

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

Pursuant to Article 123-bis of Legislative Decree no. 58 of 24 February 1998
(Traditional management and control model)

Neodecortech S.p.A.

Report for: 2020

Report approved by the Board of Directors
on 2 March 2021

COMPANY DATA

► REGISTERED OFFICE OF THE PARENT COMPANY

Via Provinciale 2

24040 Filago (Bergamo)

► LEGAL DATA OF THE PARENT COMPANY

Share capital approved € 23,949,437.37, subscribed and paid in € 17,398,687.37

Bergamo Company Register no. 0075270151

REA of Bergamo no. 2035639

Tax Code and VAT number 02833670165

Corporate website: <https://www.neodecortech.it/>

PREAMBLE

Neodecortech S.p.A. (hereinafter, "**Neodecortech**" or the "**Issuer**" or the "**Company**") is a company with shares listed, as from 25 May 2020, on the Mercato Telematico Azionario ("**MTA**"), organized and managed by Borsa Italiana S.p.A. ("**Borsa Italiana**").

This report (the "**Report**") has been prepared pursuant to Article 123-bis of Legislative Decree no. 58 of 24 February 1998 and approved by the Board of Directors of the Company on 2 March 2021 with regard to the year ended 31 December 2020.

Specifically, as required by the applicable legal and regulatory provisions and in line with the guidelines and recommendations of Borsa Italiana - including the indications provided in the "Format for the Report on Corporate Governance and Ownership Structure" published in January 2019 - as well as of the most representative trade associations (Confindustria and Andaf), the Report presents a general and systematic framework of the Issuer's corporate governance and ownership structure.

The Report provides, inter alia, indications on Neodecortech's acknowledgment of the recommendations contained in the Corporate Governance Code for Listed Companies, approved by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria (in the July 2018 version)¹.

The information contained in this Report is current as of the date it was approved by the Company's Board of Directors.

The Report is published on the Company website and was sent to CONSOB and Borsa Italiana in accordance with the time limits and conditions set out by the applicable regulations.

¹ It should be noted that the Company, by resolution of the Board of Directors of 10 December 2020, adopted the new Corporate Governance Code effective 1 January 2021, in accordance with applicable legal requirements, giving disclosure to the market in the press release issued on 10 December 2020.

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GLOSSARY

AIM or AIM Italia: the multilateral trading facility organized and managed by Borsa Italiana.

Chief Executive Officer: the chief executive officer of Neodecortech.

Director in Charge: the director in charge of the Internal Control and Risk Management System appointed by Neodecortech pursuant to principle 7 P.3.a) (i) of the Corporate Governance Code (as defined therein).

Independent Directors: the independent directors of Neodecortech.

Shareholders ' Meeting or Meeting: the shareholders' meeting of the Issuer.

Shares: the ordinary shares of the Issuer.

Conversion Shares: the maximum total number of no. 3,275,375 Shares, with no par value, with the same characteristics as those outstanding, with regular dividend entitlement, resulting from the capital increase to service the Stock Grant Plan.

Stock Grant Shares: the maximum total number of no. 689,608 Shares, with no par value, with the same characteristics as those outstanding, with regular dividend entitlement, resulting from the capital increase to service the Stock Grant Plan.

Shareholder or Member: the holders of Shares.

Borsa Italiana: Borsa Italiana S.p.A., with registered office in Piazza degli Affari 6, Milan.

Sustainability Report: the Issuer's Sustainability Report, available on the Company Website.

Bio Energia Guarcino or BEG: Bio Energia Guarcino S.r.l., with registered office in Guarcino (FR), Via Madonna di Loreto 2, listed in the Frosinone Company Register, Tax Code and VAT no. 02454520608.

Financial Calendar: the Calendar of Corporate Events adopted by the Issuer for 2021, available on the Company Website.

Cartiere di Guarcino or CDG: Cartiere di Guarcino S.p.A., with registered office in Guarcino (FR), Via Madonna di Loreto 2, listed in the Frosinone Company Register, Tax Code 01956120131 and VAT no. 02657520405.

Code or Corporate Governance Code: the Corporate Governance Code for Listed Companies approved by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria, publicly accessible on Borsa Italiana's website (www.borsaitaliana.it), in the July 2018 version.

Civil Code, Civ. Cod. or c.c.: the Italian Civil Code.

Code of Ethics: the Code of Ethics adopted by Neodecortech and the companies of the Neodecortech Group, as most recently amended by resolution of the Board of Directors on 20 October 2020, available on the Company website at the section "Code of Ethics and Organizational Model".

Board of Statutory Auditors: the Board of Statutory Auditors of Neodecortech.

Corporate Governance Committee: the Corporate Governance Committee promoted by Abi, Ania, Assogestioni, Assonime, Confindustria and Borsa Italiana.

Control and Risk Committee: the committee set up within the Board of Directors for internal control and risk management pursuant to principle 7 P.3 and application criteria 7 C.2. and 7 C.3. of the Corporate Governance Code.

Sustainability Committee: the committee set up within the Board of Directors to oversee sustainability issues related to the Company's operations and its engagement with all stakeholders, pursuant to the comment to Article 4 of the Corporate Governance Code.

Remuneration and Appointments Committee: the remuneration and appointments committee set up within the Board of Directors in accordance with principles 6.P.3. and 5.P.1., as well as criteria 6.5.C. and 5.C.1., of the Corporate Governance Code.

Related Party Committee: the committee for transactions with related parties provided for in the Related Party Regulation.

Board of Directors: the board of directors of Neodecortech.

Board of Directors' Committee: the internal committee of the Board of Directors tasked with the functions of the Control and Risk Committee, the Remuneration Committee and the Appointments Committee of the Issuer. Following the resolutions of the Board of Directors passed on 31 January 2020, this committee was superseded by four different committees: the Remuneration and Appointments Committee, the Control and Risk Committee, the Related Party Committee and the Sustainability Committee.

CONSOB: the National Commission for Companies and the Stock Exchange.

Subsidiaries: the companies directly and indirectly controlled by Neodecortech pursuant to Article 2359 of the Italian Civil Code and Article 93 of the TUF.

Legislative Decree 231/2001: Legislative Decree no. 231 of 8 June 2001, governing the administrative liability of legal entities, companies and associations, including those without legal personality, as subsequently supplemented and amended.

Trading Commencement Date: 25 May 2020, the day on which the Company's shares were admitted to listing on the MTA.

Decree no. 162/2000: the Ministry of Justice Decree no. 162 of 30 March 2000, issued pursuant to Article 148 of the TUF and containing the regulations for establishing the professional and integrity requirements for members of the Board of Statutory Auditors of listed companies, as subsequently supplemented and amended.

Financial Reporting Manager: the manager in charge of drawing up the corporate accounting documents, appointed by the Board of Directors pursuant to Article 154-bis of the TUF and to Article 26 of the Bylaws.

Issuer, Company or Neodecortech: Neodecortech S.p.A., company incorporated under the laws of Italy, with registered office in Via Provinciale 2, 24040 Filago (BG), listed in the Bergamo Company Register, tax code no. 00725270151 and VAT no. 02833670165.

Year: the year ending 31 December 2020, to which the Report refers.

Finanziaria Valentini: Finanziaria Valentini S.p.A., with registered office in Via Rigoletto 27, Rimini, listed in the Rimini Company Register, Tax Code and VAT no. 03842170403.

Neodecortech Group or Group: the Issuer and the companies it directly or indirectly controls pursuant to Article 93 of the TUF. At the date of this Report, the Group is formed by the Company, CDG and BEG.

Inside Information: inside information as defined in Article 7 of the MAR (as defined below).

Guidelines: the Guidelines on "Management of Inside Information" and "Investment Recommendations" issued by CONSOB on 13 October 2017.

MAR: Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

Mercato Telematico Azionario or MTA: the electronic stock market organized and managed by Borsa Italiana.

Organizational, Management and Control Model or Model 231: the Organizational, Management and Control Model, provided for by Legislative Decree 231/2001, as adopted by the Board of Directors at the meeting of 19 July 2018 and subsequently updated by resolution of 20 October 2020.

New Corporate Governance Code: the Corporate Governance Code for listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria, which came into force on 1 January 2021, replacing the Corporate Governance Code.

Supervisory Board or SB: the supervisory board tasked with overseeing the operation of and compliance with Model 231, established pursuant to Article 6 of Legislative Decree 231/2001.

Stock Grant Plan: the 2017-2020 stock grant plan approved by the Issuer's Extraordinary Shareholders' Meeting on 23 June 2017, executed on 27 April 2020.

Welfare Plan: the Neodecortech Group's welfare plan approved by the Board of Directors on 27 April 2020.

SMEs: small and medium-sized enterprises, issuers of shares listed on an Italian or EU regulated market, whose turnover - also before admission to trading of their shares - is lower than € 300 million, or whose market capitalization is lower than € 500 million, as defined by Article 1, paragraph 1, letter w-quater.1) of Legislative Decree no. 58 of 24 February as subsequently amended and supplemented.

Chairman of the Board or Chairman: the chairman of the Board of Directors of Neodecortech.

Related Party Transaction Oversight or RPT Oversight: the head of organization, compliance and risk management represents the corporate function tasked with identifying Related Parties and Related Party Transactions and governing information flows with the persons in charge of Transactions and with corporate bodies.²

Procedure for the Operation of the Board of Directors: the procedure for the operation of the Board of Directors adopted by the Board of Directors by resolution of 10 December 2020.

Related Party Procedure: the procedure for transactions with related parties adopted by the Board of Directors on 25 June 2020 and amended on 10 December 2020 in implementation of Article 2391-bis of the Italian Civil Code and the RPT Regulation.

Inside Information Procedure: the procedure, adopted by the Board of Directors by resolution of 31 January 2020, for the internal management and external communication of Inside Information pursuant to application criterion 1.C.1., letter j), of the Code.

Internal Dealing Procedure: the Company's internal dealing procedure adopted by the Board of Directors, by resolution of 31 January 2020, pursuant to Article 19 of the MAR and its implementing regulations, and to Article 114, paragraph 7 of the TUF.

ERM process: the process of identifying, measuring, managing and monitoring the Company's enterprise risks (enterprise risk management).

Prospectus: the prospectus of the Issuer, filed with CONSOB on 21 May 2020 pursuant to provision no. 0478547/20 of 21 May 2020 and available on the Company Website.

Meeting Regulation: the regulation of Neodecortech's Shareholders' Meeting approved by shareholders' resolution on 30 April 2018.

² On 10 December 2020, the Board of Directors resolved to amend the Procedure for the Management of Related Party Transactions in order to assign, effective 1 January 2021, the function of Related Party Transaction Oversight to the Company's Chief Financial Officer.

Control and Risk Committee Regulation: the operating regulation and duties of the Control and Risk Committee approved by the Board of Directors by resolution of 25 June 2020 and amended on 10 December 2020.

Remuneration and Appointments Committee Regulation: the operating regulation and duties of the Remuneration and Appointments Committee approved by the Board of Directors by resolution of 25 June 2020 and amended on 10 December 2020.

Related Party Committee Regulation: the operating regulation and duties of the Related Party Committee approved by the Board of Directors by resolution of 25 June 2020.

Sustainability Committee Regulation: the operating regulation and duties of the Sustainability Committee approved by the Company by resolution dated 29 July 2020.

Delegated Regulation 2019/979: the Commission Delegated Regulation (EU) 2019/979 of 14 March 2019, supplementing Regulation (EU) 2014/1129 of the European Parliament and of the Council with regard to regulatory technical standards relating to key financial information in the summary of the prospectus, publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulations (EU) no. 382/2014 and (EU) 2016/301.

Issuer Regulation: the regulation implementing Legislative Decree no. 58 of 24 February 1998 concerning the rules for issuers, adopted by CONSOB with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented.

RPT Regulation: the regulation on transactions with related parties issued by CONSOB with Resolution no. 17221 of 12 March 2010, as subsequently supplemented and amended.

Warrant Regulation: the regulation governing the “Warrant Neodecortech 2018-2021” as amended by resolutions of the Shareholders’ Meeting and the Meeting of Warrant Holders on 9 December 2019.

Report: this report on corporate governance and ownership structure, prepared pursuant to Article 123-bis of the TUF and in compliance with the Corporate Governance Code.

Remuneration Report: the remuneration report prepared and published pursuant to Article 123-ter of the TUF and to Article 84-quater of the Issuer Regulation, available at the registered office and on the Company website.

Head of Internal Audit: the head of Neodecortech's Internal Audit function, appointed pursuant to application criterion 7.C.5. of the Corporate Governance Code.

Head of Organization, Compliance and Risk Management: the Head of Organization, Compliance and Risk Management at Neodecortech.

Internal Control and Risk Management System or Internal Control System: the internal control and risk management system that could be relevant for the medium/long term sustainability of the Issuer's activity.

Company website: the Issuer's website available at <https://www.neodecortech.it/>

Independent Auditors: BDO Italia S.p.A., with registered office in Viale Abruzzi 94, Milan, registration number with the Milan Company Register, tax code and VAT no. 07722780967, registered at no. 167991 in the Register of Independent Auditors pursuant to Legislative Decree no. 39 of 27 January 2020.

Bylaws: the current Bylaws of Neodecortech available on the Company Website.

Consolidated Finance Law/TUF: Legislative Decree no. 58 of 24 February 1998, containing the Consolidated Law on Financial Intermediation, as subsequently supplemented and amended.

Top Management: senior executives who are not members of the Board of Directors and who have the power and the responsibility for planning, directing and controlling the activities of the Company and the Group.

Warrants: the no. 13,077,500 "Warrant Neodecortech 2018-2021", governed by the Warrants Regulation.

1. ISSUER PROFILE

1.1. CORPORATE GOVERNANCE SYSTEM

Neodecortech's corporate governance structure follows the traditional management and control model set out in Articles 2380-bis et seq. of the Italian Civil Code, in which, without prejudice to the mandatory powers of the Shareholders' Meeting:

- the Board of Directors has sole responsibility for the administrative and strategic governance of the Company in order to achieve the corporate object³;
- the Board of Statutory Auditors is responsible for overseeing compliance with the law and the Bylaws, compliance with the principles of proper governance and, specifically, the adequacy of the Company's organizational, administrative and accounting structure⁴;
- the statutory audit of the Issuer's accounts is carried out by an independent audit firm listed in the relevant register⁵.

The Board of Directors carries out its activity both directly and collectively, by delegating part of its functions, within the limits allowed by law and by the Bylaws, to the Chief Executive Officers⁶.

Also set up within the Board of Directors are:

- the Remuneration and Appointments Committee, which acts as remuneration committee, pursuant to principle 6.P.3. of the Corporate Governance Code, and as appointments committee, pursuant to principle 5.P.1. of the Corporate Governance Code; this Committee, *inter alia*, also submits proposals and provides advice to the Board of Directors on the periodic update on the evolution of corporate governance rules, also putting forward proposals for adjustments (see paragraph 8 of this Report);
- the Related Party Committee, governed on the basis of the Related Party Procedure, which is entrusted with the functions and tasks provided for by the same Related Party Procedure and by the RPT Regulation;
- the Control and Risk Committee, with internal control and risk management functions, pursuant to principle 7.P.3. of the Corporate Governance Code;
- the Sustainability Committee, with the function of overseeing sustainability issues related to the Company's operations and its engagement with all stakeholders, pursuant to Article 4 of the Corporate Governance Code.⁷

³ See paragraph 4 of this Report.

⁴ See paragraph 16 of the Report.

⁵ See paragraph 13.4 of this Report.

⁶ See paragraph 4.4 of this Report.

⁷ See paragraph 9 of the Report.

The powers and operating procedures of the corporate bodies are governed by law, the Bylaws and, with regard to the Shareholders' Meeting and the Committees established within the Board of Directors, also by the related regulations adopted by the Company.

The Issuer qualifies as SME pursuant to Article 1, paragraph 1, letter *w-quater.1*) of the TUF and to Article 2-ter of the Issuer Regulation, since it does not exceed the parameters set out in the above provisions.

1.2. THE NEODECORTECH GROUP AND ITS MISSION

At the date of the Report, the Issuer is controlled pursuant to Article 93 of the TUF by Finanziaria Valentini, which holds 61.60% of Neodecortech's share capital.

Neodecortech is at the head of a Group that supplies a wide and coordinated range of products in the field of decor surfaces, i.e. decorative papers for the furniture and laminate flooring segments, as well as plastic film (PVC and PET), both nationally and internationally. Specifically, the Issuer, under the Confalonieri and Texte brands, is one of the top European players, as well as leader in Italy, in the niche of design and production of decorative surfaces on paper-based media used in the interior design and flooring industry. It has also introduced similar plastic-supported surfaces under the Plana brand.

The Group's main business is, therefore, in the production of complete and technologically advanced solutions for the realization of interior design projects, covering all stages of the production process for the creation of decorative paper, from raw material management, through surface finishing and impregnation, up to the finished product and the management of end-of-line logistics. As for the use of plastic film, on the other hand, the phases of the production process result in the printing of the film and subsequent embossing, lacquering and lamination.

1.3. SOCIAL RESPONSIBILITY

The Group believes in the value of sustainability and responsible business management and, in addition to complying with legal requirements and containing its own negative externalities, promotes a corporate culture oriented towards the creation of lasting value for its stakeholders. Neodecortech operates responsibly, adopting a business model in which sustainability is one of the main drivers of a strategy oriented to the medium and long term and focused on excellence, efficiency in resource management and ongoing improvement of all forms of performance, both process and product. The integration of business sustainability into the corporate strategy and the management of environmental, social and governance (ESG) aspects are the direct responsibility of the Issuer's Board of Directors, which defines the sustainability strategy assisted by the Sustainability Committee (which has the task, among others, of proposing a guideline that integrates sustainability into business processes in order to ensure the creation of sustainable value over time) and which operates assisted by the Group's HSE (Health, Safety and Environment) department.

The guiding element of the Company's business model, marked by a holistic, tangible approach that is mindful of the legitimate expectations of stakeholders, rests on the Code of Ethics, source of the corporate culture that embodies the commitments and ethical responsibilities of the Neodecortech

Group in the conduct of business and corporate activities and defines the set of values and principles, as well as the lines of conduct, which must be adopted by the Company's directors, by all persons bound by working relationships with the Company and, in general, by all those who work for the Company, regardless of the relationship that binds them to it.

The Code of Ethics is therefore periodically reviewed in order to verify that it is up-to-date with the issues relevant to the Neodecortech Group. In this regard, it should be noted that the Code was updated during the Year (20 October 2020).

Additionally, the Neodecortech Group, in defining its approach to sustainability, is inspired by the most authoritative international initiatives, such as the Global Compact and the Sustainable Development Goals (SDGs) of the United Nations.

Neodecortech believes that the utmost respect for human dignity in all its forms and the protection of the physical and moral health of workers, the protection of the environment in which it operates and the promotion of ethics and transparency in all relationships are fundamental features. The policies, management models and internal codes the Group has adopted are a tangible sign of this approach.

Consistent with the above, the Group strives to:

- conduct business with fairness and transparency towards all its stakeholders, through rules of conduct, audit tools and internal procedures capable of ensuring compliance with national and international laws and regulations applicable thereto, adopting, in particular, Model 231. Legality and fairness in business dealings, in fact, have always been considered by Neodecortech the cornerstones to develop and maintain long-lasting relationships with its stakeholders, based on respect and mutual trust;
- ensure the wellbeing and enhance the skills of its human resources through training programs and professional growth paths, encouraging their active involvement in the process of ongoing improvement within the Group. Neodecortech believes that quality training is a prerequisite to enable people to develop cross skills, update their professional competencies and operate safely, effectively and efficiently, in compliance with the relevant regulations;
- guarantee equal opportunities, rejecting any form of discrimination. Neodecortech considers diversity an element of corporate wealth and is committed to ensuring that it never represents a discriminatory element in personnel selection or in the professional growth of its employees;
- protect the safety and health of human resources and local stakeholders, in full compliance with current regulations. Neodecortech promotes responsible and informed behaviour among its employees so that they pay the utmost attention to their own health and safety. Additionally, thanks to effective implementation of its ISO 45001:2018 certified Management Systems, it identifies and monitors possible risks related to normal and extraordinary activities in the workplace, with the aim of preventing accidents and injuries. The Group's performance involving occupational health and safety indicators has shown a positive trend over time, proof of Neodecortech's commitment to health and safety prevention and protection;

- protect the environment, promoting virtuous behaviour and the informed and responsible use of the natural resources available, in order to gradually improve environmental performance. The Group is committed to minimizing its direct and indirect environmental impacts, encouraging the use of alternative energy sources with reduced environmental impact and through the adoption and maintenance of ISO 14001:2015 Environmental Management Systems and ISO 50001:2011 Energy Management Systems;
- implement sustainable procurement policies, envisaging in its activity an increasingly strong adoption of circular economy initiatives, in addition to the measures adopted so far. Neodecortech is well aware of the importance of biodiversity and has set itself the goal of limiting the impacts generated by its supply chain as much as possible. In this regard, the Group confirms its commitment to using exclusively *FSC® Chain Of Custody* certified pulp and paper from responsibly managed forests, as well as using approximately 25% recycled and waste paper, a proportion that has increased in recent years. As far as the use of PVC and plastic materials is concerned, Neodecortech promotes a careful and conscious use of these materials, as well as delivering all the waste produced during production to recycling centres. Lastly, with regard to the production of electricity and steam, which are primary elements in the production of paper in the subsidiary CDG, the subsidiary BEG provides virtually all the supply, using animal fat as fuel, which would otherwise have to be treated as waste.
The use of this fuel allows for lower emissions in terms of tons of CO₂ released into the atmosphere - roughly 70% - compared to the use of methane gas, as is generally the case with the Group's competitors;
- maintain an open, transparent and trust-based dialogue with the local communities in which it operates and with all its stakeholders. Neodecortech considers itself a resource and source of opportunity for the territory, and collaborates to achieve shared objectives with local authorities and institutions, offering the utmost willingness to engage in dialogue and discussion with the communities and territories where the Group Companies are located.

Well aware of the role of accountability, the Group reports annually on its management process, through a complete and transparent presentation of the commitments undertaken, the relating corporate objectives and performance in its Sustainability Report, available on the Company website. The document is published annually and, since its first edition in 2015, is prepared following the guidelines issued by the Global Reporting Initiative and is currently in line with the GRI Standards - the most accredited international standards for Corporate Social Responsibility reporting - according to the Core option.

Furthermore, on 27 April 2020, the Board of Directors approved a Corporate Welfare Plan that forms part of the broader ESG (Environment, Social and Governance) strategy, and is hinged on a system of initiatives intended for all the Group workers, other than the executives, and based on the Group's actual operations.

2. INFORMATION ON OWNERSHIP STRUCTURE

(pursuant to Article 123-bis, paragraph 1 of the TUF)

a) Share capital structure

(pursuant to Article 123-bis, paragraph 1, letter a) of the TUF)

At the date of this Report, Neodecortech's approved share capital amounts to € 23,949,437.37, of which € 17,398,687.37 subscribed and paid up. The share capital is divided into no. 13,515,260 ordinary shares, with no par value and with voting rights, as shown in the attached Table 1 ("*Information on ownership structure - Structure of the share capital*").

The Shares are registered and are issued in dematerialized form.

