

REGULATION OF
THE BOARD OF
DIRECTORS
OF ITALMOBILIARE
S.P.A.

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Introduction

The purpose of this regulation ("Regulation") is to support the requirements of the laws, regulations and by-laws, as well as the recommendations of the Corporate Governance Code ("Code"), imposed on and accepted by the Company, by defining how the Board of Directors of Italmobiliare S.p.A. ("Italmobiliare" or the "Company") and its Committees function and ensuring the effective management of corporate disclosures.

This Regulation applies to all current and future members of the Board of Directors ("the Directors").

It is approved by the Board of Directors acting on a proposal from the Chairman.

First part – Board of Directors

1. COMPOSITION

1.1 The Company is administered by a Board of Directors appointed at the Shareholders' Meeting and comprises 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. The Directors cease to hold office on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year of their mandate and may be re-elected.

1.2 The composition of the Board of Directors, in terms of the number of members and their skills, means that the Board is able to perform its functions in an independent, objective and efficient manner.

The majority of the Directors of Italmobiliare are non-executive members. At least half of the Directors of Italmobiliare qualify as independent pursuant to the criteria identified in both the Code and the Consolidated Law on Finance.

In addition, the composition of the Board is consistent with the principles and current regulations governing gender and other forms of diversity.

1.3 The Directors work solely in the interests of the Company. Drawing on their experience and skills, they have a duty to monitor the situation and exercise full freedom of judgement and, consequently, participate in an independent manner in the work of the Board and, if applicable, its Committees. The Directors are required to know and respect the obligations imposed on them by all relevant laws and regulations, as well as by the by-laws and internal procedures of the Company. They make sufficient time available for the diligent performance of the duties assigned to them and to gain knowledge of the matters on which they are requested to decide.

1.4 The outgoing Board of Directors, acting on a proposal from the Remuneration and Nominations Committee, or from the specific Committee designated on a case-by-case basis, issues guidance to the shareholders on the size of the Board of Directors and on the professional and managerial skills that it would be appropriate for the Board to possess.

1.5 The Board of Directors requests parties presenting a list of candidates containing more than half of the members to be elected to indicate its consistency with the above guidance and identify their candidate for the position of Chairman.

2. POWERS AND FUNCTIONS

2.1 The Board of Directors 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.

2.2. The Board of Directors performs the functions and exercises the powers envisaged by law and in the by-laws.

As recommended in the Code, among other matters the Board of Directors:

a) assesses and approves investments consistent with the mission of the Company and the strategic guidelines approved by the Board during the annual budget review, having regard for the indications provided by the Committee for Sustainability and Social Responsibility (see below) regarding the generation of long-term value;

b) monitors periodically the execution of the investments made, consistent with the mission of the Company, and assesses the general results of operations in comparison, from time to time, with the annual budget;

c) determines the nature and level of risks compatible with the strategic objectives of the Company, considering all elements that may be significant in terms of sustainable success;

d) evaluates the adequacy of the organisational, administrative and accounting structure of the Company and its strategically significant subsidiaries, particularly with regard to the Internal Control and Risk Management System;

e) determines the content of operational mandates;

f) resolves on those transactions of the Company and its subsidiaries subject to management and coordination that may have strategic, economic or financial importance for the Company, such as acquisitions or disposals that would change significantly the size of the Group or financial operations that would change significantly the overall level of debt of the Group;

g) adopts and monitors a policy for managing dialogue with the shareholder base and procedures for the external communication of documents and information about the Company;

h) determines, with support from the Remuneration and Nominations Committee (see below), the policy for remunerating the Directors, the members of the control body and key management personnel, for submission to the Shareholders' Meeting;

i) in case determines, with support from the Remuneration and Nominations Committee, the succession plan for the Chief Executive Officer and checks on the existence of succession procedures for key management personnel;

l) resolves on the appointment and revocation of the Secretary to the Board of Directors;

m) updates this Regulation, acting on a proposal from the Chairman of Board of Directors.

