

REPORT ON  
CORPORATE  
GOVERNANCE  
AND THE  
OWNERSHIP  
STRUCTURE  
2020

TRADITIONAL ADMINISTRATION  
AND CONTROL MODEL

**APPROVED BY THE BOARD OF DIRECTORS  
ON MARCH 4, 2021**

# REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE 2020

This report on corporate governance and the ownership structure (the "**Report**") explains the corporate governance system adopted by Italmobiliare S.p.A. ("**Italmobiliare**" or the "**Company**").

The Report contains information on the ownership structure and the methods of applying the Corporate Governance Code for listed companies dated July 2018 (the "**Corporate Governance Code**" or the "**Code**", available on the website of Borsa Italiana at [www.borsaitaliana.it/comitato-corporate-governance/codice/codice.en.htm](http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.en.htm)), to which the Company adheres.

The Report also gives the reasons why the Company does not apply certain recommendations of the Code that the **Board of Directors** decided not to adopt; it explains the corporate governance practices actually applied and describes the main characteristics of the Company's **Internal Control and Risk Management System ("ICRMS")**, which also applies to the financial and non-financial reporting processes.

The Report refers to the year ended December 31, 2020 but is updated with any significant subsequent events that took place up to the date of its approval.

During the course of 2021, the Company will implement the principles of the new Corporate Governance Code (the "**New Code**"), approved by the Corporate Governance Committee in January 2020 and will provide information on its application in the Corporate Governance report due to be published in 2022.

## I. General information and the ownership structure

### PROFILE OF THE ISSUER

Founded in 1946 and listed on the Milan Stock Exchange since 1980, Italmobiliare is an investment holding company that holds and manages a diversified portfolio of equity and other investments with a strategic vision based on a financial and industrial history that goes back more than 150 years. The Company plays an active, ongoing role in the process of expanding and enhancing the value of its portfolio, combining development, internationalisation and innovation with an effective governance and risk management model.

Italmobiliare applies a traditional governance model with a Board of Directors and a **Board of Statutory Auditors**, both appointed by the **Shareholders' Meeting**, as this system of corporate governance is deemed to be the most suitable to combine efficient management and effective controls, while at the same time pursuing the interests of Italmobiliare's **Shareholders** and making full use of management's skills.

The Company's Corporate Governance system is defined by the **By-laws** and the Corporate Governance Code, as well as by the following documents, codes and internal regulations:

- a. the Code of Ethics and the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001;
- b. the procedure for the management of relevant and insider information.
- c. the Code of Conduct on Internal Dealing;
- d. the procedure for transactions with related parties
- e. the procedure for maintaining the insider list;

- f. the procedure on market sounding;
- g. the regulations of the **Financial Reporting Officer**.

These documents are available on the Company's website, except for: (i) the Regulations of the Financial Reporting Officer, which are distributed electronically to the members of the Board of Directors and Board of Statutory Auditors, the Financial Reporting Officer and the Heads of Finance, Administration and Control of Italmobiliare Group (the "**Group**") companies; and (ii) the Special Section of the Organisation, Management and Control Model, which is distributed electronically to the Company's Directors, Statutory Auditors and all employees.

## INFORMATION ON THE OWNERSHIP STRUCTURE PURSUANT TO ART. 123-BIS OF THE CONSOLIDATED LAW ON FINANCE (CLF)

### **a) Share capital structure, indicating the various categories of shares, their rights and obligations, as well as the percentage of share capital that they represent**

Italmobiliare's share capital amounts to Euro 100,166,937, fully subscribed and paid in, divided into 42,500,000 ordinary shares with no par value, that give a right to vote at the Company's Ordinary and Extraordinary Shareholders' Meetings.

The shares are listed on the electronic stock exchange (Mercato Telematico Azionario) managed by Borsa Italiana. Italmobiliare's shares were admitted to the STAR segment on September 24, 2019.

Each share gives a right to one vote. Holders of Italmobiliare shares can vote at Ordinary and Extraordinary Shareholders' Meetings and exercise the corporate and property rights given them under the laws in force, subject to the limits specified by the latter and by the Company's By-laws. The Company does not currently have any savings shares in issue nor any other categories of shares apart from ordinary shares.

There is currently no stock option plan in force, though at the date of this Report there are still 70,300 stock options exercisable on the basis of previous plans, which were serviced by treasury shares held in the Company's portfolio.

### **b) Restrictions on share transfers**

There are no restrictions on share transfers, such as limits on the possession of shares or clauses involving the acceptance of transfers by the Company or other Shareholders.

### **c) Significant shareholdings according to the communications in accordance with art. 120 of the CLF**

The following is a list of Shareholders with significant shareholdings over 3% of the share capital at the date on which this Report was approved, according to the communications received under art. 120 of the CLF.

**SIGNIFICANT SHAREHOLDINGS**

Shareholder	No. of shares	% of share capital	% of voting capital
Efiparind B,V, <i>(Indirectly and through Compagnia Fiduciaria Nazionale S.p.A.)</i>	20,969,250	49.339%	49.665%
Serfis S.p.A,	4,765,000	11.212%	11.286%
Mediobanca S.p.A,	2,894,044	6.81%	6.854%

Under Consob Resolution no. 21672 of January 13, 2021 regarding the reduction in the initial relevant percentage threshold for communication pursuant to art. 120, paragraph 2-bis, of Legislative Decree no. 58 of 1998 for holdings in the share capital of listed companies - having Italy as its home Member State - with a high current market value and particularly widespread shareholding, based on the communications received, we would point out that the parties that hold more than 1% of the issued share capital represented by shares with voting rights are:

- Norges Bank (2.348%)
- Antonio Fenaroli (1.953%)
- Inarcassa (1.392%)
- Briarwood Capital Partners GP LLC (1.065%)

**d) Shares that confer special control rights**

No shares conferring special control rights have been issued.

There are no special powers and the By-laws do not foresee shares with multiple or increased voting rights.

**e) Employee shareholdings: mechanism for exercising voting rights**

There is no specific system for employees to hold shares in the Company.

**f) Restrictions on voting rights**

There are no restrictions on the exercise of voting rights.

**g) Shareholders' agreements under art. 122 CLF of which the Company is aware**

As far as the Company is aware, there are no agreements of any kind regarding the exercise of voting rights assigned to the shares and the transfer of such shares or any of the situations envisaged in art. 122 of the CLF.

**h) Change of control clauses and provisions of the By-laws on takeover bids**

Generally speaking, if there is a change in control over the Company, the loan contracts signed by the Company and some of its subsidiaries give the lender the right to withdraw from or terminate the loan agreement in advance of the contractual deadline, in accordance with normal business practice, along with the power to demand repayment of the residual capital outstanding and accrued interest or, in the case of derivative-based framework agreements, the right to terminate any outstanding derivative contracts.

With regard to takeover bids, the By-laws do not derogate from the provisions of the CLF in relation to the passivity rule or application of the neutralisation rules.

**i) Mandates to increase the share capital and authorisations to purchase treasury shares**

There are no mandates to increase the share capital.

The Shareholders' Meeting of April 21, 2020 resolved to: authorize (under art. 2357 of the Italian Civil Code) the purchase of 1,000,000 ordinary shares of the Company on one or more occasions for a period of 18 months from the date of the resolution.

At the date of this Report the Company holds 278,470 treasury shares, purchased under the authorisations previously approved by the Shareholders' Meeting.

The Shareholders' Meeting of April 21, 2021, convened for the approval of the 2020 financial statements, will also be called to vote on renewal of the authorisation to purchase treasury shares pursuant to art. 2357 of the Italian Civil Code, subject to revocation of the previous Shareholders' resolution.

### **I) Management control and coordination**

Based on the information and communications received by the Company under art. 120 CLF, Efi-parind B.V. participates indirectly in Italmobiliare with approximately 49% of the voting share capital through its subsidiary Cemital Privital Aureliana S.p.A. and through fiduciary registration with Compagnia Fiduciaria Nazionale S.p.A.

On February 12, 2021 the Board of Directors again confirmed that, in their opinion, neither Efi-parind B.V. nor any other entity or company exercised management control and coordination over Italmobiliare pursuant to arts. 2497-2497 septies of the Italian Civil Code. In fact:

(a) Italmobiliare does not receive from companies or entities in the investment chain that leads to Efi-parind B.V. any instructions, directives or constraints regarding the preparation or approval of business, financial or strategic plans, nor regarding the approval of budgets or the definition of investment or divestment plans, nor regarding the choice of counterparties with whom to do business;

(b) Italmobiliare is not a party to any industrial or financial policy or practice performed under the direction or through the coordination of companies or entities of the said investment chain, such as cash pooling, tax consolidation or similar sharing of functions;

(c) there is no trace of any contractual relationship currently or previously in place between the Company and other companies or entities in its investment chain, nor with other companies or entities subject to control by, or connected to, companies or entities in its investment chain;

(d) there is no trace of requests for prior approval by companies or entities included in the investment chain of ordinary or extraordinary transactions carried out or seriously considered by the Company;

(e) the Company has not received any policies, regulations or organisational charts from companies or entities in the investment chain;

(f) there are no Executive Directors that are common to the companies or entities in the investment chain and Italmobiliare; incidentally, there is only one common non-Executive Director of Italmobiliare, Luca Minoli, who has not been granted any powers in either of the companies in which he is a board member, namely Italmobiliare and Cemital Privital Aureliana S.p.A.

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Note that the information required by art. 123-bis, first paragraph, letter i) on agreements between the Company and the Directors which provide for compensation in the case of resignation or dismissal without just cause or if their employment relationship is terminated following a takeover bid are contained in the remuneration report published in accordance with art. 123-ter of the CLF.

The information required by art. 123-bis, first paragraph, letter l) on the appointment and replacement of Directors and the amendment of the By-laws is provided below in the section in this Report about the Board of Directors.

## II. The Board of Directors

### ROLE AND DUTIES

The Board of Directors has the task of defining the strategic guidelines of the Company and the Group and is responsible for managing them. It is vested with all powers of ordinary and extraordinary administration of the Company, as all matters not expressly reserved for the Shareholders' Meeting by law and the By-laws fall under its remit.

The Board of Directors evaluates and approves investments in accordance with the Company's mission and with the strategic guidelines approved by the Board during the annual budget review.

In addition to the powers bestowed on it by law and the By-laws, resolutions on the following matters are referred to the Board of Directors, without prejudice to the sphere of competence of the Shareholders' Meeting: absorbing companies that are wholly owned or at least 90% owned; transferring the registered office, providing it remains in Italy; opening or closing branches, whether in Italy or abroad; reducing the share capital in the event of withdrawal by a shareholder; amending the By-laws to comply with mandatory regulations.

Reviewing and approving the Company's strategic plans and monitoring their implementation on a regular basis are reserved to the Board of Directors.

The Board of Directors is responsible, among other things, for *i)* assessing the overall results of operations; *ii)* assessing the adequacy of the organisational, administrative and accounting structure with particular reference to the Internal Control and Risk Management System, monitored by the Director in charge of the ICRMS; *iii)* defining the Company's corporate governance system; *iv)* assigning powers to Executive Directors; *v)* defining the remuneration policy for Executive Directors and key management personnel, as well as setting the remuneration of Directors vested with special powers. The Board of Directors approves transactions of particular importance for Italmobiliare from a strategic, economic, capital or financial point of view, carried out not only by the Company but also by its subsidiaries; it also authorizes transactions with related parties in accordance with the specific procedure adopted by the Company and the processes laid down in it.

On the basis of information received during the year and reports received from the Chief Executive Officer-Chief Operating Officer and by the Control and Risk Committee, the Board of Directors acknowledged that the Company's organisational, administrative and accounting structure is substantially adequate, particularly the internal control and risk management system.

The Directors act and make decisions independently on an informed basis, pursuing the primary objective of creating long-term value for the Shareholders. They hold office while dedicating the time needed for diligent performance of their duties.

The Chairman coordinates the activities and conducts meetings of the Board of Directors and ensures that the documentation relating to items on the agenda is made available to the Directors and Statutory Auditors suitably in advance, when there are no reasons not to permit advance distribution of the material. More in general, the Chairman supervises the regularity of meetings and the work of the corporate bodies.

The Board of Directors has established that support documentation explaining items on the agenda must be distributed at least two days prior to the meeting. This minimum advance notice was normally respected during the 2020 for transactions subject to Board approval. With reference to one disposal project, the supporting documentation was made available with less advance notice, but all clarifications were provided during the Board meeting and adequate insights were ensured to allow the Board to reach an informed decision; likewise, for two meetings convened following the onset of the epidemic in March 2020, the documentation was made available with less notice. The period of notice has never been waived merely for reasons of confidentiality.

On certain occasions, documents providing additional information were made available to the Board shortly before the meeting. In any case, the Chairman makes sure that any details requested by the Directors are made available at Board meetings.

At the meeting on February 12, 2021, the Board of Directors made an assessment of the information provided prior to the meeting and it was deemed adequate.

The Board of Directors meets regularly (at least quarterly) to approve the annual and half-year financial reports and the quarterly figures for the additional periodic reports. At these meetings, the delegated bodies report on the activities that they have carried on in accordance with the powers granted to them. In any case, pursuant to the By-laws, the Board of Directors meets every time it is considered necessary by the Chairman, or the Deputy Chairman, or at the request of any of the Statutory Auditors after notifying the Company's Chairman.

