



**NEODECORTECH S.P.A.**

## REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

**2022**

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

Report approved by the Board of Directors of Neodecortech S.p.A. at its meeting on 30 March 2023, made publicly available at the Company's registered office (via Provinciale 2, Filago (BG)) and on the website ([www.neodecortech.it](http://www.neodecortech.it)), “*Investors – Assemblee azionisti*” section and on the authorized storage mechanism “*1info*” on the website [www.1info.it](http://www.1info.it).

## **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/>**

## INTRODUCTION

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**”) was 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 30 March 2023 with regard to the year ended 31 December 2022 (the “**Year**”).

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.

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## GLOSSARY

<b>Chief Executive Officer</b>	the Chief Executive Officer of Neodecortech.
<b>Director in Charge</b>	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.
<b>Independent Directors</b>	the independent directors of Neodecortech.
<b>Shareholders' Meeting <i>or</i> Meeting</b>	the Shareholders' Meeting of the Issuer.
<b>Shares</b>	the ordinary shares of the Issuer.
<b>Shareholder</b>	the holders of Shares.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., with registered office in Piazza degli Affari 6, Milan.
<b>Sustainability Report</b>	the Issuer's Sustainability Report, available on the Company Website.
<b>Bio Energia Guarcino <i>or</i> BEG</b>	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.
<b>Financial Calendar</b>	the Calendar of Corporate Events adopted by the Issuer for 2022, available on the Company Website.
<b>Cartiere di Guarcino <i>or</i> CDG</b>	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.
<b>Code <i>or</i> Corporate Governance Code</b>	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 ( <a href="http://www.borsaitaliana.it">www.borsaitaliana.it</a> ), in the January 2020 version.
<b>Italian Civil Code <i>or</i> c.c.:</b>	the Italian Civil Code.
<b>Code of Ethics</b>	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, " <a href="#">Codice etico e modello organizzativo</a> " section.
<b>Board of Statutory Auditors</b>	the Board of Statutory Auditors of Neodecortech.
<b>Corporate Governance Committee</b>	the Corporate Governance Committee promoted by Abi, Ania,



Assogestioni, Assonime, Confindustria and Borsa Italiana.

<b>Control, Risk and Sustainability Committee</b>	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 and (ii) to oversee sustainability issues related to the Company's operations and its engagement with all stakeholders, geared towards pursuing sustainable success in the medium to long term.
<b>Remuneration and Appointments Committee</b>	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.
<b>Related Party Committee</b>	the committee for transactions with related parties provided for in the Related Party Regulation.
<b>Board of Directors</b>	the Board of Directors of Neodecortech.
<b>CONSOB</b>	the National Commission for Companies and the Stock Exchange.
<b>Subsidiaries</b>	the companies directly and indirectly controlled by Neodecortech pursuant to Article 2359 of the Italian Civil Code and Article 93 of the TUF.
<b>Non-Financial Statement <i>or</i> NFS</b>	the non-financial statement prepared by the Issuer pursuant to Leg. 254/2016 on a voluntary basis as from 2021.
<b>Legislative Decree 231/2001</b>	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.
<b>Trading Commencement Date</b>	25 May 2020, the day on which the Company's shares were admitted to listing on the MTA.
<b>Financial Reporting Manager</b>	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.
<b>Year</b>	the year ending 31 December 2022, to which the Report refers.
<b>Finanziaria Valentini</b>	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.
<b>Neodecortech Group <i>or</i> Group</b>	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.

<b>Inside Information</b>	inside information as defined in Article 7 of the MAR (as defined below).
<b>Guidelines</b>	the Guidelines on "Management of Inside Information" and "Investment Recommendations" issued by CONSOB on 13 October 2017.
<b>MAR</b>	Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.
<b>Mercato Telematico Azionario or MTA</b>	the Electronic Stock Market organized and managed by Borsa Italiana (now Euronext Milan).
<b>Euronext STAR Milan Market or STAR</b>	the Euronext Star Milan Market organized and managed by Borsa Italiana (formerly "MTA STAR segment").
<b>Organizational, Management and Control Model or Model 231</b>	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.
<b>Neodecortech or Issuer or Company</b>	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.
<b>Supervisory Board or SB</b>	the supervisory board tasked with overseeing the operation of and compliance with Model 231, established pursuant to Article 6 of Legislative Decree 231/2001.
<b>Succession Plan for the Chief Executive Officer</b>	the succession plan for the Chief Executive Officer approved by Neodecortech's Board of Directors on 23 February 2022.
<b>SMEs</b>	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.
<b>Chairman of the Board of Directors or Chairman</b>	the Chairman of the Board of Directors of Neodecortech.
<b>Related Party Transaction Oversight or RPT Oversight</b>	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.
<b>Regulation for the Operation and</b>	the regulation for the operation of the Board of Directors adopted

<b>Organization of the Board of Directors</b>	by the Board of Directors by resolution of 30 March 2023.
<b>Related Party Procedure</b>	the Related Party Transactions Procedure adopted by the Board of Directors on 25 June 2020 and amended on 10 December 2020 and on 28 June 2021, and most recently on 30 March 2023, in implementation of Article 2391-bis of the Italian Civil Code and the RPT Regulation.
<b>Inside Information Procedure</b>	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.
<b>Internal Dealing Procedure</b>	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.
<b>ERM process</b>	the process of identifying, measuring, managing and monitoring the Company's enterprise risks (enterprise risk management).
<b>Meeting Regulation</b>	the regulation of Neodecortech's Shareholders' Meeting approved by shareholders' resolution on 30 April 2018.
<b>Regulation of the Control, Risk and Sustainability Committee</b>	the operating regulation and duties of the Control, Risk and Sustainability Committee approved by the Board of Directors by resolution of 25 June 2020, amended on 10 December 2020 and, most recently, on 30 March 2023.
<b>Remuneration and Appointments Committee Regulation</b>	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, on 23 February 2021, and most recently on 30 March 2023.
<b>Related Party Committee Regulation</b>	the operating regulation and duties of the Related Party Committee approved by the Board of Directors by resolution of 25 June 2020, amended on 28 June 2021 and, most recently, on 30 March 2023.
<b>Issuer Regulation</b>	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.
<b>RPT Regulation</b>	the regulation on transactions with related parties issued by CONSOB with Resolution no. 17221 of 12 March 2010, as subsequently supplemented and amended.
<b>Report</b>	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.
<b>Remuneration Report</b>	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.
<b>Head of Internal Audit</b>	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.
<b>Head of Organization, Compliance and Risk Management</b>	the Head of Organization, Compliance and Risk Management at Neodecortech.
<b>Internal Control and Risk Management System or Internal Control System</b>	the internal control and risk management system that could be relevant for the medium/long term sustainability of the Issuer's activity.
<b>Company website</b>	the Issuer's website available at <a href="https://www.neodecortech.it/">https://www.neodecortech.it/</a>
<b>Independent Auditors</b>	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.
<b>Bylaws</b>	the current Bylaws of Neodecortech available on the Company Website.
<b>Consolidated Law on Finance or TUF</b>	Legislative Decree no. 58 of 24 February 1998, containing the Consolidated Law on Financial Intermediation, as subsequently supplemented and amended.
<b>Top Management</b>	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.

## 1. ISSUER PROFILE

### 1.1. *Corporate governance system*

The corporate governance structure of Neodecortech 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 object<sup>1</sup>;
- 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 structure<sup>2</sup>;
- the statutory audit of the Issuer's accounts is carried out by an independent audit firm listed in the relevant register<sup>3</sup>.

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 Officer, as well as to one or more directors with specific management powers<sup>4</sup>.

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 Code<sup>5</sup>;
- the Control, Risk and Sustainability 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, and on activities aimed at overseeing the Issuer's commitment to sustainable development along the value chain<sup>6</sup>;
- the Related Party Committee, governed on the basis of the Related Party Procedure, which is entrusted with the functions and tasks provided for by the same Related Party Procedure and by the RPT Regulation<sup>7</sup>.

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 *n-quater*.1) of the TUF and to Article 2-ter of the Issuer Regulation, since - given a capitalization of 46,492,928.67 (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

1 See paragraph 4 of this Report.

2 See paragraph 13 of this Report.

3 See paragraph 10.5 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.

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, 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, 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 Control, Risk and 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 far-reaching adoption of circular economy initiatives. 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 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. In 2022, the percentage of certified recycled packaging used was 91% (65% in 2021). 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, or certified palm oil.

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 CO<sub>2</sub> released into the atmosphere - roughly 55% - compared to the use of methane gas, as is generally the case with the Group's competitors; NDTenergy S.r.l. ("**NDTe**") was established in October 2022 with the objective of reducing the use of fossil fuels. Its mission is to convert waste and scrap from the production of laminate at the Neodecortech plant in Casoli di Atri (TE) into energy, thereby ensuring total thermal independence. Additionally, a photovoltaic system of approximately 500 Kwh was installed at the Casoli plant towards the end of the year, and it became operational in January 2023. This system, similar to the one installed at the Filago (BG) plant in 2012, provides approximately 20% electrical independence.

- 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. 231/2001. 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 2016 on 2015 data, 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.

Mention should be made that on 11 May 2021, the Board of Directors of the Company, upon the favourable opinion of the Sustainability Committee (now Control, Risk and Sustainability Committee) and as part of the measures relating to ESG actions for the three-year period 2021-2023, approved the adoption of 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, TUF) AT 31/12/2022

### (a) Share capital structure (pursuant to Article 123-bis, paragraph 1, letter a), TUF)

At the date of this Report, 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.

### (b) Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1, letter b), TUF)

At the date of this Report, there are no 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), 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 carrying special rights (pursuant to Article 123-bis, paragraph 1, letter d), 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: mechanism for exercising voting rights (pursuant to Article 123-bis, paragraph 1, letter e), 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), 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 bylaw provisions on takeover bids (pursuant to Articles 123-bis, paragraph 1, letter h), 104, paragraph 1-ter, and 104-bis, paragraph 1, 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 authorization to purchase treasury shares** (pursuant to Article 123-bis, paragraph 1, letter m), TUF)

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

There are no powers to increase share capital.

2. 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.

This authorization, having expired on 13 October 2022, the Board of Directors on 15 March 2023 resolved to submit to the Shareholders' Meeting a proposal to:

1. to authorize, pursuant to and for the purposes of Article 2357 et seq. of the Italian Civil Code and Article 132 of Legislative Decree no. 58 of 24 February 1998, the purchase of the Company's treasury shares, on one or more occasions, up to a maximum amount such that, taking account of the ordinary Neodecortech shares held in the portfolio by the Company and its subsidiaries, the total number of ordinary Neodecortech shares held in the portfolio as a result of the purchases does not exceed 10% of the Company's share capital from time to time, for the period of 18 months starting from the date of this Shareholders' Meeting (thus until 27 October 2024, the expiration date of the authorization), subject to the following terms and conditions:

- a. the purchase may be made:

- to give effect to any investments, directly or through intermediaries, including for the purpose of containing abnormal movements in share prices, stabilizing share trading and prices, supporting the liquidity of the share on the market, in order to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;

- for storage and subsequent use (so-called "shares stock"), including: consideration in extraordinary transactions, including exchange or sale of equity investments, to be carried out by exchange, contribution or other act of disposal and/or use, with other parties, including allocation to service bonds convertible into shares of the Company or bonds with warrants;
  - for use to service remuneration and incentive plans based on financial instruments intended for directors and employees of the Company and/or companies directly or indirectly controlled by it, either through the free grant of purchase options or through the free allocation of shares (so-called stock option and stock grant plans) pursuant to Article 114-bis of the TUF, as well as plans for the free allocation of shares to shareholders;
- b. the purchase shall be made in compliance with the requirements of law and, in particular, articles 2357 and 2357-ter of the Italian Civil Code, Article 132 of the TUF, Articles 144-bis and 144-bis.1 of the Issuer Regulation, of Regulation (EU) no. 596 of 16 April 2014, of Delegated Regulation (EU) no. 1052 of 8 March 2016, as well as with accepted market practices, and may take place in accordance with one or more of the methods set forth in Article 144-bis, first paragraph, letters a), b) and d) of the Issuer Regulation;
  - c. the purchase price of each share shall not be less than the official stock market price of the NDT share on the day prior to the day on which the purchase transaction will be carried out, decreased by 10%, and not higher than the official stock market price on the day prior to the day on which the purchase transaction will be carried out, increased by 10%, without prejudice to the application of the additional terms and conditions set forth in Article 3 of Delegated Regulation (EU) no. 1052 of 8 March 2016;
  - d. the maximum number of shares purchased may not exceed one-tenth of the Company's share capital, including any shares held by the Company and its subsidiaries;
2. to authorize the Board of Directors, pursuant to Article 2357-ter of the Italian Civil Code, to dispose for the purposes indicated above, in whole and/or in part, on one or more occasions, without time limits, of the treasury shares in portfolio even before having completed the purchases, establishing the price and manner of disposal and making any necessary or appropriate accounting entries, in compliance with applicable regulations, accepted market practices and the accounting standards applicable from time to time, 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, with the power to appoint special proxies to execute the acts of disposal referred to in this resolution, as well as any other formality relating thereto, it being understood that the disposal of the shares in portfolio shall be made at a price not lower by 10% than the average of the official prices recorded on the electronic stock market in the five days prior to the sale. This price limit may be waived in the event of exchange or sale of treasury shares in the framework of the implementation of industrial and/or business projects and/or projects of interest for the Company, in the event of disposal of shares in execution of incentive programs and, in any case, of plans pursuant to Article 114-bis of the TUF, in the event of the fulfilment of obligations arising from debt instruments convertible into equity instruments, and in the event of assignment of shares to shareholders free of charge.

At the date of this Report, it holds 123,000 Treasury Shares, equal to 0.865% of the share capital.

