff, external associates and anyone acting on the company's behalf from requesting, promising, offering or receiving gifts or benefits that could lead to unlawful conduct or be interpreted as seeking advantages, including facilitating the provision of services already due in the course of business.

Every employee, director and manager must know and understand this protocol and apply the rules and procedures contained in this Anti-Corruption Policy.

To make this possible, the company's Anti-Corruption Policy is based on the following clear principles:

- Management's commitment to preventing and monitoring employees' practices and actions, in accordance with current legislation and the requirements of the Anti-Corruption Policy.
- Appropriate procedures and an active role for management as key requirements for defining and achieving the objectives set.
- Sanctions for any failure to follow these procedures and for evidence of attempted corruption, in accordance with current legislation.
- Commitment to continuously improving the management and prevention of corruption risks.

The company has not been reported, charged or sanctioned for breaches of anti-corruption laws and is not currently facing legal proceedings in this regard.

2.5 – Management systems and privacy

NECTO GROUP has developed and implemented a quality management system compliant with ISO 9001:2015, with the scope: "Trading in electromechanical, electronic and lighting components. Management of the production and sale of terminal blocks and cable glands. Design and management of the production of electronic circuit boards."

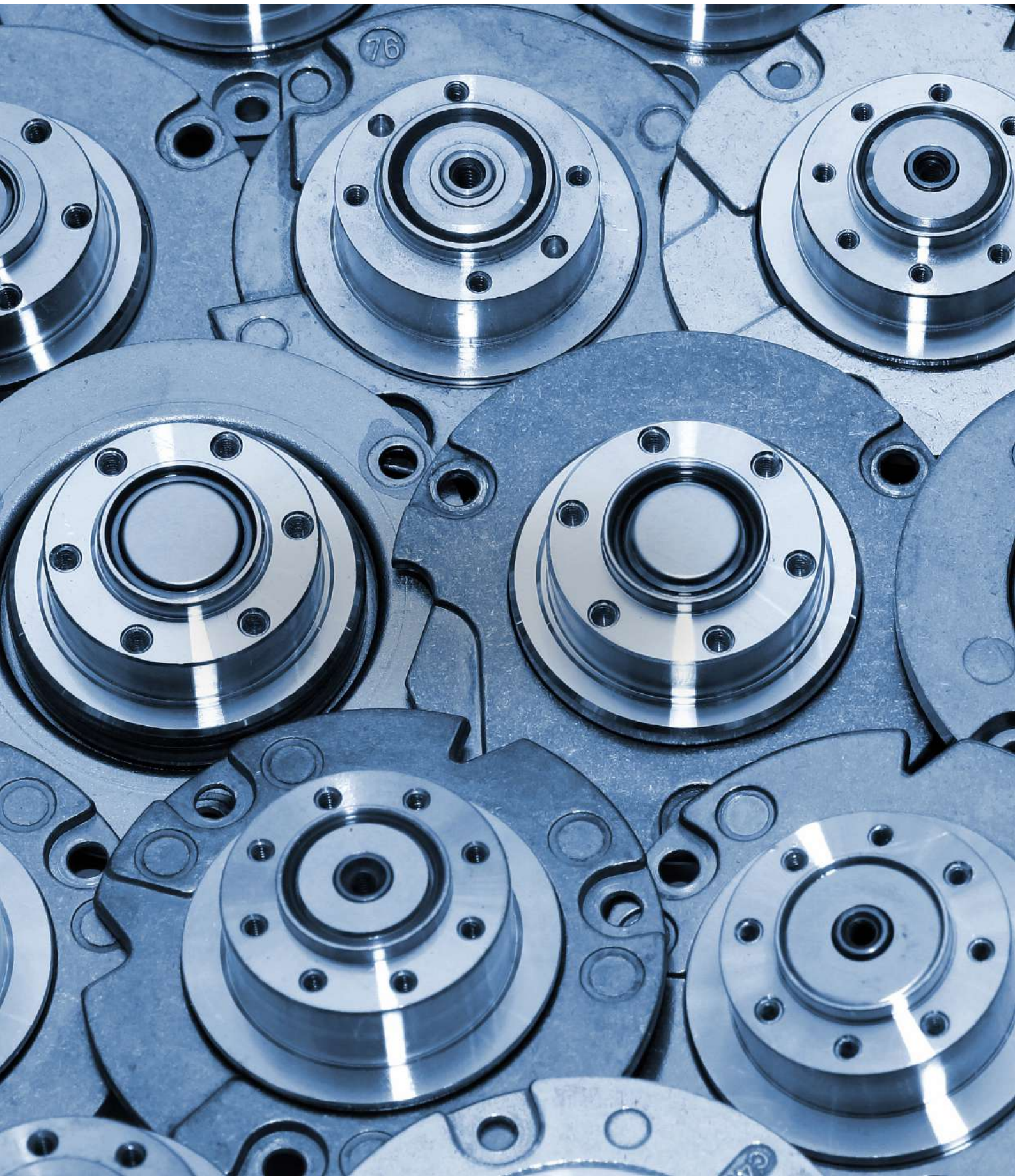
The effect of uncertainty on a given outcome and the concept of risk-based thinking are considered within NECTO GROUP's Quality Management System.
NECTO GROUP treats this concept as inherent and incorporates it into the requirements for establishing, implementing, maintaining and continually improving the system.
NECTO GROUP uses a specific risk-based thinking methodology, also based on the guidance provided by ISO 31000.
For each process, the company has established risk levels in terms of the organisation's ability to achieve its objectives and the consequences for processes, products, services and system non-conformities.

For NECTO GROUP, risk-based thinking means considering risk qualitatively and in relation to the organisation's quality context.
The rigour and level of formality required to plan and control the Quality Management System, its processes and activities are defined and documented in the "Risk and Opportunity Analysis" matrix.
NECTO GROUP holds a Declaration of Conformity issued by Albedo Snc, stating that the company complies with the GDPR, REGULATION (EU) No 679/2016 OF THE EUROPEAN PARLIAMENT.

NECTO GROUP has also adopted an Information Security Policy, whose purpose is to protect IT resources from all internal and external threats, whether accidental or intentional.
Management has defined and communicated this Information Security Management Policy and undertakes to maintain it at every level of the organisation.

NECTO GROUP has also adopted rules on the use of company IT resources, particularly electronic tools such as PCs and email.

To date, NECTO has received no complaints concerning breaches of customer privacy or loss of customer data.



PRODUCT RESPONSIBILITY

3.

3.1 – NECTO GROUP products

Lighting

NECTO's approach to the lighting market is based not only on a broad range of exceptionally high-quality products, but above all on the ability to listen. Choosing light is so personal that meeting customers' needs would be impossible without first listening carefully.
Our defining quality is therefore our ability to customise high-quality, high-performance products around customers' actual requirements.

We offer more than quality light: our range of converters and dimmers controls white light, RGB, RGB+W and dynamic Tunable White systems, keeping everything under control. We believe in precise, fast, remote control. That is why we offer a wide range of Bluetooth® and Wi-Fi dimmers for effortless control of every light source.


LED strips


Dimmer


Sensors

Dot-free LED strips


Converter


Accessories


LED chips


Protocol converter


Battery charging solutions


LED driver


Relays


Power supplies

Electromechanics

NECTO has worked in electromechanics for over 30 years. This experience enables us to select the best partners and offer only quality products that ensure maximum durability and complete safety in use. We ask our partners not only for certified, approved products capable of exceptionally high numbers of operating cycles, but above all for full collaboration in offering customers bespoke solutions developed around their specific needs.