During the examination and approval of the accounting records for the period, in light of the information received by the delegated bodies, the Board of Directors assesses the overall operating performance, comparing the actual results with the budget for the year.

The Shareholders' Meeting has not authorised any derogation from the ban on competition pursuant to art. 2390 of the Italian Civil Code nor is one provided for in the By-laws. Moreover, no Director is a shareholder with unlimited liability in a competitor company, nor do they run a competitor business for themselves or on behalf of third parties, nor are they a director or general manager in competitor companies.

In 2020, the Board of Directors held 13 meetings, lasting for two and a half hours on average, with the Board of Statutory Auditors always in attendance; individual Directors' attendance records are shown in a table at the end of this Report.

During the year, all Board meetings were attended by the Financial Reporting Officer, the CEO's Assistant and the Head of Legal and Corporate Affairs. The Heads of Investment Management, Investor Relations, Internal Audit, Development&Investments, Finance, and Human Resources also attended for matters concerning their sphere of competence.

In December 2020, the Company issued a calendar of corporate events for 2021, which can be found on [www.italmobiliare.it](http://www.italmobiliare.it). The Board of Directors has met three times in 2021 up to the date of approval of this Report.

## APPOINTMENT AND REPLACEMENT OF DIRECTORS

Directors are appointed by the Shareholders' Meeting on the basis of slates submitted by the Shareholders.

The slates must be filed at the registered office at least 25 days prior to the date set for the Shareholders' Meeting at a single calling; this is mentioned in the notice of calling along with the procedures and shareholding required for their submission.

Only shareholders who, alone or with others, have a stake in the share capital with voting rights not lower than the level set by Consob pursuant to current regulations are entitled to present slates. No shareholder can file or participate in the filing of more than one slate, directly or through a nominee or trust company, or vote for different slates. Shareholders belonging to the same group and shareholders who join a shareholders' agreement involving the Company's shares may not file or vote for more than one slate, not even through a nominee or trust companies. Slates filed in violation of these restrictions will not be accepted. Each candidate can only be on one slate under penalty of ineligibility.

Slates that have a total number of candidates equal to or greater than three must be composed of candidates belonging to both genders, to an extent that complies with current regulations on gender balance.

At the time they are filed, slates must include:

- a. the statements in which the individual candidates accept their candidacy and declare, under their own responsibility, that there are no grounds for ineligibility, that they comply with the integrity requirements established by law, and whether or not they meet the independence requirements of the law and the Code. With reference to this last aspect, this principle used to be contained in the Code of Conduct and the Board of Directors decided to maintain it;
- b. a brief *curriculum vitae* on the personal and professional skills of each candidate with an indication of positions they hold as director or statutory auditor in other companies;
- c. information on the identity of the shareholders who have presented slates. The certification or statement proving ownership of the shareholding prescribed by the law in force when the slate is presented may also be produced after the filing of the slate, providing that it reaches the Company before the deadline laid down in current regulations on the publication of slates by the Company;
- d. a statement by shareholders – other than those who have a controlling or majority stake, jointly or severally – acknowledging that they do not have any joint shareholdings, as defined by law.

The By-laws do not set additional integrity and independence requirements to those laid down for Statutory Auditors in the CLF. Any elected Director who, during their term of office, no longer complies with the integrity requirements of law or the By-laws falls from office.

A number of Directors that is not less than the minimum required by law have to meet the independence requirements laid down in current legislation.

If a slate does not comply with these provisions, it will be considered as though not presented.

At least 21 days prior to the date set for the Shareholders' Meeting called to resolve on the appointment of the management bodies, the Company shall make the slates of candidates filed by shareholders and the supporting documentation available to the public at the registered office, the company that runs the stock market and on its own website.

In the event of more than one slate being filed:

- a. all of the Directors on the slate that obtains the highest number of votes at the Shareholders' Meeting are elected in the order in which they are listed, except for the minimum number reserved by law for the minority shareholders' slate;
- b. the minimum number of Directors reserved by law for the minority shareholders are elected from the minority shareholders' slate that obtains the highest number of votes and is not connected in any way, directly or indirectly, with the majority shareholders;
- c. should more than one slate obtain the same number of votes, a run-off is held between these slates by all the shareholders entitled to vote present at the Shareholders' Meeting, and the candidates are elected from the slate that obtains a relative majority of the share capital represented at the Shareholders' Meeting.



For the purposes of apportioning the Directors to be elected, the slates that have not achieved a percentage of votes at least equal to half of the percentage required for the presentation of slates will not be considered.

Should a party connected to a majority shareholder vote for a slate of the minority shareholders, the connection is only considered significant for the purpose of excluding the minority shareholders' elected Director if this vote was crucial for the election of the Director in question.

Should a single slate be filed, all the candidates included in that slate are elected with a simple majority vote of the share capital represented at the Shareholders' Meeting.

If as a result of the voting based on slates or the voting on the only slate presented, the composition of the Board of Directors does not meet the current regulations on gender balance, the necessary replacements will be carried out within the slate that has obtained the highest number of votes or within the only slate presented, starting from the candidate in the last place of the slate in question. Subsequently, if compliance with the gender balance requirement is not ensured in the minimum number required by law, there will be similar replacements, again within the slate that has obtained the highest number of votes, or within the only slate presented.

In the absence of slates, and whenever by means of the slate voting mechanism, the number of candidates elected is lower than the minimum number envisaged in the By-laws for its composition, the Board of Directors is respectively appointed or supplemented by the Shareholders at their meeting with the legal majority, providing that the gender balance required under current legislation is ensured and at least the minimum number of Directors meeting the legal independence requirement is ensured.

If during the year one or more Directors should cease to hold office due to resignation or any other reason, the others shall make provision to replace them with a resolution approved by the Board of Statutory Auditors, providing the Directors appointed by the Shareholders' Meeting continue to constitute the majority. Directors are replaced, in compliance with the above requirements of good reputation and independence, with the appointment of unelected candidates belonging to the same slate as the Directors who no longer serve, following the original order of presentation. If this is not possible, the Board of Directors will act according to the law. All this, in any case, in compliance with the current regulations on gender balance. Directors appointed in this manner hold office until the following Shareholders' Meeting.

The Shareholders' Meeting decides about the replacement of Directors in accordance with the above principles, by a simple majority of the share capital represented at the Shareholders' Meeting. The term of office of Directors appointed this way will end at the same time as that of the Directors already in office at the time of their appointment.

No limits are set on the re-electability of Directors even if having held the same office for more than nine years in the last twelve years could represent a non-peremptory reason for exclusion from the independence requirement under the Code.

At the time of the last renewal of the corporate bodies in 2020, the Board of Directors, assisted by the Remuneration and Nominations Committee, expressed its orientation on the size and composition of the administrative body to be submitted to the shareholders, also giving its opinion, based on a specific benchmark analysis, on the basic remuneration to be granted to the members of the Board and the internal Board Committees. The opinion was published on the Company's website, in the "Governance/Shareholders' Meeting/Shareholders' Meeting archive" section, well in advance of the deadline for filing the slates.

## COMPOSITION

The By-laws say that the Company is to be administered by a Board of Directors made up of between five and fifteen members, who remain in office for the period established at the time of appointment, in any case not exceeding three financial years, and cease to hold office on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year of their term of office and that they can be re-elected.

The Board of Directors currently in office, appointed by the Shareholders' Meeting on April 21, 2020 up until approval of the financial statements at December 31, 2022, is made up of twelve directors.

For details on the composition of the Board and participation at Board and Committee meetings, refer to the table provided as an annex to this Report.

At the Shareholders' Meeting in 2020 eleven of the twelve Directors currently in office were selected from the majority slate submitted by the Compagnia Fiduciaria Nazionale S.p.A.: Laura Zanetti, Carlo Pesenti, Livio Strazzera, Vittorio Bertazzoni, Giorgio Bonomi, Mirja Cartia d'Asero, Elsa Fornero, Sebastiano Mazzoleni, Luca Minoli, Chiara Palmieri, Marinella Soldi. Antonio Salerno was chosen from the minority slate presented by RWC Asset Management LLP and Fidelity International.

Antonio Salerno resigned on January 21, 2021. On January 27, 2021, the Board of Directors, co-opted Marco Cipelletti in accordance with the provisions of article 16 of the By-laws; his term of office will expire at the next Shareholders' Meeting. Given that Marco Cipelletti was the first and only unelected candidate on the minority slate presented by RWC Asset Management LLP and Fidelity International at the 2020 shareholders' meeting, he took over from Antonio Salerno (on the same slate) following his resignation.

The minimum shareholding required by Consob to submit a slate was 1%. The slates and supporting documentation, filed and published by the deadlines laid down by law, are available on the website [www.italmobiliare.it](http://www.italmobiliare.it) in the section entitled "Governance/Shareholders' Meeting/Shareholders' Meeting archive".

The *curriculum vitae* of each Director is available in the "Governance/Board of Directors" section of the website [www.italmobiliare.it](http://www.italmobiliare.it) and in the introduction to the Annual Report. The offices held by them in other listed financial, banking and insurance companies or companies of significant size are indicated later in this Report.

Of the twelve Directors currently in office, eleven are non-executive; six of these are independent according to both the CLF and the Code, and two are independent only according to the CLF. In compliance with the provisions on gender quotas, 40% of the positions are reserved for the less-represented gender.

The composition of the Board of Directors at the date of approval of this Report is shown below, specifying the office that each one holds and the Committees that they are members of.

Laura Zanetti*	Chairman, member of the Committee for Sustainability and Social Responsibility
Livio Strazzerà*	Deputy Chairman
Carlo Pesenti	Chief Executive Officer-Chief Operating Officer and Chairman of the Committee for Sustainability and Social Responsibility
Vittorio Bertazzoni**	Member of the Remuneration and Nominations Committee and of the Committee for Sustainability and Social Responsibility
Giorgio Bonomi	Member of the Control and Risk Committee
Mirja Cartia d'Asero**	Chairman of the Control and Risk Committee, Member of the Committee for Transactions with Related Parties and of the Committee for Sustainability and Social Responsibility
Marco Cipelletti**	
Elsa Fornero**	Member of the Committee for Transactions with Related Parties and of the Committee for Sustainability and Social Responsibility
Sebastiano Mazzoleni	
Luca Minoli	
Chiara Palmieri**	Chairman of the Committee for Transactions with Related Parties, Member of the Remuneration and Nominations Committee and of the Control and Risk Committee
Marinella Soldi	Chairman of the Remuneration and Nominations Committee

\* Director who meets the independence requirements laid down in the CLF

\*\* Director who meets the independence requirements laid down in the CLF and the Corporate Governance Code

## LIMITS ON THE ACCUMULATION OF APPOINTMENTS AND OFFICES OF DIRECTORS

With a resolution passed on April 21, 2020, the Board of Directors confirmed that the maximum number of offices that could be held in listed companies on regulated markets, in Italy or abroad, was four, including the office held in Italmobiliare S.p.A., but excluding other companies in the Italmobiliare Group, which can be considered compatible with being an effective Director of Italmobiliare. All of the Directors and Statutory Auditors comply with this limit.

The offices of Director or Statutory Auditor held by each Director in other listed companies in regulated markets, in Italy or abroad, as well as in financial, banking and insurance companies or companies of significant size, are set out below:

Livio Strazzerà	Serfis S.p.A.	Sole Director
Carlo Pesenti	Clessidra SGR S.p.A.	Chairman
	Caffè Borbone S.r.l.	Deputy Chairman
	Tecnica Group S.p.A.	Director
Vittorio Bertazzoni	Erfin S.p.A.	Deputy Chairman and CEO
	SMEG S.p.A.	Deputy Chairman and CEO
Mirja Cartia d'Asero	FNM S.p.A.	Director
	Zurich Insurance Life S.p.A.	Director
	Il Sole 24Ore S.p.A.	Director
Elsa Fornero	Buzzi Unicem S.p.A.	Director
Luca Minoli	Cemital Privital Aureliana S.p.A.	Chairman
Chiara Palmieri	Findomestic Banca S.p.A.	Director
Marinella Soldi	Nexi S.p.A.	Director
	Ariston Thermo Holding S.p.A.	Director

## EXECUTIVE DIRECTORS

Of the twelve Directors in office, only Carlo Pesenti, Chief Executive Officer and Chief Operating Officer, qualifies as an Executive Director. The Board of Directors has assigned him duties and powers, setting limits on how they can be exercised.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER- CHIEF OPERATING OFFICER

Within the scope of the Board of Directors, the following powers have been granted.

The following duties have been assigned to the **Chairman**, Laura Zanetti: to submit proposals to be resolved on by the Board of Directors; to supervise and ensure compliance with the principles of Corporate Governance approved by the Company and propose any amendment to them to be submitted to the Board of Directors for approval; to supervise the regularity of meetings and actions of the corporate bodies ensuring that the documentation relating to the items on the agenda is made available to Directors and Statutory Auditors suitably in advance; to supervise the work of the Chief Operating Officer with reference to real estate management transactions; to promote the Company's image; in agreement with and in coordination with the Chief Executive Officer, to maintain relations with the economic-financial community, institutional bodies and authorities.

In addition to the powers of representation, the Chairman has been granted the powers to act, also before a criminal court, to protect the Company's interests, the power to appoint consultants, to negotiate and conclude any transaction or contract to purchase or sell real estate, to exchange and divide real estate, for the establishment of easements or property rights in general, with the limit of Euro 25 million signing jointly together with the Chief Operating Officer.

