

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: 2021

Report approved by the Board of Directors
on 15 March 2022

COMPANY DATA

► REGISTERED OFFICE OF THE PARENT COMPANY

Via Provinciale 2

24040 Filago (Bergamo)

► LEGAL DATA OF THE PARENT COMPANY

Subscribed and paid-up share capital € 18,804,209.37

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 (now Euronext Milan), organized and managed by Borsa Italiana S.p.A. ("**Borsa Italiana**").

On 15 March 2021, Borsa Italiana, under provision no. 8746, granted the Issuer's ordinary shares and warrants the STAR qualification, as per the application submitted by the Company on 4 March 2021 and, most recently, supplemented on 5 March 2021.

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 15 March 2022 with regard to the year ended 31 December 2021.

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" in its IX edition published in January 2022 - as well as the Corporate Governance Code and the most representative trade associations, 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 Principles and 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 January 2020 version), which the Company expressly complies with.

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

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.

TABLE OF CONTENTS

GLOSSARY.....	6
1. ISSUER PROFILE.....	11
1.1. CORPORATE GOVERNANCE SYSTEM.....	11
1.2. THE NEODECORTECH GROUP AND ITS MISSION	12
1.3. SOCIAL RESPONSIBILITY.....	12
2. INFORMATION ON OWNERSHIP STRUCTURE.....	16
a) Share capital structure	16
b) Restrictions on the transfer of securities	17
c) Relevant investments in the share capital	17
d) Securities granting special rights.....	17
e) Employee share ownership: method for exercising voting rights.....	17
f) Restrictions on voting rights	17
g) Shareholder agreements	18
h) Change of control clauses and statutory provisions on takeover bids.....	18
i) Powers to increase the share capital and authorizations to purchase treasury shares.....	18
l) Direction and coordination.....	21
3. COMPLIANCE	23
4. BOARD OF DIRECTORS.....	24
4.1. ROLE OF THE BOARD OF DIRECTORS	24
4.2. APPOINTMENT AND REPLACEMENT.....	27
4.3. COMPOSITION	29
4.4. OPERATION OF THE BOARD OF DIRECTORS	35
4.5. ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS	38
4.6. DELEGATED BODIES.....	39
4.7. INDEPENDENT DIRECTORS and LEAD INDEPENDENT DIRECTOR.....	44
5. MANAGEMENT OF COMPANY INFORMATION	47
6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS	48
7. REMUNERATION AND APPOINTMENTS COMMITTEE - SUCCESSION AND COMPENSATION OF DIRECTORS, SELF-ASSESSMENT.....	48
8. CONTROL AND RISK COMMITTEE.....	60
9. RELATED PARTY COMMITTEE.....	65
10. SUSTAINABILITY COMMITTEE	68
11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM	71
11.1. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM.....	73
11.2. HEAD OF INTERNAL AUDIT.....	74
11.3. ORGANIZATIONAL MODEL pursuant to Legislative Decree 231/2001	76
11.4. INDEPENDENT AUDITORS	78
11.5. FINANCIAL REPORTING MANAGER AND OTHER CORPORATE ROLES AND FUNCTIONS.....	78
11.6. OTHER PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM.....	80
11.7. COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM.....	81

12.	DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS.....	82
13.	BOARD OF STATUTORY AUDITORS	83
	13.1. APPOINTMENT AND REPLACEMENT.....	83
	13.2. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS	85
14.	RELATIONS WITH SHAREHOLDERS	91
15.	SHAREHOLDERS' MEETINGS.....	93
16.	ADDITIONAL CORPORATE GOVERNANCE PRACTICES	96
17.	CHANGES SINCE YEAR END	96
18.	CONSIDERATIONS ON THE LETTER OF 3 DECEMBER 2021 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE.....	97
TABLES 104		
	TABLE 1 - INFORMATION ON OWNERSHIP STRUCTURE AT 15 MARCH 2022.....	105
	TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS AT YEAR END.....	108
	TABLE 3 - STRUCTURE OF THE BOARD COMMITTEES AT YEAR END	110
	TABLE 4 - STRUCTURE OF THE BOARD OF STATUTORY AUDITORS.....	111
	ANNEX 1 - LIST OF DIRECTORS' POSITIONS	113

GLOSSARY

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 Recommendation 32, b. of the Corporate Governance Code.

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 January 2020 version.

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

Code of Ethics: the Code of Ethics of the Neodecortech Group, adopted by Neodecortech and its subsidiaries, as most recently amended by resolution of the Board of Directors on 20 October 2020, available on the Company website, "[Codice etico e modello organizzativo](#)" section.

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 XI and Recommendations nos. 16 and 35 of the Corporate Governance Code.

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

Remuneration and Appointments Committee: the remuneration and appointments committee set up within the Board of Directors, pursuant to Principle XI and Recommendations nos. 16, 25 and 26 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.

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.

Non-Financial Statement or NFS: Non-financial statement prepared by the Issuer pursuant to Legislative Decree 254/2016 on a voluntary basis as from 2021.

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.

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.

Year: the year ending 31 December 2021, 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 (now Euronext Milan).

Euronext STAR Milan Market or **STAR:** the Euronext Star Milan Market organized and managed by Borsa Italiana (formerly "MTA STAR segment")

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, most recently, by resolution of 7 September 2021.

Neodecortech, Issuer or **Company:** 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.

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.

Succession Plan for the Chief Executive Officer: the succession plan for the Chief Executive Officer approved by Neodecortech's Board of Directors on 23 February 2022.

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:** as from 1 January 2021, the Company's Chief Financial Officer 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.

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 the management of transactions with related parties adopted by the Board of Directors on 25 June 2020 and amended on 10 December 2020 and, most recently, on 28 June 2021, 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 recommendation 1, letter f), 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).

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

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, amended on 10 December 2020 and, most recently, on 23 February 2021.

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 and amended on 28 June 2021.

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 Department, appointed pursuant to Recommendation no. 33, letter b) of the Corporate Governance Code, who performs, inter alia, the duties set forth in Recommendation no. 36 of the 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 object¹;
- 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 structure²;
- the statutory audit of the Issuer's accounts is carried out by an independent audit firm listed in the relevant register³.

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 Officer⁴.

Also set up within the Board of Directors are:

- the Remuneration and Appointments Committee, which acts as Remuneration Committee, pursuant to Recommendations no. 25 and 26 of the Corporate Governance Code, and as Appointments Committee, pursuant to Recommendations no. 19 and 20 of the Corporate Governance Code⁵;
- the Control and Risk Committee, with internal control and risk management functions, pursuant to Recommendations no. 32, 33 and 35 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 changes in corporate governance rules, also putting forward proposals for adjustments⁶;
- 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 Regulation⁷;
- The Sustainability Committee, with the function of overseeing sustainability issues related to the Company's operations and its engagement with all stakeholders⁸.

¹ See paragraph 4 of this Report.

² See paragraph 13 of this Report.

³ See paragraph 11.4 of this Report.

⁴ See paragraph 4.6 of this Report.

⁵ See paragraph 7 of this Report.

⁶ See paragraph 8 of this Report.

⁷ See paragraph 9 of this Report.

⁸ See paragraph 10 of this Report.

The powers and operating procedures of the corporate bodies are governed by law, the Bylaws and, with regard to the Shareholders' Meeting, the Board of Directors 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 - given a capitalization of € 51,611,416.23 (hereinafter, the "**Capitalization**") - it does not exceed the parameters set out in the above provisions.

The Issuer does not fall within the definition of a "large company" pursuant to the definition provided by the Corporate Governance Code, since the Company's capitalization is below the threshold set out by the regulatory provisions, which was equal to € 1 billion on the last trading day of each of the three calendar years prior to the year under review.

The Issuer falls within the definition of "concentrated ownership company", pursuant to the definition provided by the Corporate Governance Code, given the presence of a shareholder who holds the majority of votes that can be exercised at the Ordinary Shareholders' Meeting of the Company.

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 58.6% 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. In compliance with Principle I of the Corporate Governance Code, the integration of business sustainability into the corporate

strategy, remuneration policies and the internal control and risk management system, as well as 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.

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. This approach has been extended to the children of employees graduating from high school or university. An annual scholarship program has been established for the most worthy;

- 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. In the specific case of PET used, 70% is obtained from recycled material. As far as packaging is concerned, the Group has put in place for some time now a policy aimed at using packaging made from recycled material or that can be recycled and/or reused. 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 (animal by-products) as fuel, which would otherwise have to be treated as waste. Likewise, all of the steam that can be derived from thermal waste from BEG is used in CDG. The use of this fuel allows for lower emissions in terms of tons of CO₂ released into the atmosphere - roughly 65% - 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 within the non-financial statement prepared by the Issuer pursuant to Legislative Decree no. 254/2016 on a voluntary basis as from 2021. In prior years, similar reporting was presented within the Sustainability Report, published annually and, since its first edition in 2015, prepared following the guidelines issued by the Global Reporting Initiative; it is currently in line with the GRI Standards - the most accredited international standards for Corporate Social Responsibility reporting - according to the Core option. The documents are available on the Company website.

Mention should be made that on 11 May 2021, the Board of Directors of the Company, upon the favourable opinion of the Sustainability Committee and as part of the measures relating to ESG actions for the three-year period 2021-2023, approved a biodiversity policy, a "diversity and inclusion" policy and a Supplier Code of Conduct. For further details, reference should be made to paragraph 4.3 below, in the section regarding diversity criteria and policies in the Board's composition and corporate organization.

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, as a result of the expiration of the exercise period for the Neodecortech 2018-2021 Warrants, Neodecortech's fully subscribed and paid-up share capital amounts to € 18,804,209.37. The share capital is divided into no. 14,218,021 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, therefore subject to the circulation regime set out in Article 83-bis et seq. of the TUF.

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.

During the year, a total of no. 2,811,044 Warrants were exercised, therefore no. 702,761 newly-issued Neodecortech S.p.A. shares had been subscribed at the price of € 4.00 per share (at the ratio of 1 Conversion Share for every 4 Warrants submitted for exercise). These shares have no par value, have the same divided entitlements as the ordinary shares of Neodecortech S.p.A. outstanding at the issue date, and have a total value of € 2,811,044.00, of which € 1,405,522.00 has been allocated to the share capital, with a resulting increase in the share capital to the current € 18,804,209.37, while the remainder is allocated to the share premium reserve.

On 27 December 2021, the deadline for exercising the Warrants expired. Therefore, unexercised Warrants within said term are forfeited of all rights and, consequently, have no validity to all intents and purposes.

On 31 December 2021, the final deadline for subscription of the abovementioned capital increase was completed.

b) Restrictions on the transfer of securities

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

Until 27 April 2021 - i.e. twelve months from the grant date - a restriction was 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.

At the date of this Report, there are no further restrictions on the free transferability of the Company's Shares.

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.

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, neither Neodecortech, nor any of its direct and indirect subsidiaries, is 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), and
- 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 provided for the possibility to:

- increase the share capital, on one or more occasions, against payment, through issue of ordinary shares:
 - to be offered with pre-emptive rights to the entitled parties; and/or
 - 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 gave 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 had been 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.

On 30 September 2021, the Shareholders' Meeting voted to revoke the New Powers. The revocation of the New Powers was based on the proposal of the Controlling Shareholder, which was shared by the Board of Directors of the Company, given the Company's performance and the fact that the 2021-2023 Business Plan was fully self-financed.

Share buyback

On 13 April 2020, the Shareholders' Meeting of the Issuer resolved to authorize the governing body to carry out purchase and disposal transactions of treasury shares, in compliance with the current EU and national regulations and the market practices accepted and acknowledged by CONSOB, mainly for:

- i) allowing the conversion of debt instruments into shares;
- ii) facilitating the implementation of management incentive plans;
- iii) providing liquidity to the market;
- iv) setting up a so-called "shares stock" that could be used for future extraordinary financial transactions;
- v) employing excess liquid resources;
- vi) optimizing the capital structure; and
- vii) remunerating shareholders in ways other than dividend distribution.

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 will terminate on 13 October 2022);
- 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;
- to grant the Chairman of the Board of Directors and the Chief Executive Officer, also separately, with the right to sub-delegate for single acts or categories of acts, the broadest possible powers to make the purchases and sales/disposals of all or part of the treasury shares purchased and, in any case, to implement the resolution in question, also through proxies, complying with the applicable provisions in force from time to time and with any request by the competent authorities;
- to expressly acknowledge that, under the so-called whitewash pursuant to Article 44-bis, paragraph 2, of CONSOB Regulation no. 11971/1999, the treasury shares purchased by the Company in execution of the authorization resolution in question will not be excluded from the ordinary share capital (and will therefore be counted therein) if, as a result of the purchases of treasury shares, a shareholder exceeds the relevant thresholds for the purposes of Article 106 TUF.

The Company specifies that, at the date of this Report, it owns no 73,586 treasury shares, equal to 0.518% of the share capital

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 by the majority shareholder, 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 governing, management and supervisory bodies between the two companies (except for Cristina Valentini, non-executive Director, who resigned during the year)⁹;
- 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, business, 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:

⁹ Following the resignation submitted by Cristina Valentini on 4 May 2021, on 11 May 2021 the Board of Directors - after verifying compliance with the requirements set out by law, the Bylaws and the Corporate Governance Code carried out together with the Remuneration and Appointments Committee, as well as after having heard the positive opinion of the Board of Statutory Auditors - co-opted, pursuant to Article 2386 of the Italian Civil Code, Luca Peli as member of the Board of Directors of the Company. On 30 September 2021, Mr. Peli, upon the proposal of the majority shareholder, and in the absence of further names available in the lists submitted at the time of the designation of the body currently in office, was appointed Director of Neodecortech until the Shareholders' Meeting called to approve the Company's financial statements at 31 December 2021.

- 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) parts I and II 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 Directors¹⁰.

¹⁰ See paragraph 4.2 of this Report.

3. COMPLIANCE

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

The Company complies with the Corporate Governance Code and, specifically, during the year, with the version of the Corporate Governance Code dated January 2020¹¹, available on the website of Borsa Italiana at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

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, as well as from the Principles and Recommendations contained 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 Recommendations 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.