Stock Grant Plan

On 23 June 2017, the Extraordinary Shareholders' Meeting of the Issuer resolved on the Stock Grant Plan and concurrently resolved on the related capital increase to service the Plan; the Stock Grant Plan was approved by the Board of Directors on 31 August 2017 and provided for the free allocation of a maximum of no. 689,608 shares - in any case for a maximum value of € 5,000,000.00 - to key figures of the Group. The Stock Grant Plan was executed on 27 April 2020 with the issuance and assignment of a total of no. 413,760 shares to the beneficiaries and the resulting capital increase to service the Stock Grant Plan of € 1,195,687.37 by transferring the same amount drawn from the Stock Grant reserve to capital.

The terms and conditions of the Stock Grant Plan are explained in the Issuer's Prospectus available at the Company's registered office and on the Company website.

Resolution to increase the share capital

On 14 September 2018, the Extraordinary Shareholders' Meeting resolved to make a paid divisible and progressive share capital, for a total maximum amount of € 13,101,500 (of which half, equal to € 6,550,750, allocated to the share premium) by issuing, also in different tranches, a maximum of no. 3,275,375 ordinary shares, with no indication of the par value, to service the exercise of the "Warrant Neodecortech 2018-2020".

On the same date, the same Shareholders' Meeting approved, inter alia, the issue of a maximum of no. 13,101,500 warrants to be assigned, free of charge and without any further request, to the Shareholders and eligible for the subscription of a maximum of no. 3,275,375 Conversion Shares. On 21 September 2018, the Board of Directors of the Company resolved to issue no. 13,077,500 Warrants and no. 3,269,375 Conversion Shares.

On 9 December 2019, the Shareholders' Meeting of the Company resolved, among other things, to:

- extend the exercise deadline for the Warrants to 27 December 2021;
- change the name of the warrants to "Warrant Neodecortech 2018-2021";
- extend the final deadline for subscription of the capital increase to service the Warrants to 31

December 2021.

b) Restrictions on the transfer of securities

(pursuant to Article 123-bis, paragraph 1, letter b) of the TUF)

At the date of this Report, restrictions are in place on the free transferability of the Shares on 30% of the Stock Grant Shares (for a total of no. 109,232 shares out of a total of no. 364,109), except for the no. 49,651 Stock Grant Shares assigned to the heirs of Marco Alberto Giussani, which are not bound by lock-up agreements, as provided for in the Stock Grant Plan.

The above limitation will expire twelve months after the assignment date (i.e. 27 April 2021).⁸

The Shares are subject to the circulation regime envisaged by the rules on dematerialization set out in Articles 83-bis et seq. of the TUF.

c) Relevant investments in the share capital

(pursuant to Article 123-bis, paragraph 1, letter c) of the TUF)

Based on the Shareholders' Register and the updates available at the date of approval of this Report, including the notices received by the Company pursuant to Article 120 of the TUF, the subjects who directly or indirectly hold 5% or more of Neodecortech's subscribed and paid up share capital are those indicated in Table 1 ("*Information on the ownership structure - relevant investments in the share capital*") attached to this Report.

d) Securities granting special rights

(pursuant to Article 123-bis, paragraph 1, letter d) of the TUF)

No securities carrying special controlling rights were issued, nor do any special powers under industry regulations apply. At the date of this Report, no classes of shares other than ordinary shares, nor shares with multiple or increased voting rights, were issued.

e) Employee share ownership: method for exercising voting rights

(pursuant to Article 123-bis, paragraph 1, letter e) of the TUF)

At the date of the Report, no contractual agreements or statutory provisions are in place providing for forms of employee participation in the share capital or profits of the Issuer.

⁸ It should be noted that, at the time of admission to trading on AIM Italia, which took place on 26 September 2017, the Shareholders of Finanziaria Valentini, Luigi Valentini and Valfina S.r.l. undertook a lock-up commitment with the Nomad (at the time Advance SIM S.p.A.), the Global Coordinator (at the time Banca Profilo S.p.A.) and the Company, concerning the Company's Shares held by them, as from 25 September 2017 and for up to 36 months from the date of commencement of trading of the Shares on AIM Italia or, if earlier, until the end of the 6 months following the Trading Commencement Date of the Shares on the MTA. At the date of this Report, the above lock-up commitments are no longer valid and effective, since the terms provided for therein have expired.

f) Restrictions on voting rights

(pursuant to Article 123-bis, paragraph 1, letter f) of the TUF)

There are no restrictions on voting rights.

g) Shareholder agreements

(pursuant to Article 123-bis, paragraph 1, letter g) of the TUF)

At the date of this Report, the Issuer did not receive any notice of shareholders' agreements pursuant to Article 122 of the TUF.

h) Change of control clauses and statutory provisions on takeover bids

(pursuant to Articles 123-bis, paragraph 1, letter h), 104, paragraph 1-ter, and 104-bis, paragraph 1 of the TUF)

At the date of this Report, Neodecortech is not a party to any significant agreements that would become effective, be modified or terminate upon a change in control of the Company.

On the subject of takeover bids, the Bylaws:

- do not depart from the provisions set out in Article 104, paragraphs 1 and 2 of the TUF on the passivity rule (i.e. the Company's obligation to refrain from carrying out acts or transactions that may conflict with the achievement of the objectives of a takeover bid),
- do not provide for neutralization rules - applicable to limitations on the transfer of securities and voting rights, as well as to multiple voting - provided for by Article 104-bis, paragraphs 2 and 3 of the TUF.

i) Powers to increase the share capital and authorizations to purchase treasury shares

(pursuant to Article 123-bis, paragraph 1, letter m) of the TUF)

Powers to increase the share capital pursuant to Article 2443 of the Italian Civil Code.

On 9 December 2019, the Shareholders' Meeting of the Company:

- revoked the power granted to the Board of Directors of the Company, pursuant to the combined provisions of Articles 2443 and 2420-ter of the Italian Civil Code, to make a paid divisible increase in the share capital, on one or more occasions, pursuant to Article 2343 of the Italian Civil Code, by a total amount of € 10,000,000.00, within five years from the date of the resolution or until the date of submission of the application for listing of the Company's shares on the MTA, whichever is earlier;
- resolved to grant the Board of Directors new powers (the "**New Powers**"), pursuant to and for

the purposes of Article 2443 of the Italian Civil Code, to make a paid divisible share capital increase, on one or more occasions, also excluding option rights pursuant to Article 2441, paragraphs 4 and 5, of the Italian Civil Code, for five years from the date of the resolution, for a maximum total amount of € 10,000,000.00, including the share premium.

Specifically, pursuant to Article 2443 of the Italian Civil Code, the New Powers provide for the possibility to:

- increase the share capital, on one or more occasions, against payment, through issue of ordinary shares:
 - i. to be offered with pre-emptive rights to the entitled parties; and/or
 - ii. to be offered in full or in part to third parties, with exclusion or limitation of the option right pursuant to paragraphs 4 and 5 of Article 2441 of the Italian Civil Code;
- issue Warrants and/or combine said shares free of charge with any Warrants giving the right to receive ordinary shares of the Company, free of charge or against payment, including newly-issued shares, defining the regulation of said Warrants;
- increase the share capital, on one or more occasions, against payment, to service the exercise of the Warrants;
- request admission to listing of the newly-issued Shares and of the abovementioned Warrants on regulated markets or multilateral trading systems in Italy or abroad.

The New Powers give the Board of Directors the power to identify the recipients of the capital increase, define the number of shares to be issued and the related price and/or the exercise ratio in the event that Warrants are issued, all in compliance with the procedures required by the legal and regulatory provisions applicable from time to time (also depending on whether the capital increase is implemented pursuant to Article 2441, paragraphs 4 and 5, of the Italian Civil Code).

The New Powers to execute the capital increase were granted for five years from the resolution and, therefore, until 8 December 2024.

At the date of the Report, the New Powers had not even partly been exercised.

Share buyback

On 30 April 2019, the Issuer's Shareholders' Meeting resolved to authorize the Board of Directors to purchase and dispose of its treasury shares in order to: (i) use them as an investment for an efficient use of the liquidity generated by the Company's core business; (ii) purchase its treasury shares from the beneficiaries of any stock option or stock grant plans approved by the competent corporate bodies; and (iii) allow the use of its treasury shares in the context of transactions connected with the core business or with plans consistent with the strategic guidelines that the Company intends to pursue, with a view to the opportunity of exchanging shares.

On the same date, the Shareholders' Meeting also resolved to establish:

- that the purchase, including in more than one tranche, shall be made within the limits of the distributable profits and/or available reserves resulting from the latest financial statements duly approved at the time of the transaction, setting up a treasury shares reserve and, in any case, making the necessary accounting entries in the manners and within the time limits of law, and only fully paid-up shares may be purchased;
- that the purchase of treasury shares may be carried out in accordance with Article 132 of the TUF and according to all the procedures provided for by Article 144-bis, paragraphs 1 and 1-bis, of CONSOB Regulation 11971/99, therefore also in compliance with the equal treatment of shareholders, and with the accepted market practices;
- that the unit price for the purchase of treasury shares shall be determined, from time to time, for each individual transaction, without prejudice to the maximum price equal, in any case, to € 2,000,000.00 and to compliance with the terms, conditions and requirements established by applicable national and EU legislation, as well as by accepted market practices;
- that the unit price may not deviate, either downwards or upwards, by more than 20% from the closing price recorded by the share on the trading day prior to each individual transaction and, in any case, in compliance with applicable laws and regulations, or from the different price set by the accepted market practices under the temporary provisions in force (where applicable) or by Delegated Regulation (EU) 2016/1052 with respect to the transactions governed therein;
- that the purchase of treasury shares may be carried out, in one or more tranches, within eighteen months starting from the date of the resolution (this power ended on 30 October 2020);
- to authorize the Board of Directors, pursuant to and for the purposes of Article 2357-ter of the Italian Civil Code, to dispose of the shares held in the portfolio, without time limit, on one or more occasions (and even before the purchases have been completed), for the above purposes, by selling them on the market, in blocks or otherwise off the market, or by transferring any rights in rem and/or personal rights thereto (including, purely by way of example, stock lending), also granting the governing body the power to establish, in compliance with the law and regulations, the time limits, procedures and conditions of the disposal of treasury shares deemed to be more appropriate in the interest of the Company, it being understood that (a) the consideration for the transfer of the right of ownership and of any other right in rem and/or personal right shall not be 20% less than the market value of the right transferred on the day prior to each individual transfer; (b) the acts of disposal made in the context of business projects or extraordinary finance transactions, through exchanges, swaps or contributions or other methods implying transfer of treasury shares, may take place at the price or value deemed appropriate and in line with the transaction, also taking account of the market trend.

The Company notes that, at the date of this Report, (i) it holds no. 120,000 Treasury Shares, equal to 0.89% of the share capital, as well as (ii) the authorization granted by the Shareholders' Meeting to the Board of Directors, with a resolution dated 30 April 2019, to carry out transactions for the purchase and disposal of treasury shares has ceased since the term within which the authorization could be exercised has expired.

I) Direction and coordination

(pursuant to Articles 2497 et seq. of the Italian Civil Code)

The Issuer is not subject to direction and coordination by other person or entity.

Indeed, the Issuer believes that there is no activity typically entailing direction and coordination, pursuant to Article 2497 et seq. of the Italian Civil Code, since, by way of example and without limitation:

- a) Finanziaria Valentini does not exercise any significant influence on the management strategies and operations of the Issuer, but restricts its relations with the Issuer to the normal exercise of administrative and financial rights pertaining to the status of holder of voting rights. There is no overlapping of members of the administrative, management and supervisory bodies between the two companies (except for Cristina Valentini, non-executive Director);
- b) the Issuer does not receive - and is not subject in any way to - directives or instructions on financial or credit matters from Finanziaria Valentini;
- c) the Issuer has an organizational structure in place composed of skilled professionals who, based on the powers granted and the positions held, operate independently in line with the indications given by the Board of Directors;
- d) the Issuer prepares the strategic, industrial, financial and/or budget plans of the Issuer and the Group independently and carries out their implementation likewise;
- e) the Issuer operates in full negotiating autonomy in its dealings with customers and suppliers, without any external interference from Finanziaria Valentini.

At the date of this Report, it should also be noted that: (i) there are no acts, resolutions or notices of Finanziaria Valentini that could reasonably lead to believe that the Issuer's decisions are the result of an imposing and binding will of the parent company; (ii) the Issuer does not receive from Finanziaria Valentini cash pooling services or other financial assistance or coordination functions; (iii) the Issuer is not subject to regulations or policies imposed by Finanziaria Valentini.

Lastly, the Issuer points out that:

- the information required by Article 123-bis, paragraph one, letter i) of the TUF ("*agreements between the company and the directors [...] providing for indemnities in case of resignation or dismissal without just cause or if the employment relationship ceases following a takeover bid*") is detailed in the Report on Remuneration Policy and Compensation Paid; and
- the information required by Article 123-bis, paragraph one, letter l) of the TUF ("*rules applicable to*

the appointment and replacement of Directors, and to the amendment of the Bylaws, if other than the laws and regulations applicable on a supplementary basis") is detailed in the section of this Report on the Board of Directors (paragraph 4.1).

3. COMPLIANCE

(pursuant to Article 123-bis, paragraph 2, letter a) of the TUF)

The Company complies with the Corporate Governance Code⁹, specifically, in the Year, with the July 2018 version of the Corporate Governance Code¹⁰ available on the website of Borsa Italiana.

The Company's corporate governance system is grounded upon on a set of rules that takes account of the guidelines defined by the regulatory bodies and the standards recommended by the market. This system was created from the evolution of the Group's activities and the principles and application criteria set out in the Corporate Governance Code.

In the following paragraphs of this Report - according to the "comply or explain" principle of the Corporate Governance Code pursuant to Article 123-bis of the TUF - reference will be made to any principles and application criteria of the Corporate Governance Code which the Company has, to date, not yet partly or fully complied with.

Neodecortech and the strategically relevant Group companies are not subject to non-Italian legal provisions that affect the Issuer's corporate governance structure.

⁹ The Board of Directors, by resolution of 11 December 2019, adopted the Corporate Governance Code of Borsa Italiana subject to the start of trading of the Company's shares and warrants.

¹⁰ It should be noted that the Company, by resolution of the Board of Directors of 10 December 2020, adopted the new Corporate Governance Code effective 1 January 2021, in accordance with applicable legal requirements, giving disclosure to the market in the press release issued on 10 December 2020.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND REPLACEMENT

(pursuant to Article 123-bis, paragraph 1, letter l) of the TUF)

Pursuant to Article 20 of the Bylaws, the Company is managed by a Board of Directors composed of five to nine members, appointed by the Shareholders' Meeting. The members of the Board of Directors, who may also be non-members, remain in office for three financial years or for the shorter period established by the Shareholders' General and may be re-elected.

Before the appointment, the Shareholders' Meeting determines the number of members of the Board of Directors and the term of office of the directors within the abovementioned limits.

Under the Company's Bylaws, directors are appointed through the list voting system. Under Article 20, directors are appointed on the basis of lists submitted by shareholders who own, alone or jointly, 2.5% - or any different percentage set out by the applicable provisions - of the share capital with voting rights in the Meetings' resolutions on the appointment of the members of the governing body.

Each shareholder, as well as the shareholders belonging to the same Group, the shareholders who are members of the same shareholders' agreement pursuant to Article 122 of the TUF, the controlling entity, the subsidiaries and those subject to joint control pursuant to Article 93 of the TUF, may not submit or take part in the submission of more than one list, neither through a third party nor a trust company, nor vote for different lists, and each candidate may be included in one list only, under penalty of ineligibility. Nominations filed and votes cast in violation of the prohibition are not assigned to any list.

The lists shall include a number of candidates not exceeding the number of members to be elected, listed in sequential order. Directors shall satisfy the requirements of the legal regulations in force at the time and of the Bylaws. Additionally, a certain number of directors not less than the legal minimum shall qualify as independent as set out in Articles 147-ter, paragraph four and 148, paragraph three of the TUF and in the Corporate Governance Code issued by Borsa Italiana.

The lack of the requirements for the office shall result in a loss of the office itself, it being noted that the loss of the above independence requirements by a director, without prejudice to the obligation to immediately notify the Board of Directors, shall not result in a loss of office if the requirements pertaining to the minimum number of directors with these requirements are maintained, in accordance with the legal provisions in force at the time.

Each candidate may appear in one list only, under penalty of ineligibility. The lists are filed at the registered office at least twenty-five days before the date set for the Shareholders' Meeting held to resolve on the appointment of the governing body, and made publicly available at the registered office, on the Company website and according to the other procedures provided for by applicable legal and regulatory provisions, at least twenty-one days before the date of the Meeting. The lists indicate which Directors meet the independence requirements established by law, the Bylaws and the Corporate Governance Code issued by

Borsa Italiana.

Moreover, the lists that contain three or more candidates shall include candidates of different gender, as provided for in the notice of call of the Meeting, so as to allow the Board of Directors to be composed in accordance with the provisions on gender balance set out in the legal and regulatory provisions in force from time to time and in the Corporate Governance Code issued by Borsa Italiana.

Each list shall be filed together with (i) information on the identity of the shareholders who have submitted the list and the overall percentage of share capital held; (ii) the professional curricula of each candidate, containing detailed information on personal (including gender) and professional details, as well as an indication of the management and supervisory positions held; (iii) the statements that each candidate accepts the nomination and states, under his/her own responsibility, that there are no reasons for his/her incompatibility or ineligibility, and that he/she complies with the requirements set out by law in force for holding the position of director; (iv) the independence statements issued in compliance with the applicable legal and regulatory provisions.

In order to prove the entitlement to submit lists, reference shall be made to the number of Shares registered in favour of the shareholder on the day when the lists are filed with the Company. In order to prove the ownership of the number of shares required to submit the lists, the shareholders who participate in the submission of the lists shall submit or have delivered to the registered office a copy of the relevant certification issued by the intermediary authorized by law, which proves the ownership of the number of shares required to submit the list at the time of filing with the Company. Lists which are submitted in breach of the above provisions are deemed not to have been submitted. Each shareholder may vote for one list only.

Members of the Board of Directors are elected as follows:

- a) all the directors to be elected except one shall be taken from the most-voted list ("**Majority List**"), in the sequential order appearing in the list;
- b) the remaining director shall be taken from the most-voted minority list that was submitted by shareholders who are not connected in any way, not even indirectly, with the shareholders who submitted or voted the most-voted list.

For the purpose of the allocation of the directors to be elected, no account shall be taken of the lists that have not obtained a percentage of votes equal to at least half of the percentage required by these Bylaws for the majority of the lists. If no list other than the Majority List obtains this percentage of votes, the Director referred to in this point b) shall be drawn from the Majority List. In the event of a tie between lists, the list submitted by shareholders holding the largest stake, or secondarily, by the highest number of shareholders, shall prevail. If only one list is submitted, the Board of Directors shall be composed of all the candidates on the single list.

If the candidates elected according to the abovementioned procedures do not ensure the appointment of the required number of Directors belonging to the less represented gender or the minimum number of Independent Directors required by law, depending on the number of members of the Board of Directors in compliance with the law in force at the time, the candidate elected as last in sequential order in the most-

voted list shall be replaced with the first candidate - depending on the case - of the less represented gender and/or independent according to the sequential order in which they were listed, or, failing that, with the candidate - depending on the case - of the less represented gender and/or independent not elected from the other lists according to the sequential order in which they were listed, based on the number of votes obtained by each of them.

This procedure shall be applied until the composition of the Board of Directors complies with the regulations in force at the time. Lastly, if this procedure does not ensure the specified outcome, the replacement shall be implemented by means of a resolution of the Shareholders' Meeting, approved with a relative majority and following the submission of candidates who comply with the necessary requirements.

If no list is submitted or admitted, the Shareholders' Meeting shall resolve with the majorities required by law, without complying with the abovementioned procedure, so as to ensure the presence of the required number of Directors who meet the independence requirements set out by law and compliance with applicable legislation in force at the time on gender balance. The list voting procedure applies only in case of appointment of the entire Board of Directors.

If, during the Year, one or more directors cease to hold office for any reason whatsoever, provided that the majority is still made up of directors appointed by the Shareholders' Meeting, the Board of Directors shall replace them by co-opting candidates with the same qualifications, appointing, according to the sequential order, candidates belonging to the list from which the directors ceased to hold office were drawn, provided that such candidates are still eligible and willing to accept the office.

In any case, the Board of Directors shall replace the Directors who have ceased to hold office (i) so as to ensure the presence of the required number of Directors who meet the independence requirements set out by law and (ii) compliance with the applicable legislation in force at the time on gender balance.

If, for any reason, the majority of Directors appointed by the Shareholders' Meeting falls vacant, the entire Board shall be deemed to have resigned and the Shareholders' Meeting shall be convened without delay by the Directors still in office in order to reconstitute the Board.

Succession plans

The Board of Directors has not adopted a succession plan for executive directors in accordance with the provisions of Application Criterion 5.2.C. of the Corporate Governance Code.

The Company did not deem it necessary to adopt a succession plan, as the Company's current governance structure - with the presence of a Chief Executive Officer and Director with powers, both having longstanding experience in the specific line of business - allows management of operating discontinuities in the short term resulting, for instance, from a replacement of chief executive officers before the ordinary expiry of their office or resignation, thus ensuring continuity and stability in the management of the Company and the Group.

4.2. COMPOSITION

(pursuant to Article 123-bis, paragraph 2, letters d) and d-bis) of the TUF)

The Ordinary Shareholders' Meeting held on 9 December 2019, after setting the number of directors to seven, elected, through the list voting system, the current Board of Directors of the Company - which will remain in office until approval of the financial statements for the year ending 31 December 2021.

At the date of this Report, the Board of Directors of the Company is composed as follows:

1. **Riccardo Bruno**: Chairman and Independent Director;
2. **Luigi Cologni**: Executive Director;
3. **Massimo Giorgilli**: Executive Director;
4. **Cristina Valentini**;
5. **Paolo Pietrogrande**: Independent Director;
6. **Laura Calini**: Independent Director;
7. **Paola Carrara**: Independent Director.

The current Board of Directors consists of a majority of Independent Directors.

Likewise, the Board committees established by the Board of Directors pursuant to the Code are composed of a majority of Independent Directors.

At the Shareholders' Meeting held on 9 December 2019, only one list was submitted by the shareholder Finanziaria Valentini S.p.A., from which all members of the current Board of Directors were drawn. This list was voted by 98.81% of the share capital voting at the Meeting.

With regard to independence requirements, at the meeting held on 10 December 2020, the Board of Directors assessed that Directors Bruno, Pietrogrande, Calini and Carrara complied with the independence requirements set out in the combined provisions of Article 147-ter, paragraph four, and Article 148, paragraph three of the TUF and the provisions of the Corporate Governance Code.

At the same meeting, the Board of Directors assessed that all its members complied with the integrity requirements pursuant to the combined provisions of Articles 147-quinquies and 148, paragraph four of the TUF.

As far as the Issuer is aware, there are no family relationships between the members of the Board of Directors, the members of the Board of Statutory Auditors or the Top Management. Subsequent to the appointment of the Board of Statutory Auditors currently in office, which took place on 24 February 2020, the Chairman of the Board of Directors assessed the absence of family relationships between the members of the Board of Directors, the members of the Board of Statutory Auditors or Top Management.

The following is a brief *curriculum vitae* of each director, which shows their expertise and experience gained in business management.