As **Chief Executive Officer**, Carlo Pesenti has been assigned the following tasks, among others, in addition to the general power of representation of the Company: to submit proposals to be resolved on by the Board of Directors; to oversee the execution and implementation of the investment plans defined by the Board of Directors; to look after the management policies, corporate development strategies of Italmobiliare S.p.A. and its main subsidiaries, held directly or indirectly; to oversee and direct the activities of Italmobiliare S.p.A. and its main direct or indirect subsidiaries; to establish guidelines for managing the main companies in which Italmobiliare S.p.A., directly or indirectly, holds an equity investment that allows it to exercise significant influence; to look after corporate organisation and propose important amendments to the Board of Directors. The CEO has been granted the powers to carry out all tasks relating to administration and arrangements concerning the management of the Company including performing transactions on securities and credit, assume any form of obligations in the name of the Company, even accompanied by collateral security, accept guarantees, provide collateral security and guarantees for third parties, as long as they are direct or indirect subsidiaries of Italmobiliare, buy and sell government bonds, corporate bonds, mortgage bonds, equities, company quotas, carry out repo transactions and advances on security transactions. As **Chief Operating Officer**, he has been granted powers in the administrative, financial, commercial and real estate areas.

The powers granted for the office of Chief Operating Officer can be exercised within a limit of Euro 25 million per individual transaction, except for real estate transactions exceeding Euro 10 million and up to Euro 25 million, which need the joint signature of the Chairman; the powers granted for the office of Chief Executive Officer can be exercised within a limit of Euro 25 million, except for funding transactions and transactions on derivatives which can be made within a limit of Euro 50 million, and transactions to sell securities of listed companies, which can be made within a limit of Euro 100 million per single open market day.

The Chief Executive Officer-Chief Operating Officer qualifies as the main person responsible for the Company's management.

The Chief Executive Officer-Chief Operating Officer is not a Director in any other listed company not belonging to the Group at which a Company Director is the chief executive officer.

To manage current operations, powers have been granted to managers of the Company, within the scope of their respective remits.

## SUCCESSION PLANS

The Board of Directors has assigned the Remuneration and Nominations Committee the task of drawing up succession plans for Executive Directors, which the Board of Directors has to decide whether to adopt.

Considering the nature of Italmobiliare as a Holding Company and its organizational structure, on the Committee's recommendation, the Board of Directors has not adopted a formal succession plan, but it has ensured that, should an extraordinary situation occur, suitable controls (in the form of an emergency plan) are in place that would enable it to manage the Company, as well as to start the selection of new management.

## INDEPENDENT DIRECTORS

According to the provisions of the CLF, at least one of the members of the Board of Directors, or two if it is made up of more than seven members, has to meet the independence requirements laid down by law for the members of the Board of Statutory Auditors. The Code also states that the number and expertise of the Independent Directors must be adequate in relation to the size of the Board of Directors and the business carried on by the Company; they must make it possible to establish Committees within the Board of Directors; the Code also says that there must be at least two Independent Directors.

If the independence requirements laid down by law are no longer met, the Director concerned must immediately notify the Board of Directors. This circumstance entails removal from office of the Director concerned, except in cases where the requirements are still met by at least the minimum number of Directors needed under current legislation.

Immediately after its appointment in April 2020, the Board of Directors assessed the independence of its members based on the provisions of the CLF and the criteria laid down in the Code, the results of which were disclosed to the market. The Board of Statutory Auditors checked that the criteria were applied correctly.

At the meeting on February 12, 2021, the Board of Directors verified that the independence requirements were met by each of the non-Executive Directors, based on the parameters laid down in the Code. The Board of Statutory Auditors has checked correct application of the criteria and the assessment procedures adopted by the Board of Directors to assess its members' independence.

As a result of these assessments, the following qualify as Independent Directors under the provisions of the CLF and the criteria laid down in the Code: Vittorio Bertazzoni, Mirja Cartia d'Asero, Marco Cipelletti, Elsa Fornero, Chiara Palmieri, Marinella Soldi.

The next independence assessment will take place on the basis of the criteria laid down in the New Code and will be included in the Report on Corporate Governance to be published in 2022.

The Directors who qualified as independent according to both the Code and the CLF met once during 2020 in the absence of the other Directors.

Laura Zanetti and Livio Strazzerà qualify as Independent Directors only under the CLF.

## LEAD INDEPENDENT DIRECTOR

The Code provides that, if the Chairman of the Board of Directors is the main person responsible for managing the Company, and also when the position of Chairman is held by the person who controls the Company, the Board of Directors should appoint an Independent Director as "Lead Independent Director" to act as a point of reference for the non-Executive Directors and, in particular, those that are independent, coordinating their requests and contributions.

As these conditions were not met, at the meeting on April 21, 2020, the Board of Directors resolved not to appoint a "Lead Independent Director" for the 2020-2022 term of office.

## SELF-ASSESSMENT

The Directors are required to perform an assessment each year on the composition and role of the Board and its Committees and how they function. Since 2018, the self-assessment has also covered the Board of Statutory Auditors. The Chairman of the Board of Directors supervises and coordinates the process with the support of the Corporate Affairs Department.

At the close of 2020, the Company distributed to all Directors and Statutory Auditors a questionnaire prepared in-house with the help of the Chairman and without any assistance from an external consultant. The purpose of the questionnaire was to carry out a full assessment of the functioning and composition of the Board of Directors and its Committees, giving participants a chance to make recommendations or comments. Each recipient was asked to make their assessment based on a scale of values ranging from 1 to 6, updated with respect to last year, based on the observations made by the Directors.

The questionnaire was returned anonymously by fifteen of the seventeen persons consulted.

The results of the self-assessment were presented to the Board of Directors at the meeting on February 12, 2021, together with opinions expressed by the directors and statutory auditors and the suggestions they made to improve the functioning of the corporate governance bodies.

In general terms, the opinions of the Directors and Statutory Auditors confirmed the widespread satisfaction with the procedural and operational aspects, the Chairman's role and relations with the other Directors, as well as the contribution and effectiveness of the Committees.

## INDUCTION PROGRAMME

With the help of the various company departments, the Chairman works to ensure that the Directors and Statutory Auditors participate in initiatives aimed at increasing their knowledge of the Company's situation and dynamics and are informed about the main legislative and regulatory changes that concern the Company and its corporate bodies.

Two induction sessions were held in 2020: one dedicated to the associate ISEO Serrature S.p.A., the other to in-depth analysis of Italmobiliare's strategy and positioning.

## INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has set up a Remuneration and Nominations Committee, a Control and Risk Committee and a Committee for Sustainability and Social Responsibility, whose roles are to give advice and make proposals to the Board of Directors; as well as a Committee for Transactions with Related Parties in accordance with the relevant Consob Regulation.

In carrying out their functions, the Committees are entitled to access the corporate information and functions that they need to perform their duties. They can also use external consultants at the Company's expense.

Each Committee appoints a Secretary, who does not have to be a member of it. The Secretary's main task is to draw up minutes of the meetings.

Detailed information on the Remuneration and Nominations Committee, the Control and Risk Committee and the Committee for Sustainability and Social Responsibility is provided below, whereas details of the Committee for Transactions with Related Parties can be found in the section entitled "Codes of conduct, procedures and other corporate governance practices".

## REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee, made up solely of Independent Directors who meet the requirements laid down in the Code and the CLF, according to the board resolution passed on April 21, 2020, currently consists of Marinella Soldi, Chairman, Vittorio Bertazzoni and Chiara Palmieri.

All of the members have adequate experience in accounting, financial and remuneration policy matters, as assessed by the Board at the time of appointment and which was disclosed to the market. Meetings are minuted regularly and the Chairman informs the Board of the Committee's proceedings at the first possible meeting.

The Board of Statutory Auditors and the Head of Human Resources are regularly invited to attend Committee meetings. No Director is present at the meeting when their remuneration is discussed.

The Committee has regular access to the Company's information and departments needed to perform its tasks; it has an annual budget of Euro 50,000 assigned by the Board of Directors. The Committee can seek assistance from independent consultants.

Its proceedings are governed by a regulation that is approved by the Board of Directors.

In its role as the Remuneration Committee, it performs the following functions, among others: it drafts proposals to the Board of Directors to define a policy for the remuneration of Executive Directors, of Directors vested with special powers and of key management personnel; it submits proposals to the Board of Directors on the remuneration of Executive Directors and the other Directors vested with special powers; it assesses proposals to introduce short- and long-term incentive schemes, cash- and share-based, to be submitted for the approval of the Board of Directors; it proposes performance objectives to the Board, linked to the variable component of the remuneration of Executive Directors, Directors vested with special powers and key management personnel; it checks whether the performance objectives linked to the long-term incentive plans and short-term variable remuneration have been achieved, also making use of information received from the relevant company departments. As the Nominations Committee, it also expresses opinions on the size and composition of the Board and makes recommendations on the professional figures whose presence on the Board is deemed appropriate; it also conducts preliminary investigations to prepare and review any succession plans for Executive Directors which the Board of Directors has decided to adopt.

The Committee met four times during the year 2020, with the Board of Statutory Auditors in attendance; meetings lasted more than one hour on average. The Committee was assisted by Willis Tower Watson as external consultant to prepare the remuneration policy for 2020 and the new long-term incentive plan, which was submitted for approval by the Shareholders' Meeting on April 21, 2020, as well as for a benchmark analysis relating to the remuneration of directors and statutory auditors.

During 2020, the Committee carried out the following activities involving remuneration matters: it examined the remuneration policy to be submitted to the Board of Directors and to the subsequent binding vote of the Shareholders' Meeting; it checked whether the performance objectives had been achieved in order to determine the short-term variable remuneration to be assigned to the Chief Executive Officer-Chief Operating Officer and key management personnel (2019 MBO); it made a proposal to the Board of Directors on the variable remuneration of the Chief Executive Officer-Chief Operating Officer and of key management personnel for 2020 (MBO 2020); it explained to the Board of Directors the proposal for the adoption of the "Italmobiliare 2020-2022 Phantom Stock Grant Plan", subsequently approved by the Shareholders' Meeting of April 21, 2020; it explained to the Board of Directors the proposals regarding the assignment of the "Italmobiliare 2020-2022 Phantom Stock Grant Plan" as well as the remuneration pursuant to art. 2389 of the Italian Civil Code to be assigned to the Chairman, Deputy Chairman and Chief Executive Officer.

The Committee has met twice in 2021 up to the date of approval of this Report. Its activities on remuneration matters included the following: it examined the regulatory changes introduced by the new provisions of the Issuers' Regulation on Remuneration Policy; it examined the Company's remuneration policy for 2021 to be submitted to the Board of Directors and the subsequent binding vote of the Shareholders' Meeting; it checked whether the performance objectives had been achieved in order to determine the short-term variable remuneration to be assigned to the Chief Executive Officer-Chief Operating Officer and key management personnel (2020 MBO); it made a proposal to the Board of Directors on the variable remuneration of the Chief Executive Officer-Chief Operating Officer and of key management personnel for 2021 (MBO 2021).

The Committee also reviewed the results of the self-assessment process.

In view of the Shareholders' Meeting of April 21, 2020, in its capacity as the Nominations Committee, it gave an opinion on the composition of the newly appointed Board of Directors, subsequently approved by the Board and available to the shareholders on the Company's website.

For further information on the duties of the Remuneration and Nominations Committee, and in general on the remuneration policy for 2021, approved by the Board of Directors on the Committee's proposal, please refer to the remuneration report drawn up in accordance with art. 123-ter of the CLF, which will be published by the legal deadline.

## COMMITTEE FOR SUSTAINABILITY AND SOCIAL RESPONSIBILITY

In 2020, the Company set up the Sustainability Department, in line with the Company's commitment to Sustainable Development, having been one of the first companies in Italy to adopt ESG factors as an integral part of its business strategy.

In view of the renewal of the corporate bodies, the Board of Directors decided to set up a Committee for Sustainability and Social Responsibility, made up of Carlo Pesenti Chief Executive Officer-Chief Operating Officer – who assumed the office of Chairman –, Laura Zanetti, and the Independent Directors, Vittorio Bertazzoni, Mirja Cartia d'Asero and Elsa Fornero.

The Committee has a duty to provide the Board with advice and proposals in order to implement a development strategy focused on sustainability, consistent with Italmobiliare's mission in all its



components: governance, economic, social and environmental (ESG). In particular, with reference to all these issues and in the sphere of influence of the Company and the Group, it assists the Board in relation to:

- i. defining Italmobiliare's business strategy and mission, also as regards the evolution of its internal processes;
- ii. analysis and research;
- iii. promotion of an integrated culture; as well as
- iv. generating long-term shared value for the Company and the Group.

Among its specific functions, the Committee:

- a. verifies and assesses the sustainability strategy adopted (as defined in the policy, including the related plan), designed to ensure the creation of value over time for the shareholders and for all the other stakeholders, in compliance with the commitments deriving from adherence to international ESG principles;
- b. promotes, also through the competent company functions, the adoption of sustainability principles, and defines the objectives, monitoring their achievement;
- c. proposes initiatives and projects and indicates "best practices" in order to strengthen the culture of sustainability throughout the Group and to help implement lines of strategy in full compliance with the ESG principles;
- d. monitors the implementation of the Investment and Development Guidelines adopted by the Company as regards sustainability issues;
- e. assesses the Sustainability Report, submitted annually to the Board of Directors, which contains the non-financial report (NFR) and, in general, the documents published by the Company because of its adherence to international ESG principles.