¹¹ The Company, which already complied with the July 2018 version of the Corporate Governance Code, by resolution of the Board of Directors of 10 December 2020, adopted the 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. ROLE OF THE BOARD OF DIRECTORS

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.

In accordance with Principles I, II, III and IV of the Corporate Governance Code, the Board of Directors:

- guides the Issuer towards sustainable success;
- defines the strategies of the Issuer and its Group in line with the pursuit of sustainable success, overseeing their implementation;
- defines the corporate governance system that is most suitable for carrying out business and pursuing its strategies: (i) by taking account of the scope of autonomy provided by the legal system; and (ii) if the case, by assessing and promoting suitable changes and submitting them to the Shareholders' Meeting, when required;
- promotes, in the most appropriate forms, dialogue with the shareholders and other stakeholders that are relevant for the Issuer.

Specifically, pursuant to the Bylaws, the applicable provisions of law and in line with the Principles and Recommendations of the Corporate Governance Code, the following matters are reserved to the Board of Directors, with the support of the relevant internal committees:

- a) review and approval of the strategic, business and financial plans of the Company and the Group prepared by the Chief Executive Officer, assisted by all the Management of the Companies, based also on the analysis of the issues relevant for the generation of long-term value;
- b) periodic monitoring of the implementation of business, strategic and financial plans, as well as the assessment of the general performance of operations, periodically comparing the results achieved with those planned;
- c) definition of the nature and level of risk consistent with the Company's strategic objectives, including in its assessments all the elements that may be relevant for the Issuer's sustainable success;
- d) definition of the Company's corporate governance system and the structure of the Group;
- e) 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;
- 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;

- g) assessment, at least every three years, 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) adoption of the procedure for the internal management and disclosure to third parties of documents and information concerning the Issuer, with particular regard to inside information;
- i) 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 the above 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 expressly 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, but assesses each single case taking account of the financial soundness of the Issuer and the companies belonging to the Group, as well as the strategic objectives and the relevant socio-economic context.

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. 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.

In line with the Code's recommendations, during the year, the Board of Directors periodically assessed the

¹² The Procedure for the Operation of the Board of Directors, adopted at the Board meeting of 10 December 2020, concurrent to the adoption of the new Corporate Governance Code, requires the self-assessment to be conducted at least every three years. However, the Board of Directors, on an entirely optional and voluntary basis and with a view to best practices, decided to conduct the self-assessment on an annual basis in 2020 and 2021.

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.

On 23 February 2021, the Board of Directors of the Company - as part of the assessment on the organizational structure of the Company, also in order to improve the corporate governance of the Issuer and the Group, by means of a more balanced distribution of powers and fees - approved the reorganization process of the organizational units of the Company, which shall be carried out through:

- a proposal to amend the composition of the Board of Directors of CDG, addressed to the Shareholders' Meeting of the latter, by confirming Massimo Giorgilli as Chief Executive Officer and appointing (i) Luigi Cologni as Chairman and (ii) Riccardo Bruno as Director replacing the outgoing Director Francesca Terrinoni.
- a proposal to appoint a Board of Directors, addressed to the Shareholders' Meeting of BEG, consisting of 4 members, to replace the current Sole Director, delegating powers to the newly-formed Board of Directors.

As a result, on 26 March 2021, CDG's Shareholders' Meeting resolved on the integration of the Board of Directors, which is currently composed of the following members:

- Luigi Cologni, Chairman of the Board of Directors;
- Massimo Giorgilli, Chief Executive Officer;
- Riccardo Bruno.

The members thus identified will remain in office until the date of the Shareholders' Meeting called to resolve on the approval of the financial statements at 31 December 2022.

On 26 March 2021, the Shareholders' Meeting of BEG resolved to entrust its governance to a Board of Directors consisting of 4 members and, specifically:

- Fabio Zanobini, Chairman of the Board of Directors;
- Massimo Giorgilli, Chief Executive Officer;
- Pietro Zanini;
- Paolo Pietrogrande.

BEG's Board of Directors will remain in office until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2023.

The new composition of the Boards of Directors of the subsidiaries CDG and BEG are therefore such that, even at this level of the Group's structure, at least one director who qualifies as independent on each of the Boards is in place.

As part of the process of defining the strategic business and financial plan for 2021-2023, assisted by the Control and Risk Committee, 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.

4.2. APPOINTMENT AND REPLACEMENT

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

Pursuant to Article 20 of the Bylaws, the Company is managed by a Board of Directors composed of 5 (five) to 9 (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' Meeting 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 provisions¹³ - 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. Moreover, the Bylaws provide that a certain number of directors not less than the minimum provided by the applicable legal and regulatory provisions 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 (to be intended now as a reference to the requirements of the Corporate Governance Code).

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 25 (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 21 (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.

¹³ Through Executive Resolution no. 60 of 28 January 2022, the Head of the Corporate Governance Division of CONSOB established that the minimum stake required for the submission of lists of candidates for the election of the governing and supervisory bodies of the Issuer is 2.50% of the share capital.

Moreover, the lists that contain 3 (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.

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.

Pursuant to and for the purposes of Article 2383 of the Italian Civil Code, the appointment is, in any case, preceded by the submission of a statement by each person concerned, that there are no grounds for ineligibility as envisaged by Article 2382 of the Italian Civil Code, and that no disqualification from holding the office of director has been imposed against him/her in a EU Member State.

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. The notice certifying ownership of said stake - issued by an authorized intermediary - may be received by the Company also after the filing of the lists, provided that it is received at least 21 (twenty-one) days before the date of the Shareholders' Meeting.

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.

The Bylaws do not envisage for the outgoing Board of Directors to submit a list.

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. The Issuer is not subject to further regulations regarding the composition of the Board of Directors, specifically with regard to the representation of minorities and/or the number and characteristics 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.

4.3. 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 (7) seven, elected, through the list voting system, the current Board of Directors of the Company, whose

composition and seniority of office are shown in Table 2 ("*Structure of the Board of Directors at the end of the financial year*"), in office until the 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**: Chief Executive Officer;
3. **Massimo Giorgilli**: Executive Director;
4. **Luca Peli**¹⁴: Non-Independent and Non-Executive Director;
5. **Paolo Pietrogrande**: Independent Director;
6. **Laura Calini**: Independent Director;
7. **Paola Carrara**: Independent Director.

All members, whether executive or non-executive, have the professional qualities and skills commensurate with the tasks assigned to them; specifically, the number and skills of the non-executive Directors are such as to ensure a significant weight in the process of taking board resolutions and to guarantee an effective monitoring of management.

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 most recent meeting held on 14 December 2021, 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. This assessment was made through specific questionnaires filled by the Independent Directors, in which they stated the satisfaction of the abovementioned requirements.

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

¹⁴ Following the resignation submitted by Cristina Valentini on 4 May 2021, the Board of Directors of Neodecortech, on 11 May - after verifying compliance with the requirements set out by law, the Bylaws and the Corporate Governance Code carried out together with the Remuneration and Appointments Committee, as well as after having heard the positive opinion of the Board of Statutory Auditors - co-opted, pursuant to Article 2386 of the Italian Civil Code, Luca Peli as member of the Board of Directors of the Company. On 30 September 2021, in the absence of further names available in the lists submitted at the time of the designation of the body currently in office, Mr. Peli was appointed Director of Neodecortech until the Shareholders' Meeting called to approve the Company's financial statements at 31 December 2021.

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, professional characteristics 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 Engineering S.p.A., 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 is 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. Cart consortium from 2009 to 2014. In 2003, he joined the Group as CFO of CDG, 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.

Luca Peli: graduated in Electronic Engineering at the University of Bologna. After a three-year experience as a product engineer at SASIB S.p.A., a leading company of the CIR group owned by Mr. De Benedetti, in 1979 he started his career as an entrepreneur by establishing HS Elettronica Progetti SPA, becoming its Chairman. In 1989, he sold the majority share of HS Elettronica Progetti to FORNARA S.p.A., which appointed him Managing Director of the automation division. In the same year, he managed the consolidation process of the plant engineering hub at Fornara and founded Paritel S.p.A. in Bologna, controlling the company until

2015, becoming its Chairman. Since 2017 to date, he has put his longstanding experience at the service of entrepreneurs and private investors by focusing on change management activities, aimed both at reorganization and relaunch processes and at preparing for M&A transactions.

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., Fabbrica 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 further changes in the composition of the Board of Directors after year end.

Diversity criteria and policies in the Board composition and corporate organization

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.

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. With particular regard to gender diversity, it should be noted that at the date of this Report, two out of seven Directors belong to the least represented gender, in compliance with the law.

In this regard, upon co-optation of Mr. Luca Peli - replacing the outgoing Director Cristina Valentini - to the Board of Directors of the Issuer, the Company, assisted by an external legal advisor, assessed how the presence of 2 (two) Directors belonging to the less represented gender, out of a total of 7 (seven) members, guarantees compliance of the current composition of the Board of Directors with the provisions of the TUF concerning the gender composition of governing bodies, as a result of the gradual integration of gender quotas envisaged by the applicable regulations pursuant to Article 147-ter, paragraph 1-ter, TUF, and to Article 1, paragraph 304, of Law no. 160 of 27.12.2019.

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, and at the time of the following annual self-assessments¹⁵, 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.

In order to promote, develop and preserve diversity, fairness and inclusion, as well as to enhance human capital, and in order to implement the principles set out in the Code of Ethics, the Issuer adopted a "Diversity and inclusion policy", which applies to employees, associates and, in general, to all those who work with the Company. This policy is intended to guarantee equal opportunities and illustrates the initiatives that the Issuer implements to protect diversity in the various aspects related to personnel management policies. The document is communicated and disseminated within the company organization and made available on the Website in the "[Downloads/Sustainability](#)" section.

Maximum number of positions held in other companies

On 19 July 2017, in accordance with the requirements of the Corporate Governance Code then in force, the Directors expressed their views on the possible introduction of a maximum number of directorships and supervisory positions, in other listed companies or companies of significant size, 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

¹⁵ As explained above, mention should be made that, while the Board of Directors' Operating Procedure requires that the self-assessment be conducted at least every three years, the current Board of Directors, on an entirely optional and voluntary basis and with a view to best practices, decided to conduct the self-assessment on an annual basis in 2020 and 2021.

- 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.

Since the Issuer does not fall under the definition of "large company", the current Board of Directors adopted the abovementioned guidelines and did not approve further limits to those provided for by law.

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

Quantitative and qualitative criteria for assessing the significance of business, financial, or professional relationships that may compromise a director's independence

In accordance with Recommendation no. 7 of the Corporate Governance Code, Neodecortech's Board of Directors has established quantitative and qualitative criteria for assessing the significance of relationships, including business relationships, that may compromise the independence of Directors (the "**Significance Criteria**" or the "**Criteria**").

In establishing the Significance Criteria, the Board of Directors has, among other things, taken account of the recommendations set forth in the Code and the clarifications provided in the compilation "*Q&A functional to the application of the Corporate Governance Code - 2020 edition*" published on the website of the Corporate Governance Committee.

Based on the Criteria, with regard to quantitative aspects, a director who has or has had during the financial year prior to the assessment, directly or indirectly (for instance through subsidiaries or companies of which he/she is a significant representative, or as partner of a professional firm or consulting company) financial, commercial or professional relations with:

- (i) *the Company, its subsidiaries, the entity controlling the Company and companies subject to joint control;*
- (ii) *the relevant Executive Directors or top management;*
*(collectively, the "**Relevant Persons**")*

if these relationships have led, whether individually or cumulatively considered, to a monetary compensation per annum higher than € 50,000 and are therefore considered capable of compromising the Director's independence.

Mention should also be made that, where relations with Relevant Persons are held by the Director indirectly, existing relations or relations held during the Reference Period which, individually or cumulatively, have entailed a monetary compensation of more than € 70,000 per annum, shall normally be considered significant.

For the purposes of the above, it should be noted that relationships with Relevant Persons held by a close family member of the Director are also significant, meaning: (i) parents, (ii) children, (iii) spouses who are not

legally separated and (iv) life partners.

Additionally, the Board of Directors, with regard to the qualitative criteria, has also established that, in the event that the Director is also a partner in a professional firm or a consulting company, the professional relationships of the firm and/or the consulting company with the Relevant Subjects - irrespective of the aforesaid quantitative criteria and in view of the overall activity carried out by the Director and the tasks ordinarily assigned to him/her - shall also be qualified as significant where:

- (i) *they may have an effect on the Director's position or role within the firm or consulting firm; or*
- (ii) *they relate, in any case, to important transactions involving the Company and the Group it heads.*

Induction Programme

The Chairman of the Board of Directors has ensured that the Directors, from the moment of their appointment and during their term of office, could attend, in the most appropriate forms, induction sessions for a better understanding of the production processes and business dynamics of the Company and the Group, and with the aim of aligning them with the major changes in the regulatory framework with regard to corporate governance issues.

In addition to the sessions already held in 2020, during the year an induction session was held on 4 May 2021, attended by Notary Carlo Marchetti, where the directors had the opportunity to learn more about the issue related to selective information to shareholders, as well as - with particular regard to the aspects covered by the Q&A published by CONSOB on 18 March 2021 - the publication of inside information in relation to business plans. Again, on 28 June 2021, on the approval of the new Procedure for the Management of Related Party Transactions, the directors attended an induction session on the main regulatory changes introduced as a result of the transposition of Directive (EU) 2017/828 (*Shareholders Rights Directive II*).

In view of the renewal of the governing body, the Company is planning induction sessions for 2022 addressed to the members of the new Board of Directors with a focus, *inter alia*, on the strategic positioning of the Issuer, in terms of cybersecurity, HR and organization, R&D and ongoing plant improvement.

The Company believes that the characteristics of Board information - together with the induction programme held during the term of office of the Board of Directors currently in office - has allowed the Directors to gain adequate knowledge of the Issuer's segment of operation, and of corporate dynamics, their evolution, in addition to the dynamics underlying and inherent to the listing of the Company and the disclosure obligations, in compliance with the relevant regulatory framework.