**(j) Direction and coordination activities** (pursuant to Article 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:

- (i) Finanziaria Valentini does not exercise any significant influence on the management strategies and operations of the Issuer, but restricts its relations with the Issuer to the normal exercise of administrative and financial rights pertaining to the status of holder of voting rights. There is no overlapping of members of the administrative, management and supervisory bodies between the two companies (except for Gianluca Valentini, non-executive Director);
- (ii) the Issuer does not receive - and is not subject in any way to - directives or instructions on financial or credit matters from Finanziaria Valentini;
- (iii) 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;
- (iv) the Issuer prepares the strategic, business, financial and/or budget plans of the Issuer and the Group independently and carries out their implementation likewise;
- (v) the Issuer operates in full negotiating autonomy in its dealings with customers and suppliers, without any external interference from Finanziaria Valentini.

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

\* \* \*

Lastly, the Issuer points out that:

- the information required by Article 123-bis, paragraph one, letter i) of the TUF ("*agreements between the company and the directors [...] providing for indemnities in case of resignation or dismissal without just cause or if the employment relationship ceases following a takeover bid*") is detailed in the Report on Remuneration Policy and Compensation Paid; and
- the information required by Article 123-bis, paragraph one, letter l) 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 Directors<sup>8</sup>.

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<sup>8</sup> See paragraph 4.2 of this Report.

### **3. COMPLIANCE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A) PART ONE, TUF)**

The Company complies with the Corporate Governance Code and, specifically, during the Year, with the version of the Corporate Governance Code dated January 2020<sup>9</sup>, 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.

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<sup>9</sup> 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 Regulation for the Operation and Organization of the Board of Directors approved by the Board of Directors on 30 March 2023, 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:

- (i) the definition and assignment of management powers and the identification of, among others, who among the executive directors holds the position of Chief Executive Officer;
- (ii) the review and approval of the Company's and the Group's business plan, including on the basis of the analysis of issues relevant for the generation of long-term value carried out with the support, where necessary, of the Control, Risk and Sustainability Committee;
- (iii) periodic monitoring of the implementation of the business plan, and the assessment of the general performance of operations, periodically comparing the results achieved with those planned;
- (iv) the definition, assisted by the Control, Risk and Sustainability Committee, of the nature and level of risk compatible with the Company's strategic targets, including in its assessments all those elements that may be relevant with a view to creating long-term value for the benefit of shareholders and pursuing the sustainable success of the Company, taking account of the interests of the Company's other relevant stakeholders;
- (v) the definition of the Company's corporate governance system and Group structure, and assessment of the adequacy of the organizational, administrative, and accounting structure of the Company and its strategic Subsidiaries, with particular Regard to the internal control and risk management system;
- (vi) resolution on transactions of the Company and its subsidiaries that have material strategic, operating, capital or financial significance for the Company;

- (vii) the adoption of regulations, procedures and internal policies deemed necessary or appropriate for the organization of the company, or for compliance with the law or compliance with the Corporate Governance Code, including but not limited to:
  - (a) a regulation setting the rules of operation of the Board of Directors and Committees;
  - (b) a procedure governing related party transactions carried out by the Company, either directly or through subsidiaries;
  - (c) a procedure, adopted upon proposal of the Chairman, expressed in alignment with the Chief Executive Officer, for the internal management and external disclosure of inside information in accordance with the law;
  - (d) a policy - adopted upon proposal of the Chairman, expressed in alignment with the Chief Executive Officer - for managing dialogue with all the shareholders, also taking account of the engagement policies adopted by institutional investors and asset managers;
- (viii) the promotion, in the most appropriate forms, of dialogue with shareholders and other stakeholders relevant to the Company;
- (ix) the periodic assessment of the independence of each non-executive director, as envisaged in Article 7.5 below;
- (x) the establishment of a guideline outlining the maximum number of directorships on boards of directors or supervisory bodies in other listed or significant companies that can be deemed compatible with the effective performance of the Company's directorship role, while considering the responsibilities resulting from such a position;
- (xi) the establishment of a guideline for each renewal period, outlining the ideal quantitative and qualitative composition of the Board of Directors, based on the results of the self-assessment; identifying the professional profiles that are deemed suitable for the Board, as well as the diversity criteria, including gender, that should guide its composition. This guideline is published on the Company website well in advance of the publication of the notice of call of the Shareholders' Meeting called to decide on the renewal of the body;
- (xii) the determination of diversity criteria to guide the composition of the Board of Directors and the Board of Statutory Auditors, taking into consideration the Company's ownership structure, and identification of the most suitable means of implementing these criteria;
- (xiii) the adoption of measures aimed at promoting equal treatment and opportunities between genders within the entire company organization, overseeing their actual implementation;
- (xiv) the appropriate internal division of its functions and the establishment of committees;
- (xv) upon proposal of the Chairman, the appointment and removal of the Secretary;
- (xvi) where appropriate, the determination of the budgets of the Committees and the Secretary;
- (xvii) the definition, updating and implementation of any succession plan for the Chief Executive Officer and other executive directors, identifying at least the procedures to be followed in the event of early termination of office, as well as the possible definition of procedures for the succession of top management and any additional figures identified as key roles for corporate operations;
- (xviii) the identification of director candidates in the case of co-option, assisted by the Remuneration and

Appointments Committee;

- (xix) the periodic assessment of the effectiveness of its activities and the contribution made by its individual components, in accordance with the provisions of Article 13 below;
- (xx) with regard to remuneration:
  - (a) the formulation and approval of a remuneration policy for the Board of Directors, members of the Board of Statutory Auditors, and Top Management, aimed at promoting sustainable success while considering the necessity of retaining, and motivating individuals with the required competence and professionalism for their respective roles in the Company;
  - (b) the supervision of the implementation of and compliance with the remuneration policy, with particular attention to ensuring that the remuneration paid and accrued aligns with the principles and standards outlined in the policy, in light of the results achieved and other circumstances relevant to its implementation;
  - (c) the development and approval, or submission to the Shareholders' Meeting, of long-term or short-term remuneration plans based on financial or monetary instruments for directors and top management;
  - (d) the assessment, assisted by the Remuneration and Appointments Committee, of the achievement of performance targets;
  - (e) the determination, having reviewed the proposals of the Remuneration and Appointments Committee and having heard the Board of Statutory Auditors in accordance with Article 2389, third paragraph, of the Italian Civil Code, if the Shareholders' Meeting has not already done so, of the division of the overall remuneration due to the members of the Board of Directors;
  - (f) the approval, upon proposal of the Remuneration and Appointments Committee, of exceptions to the remuneration policy, subject to the favourable opinion of the Related Party Committee, in the cases and in the manner permitted by the provisions in force, including the RPT Procedure;
- (xxi) with regard to the internal control and risk management system:
  - (a) the definition of the guidelines of the internal control and risk management system in line with the Company's strategies, so that the main risks affecting the Company and its subsidiaries are correctly identified and appropriately measured, managed and monitored, determining the level of compatibility of such risks with management of the company that is consistent with the strategic targets;
  - (b) the assessment, at least annually, of the adequacy and effectiveness of the internal control and risk management system in relation to the characteristics of the Company and the risk profile, as well as its effectiveness;
  - (c) the appointment and removal, after hearing the Board of Statutory Auditors, of the Head of Internal Audit, as well as the definition of his/her tasks and remuneration consistent with company policies, ensuring that he/she is provided with adequate resources to carry out his/her duties, and the assessment, if the internal audit is entrusted, as a whole or for specific audit activities, to a person outside the Company, that he/she has adequate professional, independence and organizational requirements (adequate justification for this decision shall be provided in the corporate governance report);
  - (d) the evaluation of the suitability of implementing measures to guarantee the efficiency and unbiased



judgment of corporate functions involved in the internal control and risk management system (excluding internal audit), such as risk management and oversight of legal and non-compliance risks, ensuring they possess sufficient professionalism and resources;

- (e) the approval, at least annually, of the work plan prepared by the Head of Internal Audit, after hearing the Board of Statutory Auditors and the Chief Executive Officer;
  - (f) the assignment to the Board of Statutory Auditors or an ad-hoc body of the supervisory functions under Article 6, paragraph 1, letter b) of Legislative Decree no. 231/2001;
  - (g) the assessment, 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, addressed to the Board of Statutory Auditors;
  - (h) a description in the corporate governance report of the main features of the internal control and risk management system and the manner of coordination between the parties involved therein, indicating the models and relevant national and international best practices, its overall assessment of the adequacy of the system itself and the decisions made regarding the composition of the supervisory body sub (f);
- (xxii) the execution of any additional responsibilities and/or functions assigned to it by these Regulations, as well as by current legislation and the Bylaws, while adhering to the suggestions of the Corporate Governance Code.

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.

While referencing the relevant Sections of this Report for the key activities carried out by the Board in the above areas during the Year, mention should be made of the following.

With regard to the functions referred to in (iii) above, in assessing the general performance of operations, the Board took account of the disclosure provided by the Chief Executive Officer, and periodically checked the results achieved against those envisaged in the budget approved by him and any subsequent updates thereto.

Regarding the functions referred to in (iv) and (xxi), in referring to the specific contents in Section 10 of this Report for the activities and assessment made by the governing body, it should be noted that the Board of Directors assessed on a quarterly basis, assisted by the Control, Risk and Sustainability Committee, the nature and level of risk consistent with the Company's strategic targets, 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.

With regard to the functions referred to in (v) above, the Board of Directors, at its meeting in March 2023, referring to the documents made available to it by the relevant bodies from time to time, based on the findings of the activities carried out by the internal auditing department, the audits carried out by the Financial Reporting Manager and the Supervisory Board, having heard the Control, Risk and Sustainability Committee, carried out the appropriate checks and assessments on the adequacy of the Company's organizational, administrative and accounting structure prepared by the Chief Executive Officer, with particular regard to the internal control and risk management system in accordance with Recommendation 1, letter d) of the Code. At this meeting, the Board assessed the Company's organizational, administrative, and accounting structure prepared by the CEO as adequate, with particular regard to the internal control and risk management system.

With regard to the assessment, reserved exclusively to the Board as a whole, contained in the above point (vi), at the date of this Report, the Board of Directors: (a) has identified both CDG and BEG as strategic Subsidiaries; (b) 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.

Mention should also be made, with regard to the functions referred to in (viii) above, that on 30 March 2023, the Board of Directors adopted a policy for managing dialogue with all of shareholders, for details of which reference is made to Section 13.

#### **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 provisions<sup>10</sup> - 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.

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<sup>10</sup> 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:

- (i) 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;
- (ii) 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 27 April 2022, after setting the number of directors to 9 (nine), 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 2024.

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

<b>Name and Surname</b>	<b>Position</b>
<b>Luca Peli</b>	Chairman of the Board of Directors
<b>Luigi Cologni</b>	Chief Executive Officer
<b>Massimo Giorgilli</b>	Executive Director
<b>Gianluca Valentini</b>	Director
<b>Adriano Bianchi</b>	Independent Director
<b>Sara Bartolini</b>	Independent Director
<b>Vittoria Giustiniani</b>	Director
<b>Ida Altimare</b>	Independent Director
<b>Cinzia Morelli</b>	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 four Independent Directors.

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

Two lists were submitted at the Shareholders' Meeting held on 27 April 2022:

- list no. 1, submitted by the controlling shareholder Finanziaria Valentini, holder of a total of 8,325,385 ordinary shares of the Company, with no par value, representing 58.55516% of the shares with voting rights;
- the single list of shareholders Hi Algebris Italia Eltif; Anima Sgr S.p.A. fund manager Anima Iniziativa Italia; Arca Fondi Sgr S.p.A. fund manager: Fondo Arca Economia Reale Opportunità Italia, Fondo Arca Economia Reale Equity Italia, Fondo Arca Azioni Italia; BancoPosta Fondi S.p.A. SGR fund manager Bancoposta Rinascimento fund; Fideuram Intesa San Paolo Private Banking Asset Management Sgr S.p.A. fund manager: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50; Interfund Sicav - Interfund Equity Italy; Mediolanum Gestore Fondi Sgr S.p.A., fund manager Mediolanum Flessibile Sviluppo Italia, holders of no. 1,278,521 ordinary shares of the Company, with no par value, equal to 8.99226% of the shares with voting rights.

With regard to independence requirements, at the most recent meeting held on 28 April 2022, the Board of Directors assessed that Directors Bianchi, Bertolini, Altimare and Morelli 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.

At its meeting on 30 March 2023, the Board of Directors performed an annual evaluation to determine whether Directors Bianchi, Bertolini, Altimare, and Morelli still met the independence requirements, which was positive.

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

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

**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 CEO 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.

**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 consortium. Cart 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.

**Gianluca Valentini** graduated in Philosophy at the University of Bologna in 1988, and earned a Master in Philosophy M.A. from Indiana University in 1989 and an MBA from Bocconi University in 1991. Subsequently, he was member of the Board of Directors and Attorney, among others, of Finanziaria Valentini S.p.A., Valfina S.r.l. and Industrie Valentini S.p.A..

**Adriano Bianchi** received a bachelor degree cum laude in business administration from the Luigi Bocconi University of Milan in 1981 and a master degree in international finance cum laude from the New York University Stern School of Business in New York in 1987 where he also worked as a research assistant to Prof. Edward I. Altman in the field of High Yield Bonds. From 2007 to 2021, he was Managing Partner and head of the Italian practice of Alvarez & Marsal and, from May 2021, member of the European management committee of Alvarez & Marsal Restructuring (A&M) in London; he boasts over 35 years of managerial experience as Chief Executive Officer, General Manager, Chief Financial Officer, Chief Restructuring Officer, Finance Director and board member in listed and unlisted companies, industrial multinationals, financial institutions and service companies. Before joining A&M, and until 2007, Adriano Bianchi was Chief Executive Officer of Impregilo International NV (The Netherlands), the holding company of Impregilo S.p.A.'s concessions business (now part of WeBuild Group). From 2001 to 2005, he was Chief Executive Officer of Mirant Italia as well as member of the Executive Committee and of the Board of Directors of Mirant Europe (Netherlands), the European holding company of the eponymous US group, listed in New York, active in the energy production and trading field. From 1981 to 1995 and from 1998 to 2001, he was General Manager and Chief Financial Officer of Techint Finanziaria in Milan, the holding company of the Techint Group, a plant engineering and industrial group at the head of Tenaris and Ternium, both listed on the New York Stock Exchange. He was also Finance Director of Techint International Construction Corp. in Buenos Aires, a company operating in large infrastructure works at international level. From 1995 to 1997, he worked in London as Executive Director of WestMerchant Bank (later acquired and merged into WestLB Group), where he headed the Project and Export Finance department for Latin America.