In 2020, the Committee met three times with all of its members and those of the Board of Statutory Auditors in attendance. The average duration of the meetings was just under two hours. In 2021, it has met once up to the date of approval of this Report.

Please refer to the 2020 Non-Financial Report for further information on the activities carried out by the Committee in 2020 and 2021 up to the date of approval of the Sustainability Report.

## CONTROL AND RISK COMMITTEE

Following its appointment in April 2020, the Board of Directors set up the Control and Risk Committee (formerly the Risks and Sustainability Committee, up until April 21, 2020), which currently consists of Mirja Cartia d'Asero, Chairman, Chiara Palmieri, both Independent Directors, and Giorgio Bonomi, non-Executive Director.

The Chairman of the Committee sits on the Committee for Sustainability and Social Responsibility as well, also to make sure that the activities of the two bodies are aligned.

All of the members have adequate experience in finance, accounting and risk management, as assessed by the Board at the time of its appointment and disclosed to the market.

The Committee has a duty to provide the Board with advice and proposals on: *i)* the Internal Control and Risk Management System (ICRMS); and *ii)* periodic financial reporting; the duties assigned to the Risks and Sustainability Committee in office until April 21, 2020 on social sustainability matters connected with the Company's business were attributed to the Committee for Sustainability and

Social Responsibility on the renewal of the corporate bodies, as mentioned above. The Committee also performs its duties on the basis of information flows received from the Head of Internal Audit of the Company, as regards Italmobiliare S.p.A. and its subsidiaries that do not have autonomous third-level control systems and structures. As regards the other subsidiaries, which may also include entities subject to monitoring by control authorities, the Committee uses the information flows laid down in the Guidelines of the ICRMS and, in particular, information received from their equivalent departments, where present.

The Committee provides the Board with a preventive opinion on:

- a. the definition of the ICRMS guidelines, so that the main risks pertaining to the Company and its subsidiaries are correctly identified and adequately measured, handled and monitored, determining the degree of compatibility of these risks with a business management approach consistent with the strategic objectives set;
- b. the assessment of the adequacy and efficiency of the ICRMS with respect to the characteristics of the business and the risk profile assumed;
- c. approval of the work plan prepared by the Head of Internal Audit;
- d. adequate representation in the annual report on corporate governance of the main characteristics of the internal control and risk management system and the methods of coordination between the parties involved in it;
- e. an assessment of any issues that emerged during the external audit, after consulting the Board of Statutory Auditors.

The Committee will assist the Board, also by performing the following tasks:

- a. after consulting the Board of Statutory Auditors and the External Auditor, together with the Financial Reporting Officer, it assesses the correct use of the accounting standards and their consistency in drawing up the financial statements;
- b. it expresses opinions on specific aspects regarding the identification, assessment and monitoring of the main risks run by the Company;
- c. it examines the periodic reports on the assessment of the ICRMS and those of particular importance prepared by the Internal Audit Department;
- d. it monitors the independence, adequacy, efficiency and effectiveness of the Internal Audit Department;
- e. it supports, with adequate preparatory work, the assessments and decisions of the Board on the management of risks deriving from potentially harmful situations that have come to the Board's notice;
- f. it examines the periodic reports on internal control and risk management received from the subsidiaries of Italmobiliare S.p.A. and, in particular, those prepared by the equivalent Committees;
- g. it reports to the Board of Directors, at least once every six months, usually at the time of approval of the financial statements and the interim report, on the activities carried out as a whole and on the adequacy of the ICRMS and, through its Chairman, informs it about the meetings held at the first possible meeting of the Board of Directors;
- h. it carries out any additional tasks assigned to it by the Board.

Lastly, the Committee expresses its opinion on the appointment and removal of the Head of Internal Audit, also in connection with setting this person's remuneration in line with company policies.

Meetings are minuted regularly and the Chairman informs the Board of the Committee's proceedings at the first possible meeting. The managers responsible for the areas being discussed are regularly invited to meetings of the Committee to provide suitable in-depth analyses; the Financial Reporting Officer and the Head of Internal Audit attend all of the meetings in any case. The Committee has an annual budget of Euro 50,000 assigned by the Board of Directors.

In 2020, the Committee held a total of seven meetings, lasting two hours on average, with all its members always in attendance. The Board of Statutory Auditors always attended these meetings.

During 2020, the Committee, among other things:

- a. examined and approved the Company's approach to carrying out impairment tests; it also reviewed and took note of the results;
- b. examined the draft Non-Financial Report for 2019, which was subsequently approved by the Board of Directors;
- c. assessed correct use of the accounting standards and their consistency in drawing up the period financial report, together with the Financial Reporting Officer, after consulting the Board of Statutory Auditors and the External Auditor;
- d. reviewed the Audit Plan for 2020, which was subsequently approved by the Board of Directors, and monitored its implementation;
- e. analysed the results of risk management;
- f. examined the reports prepared by the Head of Internal Audit to check the adequacy, efficiency and effective functioning of the Internal Control and Risk Management System;
- g. examined the updates to be made to the Guidelines of the Internal Control and Risk Management System, which was subsequently approved by the Board of Directors;
- h. met the equivalent departments at the main subsidiaries;
- i. received periodic updates on the impact of Covid-19 on the Company and its subsidiaries;
- j. received periodic updates on the state of outstanding disputes for and against the Company;
- k. exchanged information with the Board of Statutory Auditors and the Supervisory Body on their activities.

In 2021, up to the date of approval of this Report, the Committee met three times in the presence of the Board of Statutory Auditors to examine, inter alia: the impairment test methodology applied in 2020 and the results; the results of risk management; the accounting policies used for drawing up the financial report; updates on outstanding disputes and the impact of the epidemiological emergency on the Company and its subsidiaries; the results of the 2020 Audit and the 2021 Audit Plan. The Committee also reviewed the section of this Report that describes the Internal Control and Risk Management System, agreeing on its content.

A total of six meetings are scheduled for 2021.

## III. The Internal Control and Risk Management System

### DEFINITION AND OBJECTIVES

The Internal Control and Risk Management System ("**ICRMS**") of Italmobiliare is an essential part of the Corporate Governance system and is a set of organisational rules, procedures and structures intended to enable the identification, measurement, management and monitoring of the main risks facing the Company and its subsidiaries.

The Board of Directors defined and continuously updated the Internal Control and Risk Management System Guidelines ("**Guidelines**"), in compliance with the recommendations of the Code and having obtained the favourable opinion of the Control and Risk Committee. Taking into account the specific structure of the Group, which includes companies – among which there may be entities subject to the supervision of Supervisory Authorities – with internal control systems and structures in turn responsible for overseeing the ICRMS of their respective sub-groups (so-called "Group of groups"), the Guidelines seek to ensure consistency and harmonization between the various control tools that exist. This entails establishing the roles and departments involved in the identification, measurement, management and monitoring of the main risks of the Company and its subsidiaries.

The Guidelines were sent to the subsidiaries so that the latter could take account of them in the definition and maintenance of their own ICRMS, without prejudice to each company's autonomy and independence.

The ICRMS must contribute to the running of the Company in line with the corporate objectives laid down by the Board of Directors, encouraging informed decision-making. It helps to ensure the safeguarding of company assets, the efficiency and effectiveness of company processes, the reliability of financial reporting, compliance with laws and regulations and with the By-laws and internal procedures.

The ICRMS is broken down into three levels of control, in line with the best national and international standards and with the provisions of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001:

*1st level:* represented by line checks designed to ensure that operations are performed correctly, in line with the Company's business and governance objectives; these checks are carried out by the heads of the operating areas who identify and assess the risks and lay down specific steps for managing them;

*2nd level:* functions in charge of establishing the methodologies and tools for risk management and performance of risk monitoring activities;

*3rd level:* the Internal Audit function, as well as any other parties that provide objective and independent assurance as to the design and functioning of the overall System.

The Guidelines provide for the involvement of the following corporate bodies and functions:

the **Board of Directors**, with the following tasks:

- examining and approving strategic plans, periodically monitoring their implementation;
- periodically examining the main corporate risks and processes implemented to prevent, reduce and manage them;

- defining the risk profile, both as to nature and level of risks, in a manner consistent with the Company's strategic objectives, as determined by the Board of Directors at the time the Strategic Plan is approved, amended or revised;
- evaluating the adequacy of the Company's organisational, administrative and accounting structure as well as of its strategically significant subsidiaries, particularly with regard to the Internal Control and Risk Management System;
- examining and approving the financial statements for the period;

the **Board of Directors**, having obtained the opinion of the Control and Risk Committee, with the following tasks:

- defining the Internal Control and Risk Management System Guidelines in line with the Company's risk profile, while ensuring that it is updated, so that the main risks pertaining to the Company and its subsidiaries are correctly identified and adequately measured, handled and monitored, also determining the degree of compatibility of these risks with a business management approach that is consistent with the strategic objectives set;
- assessing, at least once a year, the adequacy and effectiveness of the Internal Control and Risk Management System with respect to the Company's characteristics and risk profile, ensuring that:
  - duties and responsibilities are allocated in a clear and appropriate manner;
  - the control departments, including the Head of Internal Audit, the Financial Reporting Officer and the **Supervisory Body**, have been given adequate resources to perform their respective duties with an appropriate level of decision-making autonomy within the overall corporate structure.
- approving, at least once a year, the work plan proposed by the Head of Internal Audit, having consulted the Director in charge of the ICRMS and the Board of Statutory Auditors (the work plan also has to cover the reliability of the IT systems);

the **Board of Directors**, upon the proposal of the **Director in charge of the ICRMS**, having also consulted the Board of Statutory Auditors and the Control and Risk Committee, with the following tasks:

- appointing and removing the Head of Internal Audit, ensuring that the latter has adequate resources to carry out their duties and establish their remuneration in line with company policies.

The Board of Directors, with the assistance of the Control and Risk Committee and the Committee for Sustainability and Social Responsibility, also determines the criteria for measuring the compatibility of the risks facing the Company and its subsidiaries and, once a year, assesses the adequacy, efficiency and effective functioning of the ICRMS with respect to the characteristics of the business, taking into consideration the matters reported by the Committees.

With reference to subsidiaries with autonomous internal control structures with similar tasks to those assigned by the Code to the Control and Risk Committee, the activities performed by the Control and Risk Committee of Italmobiliare essentially involve reviewing and assessing the reports received from these structures.

During the course of the year, when the Board of Directors carried out their investment analyses, it did not find any risk profiles that were incompatible with the Company's strategic objectives, also with a view to their sustainability over the medium to long-term.

The Board of Directors approved the work plan prepared by the Head of Internal Audit, having consulted the Board of Statutory Auditors and the Director in charge of the ICRMS.

This process is operating in the main subsidiaries.

## THE DIRECTOR IN CHARGE OF THE ICRMS

At the meeting on April 21, 2020, the Board of Directors confirmed the Chief Executive Officer-Chief Operating Officer Carlo Pesenti as the Director in charge of the ICRMS.

He has the task of:

- a. identifying the main risks, taking into account the characteristics of the business activities carried on by the Company and its subsidiaries, and submitting them periodically to review by the Board of Directors;
- b. applying the Guidelines, overseeing the planning, implementation and management of the ICRMS, checking its adequacy and effectiveness on an ongoing basis;
- c. after obtaining the opinion of the Control and Risk Committee and having consulted the Board of Statutory Auditors, proposing to the Board of Directors the appointment, removal and remuneration of the Head of Internal Audit; also ensuring their independence and operating autonomy from the heads of the operating areas, checking that they have appropriate means to perform their duties effectively;
- d. adjusting the Internal Control and Risk Management System to the dynamics of operating conditions and the legislative and regulatory framework;
- e. reporting promptly to the Control and Risk Committee (or to the Board of Directors) issues and problems identified during his activity or of which he becomes aware, so that the Committee (or Board of Directors) can take appropriate action.

The Director in charge of the ICRMS can also ask the Internal Audit Department to carry out reviews of specific operational areas and whether business operations comply with the rules and internal procedures, giving simultaneous notice to the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors.

The Director in charge of the ICRMS has the task of issuing, together with the Financial Reporting Officer, statements regarding the adequacy and effective application of the administrative and accounting procedures, the compliance of the documents with international accounting standards, that the documents correspond to the contents of the accounting books and records, and the suitability of the documents to provide a true and fair view of the key financial data of the Company and of the Group.

## HEAD OF INTERNAL AUDIT

Delia Strazzarino was appointed Head of Internal Audit by the Board of Directors, on the proposal of the Director in charge of the ICRMS and having consulted the Board of Statutory Auditors.

On the proposal of the Director in charge of the ICRMS and having consulted the Board of Statutory Auditors and the Control and Risk Committee, the Board of Directors established the remuneration of the Head of Internal Audit in line with company policies and ensured that this role had adequate resources to perform their duties.

The Head of Internal Audit is tasked with checking that the ICRMS is operational and adequate, providing the corporate bodies and top management with an objective assessment. She therefore has direct access to all information needed to carry out her role, she is not responsible for any operating area and reports hierarchically to the Board of Directors.