4.4. OPERATION OF THE BOARD OF DIRECTORS

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

On 11 December 2019, the Issuer's Board of Directors adopted the operating procedure "*Operation of the Board of Directors*" (the "**Operating Procedure of the Board of Directors**"), in order to adapt the corporate governance rules to the principles set forth in the Corporate Governance Code, as well as to ensure an effective and timely management of Board information and an efficient conduct of the meetings and related minutes. Specifically, the Operating Procedure of the Board of Directors regulates, *inter alia*: i) the procedures for convening board meetings and the management of pre-meeting information, according to which the documents supporting the meetings are made available to the Directors and Statutory Auditors by Administration in a suitable manner so as to ensure maximum confidentiality within 5 (five) calendar days

prior to the date of the meeting, except in urgent cases, when the documents shall be made available as soon as possible; *ii*) the procedures for holding the meetings and passing resolutions; *iii*) the terms and methods for taking minutes of the meetings and filing the related documents; *iv*) the confidentiality obligations with regard to the documents and information acquired during the meetings, in compliance with the procedure adopted by the Issuer for the management of inside information.

Likewise, each Board committee has adopted a regulation which, in addition to identifying the composition and duties of each committee, governs the manner in which its meetings are convened and conducted.

Therefore, the Board of Directors organizes itself and operates in such a way as to ensure that its duties are conducted both effectively and efficiently.

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 5 (five) days in advance to each member of the Board of Directors and each Standing Auditor or, in case of urgency, at least 1 (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.

Minutes of each meeting of the Board of Directors shall be taken, signed by the Chairman of the Board of Directors and the secretary appointed by the Board of Directors (the "**Secretary**"), as set forth below.

The text of the final minutes shall be subject to formal approval by the Board of Directors at the first available meeting and transcribed in the minutes book by the Corporate Secretary. The minutes are available (together with the related annexes and the documents filed with the minutes) for consultation upon request by each Director and member of the Board of Statutory Auditors.

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, within 5 (five) days prior to the meeting, except in cases where the documentation is made available as soon 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 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.

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 5 (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.

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.

The Directors and Statutory Auditors are required to keep confidential the content of the documents and information acquired during the performance of their duties, as well as to comply with the rules adopted by the Company for their disclosure, in compliance with the procedure adopted by the Company for the internal management and disclosure to third parties of inside information and capital transactions.

During the year, the Board of Directors met 14 times and 8 meetings are scheduled for the current year, as per the published Financial Calendar. After year end, 3 meetings have already been held, on 27 January 2022, 23 February, and 15 March 2022. At the latter meeting, the Board of Directors approved this Report.

Consistent with the developments of the COVID-19 emergency situation, the meetings of the Board of Directors are held in person, at the Issuer's registered office. During the year, most of the meetings were held via audio-video conference, given the extraordinary measures imposed by Law Decree no. 18/2020, converted into Law no. 27/2020, extended by Law Decree no. 105/2021 and, most recently, by Law Decree no. 228/2021.

The average length of each Board meeting was approximately two hours.

With regard to the percentage of attendance of each Director at the meetings held during the year, reference should be made to Table 2 ("*Structure of the Board of Directors at the end of the financial year*").

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

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.

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.

4.5. ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Pursuant to Article 23 of the Bylaws, the meetings of the Board of Directors are presided by the Chairman or, in his absence, by the Vice Chairman, if appointed.

The Chairman works to guarantee an efficient operation of Board meetings and, more generally, to ensure compliance with the corporate governance system adopted by the Issuer, by guaranteeing the balance of powers granted to the Chief Executive Officer and the other executive directors with regard to the information and management needs of the other Board members and acting as a liaison between the directors and all corporate bodies.

Specifically, the Chairman ensures 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.

More specifically, during the year, the Chairman of the Board of Directors oversaw:

- the appropriateness of pre-Board meeting information, as well as the additional information provided at board meetings, assessing and ensuring that all directors act in an informed manner;
- the coordination of the activities of the Board committees, overseeing the organization of the calendar of the meetings of such committees, in order to guarantee their conduct before the meetings of the governing body and ensuring that the Chairmen of each committee provide a full report on the activities and assessments carried out within the committees themselves at the first available Board meeting;
- the participation in the Board meetings - in agreement with the Chief Executive Officer and also upon request of each single director - of the Issuer's executives and those of the other Group companies, in charge of the relevant corporate departments, in order to provide any necessary information on specific issues included in the agenda. Additionally, the Company's Chief Financial Officer, Fabio Zanobini, as well as the Company's Legal Counsel, Veronica Rigon, and the Compliance & Risk Manager, Katia Aondio, attended the meetings of the Board of Directors to discuss specific issues.
- the participation of the members of the governing and supervisory bodies - after their appointment and during their term of office - in initiatives aimed at providing them with adequate knowledge of the business areas in which the Issuer operates, of corporate dynamics and their evolution, also with a view to the Issuer's sustainable success, as well as of the principles of proper risk management and of the relevant regulatory and self-regulatory framework. In this regard, specific induction programmes were organized during the year to allow the members of the governing body to increase their knowledge and skills, for which reference should be made to paragraph 4.3 above;
- the adequacy and transparency of the self-assessment process, also through attendance in the meetings of the Remuneration and Appointments Committee, where he supervised the entire assessment process of the governing body.

The Chief Executive Officer, in his capacity as Investor Relator, informed the Board of Directors, every six

months, of his dealings with a number of analysts who, through dissemination of research, help to inform shareholders and the market as a whole.

Secretary of the Board of Directors

Pursuant to the Policy on the Operation of the Board of Directors, the Board of Directors is reserved the power to decide, at the suggestion of the Chairman, on the appointment and removal of the Secretary, as well as on the definition of his/her requirements and powers. The Secretary shall be a person with specific professional skills and longstanding experience gained in contexts of organizational complexity at least similar to that of the Company.

Following the resolution of the Board of Directors of 20 October 2020, the role of Secretary is held by Mr. Emiliano Nitti, who has continuously and proactively supported the Chairman of the Board of Directors in carrying out all the activities in his care, as well as provided, with impartial judgement, assistance and advice to the governing body on any aspect concerning the proper operation of corporate governance.

4.6. 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 Officer

On 11 December 2019, and as subsequently supplemented on 17 April 2020, the Board of Directors resolved to appoint Director Luigi Cologni as Chief Executive Officer, the main person in charge of running the Company, delegating him the following powers, including legal representation of the Company, to be exercised in accordance with and within the limits of law, the Bylaws and 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, by way of example, 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 I, 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.

Luigi Cologni is also a Director in charge of the internal audit and risk management system. For further details, see paragraph 11.1 below.

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.

In the current composition of the governing body, the Chairman of the Board of Directors is not the main person responsible for running the Issuer, since this role is reserved to the Chief Executive Officer, and he did not receive further management powers or powers to draw up corporate strategies. Due to the relevant role of the activities carried out with regard to the corporate strategy and the creation of long-term value for all stakeholders, the Chairman of the Board of Directors is also Chairman of the Sustainability Committee.

The Chairman of the Board of Directors does not coincide with the Issuer's controlling shareholder.

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) 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 then Sole Director - today Chief Executive Officer - 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. bids for the supply of goods and/or services.

Following the corporate reorganization of the Group's Subsidiaries, Massimo Giorgilli now acts as Chief Executive Officer of CDG and BEG, in addition to his office of Executive Director of the Issuer, both companies directly or indirectly controlled by the Issuer and both considered strategic.

e) Disclosure to the Board of Directors

Pursuant to Article 26.2 of the Bylaws, the Directors with delegated powers shall report 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 Chief Executive Officers report promptly and at least on a quarterly basis to the Board of Statutory Auditors, orally 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, a report is provided on transactions 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 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.

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.

4.7. INDEPENDENT DIRECTORS and LEAD INDEPENDENT DIRECTOR

Independent Directors

Pursuant to the Bylaws, at least 1 (one) of the members of the Board of Directors - i.e. 2 (two) if the Board has between 7 (seven) and 8 (eight) members, or 3 (three) if the Board has 9 (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 is currently composed of 4 (four) Independent Directors, who satisfy the independence requirements set out pursuant to the combined provisions of Articles 147-ter and 148, paragraph three of the TUF, as well as the independence requirements set out in the Corporate Governance Code.

The Company's Independent Directors are:

- **Riccardo Bruno**: Chairman and Independent Director;
- **Paolo Pietrogrande**: Independent Director;
- **Laura Calini**: Independent Director;
- **Paola Carrara**: Independent Director.

The Board of Directors:

- defined the quantitative and qualitative criteria for assessing the significance of the relevant circumstances pursuant to the Code for the purposes of assessing the independence of directors. For further details, reference should be made to paragraph 4.3 above, in the section on Quantitative and qualitative criteria for assessing the significance of business, financial, or professional relationships that may compromise a director's independence
- in compliance with Recommendation no. 7 of the Corporate Governance Code, it assesses - at least once a year and on the basis of the information provided by the person involved or available to the Issuer - whether the Directors still satisfy the independence requirements; in this regard, following its appointment, on 14 December 2021 the Board of Directors - based on the information provided by each Director and contained in their CVs (together with all directorships and supervisory positions held in other companies) - assessed the independence requirements pursuant to Article 147-ter, paragraph 4, and 148, paragraph 3 of the TUF, as well as pursuant to the Corporate Governance Code, for Directors Riccardo Bruno, Paolo Pietrogrande, Laura Calini and Paola Carrara. The Board of Directors discloses the outcome of its assessments through this Report.;
- in carrying out the above assessments, it considered all the information available (specifically, the information provided by the Directors under assessment), assessing all the circumstances that appear to compromise independence as identified by the TUF and the Code, and applied, among others, all the criteria set out in the Code with regard to the independence of 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. Moreover, their expertise is appropriate to the needs of the company and the operation of the Board as well as the establishment of the relevant committees. For a brief overview of the skills and personal and professional characteristics of the Independent Directors, see paragraph 4.3 above.

As for the satisfaction of the independence requirements for the Chairman of the Board of Directors, these were ascertained, together with the satisfaction of the requirements of the other Independent Directors, at the Board meeting held on 14 December 2021.

To this end, the Independent 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.

Lastly, the independence of the abovementioned Directors is also ensured by the absence of professional, family or other relationships between them and the Company. More specifically, the above-mentioned absence of substantial professional relationships has been assessed by applying the Significance Criteria adopted by the Board of Directors in accordance with Recommendation no. 7 of the Corporate Governance Code.

As provided for by the Code, at the meeting held on 14 December 2021, 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.

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.

During the year, a meeting was held in December attended only by the Company's independent directors and, at their invitation, by the members of the Board of Statutory Auditors. The Board of Directors was subsequently informed of the outcome of this meeting.

Lead Independent Director

Recommendation no. 13 of the Corporate Governance Code suggests the appointment of a Lead Independent Director, inter alia, in the event where 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 an Independent Director, is not the main person responsible for running the Company, and that the Chair is not held by the person who controls the Company, the Issuer chose not to appoint a Lead Independent Director.

5. MANAGEMENT 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 Procedure 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 "[Procedure](#)" 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 "[Procedure](#)" section.

6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

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

On 31 January 2020, the Board of Directors of the Company resolved to establish, with effect subject to the 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**").

In setting up the Committees and determining their composition, pursuant to Recommendation no. 17 of the Code, the Board of Directors gave priority to the experience and expertise of their members, avoiding an excessive concentration of positions.

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

The Operating Procedure of the Board of Directors governs the operation of the Committees, providing, among other things, that their meetings are coordinated by their respective chairmen, who inform the Board of Directors about their activities at the first available meeting. The Operating Procedure of the Board of Directors also sees that the Committees have access to the information and company departments needed to perform their duties and, within the limits set by the Board of Directors, have access to the financial resources and may make use of external consultants; additionally, the members of the Board of Statutory Auditors, who are invited to the meetings by right, may attend the Committee meetings.

Lastly, the Operating Procedure of the Board of Directors requires the Committees to adopt their own regulation, approved in advance by the Board of Directors, which governs their operating procedures. 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. REMUNERATION AND APPOINTMENTS COMMITTEE - SUCCESSION AND COMPENSATION OF DIRECTORS, SELF-ASSESSMENT

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.

Composition and operation of the Remuneration and Appointments Committee

The Remuneration and Appointments Committee is composed of 3 (three) members, as shown in Table 3 ("*Structure of the Board Committees at the end of the financial year*"), as indicated below:

- Paola Carrara (Chair - Independent Director);
- Riccardo Bruno (Independent Director and Board Member of CDG);
- Paolo Pietrogrande (Independent Director and Board Member of BEG).

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 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 minutes are taken regularly;
- 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.

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

During the year, 7 meetings of the Remuneration and Appointments Committee were held. The average length of each meeting was approximately 70 minutes.

Reference should be made to Table 3 ("*Structure of the Board Committees at the end of the Financial Year*") attached to this Report for the participation percentage of each committee member in the above meetings.

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.

In line with the provisions of the Corporate Governance Code at Recommendation no. 17, as well as in compliance with the Remuneration and Appointments Committee regulation, the Members of the Board of Statutory Auditors of the Company and, upon invitation by the Chairman, to treat specific issues, the Chief Executive Officer, the Executive Director, the Chief Financial Officer, as well as the Chairman of the Related Party Committee, took part in the meetings.

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 Committee and to the Appointments Committee. Specifically, such

committee:

- i. 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;
- ii. is tasked with proposing the remuneration and incentive systems for directors and Key Management Personnel;
- iii. submits proposals and provides advice to the Board of Directors in the process of appointing and co-opting directors;
- iv. 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, and periodically assesses the adequacy and overall consistency of the Remuneration Policy;
- 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 account of the outcome 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 best size and composition of the Board of Directors of the Company and its committees, by expressing recommendations on the quantitative and qualitative composition, taking account of the outcome 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.

The current operating regulation of the Remuneration and Appointments Committee was approved by the Board of Directors on 23 February 2021.