Riccardo Bruno graduated with honours in Electrical Engineering at the University of Naples in 1982, and earned a Master in Business Administration at the American University of Washington D.C. in 1985, specializing in finance. He started his professional career in the Finance Area of Banca Nazionale del Lavoro (1985-2000), where he was Head of Capital Market and Corporate Finance. He was Joint General Manager of the Cofiri Group for ten years (1990-2000), coordinating the Group's activities in the Capital Market,

Corporate Finance, Private Equity and Corporate Financial Services areas towards the Investment Bank model, participating first hand in the implementation of the major restructuring and privatization transactions undertaken by the IRI Group. From 2000 to 2008, he was Managing Director and Member of the European Management Committee (2000-2004) of Deutsche Bank AG and Country Head of Corporate and Investment Banking in Italy. He was Senior Partner and Executive Director of Clessidra SGR from December 2008 to February 2017, contributing significantly in this position to the investment strategy and management of the Clessidra Capital Fund I, II and III investment portfolio. He is currently a member of the Board of Directors of Atlantia S.p.A., Credito Emiliano S.p.A. and Evinrude S.r.l., as well as Sole Director of Capital Insight Partners S.r.l.. He is also lecturer on the Structured Finance course (Master's Degree in Management, specialist area of Corporate Finance) at the LUISS Guido Carli University of Rome, where he was adjunct professor on the Capital Markets course (Master's Degree in Economics and Business Management).

Luigi Cologni graduated in Economics at the University of Bergamo in 1987, and in 1990 obtained a Master in Business Administration from the Bocconi University of Milan. After holding various positions at the branches of Banca Agricola Milanese and Credito Bergamasco, from 1991 to March 1997 he was Chief Executive Officer and General Manager of Nicolini Cucine S.p.A. and Ernestomeda S.p.A.. From April 1997 to August 2005, he was General Manager of the kitchen division of Poliform S.p.A.. In addition to his position at the Issuer, where he was also Investor Relator, he is a member of the Board of Directors of CDG.

Massimo Giorgilli graduated in Law in 1996 at the La Sapienza University of Rome. In 1998, he obtained a Master in Business Administration at the LUISS Guido Carli University of Rome. After a brief stint with a law firm, he later established a consulting firm. In 2002, he started his own business in the paper manufacturing industry, dealing with management control. He was a member of the board of directors of Banca di Credito Cooperativo di Fiuggi from 2006 to 2009 and president of the Fil consortium from 2009 to 2014. In 2003, he joined the Group as CFO of CGD, later becoming its Executive Director. In addition to the position held within the Issuer, he is Chief Executive Officer of CDG, Sole Director of BEG and Chairman of Unindustria Roma-Frosinone-Latina-Rieti-Viterbo for the graphic and printed paper sector.

Cristina Valentini, after graduating as an Accountant and Commercial Expert in 1987, qualified as a Certified Public Accountant. She has been working at Industrie Valentini since 1987, having held, over time, roles of increasing responsibility. Specifically, she was in charge of product development at Industrie Valentini, launching the process that would later lead to a significant diversification of both product and market. To date, in addition to the position held in the Issuer, she is Managing Director and member of the Strategic and Management Committee of Industrie Valentini.

Paolo Pietrogrande graduated in Chemical Engineering at the La Sapienza University of Rome in 1981. He then furthered his education in management at the California Institute of Technology (USA), Insead (France) and lastly at the GE Learning Center in Crotonville (USA). Author of numerous publications, he was also Scientific Director of the Executive Master in Business Administration at the former Alma Graduate School, University of Bologna, and taught leadership, management and marketing at universities such as the Bologna Business School, Columbia University (USA), Istituto Superiore per Imprenditori e Dirigenti di Azienda (Palermo) and LUISS Guido Carli (Rome). He has held operational positions and roles on the board of directors of various European and international companies, including Pirelli S.p.A., Ducati Motor Holding S.p.A., IREN S.p.A. and Ryanair plc. From 1999 to 2001 he was, in particular, Chief Executive Officer of Enel Green Power. He currently sits on the board of directors of Maps S.p.A. and Falck Renewables S.p.A. and is Managing

Partner at Netplan Management Consulting LLC.

Laura Calini graduated in Law at the Catholic University of Milan in 1994, and in 1998 passed the qualifying exam to practise law at the Court of Appeal of Milan. From 2000 to today, she has headed the legal departments of numerous companies, including Polaris Real Estate SGR S.p.A., Fabrica Immobiliare SGR S.p.A., Tank SGR S.p.A., RREEF Italia (i.e., the division of Deutsche Bank S.p.A. that handles investments and real-estate management on behalf of third parties), and Deutsche Bank Fondimmobiliari SGR S.p.A.. She is currently Head of Corporate Affairs and Regulatory at InvestIRE SGR S.p.A.

Paola Carrara graduated with honours in Business Administration at the University of Bergamo in 2000, and in 2015 obtained the Master in “Board Members and Statutory Auditors of private and public companies” from the Business School of Il Sole 24 Ore. From 2000 to 2015, she gained experience with a leading audit firm, becoming Senior Manager. Since 2015, she has been listed in the Register of Public Accountants and, since 2006, in the Register of Statutory Auditors. She is currently Chairman of the Board of Statutory Auditors and Independent Director of a number of listed companies and Partner of Studio Rescigno Carrara. She is a scholar in the subject at the Faculty of Economics of the University of Bergamo on the General and Applied Accounting course. She is also a speaker and lecturer at conferences and training courses on corporate control and financial statements.

There have been no changes in the composition of the Board of Directors after Year end.

Diversity policy

Under Article 20 of the Bylaws, the composition of the Board of Directors is required to ensure a balance between the male and female genders and that the lesser represented gender obtain at least one elected director.

With regard to the current composition of the Board of Directors, it should be noted that the Directors have a background covering economic, legal, financial and management subjects, as well as those more specifically related to the business of the Company and the Group. With particular regard to gender diversity, it should be noted that at the date of this Report, more than one third of the members of the Board of Directors of the Company are directors belonging to the less represented gender. The Company's objective is therefore to ensure the adequacy of the composition of its Board of Directors in terms of gender representation, as well as the skills and professional qualities of its members.

While the Company has not adopted diversity policies in relation to the composition of its management and administrative bodies, the current composition of the Board of Directors is adequately diversified in terms of age, gender and educational and professional background, as shown by the Directors' curricula. Therefore, this aspect is adequately covered. Diversification makes the decision-making process more effective and exhaustive, and allows for deeper interaction within the corporate bodies, leveraging on the different skills and experiences gained by the Directors.

The Board of Directors, with regard to its composition at 9 December 2019, reviewed this issue and expressed a positive assessment on the adequacy of the current composition of the Board of Directors of the Company, including on the abovementioned diversity.

Maximum number of positions held in other companies

On 19 July 2017, in accordance with the requirements of the Corporate Governance Code, the Directors expressed their views on the possible introduction of a maximum number of management and supervisory positions consistent with the effective performance of the role of director of Neodecortech.

In this regard, it should be noted that:

- in addition to the office held in the Company, an executive director should not hold (i) the office of executive director in another company listed on a regulated market or on a multilateral trading system, in Italy or abroad, or in a financial, banking or insurance company, (ii) the office of non-executive director or statutory auditor in more than three of the abovementioned companies;
- in addition to the office held in the Company, a non-executive director should not hold (i) the office of executive director in more than one other company listed on a regulated market or on a multilateral trading facility, or in more than two financial, banking or insurance companies or companies with equity exceeding € 5 billion, (ii) the office of non-executive director or of statutory auditor in more than five of the abovementioned companies.

Offices held in Group companies shall be excluded from the limit of maximum number of positions held.

These criteria are set out in the Code.

The current Board of Directors has not approved any additional limits to those required by law.

The composition of the Board of Directors at the date of this Report complies with the above general criteria.

Induction Programme

The Chairman of the Board of Directors ensured that the directors, following their appointment and within the scope of their term of office, were able to participate in the most appropriate manner in the Induction Programme sessions held on 13 January 2020 and 30 September 2020, during which the directors and statutory auditors had the opportunity, respectively:

- during the Induction session held on 13 January 2020, to understand the Company's production processes, also acquiring information on the sector and the competitive context in which the Company and the Group operate;
- during the Induction session held on 30 September 2020 at CDG's headquarters, to gain a better understanding of the business dynamics of the Group companies; specifically, aspects related to the corporate, organizational, production and operating structure of CDG and BEG were taken into account, as well as the performance of their markets of operation, focusing on operating and financial data and on growth and sustainability strategies.

Additionally, the Company believes that the characteristics of the information provided to the Board, together with the induction programme, allowed the Directors to gain adequate knowledge of the Issuer's

segment of operation, and of corporate dynamics, their evolution and the related regulatory framework.

4.3. ROLE OF THE BOARD OF DIRECTORS

(pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)

The Board of Directors meets on a regular basis.

During the Year, the Board of Directors met 14 times and 7 meetings are scheduled for the current year, as per the published Financial Calendar. After Year end, 3 meetings have already been held: on 2 February, 23 February and 2 March. At the latter meeting, the Board of Directors approved this Report.

The average length of each Board meeting was approximately 2 hours and 40 minutes.

With regard to the participation percentage of each Director at the meetings held during the Year, reference should be made to Table 2 ("Structure of the Board of Directors") attached to this Report.

During the Year, all supporting documentation was sent to the Directors and members of the Board of Statutory Auditors, in relation to the items on the agenda and subject to a planned resolution, usually within five working days before the Board meeting, except for particular cases, for which adequate and timely in-depth analyses were carried out during the Board meeting.

At its meeting on 31 January 2020, the Board of Directors identified (at least) five days prior to each Board meeting as a reasonable time to send documentation related to Board meetings.

The Board of Directors generally meets at least once every three months, following call by the Chairman, by means of a notice that shall indicate the items on the agenda to discuss and resolve upon, based on a calendar that is adopted by the end of each year, as well as:

- whenever the Chairman deems it necessary;
- when requested by at least two of its members;
- when requested by a member of the Board of Statutory Auditors, in all cases provided for by law.

Individual Directors may also request the Chairman to include new items for discussion on the agenda, and if the request is not granted, the Chairman shall inform the Director in a timely manner.

Pursuant to the Bylaws, the Board of Directors is convened by means of a written notice containing the agenda, sent also by fax or e-mail only, to be sent at least five days in advance to each member of the Board of Directors and each Standing Auditor or, in case of urgency, at least one day in advance.

Meetings of the Board of Directors are considered legitimately convened, even in the absence of a formal call, when all the Directors and all the Standing Auditors are in attendance.

The Board of Directors shall be legitimately convened with the presence of a majority of its members.

In order to organize its activities, the Board of Directors shall be supported by a secretary appointed by the Board of Directors and the Corporate Secretary (the "**Secretary**"). The Secretary shall be a person possessing specific professional skills and consolidated experience gained in contexts of organizational complexity similar at least to that of the Company. The Secretary provides, through impartial judgement, assistance and advice to the Board of Directors on any aspect concerning the proper operation of corporate governance.

Following a resolution of the Board of Directors passed on 20 October 2020, Emiliano Nitti was named Secretary.

For the purposes of discussing the items on the agenda, the Chairman ensures - assisted also by the Secretary of the Board of Directors - the timeliness and completeness of pre-meeting disclosure, by adopting the procedures required to preserve the confidentiality of the data and information provided and by ensuring that the documentation related to the items on the agenda is brought to the attention of the Directors and Statutory Auditors well in advance of each meeting. The notice generally considered adequate for pre-meeting disclosure is 5 days prior to the meeting, except in cases where documentation is made available as promptly as possible. In any case, the Directors and Statutory Auditors may access the information documents at the registered office in the days prior to the meeting. The Chairman shall see that such information is made available to the Directors and Statutory Auditors.

If in specific cases - in view of the nature of the item under discussion, also in order to preserve the confidentiality of the data and information provided (in connection, for example, with projects of particular strategic relevance for the business of the Company and the Group) - the Chairman deems that the information documents must necessarily be provided during the meeting, he shall give prior notice to the Directors and Statutory Auditors.

Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors and, in his/her absence, impediment or default, by the Vice Chairman, if one has been appointed. Should the Chairman and the Vice-Chairman be absent at the same time, the person entitled to chair the Board meetings is appointed by the Directors in attendance.

The meetings of the Board of Directors are managed by the Chairman in such a way as to ensure the efficient operation of the corporate governance system, guaranteeing a balance of powers between the Chief Executive Officer, if appointed, and the executive directors, and acts as a point of contact for the corporate bodies.

The Chairman shall ensure that the items on the agenda are given the necessary time to allow for an effective debate and, in the course of the meetings, encourages Directors to give their own contribution. Additionally, the Chairman ensures, assisted also by the Secretary, the timeliness and completeness of pre-meeting disclosure, adopting the procedures required to preserve the confidentiality of the data and information provided. In particular cases where the disclosure required cannot be provided well in advance, the Chairman ensures that adequate and timely in-depth discussions are held during Board sessions. If the documentation made available is too extensive or complex, it may be usefully accompanied by a document summarizing the most significant and relevant points for the purposes of the decisions on the agenda, it being understood that this document may not be considered in any way a substitute for the documentation.

The Board of Directors resolves validly with the favourable vote of an absolute majority of the attendees, unless otherwise provided by law. In the event of a tie, the vote of the Chairman of the Board of Directors shall prevail.

At the Board meeting held on 10 December 2020, the Issuer adopted a procedure on the operation of the Board of Directors.

During the Year, the meetings of the Board of Directors were often attended - as invited guests and in relation to the specific items treated - by the Company's managers, in order to enhance the Board meetings as a typical moment where non-executive directors acquire detailed information on specific issues concerning the Company's activities.

The Company is managed by the directors, who carry out the operations required to implement the corporate object.

Pursuant to the Bylaws, the Board of Directors is vested with all powers for the management of business, with no distinction and/or limitation for acts of so-called ordinary and extraordinary administration. To this end, the Board of Directors may pass resolutions or perform all acts it deems necessary or useful for implementation of the corporate object, with the exception of those reserved to the Shareholders' Meeting by law or by the Bylaws.

Pursuant to the Bylaws, the Board of Directors may also set up committees or commissions from among its members, delegating to them, within the limits allowed, special tasks or assigning them advisory or coordination functions¹¹.

In line with the Code's recommendations, during the Year, the Board of Directors periodically assessed the general performance of operations, pursuant to Article 2381 of the Italian Civil Code, taking account of the information received from the managing directors and periodically comparing the results achieved with those planned.

Specifically, pursuant to the Bylaws, the applicable provisions of law and in line with the recommendations of the Corporate Governance Code, the following matters are reserved to the Board of Directors:

- a) review and approval of the strategic, industrial and financial plans of the Company and the Group, and periodic monitoring of their implementation;
- b) definition of the nature and level of risk consistent with the Company's strategic objectives, including in its assessments all risks that may be significant for the Company from a sustainability point of view in the medium to long term;
- c) definition of the Company's corporate governance system and the structure of the Group;
- d) assessment of the adequacy of the organizational, administrative and accounting setup of the Issuer, as well as that of its strategic Subsidiaries, with particular regard to the Internal Control and Risk Management System;
- e) assessment of the general performance of operations, by taking into consideration, in particular, the

¹¹ See paragraph 6 of this Report

information provided by the Directors with delegated powers at least on a quarterly basis, as well as by periodically comparing the results achieved with those planned;

- f) prior approval of the transactions carried out by the Company and its Subsidiaries when these transactions have a tangible and significant strategic importance in terms of operating results, capital or financial position for the Company, and definition of the general criteria to identify those transactions that have a significant importance in terms of operating results, capital or financial position for the Issuer;
- g) assessment, at least once a year, of the operation of the Board of Directors itself and its committees, as well as of their size and composition, also taking account of elements such as professional qualifications, experience, including managerial experience, and gender of its members, as well as length of service¹²;
- h) presentation to the shareholders, before the appointment of the new Board, of guidelines on the managerial and professional figures whose presence on the Board is considered appropriate.

Pursuant to the Bylaws and the provisions of the Italian Civil Code, the Board of Directors has also the remit to pass resolutions on:

- the establishment or closure of management and operating offices, branch offices, subsidiaries, representation offices, agencies, plants or local, production and management units;
- the delegation of its powers in whole or in part to one of its members;
- the setup of property used for a specific dealing pursuant to Article 2447-ter of the Italian Civil Code;
- the conclusion of loan agreements pursuant to Article 2447-bis of the Italian Civil Code;
- the appointment of a general manager.

With regard to the assessment, reserved exclusively to the Board as a whole, contained in point f), at the date of this Report the Board of Directors: (i) has identified both CDG and BEG as strategic Subsidiaries; (ii) has not yet established general criteria to identify those transactions that have a significant and strategic importance in terms of operating results, capital or financial position for the Issuer and its Subsidiaries.

Pursuant to Article 26.2 of the Bylaws, the Directors with delegated powers shall provide the Board of Directors, at least on a quarterly basis, with adequate information on the general performance of operations and its outlook, as well as on the most significant transactions, in terms of size and characteristics, carried out by the Company and its subsidiaries, in the exercise of their powers. The Directors provided with proxies have been granted powers of ordinary administration. In any case, the Board of Directors is empowered to supervise and take over transactions falling within the scope of the delegation of powers, as well as the power to revoke them.

Additionally, pursuant to Article 150 of the TUF, the Directors shall report promptly and at least on a quarterly basis to the Board of Statutory Auditors, verbally or, if the Chairman deems it appropriate, by means of a written report, on the activities carried out and on the transactions having a significant impact on the balance sheet, income statement and cash flows carried out by the Company or its Subsidiaries; specifically, on those in which they have an interest, on their own behalf or on behalf of third parties, or which are influenced by the entity exercising direction and coordination activities.

On 31 January 2020, the Board of Directors assessed the current organizational and administrative structure

¹² At its meeting of 10 December 2020, the Board of Directors, on adopting the new Corporate Governance Code, resolved to exercise the Board's evaluation on a three-year basis.

of the Company, also with regard to the Internal Control and Risk Management System, deeming it to be substantially adequate with regard to the size, complexity of the Company and the Group and its specific features, taking account of the status of company listed on AIM Italia and the Issuer's transition to the MTA on 25 May 2020.

As part of the process of defining the strategic business and financial plan for 2020-2022, the Board of Directors assessed the nature and level of risk consistent with the Company's strategic objectives, including in its assessments all risks that may be significant for the Company from a sustainability point of view in the medium to long term.

Assessment of the size, composition and operation of the Board of Directors and its committees

On 10 December 2020, the Board of Directors resolved to carry out a self-assessment of the Board of Directors (the "**Self-Assessment**") for 2020, to be launched in 2021 - in line with international best practices, with the provisions of the New Corporate Governance Code and with the operating regulation of the Board of Directors also approved on 10 December 2020 - through individual completion by the Directors of specific questionnaires prepared by an independent third party, the law firm MN Tax & Legal.

While there is no obligation on the performance of a Self-Assessment, the performance of this specific assessment was deemed appropriate, as the previous self-assessment was carried out on 31 January 2020, therefore close to the recent installation of the Board of Directors currently in office (on 9 December 2019).

Consistent with the duties assigned to it by the Board of Directors and in line with the recommendations of the New Corporate Governance Code, the Appointments and Remuneration Committee has an advisory role in carrying out its self-assessment activities.

The self-assessment aims in particular at assessing the size, composition, operation, independence and tasks carried out by the governing body and its internal committees, as well as incorporating any indications and opinions expressed by their members.

Specifically, the adequacy assessment focuses on:

- the individual characteristics of the Directors, in terms of requirements and professional experience;
- the structural characteristics of the Board of Directors (size, in particular in relation to the characteristics of the Group and the possibility of adequate formation of internal committees of the Board; composition, in particular in terms of balanced division and ratio between genders, executive and non-executive directors and the adequacy of the number of Independent Directors);
- the organizational characteristics, understood as the processes and methods of operation, of the Board of Directors (information flows through prior provision to directors of adequate documentation on the items on the agenda; frequency and scheduling of meetings; frequency of directors' participation at meetings; documentation supporting the minutes).

The Self-Assessment questionnaires were sent to all Directors and their answers were then collected anonymously and brought together in a summary document, in order to ensure a coherent comparison of the answers on individual issues, and reviewed by the Board of Directors at the meeting of 2 February 2021.

The Self-Assessment in question was completed on 23 February 2021, acknowledging the presence within the governing body of specific expertise among all the members, but appropriately diversified, also in terms of seniority in view of the need to represent, inter alia, the areas of expertise indicated below:

- decorative paper industry and relevant industry regulations;
- financial market and relevant industry regulations;
- business management, business organization, and strategic and operational planning;
- assessment of performance results, including by reading and understanding financial statements' data;
- corporate (Audit, compliance, risk management, etc.);
- ordinary and extraordinary financial transactions

In this context, a number of areas for improvement were identified and will be implemented in 2021 in order to ensure that corporate governance is increasingly aligned with international best practices. Specifically, the findings of the analysis show an overall common vision of the work and operation of the Board among its members, with a few minor differences in views on a number of issues related to the Board's activities.

On the whole, the Directors showed awareness of the aspects that need to be improved in the operation of the Board of Directors and its Committees, specifying, where appropriate, the effort the Board of Directors will have to make in this regard.

The outcome of the Self-Assessment process, on the whole, shows that the Board of Directors of the Company is a well-operating, balanced corporate body with a good internal organization, which is constantly updated and improved, and is aware of the issues where work still needs to be done in order to grow and comply with industry regulations.

Lastly, it should be noted that the Shareholders' Meeting did not authorize, generally or preventively, any exceptions to the non-compete clause as provided for in Article 2390 of the Italian Civil Code.

4.4. DELEGATED BODIES

Pursuant to Article 26 of the Bylaws, the Board of Directors may delegate its powers, in whole or in part, individually to one or more of its members, including the Chairman of the Board of Directors, within the limits and according to the criteria set out in Article 2381 of the Italian Civil Code, setting the limits of the delegation and the powers granted. The Directors with delegated powers, if appointed, shall provide the Board of Directors, at least on a quarterly basis, with adequate information on the general performance of operations and its outlook, as well as on the most significant transactions, in terms of size and characteristics, carried out by the Company and its Subsidiaries, in the exercise of their powers.