**Sara Bertolini** graduated in Economics at the University of Parma and at the University of Wales College of Cardiff in 1995. In 2022, she earned an MBA from the Milan Polytechnic. From 1996 to 1997, she developed the "Max&Co" branded franchise network in Europe and worldwide as a member of the business development team of the franchise division of Max Mara Fashion Group. In 1998, she joined Ernst&Young, covering roles of increasing responsibility as Senior Manager of the Audit&Assurance and Transaction Advisory Services practices, until becoming Partner of the Turnaround and Restructuring business line in 2007. Since 2018, she has worked

with DeA Capital Alternative Funds SGR S.p.A., where she is Managing Director of Corporate Credit Recovery - Investment Fund II (CCR II).

**Vittoria Giustiniani** graduated magna cum laude in Law at the University of Milan in 1989, and then qualified as a lawyer in 1993. A lawyer specialized in Corporate Law, Debt Restructuring, Capital Markets and Corporate Restructuring, she is an Equity Partner at Bonelli Erede Lombardi Pappalardo Law Firm and practices at the Milan office. She has been a partner of BonelliErede since 1 January 2000. She advises listed companies on specific matters of corporate governance and compliance with the regulations and best practices of public companies, and assists in IPOs, public purchase and/or exchange offers, placements of financial instruments and public M&As.

**Ida Altimare**, after working extensively with Bayer S.p.A. from 1974 to 2001 in roles of increasing responsibility, such as Product Manager and Head of Controlling, was appointed Chief Executive Officer of Polymer Latex S.r.l. and director of the German parent company in 2002. Following the sale of the company to the Synthomer Group in 2011, Ida Altimare retained her position as Chief Executive Officer of the Italian subsidiary Synthomer S.r.l. and took on the role of Vice President of Global Human Resources, as well as a member of the Board of Directors of the parent company Synthomer plc. in London. In 2015, in addition to the positions already held, Ida Altimare was appointed Chief Executive Officer of the German headquarters Synthomer Deutschland GmbH, as well as Director of Human Resources EMEA. Following several acquisitions since 2016, she was also appointed Chief Executive Officer of Synthomer Speciality Resins Srl (province of Cuneo) and Synthomer Leuna, GmbH, in Germany. After her retirement in 2017, Ida Altimare continued to serve as a consultant and was appointed Lead Independent Director of Caleffi S.p.A. in 2020.

**Cinzia Morelli** graduated in Modern Languages at the University of Milan, and from 1985 to 2004 built up significant experience in marketing with various Italian and foreign companies. In 2004, she joined Heineken (Amsterdam) in roles of increasing responsibility, until becoming Senior Director Global Marketing and member of the Global Commerce Board in 2015. In 2016, she founded "The Marketing Capability Academy", advising multinational companies on marketing, with a focus on strengthening the effectiveness of marketing strategies and investment profitability. Concurrently, in 2017 she became Senior Advisor with Kearney and the Cannes Lions International Festival of Creativity, and in 2018 was appointed member of the Board of Directors of Safilo Group S.p.A., where she is Chairman of the Remuneration and Appointments Committee and member of the Related Party Transactions Committee.

There have been no changes in the composition of the Board of Directors since the Shareholders' Meeting of 27 April 2022.

#### 4.3.1. 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, four out of nine Directors belong to the least represented gender, in compliance with the law.

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.

With regard to the subject of diversity, the current composition of the Company's corporate bodies is as follows: (i) 4 female directors out of 9 (2/5, rounded up) on the Board of Directors; (ii) the Board of Statutory Auditors is composed of 1 woman and 2 men (among whom the Chairman); (iii) with regard to age, the directors are aged between 52 and 70; specifically, 3 directors are aged between 65 and 70, 4 directors are between 63 and 59, and 2 directors are between 54 and 52; (iv) the directors are Italian but also have international experience; (v) regarding their professional expertise, the members comprise individuals from diverse backgrounds, including finance, international retail, senior management, economics professors, and legal professionals.

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.

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/Sostenibilità](#)" section.

#### 4.3.2. Maximum number of positions held in other companies

On 30 March 2023, in accordance with the requirements of the Corporate Governance Code, the Directors shared their views on the maximum number of directorships and supervisory positions in other listed or significant companies that are compatible with the effective performance of the role of director of Neodecortech.

According to these views:

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

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

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

#### 4.3.3. 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, at its meetings held on 23 February and 28 April 2022, 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.

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 that controls the Company, and companies subject to common control; (ii) the relevant Executive Directors or top management; (together, the **"Relevant Persons"**) if such relationships have entailed, individually or cumulatively considered, an annual economic recognition of more than 50,000 euros and therefore are to be 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 previous three years which, individually or cumulatively, have entailed a monetary compensation of more than € 70,000 per annum, shall normally be considered significant.

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 that (i) may have an effect with regard to the Director's position or role within the professional firm or consulting firm; or (ii) are otherwise part of major transactions involving the Company and the group it heads also qualify as significant - regardless of the above quantitative criteria and in view of the overall activities carried out by the Director and the tasks normally assigned.

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 (the **"Close Family Members"**).

"Significant" shall be deemed to be the additional remuneration received by the director or statutory auditor of Neodecortech (or their respective Immediate Family Members), as applicable, for additional positions in corporate boards, committees or bodies of Neodecortech, its subsidiaries, the entity controlling the Company and companies subject to common control, which, taken together, result in a gross annual amount exceeding the fixed remuneration for the position received by the director or statutory auditor whose independence is at issue in Neodecortech (including, if any, the remuneration provided for attendance in Board committees, as well as any remuneration envisaged as Chairman or Vice Chairman of the Board of Directors, or as Chairman of the Board of Statutory Auditors).

For the purposes of the above: (a) "fixed remuneration for the position" shall mean: (i) the annual remuneration determined by the Shareholders' Meeting for all the Directors and Statutory Auditors or established by the governing body for all the non-executive directors within the total amount resolved by the Shareholders' Meeting for the whole governing body; (ii) the annual remuneration, if any, attributed by reason of the particular office held by the individual non-executive director within the governing body (Chairman or Deputy Chairman) defined according to the best practices envisaged in the Corporate Governance Code (i.e. taking into account the common remuneration practices in the relevant industries and for companies of similar size, also considering foreign comparables); (b) "compensation envisaged for attendance in Board committees" shall mean any annual compensation that the individual director may receive by reason of attendance in Board committees envisaged in the Corporate Governance Code or committees/bodies provided for by applicable law (including for any attendance of directors or statutory auditors in the supervisory board), excluding in any event any compensation resulting from attendance in any executive committees".

#### 4.3.4. Induction Programme

During the Year, the Chairman of the Board of Directors, in alignment with the Chief Executive Officer, ensured that the Directors, from the moment of their appointment, 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.

As resolved by the Board of Directors at its meeting on 31 May 2022, two induction sessions took place during the year:

- The first was held on 29 and 30 June 2022, where directors were given a guided tour of the Neodecortech plant, a tour of the showroom, and a presentation of the Group's main products followed by a meeting on "Strategy and Strategic Positioning" and "ESG Plan 2021 - 2023";
- The second was held on 20 and 21 July 2022, where directors were given guided tours of the CDG and BEG plants followed by a meeting on "Organization and HR" and "R&D Activities".

The Company believes that the characteristics of Board disclosure - 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), 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 disclosure 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-Board disclosure, 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.

On 30 March 2023, the Issuer's Board of Directors adopted, in lieu of the Procedure, the Regulation for the Operation and Organization of the Board of Directors, designed to ensure that its functions are performed 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 24 hours before the time set for the meeting.

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 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 the discussion of the items on the agenda, the Chairman ensures - assisted also by the Secretary of the Board of Directors - the timeliness and completeness of pre-Board 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.

Documents are made available by sharing on a computer platform with confidential access that ensures adequate protection of the confidentiality of data and information. During the Year, all supporting documents were 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.

In the event that the topic under discussion is likely to become inside information as a result of its approval by the Board of Directors, the disclosure may be provided within a shorter period of time or during the meeting, as well as in ways other than those above (e.g., by making the information available in hard copy during the meeting). In such a case, the President shall give prior notice to the directors and the standing auditors.

Directors and standing auditors may in any case have access to the information documents at the registered office of the company in the days prior to the meeting. 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 15 times and 4 meetings are scheduled for the current year, as per the published Financial Calendar. After Year end, 4 meetings have already been held, on 7 February 2023, 23 February 2023, 15 March, 30 March 2023. 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 three 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.

Detailed information on attendance of the managers at Board and committee meetings is shown in the table.

Meeting	Manager	Topic
<b>Board of Directors</b>		
27/1/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> <li>- Katia Aondio - Compliance &amp; Risk Manager</li> </ul>	<ul style="list-style-type: none"> <li>- Disclosure of preliminary consolidated figures at 31 December 2021</li> <li>- Presentation of the gap analysis on the goals achieved by the Company with regard to achieving the highest levels of ESG ratings</li> <li>- Disclosure of the Company's risk assessment and monitoring system (ERM)</li> </ul>
23/2/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> <li>- Katia Aondio - Compliance &amp; Risk Manager</li> </ul>	<ul style="list-style-type: none"> <li>- Disclosure of any critical issues potentially arising from the impairment test of Bio Energia Guarcino S.r.l.</li> </ul>
15/3/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> <li>- Katia Aondio - Compliance &amp; Risk Manager</li> <li>- Mauro Maestrini - Head of Internal Audit</li> </ul>	<ul style="list-style-type: none"> <li>- Review of the Impairment Test of Bio Energia Guarcino S.r.l.</li> <li>- Disclosure by the Financial Reporting Manager of testing and updating activities of the procedures and the internal control system under Law 262/2005</li> <li>- Presentation of the 2021 Internal Audit Report; review of the 2022 Internal Audit Plan</li> <li>- Disclosure of the updating of the Company's risk assessment and monitoring system (ERM)</li> <li>- Review of the 2021 Non-Financial Statement</li> <li>- Annual disclosure of internal dealing and inside information management</li> </ul>
28/4/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> </ul>	-
11/5/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> <li>- Katia Aondio - Compliance &amp; Risk Manager</li> </ul>	<ul style="list-style-type: none"> <li>- Review of the additional periodic Q1 report at 31 March 2022</li> <li>- Disclosure of the updating of the risk assessment and monitoring system</li> </ul>

	<ul style="list-style-type: none"> <li>- Francesca Terrinoni, Head of Group Administration</li> </ul>	<ul style="list-style-type: none"> <li>- implemented by the Company and the subsidiaries (ERM)</li> <li>- Review of the quarterly report on Related Party Transactions</li> </ul>
31/5/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> <li>- Katia Aondio - Compliance &amp; Risk Manager</li> </ul>	<ul style="list-style-type: none"> <li>- Review and authorization for the assignment to a factoring company of customer receivables related to the second quarter of 2022</li> <li>- Review of the proposal to provide a one-time donation to initiatives in support of the Ukrainian people</li> </ul>
20/7/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> <li>- Katia Aondio - Compliance &amp; Risk Manager</li> <li>- Mauro Maestrini - Head of Internal Audit</li> </ul>	<ul style="list-style-type: none"> <li>- Disclosure of business performance following the recent macroeconomic developments and the resulting impacts on the key elements on the Group's operations</li> <li>- Disclosure of the expediency of a review of the Group's financial structure by underwriting new loans and review of proposals to mandate credit in favour of subsidiaries</li> <li>- Disclosure of the updating of the risk assessment and monitoring system implemented by the Company and the subsidiaries (ERM)</li> <li>- Presentation of the IA report on activities carried out in the first half of 2022</li> </ul>
5/8/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> </ul>	<ul style="list-style-type: none"> <li>- Mandate to extend credit in the interest of the subsidiary Cartiere di Guarcino S.p.A.: proposed amendment to the resolution passed on 20 July 2022</li> </ul>
6/9/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Francesca Terrinoni - Head of Group Administration</li> <li>- Fabio Quadriglia - Internal Audit associate</li> </ul>	<ul style="list-style-type: none"> <li>- Review of the proposal to issue an independent first-demand guarantee in the interest of Bio Energia Guarcino S.r.l. in favour of Golden-Agri Resources Europe B.V.</li> <li>- Disclosure by the Financial Reporting Manager of testing and updating activities of the procedures and the internal control system</li> <li>- Review and approval of the consolidated half-year report at 30 June 2022; review of the related press release</li> </ul>
3/10/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Francesca Terrinoni - Head of Group Administration</li> <li>- Piero Fagiolo - Group IT manager</li> <li>- Giorgio Cavezzali - IT manager NDT</li> </ul>	<ul style="list-style-type: none"> <li>- Presentation of the results of the assessment on the implementation of the new IT System and review of the investment proposal to upgrade the IT infrastructure of the Company and its subsidiary Cartiere di Guarcino S.p.A.</li> </ul>