In addition, with support from the Control and Risk Committee (see below):

n) determines guidelines for the system of internal control and risk management, consistent with the strategies of the Company, and assesses at least once each year the adequacy of the system, having regard for the characteristics of the business and the risk profile accepted, as well as its effectiveness;

o) resolves on the appointment and revocation of the internal audit manager, establishing remuneration for the role that is consistent with corporate policies and ensuring that sufficient resources are made available for performance of the duties assigned;

p) approves, at least once each year, the audit plan prepared by the internal audit manager, after consulting the Board of Statutory Auditors and the Chief Executive Officer;

q) appoints the supervisory body pursuant to Decree 231/2001;

r) assesses the introduction of measures to guarantee the effectiveness and impartiality of the business functions that perform control activities;

s) assesses, after consulting the Board of Statutory Auditors, the conclusions expressed by the legal auditor in the letter of recommendations, if issued, and in the additional report addressed to the control body;

t) describes, in the report on corporate governance, the principal characteristics of the system of internal control and risk management and the methods used to coordinate the parties involved in the system, explaining the choices made regarding the composition of the supervisory body referred to in letter q) above.

3. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

3.1 The Board of Directors establishes Board Committees and their respective functions, granting them powers to investigate, make recommendations and advise. These Committees support the Board in the performance of its duties, in line with the recommendations of the Code.

Generally on the renewal of its mandate, the Board of Directors of Italmobiliare appoints a 'Remuneration and Nominations Committee', a 'Control and Risk Committee' and a 'Committee for Sustainability and Social Responsibility', whose functions are specified in the second part of this Regulation. The Committee for Transactions with Related Parties is established by the Board in compliance with the instructions issued by CONSOB and its functioning is governed by the related Procedure adopted by the Company.

3.2 The Committees comprise at least three Directors, the majority of whom satisfy the independence requirements specified in both the Code and the Consolidated Law on Finance.

In addition to the independence requirements, the composition of the Board Committees takes account of the characteristics of the Directors, so that each Committee comprises members whose skills and professionalism are appropriate and applied effectively to the duties assigned to the Committee.

3.3 The Chairman of each Committee is appointed by the Board, generally from among its independent members. If this appointment is not made by the Board, the Chairman is appointed by the Committee during its first meeting.

3.4 Should a Committee member cease to serve for any reason during the mandate, the Board appoints a replacement Director in compliance with the above instructions.

3.5 The duration of the mandate of each Committee coincides with that of the Board; accordingly, should the mandate of the Board terminate early for any reason, that of the Committee will lapse immediately.

3.6 Each committee may appoint a secretary, even outside its own members.

4. INDEPENDENCE

4.1 The Board of Directors assesses the independence of the non-executive Directors immediately after their appointment, as well as each year during the mandate, making reference to the information that each is required to provide. This assessment is made in accordance with the principles and criteria indicated in recommendation 7 of the Code and the relevant legislation in force at the time. Each Director must provide promptly all information useful for the assessment.

With reference to recommendation 7, letters c) and d) of the Code, a Director is not deemed independent if more than Euro 200,000 is earned from the Company, on an annualised basis, in addition to the fixed remuneration and compensation for the membership of Board Committees.

4.2 The Directors deemed independent pursuant to the Corporate Governance Code meet without the other Directors at least once each year.

5. CHAIRMAN OF THE BOARD OF DIRECTORS

5.1 The Chairman of the Board of Directors coordinates the work of the executive and non-executive directors, ensures the effective functioning of Board business and coordinates the activities of the Committees with those of the Board.

5.2 The Chairman calls Board meetings, establishes the agenda, coordinates business at the meetings and ensures that adequate information about the items on the agenda is provided to all Directors, in the manner described in art. 7 below.

5.3 The Deputy Chairman performs the functions of the Chairman if the latter is absent and/or unavailable.

6. NOTICE OF CALLING

The Chairman calls Board meetings, usually at the registered office, on the dates established in the annual calendar of corporate events, or on his own initiative or upon receipt of a written request from at least three Directors or from the Statutory Auditors, as envisaged in the by-laws of the Company.

By convention, the meeting is deemed held at the location indicated in the notice of calling, although the notice may specify that the meeting will be held solely using remote communication tools.