Terminal blocks


Microswitches


Lighting chains


Gas detection sensors


Indicator lights


Motors


Temperature and pressure sensors


Thermostats and probes


Fan assemblies


Switches


Cable clamps and fixings


Sockets


Selector switches


Osmotic valves


Plug cables


Encoders


Ignition systems


SSR relays

Electronics

Our experience and technical expertise have made us an enthusiastic partner for companies seeking not just electronic components from leading brands, but genuinely bespoke solutions. The result is not simply an electronic circuit board, but an effective, targeted answer to a real problem. We like to see ourselves not merely as an electronic materials supplier, but as a solution provider, always available to help customers develop the best solutions and provide ongoing technical support.


Components


Connections


Electromechanics


Instruments

Wellness

Fairwind's integration into Necto Group in 2024 expanded our wellness offering, enabling us to incorporate specialist expertise in designing and developing advanced lighting systems for wellbeing applications. Our technical experience allows us to offer not just products, but bespoke solutions combining hardware design with firmware and software development. These solutions meet specific customer requirements and different application contexts, ensuring reliability, ongoing technical support and an approach focused on quality and sustainability.


Control units


Power supply units


Valves


Steam generators


Vandal-resistant switches


Probes


Spotlights / LED strips


Audio systems


Heaters

3.2 – Product quality, safety and compliance

Safety: all products offered by NECTO are tested as required by law and fully comply with current regulations.

NECTO has established and implemented processes to determine the requirements of products and services offered to customers. In particular, it ensures:
• that product and service specifications, both for customers and for the company, and applicable laws and regulations are defined;
• that it can meet the defined specifications and manage complaints relating to the products/ services offered.

NECTO always reviews product requirements before committing to supply products/services to a customer: before
issuing a quotation, accepting a contract or order, or accepting any amendments. The review ensures
• that product requirements are defined, including delivery and after-sales activities;
• that requirements not specified by the customer but necessary for the known intended use of the product/service are examined;
• that applicable legislative and regulatory provisions are examined;
• that any differences between contract or order requirements and those previously stated are resolved, including informing the customer of any resulting changes to schedules, costs and technical arrangements;
• that the company can meet the defined requirements.
NECTO retains documented evidence of these reviews.
Customer requirements are confirmed before acceptance even where the customer has not documented them, for example verbal requests and/or orders.
If product requirements change, the company ensures that the relevant documents
are amended and the staff involved are informed.

For product release onto the market, NECTO has implemented the planned activities at appropriate stages of its processes to verify conformity with requirements.
Documented information is retained as evidence of conformity with acceptance
criteria.
Products are always delivered to customers only after the planned conformity checks. Delivery takes place only following satisfactory results or approval by the authorised person or, where applicable, the customer.
Documented information ensures traceability of the names of those authorised to release the product.

There have been no product health and safety impacts, as all components supplied by NECTO carry the appropriate certifications. Before supply, they must also be tested internally and approved by the customer, before being incorporated and certified in the customer's finished product.
Necto products comply with current legislation, carry CE marking and meet the REACH Regulation, RoHS Directive and, where applicable, ATEX Directive. Depending on the product category, they also hold VDE, TUV, ENEC, UK/CA, UL, CSA, AGA, ERP and CCC certification.
NECTO's philosophy is to check internally every component that may enter the market. This verifies compliance with the technical and certification characteristics declared by the supplier, providing additional assurance of product reliability. Incoming testing has also been introduced for every product category: statistical sampling, informed by reported non-conformities, is used to test and inspect goods on arrival, further verifying the consistency of both supplies and suppliers over time.

Many products distributed by NECTO are made by leading manufacturers and hold all the safety certifications required for market entry. Nevertheless, many are checked and inspected on arrival at the warehouse to prevent quality issues once marketed or delivered to our suppliers.
Why is this necessary?
Products undergo specific incoming tests:
Many of our products, such as connections, are made from plastics (Nylon PA6 or PA66) which, if not properly conditioned at source, may lose their inherent physical and structural properties.
This can reduce flexibility if the material becomes too dry owing to weather conditions, such as dry heat or intense cold in dry air, which alter the plastic's moisture content. The plastic then becomes very brittle and could be damaged during assembly at our customers' premises.
Where applicable, NECTO has adopted a procedure to inspect and check the conditioning of plastic materials and, if necessary, an internal reconditioning procedure to restore the correct moisture content.

NECTO also manufactures connections and cable clamps, holds patents and has IMQ certification for these products. The entire production chain, from raw material purchasing to final safety checks, is therefore always documented and controlled.

Lighting:
Converters: many lighting products are manufactured to NG specifications, including in-line and "Water Stop" converters.
The manufacturer tests 100% of these using test benches built by Necto Group, while a statistical sample of delivered material also undergoes incoming testing to check and verify production. Dimensions and key electrical parameters are checked.

LED strips: all products in this category are tested on arrival using an NG-built test bench. Dimensions, electrical parameters, colour temperature, CRI and other key parameters are checked. Everything is recorded in a database, with data available from April 2014. This provides traceability and enables us, on request, to supply the same type of product even years after the previous delivery.

The same applies to other lighting products. Quality verification testing is essential to our business. In this way, we undertake to ensure consistent product quality over time.

Power supplies: before market introduction, power supplies undergo functional checks and a test report is produced to accompany the sample. The sample is archived and made available for subsequent checks.

Thermostats: dimensions and contact closure are checked.
Functional testing is performed on a statistical sample, in an oven or in liquid where immersion is intended.

PRODUCT	CODE	CHECK TYPE	MEASUREMENT TYPE	INSTRUMENT	S.R.%	INSPECTION LEAD
PLUG CABLE	ALL	DIMENSIONAL	DIMENSIONS, AS SET OUT IN p.7.2.1 Mod.01	TAPE MEASURE	1 PC / BATCH OR PALLET	WAREHOUSE
CABLE LENGTH	ALL	DIMENSIONAL	DIMENSIONS, AS SET OUT IN p.7.2.1 Mod.01	TAPE MEASURE	1 PC / BATCH OR PALLET	WAREHOUSE
LED STRIPS	ALL	VARIES BY PRODUCT	FUNCTIONAL TEST	TEST BENCH, TESTER, SPECTROMETER	25%	WAREHOUSE
AD TERMINALS	ALL	DIMENSIONAL, ELECTRICAL SAFETY	VISUAL, DIMENSIONAL	CALLIPER, DIELECTRIC STRENGTH TESTER, INSULATION TESTER, TEST PIECES	5 PCS/1,000 DIMENSIONS; 1 PC/1,000 ELECTRICAL SAFETY	TECHNICAL DEPARTMENT
METAL PARTS	ALL	DIMENSIONAL	DIMENSIONAL	CALLIPER, MICROMETER	5PCS/3000	TECHNICAL DEPARTMENT
HEART-SHAPED SPRINGS	ALL	FUNCTIONAL	DIMENSIONS, LOAD	CALLIPER, MICROMETER, VERTICAL FORCE TESTER	1PC/5000	TECHNICAL DEPARTMENT
CABLE GLANDS	ALL	DIMENSIONAL, FUNCTIONAL	CHECK CABLE MOVEMENT UNDER LOAD	6 kg WEIGHT, MANUAL TEST	1PC/5000	TECHNICAL DEPARTMENT
OVERMOULDED PARTS	ALL	FUNCTIONAL CHECK + HYDRAULIC TEST	FUNCTIONAL CHECK + HYDRAULIC TEST	TESTER + TEST BENCH + COMPRESSED AIR	1%	TECHNICAL DEPARTMENT
THERMOSTATS	ALL	VISUAL CHECK OF FASTON POSITION + CONTACT CLOSURE CHECK	VISUAL CHECK OF FASTON POSITION + CONTACT CLOSURE CHECK	TESTER	200 / BATCH	TECHNICAL DEPARTMENT
LIGHTING BOARDS	ALL	VISUAL INSPECTION	VISUAL INSPECTION	TESTER SPECTROMETER	3-5%	TECHNICAL DEPARTMENT