For the purposes of discussing the items on the agenda, the Chairman of the Committee, through the Secretary of the Board of Directors, in order to ensure the timeliness and completeness of the information provided to the members of the Committee and adopting the procedures required to preserve the confidentiality of the data and information provided, sees that the documents relating to the items on the agenda are brought to the attention of the members of the Committee and the Statutory Auditors, to the extent practicable, well in advance of each meeting, at the same time or immediately after it has been convened.

During the year, all supporting documentation was sent to the Committee members on the items on the agenda and the subject of the Committee's meetings, usually within 3 (three) working days prior to the meeting, except for particular cases, for which adequate and timely in-depth analyses were carried out during the Committee's proceedings.

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:

- the process of reorganizing the organizational structure of the Neodecortech Group and analysis of the resulting impact within the scope of the Remuneration and Appointments Committee's remit;
- 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;
- definition of the objectives of the short-term and medium/long-term incentive system for executive directors;
- proposal by the Chief Executive Officer on the short-term and medium/long-term objectives of top management;
- ascertainment, assisted by the Chief Executive Officer, of the achievement of the performance objectives underlying the incentive plan for 2020, by the key management personnel;
- ascertainment, assisted by the corporate departments, of the achievement of the performance objectives underlying the incentive plan for 2020, by the executive directors;
- review of the annual report on remuneration policy and compensation paid, to be submitted to the Board of Directors;
- appointment of an external consultant to conduct a compensation benchmark review regarding non-executive directors, the Chairman of the Board of Directors, the members of the Board Committees and the Board of Statutory Auditors, to be submitted to the Board of Directors;
- review of the impact on remuneration policies and on the regulation of the Remuneration and Appointments Committee of the amendments made to the Issuer Regulation to implement SHRDII and

the Corporate Governance Committee's recommendations for 2021;

- appointment of an external consultant to prepare the succession plan of the Chief Executive Officer;
- prior assessment, pursuant to Article 3(m) and (q) of the committee regulation, regarding the replacement of an outgoing director, to be submitted to the Board of Directors;
- presentation of a proposal on the regulation implementing the remuneration policy and the allocation of fees;
- ascertainment of the legal requirements for directors, including with regard to independence, to be submitted to the Board of Directors;
- appointment of an external consultant to set the guidelines for the quantitative and qualitative composition of the Board of Directors, to be submitted to the Board of Directors;
- support in the Board of Directors' self-assessment process.

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 Mercer Italia S.r.l. for the definition of the profile of the Chief Executive Officer, for the purpose of drawing up the Succession Plan, and for the compensation benchmark review with regard to the non-executive directors, the members of the Board Committees, the Chairman of the Board of Directors and the Board of Statutory Auditors;
- of Studio Starclx for support in defining the qualitative and quantitative guidelines of the Board of Directors with regard to its composition; and
- of the law firm MN Tax&Legal to execute the Board of Directors' Self-Assessment process and to draft the succession procedure of the Chief Executive Officer.

After year end, at the date of this Report, the Remuneration and Appointments Committee has already met 4 times, on 24 January, 9 February, 21 February and 11 March 2022.

At these last meetings, the Remuneration and Appointments Committee discussed and, where requested, submitted its opinion or proposals to the Board of Directors concerning, inter alia, the following:

- Self-Assessment process of the Board of Directors;
- analysis and assessment of the panel of peers identified for the purpose of the compensation benchmark review, as well as the subsequent outcome, with regard to the non-executive directors, the Chairman of the Board of Directors, the members of the Board committees and the Board of Statutory Auditors;
- analysis of the Succession Plan for the Chief Executive Officer;
- guidelines of the Board of Directors on its qualitative and quantitative composition;
- ascertainment, assisted by the corporate departments, of the achievement of the performance objectives underlying the short-term incentive system, determined by the remuneration policy and relating to 2021;
- review of the proposal on short-term incentive system objectives for 2022 with regard to executive directors;

- opinion of the Committee with regard to the Chief Executive Officer's proposal on short-term objectives for 2022 for top management, subject to approval by the Shareholders' Meeting of the remuneration policy for 2022;
- opinion from the Committee on the Remuneration Policy and Compensation paid.

Executive Directors shall refrain from attending Committee meetings where proposals are made to the Board of Directors regarding their own remuneration.

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.

Remuneration Policy

The Issuer defines and applies a Remuneration Policy for Directors, Top Management and members of the Board of Statutory Auditors, which is also functional to the pursuit of sustainable success, taking account of the need to dispose of, retain and motivate people possessing the skills and professional qualities required by the role held in the Company and/or the Group.

The Remuneration Policy drawn up is part of a clear and transparent process in which the following play a pivotal role:

- **the Shareholders' Meeting**, which (i) determines, upon appointment and pursuant to Article 2364, paragraph one, no. 3, of the Italian Civil Code and Article 28 of the Bylaws, the remuneration of the members of the Board of Directors (also by determining an overall amount set pursuant to Article 2389, paragraph three, of the Italian Civil Code) and the Board of Statutory Auditors; (ii) pursuant to Article 123-ter, paragraph three bis, of the TUF, the Shareholders' Meeting resolves, by means of a binding vote, on Section One of the Report, where the Policy is described, as defined by the Board of Directors, upon proposal of the Remuneration and Appointments Committee, and acquires, by means of a non-binding resolution, Section Two of the Report, where a full and transparent presentation of each item is made, analytically illustrating the fees paid to the members of the governing and supervisory bodies in 2021; (iii) resolves, pursuant to Article 114-bis of the TUF, on any remuneration plan based on shares or other financial instruments for executive directors, employees and associates, including top management;
- **the Board of Directors**, which (i) establishes from among its members a committee with jurisdiction over remuneration, at least one member of whom shall have adequate knowledge and experience in financial matters and/or remuneration policies, assessed at the time of appointment and establishment of the committee itself; (ii) draws up, on the proposal of the Remuneration and Appointments Committee, through a transparent procedure, the Remuneration Policy; (iii) ensures that the remuneration paid and accrued is consistent with the principles and criteria set out in the Remuneration Policy, in light of the results achieved and of the other circumstances relevant for its implementation; (iv) determines, in line with the Remuneration Policy, the remuneration of directors holding strategic responsibilities, after hearing the opinion of the Board of Statutory Auditors and

upon proposal of the Remuneration and Appointments Committee, possibly within the overall remuneration determined by the Shareholders' Meeting pursuant to Article 2389, paragraph 3, of the Italian Civil Code and to Article 28 of the Bylaws; (v) approves the Report pursuant to Article 123-ter of the TUF and to Article 84-quater of the Issuer Regulation, submitting it to the approval of the Shareholders' Meeting and sees to its implementation; (vi) prepares - assisted by the Remuneration and Appointments Committee - any remuneration plan based on shares or other financial instruments and submits it to the approval of the Shareholders' Meeting pursuant to Article 114-bis of the TUF; (vii) implements any remuneration plans based on shares or other financial instruments, assisted by the Remuneration and Appointments Committee, as delegated by the Shareholders' Meeting;

- **the Remuneration and Appointments Committee**, which (i) assists the Board of Directors in drawing up the Remuneration Policy; (ii) submits proposals or expresses opinions on the remuneration of executive Directors and other Directors holding specific offices, as well as on the setting of the performance objectives related to the variable component of such remuneration; (iii) oversees actual implementation of the Policy and assesses in particular actual achievement of the performance objectives; (iv) periodically assesses the adequacy, overall consistency and actual implementation of the Policy with regard to the executive Directors and Top Management; (v) reports, by means of this Report, at the Shareholders' Meeting, on the methods for the exercise of its functions;
- **the Executive Directors**, who (i) submit proposals to the Remuneration and Appointments Committee on any remuneration plans based on shares or other financial instruments or, if necessary, assist the Remuneration and Appointments Committee in their preparation, without prejudice to the principle that no executive Director takes part in the meetings of the Remuneration and Appointments Committee where proposals are put forward on their remuneration; (ii) provide the Remuneration and Appointments Committee with any useful information so that the latter can assess the adequacy and concrete application of the Remuneration Policy, with particular regard to the remuneration of Top Management; and (iii) implement the Remuneration Policy with regard to the personnel under their responsibility in compliance with the Policy itself;
- **the Board of Statutory Auditors**, which carries out supervisory activities with regard to remuneration and issues the opinions required by the legislation in force from time to time, for example, with regard to the proposals on the remuneration of Executive directors and, more generally, of directors holding strategic responsibilities, in compliance with Article 2389, third paragraph, of the Italian Civil Code, while verifying consistency with the policy of the proposals made by the Remuneration and Appointments Committee to the Board of Directors.

The Remuneration Policy contributes to the corporate strategy and aims at attracting and motivating qualified professional resources for the pursuit of the Company and Group's objectives, as well as providing incentives for the retention of such resources. Additionally, with a view to enhancing the value of the Company and its sustainable success, the Remuneration Policy aims to align the interests of Management with the medium to long-term interests of shareholders, taking account of the interests of all the stakeholders relevant to the Company and the Group, based on the following principles: (i) sustainability, (ii) proper integration of the various components of remuneration, (iii) respect and enhancement of people, (iv)

constant monitoring of market practices and trends and (v) compliance with industry best practices and the relevant regulatory framework.

Remuneration of executive directors and top management

The Remuneration Policy of executive directors and Top Management defines and implements:

- a. An adequate balance between the variable and fixed component, established to a sufficient extent to remunerate the Executive directors and Top Management, also in cases where the variable component is not paid owing to non-achievement of performance objectives, in line with the Issuer's strategic objectives and risk management policy, providing however that the variable component represents a significant portion of the total remuneration so as to reward the commitment and enhance the individual contribution to the results achieved, without becoming the main component of remuneration;
- b. Ceilings on the payment of variable components, which may not exceed 50% of the entire remuneration (and no more than 100% of the fixed remuneration);
- c. Performance objectives to which the payment of variable components is linked (i) pre-established, measurable and linked, for 50% on annual objectives and for the remaining 50% on the basis of long-term objectives, (ii) consistent with the Issuer's strategic objectives and aimed at promoting its sustainable success, including also non-financial objectives and objectives consistent with the ESG strategy of the Company and the Group;
- d. An adequate deferral timeframe, with respect to the time of accrual, for payment of a significant portion of the variable component;
- e. Claw-back mechanisms allowing the Issuer to request the return, in whole or in part, of variable remuneration components paid, based on data which has subsequently proven to be manifestly misstated;

The Company does not provide for any special treatment, associated with termination of office or employment with its Directors and Top Management members, other than the treatment provided for in any relevant national collective agreements.

For all the information regarding Directors' fees, reference should be made to the Remuneration Report, which was approved on 15 March 2022 by the Board of Directors. The Remuneration Report is available at the Company's registered office and on the Company website in the "[Documents and Shareholders' meetings](#)" section.

Remuneration of non-executive directors

The remuneration of non-executive Directors consists of fixed compensation and does not include any variable component. Non-executive Directors who are members of Board committees receive, in addition to the remuneration provided for the role of Director, an additional compensation for such activity.

Accrual and payment of remuneration

Assessment of the achievement of the annual and long-term performance objectives for the purpose of accrual and payment of the variable components of remuneration of executive Directors and top management is assessed annually, in light of the results achieved, by the Remuneration and Appointments Committee, which assesses their consistency with the principles set out in the policy, also assisted by the Company's administrative unit, and payment of the amounts accrued, including determination of allocation times, is consequently decided by the Board of Directors upon approval of the Annual Report, in compliance with the provisions of the Remuneration Policy.

Succession plans

In accordance with Principle XVI of the Corporate Governance Code, during the year the Company undertook the preliminary activities aimed at preparing the succession plan of the Chief Executive Officer (the "**Succession Plan of the Chief Executive Officer**").

On 12 November 2021, the Board of Directors of the Company, upon the proposal of the Remuneration and Appointments Committee, resolved to appoint the following external consultants to prepare the Succession Plan:

- with regard to the drafting of the succession procedure, to the law firm MN Tax & Legal;
- with regard to the definition of the profile of the Chief Executive Officer, contained in the Succession Procedure, to Mercer Italia S.r.l.

The Succession Plan of the Chief Executive Officer was approved by the Issuer's Board of Directors on 23 February 2022.

Self-assessment of the Board of Directors and guidelines on the best quantitative and qualitative composition of the governing body

In line with international best practices and the provisions of the Corporate Governance Code, the Operating Regulation of the Board of Directors approved by the Board of Directors on 10 December 2020, envisages that the Issuer's governing body - since it is not a large company, instead with a concentrated ownership - carries out, at least every three years, an assessment on its operation and that of its committees, as well as on their size and composition, also taking account of elements such as professional characteristics, experience, including managerial experience, and gender features of its members, as well as their seniority in office. In light of the outcome of the abovementioned assessment, the Board of Directors expresses its opinion to the shareholders - before appointing the new governing body - on the managerial and professional figures whose presence is deemed appropriate.

The Board of Directors, also in view of the renewal of the governing body, which will soon expire after completing its term of office with the Shareholders' Meeting called to approve the financial statements at 31 December 2021, resolved, on 12 November 2021, to carry out the process of self-assessment of the Board of Directors (the "**Self-Assessment**") with regard to the Financial Year, implemented by means of the individual and anonymous compilation by the Directors of specific questionnaires prepared by an independent third party, the law firm MN Tax & Legal, which assists the Company on an ongoing basis by providing advice on issues of corporate governance and company secretariat.

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

The self-assessment aimed 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 focused 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 in meetings; documentation supporting the minutes).

Questions were also included in the questionnaires with a view to the preparation, by the Directors, of suggestions in view of the next renewal of the Board of Directors, and aimed at promoting ideas and initiatives on specific issues of particular interest, such as, for example, those of gender equality, induction programmes, etc., also encouraging a discussion on the self-assessment process conducted in 2020.

The Self-Assessment questionnaires were sent to all Directors and their answers were collected anonymously and brought together, in order to ensure a coherent comparison of the answers on individual issues, in a summary document reviewed by the Board of Directors at the meeting of 27 January 2022, assisted by the Remuneration and Appointments Committee.