The Head of Internal Audit reports on the methods used to manage risk, compliance with the plans to mitigate risk, and informs the Board of Directors, the Control and Risk Committee, the

Director in charge of the ICRMS and the Board of Statutory Auditors about her assessment of the appropriateness of the ICRMS. The Head of Internal Audit provides the Board of Directors with an annual outline, as part of the audit plan, of the structure of her department which she deems fit, in both numerical and professional terms, to perform the tasks assigned to it. She prepares periodic reports containing suitable information on her department's activities, the methods used to manage risk and compliance with the plans to mitigate risk, in addition to an assessment of the appropriateness of the ICRMS and any reports on particularly important events, and sends them to the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Directors, as well as to the Director in charge of the ICRMS. She also verifies the reliability of the information systems, including the accounting systems.

As part of its "Quality Assurance and Improvement Programme", the Internal Audit Department undergoes a Quality Assurance Review by an independent external body at least once every five years; the last review, which was completed at the beginning of 2020, ended with an assessment of substantial compliance with the standards for professional practice and the Code of Ethics of Internal Audit.

After obtaining the opinion of the Control and Risk Committee and having consulted with the Director in charge of the ICRMS and the Board of Statutory Auditors, the Board of Directors approved:

- the mandate of the Internal Audit Department, last amended by resolution on March 2, 2017, which formally defines the mission, objectives, organisational context and responsibilities of the department in line with the definition of Internal Auditing, with the Code of Ethics and the international standards as per the *International Professional Practices Framework* of the *Institute of Internal Auditors*;
- the work plan for 2021 prepared by the Head of Internal Audit, reviewed at the meeting on January 27, 2021.

The Internal Audit Department carries out its duties directly in all areas of the Italmobiliare Group, except for the subsidiaries that have an independent Internal Audit function.

At Group level, the Internal Audit Department coordinates with the equivalent functions at the subsidiaries in order to encourage a uniform approach to the operational and adequacy checks of the ICRMS, taking into account the autonomy, independence and responsibilities of the subsidiaries and their corporate bodies.

## THE ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001 AND THE SUPERVISORY BODY

In order to make the internal control and corporate governance system more effective, in order to prevent the perpetration of corporate offences and those against the Public Administration, since 2004 the Company has adopted an Organisation, Management and Control Model (the "**Model**"), in application of Legislative Decree 231/01, updated over the years and last amended by resolution of the Board of Directors on November 5, 2020.

By adopting the Model, the Company intends to disseminate and establish a corporate culture based on legality, with the express censure of all conduct contrary to the law and the regulations contained in the Model.

There have been several updates to incorporate changes made to the law which have gradually extended the scope of application of Legislative Decree 231/01 to additional categories of offences with respect to those originally included. All updates to the Model, except those of a purely formal nature, have been carried out on the basis of targeted risk assessments performed by consultants specialized in the matters taken into consideration on each occasion.

In 2020, the updates submitted for approval by the Board concerned both the General Part and the Special Part and refer to tax offences and the trafficking of illicit influences. In the General Part, the Model was also updated to ensure better coordination with the Code of Ethics in the parts on whistleblowing and the penalty system.

The General Section of the Model is available on the Company's website [www.italmobiliare.it](http://www.italmobiliare.it), in the "Governance/Organisation, Management and Control Model" section.

The main subsidiaries also have an organisation, management and control model pursuant to Legislative Decree 231/01.

The task of continuously supervising effective functioning and compliance with the Model, as well as proposing updates to it, is assigned to the Supervisory Body, appointed by the Board of Directors to which it reports directly, and given adequate resources to ensure autonomy, professionalism and independence in the exercise of its duties.

In accordance with the Model, the Supervisory Body appointed by the Board of Directors on April 21, 2020 is currently made up of Paolo Sfameni (Chairman), an external consultant and independent director up to April 21, 2020, Luciana Ravicini, standing auditor, and Delia Strazzarino, the Company's Head of Internal Audit.

As part of its duties, the Supervisory Body periodically meets with the Company Executives in charge of sensitive areas as defined by Legislative Decree no. 231/01, the Board of Statutory Auditors, the Control and Risks Committee, the Financial Reporting Officer and representatives of the Independent Auditors to discuss any matters concerning the prevention of offences specified in the Model, including those relating to financial reporting. The Supervisory Body is granted autonomous initiative and control powers within the Company in order to carry out its functions effectively.

The Supervisory Body periodically, and at least once every six months, prepares a written report on its activities, sending it with a documented expense report to the Chairman of the Board of Directors, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee and the Financial Reporting Officer. Such reports contain any proposals for additions and amendments to the Model. This periodic report must at least contain or highlight:

- a. any problems that have arisen with regard to the methods of implementing the procedures laid down in the Model;
- b. the reports received from internal and external parties with comments they may have on the Model;
- c. disciplinary procedures and penalties, if any, applied by the Company, with exclusive reference to activities at risk;
- d. a complete assessment of how the Model functions with any indications for supplements, corrections or amendments.

## INTERNAL CONTROL AND FINANCIAL REPORTING

The Internal Control and Risk Management System relating to the process of financial reporting is made up of a series of company rules and procedures adopted by the various operating structures to ensure the soundness, accuracy, reliability and timeliness of financial reports.

Italmobiliare has defined its own operating Model to comply with the Law on savings ("**Operating Model**"), detailing the operational approach for carrying out its activities. This Model is based on the principles contained in the CoSO framework and in the document "Internal Control over Financial Reporting - Guidance for Smaller Public Companies", also developed by CoSO.



In this operating Model, the Internal Control and Risk Management System is considered together with the internal control system in relation to the financial reporting process.

The Operating Model defined by Italmobiliare is based on the following main elements:

- a. Preliminary analysis.** This activity, carried out on an annual basis and whenever deemed necessary, is aimed at identifying and assessing the risks related to the Internal Control and Risk Management System with regard to financial reporting, in order to determine priorities for the steps to be taken in terms of documentation, assessment and testing of administrative and accounting procedures and related controls. The identification of the relevant entities and processes is based on both quantitative factors (proportion of revenue and assets of a single entity compared with the consolidated amounts, the size of consolidated balance sheet items related to a particular process) and qualitative factors (the country in which an entity operates, specific risks, risk levels assigned to the various items);
- b. Operational planning.** Every year, activities are planned on the basis of the priorities identified through the preliminary analysis and any other assumptions;
- c. Analysis of controls at company level.** The individual companies within the scope of intervention, identified in the preliminary analysis, are responsible for the related activities *i)* assessment of the effectiveness of the Internal Control and Risk Management System in relation to the governance principles operating at company level (Entity Level Controls), as well as *ii)* overall management of the information systems used in processes relevant for financial reporting and the related IT infrastructure (Information Technology General Controls), to be carried out in accordance with the timing established during the operational planning phase and on the basis of the guidelines, instructions and templates provided by the Financial Reporting Officer;
- d. Analysis of controls at process level.** The individual companies within the scope of intervention, identified in the preliminary analysis, are responsible for the related activities: *i)* documenting, with varying levels of detail depending on the level of risk allocated, the administrative and accounting processes previously identified, *ii)* performing tests to check the effective operation of controls, in accordance with the deadlines established during operational planning and on the basis of guidelines, instructions and templates provided by the Financial Reporting Officer;
- e. Assessment of the adequacy and effective operation of the administrative and accounting procedures and the related controls.** In order to guarantee compliance with the key requirements for financial reporting ("financial statement assertions"), on the basis of the results of the activities carried out and the documentation obtained, the Financial Reporting Officer assesses the overall adequacy and effective operation of the system of administrative and accounting procedures and related controls, and more generally, the Internal Control System for these areas.

With reference to the financial reporting process, the ICRMS also benefited from: the continuous development of an integrated corporate governance system (Service Orders, company processes and procedures); more accurate organisation and programming in relation to the provisions of Law no. 262 of December 28, 2005, containing "Provisions on the protection of savings and the regulation of financial markets" and subsequent corrective decrees ("Savings Law"), issued by the legislator for the purpose of increasing transparency in corporate reporting and strengthening the internal control systems of listed issuers.

## INDEPENDENT AUDITORS

The auditing of the company's accounts, as required by the current law, has been entrusted to Independent Auditors appointed by the Shareholders' Meeting on the proposal of the Board of Statutory Auditors. The assignment to audit the separate financial statements of Italmobiliare and the consolidated financial statements of the Group and to perform a limited audit of the condensed half-year consolidated financial statements of the Group for the years 2019-2027 was awarded to Deloitte & Touche S.p.A. by the Shareholders' Meeting on April 17, 2019 upon the Board of Statutory Auditors' recommendation.

## FINANCIAL REPORTING OFFICER

At the board meeting on April 21, 2020 the Board of Directors confirmed Mauro Torri as the Financial Reporting Officer, pursuant to art. 154-bis of the CLF and art. 29 of the By-laws. According to the By-laws, the Financial Reporting Officer has to be a manager and meet the integrity requirements established by law for members of the Board of Directors; he must also have acquired at least three years' experience in administration, accounting, finance or control at the Company or its subsidiaries or at other joint-stock companies.

At the time of his appointment, on the proposal of the Remuneration Committee in office at the time and with the favourable opinion of the Board of Statutory Auditors, the Board of Directors established the compensation of the Financial Reporting Officer and granted him full spending autonomy to exercise the powers conferred on him, with the obligation to report to the Board of Directors on a half-yearly basis on how funds have been spent.

In view of the Law on Savings, the Company has adopted a specific Regulation, which in compliance with the law, the By-laws and following current best practices, among other things:

- a. defines the responsibilities and powers of the Financial Reporting Officer of Italmobiliare;
- b. identifies the responsibilities and method for the appointment, removal and termination of office of the Financial Reporting Officer, the term of office and requirements in terms of professional skills and integrity;
- c. lays down the principles of conduct which the Financial Reporting Officer has to observe in the event of conflicts of interest, as well as the confidentiality that has to be maintained while carrying out their activities;
- d. indicates the responsibilities, powers and resources granted to the Financial Reporting Officer for the exercise of their duties, identifying the financial and human resources needed to carry out the mandate;
- e. defines dealings with other Company entities and functions, with the corporate bodies, the internal and external control bodies and with subsidiaries, regulating the information flows between them;
- f. explains the process of internal and external attestation with reference to: the Financial Reporting Officer's statements that the Company's acts and communications disclosed to the market agree with the supporting documentation, books of account and accounting entries; statements made by the Financial Reporting Officer and delegated administrative bodies relating to the financial statements, the condensed interim financial statements and the consolidated financial statements.

The Regulation, last updated in January 2021, applies to all entities, functions and corporate bodies of Italmobiliare, as well as all its direct or indirect subsidiaries. The Regulation has been circulated to the staff of the Company, the subsidiaries, as well as to all those affected by its contents.

The functions and duties of the Financial Reporting Officer laid down in the Regulation include:

- a. ensuring there are adequate administrative and accounting procedures for the drafting of the financial statements, the condensed interim financial statements and the consolidated financial statements, as well as any other financial and non-financial reporting drawn up under Legislative Decree 254/2016, updating such procedures and ensuring dissemination and compliance, as well as verifying that they are applied in practice;
- b. assessing, together with the Control and Risk Committee and the Independent Auditors, correct application of the accounting standards and their consistency for the purpose of the financial statements mentioned above;
- c. reporting periodically to top management and the Board of Directors on the activities performed;
- d. periodically reviewing the assessment of financial reporting risks and updating the mapping of such risks;
- e. participating in the design of IT systems that have an impact on the Company's results and financial position.

## RISK MANAGEMENT

The Company develops and maintains a risk management model aimed at identifying, assessing and managing the main business risks on the basis of the guidelines defined periodically by the Board of Directors.

Within the context of the ICRMS, the head of risk management:

- proposes a system of governance of enterprise risk management to the Board of Directors;
- coordinates the risk assessment activities carried out by the other corporate functions involved (the "risk experts") for specific insights, to the extent of their sphere of competence;
- coordinates the process of analysis and management of the risks that are considered relevant to the Group, consolidating the results of the risk assessment carried out by the investee companies;
- ensures the definition, evolution and updating over time of the methodology to support the risk management process, providing methodological support to the individual functions involved.
- prepares a system of periodical risk reporting for top management, the Control and Risk Committee and the Board of Directors;
- at least once every six months, monitors implementation of the strategies adopted to mitigate the main risks that have emerged.

Responsibility for risk management is entrusted to the Head of Internal Audit, who does not take any decisions regarding risk management, but carries out work that involves assessment and monitoring. Specific actions to handle risks are decided by management.

Analysis of risk events that could affect achievement of the objectives of the Company and the Group continued in 2020 and up to the date of approval of this Report. In particular, the impact of the Covid-19 emergency on the Company and its affiliates was constantly monitored, and the Control and Risk Committee and the Board of Directors were periodically informed.

## COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The various parties involved in the Internal Control and Risk Management System (Board of Directors, Director in charge of the ICRMS, Control and Risk Committee, Committee for Sustainability and Social Responsibility, Internal Audit Department, Financial Reporting Officer, the Board of Statutory Auditors, Supervisory Body and other roles and company departments with specific duties regarding internal control and risk management) are coordinated through an exchange of information and meetings scheduled ad hoc or at meetings of the individual bodies.