7. INFORMATION PROVIDED TO THE BOARD OF DIRECTORS

7.1 Documentation supporting the items on the agenda for the Board meeting is made available to each Director and Statutory Auditor via the IT application adopted by the Company, or via e-mail usually sent at least two days' prior to the date of the meeting, except in urgent cases when the documentation is made available as soon as possible.

7.2 Credentials for access to the IT platform are provided by the Corporate Affairs Department solely to the Directors and the Statutory Auditors, who are required to take all steps to ensure the confidentiality of the documents.

7.3 Should the Chairman deem it appropriate, given the nature of the topic and related discussions or for confidentiality reasons, the documentary information may be made available at shorter notice than that envisaged in point 7.1, or even distributed during the meeting. In this case, enough time for analysis will be made available, so that the Board can resolve in an informed and knowledgeable manner.

7.4 The Board of Directors is informed at the next subsequent meeting about the development and content of dialogue with the shareholder base.

7.5 All supporting documentation distributed to the Directors and Statutory Auditors is held on file by the Board.

8. CONDUCT OF MEETINGS

8.1 The meetings of the Board of Directors are chaired by the Chairman or, if absent or unavailable, by the Deputy Chairman or, failing that person, by another Director designated by the Board of Directors.

8.2 Meetings may also be attended on a remote basis, by conference call or video conference, in compliance with the instructions given by the Board Secretary, on condition that all participants can be identified and are able to follow the discussions and participate in the business conducted in real time.

8.3 In the case of conference calls or video conferences, the remote participants are responsible for the proper functioning of their equipment, in compliance with the confidentiality requirements.

8.4 The Chairman may invite Company executives to attend Board meetings, as well as other persons or external advisers whose presence is considered useful in relation to the matters under discussion.

8.5 The order in which matters will be discussed is stated in the notice of calling and, if considered appropriate, may be changed by the Chairman during the meeting. The Board of Directors gives priority to discussion of the matters considered most significant by the Chairman and, guided by the Chairman, dedicates the time necessary to ensure that each item is considered in an efficient and complete manner.

8.6 If a Director (and/or a Statutory Auditor) has an interest in an operation examined by the Board, whether directly or on behalf of others, that fact must be disclosed promptly in compliance with the relevant legislation. A decision on whether to participate in the discussions and voting on matters in which a personal interest has been declared is left to the discretion of the Directors concerned, without prejudice to application of the legal requirements governing related-party transactions.

8.7 The Chairman presents proposed resolutions to the Board, although each Director is entitled to suggest alternative wording. Decisions are made by the Board acting together. Any dissent expressed during the discussions and voting is recorded in the minutes, together with any reasons given.

9. SECRETARY TO THE BOARD OF DIRECTORS

9.1 Acting on a proposal from the Chairman, the Board of Directors appoints a Secretary, who may be external to the Company and who possesses appropriate professionalism, experience and independence of judgement, without any conflicts of interest. This assessment is made by the Board at the time of appointment.

In the cases envisaged by law, the functions of the Secretary are performed by a Notary.

10. MINUTES OF MEETINGS

10.1 The minutes of Board meetings are prepared by the Secretary under the supervision of the Chairman. They represent a clear and true summary of the Board discussion and the decisions made. The minutes may make reference to the detailed contents of the supporting documentation.

10.2 Draft minutes are usually circulated to all Directors and provided to the Statutory Auditors for their information. Any comments are gathered by the Board Secretary and considered by the Chairman. The final text is submitted to the Board for approval at the next subsequent meeting.

10.3 Part of the minutes, relating to resolutions adopted that require immediate execution, may be certified in extract form by the Chairman and the Secretary even before the full minutes have been checked.

11. SELF-ASSESSMENT OF THE BOARD OF DIRECTORS

11.1 Each year, the Board of Directors assesses the size, composition and functioning of the Board and its Committees, considering inter alia their contribution to the definition of strategies, as well as to the monitoring of performance and the adequacy of the system of internal control and risk management.

11.2 The Chairman supervises and coordinates the self-assessment process, with support from the Corporate Affairs Department and the Remuneration and Nominations Committee. The Chairman ensures the adequacy and transparency of the self-assessment process, considering together with the Committee the need for assistance from an independent consultant.