The outcome of the self-assessment, approved by the Board of Directors on 27 January 2022, confirms the presence, among the members of the governing body, of specific but appropriately diversified experience, also in terms of seniority in office, suitable and appropriate to represent, inter alia, the areas of expertise deemed necessary and 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, the Directors showed awareness of the aspects on which improvements were made versus the prior year, as well as those aspects that could still be improved in view of the next renewal of the governing body.

The Directors' opinion on the operation and effectiveness of the Issuer's Board of Directors was therefore virtually homogeneous, although a small number of inevitable differences emerged on some specific issues.

The outcome of the self-assessment process, taken as a whole, shows that the Board of Directors of the Company is a well-operating, balanced corporate body with an adequate internal organization, sensitive to constant updating and improvement, and fully aware of the issues on which it needs to focus more in order to support business growth and comply with industry regulations.

In line with Recommendation no. 23 of the Code, the Board of Directors of the Company, in view of its expiry on 27 April 2022, having previously consulted the Remuneration and Appointments Committee, prepared and approved - at the meeting held on 22 February 2022 - the "*Guidelines for shareholders on the quantitative and qualitative composition of the Board of Directors*" (hereinafter, the "**Guidelines**").

The Guidelines were drafted taking account of:

- the stringent requirements in terms of corporate governance demanded of companies with shares listed on the STAR, and the reasonable expectations of investors, with a view to stakeholder engagement;
- the Company's bent for long-term sustainable success, which necessarily implies a significant enhancement - within the ESG principles - of its corporate governance;
- the outcome of the Self-Assessment and any considerations expressed by the members of the Board of Directors, as part of special interviews.

The Guidelines were made available on the [Company website](#) and on the authorized storage mechanism on 28 February 2022 - well in advance of the date of the Shareholders' Meeting called to appoint the Governing Body of Neodecortech - and was disclosed to the market with a specific press release.

The Board of Directors invited the Shareholders to take due note of the indications stated in the Guidelines, without prejudice to their right to perform autonomous and different assessments on the best composition of the governing body, in the hope, however, of there being only narrow differences between the candidates and the indications stated in the present abovementioned document.

8. CONTROL AND RISK COMMITTEE

Composition and operation of the Control and Risk Committee

The Control and Risk Committee is composed of 3 (three) members, as shown in Table 3 ("*Structure of the Board Committees at the end of the financial year*"), as indicated below:

- Paolo Pietrogrande (Chairman - Independent Director and Board Member of BEG);
- 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.

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;
- vi) The Control and Risk Committee issued the opinions and assessments within its remit in the sole presence of its members and the Board of Statutory Auditors, in the absence of any executive Directors or managers taking part in the preliminary phase of the meetings.

Following a resolution of the Board of Directors passed on 20 October 2020, Emiliano Nitti was named Secretary of the Control and Risk Committee. The contents of the meetings and the decisions taken by the Committee are recorded in the minutes, drawn up by the Secretary and reported in the Committee's minutes book.

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

During the year, 8 meetings of the Control and Risk Committee were held. The average length of each meeting was approximately 90 minutes.

Reference should be made to Table 3 ("*Structure of the Board Committees at the end of the Financial Year*") attached to this Report for the participation percentage of each member of the Control and Risk Committee in the above meetings.

The composition of the Control and Risk Committee includes (i) solely independent members and (ii) an independent member as Chairman, thus complying with recommendations 35 and 7 of the Corporate Governance Code.

As noted by the Board of Directors at its meeting on 31 January 2020, all members of the Committee have the required knowledge and experience in accounting, finance, risk management and corporate governance of listed companies: therefore, the Committee fully satisfies the condition that at least one member of the Committee has adequate experience in accounting and finance or risk management, as assessed by the Board of Directors at the time of appointment, a condition set forth in the Corporate Governance Code and the regulation of the Control and Risk Committee.

As provided for in the relevant regulation, at the invitation of the Chairman of the Committee, the Chairman of the Company, as well as the Board of Statutory Auditors, the Chief Executive Officer, the Chief Financial Officer, the Head of Compliance, Organization and Risk Management and the Company's Legal Counsel were invited to attend some of the abovementioned meetings.

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

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 remit, 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.

During the year, the Control and Risk Committee carried out the activities within 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:

- risk and control aspects regarding the parameters adopted for the objectives of the short-term incentive scheme (STI) and the medium/long-term incentive scheme (LTI) for executive directors and top management;
- adequacy of the internal control and risk management system;
- Audit plan;
- periodic assessment of the risk management actions suggested or implemented (ERM) and assessment of the acceptable risk profile;
- Periodic information from the Supervisory Board on the aspects of the Control system which are relevant for the purposes of Legislative Decree 231/2001 and any updating requirements;
- report by the Supervisory Board on the activities carried out in the first half of 2021;
- evaluation of risks related to the termination of the lease of the Atri plant;
- proposed integration of the Audit Plan with regard to the transaction with the related party Loma S.r.l.;
- assessment on the assumptions adopted for the preparation of the 2022 budget;
- proper use of the accounting standards and their consistency for the purpose of preparing the Neodecortech Group's half-year report at 30 June 2021 and assessment of the suitability of the periodic financial information and periodic non-accounting information;
- report by Internal Audit on the activities carried out in the first half of 2021.

Additionally, the Control and Risk Committee periodically reviewed the progress of (i) internal audit activities, (ii) risk analysis and management, (iii) the progress of compliance checks pursuant to Law 262/2005, as well as (iv) updates to the Organizational, Management and Control Model adopted by the Company pursuant to Legislative Decree no. 231/2001, and reviewed with Management the assumptions underlying the drafting of the Budget, subsequently submitted to the Board of Directors for assessment and approval.

On 2 March and 7 September 2021, upon approval of the annual and half-year reports, respectively, pursuant to Recommendation no. 35 of the Corporate Governance Code, the Control and Risk Committee reported to the Board of Directors on its activities and the adequacy of the internal control and risk management system.

For the purposes of discussing the items on the agenda, the Chairman of the Committee, through the Secretary of the Board of Directors, in order to ensure the timeliness and completeness of the information provided to the members of the Committee and adopting the procedures required to preserve the confidentiality of the data and information provided, sees that the documents relating to the items on the agenda are brought to the attention of the members of the Committee and the Statutory Auditors, to the extent practicable, well in advance of each meeting, at the same time or immediately after it has been convened.

During the year, all supporting documentation was sent to the Committee members on the items on the agenda and the subject of the Committee's meeting, usually within three working days prior to the meeting, except for particular cases, for which adequate and timely in-depth analyses were carried out during the Committee's proceedings.

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 independent consultants and other experts. It should be noted that, during the year, the Control and Risk Committee did not make use of external consultants.

With regard to 2022, 5 meetings of the Control and Risk Committee have already been planned. After year end, the Control and Risk Committee has already met 1 time, on 11 March 2022. At this most recent meeting, the Control and Risk Committee, inter alia:

- Evaluated the update of the Company's most significant risks (ERM);
- Reviewed the Supervisory Board's Report for the year and the Supervisory Board's Activity Plan for 2022;
- Reviewed Internal Audit's Report for the year and the Supervisory Board's Activity Plan for 2022;
- Reviewed the Company's Non-Financial Statement for the year, in accordance with its respective remits;
- Reviewed, in accordance with its respective remits, the proposal put forward by the Remuneration and Appointments Committee regarding the identification of the objectives of the short-term incentive system (STI) and of the medium/long-term incentive system (LTI) for executive directors and top management, subject to approval by the Shareholders' Meeting of the Remuneration Policy for 2022;
- Reviewed this Report, in accordance with its respective remits;
- Assessed, together with the Financial Reporting Manager, the proper application of the accounting standards and their consistency for the purposes of preparing the consolidated financial statements;
- Prepared the Report to the Board of Directors on the activities carried out by the Committee, as well as on the adequacy and effectiveness of the internal control and risk management system;

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.

9. RELATED PARTY COMMITTEE

Composition of the Related Party Committee

The Related Party Committee is composed of 3 (three) members, as shown in Table 3 ("*Structure of the Board Committees at the end of the financial year*"), as indicated below:

- Laura Calini (Chair - Independent Director);
- Paolo Pietrogrande (Independent Director and Board Member of BEG);
- Paola Carrara (Independent Director).

The Committee is composed of Independent Directors, from whom the Chairman was chosen, who will remain in office until expiry of the term of office of the Board of Directors.

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 persons of proven experience, professional qualities and skills in the relevant subjects, whose absence of conflicts of interest it shall ascertain, taking account of any business, equity and financial relations, in compliance with the regulations in force.

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 minutes of the resolutions approving each Transaction contain adequate evidence of the Company's interest in executing the Related Party Transaction, as well as the appropriateness and substantive fairness of the relating terms. In the case of Ordinary Related Party Transactions concluded at Equivalent Conditions, the documentation prepared shall contain objective evidence;
- the Committee expresses its opinion in writing at least one day before the date scheduled for the approval of the transaction; this opinion is attached to the minutes of the meeting of the Related Party Committee and kept in the Company's records;
- The Related Party Committee issued the opinions and assessments within its remit in the sole presence of its members and the Board of Statutory Auditors, in the absence of any executive Directors or managers taking part in the preliminary phase of the meetings.

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

During the year, 11 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 3 ("*Structure of the Board Committees at the end of the Financial Year*") attached to this Report for the participation percentage of each member of the Related Party Committee in the above meetings.

At the invitation of the Chairman, the Chairman of the Board of Directors, the members of the Board of Statutory Auditors, the Related Party Transaction Oversight, the Company's Legal Counsel and, if deemed appropriate, 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 regulation.

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 Regulation of the Related Party Committee was approved by the Board of Directors on 25 June 2020, and most recently amended on 28 June 2021. Specifically, on such date the Board of Directors approved to amend the Related Party Regulation and the Related Party Procedure - subject to the opinion of the Committee itself - in order to incorporate the adjustments made to the regulatory provisions as a result of EU Directive no. 828/2017 so-called *Shareholders Rights Directive II*.

Specifically, the Committee is tasked with:

- (i) Assessing the identification of a Related Party or whether the Transaction falls within the category of Ordinary Transactions in the event that they are contested;
- (ii) Expressing a prior opinion on the Procedure for the management of transactions with related parties adopted by the Issuer and on any amendment thereto;
- (iii) Expressing a reasoned and binding opinion for Related Party Transactions of Greater Significance and expressing a reasoned and non-binding opinion for Related Party Transactions of Lesser Significance;

The Committee receives, on a quarterly basis, information on the Related Party Transactions carried out by the Company, also through its subsidiaries. Additionally, the Committee receives, at least on an annual basis, information on the application of the cases of exemption from the application of the RPT Procedure.

In the context of the meetings held during the year, the Related Party Committee carried out the activities within 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:

- review of profiles regarding related parties as part of the process of reorganizing the governance of the Neodecortech Group;
- transaction involving the purchase of property owned by a related party;
- transactions and contractual relations with related parties;
- transaction to capitalize the Subsidiaries by waiving intercompany financial receivables;
- adaptation of the Procedure on Related Party Transactions and the regulation of the Related Party Committee to the regulatory changes that have taken place;

- a guarantee issue in favour of the indirect subsidiary, Bio Energia Guarcino.

Additionally, the Committee took note of the quarterly reports on related party transactions for the period prepared by the Related Party Transaction Oversight, before their review by the Board of Directors, putting forward observations on a number of occasions.

For the purposes of discussing the items on the agenda, the Chairman of the Committee, through the Secretary of the Board of Directors, in order to ensure the timeliness and completeness of the information provided to the members of the Committee and adopting the procedures required to preserve the confidentiality of the data and information provided, sees that the documents relating to the items on the agenda are brought to the attention of the members of the Committee and the Statutory Auditors, to the extent practicable, well in advance of each meeting, at the same time or immediately after it has been convened.

During the year, all supporting documentation was sent to the Committee members on the items on the agenda and the subject of the Committee's meeting, usually within 5 (five) working days prior to the meeting, except for particular cases, for which adequate and timely in-depth analyses were carried out during the Committee's proceedings.

With regard to the 2022 year, 4 meetings of the Related Party Committee have already been planned.

After year end and up to the date of this Report, the Related Party Committee has already met 2 times, on 4 February and on 11 March 2022. At these meetings, the Related Party Committee, inter alia:

- reviewed the quarterly report on related party transactions;
- reviewed and issued opinions, within its remit, on transactions with related parties.

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.

10. SUSTAINABILITY COMMITTEE

Composition of the Sustainability Committee

The Sustainability Committee is composed of 4 (four) members, as shown in Table 3 ("*Structure of the Board Committees at the end of the financial year*"), as indicated below:

- Riccardo Bruno (Chairman and Board Member of CDG - Independent Director)
- Laura Calini (Independent Director);
- Luigi Cologni (Chief Executive Officer of the Company and Chairman of CDG);
- Massimo Giorgilli (Executive Director of the Company, as well as Chief Executive Officer of CDG and Chief Executive Officer of BEG).

The Sustainability Committee is composed of four directors, two of whom meet the independence requirements established by the applicable legal and regulatory provisions, as well as by the corporate governance rules adopted by the Company; the Chairman was appointed from among its members. 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 principle IV of the Corporate Governance Code.

Specifically, the Sustainability Committee, in assisting the Board of Directors, consistent with 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, 3 meetings of the Sustainability Committee were held. The average length of each meeting was approximately 75 minutes.

Reference should be made to Table 3 ("*Structure of the Board Committees at the end of the Financial Year*") attached to this Report for the participation percentage of each member of the Sustainability Committee in 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.

For the purposes of discussing the items on the agenda, the Chairman of the Committee, through the Secretary of the Board of Directors, in order to ensure the timeliness and completeness of the information provided to the members of the Committee and adopting the procedures required to preserve the confidentiality of the data and information provided, sees that the documents relating to the items on the agenda are brought to the attention of the members of the Committee and the Statutory Auditors, to the extent practicable, well in advance of each meeting, at the same time or immediately after it has been convened.