		<ul style="list-style-type: none"> <li>- Presentation of the figures at 31 August 2022 and forecast figures for the last 4 months of 2022</li> <li>- Review of the option to renew the tax consolidation agreement to apply group taxation</li> <li>- Disclosure of the resignation of the CFO and Financial Reporting Manager</li> </ul>
3/11/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Francesca Terrinoni - Head of Group Administration</li> </ul>	<ul style="list-style-type: none"> <li>- Disclosure of the updating of the risk assessment and monitoring system implemented by the Company and the subsidiaries (ERM)</li> <li>- Disclosure by the Financial Reporting Manager of testing and updating activities of the procedures and the internal control system</li> <li>- 6. Review and approval of the additional periodic Q3 report at 30 September 2022</li> </ul>
10/11/2022	Francesca Terrinoni – CFO <i>interim</i>	-
24/11/2022	Francesca Terrinoni – CFO <i>interim</i>	-
6/12/2022	<ul style="list-style-type: none"> <li>- Francesca Terrinoni – CFO <i>interim</i></li> </ul>	<ul style="list-style-type: none"> <li>- Review of the proposal to issue a first-demand bank guarantee in favour of Axpo S.p.A. and in the interest of Cartiere di Guarcino S.p.A.</li> <li>- Review and authorization for the assignment to a factoring company of customer receivables. Relevant and ensuing resolutions</li> <li>- Review of the 2023 financial statements. Relevant and ensuing resolutions</li> </ul>
21/12/2022	<ul style="list-style-type: none"> <li>- Francesca Terrinoni - CFO <i>interim</i></li> </ul>	-
<b>Control and Risk Committee/Sustainability Committee/Control, Risk and Sustainability Committee</b>		
9/3/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> </ul>	<ul style="list-style-type: none"> <li>- Review of the Company's 2021 Non-Financial Statement</li> <li>- Review, for the matters within the Committee's remit, of the Impairment Test related to Bio Energia Guarcino S.r.l.</li> </ul>
11/3/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> <li>- Katia Aondio - Compliance &amp; Risk Manager</li> <li>- Ettore Raspadori - Chairman of the Company's Supervisory Body</li> <li>- Mauro Maestrini - Head of Internal Audit</li> <li>- Mauro Maestrini - Head of Internal Audit</li> </ul>	<ul style="list-style-type: none"> <li>- Review of the 2021 Supervisory Board Report; review of the 2022 Supervisory Board Work Plan</li> <li>- Disclosure by the Chief Financial Officer of the Impairment Test of Bio Energia Guarcino S.r.l.</li> <li>- Assessment and updating of the Company's most relevant risks (ERM)</li> <li>- Disclosure of procedures and internal control system under Law 262/2005</li> </ul>

		- Review, for the matters within the Committee's remit, of the Company's 2021 Non-Financial Statement
11/3/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> <li>- Katia Aondio - Compliance &amp; Risk Manager</li> <li>- Mauro Maestrini - Head of Internal Audit</li> </ul>	<ul style="list-style-type: none"> <li>- Disclosure by the Chief Financial Officer of the Impairment Test of Bio Energia Guarcino S.r.l.</li> <li>- Assessment and updating of the Company's most relevant risks (ERM)</li> <li>- Disclosure of procedures and internal control system under Law 262/2005</li> <li>- Review of the 2021 Internal Audit Report; review of the 2022 Internal Audit Work Plan</li> <li>- Review, for the matters within the Committee's remit, of the Company's 2021 Non-Financial Statement</li> <li>- Assessment, together with the Financial Reporting Manager, of the proper application of the accounting standards and their consistency for the purposes of preparing the consolidated financial statements</li> </ul>
9/5/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> <li>- Katia Aondio - Compliance &amp; Risk Manager</li> </ul>	<ul style="list-style-type: none"> <li>- Review of the quarterly report and consequent resolutions</li> <li>- Disclosure of the updating of the risk assessment and monitoring system implemented by the Company and the subsidiaries (ERM)</li> </ul>
4/7/2022	- Veronica Rigon - Legal Counsel	-
14/7/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> <li>- Katia Aondio - Compliance &amp; Risk Manager</li> <li>- Mauro Maestrini - Head of Internal Audit</li> </ul>	<ul style="list-style-type: none"> <li>- Assessment and updating of the Company's most relevant risks (ERM)</li> <li>- Disclosure by the Financial Reporting Manager of testing and updating activities of the procedures and the internal control system</li> <li>- Presentation of the IA report on activities carried out in the first half of 2022</li> </ul>
5/9/2022	- Fabio Zanobini - CFO	- Disclosure by the Financial Reporting Manager of testing and updating activities of the procedures and the internal control system
27/10/2022	- Fabio Zanobini - CFO	- Disclosure by the Financial Reporting Manager of testing and updating activities of the procedures and the internal control system
<b>Related Party Committee</b>		
4/3/2022	<ul style="list-style-type: none"> <li>- Fabio Zanobini - CFO</li> <li>- Veronica Rigon - Legal Counsel</li> </ul>	- Proposal made by the Remuneration and Appointments Committee on the

		recognition of fees to the Company's executive directors as an exception to the Remuneration Policy
11/3/2022	- Fabio Zanobini - CFO - Veronica Rigon - Legal Counsel	- Presentation of the quarterly report on related party transactions; presentation of the annual report on significant transactions exempt from the application of the RPT Procedure - Review of the intercompany loan in favour of the subsidiary Bio Energia Guarcino S.r.l.
9/5/2022	- Fabio Zanobini - CFO - Veronica Rigon - Legal Counsel - Katia Aondio - Compliance & Risk Manager	- Review of the quarterly report - Disclosure of the updating of the risk assessment and monitoring system implemented by the Company and the subsidiaries (ERM)
14/7/2022	- Fabio Zanobini - CFO - Veronica Rigon - Legal Counsel	- Presentation of the quarterly report on related party transactions
1/9/2022	- Fabio Zanobini - CFO	- Review of the issuance by Neodecortech S.p.A. of an independent first-demand guarantee in the interest of Bio Energia Guarcino S.r.l. in favour of Golden-Agri Resources B.V.
27/10/2022	- Fabio Zanobini - CFO	- Presentation of the quarterly report on related party transactions
10/11/2022	- Francesca Terrinoni – CFO <i>interim</i>	-
6/12/2022	- Francesca Terrinoni – CFO <i>interim</i>	-
<b>Remuneration and Appointments Committee</b>		
24/1/2022	-	-
9/2/2022	-	-
21/2/2022	-	-
11/3/2022	- Fabio Zanobini - CFO - Veronica Rigon - Legal Counsel	- Presentation of the quarterly report on related party transactions; presentation of the annual report on significant transactions exempt from the application of the RPT Procedure pursuant to Article 4.2 of the Committee's Regulations - Review of the intercompany loan in favour of the subsidiary Bio Energia Guarcino S.r.l.; opinion on less significant related party transactions
28/4/2022	-	-



1/9/2022	-	-
24/10/2022	-	-

#### 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-Board 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 disclosure, 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 disclosure of 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 issues included in the agenda (see table under paragraph 4.4 above).

the participation of the members of the governing and supervisory bodies - after their appointment - 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 sense, specific induction initiatives were organized during the Year to allow the members of the Board of Directors to increase their knowledge and skills, reference to which is made to paragraph 4.3 above. 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.

##### 4.5.1. *Secretary of the Board of Directors*

Pursuant to the Regulation for the Operation and Organization 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.

During the Year, the position of Secretary of the Board of Directors was held by Emiliano Nitti, an external consultant to the Company, 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.

Following the renewal of the composition of the Board of Directors, approved by the Shareholders' Meeting on 27 April 2022, the Board of Directors did not deem it necessary to appoint a Secretary, as the relevant duties were assigned from time to time to Veronica Rigon, head of the Company's legal department, and, following her resignation, by a person from time to time designated by the Chairman of the Board of Directors and having the necessary qualifications in carrying out the task.

By resolution of 30 March, 2023, the Board of Directors appointed Elena Venturini as Secretary; he is employed at the law firm Bonelli Erede Lombardi Pappalardo, and had previously been assigned this responsibility for individual board meetings.

To carry out the task, the person appointed had access to adequate resources made available by the Board of Directors, including corporate information required for the performance of duties, also having the appropriate financial resources and making use of external consultants, under the terms established by the Board of Directors.

#### **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 disclosure of 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.

##### **4.6.1. *Chief Executive Officer***

On 28 April 2022, 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;

4. represent the Company in its dealings with the Bank of Italy, CONSOB and Borsa Italiana S.p.A. (and those other authorities or entities that may in the future take over the same functions) and their representative offices, sign and submit all requests, statements and other documents concerning obligations placed on the Company by national, including regulatory, and EU provisions;
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;
6. accept and collect goods, letters and the like from postal, telegraph, telephone and general telecommunications companies, customs and railway offices, couriers and transport companies;
7. receive payments of any amount, for any reason and without limitation as to value, from individuals, companies or public and private bodies and issue the receipts thereto;
8. demand payments and declare debtors in default, as well as 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 middle managers and executives), establishing their wages, salaries, and fees; enter into company collective bargaining agreements and contracts in accordance with the budget and any guidelines from time to time specified by the Board of Directors;
10. 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;
11. act in the interest of the Company, within the boundaries of normal administration, 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;
- 12. represent the Company before labour organizations and their representatives;
- 13. take and uphold action, whether cognitive, executive or precautionary, on behalf of the Company, whether as plaintiff, claimant or defendant, in any judicial, civil, criminal or administrative venue and at any level of jurisdiction, and, therefore, also before the Court of Cassation, the Council of State, the regional magistracies and any other magistracy, including special ones, as well in revocation and third-party proceedings, in rulings on labour matters, with the power to grant, modify and revoke mandates to technical consultants, experts, lawyers and attorneys at law (with a maximum expenditure commitment of € 50,000 (fifty thousand) per individual assignment and/or per individual name on an annual basis and € 250,000 (two hundred and fifty thousand) in total for each year;
- 14. represent the Company before any administrative, judicial or arbitration authority, including labour courts and Provincial Employment Offices in connection with any collective and/or individual dispute - including labour disputes with employees of the Company, with the power to settle and waive acts for a maximum amount of € 100,000 (one hundred thousand), individually, and € 500,000 (five hundred thousand) in the aggregate for each year;
- 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 relating to discussions on environmental and occupational safety issues, in order to negotiate and sign, in accordance with the guidelines from time to time indicated by the Board of Directors, occupational safety agreements with national, regional and provincial trade unions and with any delegation of employees, and with the obligation to report to the Board of Directors at the first meeting thereafter
- 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. 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 appeals with the tax authorities, and to provide for payment, including by settlement, of any tax or levy of any kind, and with an obligation to report to the Board of Directors at the first meeting thereafter;
- 21. negotiate, enter into, amend, terminate or withdraw from the following contracts insofar as they are necessary, useful or instrumental to the company's activities, in compliance with any strategic guidelines formulated by the Board of Directors and in any case with the spending commitments set forth in the budget, subject to the maximum thresholds, where indicated:
  - (a) accept orders from customers and sell the Company's products;
  - (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 € 100,000 (one hundred thousand) per individual transaction;

- (c) buy and trade goods, raw materials, semi-finished and finished products;
  - (d) negotiate, enter into, amend, terminate or cancel contracts for software or hardware, license and/or maintenance, whose term does not exceed 5 years;
  - (e) negotiate, enter into, amend, withdraw from or terminate contracts for the lease of property for industrial or commercial use or for other industrial or commercial buildings for purposes related to the company's business, up to a maximum amount of € 300,000 (three hundred thousand), individually on an annual basis, and € 1,000,000 (one million) in the aggregate for each year, except for the different maximum amount provided in the budget approved by the Board of Directors;
  - (f) negotiate, enter into, amend, withdraw from or terminate factoring or assignment of receivables contracts with factoring companies or third parties, including group companies, also with public administration, including the tax authorities for a maximum of € 500,000 (five hundred thousand) with regard to each counterparty on an annual basis, and € 2,000,000 (two million) in the aggregate for each year;
  - (g) negotiate, enter into, amend, withdraw from or terminate service contracts (except for legal, tax, financial and strategic/industrial consulting services), supply and procurement contracts up to a maximum of € 100,000 (one hundred thousand) per individual transaction and/or per individual name on an annual basis and € 500,000 (five hundred thousand) in the aggregate for each year;
  - (h) negotiate, enter into, amend, withdraw from or terminate shipping contracts;
  - (i) negotiate, enter into, amend, withdraw from or terminate insurance contracts for each risk for a maximum annual aggregate of € 1,000,000 (one million); file reports of damages incurred; with the power to participate in appraisals, accept settlements, including on the basis of amicable settlements, for a maximum of € 100,000 (one hundred thousand), individually, and € 500,000 (five hundred thousand) in the aggregate for each year;
  - (j) negotiate, enter into, amend, withdraw from or terminate agency, commission, distribution, and advertising contracts within the limits of the budget, according to any guidelines established by the Board of Directors and with the obligation to report at the first subsequent board meeting.
  - (k) purchase and sell the ownership and/or licenses and/or grant rights of use with regard to patents, trademarks, models and any intellectual property right inherent in the corporate object for a value/commitment of expenditure no higher than € 100,000 (one hundred thousand) per year;
22. accept assignment of receivables with or without recourse, receive different fees such as fulfillment of obligations in the amount of up to € 500,000 (five hundred thousand), individually, and € 1,000,000 (one million) in the aggregate for each year; issue, 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. negotiate, enter into, amend, withdraw from and terminate bank overdraft agreements, overdraft facilities and unsecured loans up to a maximum of € 3,000,000 (three million) per individual transaction and in any case in compliance with the annual budget, establishing their terms and duration, open bank current accounts in the name of the Company, 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. act for, and in the interest of, the Company as the person responsible for the processing of personal data contained in the Company's databases; 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;
26. 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; ensure the accurate and proper execution of Privacy Code provisions, including those that mandate reporting, notification, statements, amendments, and authorization requests, for the benefit of the Company;
27. 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;
28. represent the Company in its dealings with individuals, companies, associations and entities to which personal data refer and with persons delegated by them, as well as in all dealings with the Data Protection Authority and its office; represent the Company in its 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;
29. appoint special proxies and grant them powers to perform certain activities or categories of acts, within the limits of the powers granted;
30. 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 28 April 2022, Luigi Cogni 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 Cogni is also a Director in charge of the internal audit and risk management system. For further details, see paragraph 11.1 below.