What equipment is used for these checks and tests? We have various instruments, periodically checked by IMQ-recognised calibration centres:

- Insulation and dielectric strength tester
- Multimeter with data logger
- Vertical force testing stand
- Callipers, 0.01 mm and 0.001 mm micrometers with bench stand.
- Oscilloscope, electrical power analyser (with inrush recording for power supplies), AC/DC power supplies with adjustable voltage and current, and dummy load for power supply load and endurance tests
- Spectrometer for checking light sources
- Thermal imaging camera for temperature checks on electrical and lighting devices
- All safety-related measuring instruments are regularly calibrated
- Dual-channel thermometer with data logger.

3.3 – Materials used

We apply sustainability criteria to the management of consumables, prioritising recycled materials and, where applicable, materials from renewable and certified sources.

This choice helps reduce the use of virgin raw materials and promotes more responsible procurement models, in line with the company's environmental protection objectives.

MATERIAL TYPE (MAIN MATERIALS ONLY, SEE EXAMPLE)	PERCENTAGE OF RECYCLED MATERIAL	FROM RENEWABLE SOURCES? Y/N	Quantity (unit of measure-ment)	OF WHICH FROM RECY-CLED MATERIALS	OF WHICH FROM CERTIFIED SOURCES	CERTIFICATION NAMES
PLASTIC	100%	-		100%		
PAPER / CARDBOARD	100%	YES				
WOOD	100%	YES				

The table above summarises the sustainability characteristics of the company's main consumables, specifically:

- Plastic: made from 100% recycled material, helping to recover secondary raw materials and reduce plastic waste.
- Paper and cardboard: made from 100% recycled material and sourced from renewable resources, prioritising sustainably managed supply chains.
- Wood: from renewable sources and made from 100% certified material, ensuring the sustainable management of forest resources.

3.4 – Supplier relationships and sustainable procurement

NECTO GROUP's supply chain extends across more than 250 suppliers covering the full range of products supplied.

Each supplier has been assessed for reliability and efficiency, from responsiveness and service to products, certifications and market terms. This requires substantial supplier scouting, with selection based on a balanced combination of factors that determine the supplier's ranking.

During scouting, the same request for quotation (RFQ) is sent to several suppliers to encourage competition and obtain the best purchasing terms.

Once responses are received, we analyse:

- the type of response received
- response time
- completeness of the information provided
- compliance with the requested specifications
- the level of certification relevant to the request
- market price and commercial terms

Following these assessments, a supplier is selected for the specific RFQ. For a new supplier, its business profile and certifications are analysed. For non-EU suppliers, an external assessment body is also sent to carry out a second-party audit at the supplier's premises.

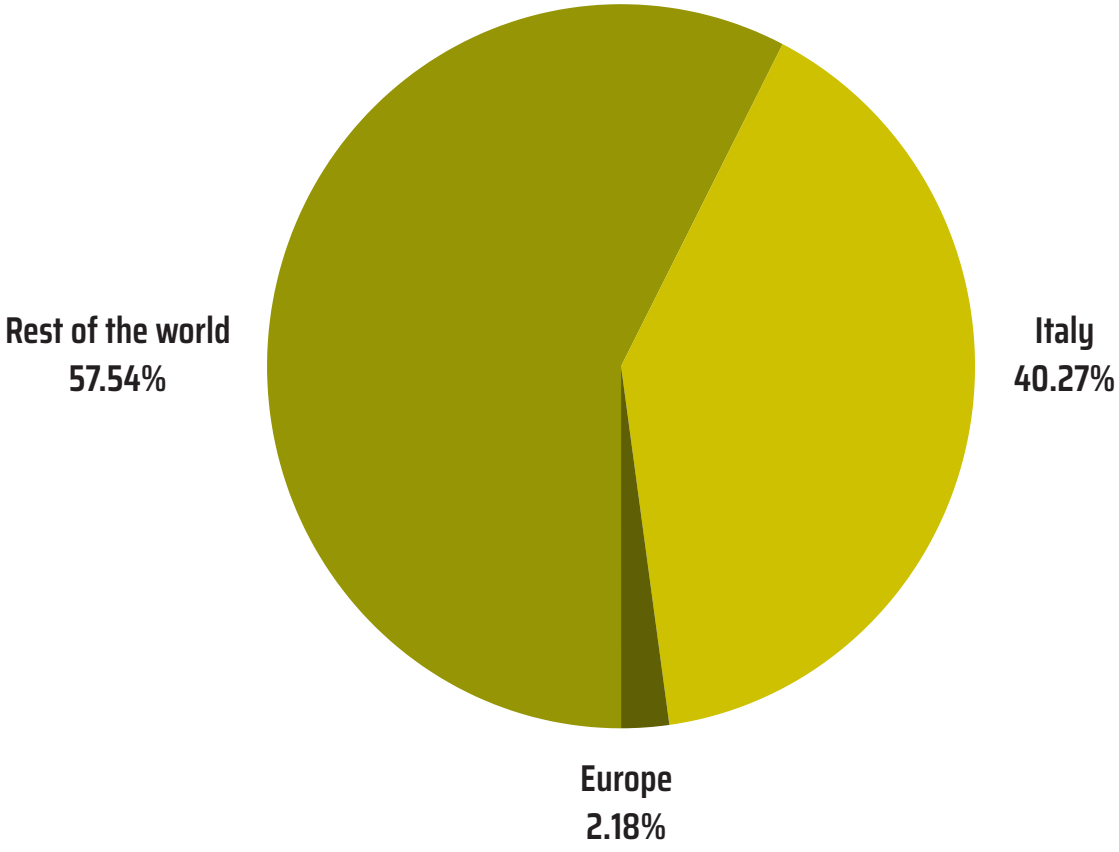
The audit covers several topics and provides detailed insight into aspects of the supplier such as:

1	Factory profile
2	Human resources
3	Product and Marketing Capacity
4	Production Process
5	Production Capability
6	Quality Control Management System
7	Product Research and Development
8	Client's Special Requirements

The geographical distribution of purchases in 2025 shows a predominance of suppliers outside Europe, accounting for 57.54% of total procurement value. Italian suppliers account for 40.27%, with the remaining 2.18% represented by European suppliers.

This breakdown reflects the composition of the company's supplier network and the origin of the goods and components purchased during the year.

Purchasing breakdown by geographical area (2025)



3.4.1 – Supplier assessment

The need to manage a supplier non-conformity identified through the quality management system may arise from a customer complaint or from screening and incoming tests performed by staff when materials arrive. Over the years, relationships with our supplier partners have developed, enabling productive dialogue with technical departments. Experience gained through discussion and understanding customer issues has built specific knowledge of products and the problems they may cause. Sharing this with our manufacturing partners' technical and production departments has substantially reduced pre- and after-sales problems.
Many issues are identified on arrival, so customers do not encounter them and complaints are avoided.
On sustainability, all suppliers are assessed as far as their willingness to participate allows. We therefore aim for 100% coverage, although this is not always achieved because some do not respond.
The sustainable procurement policy is shared with all suppliers by sending them the documents, but not all acknowledge receipt or countersign them. We do not currently require signed agreement.