In any case, the Board of Directors is empowered to supervise and take over transactions falling within the scope of the delegation of powers, as well as the power to revoke them.

a) Chief Executive Officers

On 11 December 2019, and as subsequently supplemented on 17 April 2020, the Board of Directors resolved to delegate to Director Luigi Cologni the following powers with legal representation of the Company, to be exercised in compliance with and within the limits set out by law, the Bylaws, the directives and resolutions of the Board of Directors:

1. sign all related Company correspondence;
2. discharge all the registrations, notifications and dealings with the Public Motor Vehicle Ownership Registers relating to the purchase, exchange, sale and/or transfer of ownership of vehicles; update certificates;
3. represent the Company in any dealings with the Government, the Municipalities, the Provinces, the Regions and any other public or private agency or body, including without limitation, the tax authorities, the State Treasury, the Cassa Depositi e Prestiti, the Customs Authorities, the public and private railways, the Postal Administrations, the Company Register, the Chamber of Commerce and the Social Welfare Authorities; take any action vis-à-vis such agencies and bodies; submit appeals, statements, complaints and petitions by signing the relevant documents;
4. sign and submit all requests, statements and other documentation relating to dealings with the Bank of Italy, CONSOB and Borsa Italiana and their representative offices;
5. authorize and give effect to all transactions with the postal, telegraph, telephone and general telecommunications companies, customs and railway offices, couriers and transport companies, including the power to accept and withdraw goods, letters and the like;
6. receive payments of any amount, for any reason and without limitation as to value, from individuals, companies or public bodies and issue the receipts thereto;
7. demand payments and place debtors in default;
8. certify receivables and exercise all creditor rights and execute guarantee procedures, issue protests and orders for payment;
9. hire, suspend, transfer and dismiss employees (excluding executives), determining their wages, salaries and compensation; enter into company collective bargaining agreements and contracts;
10. represent the Company before any administrative or judicial authority, including labour courts and Provincial Employment Offices in connection with any collective and/or individual labour dispute with Company employees, with the power to grant powers of attorney, select arbitrators and/or settle and waive proceedings;
11. comply with all legal and contractual provisions regarding the employer's obligations towards its employees, including obligations arising from legislation on industrial accidents, social security, public assistance and compulsory employment, and to provide for the exact calculation of all wages and social security and insurance contributions however due or payable for all employees;
12. act in the interest of the Company before INPS, INAIL and ENASARCO; to act in the name of the

Company before all state, administrative, provincial and local authorities in relation to labour and social security matters, including Local Health Authorities (ASL), the Ministry of Labour and Social Security; specifically, also with regard to executives, mid-level employees and white collars, to sign any certificate or document relating to the dealings with tax and social security agencies or other public and private authorities and/or bodies, including but not limited to:

- a. statement to INAIL of the workforce employed;
 - b. statement to INPS of the payment of social security contributions and request for reimbursement of contribution differences;
 - c. annual statement to INPS of the remuneration of employees subject to social security contributions;
 - d. summary of the annual statement to INPS of the remuneration of employees subject to social security contributions;
 - e. certificate of payment of compensation to employees for their appearance before the relevant tax office;
 - f. statement of tax reserves, as provided for in article 7 of Presidential Decree no. 600 of 1973;
 - g. certificate of payment to employees of the length of service, redundancy payments and severance pay;
 - h. annual statement to INAIL of payment of compensation to the Company's employees;
 - i. statement to INAIL of occupational accidents;
13. act in the interest of the Company before the Unions and their representatives;
 14. act in the interest of the Company in any legal proceeding, before the Labour Court and Sections thereof, including any proceeding before any arbitration, conciliation or labour chamber, with all powers required in this regard, including the power to appoint and remove attorneys and experts, to reach settlements and comply with the decisions of the Courts;
 15. provide, within the Company, for training for employees and, in particular, for employees with fire prevention and first aid duties whom he/she shall appoint;
 16. organize the prevention and protection service and appoint the relating head;
 17. take part in any meeting related to discussions of environmental and workplace safety issues in order to negotiate and sign workplace safety agreements with national, regional and provincial unions and any employee delegation;
 18. represent the Company before tax offices, the registry office, technical tax offices, local tax offices, VAT offices, municipality offices, including those with jurisdiction over local tax and, in general, before all administrative and financial authorities and agencies;
 19. enter into, sign and serve appeals, summonses, Company tax returns, substitute tax returns and any other returns required by tax laws;
 20. make statements, make requests and file complaints with the tax authorities, and to provide for payment, including by settlement, of any tax or levy of any kind;
 21. negotiate, enter into, amend or terminate all contracts deemed necessary, useful or instrumental to

the Company's business, including but not limited to the following:

- a. accept orders from customers;
 - b. purchase, acquire by means of lease contracts, exchange, sell, rent plant, machinery, capital assets, and/or registered movable property (such as, for example, motor vehicles) up to a maximum amount of € 250,000 per individual transaction;
 - c. buy, trade, sell goods, commodities;
 - d. receive and make offers for the supply of goods and/or services;
 - e. negotiate, enter into, amend or terminate agreements for software or hardware, licence and/or maintenance, intellectual property, copyrights, patents, trademarks and industrial models;
 - f. negotiate, enter into, amend, or terminate leases on property for industrial or commercial use or other industrial or commercial buildings, including for a period of more than nine years;
 - g. negotiate, enter into, amend or terminate factoring or assignment contracts with factoring companies or third parties, including companies in the group, also with the public administration including the tax authorities;
 - h. negotiate, enter into, amend or terminate service contracts, supply contracts and procurement contracts;
 - i. negotiate, enter into, amend shipping contracts;
 - j. negotiate, enter into, amend or terminate insurance contracts for any risk and for any amount; file reports of damages incurred; with the power to participate in appraisals, accept settlements, even on the basis of amicable settlements;
 - k. negotiate, enter into, amend, or terminate agency, commission, distribution, and advertising contracts;
 - l. negotiate, enter into, amend or terminate consultancy and/or intellectual work contracts up to a maximum amount of € 100,000 per individual transaction and/or per individual name on an annual basis;
22. accept assignment of receivables with or without recourse, receiving different fees as fulfilment of obligations; issuing, if any, the relevant receipts;
23. issue, sign and receive invoices, credit and debit notes; issue bills of exchange to customers as well as collect or endorse promissory notes issued by customers at a discount;
24. enter into, amend and terminate bank overdraft agreements, overdraft facilities and unsecured loans up to a maximum amount of € 5,000,000 per individual loan, establishing the terms and duration thereof, to open bank current accounts in the name of the Company, to issue cheques on said current accounts out of liquid assets or credit facilities or even overdraft facilities within the limits of the credit facilities granted;
25. represent the Company, both as plaintiff and defendant, before the competent judicial authorities, both ordinary and administrative, in all disputes of any kind and at any level of judgement, to appoint lawyers and representatives, to grant them the relevant powers of representation with the power to settle and sign the relevant documents;
26. act for and in the interest of the Company as a processor of the personal data contained in the

Company's databases;

27. undertake and take all the measures and initiatives provided for by the Privacy Code and by any other regulation or law that comes into force in this regard;
28. take all decisions relating to the tools and purposes of data processing carried out in the interest of the Company, entering into contracts in the interest of the Company in order to open initiatives or make instrumental investments in compliance with the regulations set out in the Privacy Code;
29. appoint and assign tasks regarding the processing of personal data to one or more persons who take on the relevant responsibilities, pursuant to Article 4, paragraph 1, letter G of the Privacy Code, to be selected in accordance with the criteria set out in Article 29 of the Privacy Code and in compliance with the provisions contained therein;
30. represent the Company in its dealings with individuals, companies, associations and entities to whom the personal data refer and with the persons delegated by them;
31. represent the Company in all dealings with the Data Protection Authority and its office;
32. represent the Company in dealings with technicians, consultants, and other external consultants, suppliers and other persons with whom it will be required or useful to have dealings with in order to comply with the provisions of the Privacy Code;
33. ensure, in the best interests of the Company, the accurate and proper execution of the provisions of the Privacy Code, including provisions requiring reports, notifications, statements, amendments and requests for authorizations;
34. appoint special proxies and grant them powers to perform certain activities or categories of acts;
35. sub-delegate one or more of the above powers.

It should be noted that the Chief Executive Officer is not involved in an interlocking directorate situation.

On 11 December 2019, Luigi Cologni was also appointed as (i) Employer pursuant to Legislative Decree no. 81 of 2008, for compliance with the regulations on occupational health and safety; and (ii) in charge of the application of the regulations in place to protect the environment and human health and in particular the provisions of Legislative Decree no. 152 of 3 April 2006, as amended.

b) Chairman of the Board of Directors

Pursuant to Article 29 of the Bylaws, the Chairman of the Board of Directors is vested with the legal representation of the Company in dealings with third parties, any administrative authority and in legal proceedings, as well as with the power to sign on behalf of the Company without any limitation.

c) Executive Committee

(pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)

To this date, the Issuer did not deem it necessary to establish an executive committee, pursuant to Article 2381 of the Italian Civil Code and Article 26.1 of the Bylaws.

d) Disclosure to the Board of Directors

Pursuant to the Bylaws, the directors with delegated powers shall refer to the Board of Directors, at least on a quarterly basis, with adequate information on the general performance of operations and its outlook, as well as on the most significant transactions, in terms of size and characteristics, carried out by the Company and its Subsidiaries, in the exercise of their powers. In any case, the Board of Directors is empowered to supervise and take over transactions falling within the scope of the delegation of powers, as well as the power to revoke them.

Additionally, pursuant to Article 150 of the TUF, the Directors shall report promptly and at least on a quarterly basis to the Board of Statutory Auditors, verbally or, if the Chairman of the Board of Directors deems it appropriate, by means of a written report, on the activities carried out and on the transactions having a significant impact on the balance sheet, income statement and cash flows carried out by the Company or its subsidiaries; specifically, on those in which they have an interest, on their own behalf or on behalf of third parties, or which are influenced by the entity exercising direction and coordination activities.

In this regard, it should be noted that during the Year, 14 Board meetings were held, during which the delegated bodies reported, among other things, on the results of operations and on the most significant transactions in progress.

4.5. OTHER EXECUTIVE DIRECTORS

In addition to the Chief Executive Officer, it should be noted that on 11 December 2019, the Board of Directors resolved to delegate to Director Massimo Giorgilli (Chief Executive Officer of CDG and Sole Director of BEG), the following powers with legal representation of the Company, to be exercised in compliance with and within the limits set out by law, the Bylaws, the directives and resolutions of the Board of Directors:

1. sign all related Company correspondence;
2. discharge all the registrations, notifications and dealings with the Public Motor Vehicle Ownership Registers relating to the purchase, exchange, sale and/or transfer of ownership of vehicles; update certificates;
3. sign and submit all requests, statements and other documentation relating to dealings with the Bank of Italy, CONSOB and Borsa Italiana and their representative offices;
4. authorize and give effect to all transactions with the postal, telegraph, telephone and general telecommunications companies, customs and railway offices, couriers and transport companies, including the power to accept and withdraw goods, letters and the like;
5. negotiate, enter into, amend or terminate all contracts deemed necessary, useful or instrumental to

the Company's business, including but not limited to:

- a. buy, trade, sell goods, commodities;
- b. offers for the supply of goods and/or services.

4.6. INDEPENDENT DIRECTORS

The Independent Directors of the Company are sufficient in number and authority to ensure that their judgment may have a significant influence in the decision-making process of the Board. The Independent Directors bring their specific expertise to board discussions, contributing to decisions in line with the Company's interests.

Pursuant to the Bylaws, at least one of the members of the Board of Directors - i.e. two if the Board has between seven and eight members, or three if the Board has nine members - is required to comply with the independence requirements set out in the combined provisions of Articles 147-ter, paragraph four, and 148, paragraph three of the TUF, as well as the provisions contained in the Corporate Governance Code.

The Board of Directors of the Company currently consists of four Independent Directors.

The Board of Directors of the Company, in compliance with application criterion 3.C.4. of the Corporate Governance Code, assesses - at least once a year and on the basis of the information provided by the party involved or available to the Issuer - whether these directors still meet the independence requirements.

In this regard, at the meeting held on 10 December 2020, the Board of Directors - on the basis of the information provided by each Director and of their *curricula vitae* (together with all management and control positions held in other companies) - acknowledged that Directors Riccardo Bruno, Paolo Pietrogrande, Laura Calini and Paola Carrara meet the independence requirements, pursuant to Article 147-ter, paragraph 4, and 148, paragraph 3 of the TUF, as well as to the Corporate Governance Code. The Board of Directors discloses the outcome of its assessments through this Report.

To this end, the members of the Board of Directors were asked to provide all the documentation and information required to allow the Board to assess the satisfaction of the independence requirements. More specifically, the abovementioned Independent Directors declared - by signing a self-certification (prepared pursuant to Articles 46 and 47 of Presidential Decree no. 445 of 28 December 2000) - to possess all the independence requirements set out in the combined provisions of Articles 147-ter and 148, paragraph three of the TUF and the provisions of the Corporate Governance Code.

Additionally, it should be noted that - in order to assess the satisfaction of the independence requirements - all the criteria set out in the Code of Conduct were applied (Criteria 3.C.1. and 3.C.2.).

Lastly, the independence of the abovementioned Directors is also ensured by the absence of professional, family or other relationships between them and the Company.

As provided for by the Code, at the meeting held on 10 December 2020, the Board of Statutory Auditors assessed the correct application of the assessment criteria and procedures adopted by the Board of Directors in order to ascertain the independence of its members, and found that the current composition of the

governing body complies with the criteria set out in the Code.

During the Year, the Independent Directors met once with a meeting called ad hoc in the absence of other directors.

The meeting was held on 1 December 2020, where, among other things, issues related to corporate governance were discussed and, in particular:

- i. consideration was given to implementing the organizational structure and governance relations with the subsidiaries CDG and BEG;
- ii. preliminary and opportunity assessments were carried out regarding the definition of a succession plan for senior executives;
- iii. considerations were made regarding the Group's medium/long-term objectives;
- iv. it was deemed appropriate to carry out a new self-assessment, with regard to the Year, of the governing body of the Company;
- v. in view of the entry into force of the new Corporate Governance Code for 2021, as well as the amendments made to the RPT Regulation in implementation of the Shareholder Rights Directive 2 (SRRD II)¹³, it was deemed appropriate to prepare a special induction session, in order to provide directors with adequate information on these issues;
- vi. the use of Board Management platforms was assessed in order to facilitate the management, confidentiality, storage and dissemination of documentation relating to company meetings, to directors and the corporate secretary's office, as well as the preparation of a specific internal procedure for this purpose.

By filling in and signing the self-certification form, the abovementioned Independent Directors confirmed their eligibility to qualify as independent and, to this end, undertook to promptly notify the Board of Directors of the Company of any subsequent change in the information provided therein.

4.7. LEAD INDEPENDENT DIRECTOR

Article 2.C.4. of the Corporate Governance Code recommends the appointment of a Lead Independent Director, *inter alia*, in the event when the Chairman of the Board of Directors is the Chief Executive Officer.

Given that, at the end of the Year and at the date of this Report, the Chairman of the Board of Directors is not the main person responsible for the management of the Company, or that the Chair is not held by the person who controls the Company, the Issuer has not appointed a Lead Independent Director.

¹³ On 11 December 2020, CONSOB approved the amendments to the Related Party Transactions (RPT) Regulation, to the Issuer Regulation, and to the Market Regulation implementing (EU) Directive 2017/828 on Shareholder Rights (Shareholder Rights Directive 2 - SHRD II).

5. TREATMENT OF COMPANY INFORMATION

Management of inside information

As recommended by the Corporate Governance Code, on 31 January 2020 the Board of Directors resolved to adopt a procedure (the "**Inside Information Management Procedure**") for the management and external communication of documents and information concerning the Company and/or its subsidiaries, with particular regard to the inside information that listed companies are required to disclose to the public pursuant to Article 114, paragraph 1, of the TUF and Article 17 of the MAR and in compliance, more generally, with the legal and regulatory provisions in force from time to time on market disclosure and the prevention and suppression of market abuse. Additionally, this regulation aims at setting up and managing the register of those persons who, owing to their work or professional activity or the functions carried out, have access to relevant information (i.e. information which does not qualify as inside), and at setting up and managing the register of those persons who, owing to their work or professional activity or the functions carried out, have access to the inside information set out in Article 114, paragraph 1, of the TUF, in compliance with the provisions set out in Article 1 of the MAR and the relevant implementing provisions.

The Inside Information Management Procedure came into force on the Trading Commencement Date and is available on the Company website in the "Procedures" section.

Internal Dealing

On 31 January 2020, the Board of Directors resolved to adopt a procedure (the "**Internal Dealing Procedure**") involving public disclosure obligations and limitations on the execution of purchase, sale, subscription and exchange transactions carried out by, or on behalf of (i) the members of the management or supervisory bodies of the Issuer; (ii) senior executives who, while not being members of these bodies, have regular access to inside information directly or indirectly concerning the Company and have the power to take decisions that may have an impact on the future development and prospects of such entity (iii) anyone who holds an interest, calculated pursuant to Article 118 of the Issuer Regulation, amounting to at least 10% of the Company's share capital, represented by shares with voting rights (the "**Relevant Shareholder**"), as well as any other subject controlling the Company; and (iv) persons closely associated with the abovementioned subjects.

Pursuant to the Internal Dealing Procedure adopted by the Issuer, the following shall not be notified: (a) transactions the total amount of which does not reach € 20,000 by the end of the year; (b) transactions carried out between the Relevant Shareholder and persons closely associated; (c) transactions carried out by the Issuer and its subsidiaries; (d) additional transactions for which no notification is required by law.

The Internal Dealing Procedure came into force on the Trading Commencement Date and is available on the Company website in the "Procedures" section.

6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

(pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)

On 19 July 2017, the Board of Directors had resolved to establish a single committee within the Board of Directors (the "**Single Committee of the Board of Directors**" or the "**Single Committee**") that assembled the functions relating to (i) the Appointments Committee; (ii) the Remuneration Committee; and (iii) the Control and Risk Committee.

During the Year and until the Trading Commencement Date, members of this Board of Directors' Committee were the independent and non-executive directors Paolo Pietrogrande (Chairman), Laura Calini and Paola Carrara, by virtue of their appointment by the Board of Directors on 11 December 2019, based on the renewal of the entire Board of Directors on 9 December 2019.

On 31 January 2020, the Board of Directors of the Company, in view of the resolution providing for the adoption of the Corporate Governance Code by the Company, with effect from the Trading Commencement Date, resolved to establish, with effect also subject to the same date of commencement of trading of shares and Warrants on the MTA: (i) a Remuneration and Appointments Committee, (ii) a Control and Risk Committee, (iii) a Sustainability Committee and (iv) a Related Party Committee (hereinafter the "**Committees**")

Effective as of the Trading Commencement Date on 25 May 2020, the Board Committees became effective to replace the Single Committee of the Board of Directors.

The Remuneration and Appointments Committee jointly performs the functions that the Code assigns to the Appointments Committee and the Remuneration Committee, respectively. The decision to merge the functions of two committees, as provided for by the Code, was taken by the Board of Directors mainly for (i) reasons of flexibility and contiguity between some of the issues that the Code assigns to the remit of the Remuneration Committee and the Appointments Committee respectively, and (ii) to eliminate the risk of possible lack of coordination. It should be noted that the Remuneration and Appointments Committee complies with the requirements of the Code for both the Appointments Committee and the Remuneration Committee.

For a description of the composition, functions, duties, resources and activities of the abovementioned committees, reference should be made to the following sections of this Report.

7. SINGLE COMMITTEE OF THE BOARD OF DIRECTORS

Composition of the Single Committee of the Board of Directors

During the Year and until the Trading Commencement Date, the Single Committee was composed of:

- Paolo Pietrogrande (Chairman - Independent Director);
- Laura Calini (Independent Director);
- Paola Carrara (Independent Director).

The members of the Single Committee of the Board of Directors remained in office until the Trading Commencement Date, when, in the exercise of its activities, the Single Committee was replaced by the

Committees (i) Remuneration and Appointments and (ii) Control and Risk and the (iii) Related Party Committee, the establishment of which was resolved by the Board of Directors on 31 January 2020 and subject to the effective start of trading on the MTA market.

The composition of the Single Committee of the Board of Directors - made up exclusively of (i) independent members and (ii) an independent member as Chairman - complied with the principles of the Corporate Governance Code which the Company acknowledged upon admission to listing on AIM Italia, concerning the composition of both the Appointments Committee and the Remuneration Committee, as well as the Control and Risk Committee.

Additionally, with regard to the professional requirements of the members of the Single Committee provided for by the Corporate Governance Code, it is confirmed that the members of the Committee had the knowledge and experience as well as the professional qualities deemed adequate by the Board of Directors at the time of their appointment.

Functions of the Single Committee of the Board of Directors

The Single Committee carried out the consultative and proposal-making functions that are assigned - pursuant to the Corporate Governance Code adopted by the Company upon listing on AIM Italia, the related operating regulation and the best practices - to the (i) Remuneration Committee, (ii) Appointments Committee and (iii) Control and Risk Committee. The Single Committee of the Board of Directors also performed the functions of the Related Party Committee pursuant to the provisions of the RPT Procedure. During the Year, up to the Trading Commencement Date, the Single Committee discussed, resolved and put forward proposals to the Board of Directors mainly on matters within its remit, in particular:

- in its capacity as the Remuneration Committee (i) assessed the achievement of the Company's performance objectives which the allocation of the variable remuneration component to directors is related to, (ii) ascertained the achievement of the objectives set out in the Stock Grant Plan and its consequent implementation, (iii) assessed the guidelines of the remuneration policy adopted by the Company and (iv) issued its opinion on the Welfare Plan;
- in its capacity as Control and Risk Committee (i) assessed the proper application of the accounting standards and their consistency for the purposes of preparing the consolidated financial statements, (ii) supported the Board of Directors in the appointment of the Financial Reporting Manager and (iii) in the appointment of the Company's Chief Financial Officer (iv) ascertained the adequacy of the risk management process and consistency between the assessment of risks and the business plan, and (v) expressed its opinion on the activities carried out by Internal Audit;
- in its capacity as Related Party Committee, issued its opinion on the adoption of a new Related Party Procedure, the effectiveness of which subject to the Trading Commencement Date.

Since the beginning of the Year and until the Trading Commencement Date, the Single Committee, in its capacity as (i) Remuneration Committee (ii) Appointments Committee (iii) Control and Risk Committee and (iv) Related Party Committee, met 7 times during the Year, on the following dates:

- 13 January 2020 as the Control and Risk Committee;

- 13 January 2020 as the Related Party Committee;
- 23 January 2020 as the Remuneration Committee;
- 23 January 2020 as the Control and Risk Committee;
- 31 January 2020 as the Remuneration Committee;
- 10 April 2020 as the Control and Risk Committee;
- 22 April 2020 as the Control and Risk Committee and Related Party Committee.

The average length of each meeting was approximately 40 minutes.

Reference should be made to Table 2 ("Structure of the Board of Directors") attached to this Report for the participation percentage of each committee member in the above meetings.

Upon invitation of the Single Committee, the members of the Board of Statutory Auditors, the Chairman of the Board of Directors, the Company's Chief Executive Officer, the Chief Financial Officer and the Head of Organization, Compliance and Risk Management attended the meetings. Consultants and other third-party experts also attended a number of Committee meetings.

In any case, the Issuer's Directors abstained from attending the meetings of the Single Committee, in its capacity as Remuneration Committee, during which proposals were made to the Board of Directors on their remuneration.

The Single Committee of the Board of Directors was empowered to access the information and corporate functions required to carry out the activities within its remit, as well as to make use of the services of external consultants who are experts in the matters dealt with by the Committee. In such cases, the Committee assessed in advance that the consultant was not in a situation that could compromise his/her independent judgement.

8. REMUNERATION AND APPOINTMENTS COMMITTEE

Composition of the Remuneration and Appointments Committee

On 31 January 2020, the Board of Directors of the Company, with effect subject to the Trading Commencement Date, therefore with effect from 25 May 2020, established the Remuneration and Appointments Committee, which is composed of:

- Paola Carrara (Chair - Independent Director);
- Riccardo Bruno (Independent Director);
- Paolo Pietrogrande (Independent Director).

The members of the Remuneration and Appointments Committee will remain in office until expiry of the term of office of the Board of Directors.