#### 4.6.2. Executive Director

On 28 April 2022, the Board of Directors resolved to appoint Director Massimo Giorgilli as Executive Director, 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 its dealings with the Bank of Italy, CONSOB and Borsa Italiana S.p.A. (and those other authorities or entities that may in the future take over the same functions) and their representative offices, sign and submit all requests, statements and other documents concerning obligations placed on the Company by national, including regulatory, and EU provisions;

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;
5. accept and collect goods, letters and the like from postal, telegraph, telephone and general telecommunications companies, customs and railway offices, couriers and transport companies;
6. negotiate, enter into, amend, terminate or withdraw from the following contracts insofar as they are necessary, useful or instrumental to the company's activities, in compliance with any strategic guidelines formulated by the Board of Directors and in any case with the spending commitments set forth in the budget, subject to the maximum thresholds, where indicated:
  - (a) sell the Company's products;
  - (b) buy and trade goods, raw materials, semi-finished and finished products;
  - (c) negotiate, enter into, amend, withdraw from or terminate service contracts (except for legal, tax, financial and industrial consulting services), and supply contracts up to a maximum of € 100,000 (one hundred thousand) per individual transaction and/or per individual name on an annual basis and € 500,000 (five hundred thousand) in the aggregate for each year;
7. appoint special proxies and grant them powers to perform certain activities or categories of acts, within the limits of the powers granted;
8. sub-delegate one or more of the above powers.

#### 4.6.3. 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 member of the Control and Risk Committee/Sustainability Committee/Control, Risk and Sustainability Committee.

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

#### 4.6.4. 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.

#### 4.6.5. Disclosure to the Board of Directors

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 disclosure of 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, 15 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**

##### **4.7.1. 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:

- (i) **Adriano Bianchi:** Independent Director;
- (ii) **Sara Bertolini:** Independent Director;
- (iii) **Ida Altimare:** Independent Director;
- (iv) **Cinzia Morelli:** 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 30 March 2023 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 Adriano Bianchi, Sara Bertolini, Ida Altimare and Cinzia Morelli. 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 30 March 2023.

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. Specifically, the above absence of substantial professional relationships was assessed in application of 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 30 March 2023, 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.

#### 4.7.2. 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 Year end and at the date of this Report, the Chairman of the Board of Directors 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

### 5.1. *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.

### 5.2. *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), TUF)**

On 28 April 2022, the Company's Board of Directors resolved to establish (i) a Remuneration and Appointments Committee, (ii) a Control, Risk and Sustainability Committee, and (iii) 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.

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.

On 30 March 2023, the Board of Directors resolved, with the favorable opinion of the respective committee concerned, to adopt new committee regulations to replace those hitherto in force.

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 Board of Directors decided to merge the functions of two committees, as required by the Code, primarily 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 a potential 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.

### **7.1. *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:

- (i) Ida Altimare (Chair - Independent Director);
- (ii) Vittoria Giustiniani (Director);
- (iii) Cinzia Morelli (Independent Director).

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

The composition of the Remuneration and Appointments Committee, which includes 2 independent members (including the Chairman of the Committee) and one non-independent member, 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, 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.

The Issuer notes that:

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

For the purposes of the discussion of the items on the agenda, the Chairman of the Committee, in order to ensure the timeliness and completeness of the disclosure of the members of the Committee, shall ensure that the documents relating to the items on the agenda are made available at least 3 (three) calendar days before the date of the meeting or, in case of urgent calling, at least twenty-four hours before the time set for the meeting; the current operating regulation of the Remuneration and Appointments Committee were approved by the Board of Directors on 30 March 2023., by sharing on a computer platform with access restricted to Committee members and Statutory Auditors.

The disclosure may be provided within a shorter period of time or during the meeting, as well as by other means than those indicated above (e.g., by making the information available in hard copy during the meeting) in the event that the topic being discussed by the Committee is likely to become inside information as a result of approval by the Board of Directors.

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

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.

The Remuneration and Appointments Committee has the financial resources required to pay the fees to the abovementioned consultants or other experts, as well as to perform its duties.

The current operating regulation of the Remuneration and Appointments Committee was approved by the Board of Directors on 30 March 2023.

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 Year*") attached to this Report for the participation percentage of each committee member in the above meetings.

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.

## **7.2. *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, this committee, on the subject of compensation, performs the following tasks:

- i. assists the Board of Directors in the development of the policy for the remuneration of directors, members of the supervisory board and Top Management and any exceptions thereto, where permitted or required by current regulations;
- ii. submits proposals or expresses opinions on the remuneration of executive directors and other directors holding special offices, as well as on the setting of performance targets related to the variable component of such remuneration;
- iii. oversees actual application of the remuneration policy and assesses, in particular, actual achievement of performance targets;
- iv. periodically assesses the overall adequacy and consistency of the policy for the remuneration of directors and Top Management;
- v. provides an opinion on particular and specific matters on emoluments on which the Board of Directors has requested its review;
- vi. 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;
- vii. 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;
- viii. submits opinions to the Board of Directors, on the proposal of the Chief Executive Officer, on emoluments to be paid as part of any termination agreements relating to Top Management.

Regarding appointments and composition of the Board of Directors, the Committee assists the Board of Directors in the following activities:

- i. the periodic self-assessment of the Board of Directors and its Committees, overseeing the process and providing the preliminary activities for the possible engagement of an external consultant;
- ii. the definition of criteria and suggestions for the ideal composition of the Board of Directors and its committees and the identification of suitable professional profiles for Board membership, as well as, if necessary, on matters relating to the shareholders' meeting authorization granted to directors to operate as an exception to the general non-compete clause in Article 2390 of the Italian Civil Code;
- iii. the identification of candidates for the office of director of the Company in the event of co-option in accordance with the law, ensuring compliance with the requirements on the minimum number of Independent Directors and the quotas reserved for the least represented gender;
- iv. the possible submission, where provided for in the Bylaws, of a list by the outgoing Board of Directors, to be implemented in accordance with the procedures adopted in this regard by the Company that ensure its transparent formation and presentation;

- v. the preparation, updating and implementation of any succession plan for the CEO and other executive directors.

Additionally, the Committee collaborates with other internal committees of the Board of Directors, in particular with the Control, Risk and Sustainability Committee in the area of remuneration and incentive policies, and performs such further tasks as are assigned to it by the Board of Directors.

During the Year, all supporting documents were 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:

- (i) analyzed and assessed the panel of peers identified for the purpose of the compensation benchmark review, 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;
- (ii) analyzed the report produced by the consultant in charge of supporting the Board of Directors in carrying out its self-assessment process;
- (iii) analyzed the Succession Plan related to the profile of the CEO;
- (iv) reviewed the proposal made by the external consultant appointed to support the Company in defining the Board of Directors' qualitative and quantitative guidelines on its composition;
- (v) ascertained, assisted by the corporate departments, the achievement of the performance targets underlying the STI incentive system for 2021 with regard to executive directors and, assisted by the CEO, with regard to Top Management;
- (vi) issued its reasoned opinion on the proposal by the Chief Executive Officer regarding short-term targets (STIs) for 2022 for Top Management, subject to the approval by the 2022 Shareholders' Meeting of the Remuneration Policy for 2022;
- (vii) issued its reasoned opinion on the Remuneration Policy and compensation paid;
- (viii) submitted proposals to the Board of Directors regarding delegated powers to be given to individual directors;
- (ix) submitted proposals to the Board of Directors regarding the assignment of the position of Employer pursuant to Legislative Decree no. 81/2008, as amended, and the position of Environmental Officer for the enforcement of environmental regulations;
- (x) submitted a proposal to the Board of Directors for the appointment of the director in charge of internal control and risk management;
- (xi) submitted proposals to the Board of Directors regarding the appointment of the Financial Reporting Manager, pursuant to Article 154-bis of Legislative Decree no. 58/1998, and the determination of the related fee;
- (xii) submitted proposals to the Board of Directors for determining directors' fees pursuant to Article 2389, third paragraph, of the Italian Civil Code within the maximum limit approved by the Shareholders'

Meeting;

- (xiii) analyzed the organizational and human resource composition and evaluated the assignment of an assessment task;
- (xiv) conducted assessments and investigations into the implementation, for certain types of employees, of the possibility of working in agile mode (smart working);
- (xv) assessed and gave its favourable opinion on the candidate for the position of Chief Financial Officer.

It should be noted that during the Year, the Remuneration and Appointments Committee made use of the services of external professionals and, specifically:

- (i) of Mercer Italia S.r.l. (which it had previously resorted to in July 2020 for the compensation benchmark review with regard to the executive directors) 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;
- (ii) 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 3 times, on 10 March, 23 March and 28 March 2023.

### 7.3. **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:

- (i) **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;
- (ii) **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; (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;

- (iii) **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;
- (iv) **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;
- (v) **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.

#### 7.4. Remuneration of executive directors and top management

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

- (i) 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;

- (ii) 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);
- (iii) 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;
- (iv) An adequate deferral timeframe, with respect to the time of accrual, for payment of a significant portion of the variable component;
- (v) 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 "Documenti e Assemblée" section.

#### **7.5. *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.

#### **7.6. *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.

#### **7.7. *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 proposal of the Remuneration and Appointments Committee, resolved to appoint the following external consultants to prepare the Succession Plan:

- (i) with regard to the drafting of the succession procedure, to the law firm MN Tax & Legal;

- (ii) 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.

**7.8. *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 30 March 2023, as the previous procedure, 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 self-assessment was carried out most recently in the Year, in view of the renewal of the governing body, by means of individual and anonymous completion by the Directors of special questionnaires prepared by an external consultant, the results of which were summarized in a document submitted to the Board of Directors at its meeting on 27 January 2022.

For the manner in which the self-assessment was conducted and for information regarding its outcomes, reference is made to Section 7.8 of the Corporate Governance Report for 2021, available at [www.neodecortech.it](http://www.neodecortech.it), section "investors-shareholders' meetings"

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.

For information on the composition of the current Board of Directors, see Section 4.3 of this Report.

## 8. CONTROL, RISK AND SUSTAINABILITY COMMITTEE

### 8.1. *Composition and operation of the Control, Risk and Sustainability Committee*

The Control, Risk and Sustainability 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:

- (i) **Adriano Bianchi** (Chairman - Independent Director);
- (ii) **Luca Peli** (Chairman of the Board of Directors);
- (iii) **Ida Altimare** (Independent Director).

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

On 28 April 2022, the Board of Directors determined that it would be beneficial to combine the Control and Risk Committee and the Sustainability Committee into a unified committee, given that, in a relatively small company like Neodecortech, this would enhance organizational efficiency. This choice, moreover, appears consistent with the perspective of gradual integration of processes and targets related to the environmental, social and governance sphere into the Company's current risk prevention, control and management structure, in accordance with both the most recent indications contained in the Corporate Governance Code and with market best practices.

The composition of the Control and Risk Committee includes two independent members, including the Chairman and one non-independent member, resulting in compliance with recommendations 35 and 7 of the Corporate Governance Code.

As noted by the Board of Directors at its meeting on 28 April 2022, 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, Risk and Sustainability Committee.

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 notice of call of Committee meetings 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;
- (iii) the meetings of the Control, Risk and Sustainability 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;
- (iv) during the Year, the Chairman of the Control, Risk and Sustainability Committee, or another member if absent, gave disclosure at 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 the discussion of the items on the agenda, the Chairman of the Committee, in order to ensure the timeliness and completeness of the disclosure of the members of the Committee, shall ensure that the documents relating to the items on the agenda are made available at least 3 (three) calendar days before the date of the meeting or, in case of urgent calling, at least twenty-four hours before the time set for the meeting; the

current operating regulation of the Control, Risk and Sustainability Committee were approved by the Board of Directors on 30 March 2023., by sharing on a computer platform with access restricted to Committee members and Statutory Auditors.

The disclosure may be provided within a shorter period of time or during the meeting, as well as by other means than those indicated above (e.g., by making the information available in hard copy during the meeting) in the event that the topic being discussed by the Committee is likely to become inside information as a result of approval by the Board of Directors.

The Control, Risk and Sustainability 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, it shall assess in advance that the consultant is not in a situation that compromises his/her independent judgement.

The Control, Risk and Sustainability Committee has the financial resources required to pay fees to independent consultants or other experts, as well as to perform its duties.

During the Year, 8 meetings of the Control, Risk and Sustainability Committee were held. The average length of each meeting was approximately 120 minutes.

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

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 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 were duly invited and took part in the Committee's meetings, as provided for in its regulation.

The Control, Risk and Sustainability Committee issued the opinions and assessments within its remit in compliance with current law.