3.4.2 – Sustainable procurement policy

NECTO GROUP has long pursued a sustainable procurement policy aimed at reducing the environmental impact of the goods it markets, firmly believing that corporate social responsibility extends beyond the company throughout the value chain.
It has therefore invested in sustainable procurement by defining a Sustainable Procurement Policy that it regards not only as ethically right, but also as an essential tool for promoting responsible actions and conduct across production and supply chains.
NECTO GROUP therefore undertakes to check that its suppliers:
• Meet social and ethical requirements in their treatment of employees, including respect for human rights and diversity, freedom from exploitation, child labour and forced labour, compliance with working hours and fair pay.
• Commit to reducing the environmental impact of the processes and materials relating to supplies.
• Optimise energy resources, committing to reduce waste and being encouraged to use renewable energy.
• Use raw materials responsibly, promoting product circularity, for example by recycling waste

products that can be reused after suitable treatment.
• Commit to working with NECTO GROUP through exchange and audits.

Procurement Management therefore undertakes to include the following guidelines in supplier assessment:
• Include sustainability criteria in supplier selection.
• Prioritise suppliers with sustainability and employee protection policies who adopt all necessary tools to prevent and reduce discrimination, corruption and abuse.
• Check suppliers' sustainability policies by examining documentation, sustainability reports and Codes of Ethics to understand their commitments.
• Favour suppliers operating in and connected to the local area. This optimises transport, reducing the environmental impact of goods movements and improving air quality.
• Promote sustainability awareness throughout the supply chain.
• Work with suppliers to find sustainable solutions that improve process and product safety.
• Regularly monitor the implementation of sustainable procurement commitments and health and safety standards, identifying trends clearly and ensuring environmental and social factors are genuinely considered in purchasing decisions.
• Request the percentages of recycled raw material used in production, in a spirit of collaboration and improved sustainability.

3.5 – Innovation, research and development

Research and development aims to:
- develop new products;
- improve the quality of existing products and services;
- consolidate expertise in the services offered.

In 2025, NECTO also launched RELEVANT (Advanced waREhouse pLatform enhanced by gEneratiVe AI techNical support), developed under the SMACT funding call financed by Italy's National Recovery and Resilience Plan (PNRR).

The project involves developing an innovative digital platform for advanced warehouse process management, integrating generative artificial intelligence to support operational and decision-making activities.

The initiative brings together the company, Ca' Foscari University of Venice and a university spin-off, supporting technology transfer, trials of innovative solutions and the development of specialist skills.

The project promotes process digitalisation, resource optimisation and the adoption of technologies aligned with PNRR principles, including the DNSH criterion, helping strengthen internal skills and create shared value for the company and the local area.

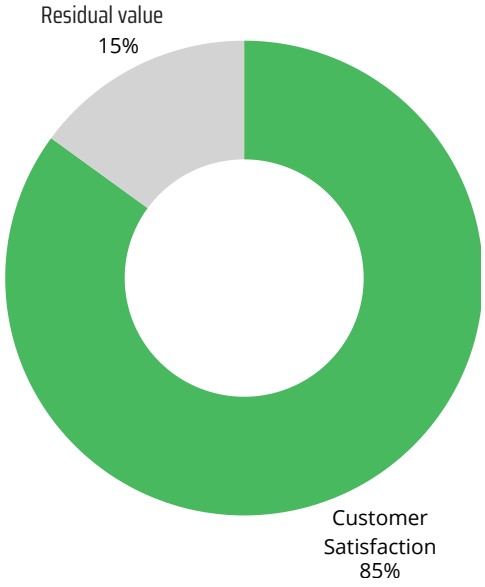
3.6 – Responsible communication and customer relations

NECTO GROUP has established processes for communicating with customers about product and service information; understanding customer perceptions and views, including complaints; managing customer property where applicable; and handling specific, immediate requests where relevant.
In all these cases, sales staff act as the customer's point of contact.

Customer support
For NECTO GROUP, being readily available to customers is the real key to business success: helping them solve problems while consistently providing a reliable, quality service.
To continually improve delivery accuracy and punctuality, NECTO has invested in an IT business analytics solution for its sales force, enabling data visualisation and detailed information sharing across the organisation. This will help sales staff keep track of the business and the customers assigned to them.

The internal technical department is responsible for quality services and acts as a customer support adviser, both after sale and at the initial contact stage, working alongside sales staff to provide technical and commercial support.

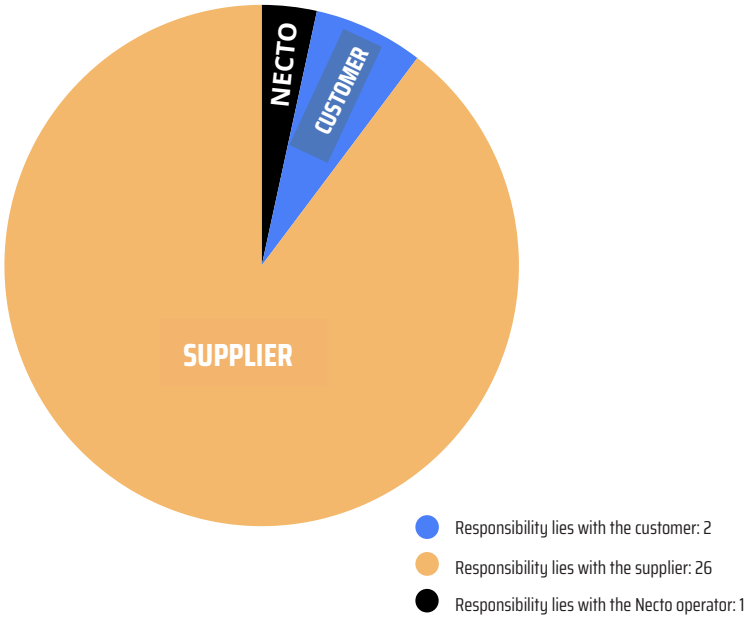
Satisfaction survey and complaints management
The latest satisfaction survey recorded a score of 4.29 out of a possible 5, a level the company considers satisfactory.



No particular customer complaints have emerged.
Over the years, we have sought to manage complaints effectively, demonstrating the company's commitment to meeting customer expectations. Besides fostering strong customer relationships, feedback from complaints has enabled our manufacturing suppliers to improve their production standards continuously.

In 2025, 29 reports concerning delivered products were recorded, as follows:

- 1 report attributable to an internal process (burr formation during terminal cutting), addressed through machine maintenance and operator training.
- 2 reports relating to improper use of products by customers (damage to dimmers and converters).
- 26 reports attributable to suppliers, mainly involving manufacturing or component moulding defects.




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75
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PEOPLE AND COMMUNITIES

4.

4.1 – People policies

"People are a fundamental asset of the company and an essential prerequisite for its competitiveness."

NECTO GROUP therefore protects and promotes their professional development to expand its skills base. Through its policies, Quality Management System, Internal Rules and Code of Ethical Conduct, it defines and shares with all staff the knowledge needed to ensure that services meet customer requirements (the company's organisational knowledge).
Alongside needs-based training, health and safety measures minimise workplace accident risks, and employee benefits are provided.
NECTO GROUP employees are covered by the National Collective Agreement for Commerce or the National Collective Agreement for the Metalworking Industry, depending on their operating site and role.