During the year, all supporting documentation was sent to the Committee members on the items on the agenda and the subject of the Committee's meeting, usually within 2 (two) working days prior to the meeting, except for particular cases, for which adequate and timely in-depth analyses were carried out during the Committee's proceedings.

The Chairman of the Board of Directors, the Chief Executive Officer, the Board of Statutory Auditors, the Legal Counsel, 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 within 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:

- gap analysis prepared by the Company with regard to the achievement of ESG objectives;
- Neodecortech Group's 2021 action plan on ESG issues;
- the aspects under the Sustainability Committee's remit regarding the objectives of the short-term incentive system (STI) and the medium/long-term incentive system (LTI) for executive directors and top management;
- draft of the Sustainability Report;
- preparation of the Non-Financial Statement (NFS).

A Sustainability Committee meeting has already been scheduled for 2022.

After year end, the Control, Risk and Sustainability Committee has already met 2 times, on 9 and 11 March 2022. At the latter meetings, the Sustainability Committee:

- reviewed the Company's Non-Financial Statement for the year, in accordance with its respective remits;
- reviewed the update to the ESG Plan 2021-2023;
- reviewed, with regard to the aspects falling within its remit, the Impairment Test concerning Bio Energia Guarcino S.r.l.;
- reviewed, in accordance with its respective remits, the proposal put forward by the Remuneration and Appointments Committee regarding the identification of the objectives of the short-term and medium/long-term incentive system for executive directors and top management, subject to approval by the Shareholders' Meeting of the Remuneration Policy for 2022.

Pursuant to its own 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.

11. 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 Control and Risk 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 at least once a year, or every quarter and in any case of significant event or change:

- 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 2021-2023, 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.

Effective from 2 March 2021, the position of Head of Internal Audit was assigned for a duration of three financial years to Studio Maestrini, specifically, in the person of Mauro Maestrini.

Additionally, the Company hired an internal corporate figure in charge of Compliance, Organization and Risk Management activities, 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 fine-tuning the Internal Control and Risk Management System and in updating Model 231. Effective from 1 April 2021, Ms. Katia Aondio was appointed Head of Compliance, Organization and Risk Management, replacing the previous outgoing manager.

On 3 May 2021, the Company appointed Veronica Rigon as Legal Counsel.

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 15 March 2022, 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 and the audit plan for 2022. 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.

Description of the main features of the risk management and internal control system in relation to the financial reporting process, pursuant to Article 123-bis, paragraph 2, letter b) TUF

As part of the Risk Management and Internal Control System, the closing process known as the Financial Statement Closing Process (hereinafter, the "FSCP") provides guidance within the Company to ensure the timely, effective, organized and accurate production of corporate reporting to monitor final business performance and related recurring external financial communication.

The periodic financial statements are prepared in compliance with the international accounting standards (IFRS). This activity is entrusted to the Chief Financial Officer (CFO), assisted operationally by the organizational units involved. The closing process also enables the Group to comply with the indications set out by the Stock Exchange Regulation for the preparation of mandatory interim documents.

The FSCP consists of macro-activities, ranging from preparing instructions for closing activities and calendar dissemination to preparing all financial statement schedules as required by regulations.

More specifically, the FSCP is a wide-ranging and articulated process involving all the companies of the Group aimed at obtaining the Financial Statements and the related information. The process of preparing financial

statements, both for annual and interim closures, consists of a series of operational steps that involve the different business functions responsible for managing the asset and liability cycle, treasury, personnel management and general and tax accounting.

In detail, the process in question consists of the following main steps:

- At the end of the accounting period, administrative managers carry out year-end entries prior to consolidation and prepare so-called adjustment entries, which are divided into integration/completion entries, adjustment entries and amortization/depreciation entries;
- The data relating to the individual financial statements of the companies belonging to the Group are sent to the Parent Company.
- The CFO is responsible for preparing the Group (consolidated) Financial Statements, Statement of Financial Position, Income Statement, Statement of Cash Flows, Statement of Changes in Equity, Notes to the Financial Statements and the Directors' Report on Operations.

Additionally, the company periodically carries out closures, which require the need to consolidate the operating and financial figures relating to all the companies of the Group. The Parent Company, through reports, is able to oversee the receipt of the necessary schedules for consolidation and proceed with the elimination entries.

The Company has set up a reporting system, as a system of information flows that allows performance to be monitored, both from an operational and financial point of view, enabling the Management of the Neodecortech Group to assess the achievement of the objectives set by the strategic planning and budgeting activities, and put in place the appropriate remedies if required. This system provides useful information that enables comprehensive monitoring of company performance.

As part of the monitoring processes, a I° tier Operational Control is implemented, carried out mainly by corporate functions and based on a time span that is not only quarterly and monthly, but also weekly and daily, aimed at assessing more detailed performance directly traceable to the areas overseen by these organizational units. Additionally, there is a II° tier Management Control, which operates mainly on a monthly basis and provides data to support managerial action and decision-making. This process, which is aimed at producing analyses comparing objectives and actual figures, uses as its output a detailed report on sales together with a financial-operational report in order to provide top management with a monthly update on the main evidence of the Group's general performance emerging from the control process.

11.1. 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 Cologni as Director in charge of the internal control and risk management system (the "**Director in Charge**"). It should be noted that Mr. Cologni 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 Control and Risk Committee, and the Chairman of the Board of Statutory Auditors;
- promptly reports to the Control and Risk 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 Control and Risk Committee, or the Board of Directors, may adopt the appropriate measures.

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;
- promptly reported to the Control and Risk Committee and 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, Organization and Risk Management Department and the Legal Counsel, 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.).

11.2. HEAD OF INTERNAL AUDIT

Effective from 2 March 2021, the position of Head of Internal Audit was assigned - for a duration of three financial years - to Studio Maestrini, specifically, in the person of Mauro Maestrini.

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. The Company has also deemed that the expertise brought by Studio Maestrini can contribute to the training of an internal figure to be identified and will take over the role of Internal Audit of the Neodecortech Group in the coming years.

In this regard, it should be noted that Studio Maestrini was deemed to have adequate professional qualities,

independence and organizational requirements.

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

Except for the abovementioned relationship, Mr. Maestrini 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.

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 is in charge of assessing that the internal control and risk management system is working properly, adequately and consistent with the guidelines laid down by the Board of Directors and, to this end:

- 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 Control and Risk 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 also has direct access to all information relevant to the performance of the assignment.

On 11 May 2021, the Board of Directors, having heard the Chief Executive Officer, having acknowledged the favourable opinion of the Board of Statutory Auditors pursuant to letter c) of Recommendation no. 33 of the Corporate Governance Code, as well as the favourable opinion of the Control and Risk Committee, approved the 2021-2023 Audit Plan.

During the year, the Head of Internal Audit carried out the activities and audits provided for in the 2021-2023 Audit Plan, submitting 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, 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, carried out the implementation activities of the Audit Plan, including IT audits.

During the year, the Head of Internal Audit discussed the development of activities with the Control and Risk Committee, the Director in Charge and the Board of Statutory Auditors, also submitting specific progress reports on 11 May, 7 September, 2021 and 15 March 2022.

On 7 September 2021, the Board of Directors, having heard the Board of Statutory Auditors and with the prior opinion of the Control and Risk Committee, acknowledged the report on the Internal Audit activities carried out during the first half of the year.

Lastly, on 15 March 2022, 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 and approved, having heard the Chief Executive Officer, the Control and Risk Committee and the Board of Statutory Auditors, the audit plan for 2022.

11.3. 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 7 July 2021, the Board of Directors, also following entry into force of Legislative Decree 75/2020 (which introduced the cases relating to smuggling offences), (i) supplemented the special section of Model 231 with a specific protocol relating to smuggling offences and identified the sensitive activities with regard to these offences (pursuant to Article 25-sexiesdecies of Legislative Decree 231/2001) and (ii) updated the general section of Model 231 to adapt the range of offences to the aforementioned amendment.

The general section of Model 231 is available on the Company Website in the “[Ethics Code](#)” 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 organizational or 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 against industry and trade;
5. corporate offences;
6. corruption between individuals;
7. crimes for the purposes of terrorism or subversion of the democratic order;
8. crimes relating to the imposition or maintenance in slavery or servitude;
9. market abuse;
10. 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;
11. receiving stolen goods, money laundering, and use of money, goods or benefits of unlawful origin, self-laundering;
12. crimes relating to copyright infringement;
13. environmental offences;
14. unlawful intermediation and exploitation of labour.
15. employment of third-country nationals whose stay is irregular;
16. tax offences;
17. transactional offences;
18. smuggling 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. The Code of Ethics is available on the Company website, "*Corporate Governance*" section.

In accordance with the provisions of Legislative Decree 231/2001, the Company has also set up the Supervisory Board, which is tasked with supervising the adequacy and effective implementation of Model 231, and the Code of Ethics, seeing to any necessary updates.

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.

The Supervisory Board maintains constant relations with the Board of Directors and the Board of Statutory Auditors, periodically informing them of the implementation of the Model, the need to modify or update it, as well as the results of the assessment activities carried out and, promptly, of any violations ascertained.

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).

Mention should be made that Ms. Menichetti is also a Standing Auditor of the Issuer and her appointment as member of the Supervisory Body was deemed appropriate by the Issuer in order to ensure coordination among the various parties involved in the internal audit and risk management system, in compliance with the recommendations of the Corporate Governance Code.

11.4. 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 at such date 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.

11.5. FINANCIAL REPORTING MANAGER AND OTHER CORPORATE ROLES AND FUNCTIONS

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, and also deemed the resources allocated to him to be adequate.

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 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.

11.6. OTHER PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Head of Organization, Compliance and Risk Management

Effective from 1 April 2021, Ms. Katia Aondio was appointed Head of Compliance, Organization and Risk Management, replacing the previous outgoing manager.

Within this scope, the *Head of Compliance, Organization and Risk Management* carries out the following activities in particular:

- a) support to Internal Audit in planning activities and periodic monitoring;
- b) planning, 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) preparation, if the case, of reports for executives and regulatory bodies;
- g) development and oversight of control systems to prevent or manage violations of internal guidelines and policies;
- h) 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);
- i) monitoring and analysis of the regulatory framework on 231;
- j) collaboration with the various corporate bodies (Board of Directors, Board of Statutory Auditors, Control and Risk Committee).

Head of Legal and Corporate Affairs

Effective from 3 May 2021, the Company appointed Ms. Veronica Rigon as Neodecortech's Head of Legal and Corporate Affairs (hereinafter, the "**Legal Counsel**").

The Legal Counsel, carries out, in particular, the following activities:

- a) regulatory monitoring and corporate governance best practices;

- b) management of Neodecortech Group corporate obligations (Corporate Governance Code, CONSOB, Stock Exchange, etc.);
- c) contract management and support to Management in the negotiation and management of contractual issues with customers or suppliers;
- d) support to General Management in managing relations with consultants and external associates;
- e) support to the Investor Relator in carrying out activities;
- f) support to General Management in communicating to shareholders and the market;
- g) collaboration and coordination with the various corporate bodies (Board of Directors, Board of Statutory Auditors, Committees).

11.7. 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, as approved by the Board of Directors of the Company, 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.

In accordance with the relating Regulation, 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.

12. 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 and, most recently - in compliance with the regulatory changes resulting from the implementation of Directive no. 828/2017 so-called Shareholders Rights Directive II - on 28 June 2021. The Related Party Procedure is available on the Company website in the "*Corporate Governance/Documenti e Assemblee/Procedure*" section.

The Related Party Procedure, in compliance with the RPT Regulation, 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.

During the year, the Company developed new software for the management of the Register, which allows for more streamlined and efficient methods for identifying, updating and filing the Company's related parties; the software will allow for further implementations in the future for the purposes of traceability of transactions with related parties. Following the abovementioned implementation, the Company, assisted by the Corporate Secretary's Office, held an induction session on 28 September 2021 addressed to Neodecortech's top executives and designed to identify, correctly map, and manage information flows relating to transactions with related parties.

The Related Party Procedure is available on the Company website in the "*Documenti e Assemblee*" section.

In application of the Related Party Procedure, the Involved directors and Related directors (as defined in the RPT Regulation and the Related Party Procedure) shall promptly and fully inform the Board of Directors on the existence of their own interest or the interest of third parties, also pursuant to and in accordance with Article 2391 of the Italian Civil Code.

Assisted by the RPT Committee, the Related Party Committee assesses the abovementioned cases in which the directors have an interest. In such circumstances, pursuant to Article 5.8 of the Related Party Procedure, such directors contribute to the quorum of the Board of Directors and actively participate in the Board discussion, but are excluded from the quorum to pass resolutions.

For further information on the composition and operation of the Related Party Committee, see paragraph 9 above.

13. BOARD OF STATUTORY AUDITORS

13.1. APPOINTMENT AND REPLACEMENT

Pursuant to Article 30 of the Bylaws, the Board of Statutory Auditors consists of 3 (three) standing auditors and 2 (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 stand for election only on one list, 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 regulation. Outgoing Statutory Auditors are eligible for re-election.

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.

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, 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 Alternate 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 the submitted 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.

13.2. 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 at the time 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 the Board of Statutory Auditors composed of the members listed below, as shown in the attached Table 4 ("*Structure of the Board of Statutory Auditors*"):

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.

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 is holder of the Financial Reporting Standards course, taught in English, and of the Non-Financial Reporting and Sustainability course. 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 "La Sapienza" University of Rome, and is registered with the Bar Association of Rome. She worked with leading national and international law firms 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, as well as in corporate compliance with particular regard, inter alia, to issues related to Corporate Governance of listed companies, Sustainability, Legislative Decree no. 231/2001 and Data Protection. She is a member of the Board of Statutory Auditors and Independent Director of listed companies and multinational and/or supervised companies. She holds the position of Chairman/Member of the Supervisory Board in multinational and/or supervised companies.

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 BSF Italy 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.

During the year, the Board of Statutory Auditors met 14 times. Reference should be made to Table 4 ("*Structure of the Board of Statutory Auditors at the end of the financial year*") attached to this Report for information on 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.