The composition of the Remuneration and Appointments Committee, which includes (i) members who are solely independent and (ii) one independent member as Chairman, complies with the principles of the Code regarding the composition of both the Appointments Committee and the Remuneration Committee.

Additionally, with regard to the professional requirements of the members of the Remuneration and Appointments Committee provided for by the Code, it is confirmed that all members of the Committee have knowledge and experience in accounting and finance and/or in remuneration policies, deemed adequate by the Board of Directors at the time of their appointment.

Functions of the Remuneration and Appointments Committee

The Remuneration and Appointments Committee carries out the consultative and proposal-making functions that are assigned, pursuant to the Corporate Governance Code, the related operating regulation and the best practices, to the Remuneration and Appointments Committee. Specifically, such committee:

- a) is tasked with proposing the remuneration and incentive systems for directors and Key Management Personnel;
- b) has an advisory role in the Board of Directors' self-assessment activity, which concerns the size, composition and actual operation of the Board of Directors and its Committees;
- c) submits proposals and provides advice to the Board of Directors in the process of appointing and co-opting directors;
- d) submits proposals and provides advice in defining, updating and implementing a plan for the succession of the chief executive officer and executive directors; ascertains the existence of adequate procedures for the succession of the Company's Top Management.

As part of these functions, the Committee:

- a) contributes to the definition of the guidelines on remuneration policies and principles to be submitted to the approval of the Shareholders' Meeting;
- b) in the period leading up to the renewal of the Board of Directors' term of office, draws up - making use of industry benchmarks - indications to ensure that the remuneration paid to the Chairman, the Chief Executive Officer, the executive and non-executive directors and the members of the supervisory bodies is appropriate to the expertise, professional qualities and commitment required by their office;
- c) having also taken into account the results of the activities described in point b), puts forward proposals and/or expresses opinions to the Board of Directors on the remuneration of the following subjects (i) the Chairman of the Board of Directors; (ii) the Chief Executive Officer, and the other directors and/or top managers holding particular responsibilities and/or positions (including, therefore, the members of Committees), including the definition of the performance objectives related to the variable component of the remuneration of executive directors - which must represent a significant component of the overall remuneration; (iii) assesses, upon proposal of the Chief Executive Officer, the definition of the performance objectives related to the variable component of Top Management, as defined above. The opinions and proposals referred to in

paragraph (iii), are expressed on the basis of an evaluation conducted taking account, inter alia, of the following parameters:

- the relevance of responsibilities in the corporate organizational structure;
 - achievement of specific objectives set in advance by the Board of Directors;
 - any requirements set out by regulations;
- d) supports the Board of Directors in assessing the correspondence of remuneration paid to non-executive directors, which cannot be linked, except for a minor portion, to financial performance objectives;
- It also supports the Board of Directors in assessing that the remuneration paid to the members of the supervisory bodies corresponds to the indications given in point b);
- e) provides the Board of Directors with opinions and non-binding proposals concerning the adoption (and any subsequent integration) of any incentive plans (stock options, stock grants, "employee share ownership", etc.), their related objectives, which are aimed at aligning them with the interests of the shareholders in the long term, as well as the criteria for assessing their achievement;
- f) provides the Board of Directors with opinions on the determination of any indemnities to be paid in the event of early termination of employment or termination of the directorship (so-called "Golden parachutes"), defining the ceiling of the total amount payable, in relation to a given amount or a given number of years of remuneration; assesses the possible effects of termination on the rights assigned under incentive plans based on financial instruments; provides the Board of Directors, on the proposal of the CEO, with opinions on remuneration to be paid in the context of any agreements for termination of employment relating to Top Management;
- g) prepares the documentation to be submitted to the Board of Directors concerning the Report on Remuneration Policy and on Compensation Paid, pursuant to Article 123-ter of Legislative Decree no. 58/98, in compliance with the time limits set out for its submission to the Shareholders' Meeting;
- h) collaborates with the other internal committees of the Board of Directors, in particular with the Control and Risk Committee within the scope of the Remuneration and Incentive policies;
- i) expresses its opinion - also by making use of the information received from the competent corporate functions - on the achievement of the performance objectives which the incentive plans are linked to and on the assessment of the other conditions for payment of the remuneration;
- j) oversees the development and application over time of the incentive plans approved by the Board of Directors;
- k) performs such other duties as the Board of Directors may assign to it by appropriate resolution;
- l) assists the Board of Directors in the process of defining the optimal size and composition of the Board of Directors of the Company and its committees, by expressing recommendations on the quantitative and qualitative composition deemed optimal, taking account of the results of the self-assessment, as well as on the approach that the Board intends to adopt with regard to the maximum number of offices as director or statutory auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large companies that can be considered consistent with an effective performance of the office of director of the Company, taking account of the participation of the directors in the Board's internal committees, as well as

- through the assessment of the cases that may be implemented as an exception to the non-compete clause set out in Article 2390 of the Italian Civil Code;
- m) in case of co-optation, the Committee expresses its opinion on the suitability of the candidates identified for the replacement of the outgoing director;
 - n) in the event of co-optation, assists the Board of Directors in identifying candidates for the office of director;
 - o) provides an opinion to the Board of Directors on resolutions concerning the possible replacement of members of committees within the Board of Directors;
 - p) supports the Board of Directors, following appointment and on an annual basis, in assessing the requirements of integrity, professional qualities and independence of the members of the Board of Directors provided for by the legislation in force at the time, as well as compliance with the limits to the maximum number of offices which may be established by the Board of Directors;
 - q) the support referred to in letter p) is provided, in advance, also in the case of co-optation;
 - r) assists the Board of Directors in the self-assessment process of the Board of Directors and its committees; the self-assessment is conducted at least every three years, in view of the renewal of the Board of Directors, and is carried out considering the role played by the Board of Directors in defining strategies and monitoring the results of operations and the adequacy of the Internal Control and Risk Management System.

In order to carry out its functions, the Remuneration and Appointments Committee may make use of the services of external experts.

The current operating regulation of the Remuneration and Appointments Committee was approved by the Board of Directors on 10 December 2020.

During the Year, starting from the Trading Commencement Date, therefore from the beginning of the Committee's activity, 5 meetings of the Remuneration and Appointments Committee were held. The average length of each meeting was approximately 1 hour.

Reference should be made to Table 2 ("Structure of the Board of Directors") attached to this Report for the participation percentage of each committee member in the above meetings.

As recommended by application criterion 6.C.6 of the Corporate Governance Code, no director shall take part in the meetings of the Remuneration and Appointments Committee during which proposals are made to the Board of Directors concerning his/her own remuneration.

The Issuer notes that:

- i) the meetings of the Remuneration and Appointments Committee are presided over by the Chairman and, in the event of his/her absence or impediment, by the most senior member by age, and are duly recorded in the minutes;
- ii) during the Year, the Chairman of the Remuneration and Appointments Committee, or another member if absent, reported to the first available meeting of the Board of Directors on the Committee's activities and the issues discussed at each meeting.

The members of the Company's Board of Statutory Auditors and, upon invitation of the Remuneration and Appointments Committee, in accordance with the Committee's regulation, the Chief Executive Officer and the Head of Organization, Compliance and Risk Management attended the meetings.

Following a resolution of the Board of Directors passed on 20 October 2020, Emiliano Nitti was named Secretary of the Remuneration and Appointments Committee.

It should be noted that the meetings of the Remuneration and Appointments Committee are duly recorded in the minutes.

During the Year, the Remuneration and Appointments Committee carried out the activities under its remit and, in particular, discussed and resolved on, inter alia, the matters indicated below, providing its opinion to the Board of Directors, where required:

- appointment of the Financial Reporting Manager;
- operating regulation of the Remuneration and Appointments Committee;
- appointment of an external consultant to conduct a compensation benchmark review regarding the Chief Executive Officer and the Executive Director;
- assessment of the panel of peers identified for the purpose of the compensation benchmark review regarding the Chief Executive Officer and the Executive Director;
- assessment of the results of the compensation benchmark review regarding the Chief Executive Officer and the Executive Director;
- presentation of a proposal on the regulation implementing the remuneration policy and the allocation of fees;
- assessment of the changes to be made to the Regulation of the Remuneration and Appointments Committee, in implementation of the New Corporate Governance Code, to be submitted to the Board of Directors;
- ascertainment of the legal requirements for directors, including with regard to independence, to be submitted to the Board of Directors;
- support in the Board of Directors' self-assessment process;
- assessment of the proposal for the appointment of a consultant to provide support in the preparation of the report on the remuneration policy and on compensation paid pursuant to Article 123-ter of the TUF.

The Remuneration and Appointments Committee is empowered to access the information and corporate functions required to carry out the activities within its remit, as well as to make use of the services of external consultants on the matters. In such case, the Remuneration and Appointments Committee shall assess in advance that the consultant is not in a situation that compromises his/her independent judgement.

It should be noted that during the Year, the Remuneration and Appointments Committee made use of the services of external professionals and, specifically, of the consultancy firm Mercer for the compensation benchmark review regarding the Chief Executive Officer and the Executive Director.

After Year end, the Remuneration and Appointments Committee has already met 3 times, on 14 January, 22 February and 1 March 2021.

In these last meetings, the Remuneration and Appointments Committee discussed and, if requested, submitted its opinion or proposals to the Board of Directors concerning, among other things, (i) the impacts on the remuneration policies of the amendments made to the Issuer Regulation and the implementation of the Shareholder right directive II, (ii) the proposal concerning the objectives of the short-term incentive scheme for 2020 for the executive directors, (iii) the opinion concerning the objectives of the short-term incentive scheme for Key Management Personnel; (iv) the Board of Directors' Self-Assessment process; (v) the assessment of the achievement of the performance objectives underlying the 2020 incentive scheme; (vi) the definition of the short-term and medium/long-term incentive scheme for executive directors; and (vii) the opinion on the definition of the short-term and medium/long-term incentive scheme for Top Management; (viii) the Annual Report on Remuneration Policy and Compensation Paid.

Pursuant to its own regulation, the Remuneration and Appointments Committee also has the financial resources required to pay the fees to the abovementioned consultants or other experts, as well as to perform its duties. The Remuneration and Appointments Committee's budget for the Year, approved by the Board of Directors on 31 January 2020, was € 10,000.

9. DIRECTORS' FEES

For all the information regarding Directors' fees, reference should be made to the Remuneration Report, which was approved on 2 March 2021 by the Board of Directors. The Remuneration Report is available at the Company's registered office and on the Company website.

10. CONTROL AND RISK COMMITTEE

Composition of the Control and Risk Committee

On 31 January 2020, the Board of Directors of the Company, with effect subject to the Trading Commencement Date, therefore with effect from 25 May 2020, established the Control and Risk Committee, which is composed of:

- Paolo Pietrogrande (Chairman - Independent Director);
- Paola Carrara (Independent Director);
- Laura Calini (Independent Director).

The members of the Control and Risk Committee will remain in office until expiry of the term of office of the Board of Directors.

As required by the Corporate Governance Code and the Control and Risk Committee regulation, at least one member of the Committee is required to have adequate experience in accounting and finance or risk management, as assessed by the Board of Directors at the time of appointment. Specifically, as noted by the Board of Directors at its meeting on 31 January 2020, the Committee members have the required knowledge and experience in accounting, finance and risk management.

Functions assigned to the Control and Risk Committee

The Control and Risk Committee has consultative and proposal-making functions, i.e., in accordance with the provisions of the Corporate Governance Code, the related operating regulation and best practices, and is tasked with assisting, through appropriate preparatory work, the assessments and decisions made by the Board of Directors concerning the Internal Control and Risk Management System, as well as those relating to the approval of periodic financial reports.

Specifically, the Control and Risk Committee, in assisting the Board of Directors in accordance with the provisions of the Code and best practices:

- a) supports the Board of Directors, the Chief Executive Officer and the Director in Charge of the Internal Control System in defining the guidelines of the Control System, so that the main risks affecting the Company and its Subsidiaries are correctly identified and adequately measured, managed and monitored, also determining the level of compatibility of such risks with the management of the company that is consistent with the strategic objectives;
- b) assesses, together with the Financial Reporting Manager, after hearing the Independent Auditors and the Board of Statutory Auditors, the proper application of the adopted accounting standards and their consistency for the purposes of preparing the consolidated financial statements;
- c) supports the Board of Directors in assessing, after hearing the Board of Statutory Auditors, the findings submitted by the Independent Auditors in the letter of suggestions, if any, and in the report on the main issues resulting from the statutory audit;
- d) expresses its opinion to the Board of Directors on the identification of the Director in Charge of the Control System;
- e) after hearing the Board of Statutory Auditors, expresses an opinion on the proposal by the Chairman of the Board of Directors regarding the appointment, revocation, granting of powers and remuneration, defined in line with the Group's policies, of the Head of Internal Audit, ensuring that he/she is provided with adequate resources to carry out his/her responsibilities;
- f) collaborates with the Remuneration and Appointments Committee to ensure that the remuneration policy for executive directors and Top Management defines a balance between the fixed and variable components of remuneration that is appropriate and consistent with the Company's strategic objectives and risk management policy, taking account of the characteristics of its business and the industry in which it operates;
- g) supports the Board of Directors in its assessment to adopt measures to ensure the effectiveness and impartial judgement of the other corporate functions involved in controls, such as risk management and legal non-compliance risk monitoring functions;
- h) expresses opinions on specific aspects concerning the identification of the main corporate risks;
- i) regularly assesses the adequacy of risk mapping and the mitigation actions implemented by the Company;
- j) after hearing the Board of Statutory Auditors, the Chairman of the Board of Directors, the Chief Executive Officer and the Director in Charge of the Internal Control System, reviews and expresses its opinion on the Audit Plan prepared by the Head of Internal Audit;
- k) at least once a year, expresses its opinion to the Board of Directors on the adequacy of the Control System with respect to the characteristics of the business and the risk profile assumed, also

assessing the description of the main features of the Control System and the coordination methods of the parties involved, as provided in the Corporate Governance Report. To this end, it reviews, inter alia:

- a. periodic reports on the evaluation of the Internal Control System, as well as those of particular relevance prepared by Internal Audit; and
- b. the risks identified by the Chief Executive Officer and the Director in charge of the Internal Control System, assisted by the Head of Organization, Compliance and Risk Management
- l) may ask Internal Audit to carry out audits on specific operational areas, concurrently notifying the Chairmen of the Board of Statutory Auditors and the Board of Directors, as well as the Chief Executive Officer and the Director in Charge of the Control System;
- m) oversees the autonomy, adequacy, effectiveness and efficiency of the Internal Audit structure;
- n) assists the Sustainability Committee in assessing the risk management aspects of business plan proposals and extraordinary transactions;
- o) assists, for aspects within its remits, the Sustainability Committee in assessing the sustainability report and, if need be, the non-financial reporting pursuant to Legislative Decree 254/2016;
- p) reports to the Board of Directors, at the time of approval of the annual and half-year reports, on the activities carried out and on the adequacy and effectiveness of the Internal Control and Risk Management System;
- q) supports, through adequate preliminary activities, in assessments and decisions of the Board of Directors relating to the management of risks deriving from detrimental events the Board of Directors has become aware of;
- r) where requested, provides the Board of Directors with an advance opinion on the approval of significant transactions carried out by the Company;
- s) exchanges information with the Board of Statutory Auditors on the structuring and management of the Control System;
- t) reviews the Company rules and procedures associated with the Control System, with particular regard to the Company's Organizational and Management Model, prepared in accordance with Legislative Decree 231/2001, and exchanges information with the Company's Supervisory Board on the aspects of the Control System that are relevant for the purposes of Legislative Decree 231/2001;
- u) assesses the suitability of periodic financial and non-financial information to correctly present the company's business model, strategies, the impact of its activities and performance achieved;
- v) expresses opinions on specific aspects concerning the identification of the main corporate risks and supports the assessments and decisions of the Board of Directors concerning the management of risks deriving from detrimental events the Board of Directors has become aware of;
- w) oversees compliance with and periodic updates to the corporate governance rules adopted by the Company and also applied to its subsidiaries;
- x) performs such other duties as may be assigned to it by the Board of Directors.

The current operating regulation of the Control and Risk Committee was approved by the Board of Directors on 10 December 2020.

During the Year, starting from the Trading Commencement Date, therefore from the beginning of the Committee's activity, 4 meetings of the Control and Risk Committee were held. The average length of each

meeting was approximately 50 minutes.

Reference should be made to Table 2 ("Structure of the Board of Directors") attached to this Report for the participation percentage of each member of the Control and Risk Committee at the above meetings.

It should be noted that the meetings of the Control and Risk Committee are duly recorded in the minutes.

The Issuer notes that:

- i) the Committee shall meet whenever the Chairman of the Committee deems it appropriate or when requested by another Committee member and, in any event, at least four times a year;
- ii) the meetings of the Committee are called by the Chairman of the Committee, also through the Secretary, by means of a notice containing the date, place, time of the meeting and the related agenda;
- iii) the notice of call shall be sent to all members of the Committee and the Board of Statutory Auditors at least three days before the date set for the meeting or, in urgent cases, at least one day before;
- iv) the meetings of the Control and Risk Committee are presided over by its Chairman or, if the Chairman is unable to attend, by the most senior member by age, and are duly recorded in the minutes;
- v) during the Year, the Chairman of the Control and Risk Committee, or another member if absent, reported to the first available meeting of the Board of Directors on the Committee's activities and the issues discussed at each meeting.

As provided for in the relevant regulation, the Chairman of the Company, as well as the Chief Executive Officer and the Head of Compliance, Organization and Risk Management were invited to attend a number of the abovementioned meetings.

The Chairman of the Board of Statutory Auditors and the other Statutory Auditors are regularly invited to take part in the Committee's meetings, as provided for in its regulation.

Following a resolution of the Board of Directors passed on 20 October 2020, Emiliano Nitti was named Secretary of the Control and Risk Committee.

In the context of the above meetings held during the Year, the Control and Risk Committee carried out the activities under its remit and, in particular, discussed and resolved on, inter alia, the matters indicated below, providing its opinion to the Board of Directors, where required:

- appointment of the Financial Reporting Manager pursuant to Article 154-bis of the TUF;
- update of the Internal Audit plan for 2020;
- assessment, together with the Financial Reporting Manager, of the proper application of the accounting standards and their consistency for the purposes of preparing the interim management statement;
- the report on activities carried out by the Committee, as well as on the adequacy of the Internal Control and Risk Management System;
- the report on the activities carried out by Internal Audit during 2020;
- the activity of optimizing risk mapping;
- implementation of the Company's Organizational Model, pursuant to Legislative Decree no. 231/2001, with particular regard to tax offences;

- updates on receivables claimed by the Issuer from Related Parties;
- analysis and definition, after preliminary activities and proposal by the Company, of the ERM (Enterprise Risk Management);
- preparation and review of the Supervisory Board's flow procedure.

After Year end, the Control and Risk Committee has already met 2 times, on 22 February and 26 February 2021. At the latter meetings, the Control and Risk Committee, inter alia:

- assessed the aspects under the Committee's responsibility regarding the objectives of the short-term incentive system (STI) and the medium/long-term incentive system (LTI) for executive directors and Top Management;
- evaluated the proper use of accounting standards;
- the aspects linked to the risks taken on the long-term incentive plan;
- assessed the adequacy of the internal risk management system
- evaluated the proposed financial statements and the non-accounting indicators report.

Pursuant to its own regulation, the Control and Risk Committee has the financial resources required to pay fees to independent consultants or other experts, as well as to perform its duties. The Control and Risk Committee's budget for 2020, approved by the Board of Directors on 31 January 2020, was € 10,000.

In compliance with the provisions of the Corporate Governance Code, the Control and Risk Committee is empowered to access the information and corporate functions required to perform its duties, as well as to make use of consultants. It should be noted that, during the Year, the Control and Risk Committee did not make use of external consultants.

11. RELATED PARTY COMMITTEE

Composition of the Related Party Committee

On 31 January 2020, the Board of Directors of the Company, with effect subject to the Trading Commencement Date, therefore with effect from 25 May 2020, established the Related Party Committee, which is composed of:

- Laura Calini (Chair - Independent Director);
- Paolo Pietrogrande (Independent Director);
- Paola Carrara (Independent Director).

The Committee is composed of Independent Directors, from whom the Chairman was chosen.

The members of the Related Party Committee will remain in office until expiry of the term of office of the Board of Directors.

Functions assigned to the Related Party Committee

The Related Party Committee carries out the tasks and functions assigned to it by its own Related Party

Committee Regulation, by the Related Party Procedure and by the law in force from time to time in order to ensure transparency and substantial and procedural fairness of the transactions with related parties of the Company, also in compliance with the principles set out in Article 2391-bis of the Italian Civil Code.

The Related Party Regulation was approved by the Board of Directors on 25 June 2020.

During the Year, starting from the Trading Commencement Date, therefore from the beginning of the Committee's activity, 5 meetings of the Related Party Committee were held; all these meetings were duly recorded in the minutes.

The average length of each meeting was approximately 50 minutes.

Reference should be made to Table 2 ("Structure of the Board of Directors") attached to this Report for the participation percentage of each member of the Related Party Committee at the above meetings.

The Issuer notes that:

- the Committee meets when it is called upon to perform the functions assigned to it by current legislation and by the Related Party Procedure;
- the meetings of the Committee are called by the Chairman of the Committee, also through the Secretary, by means of a notice containing the date, place, time of the meeting and the related agenda;
- the Committee is entitled to be assisted by one or more independent experts of its choice, at the Company's expense. When choosing such experts, the Committee shall resort to subjects of proven experience, professional qualities and skills in the relevant subjects, whose independence and absence of conflicts of interest it shall ascertain. In the case of Transactions with Related Parties of Lesser Significance, the following maximum expenditure ceiling apply: (i) € 10,000 for each Transaction whose value is equal to or less than € 1,000,000; or (ii) 1% of the value of each Transaction, if it exceeds € 1,000,000;
- the members of the Related Party Committee meet collectively in order to share and compare their opinions and express an opinion shared by the majority of the members;
- the Committee expresses its opinion in writing at least one day before the date scheduled for the approval of the transaction.

The Chairman of the Board of Directors, the members of the Board of Statutory Auditors, the Related Party Transaction Oversight and, if deemed appropriate, the Company's Chief Financial Officer, the Head of Organization, Compliance and Risk Management, the person in charge of the transaction and the managers of the Company and Group structures were invited to attend the above meetings, as provided for in the respective regulations.

Following a resolution of the Board of Directors passed on 20 October 2020, Emiliano Nitti was named Secretary of the Related Party Committee.

In the context of the above meetings held during the Year, the Related Party Committee carried out the activities under its remit and, in particular, discussed and resolved on, inter alia, the matters indicated below, providing its opinion to the Board of Directors, where required:

- amendment of the Related Party Transaction Procedure;
- proposal made by the Remuneration and Appointments Committee on the regulation implementing

the remuneration policy and the allocation of fees, with the presentation of an opinion on Related Party Transactions of lesser significance;

- appointment of an external consultant to conduct a compensation benchmark review regarding the Chief Executive Officer and the Executive Director;
- proposed intercompany contract with Subsidiaries;
- quarterly reports on Related Party Transactions;
- updates regarding receivables claimed by the Company from third-party companies.

After Year end and up to the date of this Report, the Related Party Committee has already met once, on 22 February 2021.