4.2 – Workforce composition

At 31 December 2025, NECTO GROUP employed 23 people; 100% held permanent contracts, reflecting a strategy centred on stable, long-term employment that allows employees to participate actively in the organisation's policies and acquire NECTO's values and expertise.

EMPLOYEES BY CONTRACT TYPE AND GENDER	**AT 31/12/25**		
	Women	Men	**TOTAL**
Permanent	5	18	23
Fixed-term	0	0	0
Total staff	**5**	**18**	**23**

In addition to its employees, NECTO GROUP works with non-employee associates, specifically 3 sales representatives who promote NECTO products.

NUMBER OF EXTERNAL ASSOCIATES	AT 31/12/25		
	Women	Men	**TOTAL**
Sales representatives	0	3	3
Temporary / agency staff	0	0	0
Interns / trainees	0	0	0
Other (please specify)	0	0	0
Total staff			**3**

EMPLOYEES BY EMPLOYMENT TYPE AND GENDER	AT 31/12/25		
	Women	Men	**TOTAL**
Full-time	5	17	22
Part-time	0	1	1
Total employees	5	18	**23**

EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP		AT 31/12/25		
	< 30 years	30-50 years	> 50 years	**TOTAL**
Executives		0	0	0
Middle managers		2	0	2
Office staff	1	10	5	16
Manual workers		3	2	5
TOTAL	**1**	**15**	**7**	**23**

Recruitment begins by defining the need and role profile. It follows equal opportunity and non-discrimination principles, objectively assessing candidates' personal and professional qualities against the role. NECTO GROUP is committed to encouraging diversity and developing and maintaining a supportive, inclusive environment throughout recruitment, hiring and onboarding, as well as when people leave the company.

HIRES AND DEPARTURES 2025	By gender			By age group		
	Women	Men	**TOTAL**	< 30 years	30–50 years	> 50 years
Number hired	2	0	**2**	1	1	0
Number resigned / departed	1	0	**1**	0	0	1
New hire rate*	40%	0	**9%**	100%	7%	0
Staff turnover rate*	20%	0	**4%**	0	0	14%

* Rates are calculated as the number of employees hired/leaving during the year divided by the number employed at 31 December, by gender.

4.3 – Health and safety

"In conducting its activities, NECTO GROUP regards human health and workplace safety as a non-negotiable duty. Workers' wellbeing and safety are of fundamental importance."

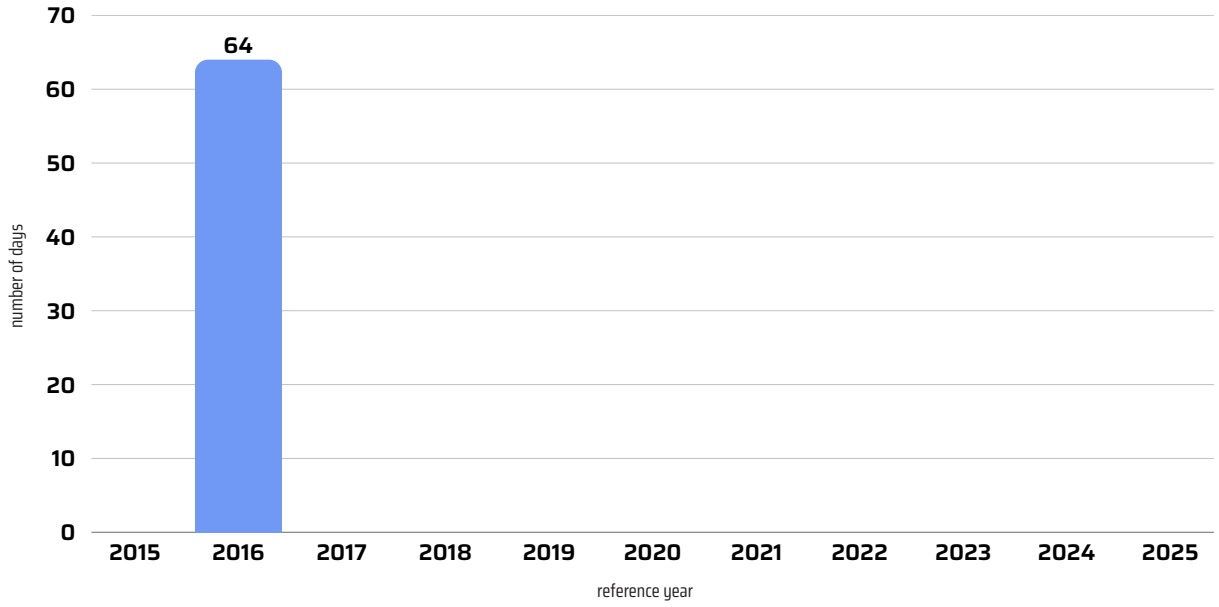
NECTO GROUP has adopted a policy for risk prevention and the protection of workplace health and safety. It is integral to operations and communicated throughout the organisation so that every employee is aware of it.

NECTO GROUP's pillars for risk prevention and protection of workers' health and safety are:
• comply with both the provisions and principles of safety and hygiene laws applicable to NECTO GROUP's activities;
• promote every initiative to prevent major and minor incidents that could compromise workers' safety in any activity;
• manage products and use procedures that safeguard workers;
• provide the resources needed for an occupational health and safety management system;
• promote consultation and participation by workers and their safety representative, including through information, training and awareness;
• inform all employees and external contractors' staff (couriers) of the need to comply with safety and hygiene rules applicable to activities at Necto Group srl.
• Train associates to respond to abnormal and emergency situations to minimise possible consequences.
• Provide safeguards for workers, including supplementary healthcare alongside the National Health Service (Fondo Est / Unisalute).

• Commit to continually improving workplace safety, health conditions and the management system.

Management and everyone involved regularly review safety management through refresher courses, and workers' health through periodic medical examinations and verification audits, in accordance with applicable legislation and all relevant guidance.
Each year, the entire system is assessed during the Management Review to verify its effectiveness and any need for updates, and objectives and programmes are set for the following year.
In 2025, no workplace accidents occurred, thanks to workers' care and the training provided.
The accident indicator for 2025 is therefore 0 (zero).
No occupational illnesses occurred either.

Days lost to injury by year



WORK-RELATED INJURIES AND ILL HEALTH	2025		
	Women	Men	**TOTAL**
Fatal workplace accidents	0	0	0
High-consequence work-related injuries*	0	0	0
Non-serious work-related injuries	0	0	0
Commuting accidents	0	0	0
Days lost to injury (Days lost to injury include the day on which the injury occurred and are counted as calendar days.)	0	0	0
Cases of occupational ill health	0	0	0
Deaths from occupational ill health	0	0	0
Number of hours worked	7.995	30.061	38.056
Rate of recordable work-related injuries (number of injuries / hours worked × 1,000,000)	0	0	0
Severity rate (days lost to injury / hours worked × 1,000)	0	0	0

* Work-related injury resulting in death or injury from which the worker cannot, does not, or is not realistically expected to recover fully to their pre-injury state of health within 6 months (Source: GRI Standard GRI 403).

STAFF LEAVE AND SICKNESS	2025		
	Women	Men	**TOTAL**
Parental leave (days)	0	14	**14**
Sickness (excluding occupational ill health) (days)	88	324	**412**

4.4 – Staff training and development

Employee training and professional development are another pillar of human resources management at NECTO GROUP.