12. ACCUMULATION OF APPOINTMENTS IN OTHER COMPANIES

Periodically and usually on renewal of its mandate, the Board of Directors provides guidance on the maximum number of appointments as director or statutory auditor deemed compatible with effective performance as a Director of the Company, having regard for the commitment required by the position held.

13. INDUCTION

With support from the relevant functions the Chairman ensures that, subsequent to their appointment and during their mandate, all members of the Board of Directors and the Board of Statutory Auditors are able to participate in initiatives intended to give them adequate knowledge of the business sectors in which the Company operates, their dynamics and how they evolve.

Second part – Internal Committees of the Board of Directors

14. NOTICE OF CALLING

14.1 Each Board Committee meets periodically and, in all cases, with the frequency necessary in order to perform its duties. Meetings are called by the Committee Chairman in a notice of calling sent by e-mail, usually at least five days prior to the date fixed for the meeting. In urgent cases, a Committee meeting may be called on giving one day's notice. Committee meetings are also valid without formal convocation, if attended by all members.

14.2 The notice of calling contains the date, time and place of the meeting, as well as the matters to be discussed. Copies of the notice of calling are sent to the Chairman of the Board of Directors, the Chief Executive Officer and the Board of Statutory Auditors.

14.3 Meetings may be attended from remote locations, by conference call or video conference; in that case, the provisions of points 8.2 and 8.3 above apply.

14.4 The Chairman may specify in the notice of calling that the entire meeting will be held by conference call/video conference, regardless of the physical locations of the Chairman, Secretary and Directors, or how they participate.

15. INFORMATION FOR COMMITTEE MEETINGS

15.1 The provisions of points 7.1, 7.2, 7.3 and 7.5 above apply to the supporting information for Committee meetings.

15.2 The Committees are entitled to access the corporate information and functions necessary for the performance of their duties, drawing on financial resources and external consultants within the budget established by the Board of Directors.

16. MEETINGS

16.1 The Chairman chairs the Committee meetings. If the Chairman is absent, meetings are chaired by the longest-serving member of the Committee.

16.2. The provisions of point 10.1 above apply to the minutes of Committee meetings.

Where allowed by the frequency of meetings, the text of the minutes is submitted for approval at the next subsequent Committee meeting.

16.3 On invitation from the Committee Chairman, meetings may be attended by persons who are not members, with reference to individual points on the agenda. Meetings may be attended by members of the Board of Statutory Auditors, without prejudice to the fact that the Chairman of the Board of Statutory Auditors, or another Statutory Auditor designated by him, attends the meetings of the Control and Risk Committee.

16.4 Committee meetings are quorate and their resolutions are valid when the majority of members are present and votes in favour are cast by the majority of those present.

16.5 The Chairman of each Committee informs the Board of Directors about the work performed at the next subsequent meeting.

17. FUNCTIONS OF THE CONTROL AND RISK COMMITTEE

The Control and Risk Committee:

- a) after consulting the Financial Reporting Officer, the Board of Statutory Auditors and the Legal Auditor, considers whether the reference accounting standards were applied in a proper and consistent manner when preparing consolidated financial statements;
- b) considers whether the periodic financial disclosures present properly the business model and strategies of the Company, the impact of its activities and the results achieved;
- c) before presenting the sustainability report to the Board of Directors, coordinates with the Committee for Sustainability and Social Responsibility, possibly via the Directors who sit on both Committees, in order to assess whether the non-financial disclosures present properly the business model and strategies of the Company, the impact of its activities and the results achieved, in part for the purposes of the system of internal control and risk management;
- d) expresses opinions on specific aspects involved in identifying the principal business risks, and supports the assessments and decisions made by the Board of Directors with regard to the management of risks deriving from any adverse events identified;
- e) examines the periodic reports and those of particular significance prepared by the Internal Audit function;
- f) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit function, which it may ask to perform checks in specific operational areas, notifying the Chairman of the Board of Statutory Auditors at the same time;
- g) 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;
- h) reports to the Board of Directors, at least every six months on approval of the annual and half-year financial statements, on the overall work performed and the adequacy of the system of internal control and risk management;
- i) performs the additional duties envisaged in the guidelines for the system of internal control and risk management, as well as those assigned by the Board, and in general supports the Board on the topics covered in point 2.3, letters n)-t), of this Regulation.