## ASSESSMENT OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

On the basis of the assessments and information received, with the support of the activities carried out by the Control and Risk Committee and with the contribution of the Director in charge of the ICRMS, the Head of Internal Audit and the Financial Reporting Officer, the Board of Directors acknowledged that there had been no reports of problem areas that could invalidate the overall adequacy and effectiveness of the Internal Control and Risk Management System with respect to the structure of the Company and the Group and the characteristics of the business. In fact, the Internal Control and Risk Management System is subject to ongoing improvement by means of systematic monitoring and planning of improvement initiatives, in line with international standards.

## IV. Board of Statutory Auditors

### APPOINTMENT OF THE STATUTORY AUDITORS

The members of the Board of Statutory Auditors are appointed on the basis of slates submitted by the Shareholders, according to a system designed to allow the minority to appoint a Standing Auditor, who assumes the office of Chairman, and an Alternate Auditor. The appointment is made in accordance with current regulations on gender balance.

The slates must be filed at the Company's registered office or sent to the certified email address indicated in the notice of calling of the Shareholders' Meeting, at least 25 days prior to the date set for the Shareholders' Meeting; this is mentioned in the notice of calling along with the procedures and shareholding required for their submission.

Only Shareholders who, alone or with others, can provide evidence that they have a stake in the share capital with voting rights not lower than the level set by Consob pursuant to current regulations for the appointment of the Board of Directors are entitled to present slates.

No shareholder may file or participate in the filing of more than one slate, directly or through a nominee or trust company, or vote for different slates. Shareholders belonging to the same group and shareholders who join a shareholders' agreement involving the Company's shares may not file or vote for more than one slate, not even through a nominee or trust companies. Slates filed in violation of these restrictions will not be accepted.

Each candidate can only be on one slate under penalty of ineligibility.

Slates that have a total number of candidates equal to or greater than three must be composed of candidates belonging to both genders, to an extent that complies with current regulations on gender balance. This applies to candidates for the office of Standing Auditor, as well as to candidates for the office of Alternate Auditor.

At the time they are filed, slates must include:

- a. the statements in which the individual candidates accept their candidacy; a statement, under their own responsibility, that they meet the professionalism requirements laid down in the By-laws, that there are no grounds for ineligibility or incompatibility, that they meet the integrity requirements established by law, and whether they satisfy the independence requirements of the law and the Code;
- b. a brief *curriculum vitae* on the personal and professional skills of each candidate with an indication of positions they hold as director or statutory auditor in other companies;
- c. information on the identity of the shareholders who have presented slates. The certification or statement proving ownership of the shareholding prescribed by the law in force when the slate is presented may also be produced after the filing of the slate, providing that it reaches the Company before the deadline laid down in current regulations on the publication of slates by the Company;
- d. a statement by shareholders - other than those who have a controlling or majority stake, jointly or severally - acknowledging that they do not have any joint shareholdings, as defined by law.

If a slate does not comply with these provisions, it will be considered as though not presented.

In the event that, by the deadline of 25 days prior to the date of the Shareholders' Meeting, only one slate has been filed, or only slates presented by shareholders who are connected to each other pursuant to current regulations, further slates can be presented up to the third day subsequent to that date and the threshold indicated in the notice of calling is halved.

At least 21 days prior to the date set for the Shareholders' Meeting called to resolve on the appointment of the control bodies, the Company shall make the slates of candidates filed by shareholders and the relative documentation available to the public at the registered offices, the market management company and on its website.

In the event of more than one slate being filed:

- the slate that obtains the highest number of votes at the Shareholders' Meeting elects two Standing Auditors and two Alternate Auditors, in the order in which they are listed in the sections of the slate;
- the minority shareholders' slate that obtains the highest number of votes among the slates presented and voted by shareholders who are not connected in any way, directly or indirectly, with the majority shareholders, elects the third Standing Auditor and the third Alternate Auditor, in the order in which they are listed in the sections of the slate;
- should more than one slate obtain the same number of votes, a run-off is held between these slates by all the shareholders with voting rights present at the Shareholders' Meeting, and the candidates are elected from the slate that obtains a majority of the share capital represented at the Shareholders' Meeting.

Should a party connected to a majority shareholder vote for a slate of the minority shareholders, the connection is only considered significant for the purposes of excluding the minority shareholders' elected Statutory Auditor if this vote was crucial for the election of the Auditor in question.

Should a single slate be filed, all the candidates included in that slate are elected with a simple majority vote of the share capital represented at the Shareholders' Meeting.

If, as a result of voting several slates or voting the only slate presented, the composition of the Board of Statutory Auditors, as to its standing members, does not meet the current regulations on gender balance, the necessary replacements will be made choosing from among candidates to the office of Standing Auditor on the slate that has obtained the highest number of votes or from within the only slate presented, starting from the last candidate on that slate.

Should no slates be filed, the Shareholders' Meeting appoints the Board of Statutory Auditors with a simple majority vote of the share capital represented at the Shareholders' Meeting, providing gender balance is ensured in accordance with current legislation.

The Chairmanship of the Board of Statutory Auditors lies with the person indicated in first place on the slate presented and voted by the minority shareholders, or with the first person listed if only one slate is presented, or with the person appointed as such by the Shareholders' Meeting should no slates be presented.

Pursuant to the By-laws, those who find themselves in an incompatible situation as defined by law, or those who have exceeded the limit on the accumulation of appointments established by current regulations may not be elected as Statutory Auditors, and if they have been elected shall fall from office. Should an elected Statutory Auditor during their term of office no longer meet the requirements envisaged by the law or the By-laws, they fall from office.

When it is necessary to replace a Standing Auditor, the Alternate Auditor belonging to the same slate as the outgoing Auditor takes over. In their absence, in accordance with the original order of presentation, the candidate from the same slate as the outgoing Auditor takes over, without taking the initial section into account. If the replacement involves the Chairman of the Board of Statutory Auditors, the position will be taken over by the Auditor representing the minority shareholders. The Statutory Auditors appointed in this way as replacements remain in office until the following Shareholders' Meeting.

If it is necessary to integrate the Board of Statutory Auditors:

- to replace a Statutory Auditor elected from the majority shareholders' slate, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated in the original majority shareholders' slate;
- to replace a Statutory Auditor elected from the minority shareholders' slate, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated in the original minority shareholders' slate;
- for the simultaneous replacement of Auditors elected in both the majority and minority shareholders' slates, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated on the slate to which each Statutory Auditor to be replaced belonged, with a number of Statutory Auditors equal to the number of outgoing Statutory Auditors belonging to the same slate.

Where it is not possible to proceed as described above, the Shareholders' Meeting called to integrate the Board of Statutory Auditors decides by relative majority of the share capital represented at the Shareholders' Meeting, without prejudice to the principle according to which the minority will always be entitled to appoint one Standing Auditor and one Alternate Auditor. In any case, the Chairmanship of the Board of Statutory Auditors must be assigned to the Statutory Auditor representing the minority shareholders. The procedures on replacements as indicated in the previous paragraphs must in any case ensure compliance with current legislation on gender balance.

Pursuant to the Code, the Statutory Auditors are chosen from among people who would also qualify as independent under the criteria laid down for Directors.

## COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors, in office for the duration of three years up to approval of the financial statements at December 31, 2022, was appointed by the Shareholders' Meeting on April 21, 2020 and is made up of Pierluigi De Biasi, Chairman, Gabriele Villa and Luciana Ravicini. Alternate Auditors are Maria Maddalena Gnudi, Michele Casò and Tiziana Nesa.

The Board of Statutory Auditors in office was appointed using the slate voting system: Gabriele Villa, Luciana Ravicini, Maria Maddalena Gnudi and Michele Casò were selected from the majority slate submitted by the Compagnia Fiduciaria Nazionale S.p.A.; Pierluigi De Biasi and Tiziana Nesa were selected from the minority slate submitted by institutional investors (RWC Asset Management LLP and Fidelity International). The slates are available in the "Governance/Shareholders' Meeting/Shareholders' Meeting archive" section of the Company's website. Further detailed information on the Board of Statutory Auditors is provided in the table set out at the end of this Report.

All members are independent pursuant to the CLF and also meet all of the independence requirements laid down by the Code for Directors. Immediately after their appointment, the Board of Statutory Auditors verified that they met the independence requirements and informed the Board accordingly. The requirements were last verified in February 2021 and the Board was informed of the results of the assessment.

In compliance with the provisions on gender quotas in force at the time of appointment, one third of the positions are reserved for the less represented gender.

The *curriculum vitae* of each Standing Auditor is available in the "Governance/Statutory Auditors" section of the website [www.italmobiliare.it](http://www.italmobiliare.it) and is also in the incipit of the Annual Financial Report together with the offices they hold.

During 2020, the Board of Statutory Auditors held a total of 18 meetings (7 meetings of the Board in office up to April 21, 2020 and 11 meetings of the Board in office from April 21, 2020) lasting for

an hour and a half on average, with the attendance shown in the tables at the end of this report, as well as having taken part in all meetings of the Company's Board Committees. The independent auditors, the Chief Executive Officer-Chief Operating Officer, the Financial Reporting Officer, the Head of Internal Audit and other heads of department were invited to meetings of the Board of Statutory Auditors to provide appropriate insights into the items on the agenda.

In accordance with the CLF, the Board of Statutory Auditors oversees: *i)* compliance with the law and the By-laws; *ii)* compliance with the principles of correct administration; *iii)* the adequacy of the Company's organisational structure for the aspects within its sphere of competence, the internal control system and the administrative-accounting system, as well as its reliability in giving a true and fair view of the Company's operations; *iv)* the ways in which the rules laid down in the Corporate Governance Code adopted by the Company are implemented in practice; *v)* the adequacy of the instructions that the Company issues to its subsidiaries to ensure the correct fulfilment of the reporting obligations laid down by law.

Moreover, pursuant to art. 19 of Legislative Decree 39/2010, the Board of Statutory Auditors, as the "Internal Control and Auditing Committee" is responsible for:

- a. informing the Board of Directors of the outcome of the external audit, sending it the additional report prepared by the independent auditors, accompanied by any observations;
- b. monitoring the financial reporting process and presenting recommendations or proposals intended to ensure its integrity;
- c. checking the efficiency of the internal quality control and business risk management systems and of the internal audit, as regards the financial reporting of Italmobiliare, without infringing their independence;
- d. monitoring the external audit of the annual and consolidated financial statements, also taking into account the results and conclusions of any quality checks carried out by Consob;
- e. checking and monitoring the independence of the independent auditors, particularly as regards the adequacy of services provided other than audit;
- f. the procedure for selecting the external or independent auditors, and once the selection process has been carried out, recommending to the Shareholders' Meeting which external or independent auditors should be appointed.

The Chairman of the Board of Directors has arranged for the Statutory Auditors to participate in the most appropriate forms in initiatives designed to provide them with adequate knowledge of the sector in which the Company operates, the corporate dynamics and their evolution, the principles of correct risk management and the regulatory and self-regulatory framework of reference. In particular, in 2020, the Statutory Auditors were able to participate in the induction meetings organised by the Company for the Directors and to hold meetings with the Chief Executive Officer-Chief Operating Officer for an exchange of information.

The remuneration of the Statutory Auditors is commensurate with the commitment required, the relevance of their role and the size and sector-related characteristics of the business.

The Company requires any Statutory Auditor who, on their own behalf or on behalf of third parties, has an interest in a specific Company transaction, to inform the other Statutory Auditors and the Chairman of the Board of Directors promptly and in detail about the nature, terms, origin and extent of such interest.

In performing its activities, the Board of Statutory Auditors coordinated with Internal Audit and with the Control and Risk Committee. This coordination is guaranteed by the Board of Statutory Auditors attending all meetings of the Control and Risk Committee, continuous exchanges of information between the Chairmen of the two corporate bodies as necessary, regarding issues of interest to both, and frequent meetings with the Head of Internal Audit at meetings of the Board of Statutory Auditors and those of the Control and Risk Committee.



## V. Relations with Shareholders

The Company makes sure that there is continuous dialogue with the Shareholders and the market, in accordance with the laws and regulations on the disclosure of insider information. The Company's behaviour and procedures are designed, among other things, to anticipate and avoid information asymmetries and to ensure proper application of the principle whereby all investors and potential investors are entitled to receive the same information in order to make sound investment decisions.

With regard to market relations, the Chairman and the Chief Executive Officer-Chief Operating Officer, within the sphere of their respective responsibilities, provide the guidelines that the structures involved should follow when dealing with institutional investors and other Shareholders. The Investor Relations department was established for this purpose. The Board of Directors is periodically updated on its activities.

Information of major interest to investors is made available on the Company's website, in the "Investor" section. The "Governance" section includes information on Shareholders' Meetings, with particular reference to how to participate and exercise the right to vote, the documentation on items on the agenda, including reports on the matters on the agenda and the slates of candidates for the offices of Director and Statutory Auditor with an indication of their personal and professional characteristics.

### SHAREHOLDERS' MEETING

The Shareholders' Meeting is called, according to the laws and regulations for companies whose shares are listed on regulated markets, to pass resolutions on the matters reserved for it by law. The decisions taken in accordance with the law and the By-laws are binding on all shareholders, including those absent or dissenting, without prejudice to the right of withdrawal in certain situations. The majorities required to amend the By-laws are those established by law.

The Board of Directors recommends to all of its members to participate regularly in Shareholders' Meetings and seeks to encourage and facilitate the widest possible participation of Shareholders and to facilitate the exercise of voting rights.