NECTO GROUP believes that staff training demonstrates the importance the company places on employees' professional futures. It also helps them feel directly connected to the heart of the

company and more inclined to improve their productivity naturally and with confidence.

The employer must ensure that every employee receives adequate and sufficient training in workplace health and safety. Training, as a contribution and stimulus to the development of an individual or group, seeks to develop capabilities and attitudes that are not only cognitive and work-related, but also spiritual, moral, civic, social and emotional.

NECTO GROUP identifies and collects training needs and develops its staff training plan accordingly. All training programmes are followed and recorded in a dedicated Excel file (TRAINING HOURS 2024–2025), available to inspectors during visits by the inspection and certification body (CESI/IMQ).
Refresher courses also cover topics specific to NECTO GROUP's activities, such as "Good practices for preventing musculoskeletal disorders".
Training is delivered through external and internal courses, documented by attendance certificates.

The following courses were delivered in 2025:

Topic	No. of participants	Date	**Hours**
WORKERS' SAFETY REPRESENTATIVE (REFRESHER)	1	28/11/2025	**4**
SPECIFIC GDPR TRAINING	3	15/10/2025	**18**
FORKLIFT OPERATION	1	01/10/2025	**4**

Average training hours per employee: 168 hours.

TRAINING HOURS DELIVERED	**2025**		
	Women	Men	**TOTAL**
Executives			
Middle managers			
Office staff	6	16	**20**
Manual workers		4	**4**
TOTAL	6	**20**	**24**

4.5 – Diversity and inclusion

Diversity and inclusion are important to NECTO GROUP. They are set out in a Diversity, Equity and Inclusion Policy developed in March 2024 and published and shared throughout the organisation.

NECTO GROUP believes that diversity of ethnicity, gender, sexual orientation, age, thought and background helps us grow, both as individuals and as a company. Drawing on people's diversity and characteristics can help us navigate change and understand the complexities of a changing world.
NECTO GROUP ensures fair treatment, opportunities and recognition, acknowledging everyone's lifestyles, needs and aspirations.
Inclusion is promoted at various levels by designing a working environment and experience where every employee can realise their full potential, with the utmost attention to preventing discrimination, physical, psychological or verbal abuse, and harassment of any kind in the workplace.

The company aims to respect and support people with disabilities, offering employment opportunities compatible with individual abilities. NECTO GROUP has adapted working conditions and infrastructure to meet the needs of employees with disabilities. For a disabled worker within the organisation, it has also adopted a protective approach by tailoring working hours and duties. The role fully respects the employee's physical and intellectual abilities, providing personal fulfilment and developing a relationship of trust, collaboration and friendship. This demonstrates the company's commitment to creating jobs where diversity, equity and inclusion are valued every day.

The whole company benefits from this shared approach, developing human relationships and a sense of belonging that create a "team" and a "family".

NECTO GROUP's principles for promoting diversity and inclusion are:
• Create an open, inclusive and participatory working environment that also values people with disabilities and promotes diversity and inclusion in practice.
• Avoid and prevent discrimination in any form, whether relating to sexual orientation, religion, race or any other difference, respecting each individual's characteristics. There is a strong commitment to equal treatment for people from different backgrounds and to welcoming people with disabilities, within the scope of the duties available in the company, with complete openness to listening and discussion and without making them feel disadvantaged by their differences.
• Promote diversity by enabling individuals to express their potential, fostering growth and innovation.
• Encourage and promote listening as a means of dialogue, supporting inclusive behaviour.
• Value each person's talent, skills and interests to promote personal and professional development.

This removes barriers to personal growth and inclusion in company projects.

In 2025, zero cases of discrimination were identified or reported.

4.6 – Employee benefits and wellbeing

The pillars of employee benefits in collective bargaining.
In Italy, National Collective Labour Agreements (CCNL) are an essential ally in placing workers at the centre. Collective bargaining has recognised the need to formalise employee benefits, establishing clear rules, mandatory minimum requirements and specific safeguards for staff, with differences according to industry.

The National Collective Agreement for the Tertiary, Distribution and Services Sector has historically operated in a context of extensive public interaction and demanding working patterns. It therefore treats employee benefits as genuine tools for social protection and stability. Companies are encouraged to implement flexible benefit plans,
supporting families' everyday spending and care needs, recognising the crucial role of work–life balance in a sector where working-hour availability is often critical.
While commerce focuses on broad protection, the National Collective Agreement for the Metalworking Industry pioneered structural employee benefits in Italy. It first introduced mandatory benefits, requiring companies to provide each worker with a fixed annual allowance of €200 in benefit credits. Redeemable through dedicated platforms for a wide range of goods and services, including fuel vouchers, shopping vouchers, school fee reimbursement and supplementary pension contributions, these credits have shown how benefits can become a contractual right and a positive habit for hundreds of thousands of manual workers and technical staff.

Within this system, healthcare is undoubtedly the benefit most recognised and appreciated by workers.
The supplementary healthcare funds provided by the respective national collective agreements

form an essential medical safety net, effectively complementing the National Health Service and reducing the financial impact of medical expenses on household budgets.

For workers covered by the Commerce and Services CCNL, the reference fund is Fondo Est. It provides mandatory supplementary healthcare for permanent and fixed-term full-time employees covered by this agreement. Employer-funded, it covers medical and dental services and promotes prevention, offering
reimbursements or reduced rates, including cardiovascular and cancer care. MètaSalute is the mandatory supplementary healthcare fund under the Metalworkers' CCNL, fully funded by the company for all employees. It offers comprehensive cover for hospital stays, surgery and medical or dental treatment through
affiliated providers, with the option to extend protection to dependent family members.

4.7 – Respect for and protection of human rights

NECTO GROUP protects and promotes these rights in its operations and relationships with its people, in accordance with the principles established by the UN, OECD and ILO.
Respect for every associate's personality and dignity is fundamental to a healthy, fair working environment where trust drives relationships, beyond any barriers of race, religion or sexual orientation.

NECTO GROUP is committed to ensuring that human rights are respected not only within its organisation, but throughout its value chain. It has therefore invested in sustainable procurement by defining a Sustainable Procurement Policy, regarding this as both ethically right and an essential means of promoting responsible actions and conduct throughout production and supply chains. NECTO GROUP undertakes to verify that suppliers meet social and ethical requirements in their treatment of employees, including respect for human rights and diversity, freedom from exploitation, child labour and forced labour, compliance with working hours and fair pay.

Procurement Management therefore undertakes to include the following guidelines in supplier assessment:
• Include sustainability criteria in supplier selection.
• Prioritise suppliers with sustainability and employee protection policies who adopt all necessary tools to prevent and reduce discrimination, corruption and abuse.
All suppliers are assessed from this perspective as far as their willingness to participate allows, and the sustainable procurement policy is shared with all suppliers by sending them the documents.

NECTO GROUP aims for 100% assessment and acceptance, although this is not always achieved because some suppliers do not respond.



ENVIRONMENT

5.

5.1 – Necto Group's environmental policy

NECTO GROUP is committed to conserving resources and limiting environmental impacts by complying with current laws and applicable environmental regulations, minimising resource consumption and waste generation, encouraging recovery where possible and engaging suppliers on environmental protection.