## **8.2. Functions assigned to the Control, Risk and Sustainability Committee**

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

- (i) assists the Board of Directors in carrying out the following activities:
  - (a) the definition of the guidelines of the Control System in line with the Company's strategies, so that the main risks affecting the Company and its subsidiaries are correctly identified and appropriately measured, managed and monitored, determining the level of compatibility of such risks with management of the company that is consistent with the strategic targets;
  - (b) the assessment, at least annually, of the adequacy and effectiveness of the Control System in

relation to the characteristics of the Company and the risk profile, as well as its effectiveness;

- (c) the appointment and removal, upon proposal of the Chairman of the Board of Directors, after hearing the Board of Statutory Auditors, of the Head of Internal Audit, as well as the definition of his/her tasks and remuneration consistent with company policies, ensuring that he/she is provided with adequate resources to carry out his/her duties, and the assessment, if the internal audit is entrusted, as a whole or for specific audit activities, to a person outside the Company, that he/she has adequate professional, independence and organizational requirements (adequate justification for this decision shall be provided in the corporate governance report);
  - (d) the evaluation of the suitability of implementing measures to guarantee the efficiency and unbiased judgment of corporate functions involved in the Control System (excluding internal audit), such as risk management and oversight of legal and non-compliance risks, ensuring they possess sufficient professionalism and resources;
  - (e) the approval, at least annually, after hearing the Board of Statutory Auditors, the Chief Executive Officer, and the Chairman of the Board of Directors, of the work plan prepared by the Head of Internal Audit;
  - (f) the assignment to the Board of Statutory Auditors or an ad-hoc body of the supervisory functions under Article 6, paragraph 1, letter b) of Legislative Decree no. 231/2001;
  - (g) the assessment, 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, addressed to the Board of Statutory Auditors;
  - (h) a description in the corporate governance report of the main features of the Control System and the manner of coordination between the parties involved therein, indicating the models and relevant national and international best practices, its overall assessment of the adequacy of the system itself and the decisions made regarding the composition of the supervisory body sub 6);
- (ii) assesses, after hearing the Financial Reporting Manager, 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;
  - (iii) 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;
  - (iv) reviews the content of periodic non-financial information relevant to the Control System;
  - (v) expresses opinions on specific aspects concerning the identification of the main corporate risks and supports, with adequate preliminary activity, the assessments and decisions of the Board of Directors relating to the management of risks arising from detrimental facts it has become aware of;
  - (vi) reviews periodic and special significance reports prepared by internal audit;
  - (vii) monitors the independence, adequacy, effectiveness and efficiency of the internal audit function;
  - (viii) may entrust internal audit to conduct audits of 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;
  - (ix) reports to the Board of Directors, at least 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 Control System;

- (x) periodically assesses the adequacy of risk mapping and the mitigation actions implemented by the Company;
- (xi) where requested, provides the Board of Directors with an advance opinion on the approval of significant transactions carried out by the Company;
- (xii) shares information with the Board of Statutory Auditors in a timely manner to facilitate the performance of their responsibilities relating to the Control System;
- (xiii) reviews the Company rules and procedures associated with the Control System, with particular regard to the Model, prepared in accordance with Legislative Decree 231/2001, receives periodic reports from and shares 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;
- (xiv) collaborates, when required, 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 targets and risk management policy, taking account of the characteristics of its business and the industry in which it operates;
- (xv) oversees compliance with and periodic updates to the corporate governance rules adopted by the Company and also applied to its subsidiaries;
- (xvi) performs such other duties as may be assigned to it by the Board of Directors.

The Committee receives periodic reports from the Head of Internal Audit containing adequate information on activities carried out, on the risk management process, and on compliance with the plans set out for their mitigation. These reports contain an assessment of the suitability of the Control System.

The Committee is, in addition, given the following responsibilities regarding sustainability:

- (i) proposes a guideline, to be submitted to the Board of Directors, that integrates sustainability into the Group's business processes and business plan, defining annual and multi-year targets to be achieved to ensure the creation of value over a medium- to long-term time horizon for the benefit of shareholders, taking account of the interests of other stakeholders relevant to the Company;
- (ii) disseminates the culture of sustainability among employees, shareholders, customers and, more generally, stakeholders;
- (iii) expresses an assessment of the environmental, economic, and social impacts of business activities;
- (iv) oversees national and international sustainability initiatives, the Company's participation in these initiatives, and the Company's positioning with respect to the financial markets on sustainability issues, with particular regard to its ranking in ethical sustainability indices;
- (v) expresses opinions on the initiatives and programmes promoted by the Company or its subsidiaries in the area of corporate social responsibility and, at the request of the Board of Directors, puts forward opinions and proposals concerning specific corporate social responsibility (CSR) issues;
- (vi) reviews the initiatives undertaken by the Company including in relation to climate change issues;
- (vii) coordinates with the Remuneration and Appointments Committee on the aspects regarding the inclusion of environmental, social and governance performance targets in the remuneration policy and, in particular, in incentive plans.

During the Year, the Control, Risk and 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:

- (i) reviewed the proposed disbursement of a donation in favour of Ukraine;
- (ii) reviewed the business performance and internal risk control system's progress in light of recent micro and macroeconomic developments, and their impact on the most critical aspects of the Group's operations;
- (iii) reviewed the succession plan and procedure related to the position of the Chief Executive Officer and elaborated on possible procedures for the succession of top management urging extension;
- (iv) assessed the updated 2021-2023 Sustainability Plan;
- (v) assessed and updated the Company's most relevant risks (ERM);
- (vi) took note of the report of the Supervisory Board on the activities carried out in the first half of 2022;
- (vii) took note of the IA report on activities carried out in the first half of 2022;
- (viii) assessed the implementation, for certain types of employees, of the possibility of working in agile mode (smart working);
- (ix) reviewed the half-year report of the Company and the consolidated half-year report at 30 June 2022, and assessed the appropriateness of periodic financial and non-financial information, and verified the accurate use and uniformity of accounting standards for the preparation of the above documents;
- (x) submitted the report to the Board of Directors on the activities carried out by the Control, Risk and Sustainability Committee, as well as on the adequacy and effectiveness of the internal control and risk management system;
- (xi) took note from the Financial Reporting Manager's report of the testing and updating activities of the procedures and of the internal control system;
- (xii) made assessments on the Interim Management Statement at March 31 2022 and at 30 September 2022.

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 15 March and 5 September 2022, 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.

During the Year, all supporting documents were 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.

During the Year, the Control and Risk Committee did not make use of external consultants.

After Year end, the Control and Risk Committee has already met 4 times, on 24 February and 14 March and 28 March 2023 and 29 March 2023. At these meetings, 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 Work Plan for 2022;
- reviewed the Internal Audit's Report for the year and the Supervisory Board's Work Plan for 2022;
- reviewed the letter from the chairman of the Corporate Governance Committee.
- 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 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 and approved 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;

## 9. RELATED PARTY COMMITTEE

### 9.1. *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 year*"), as indicated below:

- (i) Sara Bertolini (Chair - Independent Director);
- (ii) Cinzia Morelli (Independent Director);
- (iii) Adriano Bianchi (Independent Director).

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

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;

For the purposes of the discussion of the items on the agenda, the Chairman of the Committee, in order to ensure the timeliness and completeness of the disclosure of the members of the Committee, shall ensure that the documents relating to the items on the agenda are made available at least 3 (three) calendar days before the date of the meeting or, in case of urgent calling, at least twenty-four hours before the time set for the meeting, by sharing on a computer platform with access restricted to Committee members and Statutory Auditors.

The disclosure may be provided within a shorter period of time or during the meeting, as well as by other means than those indicated above (e.g., by making the information available in hard copy during the meeting) in the event that the topic being discussed by the Committee is likely to become inside information as a result of approval by the Board of Directors.

The Regulation of the Related Party Committee was approved by the Board of Directors on 25 June 2020, and most recently amended on 30 March 2022.

During the Year, 8 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 60 minutes.

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 regulation.

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

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.

## **9.2. *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.

Specifically, the Committee's tasks are:

- (i) to express, pursuant to Article 4, paragraph 3, of the RPT Regulation, a prior opinion on the Procedure and on any amendments thereto, as well as on proposals to be submitted to the Shareholders' Meeting regarding any amendments to the Bylaws deemed necessary by the Board of Directors, pursuant to Article 4, paragraph 5, of the RPT Regulation, in the context of the definition of the Procedure;
- (ii) to put forward reasoned opinions in advance on the company's interest in carrying out Related Party Transactions, whether Significant or Less Significant, submitting an opinion on the advantage and substantive and/or procedural fairness of the related conditions, after receiving complete and adequate information flows. These opinions are attached to the referenced minutes and are published where required by law.

The Committee is also actively engaged in the negotiation and preliminary stages of Significant Transactions, receiving comprehensive and current information and having the authority to demand information and offer feedback to delegated bodies and individuals responsible for conducting negotiations or preliminary activities. The Committee also assesses, at least once a year, the proper application of the exemption conditions to Significant Transactions falling under Ordinary Transactions and receives the ex post information flow referred to in Article 10 of the Procedure. Lastly, the Committee is empowered to request the information required for the performance of its duties. The Committee may also avail itself - at the Company's expense and within the expenditure limits under Article 6.8 of the Procedure - of the advice of one or more independent experts, chosen and appointed by the Committee (or by the Board of Directors on the Committee's recommendation), to assist the Committee in

carrying out its functions, in accordance with the provisions of the Procedure. The Committee is called upon to assess in advance the independence of any independent experts engaged by the Committee or used by the Company for assistance in specific Related Party Transactions.

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:

- reviewed the intercompany loan in favour of the subsidiary Bio Energia Guarcino S.r.l. and issued an opinion on this transaction;
- reviewed the issuance by Neodecortech S.p.A. of an independent first-demand guarantee in the interest of Bio Energia Guarcino S.r.l. in favour of Golden-Agri Resources B.V.;
- conducted a number of extensive inquiries on the transactions with the related party Loma S.r.l.

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.

With regard to 2023, the Related Party Committee met 2 times, on 3 February and 10 March 2023. At these meetings, the Committee:

- reviewed and approved the establishment of an intercompany account agreement;
- reviewed the annual report on related party transactions (including exempt transactions).

## 10. 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**" or "**ICRMS**") 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.

The Internal Control and Risk Management System is an integrated system implemented by multiple corporate bodies and organizational units, where the components are coordinated and interdependent, and characterized by their complementary nature in the pursuit of objectives, system characteristics, and operational regulations.

Presented below is an overview of the key figures within the ICRMS, outlining their key remits:

- The Board of Directors: sets the guidelines, assesses the adequacy of the ICRMS, outlines its main features in this Report, and ascertains the degree to which risks align with managing the enterprise in accordance with the identified targets;
- the Control, Risk and Sustainability Committee: with the responsibilities outlined in the above Section 8, is tasked with providing the preliminary and propositional support to aid the Board of Directors in their evaluations and decisions regarding the ICRMS, as well as their approval of periodic financial and non-financial reports. As such, it is called upon to provide an in-depth analysis, with an integrated approach and through Internal Auditing, of the consistency between internal controls and the different business and governance targets, assessing the actual coverage of the risks identified through the different response strategies;
- the Director in charge of the internal control and risk management system: this is the Chief Executive Officer with the duties outlined in detail in Section 10.2 below, of mapping the main corporate risks and implementing the guidelines defined by the Board of Directors. The duties of the Director in charge of the ICRMS, as part of the risk management process, include periodically analyzing, together with the Chief Financial Officer, the high-risk recommendations that have emerged from audits. Bearing this in mind, the Director in charge of the ICRMS meets periodically with the Head of Internal Auditing to review outstanding reports and audit recommendations and gather opinions on risks and controls;
- the Head of Internal Auditing: responsible for assessing that the internal control and risk management system is in operation and adequate, according to the tasks detailed in Section 10.3 below. Specifically, it is responsible for third-level controlling and is therefore responsible for providing independent assurance on the ICRMS aimed at improving the effectiveness and efficiency of the organization. Internal Auditing is responsible for seeing that the ICRMS is in operation and adequate in relation to the Company's size and operations, ensuring that Management has identified the main risks, that they have been assessed consistently, and that appropriate mitigation actions have been defined and implemented. It also assesses that risks are managed consistently with the resolutions of the Board of Directors, external regulations, and the Company's internal rules. The Head of Internal Auditing coordinates the periodic process of recognition and measurement of business risks, the outcomes of which are used for the purpose of preparing the annual Audit Plan;
- the Board of Statutory Auditors, also acting as the Internal Control and Audit Committee pursuant to Article 19 of Legislative Decree no. 39/2010: represents the top supervisory body that oversees the effectiveness of the internal control and risk management system;

- the Supervisory Board: established in implementation of Legislative Decree no. 231/2001, has broad tasks for the purpose of overseeing the validity and effectiveness of the Organizational, Management and Control Model pursuant to Legislative Decree no. 231/2001;
- Second-level control functions: these are figures with specific tasks and control responsibilities on different risk areas/types. These functions oversee business risks, suggest guidelines for associated control systems, and assess their adequacy to guarantee operational efficiency and effectiveness, proper risk control during business operations, dependable information, and compliance with laws, regulations, and internal procedures;
- Company Management: at all levels of the organization, is responsible primarily for internal control and risk management activities (first level of control). In the course of daily operations, it is called upon to identify, measure or assess, monitor, mitigate and report risks arising from ordinary business operations, in accordance with the risk management process and applicable internal procedures. Additionally, Management provides timely information to corporate bodies, according to established internal procedures, on any event that has significant financial implications or may harm the reputation of the organization.

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's organizational chart includes an internal 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. This role is held by Laura Bellezza, who as of December 1 2022 took on the role of Head of Compliance, Organization and Risk Management, replacing the previous manager who resigned.

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 a process in place for identifying, measuring, managing and monitoring corporate risks called "Enterprise Risk Management" (the "**ERM Process**").

The identified risks may originate internally or externally to the company, and may be associated with the industry and/or market environment, where the likelihood of occurrence falls outside of the company's sphere of influence. In the case of external risks, the goal of the ERM Process is to monitor the risk itself and mitigate the impact if it occurs. In the case of internal risks, the goal of the ERM Process is to manage the risk through specific prevention and control systems integrated into the company's processes, aimed at reducing the likelihood and/or containing the impact if it occurs.

The ERM process implemented at Group level and with particular specializations within the subsidiaries, provides for the following activities 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 targets, 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.

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 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. With regard to the outcome of the activities conducted, the Director in charge of the internal control system and the Control, Risk and Sustainability Committee, within their remits, have stressed that the current internal control and risk management system is consistent and adequate to the size and organizational and operational structure of the Group.

The Control, Risk and Sustainability Committee, in particular, based on the evidence obtained in the performance of its activity, assessed on 14 March 2023 that the current internal control and risk management system is consistent and adequate to the size and organizational and operational structure of the Group.

In light of the above, on 15 March 2023, the Board of Directors of the Company, having considered the opinions expressed by the Control, Risk and Sustainability Committee and the Chief Executive Officer, assessed the internal control system to be largely suitable for the company's characteristics and the assumed risk, emphasizing its ability to mitigate each of the above-described risks.