The Board of Directors reports to the Shareholders' Meeting on its past activities and future plans and acts to ensure that the Shareholders have adequate information to allow them to take the decisions required of the Shareholders' Meeting on an informed basis.

All those who have the right to vote as certified by the legally required communication received by the Company by the end of the third open market day prior to the date set for the Shareholders' Meeting at a single calling are entitled to attend the Shareholders' Meeting. The right to attend and vote is retained if the communications are received by the Company after the deadline, as long as they are received before proceedings of the Shareholders' Meeting at single calling begin.

Shareholders who, individually or jointly, own at least one fortieth of the share capital represented by shares with voting rights can, by the legal deadline, ask for items to be added to the agenda, stating in their request what other issues they have proposed for discussion or what other motions they have suggested on matters already on the agenda.

The Company can designate a person, giving a clear indication thereof in the notice of calling, for each Shareholders' Meeting to whom all eligible parties may grant a proxy with voting instructions on all or some of the proposals on the agenda, in the manner provided for by law.

A specific regulation governing Shareholders' Meetings has not been adopted as the extensive powers attributed to the Chairman by law and doctrine are considered adequate enough to ensure the orderly conduct of Shareholders' Meetings, also because art. 13 of the By-laws expressly gives the Chairman the power to direct the debate and establish the order and methods of voting, providing it is open.

In 2020, considering the Covid-19 health crisis and in accordance with the provisions of Decree Law no. 18 of March 17, 2020 "Measures to strengthen the national health service and economic support for families, workers and companies connected to the epidemiological emergency caused by Covid-19", and in particular of art. 106 of the Decree, the Shareholders' Meeting was held allowing the participation of those entitled to vote exclusively through the "Representative Appointed" by the Company pursuant to art. 135-undecies of the CLF.

The Shareholders' Meeting was held on April 21, 2020 to vote on the following agenda:

1. Financial statements at December 31, 2019, distribution of the dividend and an additional extraordinary dividend, also out of reserves.
2. Report on the remuneration policy and on the remuneration paid, pursuant to art. 123-ter of the Consolidated Law on Finance:
  - 2.1 remuneration policy for 2020;
  - 2.2 consultation on the remuneration paid in 2019.
3. Appointment of the Board of Directors:
  - 3.1 determination of the number of members;
  - 3.2 determination of the term of office;
  - 3.3 appointment of the members;
  - 3.4 determination of the directors' remuneration.
4. Appointment of the Board of Statutory Auditors for the three-year period 2020-2022:
  - 4.1 appointment of the members and Chairman of the Board of Statutory Auditors;
  - 4.2 determination of the remuneration of the Board of Statutory Auditors.
5. Authorisation to buy and sell treasury shares, following revocation of the authorisation given by the Shareholders' Meeting held on April 17, 2019.
6. Incentive plan based on financial instruments pursuant to art. 114 bis of the Consolidated Law on Finance.

## VI. Codes of conduct, procedures and other corporate governance practices

### DIVERSITY AND GENDER BALANCE POLICIES IN THE COMPOSITION OF CORPORATE BODIES

The composition of the Board of Directors and Board of Statutory Auditors of Italmobiliare has evolved over time in accordance with best practices, in order to ensure adequate representation in terms of experience, age and gender.

In January 2020, the Board of Directors approved an amendment to the By-laws on this matter to ensure compliance with the new legal provisions, which now provide that 2/5 of the members of the corporate bodies are to go to the less represented gender.

In view of the renewal of the corporate bodies approved by the Shareholders' Meeting in April 2020, the outgoing Board of Directors, helped by the Remuneration and Nominations Committee, issued a guidance opinion on the qualitative and quantitative composition and professional skills of the new Directors, aware that the enhancement of diversity is a fundamental element of sustainability of the business in the medium to long term, both for Group employees and for the members of Italmobiliare's administrative and control bodies.

Adequate gender representation is ensured on the current Board of Directors, with the presence of 5 female Directors out of 12, i.e. 42%. The average age of the Directors is 56. Thanks to the variety of their professional training and careers, the members currently in office guarantee the contribution of qualified and complementary skills to the Company's governance.

Likewise for the current Board of Statutory Auditors: one out of three Standing Auditors and one out of three Alternate Auditors are female.

It is worth remembering that following the self-assessment process, the positive opinion on the composition of the Board in terms of skills and experience and the representation of diversity was confirmed for 2020 as well.

Lastly, in addition to the above, it is worth remembering that in 2019 the Company's Board of Directors approved the sustainability policy, which includes among its pillars the "Enhancement and Growth of People". This is because Italmobiliare is aware of the fact that the Group's development and success also depend on the ability to attract and retain people with different, complementary skills and on the training of leaders able to guide company growth by aligning the interests of management and shareholders and promoting the sustainable creation of value in the medium to long term.

### PROCEDURES FOR MANAGING INSIDER INFORMATION AND THE INSIDER LIST

The Company has adopted a procedure for the management of insider information, i.e. information of a precise nature, not yet made public, directly or indirectly concerning Italmobiliare or its financial instruments and, if made public, likely to have a significant effect on the price of listed financial instruments issued by Italmobiliare, or on the prices of related derivatives. The procedure, available on the Company's website in the "Governance/Documents and Procedures" section, was last updated in 2018 for the purpose of incorporating the Consob Guidelines on insider information and relevant information, as well as the provisions of Legislative Decree 107/2018.

The rules of conduct and principles set out in the procedure aim to:

- guarantee the utmost confidentiality of the insider information and relevant information (i.e. information that could become insider information at some later date, even quite soon), balancing the interest in ensuring the confidentiality of the information as it is being created with the duty to ensure non-selective disclosure;
- protect investors and market integrity, preventing situations of information asymmetry and preventing certain parties from using non-public information to operate on the markets;
- define the process for identifying and managing relevant information;
- define the processes for identifying and managing insider information;
- protect the Company in relation to any liability it might incur as a result of unlawful conduct involving market abuse adopted by persons traceable to the Company and, in more general terms, as a result of conduct that violates the principle of confidentiality.

The procedure is an essential component of the Company's Internal Control and Risk Management System and of the overall system for preventing the offences mentioned in Legislative Decree 231/2001 and, in particular, of the Organisational Model adopted by the Company for this purpose. It is available on the Company's website [www.italmobiliare.it](http://www.italmobiliare.it) in the "Governance/Documents and Procedures" section.

The rules contained in the procedure bind all Company employees, the members of the Board of Directors and of the Board of Statutory Auditors, and all those who have advisory or collaboration relationships with the Company and/or the Group.

The Company has also adopted a new procedure for registering individuals with access to insider information (so-called "insider list procedure") which is strictly linked to internal regulations on the management and publication of insider information. The procedure, which was also updated in 2018, was adopted in order to fulfil the obligation to draw up a list of people who, based on their work or professional activities, or on the basis of the functions they perform, have access to insider information concerning Italmobiliare. It is available on the Company's website [www.italmobiliare.it](http://www.italmobiliare.it) in the "Governance/Documents and Procedures" section.

## THE CODE OF CONDUCT ON INTERNAL DEALING

The Code of Conduct on Internal Dealing, last amended on July 31, 2018, governs the conduct and information requirements relating to transactions involving financial instruments issued by the Company carried out by "relevant persons" - identified as the Company's Directors, Statutory Auditors and key management personnel - and people closely related to them, or by those who hold a number of shares amounting to or exceeding 10% (ten per cent) of the Company's share capital, represented by shares with voting rights, as well as any other entity that controls the Company.

The code of conduct is an essential component of the Company's Internal Control and Risk Management System and of the overall system for preventing the offences mentioned in Legislative Decree 231/2001 and, in particular, of the Organisational Model adopted by Italmobiliare for this purpose.

According to the Code, the reporting requirement applies if the overall amount of the transactions involving Italmobiliare shares comes to more than € 20,000 in a year.

The Code of Conduct also stipulates that relevant persons and persons closely related to them must abstain from carrying out transactions on the listed financial instruments issued by Italmobi-

liare in the 30 calendar days prior to the Italmobiliare Board meeting called to approve the annual and interim financial statements, up until publication of the press release containing the results.

The Code is available on the Company's website [www.italmobiliare.it](http://www.italmobiliare.it) in the "Governance/Documents and Procedures" section.

## INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

Since 2010, the Board of Directors has adopted the Procedure for Related-Party Transactions in accordance with Consob's Regulation of March 12, 2010.

The Procedure aims to ensure that transactions with related parties and subjects comparable to them, directly or through the subsidiaries of Italmobiliare, are carried out in a transparent way and in compliance with the criteria of substantial and procedural correctness, also to facilitate the identification and allow adequate management of situations in which a Director has an interest, on their own behalf or on behalf of third parties.

The Procedure was initially amended in 2013 with an extension of the scope of correlation to members of the Supervisory Body and the introduction of a differentiation between the minimum thresholds to assess relevance for transactions in which the counterparty is a natural person and those in which the counterparty is a legal entity.

It was then updated in 2014 to confirm the Company's commitment to adhere to the rules of best practice and the Supervisory Authority's guidelines. The main changes concern: definition of the concept of ordinary transaction; identification of some indicators of correlation which would permit specific monitoring by the Company of transactions with counterparties who are not formally related but who, on a substantial level, could influence the decision-making process; the idea of an informative quarterly report for members of the Committee on transactions with counterparties that have an indicator of correlation; conferral of power to the Committee to identify transactions to be submitted in advance to the preliminary procedure for transactions of lesser importance on the basis of indicators of significance relating to transactions with counterparties showing some correlation.

In 2018, having obtained the favourable opinion of the Committee for Transactions with Related Parties, the Board of Directors further updated the Procedure.

The main changes introduced in 2018 regard the aspects outlined below.

Application of the Procedure was extended, under the same terms set for related parties, to the new category of "identified parties" which includes, in addition to the members of the Company's Supervisory Body, each mutual fund, foundation or non-profit association, established and/or managed by, or in any case referable or connected to related parties, as well as each entity that participates together with the Company, or with one or more subsidiaries of the Company, in joint ventures of significant economic importance for the Company.

In relation to the existing category of subjects with an indicator of correlation (now called "parties with a correlation index"), to whom the Procedure already applied, direct application of control measures for transactions of lesser importance has been established, where the single transaction with a party with an indicator of correlation exceeds the amount of € 750,000, or where transactions accumulated with the same party with an indicator of correlation exceed the amount of € 1,500,000 in one year.

As regards ordinary transactions, the "ordinary investment transactions" category has been introduced, which includes transactions in which the Company subscribes to shares in mutual funds established and/or managed by, or in any case referable or connected to, related parties; as is the case for ordinary transactions, ordinary investment transactions can also be exempt from applica-

tion of the Procedure where certain conditions specifically identified exist cumulatively.

The definition of "small amount transactions" has been supplemented, exempted from the application of the Procedure, in that, leaving untouched the thresholds of € 300,000 per single transaction with natural persons and € 500,000 per single transaction with legal entities, it is specified that, in any one year, the total amounts of € 600,000 and € 1,000,000, respectively, for transactions with the same counterparty may not be exceeded; it was then clarified that application of these thresholds for legal entities includes professional associations.

The Procedure distinguishes "transactions of greater importance" from those of "lesser importance" on the basis of specific criteria predetermined by Consob. This distinction serves to determine the applicable transparency rules, which are simpler in cases of transactions of lesser importance and stricter for transactions of greater importance.

Both types of transactions require the prior opinion of the Committee for Transactions with Related Parties.

This Committee has: the duty to express a reasoned opinion on transactions, both of lesser importance (non-binding opinion) and of greater importance (binding opinion); the right to participate in the negotiation phase and the investigation phase of transactions of greater importance through the receipt of a complete and timely flow of information and the right to request information and make observations to the delegated bodies and the persons appointed to conduct the negotiations or investigation; the right to be assisted by independent experts of its choice at the Company's expense.

In the case of transactions of lesser importance, the Procedure provides the possibility of implementing the transaction even if the Committee expresses a negative opinion, as long as this is disclosed to the market in a specific document that also explains the reasons for this decision.

The Company's By-laws also provide for: *i)* the possibility that transactions of greater importance with related parties may be completed, despite the negative opinion of the Committee, as long as the completion of these transactions is authorised by the Shareholders' Meeting, on the condition that the majority of the non-related voting shareholders do not vote against the transaction and that the non-related shareholders in attendance at the Shareholders' Meeting represent at least 10% of the share capital with voting rights (so-called "whitewash"); *ii)* the right for the Company to use the emergency procedure in cases where the transaction is not within the remit of the Shareholders' Meeting and does not have to be authorised by it.

The Procedure does not apply, *inter alia*, to ordinary transactions (carried out within the ordinary course of business and related financial activities of the Company and the Group in general) as long as they are concluded at standard conditions or at terms equivalent to market conditions; to ordinary investment transactions, in the presence of certain conditions; to transactions with or between subsidiaries or with associated companies, unless other related parties of the Company have significant interests in the subsidiaries or associated companies that are counterparties in the transaction; to urgent transactions outside the remit of the Shareholders' Meeting.

On April 21, 2020, after obtaining the favourable opinion of the Board of Statutory Auditors, the Board of Directors appointed the new Committee made up of the independent directors Chiara Palmieri, Chairman, Mirja Cartia d'Asero and Elsa Fornero.

The Committee met three times during 2020; on average, the meetings lasted for less than one hour.