5.2 – Procurement policy for environmental sustainability

Necto Group pursues sustainability by promoting rules and conduct among its suppliers that respect environmental, social and economic considerations, and by committing to purchase sustainable, ethical materials, goods and services.
For environmental sustainability, this commitment extends throughout the supply chain, with defined rules and commitments to achieve these objectives. For example:
• We purchase products that meet environmental standards and carry all the environmental declarations required for sale within the European Community and, in compliance with regulations, worldwide.
• As we are not manufacturers, we do not use any material or compound that could harm the environment.
• Waste material, mainly paper and cardboard, is recycled where possible, and correct disposal is ensured through specialist organisations.
• Our organisation complies with rules on recycling plastic and non-plastic materials and follows Directive 97/129/EC by displaying alphanumeric codes on packaging products.

5.3 – Energy consumption and emissions calculation

NECTO GROUP has developed a policy to reduce energy consumption in offices, the warehouse and outdoor areas, in line with ENEA's National Programme to Promote Energy Efficiency Culture, "Italia in Classe A".
This supports improved sustainability and reduced environmental and greenhouse gas impacts.
NECTO GROUP has also established and communicated rules for behaviour in offices and the warehouse and for general management.
• Prioritise natural light. If insufficient for the task, electric lighting may be used, with LED or other low-energy light sources.
• Switch off unnecessary lights in bathrooms, stairwells, cupboards and similar areas, turning them on only when needed.

• In the laboratory, use test stations only for the time required for testing.
• In the warehouse, favour natural light from windows and switch on artificial lighting only when needed, in areas being used for picking or preparing shipments. Open loading doors for loading and unloading, then close them immediately afterwards.
• Outdoor lighting must be sufficient to meet safety requirements and controlled by dedicated systems (timers/astronomical clocks) to optimise operating time.
• In winter, reduce office temperatures by 1°C. This saves around 12% of gas energy.
• In summer, switch off air conditioning one hour before leaving and consider dehumidification mode. Set temperatures around 27°C or at least one degree higher than usual. These measures can save up to 22% of cooling energy.
• Close doors and windows while heating or cooling is operating.
• Enable PC energy-saving functions, switch off Wi-Fi devices when unnecessary and unplug unused appliances. Turn off terminals and PCs at the end of the working day.
• Optimise printer use.
• Always maintain heating and cooling systems regularly.

All company lighting uses LED systems manufactured by Optiled and installed throughout the commercial area following a lighting upgrade. In 2020, the meeting room and remaining rooms were made more efficient with LED panels with the following specifications: CCT 4000K, 36W, CRI>80, 3600lm.

FUEL CONSUMPTION BY RENEWABLE AND NON-RENEWABLE SOURCE	TOTAL 2025
Natural gas for heating (MQ)	899

The energy consumption of the production unit in the province of Pordenone must be added to the data for Necto Group's Padua headquarters. This unit has no gas connection, so all consumption relates to electricity.

PURCHASED ELECTRICITY CONSUMPTION (kWh)	TOTAL 2025
Electricity purchased from NON-RENEWABLE SOURCES	38.56MWh
Electricity purchased from RENEWABLE SOURCES	35.14MWh

ENERGY SERVICE PROVIDER	SERVICE	CALENDAR YEAR CONSUMPTION 2022	CALENDAR YEAR CONSUMPTION 2023	CALENDAR YEAR CONSUMPTION 2024	CALENDAR YEAR CONSUMPTION 2025
ENEL ENERGIA	LIGHT / POWER	35,209MWh	34,48MWh	22.841MWh (PD site) 2.36MWh (PN site)	-
ENEL ENERGIA	GAS	14,76MWh	13,79MWh	3.90MWh (PD site) 0MWh (PN site)	-
SORGENIA	LIGHT / POWER			10.581MWh (PD site) 25.35MWh (PN site)	36.845MWh (PD site) 36.355MWh (PN site)
SORGENIA	GAS			7.75MWh 0MWh (PN site)	9,6MWh 0MWh (PN site)

5.3.1 – Emissions calculation

Greenhouse gas emissions associated with NECTO GROUP's activities can be divided into direct and indirect emissions. Direct emissions (Scope 1) result from the direct combustion of fossil fuels purchased for heating (natural gas). Indirect emissions (Scope 2) relate to electricity purchased and consumed by the company, calculated using both location-based and market-based approaches. The location-based method considers the average greenhouse gas emissions intensity of the grids where energy is consumed, mainly using average grid emission factor data. The market-based method considers emissions from electricity the company has deliberately selected through contractual arrangements.

CO2 EMISSIONS* (tCO2e)	2025
Natural gas (Scope 1)	1,78
Electricity purchased from non-renewable sources (Scope 2):	
Emissions from electricity purchased from non-renewable sources (**location-based method)**	19,16
Emissions from electricity purchased from non-renewable sources (**market-based method)**	33,81

* The following sources were used to calculate emissions:
- Direct emissions (Scope 1): ISPRA 2021 – AR6 – Commercial and institutional natural gas < 50MW; Snam conventional gross calorific value – Padua delivery point 2023
- Indirect emissions (Scope 2):
• Location-based: ISPRA 2023 – Electricity – Italy (estimated greenhouse gas emission factors for electricity consumption)
• Market-based: AIB 2024 – Residual mix – Italy

5.4 – Waste and scrap material management

Waste generation and disposal do not have a particularly significant impact for NECTO GROUP: **waste from the production activities** of NECTO GROUP mainly consists of mixed packaging materials, such as paper, cardboard and plastics.
No hazardous waste was generated in 2025, while non-hazardous waste totalled 11,200 kg. Of this, 3,680 kg (32.86%) was sent for recycling, mainly through paper and cardboard recovery, while the remaining 7,520 kg (67.14%) was sent to landfill in accordance with current legislation.

WASTE MANAGEMENT (KG)	**2025**		
	Hazardous waste	Non-hazardous waste	**TOTAL**
Recycling (PAPER AND CARDBOARD)	0	3.680	**3.680**
Landfill (DRY RESIDUAL WASTE)	0	7.520	**7.520**
TOTAL	0	11.200	**11.200**

In 2025, Necto Group purchased only sustainable recycled cardboard for all product packaging used for shipments.

NECTO GROUP is also registered in the Electrical and Electronic Equipment Producers Register under no. IT19100000011758 and the Batteries Register under no. IT19100P00005735.



ECONOMIC PERFORMANCE

6.

6.1 – Business performance

In 2025, the company increased both its operating margin and turnover, exceeding its 2024 results. This improvement reflects effective management of business strategies throughout the supply chain, in a market characterised by complex procurement dynamics and evolving demand. It confirms the company's ability to adapt and grow in a challenging national and international economic environment.

Turnover reached €10.9 million, an increase of 9.96% on the previous year. Thanks to prudent purchasing planning and financial management, profit for 2025 improved compared with 2024.

Against this backdrop, the company continues its strategy of consolidating its market position by developing and strengthening commercial partnerships and seeking new products, with the aim of creating a corporate identity characterised by ever-higher service quality.

6.2 – Distribution of value created

Presenting economic value generated and distributed, through the reclassification of selected items in NECTO GROUP's income statement, better highlights the company's ability to create wealth for key stakeholders, while respecting sound financial management and their expectations.