Again on 15 March 2023, 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 2022 and the audit plan for 2023.

#### **10.1. *Description of the main characteristics 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 disclosure 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 interim financial reports, as well the related disclosure. The financial reporting process, 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.

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.

## **10.2. *Director in charge of the internal control and risk management system***

On 28 April 2022, the Board, following renewal of the Board of Directors by the Shareholders' Meeting of 27 April 2022, 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 27 April 2022, as per the appointment on 11 December 2019.

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 periodically submits them to the Board of Directors for their review;
- implements the guidelines set by the Board of Directors, seeing to the planning, implementation and management of the internal control and risk management system, constantly checking its adequacy and effectiveness;
- where appropriate, entrusts the head of internal audit to conduct audits on specific operational areas and on compliance with internal rules and procedures in the performance of corporate transactions,



concurrently notifying the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors;

- deals with the adaptation of the internal control and risk management system to the dynamics of operating conditions and the legislative and regulatory landscape;
- promptly reports to the Control, Risk and Sustainability Committee on situations and critical issues that have materialized in the performance of the activities or of which he has been informed in any case, so that the Board of Directors 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, in alignment 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.).

### **10.3. Head of internal audit**

Effective from 3 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:

- (i) 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;
- (ii) has direct access to all information relevant to the performance of the assignment;
- (iii) 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;
- (iv) prepares timely reports on events of particular relevance;
- (v) 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;
- (vi) 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, Risk and Sustainability Committee, the Director in Charge and the Board of Statutory Auditors, also submitting specific progress reports on 15 March 2022.

On 6 September 2022, 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 2023, 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 2022 and approved, having heard the Chief Executive Officer, the Control and Risk Committee and the Board of Statutory Auditors, the audit plan for 2023.

#### **10.4. *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 “*Codice Etico e Modello Organizzativo*” 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:

- (i) offences committed to the detriment of Public Administration;
- (ii) computer crimes and unlawful data processing;
- (iii) organized crime offences;
- (iv) offences against industry and trade;
- (v) corporate offences;
- (vi) corruption between individuals;
- (vii) crimes for the purposes of terrorism or subversion of the democratic order;
- (viii) crimes relating to the imposition or maintenance in slavery or servitude;
- (ix) market abuse;
- (x) 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;
- (xi) receiving stolen goods, money laundering, and use of money, goods or benefits of unlawful origin, self-laundering;
- (xii) crimes relating to copyright infringement;

- (xiii) environmental offences;
- (xiv) unlawful intermediation and exploitation of labour;
- (xv) employment of third-country nationals whose stay is irregular;
- (xvi) tax offences;
- (xvii) transactional offences;
- (xviii) 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:

- (i) Ettore Raspadori (Chairman);
- (ii) 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 Board 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.

#### **10.5. *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.

#### **10.6. Financial Reporting Manager and other corporate roles and functions**

On 28 April 2022, the Board of Directors of the Company, upon the favourable opinion of the Board of Statutory Auditors, appointed the Chief Financial Officer of the Company, Mr. Zanobini Fabio, as the Financial Reporting Manager pursuant to Article 154-bis of the TUF.

The Board of Directors, having assessed his *curriculum vitae* and reviewed the statement signed by him and made available to the Board, found her to possess the experience required by the Bylaws to perform this function, and also deemed the resources allocated to him to be adequate.

Following the resignation of Mr. Zanobini from the position of Chief Financial Officer of the Company, on 3 November 2022, the Board of Directors appointed Francesca Terrinoni, formerly Group Head of Administration, as interim Chief Financial Officer and Financial Reporting Manager. For the sake of completeness, it should be noted that on 3 November 2022, the Board of Directors resolved on the appointment, effective 1 February 2023, of Marina Fumagalli as Chief Financial Officer and Financial Reporting Manager of the Company.

The Financial Reporting Manager was granted the powers to:

- (i) obtain promptly, or within the time limits indicated by the latter, from any person within the Company and the companies belonging to 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;
- (ii) 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;
- (iii) take part in the meetings of the Board of Directors of the Company, 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;

- (iv) have access to all the resolutions of the corporate bodies and related documents, which have an impact on the results, balance sheet and financial situation of the Company and the Group;
- (v) 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;
- (vi) draft or amend - having heard the opinion of the operational structures, the Chief Executive Officer and the director in charge of the internal control and risk management system, where applicable - company procedures relating to processes falling under the areas under the direct responsibility of the Financial Reporting Manager, including sections of procedures which, as part of cross-cutting management processes, outline activities relevant to the tasks and responsibilities assigned to him;
- (vii) 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;
- (viii) identify, assisted by the Board of Directors and the hierarchical managers of the company divisions involved, and with the opinion of the director in charge of the internal control and risk management system, 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;
- (ix) receive advance information on any proposed changes to all company procedures (operational and managerial);
- (x) 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 Company and the Group Subsidiaries;
- (xi) make use of any company function for the performance of the tasks assigned, as well as of external consultancy;
- (xii) 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;
- (xiii) 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;
- (xiv) 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.

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

## **10.7. *Other parties involved in the internal control and risk management system***

### **10.7.1. *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.

For the sake of completeness, it should be noted that on 31 July, Ms. Aondio resigned and, effective 1 December 2022, the role of Head of Compliance, Organization and Risk Management was taken up by Laura Bellezza.

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

- (i) support to Internal Audit in planning activities and periodic monitoring;
- (ii) planning, amendment and implementation of Neodecortech Group business procedures;
- (iii) analysis of business processes with a view to increasing efficiency;
- (iv) assessment of the efficiency of the controls put in place by Neodecortech Group companies in order to improve their effectiveness;
- (v) risk management, risk mapping and crisis management activities;
- (vi) preparation, if the case, of reports for executives and regulatory bodies;
- (vii) development and oversight of control systems to prevent or manage violations of internal guidelines and policies;
- (viii) 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);
- (ix) monitoring and analysis of the regulatory framework on 231;
- (x) collaboration with the various corporate bodies (Board of Directors, Board of Statutory Auditors, Control and Risk Committee).

#### 10.7.2. 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**"). On 31 August 2022, Ms. Rigon resigned.

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

- (i) regulatory monitoring and corporate governance best practices;
- (ii) management of Neodecortech Group corporate obligations (Corporate Governance Code, CONSOB, Stock Exchange, etc.);
- (iii) contract management and support to Management in the negotiation and management of contractual issues with customers or suppliers;
- (iv) support to General Management in managing relations with consultants and external associates;
- (v) support to the Investor Relator in carrying out activities;
- (vi) support to General Management in communicating to shareholders and the market;
- (vii) collaboration and coordination with the various corporate bodies (Board of Directors, Board of Statutory Auditors, Committees).

**10.8. *Coordination among parties 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.



## 11. 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 - 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 and, most recently on 30 March 2023. 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.

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.

## 12. BOARD OF STATUTORY AUDITORS

### 12.1. *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:

- (i) 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;
- (ii) 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.

## 12.2. *Composition and operation of the Board of Statutory Auditors (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis), 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*"):

- (i) **Stefano Santucci**: Chairman of the Board of Statutory Auditors;
- (ii) **Federica Menichetti**: Standing Auditor;
- (iii) **Stefano Zonca**: Standing Auditor;
- (iv) **Davide Mantegazza**: Alternate Auditor;
- (v) **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 Business Administration 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 an Assistant Professor in Business Administration at the Faculty of Economics, and is holder of the International Financial Reporting Standards course, taught in English, and of the Disclosure, Internal Control and Non-Financial Reporting 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 56 of the Italian Bankruptcy Code. 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 practiced 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 2022 Financial Year, the Board of Statutory Auditors met 13 times. Please refer to Table 4 ("Structure of the Board of Statutory Auditors at the end of the financial year") attached to this Report for an indication of the percentage attendance of each Statutory Auditor at the aforementioned meetings and for further details on the composition of the Board of Statutory Auditors. The meetings had an average duration of about 2 hours.

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

- (i) the update on 2021 closing of accounts and checks under Law 262, ERM matrix, Internal Auditor activities;
- (ii) self-assessment of the independence requirements of the Board of Statutory Auditors for the 2021 financial year;
- (iii) opinion pursuant to article 2389, paragraph 3 of the civil code on the modification of the STI Objectives

for the year 2022 for directors vested with particular offices;

- (iv) checks relating to compliance with the procedures established pursuant to Law 262/2005;
- (v) analysis of the periodic update of the ERM Matrix - Enterprise Risk Management;
- (vi) meeting with the Internal Auditing function and analysis of the results of the testing activity carried out;
- (vii) assessment of the independence requirements of the Board of Statutory Auditors;
- (viii) analysis of the integration and modification process of company information systems;
- (ix) drafting of the Report of the Board of Statutory Auditors on the Company's financial statements as of 31.12.2021;
- (x) analysis of the Additional Report pursuant to art. 11 of Regulation (EU) 537/2014, prepared by the Independent Auditors and addressed to the Board of Statutory Auditors in its capacity as the Company's Internal Control Committee;
- (xi) submission to the Board of Directors the aforementioned Additional Report pursuant to art. 11 accompanied by the observations about it formulated by the Board of Statutory Auditors;
- (xii) insights into customs issues;
- (xiii) verification of the adequacy of the organizational, legal and regulatory structure of the Company;
- (xiv) analysis of personnel selection and management policies;
- (xv) analysis of the features and progress of ongoing research and development processes;
- (xvi) opinion pursuant to art. 154-bis of the Consolidated Act of provisions on financial intermediation (Legislative Decree 24/2/1998, n. 58 and SMI, TUF) regarding the interim appointment of the Manager in charge of preparing the corporate accounting documents;
- (xvii) periodic meetings with the Company responsible for auditing the statutory and consolidated financial statements and analysis of the annual audit plan;
- (xviii) exchange of information with the Company responsible for auditing the statutory and consolidated financial statements;
- (xix) checks pursuant to art. 149 of Legislative Decree 24 February 1998, n. 58 in relation to compliance with the regulations relating to the presentation of the lists and the appointment of members of the Board of Directors;
- (xx) hearing of the new heads of staff functions: Head of Risk Management, Head of Management Control function;
- (xxi) periodic interviews with the Administrative Director of the Company.

The Board of Statutory Auditors met 3 times during the current year, on 31 January, 14 March and 28 March 2023. During these meetings, inter alia, the following topics were discussed:

- (i) the opinion pursuant to art. 154-bis of the Consolidated Law on the provisions on financial intermediation (Legislative Decree 24/2/1998, n. 58 and SMI, TUF) regarding the assignment of the Manager in charge of preparing the corporate accounting documents to the CFO of the Society.

- (ii) ii. opinion of the Board of Statutory Auditors on the proposal to supplement the Independent Auditors' fees due to the amendment of the applicable auditing standards according to Legislative Decree 39/2010
- (iii) iii. verification by the individual members of the Board of maintaining possession of the requisites for assuming the office;
- (iv) iv. analysis of the self-assessment questionnaire and guidelines of the Board of Statutory Auditors regarding the indications to be provided to the shareholders' meeting for the appointment of the next Board;
- (v) v. opinion pursuant to article 2389, paragraph 3 of the civil code, regarding the remuneration of directors vested with particular offices.

There were no changes to the structure of the Board of Statutory Auditors after the close of the financial year.

The Board of Statutory Auditors, in carrying out its functions, coordinated and coordinates regularly with the Control and Risk Committee, also through the timely exchange of information and the constant participation in Committee meetings by the Chairman of the Board or another Statutory Auditor.

As part of their activities, the Statutory Auditors did not deem it necessary to ask the Head of the Internal Audit function to carry out checks on specific operating areas or corporate transactions. The composition of the board is very balanced, as there are corporate and financial skills, with particular reference to the figure of the Chairman of the Board, as well as adequate legal and compliance skills, possessed respectively by the two standing members, Avv. Stefano Zonca and Avv. Federica Menichetti, who also covers the role of member of the Supervisory Body.

The professional experiences of the members of the board, as mentioned above in the presentation sheet, are such as to guarantee the necessary level of professionalism in the exercise of the legal control function by the Board of Statutory Auditors.

The Board of Statutory Auditors currently in office will end its mandate with the shareholders' meeting to approve the financial statements of the Company as at 12.31.2022 and for this reason, in the meeting of 03.28.2023, the Board proceeded to draft a document relating to its guidelines on the indications to be provided to the shareholders' meeting for the appointment of the next Board of Statutory Auditors.

In its conclusions, this document recommends that the appointing Board will have members with expertise in accounting and accounting principles, tax law, internal control, risk management (also of an IT nature), corporate governance and sustainability, as well as adequate experience in administrative positions or control of listed companies.

### **12.3. *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.

#### **12.4. Independence**

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

- (vi) 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 2022, 2021, 2020, 2019, 2018 and 2017 and up to the date of this Report.
- (vii) 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;
- (viii) 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;
- (ix) 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.

#### **12.5. 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.

#### **12.6. 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.



## 13. RELATIONS WITH SHAREHOLDERS

### 13.1. *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](mailto:investor.relations@neodecortech.it).

### 13.2. *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 line with the principle of proportionality also reflected in the Corporate Governance Code and considering its size and characteristics (not a large, concentrated-ownership company) and the composition of the Company's shareholder base.

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.

### **13.3. *Dialogue with other stakeholders***

The Company has a longstanding practice of engaging in an active, transparent, and productive dialogue with its stakeholders, both internal (e.g., Group employees) and external (e.g., customers, suppliers, government agencies, banking and other financing institutions, labour organizations, insurance companies), through multiple communication channels, including one-on-one meetings and participation in events.

**14. SHAREHOLDERS' MEETINGS (PURSUANT TO ARTICLE 123 BIS, PARAGRAPH 2, LETTER C), 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 27 April 2022, 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 2021, and the renewal of the Board of Directors. At the meeting, attended by 5 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:

- at the Shareholders' Meeting held on 27 April 2022, the Board of Directors ensured adequate disclosure 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 being adequate and functional 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 equity rights of the shares and (iv) the percentages established for the exercise of the prerogatives to safeguard minorities.