18. DUTIES OF THE REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee:

- a) makes proposals to the Board about remuneration policy;
- b) assesses periodically the adequacy and overall consistency of remuneration policy, monitoring its application in practice;
- c) presents proposals to the Board of Directors, or expresses opinions, about the remuneration of the executive Directors and the other Directors assigned specific duties, as well as on the setting of performance objectives;

d) assesses proposed short- and long-term incentive schemes, both cash- and share-based, prior to submission to the Board of Directors for approval;

e) proposes performance objectives to the Board, linked to the variable component of the remuneration of executive Directors, Directors assigned specific duties and key management personnel;

f) checks whether the performance objectives linked to the long-term incentive plans and the variable remuneration have been achieved, in part by using information received from the relevant business functions;

g) prepares opinions on how to determine the indemnities payable on the early termination of employment relationships with key management personnel; assesses the possible effects of termination on the rights assigned under incentive plans based on financial instruments.

The Remuneration and Nominations Committee also:

h) helps the Board to apply the self-assessment process to the Board and its Committees;

i) prepares opinions on the size and composition of the Board and its Committees, as envisaged in point 1.4 above;

j) without prejudice to the provisions of the by-laws, proposes candidate Directors to the Board when co-options are necessary;

k) performs analyses for the preparation and revision of succession plans for top management roles to be submitted to the Board of Directors for approval;

l) carries out any additional tasks assigned by the Board of Directors.

19. DUTIES OF THE COMMITTEE FOR SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Committee for Sustainability and Social Responsibility provides the Board of Directors with advice and proposals for the implementation of a development strategy, consistent with Italmobiliare's mission, focused on all aspects of sustainability: economic, environmental, social and governance (ESG). The Committee assists the Board with: i) defining Italmobiliare's business strategy and mission, including with regard to 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.

Specifically, the Committee:

a) verifies and assesses the various aspects of the sustainability strategy adopted (as defined in the sustainability policy, including the related plan), which is designed to ensure the creation of long-term value for the shareholders and all other stakeholders, in compliance with the commitments deriving from adherence to international ESG principles;

b) promotes the adoption of sustainability principles, partly via the competent company functions, defines the objectives and monitors their achievement;

c) proposes initiatives and projects and indicates "best practices" in order to strengthen the culture of sustainability throughout the Group and help implement the strategic guidelines, in full compliance with the ESG principles;

- d) monitors implementation of the Investment and Development Guidelines adopted by the Company as regards sustainability matters;
- 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 in accordance with the international ESG principles; in this regard, coordinates with the Control and Risk Committee, possibly via the Directors who sit on both Committees, in order to assess whether the non-financial disclosures present properly the business model and strategies of the Company, the impact of its activities and the results achieved, in part for the purposes of the system of internal control and risk management;
- f) promotes the positioning of the Company with respect to the financial markets, ahead of possible participation by the Company in the principal integrated ESG indices;
- g) monitors the participation of the Company in international sustainability and global governance initiatives, with a view to consolidating internal awareness and its business reputation;
- h) examines non-profit and social investment initiatives;
- i) facilitates the delivery of training and, in general, the development of a sustainability culture within the Company and the Group, with support from the competent business functions and via participation in international sustainability initiatives;
- l) answers individual questions posed by the Board of Directors or the Chairman on sustainability and social responsibility matters.

Third part – General Clauses

20. CONFIDENTIALITY

All information and documents given to the Board of Directors or its Committees are covered by a confidentiality requirement that binds each Director. This confidentiality requirement extends to all those who participate in the work of the Board of Directors or its Committees.

All the procedures adopted by the Company with regard to the management of significant and inside information continue to apply.

21. AMENDMENTS AND UPDATES

Amendments to this Regulation are approved by the Board of Directors, acting on a proposal from the Chairman.

Milan, April 21, 2021