The Procedure governing how transactions with related parties should be carried out is available on the Company's website [www.italmobiliare.it](http://www.italmobiliare.it) in the "Governance/Documents and Procedures" section. In the first half of 2021, steps will be taken to incorporate the amendments to Consob Regulation 17221/2010, approved in December 2020, into the Procedure.

Without prejudice to the provisions contained in the Procedure, also pursuant to the Code of Ethics adopted by Italmobiliare, the members of the corporate bodies must refrain from engaging

in actions that could harm Italmobiliare and from participating in the approval of resolutions by the body to which they belong regarding matters that present even potential conflicts of interest.

## CODE OF ETHICS

The Company introduced a Code of Ethics for the first time in 1993 and since then it has been amended and updated. A new text was adopted in 2018 and approved by the Board of Directors.

The Code of Ethics is a set of values and principles underlying Italmobiliare's business and establishes its rules of behaviour and conduct. For the Company and its subsidiaries it represents a solid platform of values, a necessary condition to guarantee constructive dialogue with all interested parties; it also reaffirms the defence of ethical principles and legality as an essential asset for doing business.

The Group's main subsidiaries have in turn adopted their own Code of Ethics.

The Code of Ethics is available on the Company's website [www.italmobiliare.it](http://www.italmobiliare.it) in the "Company/Code of Ethics" section.

## GENERAL DATA PROTECTION

The Company completed the activities necessary to adapt to Regulation (EU) 2016/679 - General Data Protection Regulation (GDPR).

The Data Controller is identified as the Company, represented by the Chief Executive Officer-Chief Operating Officer, assisted, until the date of this Report, by a "Data Protection Committee" made up of three internal managers. On the other hand, a Data Protection Officer has not been designated, as the appointment of this figure is not mandatory because Italmobiliare does not handle sensitive, health-related or legal data, nor does it monitor or regularly and systematically handle large masses of personal data.

The Company has implemented the provisions of the GDPR by adopting certain governance tools, such as:

- the "organisational model", which identifies the "Data Protection Committee" as the GDPR guidelines and governance body; the internal contact persons and the internal/external subjects authorised to perform processing as the executive body, leaving the control functions to the Internal Audit Department (and to the government authorities responsible for this);
- the "operating model" containing the implementing provisions (such as, for example, the information notices and requests for consent to process data, the procedures for security and data breach/protection measures);
- the "architectural model" for common data, particular categories of data and for data relating to criminal convictions and offences, checking that the physical/logical security measures exist with respect to the requirements laid down in the new legislation for the applications and infrastructure in place.

\*\*\*

The Board of Directors and the Board of Statutory Auditors were informed about the recommendations made in a letter from the Chairman of the Corporate Governance Committee dated December 22, 2020.

As regards the recommendations made in it, the following should be noted:

- i. the Company makes every effort to integrate sustainability into its value creation strategy in a way that is as effective as possible. ESG integration concerns operating processes and risk assessment as well. The relevant ESG issues were considered in the definition of the remuneration policy that will be submitted to the next Shareholders' Meeting. Furthermore, at the time of renewal of the Board, the Company established the Committee for Sustainability and Social Responsibility, chaired by its Chief Executive Officer-Chief Operating Officer, who has the responsibilities described above;
- ii. the information sent to the Board of Directors, its completeness, usability and timeliness are adequate, as assessed by the Board;
- iii. the criteria established by the Code for the purpose of assessing independence have been rigorously applied. The amount above which a director cannot qualify as independent pursuant to letter c) of art. 3C1 of the Code has been set at € 200,000 per year and the additional amount above which a director cannot qualify as independent pursuant to letter d) of art. 3C1 of the Code has also been set at € 200,000 per year. However, up until now, it has not been considered appropriate to introduce qualitative criteria to assess whether the independence requirements are still being satisfied pursuant art. 3C1, letters c) and d), of the current Code;
- iv. the Remuneration and Nominations Committee - also in view of the renewal of the corporate bodies resolved in April 2020 - examined, subsequently reporting to the Board, an analysis of benchmarks concerning the remuneration of non-Executive Directors, members of the Board Committees and of the Board of Statutory Auditors. On this basis, the Board of Directors expressed its opinion as guidance on the composition of the Board published before the Shareholders' Meeting, on the basic remuneration to be assigned to the members of the Board and of the Board Committees. Further detailed information on variable remuneration and end-of-term indemnity are contained in the report on the remuneration policy and on the remuneration paid.

For the various recommendations included in the letter from the Chairman of the Corporate Governance Committee not specifically referred to here, reference should be made to the corresponding paragraphs of the Report.

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Unless otherwise indicated in the preceding sections, at the end of 2020, no changes had occurred that might significantly affect the contents of this Report.



## Structure of the Board and its Committees

### Board of Directors in office until December 31, 2020

Position	Members	Year of birth	Date of first appointment *	In office since	In office until	Slate **	Exec.	Non-Exec.	Indep. Code	Indep. CLF	No. of other offices ***	(*)	Control and Risk Committee		Remuneration and Nominations Committee		Committee for Transactions with Related Parties		Committee for Sustainability and Social Responsibility		
													(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	
Chairman	Laura Zanetti	1970	14.11.2013	21.04.2020	Fin. Stats. 2022	M		•		•	0	13/13							3/3	M	
Deputy Chairman	Livio Strazzera	1961	03.05.2002	21.04.2020	Fin. Stats. 2022	M		•		•	1	12/13									
CEO-COO ◊	Carlo Pesenti	1963	17.06.1999	21.04.2020	Fin. Stats. 2022	M	•				3	13/13							3/3	C	
Director	Vittorio Bertazzoni	1976	19.04.2017	21.04.2020	Fin. Stats. 2022	M		•	•	•	2	12/13			4/4	M			3/3	M	
Director	Giorgio Bonomi	1955	03.05.2002	21.04.2020	Fin. Stats. 2022	M		•			0	13/13	7/7	M							
Director	Mirja Cartia d'Asero	1969	19.04.2017	21.04.2020	Fin. Stats. 2022	M		•	•	•	3	13/13	7/7	C				3/3	M	3/3	M
Director	Elsa Fornero	1948	27.07.2017	21.04.2020	Fin. Stats. 2022	M		•	•	•	1	13/13						3/3	M	3/3	M
Director	Sebastiano Mazzoleni	1968	25.05.2011	21.04.2020	Fin. Stats. 2022	M		•			0	13/13									
Director	Luca Minoli	1961	03.05.2002	21.04.2020	Fin. Stats. 2022	M		•			1	12/13									
Director	Chiara Palmieri	1970	19.04.2017	21.04.2020	Fin. Stats. 2022	M		•	•	•	1	12/13	4/4		4/4	M	2/2				
Director	Antonio Salerno <sup>(1)</sup>	1974	19.04.2017	21.04.2020	21.1.2021	m		•	•	•	0	13/13									
Director	Marinella Soldi	1966	21.04.2020	21.04.2020	Fin. Stats. 2022	M		•	•	•	2	6/7			2/2	C					

Number of Board meetings held during the year: 13 Control and Risk Committee: 7 Remuneration and Nominations Committee: 4 Committee for Transactions with Related Parties: 3 Sustainability Committee: 3

**Quorum required for minorities to submit slates to elect one or more members (pursuant to Art. 147-ter CLF): 1%**

#### NOTES

• This symbol indicates the director in charge of the internal control and risk management system.

◊ This symbol indicates the main person responsible for managing the issuer (Chief Executive Officer or CEO).

\* Date of first appointment of each director means the date on which the director was appointed for the very first time to the BoD of the issuer.

\*\* This column indicates the slate from which each director was chosen ("M": majority slate; "m": minority slate; "BoD": slate presented by the Board of Directors).

\*\*\* This column indicates the number of offices as director or statutory auditor held by the person concerned in other companies listed in regulated markets, including foreign markets, in finance, banking, insurance or other sizeable companies.

(\*) This column indicates the attendance of Directors at the meetings respectively of the Board and of Board Committees.

(\*\*) This column shows the status of the Director within the Committee: "C": Chairman; "M": Member.

(1) Antonio Salerno resigned as a Director on January 21, 2021; Marco Cipelletti, the first and only unelected candidate, belonging to the same minority list presented by RWC Asset Management LLP and Fidelity International from which Antonio Salerno had been taken, was co-opted by the Board of Directors on January 27, 2021 to replace him. Marco Cipelletti will remain in office until the next Shareholders' Meeting.

**Directors who resigned during 2020**

Position	Members	Year of birth	Date of first appointment *	In office since	In office until	Slate **	Exec.	Non-exec.	Indep. Code	Indep. CLF	Risks and Sustainability Committee			Remuneration and Nominations Committee		Committee for Transactions with Related Parties	
											(*)	(*)	(**)	(*)	(**)	(*)	(**)
Director	Valentina Casella	1979	19.04.2017	19.04.2017	Fin. Stats. 2019	M		•	•	•	5/5	3/3	M			1/1	C
Director	Clemente Rebecchini	1964	25.05.2011	19.04.2017	Fin. Stats. 2019	M		•	•	•	3/5						
Director	Paolo Domenico Sfamini	1965	25.05.2011	31.07.2018	Fin. Stats. 2019	M		•	•	•	5/5			2/2	C		

**NOTES**

\* Date of first appointment of each director means the date on which the director was appointed for the very first time to the Board of the issuer.

\*\* This column indicates the slate from which each director was chosen ("M": majority slate; "m": minority slate; "BoD": slate presented by the Board of Directors).

(\*) This column indicates the attendance of Directors at the meetings respectively of the Board and of Board Committees in the period 1.01.2020 - 21.04.2020.

(\*\*) This column shows the status of the Director within the Committee: "C": Chairman; "M": Member.

## Board of Statutory Auditors

appointed by the Shareholders' Meeting of April 21, 2020

Position	Members	Year of birth	Date of first appointment *	In office since	In office until	Slate **	Indep. Code	Attendance at BoSA meetings ***	Attendance at BoD meetings From 21.04.2020	No. of other offices ****
Chairman	Pierluigi De Biasi	1956	21.04.2020	21.04.2020	Fin. Stats. 2022	m	•	11/11	8/8	2
Standing Auditor	Gabriele Villa	1964	21.04.2020	21.04.2020	Fin. Stats. 2022	M	•	10/11	8/8	5, of which 2 listed
Standing Auditor	Luciana Ravicini	1959	25.05.2011	21.04.2020	Fin. Stats. 2022	M	•	11/11	12/13	14
Alternate Auditor	Maria Maddalena Gnudi	1979	21.04.2020	21.04.2020	Fin. Stats. 2022	M	N.A.	-	-	-
Alternate Auditor	Michele Casò	1970	21.04.2020	21.04.2020	Fin. Stats. 2022	M	N.A.	-	-	-
Alternate Auditor	Tiziana Nesa	1973	21.04.2020	21.04.2020	Fin. Stats. 2022	m	N.A.	-	-	-

Number of meetings held during 2020 since the Shareholders' Meeting on April 21, 2020 that appointed them: 11

**Quorum required to submit slates by the minority parties for election of one or more members (pursuant to Art. 148 of the CLF): 1%**

### NOTES

\* Date of first appointment of each statutory auditor means the date on which the statutory auditor was appointed for the very first time to the Board of Statutory Auditors of the issuer.

\*\* This column indicates the slate from which each statutory auditor was chosen ("M": majority slate; "m": minority slate).

\*\*\* This column indicates the attendance of statutory auditors at the meetings of the Board of Statutory Auditors.

\*\*\*\* This column indicates the number of offices as director or statutory auditor held by the person concerned, considered significant pursuant to Article 148-bis of the CLF and the relative implementing provisions contained in Consob's Issuers' Regulation.

## Board of Statutory Auditors

in office until the Shareholders' Meeting of April 21, 2020

Position	Members	Year of birth	Date of first appointment *	In office since	In office until	Slate **	Indep. Code	Attendance at BoSA meetings 1.1.2020 - 21.04.2020 ***	Attendance at BoD meetings 1.1.2020 - 21.04.2020
Chairman	Francesco Di Carlo	1969	25.05.2011	19.04.2017	Fin. Stats. 2019	m	•	7/7	5/5
Standing Auditor	Angelo Casò	1940	25.05.2011	19.04.2017	Fin. Stats. 2019	M	•	7/7	5/5
Standing Auditor	Luciana Ravicini	1959	27.05.2014	19.04.2017	Fin. Stats. 2019	M	•	7/7	5/5
Alternate Auditor	Alberto Giussani	1946	19.04.2017	19.04.2017	Fin. Stats. 2019	M	N.A.	-	-
Alternate Auditor	Giovanna Rita	1973	19.04.2017	19.04.2017	Fin. Stats. 2019	M	N.A.	-	-
Alternate Auditor	Paolo Ludovici	1965	25.05.2011	19.04.2017	Fin. Stats. 2019	m	N.A.	-	-

Number of meetings held during 2020 up to the Shareholders' Meeting on April 21, 2020: 7

**Quorum required to submit slates by the minority parties for election of one or more members (pursuant to Art. 148 of the CLF): 1%**

### NOTES

\* Date of first appointment of each statutory auditor means the date on which the statutory auditor was appointed for the very first time to the Board of Statutory Auditors of the issuer.

\*\* This column indicates the slate from which each statutory auditor was chosen ("M": majority slate; "m": minority slate).

\*\*\* This column indicates the attendance of statutory auditors at the meetings of the Board of Statutory Auditors.