Pursuant to its own Regulation, the Related Party Committee has the financial resources required to pay fees to independent consultants or other experts, as well as to perform its duties. The Related Party Committee's budget for 2020, approved by the Board of Directors on 31 January 2020, was € 10,000.

12. SUSTAINABILITY COMMITTEE

Composition of the Sustainability Committee

On 31 January 2020, the Board of Directors of the Company, with effect subject to the Trading Commencement Date, therefore with effect from 25 May 2020, established the Sustainability Committee, which is composed of:

- Riccardo Bruno (Chairman - Independent Director)
- Laura Calini (Independent Director);
- Luigi Cogni (Chief Executive Officer of the Company);
- Massimo Giorgilli (Chief Executive Officer of CDG and Sole Director of BEG).

The Sustainability Committee is composed of four directors, two of whom meet the independence requirements as Directors of the Company established by the applicable legal and regulatory provisions, as well as by the corporate governance rules adopted by the Company. The members of the Sustainability Committee will remain in office until expiry of the term of office of the Board of Directors.

Functions assigned to the Sustainability Committee

The Sustainability Committee submits proposals and provides advice to the Board of Directors on sustainability issues, i.e. the processes, initiatives and activities aimed at monitoring the Issuer's commitment to sustainable development along the value chain, in the exercise of the Company's activity and in its interaction with all stakeholders, in accordance with the provisions of Article 4 of the Corporate Governance Code.

Specifically, the Sustainability Committee, in assisting the Board of Directors in accordance with the

provisions of the Code and the functions assigned to it by resolution of the Board of Directors on 31 January 2020:

- a) proposes a policy to be submitted to the Board of Directors that integrates sustainability into business processes in order to ensure the creation of sustainable value over time in the medium to long term for shareholders and all other stakeholders;
- b) disseminates the culture of sustainability among employees, shareholders, customers and, more generally, stakeholders;
- c) expresses an assessment of the environmental, economic, and social impacts of business activities;
- d) expresses opinions on the annual and long-term sustainability objectives to be achieved;
- e) oversees the positioning of the Company with respect to the financial markets on sustainability issues, with particular regard to its ranking in ethical sustainability indices;
- f) expresses opinions on the initiatives and programs promoted by the Company or its subsidiaries in the field of Corporate Social Responsibility - CSR);
- g) reviews, before the Board of Directors, the annual sustainability report prepared not necessarily in accordance with the requirements for non-financial documentation pursuant to European Directive 2014/95/EU, prepared by the relevant departments of the Company;
- h) at the suggestion of the Board of Directors, puts forward opinions and proposals concerning specific corporate social responsibility (CSR) issues;
- i) monitors national and international sustainability initiatives and the Issuer's participation, aimed at consolidating the Company's reputation on the international scene;
- j) reviews any sustainability initiatives included in the agreements submitted to the Board of Directors, also in relation to the issue of climate change;
- k) reviews the Company's profit and non-profit strategy.

The current operating regulation of the Sustainability Committee was approved by the Board of Directors on 29 July 2020.

During the Year, starting from the Trading Commencement Date, therefore from the beginning of the Committee's activity, 2 meetings of the Sustainability Committee were held. The average length of each meeting was approximately 40 minutes.

Reference should be made to Table 2 ("Structure of the Board of Directors") attached to this Report for the participation percentage of each member of the Sustainability Committee at the above meetings. It should be noted that the meetings of the Sustainability Committee are duly recorded in the minutes.

The Issuer notes that:

- a) the Committee is presided over by the Chairman, who is in charge of coordinating the Committee's activities;
- b) in the event of the absence or impediment of the Chairman, the meeting of the Committee shall be chaired by another member of the Committee, chosen by a majority of its members. Failing so, the meeting of the Committee is chaired by the most senior member by age;
- c) the Committee shall meet at least once a year, or whenever the Chairman of the Committee deems it appropriate or is requested by the Chairman of the Board of Directors;

- d) during the Year, the Chairman of the Sustainability Committee, or another member if absent, reported to the first available meeting of the Board of Directors on the Committee's activities and the issues discussed at each meeting.

The Chairman of the Board of Directors, the Chief Executive Officer, the Board of Statutory Auditors, the Head of Organization, Compliance and Risk Management and, when deemed appropriate, the heads of the Company's and/or Group's structures were regularly invited to attend the abovementioned meetings, as provided for in the related Regulation.

In the context of the above meetings held during the Year, the Sustainability Committee carried out the activities under its remit and, in particular, discussed and resolved on, inter alia, the matters indicated below, providing its opinion to the Board of Directors, where required:

- at the Induction session on the Neodecortech Group's strategy and sustainability;
- the appointment of a consultant aimed at defining a strategic Company sustainability communication, also in order to pursue the Environmental, Social and Corporate Governance (ESG) objectives;
- the implementation of the Company's internal awareness of sustainability-related issues;
- the preparation of an action plan aimed at identifying the activities and knowledge required for the development of the Group's sustainable strategy.

After Year end, the Control, Risk and Sustainability Committee has already met once, on 22 February 2021. At this last meeting, the Control, Risk and Sustainability Committee assessed the aspects under the Committee's responsibility regarding the objectives of the short-term incentive system (STI) and the medium/long-term incentive system (LTI) for executive directors and Top Management.

Pursuant to the Regulation, the Sustainability Committee has the financial resources required to pay fees to independent consultants or other experts, as well as to perform its duties. The Sustainability Committee's budget for the Year, approved by the Board of Directors on 31 January 2020, was € 10,000.

In compliance with the provisions of the Corporate Governance Code, the Sustainability Committee is empowered to access the information and corporate functions required to perform its duties, as well as to make use of third-party consultants.

13. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board - which has the remit of the internal control and risk management system (the "**Internal Control and Risk Management System**") as a whole - defines, assisted by the Board of Directors' Committee, the guidelines of the Internal Control and Risk Management System, so that the main risks concerning the Company and its Subsidiaries are correctly identified and appropriately measured, managed and monitored, determining the level of compatibility of such risks with the management of the Company that is consistent with the strategic objectives.

Given the complexity of its operations and the fact that risk-taking is a central and crucial component of the Company's activities, the Board of Directors assessed the importance of identifying and mapping the main risks in advance and adopting suitable instruments to govern and reduce their impact. In order to align the

Neodecortech Group's risk governance with best corporate governance practices and taking account of the risk management and internal control powers identified by the Code, the Issuer has in place its own process for identifying, measuring, managing and monitoring corporate risks called "Enterprise Risk Management" (the "**ERM Process**"). The ERM process implemented at Group level and with particular specializations within the subsidiaries, provides for the following activities on an annual basis:

- identification and assessment of the Group's main risks;
- identification and updating of response actions to manage the main risks;
- identification and monitoring of the implementation time of any improvement actions.

As part of the process of defining the strategic business and financial plan for 2020-2022, the Board of Directors assessed and defined the nature and level of risk consistent with the Company's strategic objectives, including in its assessments all risks that may be significant for the Company from a sustainability point of view in the medium to long term.

On 11 January 2018, the Company appointed Studio Candotti as the Head of Internal Audit (the "**Head of Internal Audit**") to assess the proper and adequate operation of the Internal Control and Risk Management System.

At 1 June 2018, the position of Head of Internal Audit was assigned to Fieldfisher - Studio Associato Servizi Professionali Integrati, specifically in the person of Mr. Candotti.

Additionally, with a view to the gradual enhancement of the unit, on 7 January 2019, the Company hired an internal corporate figure in the person of Vito Volonnino (Compliance, Organization and Risk Management) with specific responsibilities in the areas of regulatory compliance and control systems and of corporate risk management. This figure provides support in the process of finetuning the Internal Control and Risk Management System and in updating Model 231.

Effective 15 February 2021, Mr. Volonnino tendered his resignation. The Company, through its Chief Executive Officer, carried out the search to replace the abovementioned function through a series of interviews and identified a new figure who will take up service, at the latest, on 1 June 2021.

The Internal Control and Risk Management System of the Issuer is made up of a set of values, principles, rules of conduct and operating and management procedures that shall be complied with by the Company's management and control bodies, employees and associates. The purpose of the Internal Control and Risk Management System is to enable the pursuit of the Company's objectives, in compliance with the regulations in force, preserving the Company's assets, guaranteeing reliable information (not only financial) provided to the corporate bodies and to the market, through the management and monitoring of the main business risks.

The Internal Control and Risk Management System mitigates but cannot eliminate the possibility of poor decision-making, human error, fraudulent violation of preventive controls, or unforeseeable events. Therefore, a good Internal Control and Risk Management System provides reasonable but not absolute assurance that the Company will not be hindered in achieving its business objectives or in the orderly and lawful conduct of its business by circumstances that can be reasonably anticipated.

The Internal Control and Risk Management System of the Company, defined on the basis of relevant best practices, is based on the following three tiers of control:

- Tier 1: operational functions identify and assess risks and define specific actions to manage them;

- Tier 2: the functions responsible for risk control define methodologies and tools for risk management and carry out risk monitoring activities;
- Tier 3: Internal Audit provides independent assessments on the Internal Control and Risk Management System as a whole.

The guidelines of the Internal Control and Risk Management System were defined by the Board of Directors so that the main risks affecting the Issuer and its subsidiaries are correctly identified, and adequately measured, managed and monitored, also by determining the criteria for the compatibility of such risks with a sound and fair management of business. These guidelines also took account of the socio-environmental risks that may be relevant for the medium/long-term sustainability of the Company's activities.

On 2 March 2021, the Board of Directors, having heard the Board of Statutory Auditors and the Director in Charge, and with the prior opinion of the Control and Risk Committee, approved the report on Internal Audit activities at 31 December 2021.

Additionally, at the same meeting the Board of Directors gave their positive assessment, based on the documentation available, on the adequacy of the current Internal Control and Risk Management System with respect to the characteristics of the Company and the risk profile assumed, as well as its effectiveness.

13.1. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

On 11 December 2019, the Board, following renewal of the Board of Directors by the Shareholders' Meeting of 9 December 2019, appointed Luigi Cogni as Director in charge of the internal control and risk management system (the "Director in Charge"). It should be noted that Mr. Cogni held the office until 9 December 2019, as per the appointment on 6 December 2017.

In assessing the main risks, the Director in Charge is assisted by the Compliance, Organization and Risk Management department. Internal Audit also conducts independent audits of the Risk Management System.

Specifically, the Director in Charge:

- identifies the main business risks, taking account of the characteristics of the activities carried out by the Company and its Subsidiaries, and submits them to the Board of Directors for their review;
- implements the guidelines outlined by the Board of Directors, planning, implementing and managing the Internal Control and Risk Management System, and constantly checking its adequacy and effectiveness, assisted by Internal Audit;
- deals with the adaptation of this system to the dynamics of the operating conditions and the legislative and regulatory framework;
- may request Internal Audit to carry out audits on specific operational areas and on compliance with internal rules and procedures in the execution of company transactions, informing the Chairman of the Board of Directors, the Chairman of the Board of Directors' Committee and the Chairman of the Board of Statutory Auditors;
- promptly reports to the Board of Directors' Committee (or to the Board of Directors) on situations and critical issues that have materialized in the performance of the activities or of which he has been

informed in any case, so that the Board of Directors' Committee (or the Board) may adopt the appropriate initiatives.

During the Year, the Director in Charge performed the following activities:

- identified the main business risks, taking account of the characteristics of the activities carried out by the Company and its subsidiaries, submitting them periodically to the review of the Board;
- implemented the guidelines outlined by the Board of Directors, planning, implementing and managing the internal control and risk management system and constantly checking its adequacy and effectiveness, also in light of the operating conditions and the legislative and regulatory framework,
- reported promptly to the Board of Directors' Committee (or to the Board of Directors) on situations and critical issues that materialized in the performance of the activities or of which he was informed in any case;
- dealt, together with the Compliance Function, with the adaptation of the Company's structures to the specific regulations provided for by the relevant legislative and regulatory framework (e.g. Legislative Decree 231/2001, EU Regulation no. 2016/679, 262/2005, Corporate Governance Code, etc.).

13.2. HEAD OF INTERNAL AUDIT

On 11 January 2018, the Company appointed Studio Candotti as the Head of Internal Audit (the “**Head of Internal Audit**”) to assess the proper and adequate operation of the internal control system with respect to both the Company and its Subsidiaries.

At 1 June 2018, the position of Head of Internal Audit was assigned to Fieldfisher - Studio Associato Servizi Professionali Integrati 14, specifically in the person of Mr. Candotti.

The current decision to appoint an external figure as Head of Internal Audit is based on the need to increase efficiency in terms of costs and skills, as well as to optimize resources, in addition to the need to guarantee the professional qualities, independence and autonomy of the function.

In this regard, it should be noted that Fieldfisher was deemed to have adequate professional qualities, independence and organizational requirements.

Fieldfisher has no connection with the Company or any of its Group companies.

Except for the abovementioned relationship, Mr. Candotti does not currently have any other professional relationship with the Issuer, the Group's companies, the Shareholders, the members of the Board of Directors or the Other Executives.

¹⁴ The assignment is scheduled to expire upon presentation of the report on the Internal Audit activities for 2020, which will be submitted to the Board of Directors on 2 March 2021. By such date, the Company will extend the current appointment, or identify a new party to be entrusted with Internal Audit.

Internal Audit is independent and the remuneration of the Head of Internal Audit was determined by the Company in line with company policies.

The Head of Internal Audit:

- a) assesses, both on a continuous basis and in relation to specific needs and in compliance with international standards, the operation and appropriateness of the internal control and risk management system;
- b) has direct access to all information relevant to the performance of the assignment;
- c) prepares periodic reports containing adequate information on activities carried out, on the risk management process, and on compliance with the plans set out for their mitigation. The periodic reports contain an assessment on the appropriateness of the internal control and risk management system;
- d) prepares timely reports on events of particular relevance;
- e) sends the reports referred to in letters c) and d) to the Chairmen of the Board of Statutory Auditors, the Board of Directors' Committee and the Board of Directors as well as to the Director in Charge;
- f) assesses, as part of the audit activity, the reliability of information systems, including accounting systems.

The Head of Internal Audit has no operative responsibilities and reports directly to the Board of Directors. He has direct access to all information relevant to the performance of the assignment.

During the Year, the Head of Internal Audit carried out the activities and audits provided for in the 2020 Audit Plan approved by the Board of Directors on 23 January 2020, reporting the results to the competent functions. Specifically, the activities carried out can be classified in the following types:

- *compliance audits*, activities aimed at ensuring the operation of the control system designed to comply with legal provisions or internal procedures and/or regulations;
- *operational audits*, activities aimed at assessing the adequacy, effectiveness and functionality of operational processes, procedures, systems, methods and resources in relation to the objectives of corporate organizational structures.

During the Year, following the interruption of production activities at the Company's plants caused by the COVID-19 health emergency, Internal Audit, having heard the opinion of the Control and Risk Committee, suspended the activities provided for in the Audit Plan from 17 March 2020 until 15 May 2020.

In this context, the Issuer, assisted by the Organization, Compliance and Risk Management Function, reviewed and updated the ERM Process and informed Internal Audit. The latter, following a risk-based approach and taking account of (i) the emergency situation, (ii) the need to prioritize the analysis of the adequacy of the design of controls relating to certain corporate risk profiles, which have changed as a result of organizational and operational changes imposed by the COVID-19 pandemic, and (iii) the adoption of the Security Protocols adopted by the Company in compliance with regulatory provisions, reviewed and rescheduled the activities envisaged in the Audit Plan, scheduling the related actions in the period May 2020 - February 2021.

On 19 June 2020, the rescheduled 2020 IA Plan was approved by the Board of Directors of the Company.

During the Year, the Head of Internal Audit discussed the development of activities with the Board of Directors' Committee, the Director in Charge and the Board of Statutory Auditors, and also submitted specific progress reports on 10 June 2020, 07 September 2020 and 26 February 2021.

On 2 March 2021, the Board of Directors assessed the Internal Audit activities for 2020.

On 2 March 2021, the relationship with Internal Audit, Antonio Candotti, came to conclusion; the Board of Directors of the Company concurrently resolved to appoint Mr. Maestrini as the Company's new Head of Internal Audit for three financial years, and in any case until the date of approval of the draft financial statements for the year ending 31 December 2023.

The new Head will prepare the Audit Plan for 2021.

13.3. ORGANIZATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

The Issuer has adopted an Organizational, Management and Control Model pursuant to Legislative Decree no. 231/2001 (the "**Model 231**").

On 20 October 2020, the Board of Directors, also following (i) both the entry into force of Legislative Decree 75/2020 (which introduced new tax offences), and (ii) implementation of the so-called PIF Directive no. 1371/2017 of the European Parliament and the European Council of 5 July 2017 (setting forth rules on the "fight against fraud to the Union's financial interests by means of criminal law"), approved an updated version of Model 231, the general part of which is available on the Company Website in the "Corporate Governance" section.

Model 231 aims at preventing the commission of the offences provided for therein in the interest or to the advantage of the Company by its top management or by its associates or employees, and is periodically updated by the Company in order to adapt it to any legal changes or to incorporate any observations made by the Supervisory Board.

Specifically, Model 231 consists of two parts. The first, of a general nature, presents the purposes, the recipients, the components of the preventive control system of Model 231 itself and, again in line with the provisions contained in Legislative Decree no. 231/2001, the structure, operation and tasks of the Supervisory Board which, pursuant to Article 6 of Legislative Decree 231/2001, is tasked with supervising the operation of and compliance with Model 231.

The second part of Model 231, which is of a special nature, contains a description of the types of crimes envisaged by Legislative Decree no. 231/2001 and the relevant sanctions with regard to the areas of risk of commission of the aforementioned offences identified in Model 231.

The types of offences that Model 231 intends to prevent concern:

1. offences committed to the detriment of Public Administration
2. computer crimes and unlawful data processing;
3. organized crime offences;
4. offences relating to forgery of money, public credit cards and revenue stamps;
5. offences against industry and trade;

6. corporate offences;
7. corruption between individuals;
8. crimes for the purposes of terrorism or subversion of the democratic order;
9. crimes relating to the imposition or maintenance in slavery or servitude;
10. market abuse;
11. manslaughter and grievous or extremely grievous bodily harm, committed in violation of the regulations governing accident prevention and the protection of health and safety in the workplace;
12. receiving stolen goods, money laundering and use of money, goods or utilities of illicit origin, self-laundering;
13. crimes relating to copyright infringement;
14. environmental offences;
15. employment of third-country nationals whose stay is irregular;
16. racism and xenophobia;
17. fraud in sports competitions, abusive gaming or betting and gambling exercised by means of prohibited devices;
18. tax offences;
19. transactional offences.

Model 231 also incorporates the provisions relating to the system of anonymous reporting to the Supervisory Board known as "Whistleblowing".

The provisions contained in Model 231 are supplemented by those of the Code of Ethics, which describes the commitments and ethical responsibilities in the conduct of business and corporate activities to which each employee and all the subjects with whom the Company interfaces, must conform in carrying out their activities, in the belief that ethics in the conduct of business is the cornerstone for success in corporate activities.

In accordance with the provisions of Legislative Decree 231/2001, the Company also set up the Supervisory Board, which is tasked with overseeing the operation of and compliance with Model 231 and for updating and revising it, if necessary.

The Supervisory Board is tasked with monitoring the operation of and compliance with Model 231 and the Code of Ethics.

In accordance with the provisions of Legislative Decree 231/2001, the Supervisory Board carries out its functions in full autonomy, operating without any constraints of dependence on other company functions, on Top Management and on the Board of Directors, to which it reports the results of its activities.

The Supervisory Board acts on the basis of the purposes assigned to it by law and steers its operations towards the pursuit of such purposes. At the date of the Report, the Supervisory Board, appointed, pursuant to Neodecortech's Model 231, on 24 February 2020 and in office until approval of the Company's draft financial statements for the year ending 31 December 2022, is composed as follows:

- Ettore Raspadori (Chairman);
- Federica Menichetti (Member).

13.4. INDEPENDENT AUDITORS

The Independent Auditors in charge of the statutory audit of the Issuer's accounts are BDO Italia S.p.A., with registered office in Viale Abruzzi 94, Milan, registration number with the Milan Company Register, tax code and VAT no. 07722780967, registered at no. 167991 in the Register of Independent Auditors pursuant to Legislative Decree no. 39 of 27 January 2010.

On 9 December 2019, the Shareholders' Meeting of Neodecortech resolved on:

- the granting to the Independent Auditors of the nine-year audit assignment pursuant to Article 17 of Legislative Decree no. 39/2010, subject to commencement of trading of the Shares on the MTA by 31 July 2020; (the "**Nine-Year Assignment**"); and
- the concurrent mutual termination of the three-year assignment to the Independent Auditors on 23 June 2017 (the "**2017 Assignment**"), effective by 31 July 2020, subject to the Trading Commencement Date.

On 24 February 2020, the Shareholders' Meeting, by virtue of the time requirements of the listing and given that:

- the 2017 Assignment had lasted until the date of approval of the financial statements at 31 December 2019 (again on 24 February 2020); and
- that trading of the Shares on the MTA had not yet commenced,

based on a reasoned proposal by the Board of Statutory Auditors, appointed the Independent Auditors to carry out the statutory audit of the separate and consolidated financial statements for 2020, 2021, 2022 (the "**2020 Assignment**").

At the same meeting, the Shareholders also authorized the Board of Directors to proceed with the mutual termination of the 2020 Assignment, as of the Trading Commencement Date. The Nine-Year Assignment became effective on 25 May 2020.

The Nine-Year Assignment covers the statutory audit of the financial statements and the consolidated financial statements (including the ascertainment that the accounts are properly kept and that operations are correctly recorded in the accounting records) for the nine-year period 2020-2028, as well as the limited audit of the half-year report of the Company at 30 June each year in the period considered above.

13.5. FINANCIAL REPORTING MANAGER AND OTHER CORPORATE ROLES AND FUNCTIONS

On 31 January 2020, the Board of Directors of the Company appointed Marco Giussani (at the time Director of Administration, Finance and Control of the Company) as Financial Reporting Manager, subject to the favourable opinion of the Board of Statutory Auditors and with effect subject to the Trading Commencement Date.

Following the untimely departure of Mr. Giussani, on 10 April 2020 the Board of Directors of the Company, after hearing the opinion of the Board of Statutory Auditors and subject again to the Trading Commencement Date, assigned the role of Financial Reporting Manager to Christian Marconi.

On 10 June 2020, Christian Marconi resigned from the position of Financial Reporting Manager. Subsequently, on 25 June 2020, the Board of Directors of the Company, upon the favourable opinion of the Board of Statutory Auditors, appointed Fabio Zanobini, current Chief Financial Officer of the Company, as the Financial Reporting Manager pursuant to Article 154-bis of the TUF, who will remain in office until expiry of the term of office of the Board of Directors.

The Board of Directors, having assessed Mr. Zanobini's *curriculum vitae* and reviewed the statement signed by him and made available to the Board, found him to possess the experience required by the Bylaws to perform this function.