**15. FURTHER CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), TUF)**

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

**16. CHANGES SINCE YEAR END**

The Issuer notes that there have been no major changes in the ownership structure or corporate governance outlined in this Report since Year end.

## 17. CONSIDERATIONS ON THE LETTER OF 25 JANUARY 2023 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

In accordance with the notice by Borsa Italiana of 25 January 2023, 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 2022 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.

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 on 30 March 2023, 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:

Topic	Recommendation	NDT Corporate Governance
DIALOGUE WITH SHAREHOLDERS	<i>The Committee invites companies to adopt a shareholder dialogue policy that allows for investor-initiated engagement, outlining a range of graduated methods and procedures based on the principle of proportionality, and taking into consideration the company's size and ownership structure.</i>	The Company has not adopted any policy for dialogue with shareholders, in line with the principle of proportionality also reflected in the Corporate Governance Code and considering its size and characteristics (not a large, concentrated-ownership company) and the composition of the Company's shareholder base.
DIALOGUE WITH SHAREHOLDERS	<i>The Committee invites companies to consider including information in their corporate governance report concerning significant topics discussed with shareholders, along with any measures taken to address raised concerns or recommendations.</i>	The Company provides in the Report an overview of the topics addressed in shareholder engagement, as well as the manner in which the dialogue takes place, which will be presented in further detail.
DIALOGUE WITH OTHER RELEVANT STAKEHOLDERS	<i>The Committee invites companies to provide adequate information in their Corporate Governance Report on the criteria and manners in which the governing body has promoted dialogue with other relevant stakeholders.</i>	The Company has a longstanding practice of engaging in an active, transparent, and productive dialogue with its stakeholders, both internal (e.g., Group employees) and external (e.g., customers, suppliers, local communities, etc.), through multiple communication channels.
ASSIGNMENT OF MANAGEMENT	<i>The Committee invites companies that assign substantial management powers to their chairman,</i>	The Chairman of the Board of Directors has no management powers

POWERS TO THE CHAIRMAN OF THE BOARD OF DIRECTORS	<i>even if the chairman does not serve as CEO, to provide adequate justification for this decision in the Corporate Governance Report.</i>	
PRE-BOARD DISCLOSURE	<i>The Committee invites governing bodies to provide procedures for handling pre-Board disclosure that do not include generic exemptions to the timeliness of disclosure for reasons of confidentiality of data and information, and provide detailed information in the corporate governance report on any failure to comply with the notice period specified in the procedures for sending board documents, giving reasons and explaining how adequate insights were ensured at the board meeting.</i>	<p>The Recommendation was implemented through the adoption of a new version of the Rules of the Board of Directors and committee regulations, which contain a detailed provision regarding the reasons for confidentiality exempt from the timeliness of disclosure.</p> <p>The Report contains indications on non-compliance with the notice period.</p>
ATTENDANCE OF MANAGERS AT BOARD MEETINGS	<i>The Committee invites companies to define, in the regulations adopted for the operation of the governing body and its committees, the ways in which these bodies can access the relevant corporate functions according to the subject matter, under the coordination of the chairman of the board of directors or committee, respectively in agreement with or informing the CEO. The Committee also invites companies to provide information in the corporate governance report on the actual participation of managers in board and committee meetings, indicating the functions involved and the frequency of such attendance.</i>	<p>The Recommendation was implemented through the adoption of a new version of the Rules of the Board of Directors and committee regulations, which contain provisions on how directors and committee members can access corporate functions.</p> <p>The Report contains an indication of the role of the managers participating in board and committee meetings, the topics covered and the meetings attended by them.</p>
GUIDELINES ON THE COMPOSITION OF THE BOD	<i>The Committee reiterates the importance of the governing body, at least in companies other than those with concentrated ownership, expressing guidance on the optimal composition of the board ahead of its renewal, and calls on companies to publish this guidance well in advance so that those submitting lists of candidates can take it into account for the purposes of list composition.</i>	In 2022, the Board of Directors of the Company, in view of the expiry of its three-year term, prepared and approved the "Guidance to Shareholders on the Quantitative and Qualitative Composition of the Board of Directors".
INDEPENDENCE REQUIREMENTS	<i>The Committee reiterates the importance of defining ex-ante and disclosing in the corporate governance report the quantitative measures and qualitative standards for evaluating the significance of any business, financial, or professional connections, as well as any</i>	The Board of Directors first identified (at the Board meeting on 23 February 2022) and then supplemented (at the meeting on 28 April 2022) the criteria for independence of the members of the Board of Directors.



	<i>supplemental compensation that may impact a director's independence. The Committee invites companies to consider whether it is appropriate to provide quantitative measures, including those defined in monetary terms or as a percentage of the remuneration awarded for office and committee membership recommended by the Code.</i>	
REMUNERATION REPORT: SUMMARY TABLE OF THE REMUNERATION PACKAGE	<i>The Committee invites companies to include in the remuneration policy of the CEO and other executive directors an executive summary, in table form, showing the composition of the remuneration package, indicating the characteristics and weighting of fixed, short-term variable, and long-term variable components versus total remuneration, at least with regard to the achievement of the target of the variable components.</i>	The Company included this summary table in its annual report on remuneration policies.
PROVISION FOR A VARIABLE COMPENSATION COMPONENT WITH A MULTI-YEAR HORIZON	<i>The Committee invites companies to include in their remuneration policies a variable component with a multi-year horizon, consistent with the company's strategic targets and the pursuit of sustainable success.</i>	The Company has adopted a three-year incentive plan.
ESG PARAMETERS	<i>The Committee invites companies with incentive mechanisms for the CEO and other executive directors tied to sustainability targets to clearly specify the precise performance targets that must be met.</i>	The variable compensation system adopted by the Company includes several targets related to "ESG" topics.

\*\*\* \*\*

Filago (BG), 30 March 2023

For the Board of Directors  
Chairman Luca Peli

**TABLES**

**TABLE 1**  
**INFORMATION ON OWNERSHIP STRUCTURE AT 30 MARCH 2023**

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.			
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<b>OTHER FINANCIAL INSTRUMENTS</b> <b>(granting the right to subscribe newly-issued shares)</b>				
	<b>Listed (indicate markets) / unlisted</b>	<b>No. of instruments outstanding</b>	<b>Share category serving the conversion/exercise</b>	<b>No. of shares servicing the conversion/ Year</b>
Convertible bonds	N.A.			
Warrants	N.A.			

<b>RELEVANT INVESTMENTS IN THE SHARE CAPITAL</b>			
<b>Declarant</b>	<b>Direct shareholder</b>	<b>% on ordinary capital</b>	<b>% on voting capital</b>
<b>FINANZIARIA VALENTINI S.p.A.</b>	<b>Finanziaria Valentini S.p.A.</b>	58.60%	58.60%
<b>AZIMUT INVESTMENTS SA</b>	<b>Azimut Investments SA</b>	5.60%	5.60%
	<b>TOTAL</b>	<b>64.20%</b>	<b>64.20%</b>

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

<b>COMPOSITION OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2022</b>													
<b>Board of Directors</b>													
<b>Position</b>	<b>Members</b>	<b>Year of birth</b>	<b>Date of first appointment (*)</b>	<b>In office since</b>	<b>In office until</b>	<b>List (SUBMITTERS) (**)</b>	<b>List (M/m) (***)</b>	<b>Exec.</b>	<b>Non-exec.</b>	<b>Indep. as per Code</b>	<b>Indep. TUF</b>	<b>No. other positions (****)</b>	<b>Investment (*****)</b>
<i>Chairman</i>	<i>Luca Peli</i>	1953	11/05/2021	27/04/2022	Appr. Fin. Stat. 31/12/2024	A	M		X			Annex 1	14/15
<i>Chief Executive Officer</i>	<i>Luigi Cologni</i>	1964	07/01/2013	27/04/2022	Appr. Fin. Stat. 31/12/2024	A	M	X				Annex 1	15/15
<i>Executive Director</i>	<i>Giorgilli Massimo</i>	1969	19/07/2017	27/04/2022	Appr. Fin. Stat. 31/12/2024	A	M	X				Annex 1	14/15
<i>Director</i>	<i>Gianluca Valentini</i>	1961	27/04/2022	27/04/2022	Appr. Fin. Stat. 31/12/2024	A	M		X			Annex 1	12/12
<i>Director</i>	<i>Adriano Bianchi</i>	1958	27/04/2022	27/04/2022	Appr. Fin. Stat. 31/12/2024	A	M		X	X	X	Annex 1	10/12
<i>Director</i>	<i>Sara Bertolini</i>	1971	27/04/2022	27/04/2022	Appr. Fin. Stat. 31/12/2024	A	M		X	X	X	Annex 1	10/12
<i>Director</i>	<i>Vittoria Giustiniani</i>	1964	27/04/2022	27/04/2022	Appr. Fin. Stat. 31/12/2024	A	M		X			Annex 1	11/12
<i>Director</i>	<i>Ida Altimare</i>	1955	27/04/2022	27/04/2022	Appr. Fin. Stat. 31/12/2024	A	M		X	X	X	Annex 1	10/12

<i>Director</i>	<i>Cinzia Morelli</i>	1960	27/04/2022	27/04/2022	Appr. Fin. Stat. 31/12/20241	A	m		X	X	X	Annex 1	9/12
----- DIRECTORS WHOSE TERM OF OFFICE EXPIRED IN THE YEAR -----													
<i>Director</i>	Riccardo Bruno	1959	09/12/2019	09/12/2019	Appr. Fin. Stat. 31/12/2021	A	M			X	X	Annex 1	3/3
<i>Director</i>	<i>Paolo Pietrogrande</i>	1957	09/12/2019	09/12/2021	Appr. Fin. Stat. 31/12/2021	A	M		X	X	X	Annex 1	3/3
<i>Director</i>	<i>Laura Calini</i>	1970	09/12/2020	09/12/2021	Appr. Fin. Stat. 31/12/2021	A	M		X	X	X	Annex 1	3/3
<i>Director</i>	<i>Paola Carrara</i>	1976	09/12/2020	09/12/2020	Appr. Fin. Stat. 31/12/2021	A	M		X	X	X	Annex 1	3/3

**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 - Sustainability Committee - Control, Risk and Sustainability Committee		Remuneration and Appointments Committee	
Position/Title	Members	(*)	(**)	(*)	(**)	(*)	(**)
Non-executive and independent director	Ida Altimare	N.A.	N.A.	5/5	M	3/3	C
Non-executive and non-independent director	Vittoria Giustiniani	N.A.	N.A.	N.A.	N.A.	3/3	M
Non-executive and independent director	Cinzia Morelli	6/6	M	N.A.	N.A.	3/3	M
Non-executive and independent director	Adriano Bianchi	6/6	M	5/5	C	N.A.	N.A.
Chairman of the Board and non-independent	Luca Peli	N.A.	N.A.	5/5	M	N.A.	N.A.
Non-executive and independent director	Sara Bertolini	6/6	C	N.A.	N.A.	N.A.	N.A.
Executive Director	Massimo Giorgilli	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chief Executive Officer	Luigi Cogni	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
----- DIRECTORS WHOSE TERM OF OFFICE EXPIRED IN THE YEAR -----							
Chairman of the Board	Riccardo Bruno	N.A.	N.A.	N.A.	N.A.	3/3	M
Non-executive and independent director	Laura Calini	2/2	C	3/3	M	N.A.	N.A.
Non-executive and independent director	Paola Carrara	2/2	M	1/1	M	3/3	C
Non-executive and independent director	Paolo Pietrogrande	2/2	M	1/1.	C	3/3	M
No. of meetings held during the Year		8		8		6	

**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.

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	13/13	9
Standing Auditor	Federica Menichetti	1976	24/02/20	24/02/20	Appr. Fin. Stat. 31/12/22	M	X	13/13	6
Standing Auditor	Stefano Zonca	1964	24/02/20	24/02/20	Appr. Fin. Stat. 31/12/22	M	X	13/13	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	Appr. Fin. Stat. 31/12/22	M	X	N/A	17
STATUTORY AUDITORS WHO LEFT OFFICE IN 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
<b>Luca Peli</b>	Paritel SpA	Chairman BoD
	Imt SpA	Chairman BoD
	Govoni Sim Bianca Impianti SpA	Chairman BoD
	Paritel Immobiliare SpA	Chairman BoD
	Cevolani SpA	Chairman BoD
	Demm SpA	Chairman BoD
<b>Luigi Cologni</b>	Cartiere di Guarcino SpA	Chairman BoD

Directors Name and Surname	Other Companies in which they hold office	Position in the company or investment held
<b>Massimo Giorgilli</b>	Cartiere di Guarcino SpA Bio Energia Guarcino Srl Richveel S.r.l.s.	Director Director 33,33% owner
<b>Adriano Bianchi</b>	Alvarez & Marsal Srl	Director
<b>Sara Bertolini</b>	Sirti S.p.A Sirti Telco Infrastructures S.p.A Sirti Digital Solutions S.p.A Euromont S.r.l.	Board Member Board Member Board Member Board Member
<b>Vittoria Giustiniani</b>	Ovs SpA Banca investis S.p.A.	Board Member Independent director
<b>Ida Altimare</b>	Caleffi S.p.A	Board Member
<b>Cinzia Morelli</b>	The Marketing Capability Academy BV	100% owner

Directors  Name and Surname	Other Companies in which they hold office	Position in the company or investment held
	Safilo Group SpA	Independent non-executive director
<b>Gianluca Valentini</b>	Finanziaria Valentini SpA	Board Member
	Fincf Srl	Board Member
	Industrie Valentini Srl	Sole Director
	Mercatone uno finance Srl	Board Member
	Siv Srl	Sole Director
	Valfina Srl	Board Member