At these meetings, the following topics were discussed, inter alia:

- 1) annual meeting with the company appointed to audit the statutory and consolidated financial statements
- 2) opinion pursuant to Article 2389, paragraph 3, of the Italian Civil Code, with regard to the compensation payable to the directors holding specific offices
- 3) Self-assessment of the members of the Board of Statutory Auditors
- 4) analysis of the Additional Report required by Article 11, of Regulation (EU) 537/2014
- 5) drafting of the Report of the Board of Statutory Auditors on the Financial Statements of Neodecortech S.p.A.
- 6) opinion of the Board of Statutory Auditors on the three-year Internal Auditing plan as per letter c) of recommendation no. 33 referring to Article 6 of the Corporate Governance Code
- 7) meeting with the Company's Risk Manager and definition of the testing program pursuant to Law 262 of 25.06.2021 by the Board of Statutory Auditors:
- 8) analysis of the fairness of the regulatory framework, implementation of Testing L. 262 and Opinion on the RPT Procedure;
- 9) meeting with Internal Audit for an update on the actions following performance of the Tests of Design and Test of Implementation of the internal control system, meeting with the Head of Human Resources for the analysis of the fairness of organizational structures, as per assessment IA March 2021
- 10) Joint meeting of the Boards of Statutory Auditors of Neodecortech S.p.A. and the subsidiary Cartiere di Guarcino;

- 11) hearing of the head of the prevention and protection service, exchange of information with the Supervisory Board, continuation of Testing L. 262 activities in light of the indications received from the interaction with Internal Audit, information on the sale of treasury shares
- 12) review of the report submitted to the Company by an employee, regarding the safety measures adopted by the Company in compliance with Law Decree 127/2021 for the containment of the COVID-19 health emergency, analysis of the progress of the obligations related to the creation of the register of persons required to transmit to the Company the information useful to identify the Company's related parties pursuant to Article 2.5 of the Procedure for the Management of Related Party Transactions, review of the Group's quarterly situation at 30 September 2021;
- 13) submission of the annual audit plan by the Auditor
- 14) analysis of the company's activities on ESG and non-financial communication, assessment of the state of implementation of the improvements on testing L. 262, assessment of the performance of internal audit activities.

In the current year, the Board of Statutory Auditors met 2 times, on 7 February and 10 March. At these meetings, the following issues were discussed, inter alia:

- 1) update on the closure of 2021 accounts and assessments pursuant to Law no. 262, ERM matrix, Internal Auditor activities, Protocols for company access following entry into force of protocols
- 2) self-assessment of the independence requirements of the Board of Statutory Auditors; opinion on the amendment of the STI Objectives of key management personnel; analysis of the progress made in the process of integrating the Company's IT systems

There have been no changes in the structure of the Board of Statutory Auditors after year end.

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. The composition of the Board of Statutory Auditors is well balanced, since it includes corporate and financial skills, with particular regard to the Chairman of the Board of Statutory Auditors, as well as adequate legal and compliance skills, held respectively by the two full members, Stefano Zonca and Federica Menichetti, who is also a member of the Supervisory Board.

The professional expertise of the members of the Board of Statutory Auditors, as mentioned above in the presentation sheet, is such as to guarantee the necessary level of professional qualities in the exercise of the function of statutory audit by the Board of Statutory Auditors.

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, the Board of Statutory Auditors is made up of Statutory Auditors belonging to both genders. The Company's objective is 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 made use of the exemption set out in Article 123-bis, paragraph 5-bis, of the TUF and 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.

Independence

As part of the assessment of independence requirements, the Board of Statutory Auditors:

- at the beginning of its term of office, pre-established the quantitative and qualitative criteria to assess the significance of the related circumstances pursuant to the Code for the purpose of assessing the independence of the Statutory Auditors; in this regard, the members of the Board of Statutory Auditors assessed that they did not have any 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 2021, 2020, 2019, 2018, 2017 and up to the date of this Report.
- upon appointment on 24 February 2020, the Board of Statutory Auditors assessed that its members met 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;
- likewise, on 19 February 2021, the Board of Statutory Auditors assessed that its members met the independence requirements set out in Article 148, paragraph 3 of the TUF and in the Corporate Governance Code;
- in making the above assessments, it considered all the information made available by each member of the Board of Statutory Auditors, assessing all the circumstances that appear to compromise the independence identified by the TUF and the Corporate Governance Code.

Remuneration

In compliance with Recommendation no. 30 of the Corporate Governance Code, 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.

Interest management

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.

14. RELATIONS WITH SHAREHOLDERS

Access to information

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 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, in a timely manner and following publication of specific press releases, 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 and documents related to the Shareholders' Meetings).

On 2 March 2021, the Board of Directors of the Issuer - also taking account of the listing of the Company in the STAR segment of the MTA (now Euronext Milan) - resolved to appoint the Chief Executive Officer Luigi Cologni as Investor Relator in place of KT&Partners S.r.l.; this resolution was taken in order to ensure compliance with the provisions contained in the Regulation of the Markets organized and managed by Borsa Italiana S.p.A., which sets out, inter alia, the obligation for companies to identify within their organization an investor relator whose specific task is to manage relationships with investors.

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:

- Telephone: +39 035 99 63 02;
- E-mail: investor.relations@neodecortech.it

Dialogue with Shareholders

At the date of this Report, the Board of Directors has not formally adopted a policy for managing dialogue with shareholders in general, given that the Company does not qualify as a large company and has a concentrated ownership. Additionally, also at a broader level, the Company is waiting for a consolidation of the guidelines of the trade associations and the approach to similar policies within listed share issuers.

Nonetheless, in the interest of the Company itself as well as of the integrity of the market, the Company intends to implement an overall management of the dialogue with shareholders and investors (current and potential), by operating both during and outside the Shareholders' Meetings and in compliance with the confidentiality of information, in compliance with the regulatory framework and the policies for the

management of corporate information, in particular significant and inside information, as well as the guidelines on selective information.

In this regard, the role of investor relator of the Company is held by the Chief Executive Officer. By reason of his powers and responsibilities, the Chief Executive Officer is the only person designated to receive requests for dialogue. These requests, both those from shareholders or investors and those taken at the Company's initiative, are handled by the Chief Executive Officer in an overall manner and in constant coordination with the Chairman of the Board of Directors. Where deemed appropriate, the Chief Financial Officer is involved in matters within his specific area of responsibility.

Opportunities for dialogue, which are also held in English, mainly concern financial and non-financial results, the risk management system, the share capital structure, ESG (Environmental, Social and Corporate Governance) issues, as well as the Issuer's strategy, to the extent deemed shareable.

The Chief Executive Officer, in coordination with the Chairman of the Board of Directors, reports to the Board of Directors on the investor relations activities carried out at least twice a year, and in any case whenever an event requiring his immediate involvement occurs. In any case, the Board of Directors retains the function of directing and constantly monitoring the dialogue. There are no forms of individual dialogue by other individual members of the governing body.

Therefore, it is believed that the Issuer has so far managed and developed a model of correct, transparent and fruitful dialogue with shareholders and investors, by consolidating the practice previously adopted, according to flexibility and proportionality criteria.

15. 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.

On 13 April 2021, 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 2020. At the meeting, attended by 6 of the 7 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:

- On 4 August 2021, the Majority Shareholder requested the Board of Directors to convene the Extraordinary Shareholders' Meeting of the Company, pursuant to Article 2367 of the Italian Civil Code and Article 13.2 of the Bylaws, also drawing up the illustrative report provided for by Article 125-ter, paragraph 3, of the TUF, containing the proposals of the shareholder requesting the convening of the Shareholders' Meeting. Said report was made available by the Company to the market, in compliance with the applicable legal and regulatory provisions;
- At the Shareholders' Meetings held on 13 April and 30 September 2021, the Board of Directors ensured adequate information to the shareholders, also by preparing and making available the reports on the items on the agenda, pursuant to Article 125-ter, paragraph 3, of the TUF;
- 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;

- During the year, the Board of Directors, having assessed the corporate governance system as adequate and functional with regard to the needs of the company, did not submit to the Shareholders' Meeting any proposal concerning (i) the choice and characteristics of the corporate model; (ii) the size, structure, appointment and term of office of the Board; (iii) the structure of administrative and property rights of the shares and (iv) the percentages established for the exercise of the prerogatives for the protection of minorities.

16. 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.

17. CHANGES SINCE YEAR END

The Company states that no significant changes occurred in the ownership structure or in the corporate governance described in this Report after the end of the financial year.

18. CONSIDERATIONS ON THE LETTER OF 3 DECEMBER 2021 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

In accordance with the notice by Borsa Italiana of 3 December 2021, 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 2021 Report of the Corporate Governance Committee "on the evolution of corporate governance of listed companies" containing, inter alia, the recommendations of the Corporate Governance Committee for 2022.

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 14 December 2021 and the subsequent in-depth review of the recommendations, conducted during the Board Meeting on 23 February 2022 and 15 March 2022, the Chairman, after clarifying that the Company's governance appears to be already aligned with most of the recommendations made by the Committee, noted the actions already taken and planned by the Company in order to achieve full compliance with the provisions of the Code.

Accordingly, the Board of Directors of the Company provided feedback on the recommendations made by the Corporate Governance Committee as follows:

Recommendation	NDT position
<p>Provide in the report on corporate governance for adequate and concise information on the methods adopted for its pursuit and on the approach adopted in promoting dialogue with the relevant stakeholders. In this regard, the recommendation is to provide concise information on the content of the policy for dialogue with shareholders in general, without prejudice to the advisability of publishing the policy in full, or at least its main elements, on the Company website.</p>	<p>The Board of Directors, in accordance with the <i>comply or explain</i> logic, has not formally adopted a policy for managing dialogue with the shareholders in general owing to the nature and size of the Company.</p> <p>The Company, as detailed in the next section, currently falls within the concentrated ownership and non-large sized companies. Additionally, at a broader level, the Company is waiting for a consolidation of the guidelines of the trade associations and the approach to similar policies within listed share issuers.</p> <p>Nonetheless, in the interest of the Company itself as well as of the integrity of the market, the Company intends to implement an overall management of the dialogue with shareholders and investors (current and potential). This is done by operating both during and outside the Shareholders' Meetings and in compliance with the confidentiality of information, in compliance with the regulatory framework and the policies for the management of corporate information, in particular significant and inside information, as well as the guidelines on selective information.</p> <p>In this regard, the role of investor relator of the Company is held by the Chief Executive Officer. By reason of his powers</p>

	<p>and responsibilities, the Chief Executive Officer is the only person designated to receive requests for dialogue. These requests, both those from shareholders or investors and those taken at the Company's initiative, are handled by the Chief Executive Officer in an overall manner and in constant coordination with the Chairman of the Board of Directors. Where deemed appropriate, the Chief Financial Officer, also in his capacity as RPT Chairman, is involved in matters within his specific area of responsibility.</p> <p>Opportunities for dialogue, which are also held in English, mainly concern financial and non-financial results, the risk management system, the share capital structure, ESG (Environmental, Social and Corporate Governance) issues, as well as the Issuer's strategy, to the extent deemed shareable.</p> <p>Furthermore, the Chief Executive Officer, in coordination with the Chairman of the Board of Directors, reports to the Board of Directors on the investor relations activities carried out at least twice a year, and in any case whenever an event requiring his immediate involvement occurs. In any case, the Board of Directors retains the function of directing and constantly monitoring the dialogue. There are no forms of individual dialogue with other individual members of the governing body.</p> <p>Therefore, it is believed that the Issuer has so far managed and developed a model of correct, transparent and fruitful dialogue with shareholders and investors, by consolidating the practice previously adopted, according to flexibility and proportionality criteria.</p>
<p>Assess the classification of the company with regard to the categories of the Code and the streamlining options available for "non-large" and/or "concentrated" companies, and adequately indicate the choices made.</p>	<p>The Issuer does not fall within the definition of a "large company" pursuant to the definition provided by the Corporate Governance Code, since the Company's capitalization is below the threshold set out by the regulatory provisions.</p> <p>The Issuer falls within the definition of "concentrated ownership company", pursuant to the definition provided by the Corporate Governance Code, given the presence of a shareholder who holds the absolute majority of votes that can be exercised at the Ordinary Shareholders' Meeting of the Company. Having said that, the Issuer decided - with a view to a virtuous governance - to comply with most of the practices required for "large companies", such as:</p> <ul style="list-style-type: none"> - the appointment of a number of independent directors equal to at least half of the governing body; - the convening of an annual meeting of the independent directors; - the establishment of Board committees, specifically, (i) the Remuneration and Appointments Committee, which jointly performs the functions that the Corporate

	<p>Governance Code assigns to the Appointments Committee and the Remuneration Committee respectively, (ii) the Control and Risk Committee, (iii) the Related Party Committee and (iv) the Sustainability Committee;</p> <ul style="list-style-type: none"> - the performance, on an optional and voluntary basis, of the Board's self-assessment on an annual basis, despite the fact that the operating regulation of the Board of Directors adopted by the Issuer sets it out at least every three years; - the development, in view of the appointment of the new governing body, of the guidelines on the best quantitative and qualitative composition of the Board of Directors, disclosed to the market well in advance, before the publication of the notice of call of the meeting relating to the renewal and the deadline for the submission of the lists for the appointment of the new Board of Directors; - the development of a succession plan for the Chief Executive Officer and related procedures; - the development of guidance on the maximum number of positions consistent with the effective performance as a director; - the adoption of qualitative and quantitative criteria for the assessment of the significance of professional, commercial or financial relationships and additional remuneration for the purpose of assessing the independence requirement, as described in the following point.
<p>Provide in the Corporate Governance Report the criteria used to assess the significance of professional, commercial or financial relationships and additional compensation, including with regard to the Chairman of the Board of Directors, if the latter has been assessed as independent under the Code.</p>	<p>In the Corporate Governance Report, the company has provided evidence of the qualitative and quantitative criteria adopted to assess the significance of professional, commercial or financial relationships and additional remuneration for the purposes of assessing the satisfaction of the independence requirement for directors.</p>