The Financial Reporting Manager was granted the powers to:

- a) obtain promptly, or within the time limits indicated by the latter, from any person within the Company and the Group, any information of an administrative and accounting nature that is useful for the preparation of the financial statements and the consolidated financial statements;
- b) obtain within the Company or the Group's Subsidiaries information of a managerial nature related to events that may in any way significantly influence the performance of the Company and the Group;
- c) take part in the meetings of the Board of Directors, of all the companies included in the scope of consolidation where the agenda includes items that have an impact on the Company's results, balance sheet and financial situation, and in those cases where issues relevant to its business are discussed;
- d) access all the documents relating to the resolutions of the corporate bodies that have an impact on the results, balance sheet and financial situation of the Company and the Group;
- e) propose to the Board of Directors the adoption of guidelines for the companies of the Group regarding the organizational setup of the administrative and control structure;
- f) draft or amend, after hearing the opinion of the operational structures and the Chief Executive Officer, the company procedures representing the processes relating to the areas under the direct responsibility of the Financial Reporting Manager, including the parts of the procedure which - as part of transversal management processes - describe activities relevant to the tasks and responsibilities assigned to him;
- g) initiate the process of amending company processes and procedures of which the Financial Reporting Manager is not the process owner, including IT processes, which have an indirect impact on the preparation of the financial statements and the consolidated financial statements and on the results, balance sheet and financial situation;
- h) identify, assisted by the Board of Directors and the hierarchical managers of the company divisions involved, the organizational and procedural solutions suitable for ensuring the adequacy of the Internal Control System for financial reporting. The Board of Directors and the heads of the various company divisions shall provide the Financial Reporting Manager with the necessary support for the performance of his duties;
- i) receive advance information on any proposed changes to all company procedures (operational and managerial);
- j) carry out controls on any company process that has a direct or indirect impact on the preparation of the annual financial statements and the consolidated financial statements, and to make changes to the internal accounting control system (understood as the set of people, tools, information and rules for mitigating company risks) of the Companies and the Group's Subsidiaries;
- k) make use of any company function for the performance of the tasks assigned, as well as of external consultancy;

- l) request, in accordance with the schedules prepared by the Financial Reporting Manager, certifications from the other departments of the Company and of the Group companies, regarding the data disclosed by them for the purposes of keeping accounting records and preparing corporate communications;
- m) establish reporting mechanisms that include specific obligations in terms of the completeness of data and peremptory deadlines, leading to the application of certain sanctions in the event of non-compliance;
- n) carry out audits relating to the task of supervising the administrative-accounting system and the process of drawing up the financial statements in each department of the Company and all its subsidiaries. The department heads shall provide the utmost cooperation and, in this context, the Financial Reporting Manager may request the competent department to initiate the complaints process and application of the disciplinary system in the event of violations of administrative-accounting procedures.

In order to ensure adequate performance of this function, the Board of Directors allocated a budget of € 50,000 to the Financial Reporting Manager.

Head of Organization, Compliance and Risk Management

On 07 January 2019, the Board of Directors appointed Vito Volonnino as Head of Organization, Compliance and Risk Management.

Within this scope, the Head carries out the following activities in particular:

- a) support to Internal Audit in testing and periodic monitoring activities;
- b) design, amendment and implementation of Neodecortech Group business procedures;
- c) analysis of business processes with a view to increasing efficiency;
- d) assessment of the efficiency of the controls put in place by Neodecortech Group companies in order to improve their effectiveness;
- e) risk management, risk mapping and crisis management activities;
- f) analysis of regulatory developments within or outside the Company;
- g) preparation of reports for executives and external regulatory bodies as appropriate;
- h) development and oversight of control systems to prevent or manage violations of internal guidelines and policies;
- i) management of Neodecortech Group corporate obligations (Code of Conduct, CONSOB, Stock Exchange, etc.);
- j) support to the Supervisory Board in providing assurance on the adequacy of the Company's Model 231 (updating, information flows, checks and in-depth analyses);
- k) monitoring and analysis of the regulatory framework on 231;
- l) contract management and support to Management on any contractual issues with customers or suppliers;
- m) collaboration with the various corporate bodies (Board of Directors, Board of Statutory Auditors, Control and Risk Committee);
- n) support to General Management in managing relations with consultants and external associates;
- o) support to the Investor Relator in carrying out activities;
- p) support to General Management in communicating to shareholders and the market;
- q) support to General Management in intellectual property protection.

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

Coordination between the parties involved in the Control and Risk Management System is ensured by constant information flows, with a view to efficiency and maximum mutual integration. It should also be noted that Model 231 envisages specific obligations of coordination among the corporate functions and the supervisory bodies with regard to offences that are relevant pursuant to and for the purposes of Legislative Decree no. 231/2001.

The Chairman of the Board of Directors, the Chief Executive Officer, in his capacity as Director in Charge, and the members of the Board of Statutory Auditors, as well as, when deemed appropriate and upon decision of the Chairman of the Control and Risk Committee, the heads of the Company's and/or the Neodecortech Group's structures, shall be invited to attend the meetings of the Control and Risk Committee in order to provide information and express their respective assessments with regard to the aspects related to the Control and Risk System, as per the individual items on the agenda.

14. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

On 25 June 2020, the Board of Directors of the Company adopted the Related Party Procedure, implementing Article 2391-bis of the Italian Civil Code, and the RPT Regulation, subsequently amended by approval of the Board of Directors on 10 December 2020.

The Related Party Procedure sets the rules governing the approval and execution of Related Party Transactions entered into by the Company, either directly or through its Subsidiaries, in order to ensure the transparency and substantial and procedural fairness of such transactions, as well as the cases of derogation from the application of these rules.

The Company identifies related parties in connection with the provisions of Article 2 of the Related Party Procedure and establishes a special register of such parties (the "**Register**"). Its preparation and updating, which is maintained in electronic format, is seen to by the RPT Department, assisted by the competent corporate functions. The Register is also kept in compliance with current privacy regulations.

The Related Party Procedure is available on the Company website in the "Documents and Shareholders' Meetings" section.

15. APPOINTMENT OF STATUTORY AUDITORS

Pursuant to Article 30 of the Bylaws, the Board of Statutory Auditors consists of three standing auditors and two alternate auditors appointed by the Shareholders' Meeting.

The Statutory Auditors shall meet the requirements of law, the Bylaws and other applicable provisions.

The Board of Statutory Auditors remains in office for three years and its term of office expires on the date of the Shareholders' Meeting called to approve the financial statements for the third year of office. The Statutory Auditors are appointed - in compliance with the applicable legislation in force at the time on gender balance - based on the lists submitted by the shareholders, in which the candidates are listed in sequential order.

The lists submitted by the shareholders consist of two sections, one for the candidates running as Standing Auditor, the other for the candidates running as Alternate Auditor. The list shall contain at least one candidate for the office of Standing Auditor and one candidate for the office of Alternate Auditor, and may contain up to a maximum of three candidates for the office of Standing Auditor and two candidates for the office of Alternate Auditor.

Shareholders who, alone or together with other shareholders, hold, at the time of submission of the list, the percentage stake required to submit lists for the election of members of the Board of Directors of the Company, are entitled to submit a list. Each shareholder, as well as the shareholders belonging to the same group, the shareholders who are members of the same shareholders' agreement pursuant to Article 122 of the TUF, the controlling entity, the subsidiaries and those subject to joint control pursuant to Article 93 of the TUF, may not submit or take part in the submission of more than one list, neither through a third party nor a trust company, nor vote for different lists. Each candidate may appear in one list only, under penalty of ineligibility.

Candidates may not be included in the lists if they are ineligible or incompatible, or if they do not meet the requirements of independence, integrity and professionalism set out by applicable law, or exceed the limits for the maximum number of offices set out by law and regulations. Outgoing Statutory Auditors are eligible for re-election.

The lists submitted by the shareholders are filed, according to the indications in the notice of call of the Shareholders' Meeting, at the registered office and are available to any person upon request. Filing shall be made at least twenty-five days before the date set by the Shareholders' Meeting convened on first or in single call to resolve on the appointment of the members of the Board of Statutory Auditors, unless otherwise provided for by law and regulations.

Moreover, the lists that contain a total of three or more candidates shall include candidates of different gender, as provided for in the notice of call of the Meeting, so as to allow the Board of Statutory Auditors to be composed in accordance with the provisions on gender balance set out in the legal and regulatory provisions in force from time to time and in the Corporate Governance Code issued by Borsa Italiana S.p.A..

Each list shall be filed together with (i) information on the identity of the shareholders who have submitted the lists; (ii) the professional *curricula vitae* of each candidate, which contain detailed information on his/her personal (including gender) and professional details; (iii) the statements that each candidate accepts the nomination and states, under his/her responsibility, that there are no reasons for incompatibility or ineligibility, and that he/she complies with the requirements set out by current law and regulations in force to hold office, including compliance with the limits to the maximum number of offices set out by current legal and regulatory provisions; and (iv) additional information required by legal and regulatory provisions, which

will be included in the notice of call of the Meeting. Within the deadline set out by the applicable regulations for publication of the lists by the Company, the specific certification issued by the intermediary authorized by law shall be filed, proving ownership of the number of shares required to submit the list at the time of filing with the Company.

Any list that fails to comply with the foregoing requirements is considered as not having been submitted.

If, by the deadline for submitting lists, only one list has been filed, or only lists submitted by shareholders who are connected pursuant to Article 144-quinquies of CONSOB Regulation 11971/1999, lists may be submitted until the third day after such date, without prejudice to the provisions of Article 147-ter, paragraph 1-bis, last sentence, of the TUF. In such case, the threshold for submitting lists is reduced by half.

Statutory Auditors are elected as follows:

- a) from the most-voted list at the Shareholders' Meeting, two Standing Auditors and two Alternate Auditors shall be drawn on the basis of the sequential order in which names appear in the sections of the list;
- b) from the second most-voted list at the Shareholders' Meeting, submitted by shareholders who are not connected, directly or indirectly, with the shareholders who submitted or voted the most-voted list, the remaining Standing Auditor and the other Standing Auditor are drawn according to the sequential order in which they appear in the sections of the list.

The election of Statutory Auditors shall, however, be subject to the provisions of the law and regulations in force from time to time. In the event of a tie between lists, the candidates elected are those of the list submitted by the shareholders holding the largest stake or, secondarily, by the highest number of shareholders.

If, according to the abovementioned procedures, the composition of the Board of Statutory Auditors is not ensured - with regard to its standing members - in compliance with the applicable legislation in force at the time on gender balance, the necessary replacements shall be made among the candidates for the position of Standing Auditor of the most-voted list, according to the sequential order in which candidates are listed.

The Standing Auditor drawn from the minority list is appointed to the position of Chairman of the Board of Statutory Auditors.

If the requirements set out in the law and in the Bylaws no longer apply, including the integrity requirements pursuant to Article 148, paragraph 4 of the TUF, the Statutory Auditor shall fall from office.

In the event of replacement of a Standing Auditor, the Alternate Auditor belonging to the same list as the replaced Auditor shall take over until the following Meeting. If, in addition to the Standing Auditor elected from the minority list, the Alternate Auditor from that list ceases to hold office, he/she shall be replaced by the next candidate on the same list or, failing so, by the first candidate on the minority list that was the second most-voted list.

It goes without saying that the replacement procedures referred to in the paragraph above shall, in any case, ensure that the composition of the Board of Statutory Auditors complies with the applicable legislation in force at the time on gender balance.

The previous provisions on the election of Statutory Auditors shall not apply to the Shareholders' Meetings where only one list is submitted, or where no lists are submitted, or to the Shareholders' Meetings which are required by law to appoint the Standing Auditors and/or Alternate Auditors, required to complete the Board of Statutory Auditors following replacement, forfeiture or waiver. With regard to the appointment of Statutory Auditors who, for any reason, were not appointed according to the list voting procedure, the Shareholders' Meeting shall resolve with the majorities required by law, subject to compliance with the principle of necessary representation of minorities and the applicable legislation in force at the time on gender balance.

The Shareholders' Meeting determines the fees to the Statutory Auditors, as well as the refund of expenses incurred to carry out their duties.

For the purposes of the provisions of Article 1, paragraph 2, letters b) and c) and paragraph 3 of Ministerial Decree no. 162 of 30 March 2000, matters strictly pertaining to the activities carried out by the Company are intended as commercial law, company law, business administration, accounting, finance, statistics, as well as matters with a similar or comparable purpose, while business segments strictly pertaining to those in which the Company operates are intended as decorative paper, laminates and panels.

16. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS

(pursuant to Article 123-bis, paragraph 2, letters d) and d-bis) of the TUF)

Pursuant to the Bylaws, the Shareholders' Meeting elects the Board of Statutory Auditors, consisting of 3 Standing Auditors, and determines their fee. The Meeting also elects 2 Alternate Auditors. Powers, duties and term of office of the Statutory Auditors shall be those established by law.

At the Ordinary Shareholders' Meeting held on 24 February 2020, according to the time limits and procedures set out in the applicable regulations and in Article 30 of the Bylaws, only one list was submitted by Finanziaria Valentina S.p.A., holding no. 8,325,385 shares equal to 61.60% of the share capital; this list - which included Stefano Santucci, Federica Menichetti and Stefano Zonca as Standing Auditors and Davide Mantegazza and Marinella Monterumisi as Alternate Auditors - obtained a number of votes equal to 61.60% of the voting capital.

In view of the above, on 24 February 2020, the Ordinary Shareholders' Meeting then appointed:

1. **Stefano Santucci**: Chairman of the Board of Statutory Auditors;
2. **Federica Menichetti**: Standing Auditor;
3. **Stefano Zonca**: Standing Auditor;
4. **Davide Mantegazza**: Alternate Auditor;
5. **Marinella Monterumisi**: Alternate Auditor.

The Board of Statutory Auditors thus appointed and composed will expire on the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2022.

During the Year, the Board of Statutory Auditors met a total of 9 times. Reference should be made to Table 3 ("Composition of the Board of Statutory Auditors") attached to this Report for an indication of the participation percentage of each Standing Auditor at said meetings and for further details on the composition of the Board of Statutory Auditors. The meetings lasted an average of 1,5 hours.

During the Year, the Board of Statutory Auditors appointed by the Ordinary Shareholders' Meeting of the Company on 19 July 2017 expired, without the application of the list voting mechanism, and its term of office was due to expire on the date of the Shareholders' Meeting held for the approval of the financial statements at 31 December 2019.

Therefore, during the Year and until 24 February 2020, the date on which the Shareholders' Meeting was held to approve the financial statements for the year ended 31 December 2019, the Board of Statutory Auditors was composed of the following members:

1. **Marinella Monterumisi**: Chair of the Board of Statutory Auditors;
2. **Marco Campidelli**: Standing Auditor;
3. **Guido Riccardi**: Standing Auditor;
4. **Giovanni Tedeschi**: Alternate Auditor;
5. **Mariangela Passerini**: Alternate Auditor.

There have been no changes in the structure of the Board of Statutory Auditors since the end of the Year.

A brief *curriculum vitae* of the members of the Board of Statutory Auditors is provided below.

Stefano Santucci graduated in Economics at the "Luigi Bocconi" University of Milan in 1992, then obtained his PhD in Business Administration at the University of Pavia, where he is currently a Fellow in Business Administration at the Faculty of Economics and teaches International Accounting Principles in English. He has been a Public Accountant and Statutory Auditor listed in the Order of Milan since 1992. He has gained vast experience as a company valuation expert, writer of opinions and fairness opinions on National Accounting Standards (OIC) and International Financial Reporting Standards (IFRSs), Party or Officially-Appointed Technical Consultant on Financial Statements and Company Valuations, Attestor in compositions with creditors, restructuring agreements pursuant to Article 67 of the Bankruptcy Law and debt restructuring agreements pursuant to Article 182-bis of the Bankruptcy Law. He is a member of the board of statutory auditors and board of directors of major financial and industrial companies. He is author of numerous essays and publications on financial statements and valuation aspects of extraordinary finance transactions in both Italian and English.

Federica Menichetti graduated in Law at the La Sapienza University of Rome, is registered with the Bar Association of Rome and is licensed to practice as a statutory auditor. She then worked with leading national and international law firms based in Rome until 2017 (CBA Studio Legale and KPMG Tax & Legal). In 2018, she opened her own law firm. During her career, she has gained experience in commercial law, having assisted companies in extraordinary transactions, in the preparation of legal opinions and in the drafting and negotiation of commercial contracts. She has also acquired experience in corporate compliance through the preparation of organizational models pursuant to Legislative Decree 231/2001. She provides advisory to the board of statutory auditors in all corporate secretarial activities. She is a member of the Board of Statutory Auditors of companies listed on both the AIM and MTA, in addition to being a member of the Supervisory Board of numerous companies, including listed ones.

Stefano Zonca has practised as a lawyer since 1993 and was a tenured associate professor at the University of Bergamo until 2011, where he held the chairs of international law and EU law. He advises on extraordinary business transactions with particular regard to cross-border ones. He has gained significant expertise in extraordinary finance and in corporate debt restructuring, with particular regard to out-of-court procedures and the application of innovative financial instruments. He earned a PhD in international law at the University of Milan, a Master's degree in international studies from the Italian Society for International Organization, and is listed with the Register of Statutory Auditors. At the date of this Report, he is a partner of the law firm R&P Legal and holds numerous corporate positions in management and supervisory bodies in Italy and abroad.

Davide Mantegazza graduated in business administration, and is a public accountant and statutory auditor. He gained his first three years of experience at SDA Bocconi, where he was also in charge of monitoring the participants in the Gemini Project, also participating in the lectures, and publishing several business cases in articles appearing in "*Marketing Espansione*". He then worked at Allianz - RAS S.p.A. for approximately two years in coordination with McKinsey within the framework of the "Europa" project, where he was involved, inter alia, in the training of the agency network and the management structure. He has advised a number of

international private equity funds, also dealing with acquisition transactions in Italy; he was board member of Clessidra SGR S.p.A. in 2012. From 1997 to 2008, he was contract professor at the University of Milan, as a lecturer in business administration for the management of spas and bottling plants. He is a member of the Regulatory Commission for the Protection of Assets of the Order of Public Accountants and Accounting Professionals of Milan. He was also a scholar of business administration at the "Aldo Moro" University of Bari from 2014 to 2017. He has held and continues to hold various positions in corporate bodies, such as statutory auditor, board member and independent director, as well as member of supervisory bodies pursuant to Legislative Decree 231/2001, for industrial and commercial companies, including listed ones, banks, asset management companies and trust companies. He is owner of STS Studio Tributario Societario Milano and a partner of MN Tax & Legal, professional practices of public accountants and lawyers offering advisory in tax, corporate and regulatory matters. He is also a partner of Ambrosiana Advisory - Ambrosiana Finanziaria S.r.l., a financial consulting firm specializing in corporate finance, and managing director of 4AIM SICAF S.p.A..

Marinella Monterumisi, after graduating as an accountant and commercial expert in 1974 at the R. Valturio Technical Institute in Rimini, qualified as a chartered accountant. She is listed in the Register of Chartered Accountants and Statutory Auditors, and is also an officially-appointed technical consultant of the Court of Rimini. Throughout her career, she has held the position of statutory auditor in numerous public and private companies. At the date of the Report, in addition to the office held within the Issuer, she holds directorships in listed companies and is member of the Board of Statutory Auditors and sole auditor for credit institutes.

Diversity criteria and policies

Under Article 30 of the Bylaws, the composition of the Board of Statutory Auditors is required to ensure gender balance and that the lesser represented gender obtains at least one elected Statutory Auditor.

With regard to the current composition of the Board of Statutory Auditors, it should be noted that the Statutory Auditors possess adequate knowledge of the Issuer's industry of operation, of corporate dynamics and their evolution, of the principles of proper risk management, as well as of the relevant regulatory and self-regulatory framework. With particular regard to gender diversity, it should be noted that at the date of this Report, more than one third of the members of the Board of Statutory Auditors of the Company are Statutory Auditors belonging to the less represented gender. The Company's objective is therefore to ensure the adequacy of the composition of its Board of Statutory Auditors in terms of gender representation, as well as the skills and professional qualities of its members.

While the Company has not adopted diversity policies in relation to the composition of its supervisory body, the current composition of the Board of Statutory Auditors is adequately diversified in terms of age, gender and educational and professional background, as shown by the Statutory Auditors' curricula. Therefore, this aspect is adequately covered. This diversification makes the performance of the functions of the Board of Statutory Auditors more effective and exhaustive, and allows for deeper interaction within the corporate bodies, leveraging on the different skills and experiences gained by the Statutory Auditors.

On 24 February 2020, the Board of Statutory Auditors assessed that its members meet the independence requirements set out in Article 148, paragraph 3 of the TUF and in the Corporate Governance Code. The outcome of these assessments was sent to the Board of Directors on 24 February 2020 and the self-declarations of the Statutory Auditors were acknowledged, certifying the satisfaction of the requirements of independence, integrity and professionalism required by law.

The members of the Board of Statutory Auditors had no relationship of a financial or professional nature, directly or indirectly, through third-party companies or professional firms with the Issuer, the Group of which it is part or natural or legal persons controlling it or subject to common control, during the financial years ended 31 December 2019, 2018, 2017 and up to the date of this Report. The outcome of this assessment was disclosed to the market by means of a press release.

During the Year, the members of the Board of Statutory Auditors took part in the Induction session held on 30 September 2020, the purpose of which was to provide directors with a greater understanding of the business dynamics of the Group companies, CDG and BEG.

The remuneration of Statutory Auditors is commensurate with the commitment required, the importance of the role held and the size and sector characteristics of the Company.

In accordance with the provisions of the Corporate Governance Code, the member of the Board of Statutory Auditors who has, on his/her own behalf or on behalf of third parties, an interest in a given transaction of the Issuer, shall promptly and exhaustively inform the other Statutory Auditors and the Chairman of the Board of Directors about the nature, terms, origin and extent of his/her interest.

The Board of Statutory Auditors, in the performance of its duties, coordinated and regularly coordinates with the Control and Risk Committee, also through the timely exchange of information and constant participation in the Committee's meetings by the Chairman of the Board of Statutory Auditors or other Statutory Auditor.

As part of their activities, the Statutory Auditors did not deem it necessary to request the Head of Internal Audit to carry out audits on specific operational areas or corporate transactions.

17. RELATIONS WITH SHAREHOLDERS

The Company considered it in its own interest - as well as a duty towards the market - to establish an ongoing dialogue with all its Shareholders.

Therefore, also in line with the recommendations contained in Article 9 of the Corporate Governance Code, in order to encourage the broadest possible participation of the shareholders in Meetings and facilitate the exercise of shareholder rights - the Company created the specific section "*Investor Relations*", which can be easily identified and accessed on the Company website.

This section provides all relevant information to Shareholders, both of an operating and financial nature (financial statements, half-year reports and interim management statements, presentations to the financial

community and the stock market performance concerning the financial instruments issued by the Company), as well as the documents of interest to all the shareholders (press releases).

On 10 April 2020, following the untimely departure of Marco Giussani (former Investor Relator of the Company), the Board of Directors identified the Chief Executive Officer Luigi Cogni as the new Investor Relator of the Company, pending the identification of a qualified person.

On 29 July 2020, the Board of Directors appointed KT&Partners S.r.l. as the Company's Investor Relator, effective 1 September 2020.

The Investor Relator is responsible primarily for managing relationships with investors, financial analysts and intermediaries. Specifically, it provides support in analyzing research on the Company, establishing consensus estimates, and preparing presentations for the market and for meetings with investors.