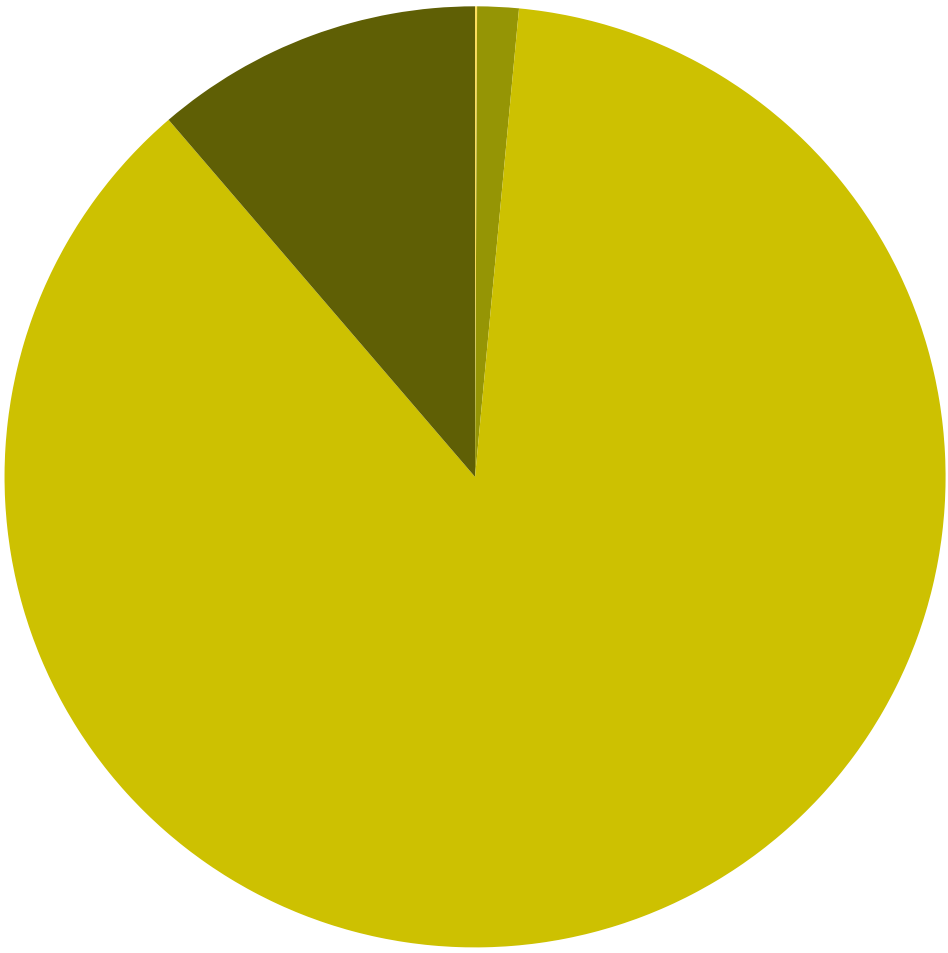
In 2025, NECTO GROUP generated economic value of €10.9 million (representing the sum of revenue and other positive income components).

Economic value distributed amounted to €10.6 million, or 97.02% of value generated, representing the wealth used to remunerate NECTO GROUP's main internal and external stakeholders. The remaining 2.98% is economic value retained: the difference between economic value generated and distributed, representing the financial resources devoted to the company's economic growth and financial stability. This amount, €324,755 in 2025, should be regarded as NECTO GROUP's annual investment in maintaining efficient processes and enabling sustainable long-term development.

ECONOMIC VALUE GENERATED AND DISTRIBUTED	2025	% of total
(A) Economic value generated	**10.886.307**	**100,00%**
Revenue	10.845.739	
Other income	40.505	
Finance income	63	
(B) Economic value distributed to stakeholders	**1 0.561.552**	**97,02%**
Operating costs (suppliers)	9.212.602	
Employee and associate remuneration	1.192.148	
Payments to providers of capital	7.094	
Payments to public authorities	149.708	
(A–B) Economic value retained	**324.755**	**2,98%**
Depreciation, amortisation and impairment	67.344	
Profit for the year allocated to extraordinary reserve	257.411	

The table above shows how economic value distributed was used to remunerate the socioeconomic system with which NECTO GROUP interacts, particularly some of its main stakeholders:
- suppliers: costs of purchasing the materials, products, goods and services required for company operations;
- staff: wages and salaries, social security contributions, benefits, training and safety costs, etc.;
- public authorities: income tax expenses for the year;
- providers of capital: interest paid to banks and credit institutions and other finance costs.

Economic value distributed



STANDARDS AND METHODOLOGY

7.

Purpose, reporting boundary and period

Publication of this first Sustainability Report is a voluntary undertaking by NECTO GROUP S.R.L., marking a further step towards transparent, structured communication with stakeholders on its economic, social and environmental impacts.

The data and information in this Report refer to the financial year from 1 January 2025 to 31 December 2025 (reporting period) for NECTO GROUP S.R.L. (corporate boundary). In some sections, data are compared with the previous year to enable stakeholders to assess performance over time. As this is the first edition, no restatements of data from previous editions have been made.

Reporting process

The Sustainability Report has been prepared following the GRI Sustainability Reporting Standards (GRI Standards), the most widely used international reference for sustainability reporting.

Preparation involved an internal reporting process carried out by a Working Group comprising representatives of the various reporting areas, under senior management supervision.

Disclosures follow the Materiality Principle. The topics covered are those considered material because they reflect the social and environmental impacts of the company's activities or may influence stakeholder decisions. These material topics were identified through a materiality analysis structured according to the approach described in section "1.3 – The sustainability topics most material to NECTO GROUP".

Contacts

For comments, enquiries, feedback and suggestions for improving this Sustainability Report, please contact:

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Email: info@nectogroup.com

The Sustainability Report is available at: https://www.nectogroup.com/en/sustainability/

7.1 – GRI content index

The following table sets out the GRI indicators used to prepare NECTO GROUP's 2024 Sustainability Report. In line with the latest Italian version of the GRI Standards, it lists the standards and individual indicators, with references to the sections of this document in which they are addressed.

Statement of use: NECTO GROUP has reported the information cited in this GRI content index for the period 01/01/2024–31/12/2024 with reference to the GRI Standards.
GRI 1 used: GRI 1 – Foundation – 2021.

GRI STANDARD		DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1	Organisational details	Methodological note
	2-2	Entities included in the organisation's sustainability reporting	Methodological note
	2.3	Reporting period, frequency and contact point	Methodological note
	2.4	Restatements of information	Methodological note
	2-6	Activities, value chain and other business relationships	Sec. 2.3
	2-7	Employees	Sec. 4.2
	2-8	Workers who are not employees	Sec. 4.2
	2-9	Governance structure and composition	Sec. 2.4
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Sec. 1.3
	3-2	List of material topics	Sec. 1.3
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Sec. 6.2
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Sec. 3.4
GRI 205: Anti-corruption 2016	205-1	Communication and training about anti-corruption policies and procedures	Sec. 2.4
	205-3	Confirmed incidents of corruption and actions taken	Sec. 2.4
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Sec. PENDING
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Sec. 5.3
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Sec. 5.3

	305-2	Energy indirect (Scope 2) GHG emissions	Sec. 5.3
GRI 306: Waste 2020	306-3	Waste generated	Sec. 5.4
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	Sec. 3.4
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Sec. 4.2
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sec. 4.6
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Sec. 4.3
	403-2	Hazard identification, risk assessment and incident investigation	Sec. 4.3
	403-3	Occupational health services	Sec. 4.3
	403-5	Worker training on occupational health and safety	Sec. 4.3
	403-6	Promotion of worker health	Sec. 4.3
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sec. 4.3
	403-8	Workers covered by an occupational health and safety management system	Sec. 4.3
	403-9	Work-related injuries	Sec. 4.3
	403-10	Work-related ill health	Sec. 4.3
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Sec. 4.4
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Sec. 4.2–4.5
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Sec. 4.5
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	Sec. 3.4
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Sec. 3.2
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sec. 2.5



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