<p>Provide for the preparation of Board and committee regulations, paying special attention to the express determination of the time limits deemed appropriate for the submission of documentation and the exclusion of general confidentiality requirements as possible exemptions from compliance with these time limits. When drafting the Corporate Governance Report, companies should also adequately explain whether they have actually complied with the notice period previously defined and, in exceptional cases where they were unable to comply with such period, explain the reasons and illustrate how adequate clarifications were provided at Board meetings.</p>	<p>The Issuer adopted the operating procedure "Operation of the Board of Directors" (the "Operating Procedure of the Board of Directors"), in order to adapt the corporate governance rules to the principles set forth in the Corporate Governance Code, as well as to ensure an effective and timely management of Board information and an efficient conduct of the meetings and related minutes.</p> <p>According to the Operating Procedure of the Board of Directors, 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 all the Directors and Statutory Auditors well in advance of each meeting, within 5 days prior to the meeting, except in cases where the documentation is made available as soon as possible.</p> <p>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 sees that such information is made available to the Directors and Statutory Auditors.</p> <p>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 shall necessarily be provided during the meeting, he shall give prior notice to the Directors and Statutory Auditors. This case history hardly ever occurred.</p> <p>If the documentation made available is too extensive or complex, it is always 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 summary document may not be considered in any way a substitute for the documentation.</p> <p>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. Exceptions to this rule were very rare, with regard to which, given the urgency of convening meetings and preparing documentation, a waiver of the 5-day deadline was granted; however, in any case, the completeness and correctness of the information and</p>
--	--

	<p>discussion at Board meetings was safeguarded, with adequate and timely in-depth analysis during the course of the meeting, in order to allow board members and statutory auditors to act in a fully informed manner.</p> <p>Additionally, the Issuer adopted - for each internal committee set up within the Board - a regulation which sets out, inter alia, the composition, the rules for convening meetings and the operation, as well as the tasks of each committee.</p> <p>In this case too, the Chairman of each Committee, assisted by the Secretary of the Board of Directors, in order to ensure the timeliness and completeness of the information provided to the members of the Committee and adopting the procedures required to preserve the confidentiality of the data and information provided, sees that the documents relating to the items on the agenda are brought to the attention of the members of the Committee and the Statutory Auditors, to the extent practicable, well in advance of each meeting, at the same time or immediately after it has been convened.</p> <p>During the year, the supporting documentation for the items on the agenda and the subject of the meeting was sent to the Directors, the members of each Committee and the Board of Statutory Auditors, without excluding any document for confidentiality reasons, as a rule immediately after the meeting was called, except in special cases, which were analyzed and discussed in detail during the individual meetings.</p>
<p>With regard to non-concentrated ownership companies, properly review the recommendations made to them with regard to the renewal of the Board of Directors. In this regard, it should be noted that, with regard to these companies, the Code not only recommends to the outgoing Board of Directors to express, in view of its renewal, the opinion on its best composition, taking account of the outcome of the self-assessment, but also includes this responsibility in the subsequent phase of the submission of the lists by the outgoing Board and/or the shareholders. Specifically, the Boards of Directors of "non-concentrated" companies are invited to ask those who submit a list containing more than half of the members to be elected to provide adequate information (in the documentation submitted for the filing of the list) on compliance of the list with the opinion expressed by the outgoing Board and to indicate their candidate for the office of Chairman.</p>	<p>The Issuer is a "concentrated ownership" company, whose Bylaws do not envisage the submission of a list for the appointment of the Board of Directors by the outgoing governing body.</p> <p>However, in compliance with industry best practices and the recommendations of the Corporate Governance Code, the Board of Directors, having acknowledged the outcome of the self-assessment process, has decided to draw up and submit to the shareholders, assisted by the Remuneration and Appointments Committee and by an independent law firm of primary standing, guidelines on the quantitative and qualitative composition of the governing body considered best and on the managerial and professional figures whose presence on the Board is considered appropriate (the "Guidelines").</p> <p>The Guidelines were published on the Issuer's website and stored on the authorized mechanism "1info", well in advance</p>

	<p>of the publication of the notice of call of the meeting for the renewal of the board.</p>
<p>Provide adequate information in the corporate governance report on the tangible identification and application of measures aimed at promoting equal treatment and opportunities between genders within the entire company organization, overseeing their actual implementation.</p>	<p>As explained in the Corporate Governance Report section on Social Responsibility, the Issuer believes in the value of sustainability and responsible business management and promotes a corporate culture aimed at creating lasting value for its stakeholders. Sustainability is one of the main drivers of the Issuer's medium and long-term strategy.</p> <p>In compliance with Principle I of the Corporate Governance Code, the integration of business sustainability into the corporate strategy, remuneration policies and the internal control and risk management system, as well as 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.</p> <p>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.</p> <p>The Company 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.</p> <p>Additionally, on 11 May 2021, the Board of Directors of the Company, upon the favourable opinion issued by the Sustainability Committee and as part of the action plan relating to ESG actions for the three-year period 2021-2023, approved the action of a biodiversity policy, a "diversity and inclusion" policy and a Code of Conduct for suppliers. Specifically, the "Diversity and inclusion policy", which applies to employees, associates and, in general, to all subjects operating with the Issuer, aims to promote, develop and preserve diversity, fairness and inclusion, as well as to enhance human capital, also by implementing the principles set out in the Code of Ethics adopted by the Company. This</p>

	<p>policy is intended to guarantee equal opportunities and illustrates the initiatives that the Issuer implements to protect diversity in the various aspects related to personnel management policies. The document is communicated and disseminated within the corporate organization and made available on the Issuer's website.</p> <p>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. With particular regard to gender diversity, it should be noted that at the date of this Report, two out of seven Directors belong to the least represented gender, in compliance with the law.</p> <p>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 within the non-financial statement prepared by the Issuer pursuant to Legislative Decree no. 254/2016 on a voluntary basis as from 2021. In prior years, similar reporting was presented within the Sustainability Report, published annually and, since its first edition in 2015, prepared following the guidelines issued by the Global Reporting Initiative, in line with the GRI Standards - the most accredited international standards for Corporate Social Responsibility reporting - according to the Core option. The documents are available on the Company website.</p>
<p>Adequately consider the consistency of the parameters identified for variable remuneration with the strategic objectives of the business activity and the pursuit of sustainable success, assessing, where appropriate, the option of non-financial parameters. With particular regard to the remuneration parameters linked to the achievement of environmental and social objectives, the Committee recommends companies to ensure that such parameters are pre-established and measurable.</p>	<p>The Company has identified parameters for the variable remuneration of directors linked to the strategic objectives of the business activity and the pursuit of sustainable success, including objectives relating to environmental and social issues.</p> <p>The parameters linked to the achievement of these objectives are pre-established and are always measurable. These parameters are identified within the Remuneration Policy approved by the Board of Directors on 15 March 2022.</p>

*** **

Filago (BG), 15 March 2022

For the Board of Directors

The Chairman

Riccardo Bruno

TABLES

TABLE 1

INFORMATION ON OWNERSHIP STRUCTURE AT 15 MARCH 2022

SHARE CAPITAL STRUCTURE				
	No. of shares	No. of voting rights	Listed (indicate markets) / unlisted	Rights and obligations
Ordinary shares	14,218,021	100%	Euronext STAR Milan	Rights and obligations as per law and bylaws
Preference shares	N.A.			
Multiple-vote shares	N.A.			
Other categories of shares with voting rights	N.A.			
Savings shares	N.A.			
Convertible savings shares	N.A.			

Other categories of non-voting shares	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	N/A. ¹⁶			

¹⁶ On 27 December 2021, the deadline for exercising the Warrants expired; therefore, any Warrants not submitted for exercise by this deadline shall be deemed to have forfeited all rights, and consequently shall have no validity to all intents and purposes.

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.	58.60%	58.60%
	TOTAL	58.60	58.60

TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS AT YEAR END

COMPOSITION OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2021													
Board of Directors													
	Members	Year of birth	Date of first appointment (*)	In office since	In office until	List (SUBMITTERS) (**)	List (M/m) (***)	Exec.	Non-exec.	Indep. as per Code	Indep. TUF	No. other positions (****)	Investment (*****)
Chairman	Riccardo Bruno	1959	09/12/2019	09/12/2019	Appr. Fin. Stat. 31/12/2021	A	M		X	X	X	Annex 1	14/14
CEO •	Luigi Cologni	1964	07/01/2013	09/12/2019	Appr. Fin. Stat. 31/12/2021	A	M	X				Annex 1	14/14
Chief Executive Officer	Giorgilli Massimo	1969	19/07/2017	09/12/2019	Appr. Fin. Stat. 31/12/2021	A	M	X				Annex 1	14/14
Director	Luca Peli	1953	11/05/2021	11/05/2021	Appr. Fin. Stat. 31/12/2021	A	N.A.		X			Annex 1	8/8
Director	Paolo Pietrogrande	1957	09/12/2019	09/12/2021	Appr. Fin. Stat. 31/12/2021	A	M		X	X	X	Annex 1	14/14
Director	Laura Calini	1970	09/12/2020	09/12/2021	Appr. Fin. Stat. 31/12/2021	A	M		X	X	X	Annex 1	14/14
Director	Paola Carrara	1976	09/12/2020	09/12/2020	Appr. Fin. Stat. 31/12/2021	A	M		X	X	X	Annex 1	14/14

----- DIRECTORS WHOSE TERM OF OFFICE EXPIRED IN THE REPORTING PERIOD -----													
Director	Cristina Valentini	1968	29/04/2016	09/12/2019	04/05/2021	A	M		x			Annex 1	5/6

No. of meetings held during the year: 14

Quorum required for the submission of lists by minorities for the election of one or more members (pursuant to Article 147-ter TUF): 2.5%

NOTES

- This symbol indicates the director in charge of the internal control and risk management system.
- * Date of first appointment of each director means the date on which each director was appointed for the first time (ever) in the Board of Directors of the Issuer.
- (**) This column indicates whether the list from which each director was drawn was submitted by shareholders (indicating "Shareholders") or by the Board of Directors (indicating "Board of Directors").
- (***) This column indicates whether the list from which each director was drawn is "majority" (indicating "M"), or "minority" (indicating "m").
- (****) This column indicates the number of directorships or statutory auditor positions held in other listed companies or large-sized ones. In the Report on Corporate Governance, positions are shown in full.
- (*****) This column indicates the attendance percentage of directors to the Board meetings (no. of times present/no. of meetings held during their term, for instance 6/8, 8/8, etc.).

TABLE 3 - STRUCTURE OF THE BOARD COMMITTEES AT YEAR END

BoD		RPT Committee		Control and Risk Committee		Remuneration and Appointments Committee		Sustainability Committee	
Position/Title	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman of the Board of Directors executive/non-executive - independent as per TUF and/or Code/non-independent	Riccardo Bruno	N.A.		N.A.		7/7	M	3/3	C
CEO	Luigi Cogni	N.A.		N.A.		N.A.		3/3	M
Non-independent executive director	Massimo Giorgilli	N.A.		N.A.		N.A.		3/3	M
Non-Executive Director - independent pursuant to the TUF and the Code	Laura Calini	11/11	C	7/8	M	N.A.		3/3	M
Non-Executive Director - independent pursuant to the TUF and the Code	Paola Carrara	11/11	M	8/8	M	7/7	C	N.A.	
Non-Executive Director - independent pursuant to the TUF and the Code	Paolo Pietrogrande	11/11	M	8/8	C	7/7	M	N.A.	
----- DIRECTORS WHOSE TERM OF OFFICE EXPIRED IN THE REPORTING PERIOD -----									
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
----- ANY MEMBERS WHO ARE NOT DIRECTORS -----									
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
No. of meetings held during the year		11		8		7		3	

NOTES

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

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

TABLE 4 - STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Position	Members	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	14/14	9
Standing Auditor	Federica Menichetti	1976	24/02/20	24/02/20	Appr. Fin. Stat. 31/12/22	M	X	14/14	6
Standing Auditor	Stefano Zonca	1964	24/02/20	24/02/20	Appr. Fin. Stat. 31/12/22	M	X	14/14	4
Alternate Auditor	Davide Mantegazza	1965	24/02/20	24/02/20	Appr. Fin. Stat. 31/12/22	M	X	N/A	25
Alternate Auditor	Marinella Monterumisi	1955	19/07/20	24/02/20 2	Appr. Fin. Stat. 31/12/22	M	X	N/A	17
STATUTORY AUDITORS WHO LEFT OFFICE DURING THE YEAR									
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Number of meetings held during the relevant year: 14

Quorum required for the submission of lists by minorities for the election of one or more members (pursuant to Article 148 TUF):

2.5%

* 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
	ENGINEERING INGEGNERIA INFORMATICA S.p.A.	Director
Luigi Cologni	CARTIERE DI GUARCINO S.p.A.	Chairman
Massimo Giorgilli	BIO ENERGIA GUARCINO S.r.l.	Chief Executive Officer
	CARTIERE DI GUARCINO S.p.A.	Chief Executive Officer
Paolo Pietrogrande	MAPS GROUP S.p.A.	Director
	FALCK RENEWABLES S.p.A.	Director
	EDERA S.r.l.	Chairman
	Gasdotti Italia S.p.A.	Director
Luca Peli	Paritel S.p.A.	Chairman
	IMT S.p.A.	Chairman

Directors Name and Surname	Other Companies in which they hold office	Position in the company or investment held
	Govoni Sim Bianca Impianti S.p.A.	Chairman
	Paritel Immobiliare S.r.l.	Chairman
	Cevolani S.p.A.	Chairman
	Demm S.p.A.	Chairman
Laura Calini	N.A.	N.A.
Paola Carrara	BFF BANK	Chairman of the Board of Statutory Auditors
	CEMBRE S.p.A.	Director
	FLAMMA S.p.A.	Statutory Auditor
	SOPRA STERIA GROUP S.p.A.	Alternate Auditor
	RADICI PIETRO INDUSTRIES & BRANDS S.p.A.	Alternate Auditor
	MIRO RADICI FAMILY OF COMPANIES S.p.A.	Alternate Auditor