The contact points to get in touch with Investor Relations (also found online on the Company Website) are listed below:

- Phone: +39 02 77 54 624;
- *E-mail*: investor.relations@neodecortech.it

18. SHAREHOLDERS' MEETINGS

(pursuant to Article 123-bis, paragraph 2, letter c) of the TUF)

The Ordinary Shareholders' Meeting resolves on matters reserved to it by law. In any case, the Ordinary Shareholders' Meeting has the remit for resolutions concerning the acquisition of investments involving unlimited liability of the investee's obligations.

The Extraordinary Shareholders' Meeting resolves on amendments to the Bylaws, on the appointment, replacement and powers of liquidators and on any other matter expressly assigned to it by law. In conjunction with the remit of the Shareholders' Meeting, resolutions on the items indicated in articles 2365, second paragraph, and 2446, last paragraph, of the Italian Civil Code fall under the remit of the Board of Directors.

The Shareholders' Meeting, whether ordinary or extraordinary, is constituted and resolves validly in accordance with the law.

The resolutions of the Meeting, taken in compliance with the law and the Bylaws, are binding on all Shareholders, including those absent or dissenting, and shall be recorded in the minutes, drawn up in compliance with the legislation in force at the time and signed by the Chairman and the Secretary or the notary public chosen by the Chairman. Pursuant to Article 8 of the Bylaws, the Ordinary and Extraordinary Shareholders' Meetings are usually held at the registered office or in other place indicated in the notice of call, as chosen by the governing body, provided that it is in Italy.

The Ordinary Shareholders' Meeting shall be convened at least once a year within one hundred and twenty

days of the end of the financial year, or within one hundred and eighty days if the conditions provided for by law are met.

Ordinary and Extraordinary Shareholders' Meetings shall be held in single call, unless the Board of Directors, for a given meeting, has resolved to indicate the date for the second call, giving notice thereof in the notice of call.

Under the Bylaws, the entitlement to attend the Shareholders' Meeting and exercise the right to vote are governed by the regulations in force. Those entitled to vote may be represented at the Shareholders' Meeting pursuant to the law, by means of a written proxy issued in compliance with the procedures provided for by current legislation. The Chairman of the Meeting shall ascertain the validity of the individual proxies and, in general, the right to attend the Shareholders' Meeting.

The Company - availing itself of the power provided for by law - does not appoint the representative referred to in Article 135-undecies of the TUF, unless the Board of Directors has resolved to do so for a specific Shareholders' Meeting, by giving notice thereof in the notice of call of the related Shareholders' Meeting.

Pursuant to the Bylaws, the Shareholders' Meeting is presided over by the Chairman of the Board of Directors or, if not appointed, by the Vice Chairman. In the event of the absence of the Chairman or Vice Chairman, the Meeting shall be chaired by the eldest of the Directors attending. If no member of the governing body is in attendance, or the person appointed according to the above rules, the Shareholders' Meeting shall be presided over by the person elected by the majority of the members attending; the Secretary shall be appointed in the same way.

The Shareholders' Meeting, upon designation by the Chairman, appoints a Secretary, who may or may not be a shareholder, and, if deemed necessary, appoints two scrutineers chosen from among the shareholders or representatives of shareholders.

In order to reduce constraints and obligations that make it difficult or costly to attend the Shareholders' Meeting and exercise the voting right, the Meeting Regulation governing the procedure for the Issuer's Ordinary and Extraordinary Shareholders' Meetings provides that those who wish to take the floor shall ask the Chairman, after the item on the agenda to which the request to take the floor refers has been read out and discussion has been opened, and before the Chairman declares the discussion on the item under discussion closed. Those entitled to take the floor are entitled to do so only once on each item on the agenda, except for a reply and an explanation of vote, each lasting no longer than 10 minutes.

The Chairman, taking account of the subject and importance of the single items on the agenda, indicates the time available to each person entitled to take the floor, usually for not less than 5 minutes and not more than 10 minutes. Once the set time has elapsed, the Chairman may invite the person entitled to take the floor to end within the following 5 minutes. Then, if the statement is taking too long, the Chairman may take the floor from the speaker.

Voting by correspondence or by electronic means is exercised according to the procedures indicated in the notice of call, in compliance with the applicable statutory and regulatory provisions.

The conduct of Shareholders' Meetings is governed by the Meeting Regulation, approved by resolution of the Ordinary Shareholders' Meeting on 30 April 2018.

The Meeting Regulation - available on the Company website and at its registered office - was adopted in order to govern the orderly and proper operation of meetings and to facilitate the exercise of shareholders' rights, in compliance with applicable law provisions and the related recommendations contained in the Corporate Governance Code.

On 24 February 2020, the Shareholders' Meeting of the Issuer was held, which was called to resolve, inter alia, on the financial statements for the year ended 31 December 2019. At the meeting, attended by 5 of the 9 Directors in office, the Board of Directors reported to the Shareholders' Meeting on the activities carried out and planned and made every effort to ensure that the Shareholders were adequately informed about the elements required for them to make informed decisions.

It should also be noted that, with regard to the Year:

- no Shareholder proposed to the Shareholders' Meeting that a resolution be passed on items other than those on which a proposal had been made by the Board of Directors.
- the Board did not find any significant changes in the capitalization or shareholder base such as to require the proposal of amendments to the Bylaws.

19. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

(pursuant to Article 123-bis, paragraph 2, letter a) of the TUF)

The Company has not adopted any additional corporate governance practices beyond those described in this Report.

20. CHANGES SINCE YEAR END

Subsequent to year end, on 2 March 2021, the Board of Directors of the Company resolved to apply to Borsa Italiana for STAR qualification for its ordinary shares and admission to the relevant segment of the MTA market.

On the same date, the Board of Directors also resolved, subject to admission to the STAR segment:

- on the amendment to the Company's financial calendar - approved on 10 December 2020 - with regard to the date of approval of the half-year report at 30 June 2021, anticipating it by a maximum of 75 days from closure of the half-year, in order to bring the financial calendar into line with the time limit under Article 2. 2.3 paragraph 3 letter b) of the Issuer Regulation of Borsa Italiana;
- on assigning the position of Investor Relations Manager to the Chief Executive Officer of the Company, Luigi Cologni, who will carry out his function assisted by KT&Partners S.r.l., in order to comply with the requirement set out in Article 2.2.3 paragraph 3 letter k) of the Issuer Regulation of Borsa Italiana.

21. CONSIDERATIONS ON THE LETTER OF 22 DECEMBER 2020 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

In accordance with the notice by Borsa Italiana of 22 December 2020, the Issuer sent to the Chairman of the Board of Directors of the Company, as well as, for information, to the Chief Executive Officer and the Chairman of the Board of Statutory Auditors, the 2020 Report of the Corporate Governance Committee concerning "*Committee Recommendations for 2021*".

These recommendations refer to (i) the sustainability of the business activity, (ii) pre-meeting disclosure, (iii) independence criteria of the members of the Board of Directors, (iv) self-assessment of the Board, (v) appointment and succession of directors, as well as (vi) remuneration policies.

At the meeting of the Board of Directors of the Company held on 2 February 2021, the Chairman, after clarifying that the governance of the Company appears to be already aligned with most of the recommendations made by the Committee, informed that the Company can achieve full acknowledgement of these recommendations through the additions and revisions of its internal regulations and policies, to be exercised during 2021.

Accordingly, the Board of Directors of the Company resolved at this meeting to provide feedback on the recommendations made by the Corporate Governance Committee as follows:

Recommendation	NDT position
Integrate the sustainability of business activities in the definition of the strategies, the internal control	NDT operates responsibly, adopting a business model in which sustainability is one of the main

<p>and risk management system and the remuneration policy, based also on a relevance analysis of the factors that may affect the generation of value in the long term.</p>	<p>drivers of a strategy oriented to the medium and long term and focused on excellence, efficiency in resource management and ongoing improvement of all forms of performance, both process and product.</p> <p>In this regard, both the strategic guidelines of the 2021-2023 Business Plan and the guidelines on the remuneration of Directors and Top Management include objectives related to the pursuit of the Sustainable Success of the NDT Group.</p> <p>Additionally, in May 2020, the Sustainability Committee was set up, with the task of overseeing sustainability issues related to the Company's operations and its engagement with all stakeholders.</p> <p>Lastly, it should be noted that the integration of business sustainability in the corporate strategy and the management of environmental, social and governance aspects fall under the direct responsibility of NDT's Chief Executive Officer, who works with the support of the Group's HSE function.</p>
<p>With regard to pre-meeting disclosure:</p> <ul style="list-style-type: none"> • expressly determine the timeframe deemed appropriate for submitting documentation; • provide in the Corporate Governance Report a clear indication of the deadlines identified and their actual compliance; • not to provide that such deadlines may be waived merely for the sake of confidentiality. 	<p>On 10 December 2020, as required by the New Code, NDT approved an operating procedure for the operation of the Board of Directors that provides, among other things, a deadline for sending documentation of 5 calendar days prior to the date set for meetings, except in cases of urgency in which the documentation is made available as promptly as possible.</p> <p>NDT will already provide a clear indication of the above deadlines and their actual compliance in the 2021 Corporate Governance Report for 2020.</p>

	<p>As from 2021, NDT uses appropriate IT tools (together with the existing system of tracking and segregation of relevant or inside information) such as to ensure the confidentiality required, which allow for no exceptions to the abovementioned deadline.</p>
<p>Regarding the application of the independence criteria:</p> <ul style="list-style-type: none"> • always justify on an individual basis any non-application of one or more independence criteria; • define <i>ex ante</i> the quantitative and/or qualitative criteria to be used to assess the significance of the relationships under review. 	<p>At its meeting of 10 December 2020, NDT's Board of Directors positively assessed that the independent directors continue to meet the independence requirements for their positions. Specifically, given the absence of professional, family or other relationships between them and the Company, there is no disapplication, not even on an individual or exceptional basis, of these requirements.</p> <p>The Company has adopted the New Code. Consequently, the quantitative and/or qualitative criteria to be used to assess the significance of commercial, financial or professional relationships that may compromise independence shall be defined in 2021.</p> <p>Upon expiration of the term of office of the Board of Directors currently in office, NDT's Shareholders' Meeting shall appoint independent directors based on the quantitative and/or qualitative criteria established for assessing the significance of the relationships under review, as well as applying any additional criteria set forth in the New Code.</p>
<p>Relating to the Board of Directors' self-assessment:</p> <ul style="list-style-type: none"> • evaluate the Board's contribution to the development of strategic plans; • oversee the board review process. 	<p>During the current year, the Board of Directors deemed it appropriate - due to the fact that the previous self-assessment was carried out close to the recent installation of the Board of Directors currently in office - to carry out a further self-</p>

	<p>assessment process, with regard to the year ending 31 December 2020, in order to assess the adequacy of the size, composition and operation of the Board of Directors and its internal committees.</p> <p>More disclosure may be provided to the findings emerging from the self-evaluation process currently underway.</p> <p>Several items of the self-assessment questionnaire are related and expressly concern the contribution made by the Board in the definition of strategic plans and the adequacy of its composition, also with regard to the defined qualitative and quantitative criteria.</p>
<p>Regarding the appointment and succession of directors:</p> <ul style="list-style-type: none"> • report promptly on the activities carried out by the Appointments Committee in the event that it is merged with the Remuneration Committee or its functions are assigned to the full Board; • ensure the completeness and timeliness of the proposed resolutions functional to the process of appointing corporate bodies and express, at least to companies with non-concentrated ownership, a guideline on its optimal composition; • provide, at least in large companies, a succession plan for executive directors that at least identifies the procedures to be followed in the event of early termination of office. 	<p>Effective 25 May 2020 (date of listing of the Company's shares on the MTA), the Company established a Remuneration and Appointments Committee. This body reports in a timely fashion on the activities carried out in compliance with its own regulation as well as with the provisions of the operating procedure of the Board of Directors.</p> <p>In order to ensure the completeness and timeliness of the proposed resolutions functional to the process of appointing corporate bodies, on 10 December 2020, the regulation of the Remuneration and Appointments Committee was made compliant with the New Code.</p> <p>The Remuneration and Appointments Committee is called to submit proposals and provide advice in defining, updating and implementing a plan for the succession of the chief executive officer and executive directors; additionally, it ascertains the</p>

	<p>existence of adequate procedures for the succession of the Company's Top Management.</p> <p>The additional requirements are not applicable to NDT as it is a company:</p> <ul style="list-style-type: none"> - with concentrated ownership; - not considered "large".
<p>With regard to remuneration policies:</p> <ul style="list-style-type: none"> • provide clear indications on the identification of the weight of the variable component, distinguishing between components linked to annual and long-term time horizons; • strengthen the link between variable remuneration and long-term performance objectives, including, where relevant, non-financial parameters; • limit to exceptional cases, subject to adequate explanation, the possibility of paying out sums not linked to pre-set parameters (i.e. ad hoc bonuses); • define criteria and procedures for the allocation of severance indemnities; • assess that the remuneration paid to non-executive directors and members of the supervisory body is appropriate to the expertise, professional qualities and commitment required by the office. 	<p>Reference is made to the Remuneration Report.</p> <p>This also with a view to adopting, as promptly as possible in accordance with the timeframe provided for by the regulations, the most appropriate decisions on the matter.</p> <p>On 2 February 2021, NDT approved a 2021-23 long-term plan which, with regard to the remuneration policies, will enable it to strengthen the link of variable remuneration to long-term performance objectives; the Board of Directors is also considering including non-financial parameters, where relevant.</p> <p>NDT awards variable compensation and/or bonuses to directors and/or Key Management Personnel only upon achievement of predefined performance objectives; no severance pay is provided.</p> <p>The remuneration paid to non-executive directors and members of the supervisory body is appropriate to the expertise, professional qualities and commitment required by the office. Specifically, the non-executive Directors who are members of the Remuneration and Appointments and Control and Risk Committees receive an additional gross annual fee on top of their entitlement as Directors of the Company.</p> <p>Non-executive directors who are members of the Related Party and Sustainability internal</p>

	<p>committees receive a participation fee for the meetings held.</p> <p>In any case, it should be noted that NDT has always been highly sensitive to this point, also in view of the fact that all decisions regarding remuneration as well as the key elements of the guidelines on the remuneration policy for executive directors and Key management personnel are ultimately set out in the Remuneration Report in order to provide the market and investors with a transparent and immediately readable framework on the matter.</p>
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Filago (BG), 2 March 2021

For the Board of Directors

The Chairman

Riccardo Bruno

TABLES

TABLE 1 - INFORMATION ON OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE				
	No. of shares	% of sh. cap.	Listed (indicate markets) / unlisted	Rights and obligations
Ordinary shares	13,515,260	100%	MTA (electronic stock market) organized and managed by Borsa Italiana	Rights and obligations as per law and bylaws
Multiple-vote shares	N.A.			
Restricted voting shares	N.A.			
Shares without voting rights	N.A.			
Other	N.A.			

OTHER FINANCIAL INSTRUMENTS (granting the right to subscribe newly-issued shares)				
	Listed (indicate markets) / unlisted	No. of instruments outstanding	Share category serving the conversion/exercise	No. of shares servicing the conversion/ Exercise
Convertible bonds	N.A.			
Warrants	YES	13,077,500		

RELEVANT INVESTMENTS IN THE SHARE CAPITAL			
Declarant	Direct shareholder	% on ordinary capital	% on voting capital
FINANZIARIA VALENTINI S.p.A.	Finanziaria Valentini S.p.A.	61.60%	61.60%
	TOTAL	61.60	61.60

TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2020																					
Board of Directors											Single Committee of the Board of Directors (effective until the Trading Commencement Date)		Control and Risk Committee		Related Party Committee		Remuneration and Appointments Committee		Sustainability Committee		
Components	Year of birth	Date of first appointment *	In office since	In office until	List **	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. other positions ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)

<i>Riccardo Bruno</i>	1959	09/12/2019	09/12/2019	Appr. Fin. Stat. 31/12/2021	M		X	X	X	3	14/14							M	5/5	C	2/2
<i>Luigi Cologni</i>	1964	07/01/2013	09/12/2019	Appr. Fin. Stat. 31/12/2021	M	X					14/14									M	2/2
<i>Massimo Giorgilli</i>	1969	19/07/2017	09/12/2019	Appr. Fin. Stat. 31/12/2021	M	X					14/14									M	2/2
<i>Cristina Valentini</i>	1968	29/04/2016	09/12/2019	Appr. Fin. Stat. 31/12/2021	M		X				7/14										
<i>Paolo Pietrogrande</i>	1957	09/12/2019	09/12/2021	Appr. Fin. Stat. 31/12/2021	M		X	X	X	2	13/14	C	[●]	C	4/4	M	5/5	M	5/5		
<i>Laura Calini</i>	1970	09/12/2020	09/12/2021	Appr. Fin. Stat. 31/12/2021	M		X	X	X		13/14	M	[●]	M	4/4	C	5/5			M	2/2
<i>Paola Carrara</i>	1976	09/12/2020	09/12/2020	Appr. Fin. Stat. 31/12/2021	M		X	X	X	2	14/14	M	[●]	M	4/4	M	5/5	C	5/5		
No. meetings held during the year: 14						Single Committee of the Board of Directors: 7		Control and Risk Committee: 4		Related Party Committee: 5					Remuneration and Appointments Committee: 5			Sustainability Committee: 2			
						Quorum required for the submission of lists by minorities for the election of one or more members (pursuant to Article 147-ter TUF): 1% as established by CONSOB with CONSOB resolution no. 28 of 30.01.2019															

NOTES

• Director in Charge.

* Date of first appointment of each director is understood as the date on which each director was appointed for the first time (ever) in the Board of Directors of the Issuer.

** This column indicates M/m depending on whether the director was elected by the majority (M), minority (m) list or Board of Directors list.

*** This column indicates the number of directorships or statutory auditor positions held in other companies listed on either national or foreign stock exchanges, including finance companies, banks and insurance companies, or of large-sized companies. In Annex 1 (see below), the positions of the directors currently in office are indicated in full.

(*) This column indicates the position of the board member in the Committee: "C": Chairman; "M": Member.

(*) This column indicates the participation percentage of directors to the BoD and committee meetings (for each board member, no. of times present/no. of meetings held during their term, for instance 6/8, 8/8, etc.).

TABLE 3 - STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Position	Components	Year of birth	Date of first appointment *	In office since	In office until	List **	Indep. Code	Participation in the meetings of the Board of Statutory Auditors ***	No. other positions ****
Chairman	Stefano Santucci	1968	24/02/20	24/02/20	Appr. Fin. Stat. 31/12/22	M	X	9/9	16
Standing Auditor	Federica Menichetti	1976	24/02/20	24/02/20	Appr. Fin. Stat. 31/12/22	M	X	9/9	2
Standing Auditor	Stefano Zonca	1964	24/02/20	24/02/20	Appr. Fin. Stat. 31/12/22	M	X	8/9	6
Alternate Auditor	Davide Mantegazza	1965	24/02/20	24/02/20	Appr. Fin. Stat. 31/12/22	M	X	0/9	25
Alternate Auditor	Marinella Monterumisi	1955	19/07/20	24/02/20 2	Appr. Fin. Stat. 31/12/22	M	X	0/9	17

STATUTORY AUDITORS WHO LEFT OFFICE DURING THE YEAR									
	Marinella Monterumisi	1955	19/07/2017	19/07/2017	Appr. Fin. Stat. 31/12/19	N.A.	N.A.	N.A.	N.A.
	Marco Campidelli	1958	27/03/2003	19/07/2020	Appr. Fin. Stat. 31/12/19	N.A.	N.A.	N.A.	N.A.
	Guido Riccardi	1955	19/07/2017	19/07/2020	Appr. Fin. Stat. 31/12/19	N.A.	N.A.	N.A.	N.A.
	Giovanni Tedeschi	1954	19/07/2017	19/07/2017	Appr. Fin. Stat. 31/12/2019	N.A.	N.A.	N.A.	N.A.
	Mariangela Passerini	1957	19/07/2017	13/04/2017	Appr. Fin. Stat. 31/12/19	N.A.	N.A.	N.A.	N.A.
STATUTORY AUDITORS WHO LEFT OFFICE DURING THE RELEVANT YEAR									
Number of meetings held during the relevant year: 7									
Quorum required for the submission of lists by minorities for the election of one or more members (pursuant to Article 148 TUF):									
1% as established by CONSOB with CONSOB resolution no. 28 of 30.01.2019.									
* Date of first appointment of each statutory auditor is understood as the date on which each statutory auditor was appointed for the first time (ever) in the Board of Statutory Auditors of the Issuer.									
** This column indicates M/m depending on whether the statutory auditor was elected by the majority (M) or minority (m) list.									

*** This column indicates the participation percentage of statutory auditors to the Board of Statutory Auditors meetings (no. of times present/no. of meetings held during their term, for instance 6/8; 8/8, etc.).

**** This column indicates the number of directorships or statutory auditor positions held, pursuant to Article 148-bis TUF and related implementation provisions contained in the Issuer Regulation. The complete list of appointments is published by CONSOB on its website pursuant to Article 144-*quinquiesdecies* of the Issuer Regulation.

ANNEX 1 - LIST OF DIRECTORS' POSITIONS

Directors Name and Surname	Other Companies in which they hold office	Position in the company or investment held
Riccardo Bruno	ATLANTIA S.p.A.	Director
	CREDITO EMILIANO S.p.A.	Director
	EUROFIERE S.p.A.	Director
	CAPITAL INSIGHT S.r.l.	Sole Director
	SHEDIRPHARMA GROUP S.p.A.	Director
	ENGINEERING INGEGNERIA INFORMATICA S.p.A.	Director
Luigi Cologni	CARTIERE DI GUARCINO S.p.A.	Director
Massimo Giorgilli	BIO ENERGIA GUARCINO S.r.l.	Sole Director
	CARTIERE DI GUARCINO S.p.A.	Chief Executive Officer
	INDUSTRIE VALENTINI S.p.A.	Director

Directors Name and Surname	Other Companies in which they hold office	Position in the company or investment held
Cristina Valentini	VALFINA S.r.l.	Director
	FINANZIARIA VALENTINI S.p.A.	Director
Paolo Pietrogrande	MAPS GROUP S.p.A.	Director
	FALCK RENEWABLES S.p.A.	Director
	EDERA S.r.l.	Chairman
Laura Calini		-
Paola Carrara	BANCA FARMAFACTORING	Chairman of the Board of Statutory Auditors
	CEMBRE S.p.A.	Director
	RC ADV S.r.l.	Director
	LUCCHINI TOOL STEEL S.r.l.	Statutory Auditor
	FLAMMA S.p.A.	Statutory Auditor
	SOPRA STERIA GROUP S.p.A.	Alternate Auditor

Directors Name and Surname	Other Companies in which they hold office	Position in the company or investment held
	SESA S.p.A.	Alternate Auditor
	KURSANA LUNGA VITA SOCIETA' COOPERATIVA SOCIALE ONLUS	Statutory Auditor
	KURSANA SAN MARCO SOCIETA' COOPERATIVA SOCIALE	Statutory Auditor
	KURSANA PIEMONTE – SOCIETÀ COOPERATIVA SOCIALE SIGLABILE KURSANA PIEMONTE S.C.S.	Statutory Auditor
	RADICI PIETRO INDUSTRIES & BRANDS S.p.A.	Alternate Auditor
	MIRO RADICI FAMILY OF COMPANIES S.p.A.	Alternate Auditor