

**F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.**

**CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT**  
**FY 2021**

(prepared as per Article 123-*bis* of Legislative Decree No. 58 of February 24, 1998)



(Traditional Administration and Control Model)

Issuer: F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.

Website: [www.filagroup.it](http://www.filagroup.it)

Reporting year: 2021

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## GLOSSARY

<b>Shareholders' Meeting</b>	the Shareholders' Meeting of Fila
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., with registered office at Milan, Piazza degli Affari No. 6.
<b>Corporate Governance Code</b>	the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana., ABI, Ania, Assogestioni, Assonime and Confindustria, available on the website <a href="http://www.borsaitaliana.it">www.borsaitaliana.it</a> in the section <i>Borsa Italiana/Regulation/Corporate Governance</i> , to which the Company adheres.
<b>Civil Code</b>	Royal Decree 262 of March 16, 1942, and subsequent amendments and supplements.
<b>Corporate Governance Committee</b>	the Corporate Governance Committee for Listed Companies, promoted by Borsa Italiana, ABI, ANIA, Assogestioni, Assonime and Confindustria.
<b>Board of Statutory Auditors</b>	the Board of Statutory Auditors of the Issuer.
<b>Control, Risks and Related Parties Committee</b>	the Control, Risks and Related Parties Committee of Fila, which is also responsible for related party transactions and appointed in accordance with the RPT Regulation.
<b>Remuneration Committee</b>	the Remuneration Committee established in implementation of the recommendations of the Corporate Governance Code.
<b>Board of Directors</b>	the Board of Directors of the Issuer.
<b>Consob</b>	the National Commission for Companies and the Stock Exchange, with registered office in Rome, via G.B. Martini No. 3.
<b>Effective Merger Date</b>	June 1, 2015.
<b>Reporting date</b>	December 31, 2021.
<b>Dixon</b>	Dixon Ticonderoga Company, a company with its head office at 615 Crescent Executive Ct., Lake Mary, Florida, 100% owned by Fila. The merger by incorporation of Pacon into Dixon became effective on October 1, 2019.
<b>Issuer, Fila or the Company</b>	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A., with registered office at Pero (MI), via XXV Aprile, 5, Economic and Administrative Index No. 2022589, Milan, Monza-Brianza and Lodi Companies Registration Office and Tax No. 08391050963.

<b>Euronext Milan</b>	the regulated market Euronext Milan, organised and managed by Borsa Italiana.
<b>Reporting Year or Year</b>	the financial year ending December 31, 2021.
<b>Merger</b>	the merger by incorporation of Fila S.p.A into Fila (previously Space S.p.A.) completed on the Effective Merger Date.
<b>Group or Fila Group</b>	Fila and its subsidiaries pursuant to Article 2359, paragraph 1.1 of the Civil Code and associates pursuant to Article 2359, paragraph 3 of the Civil Code included in the consolidation scope.
<b>Pacon Group</b>	considered collectively, Pacon and its subsidiaries pursuant to Article 2359, paragraph 1.1 of the Civil Code and associates pursuant to Article 2359, paragraph 3 of the Civil Code included in the consolidation scope.
<b>Stock Exchange Instruction Regulation</b>	the Instructions to the Regulation for Markets organised and managed by Borsa Italiana.
<b>Pacon Managers</b>	collectively, Jim Schmitz, Jim McDermott, Joan Strand, Brian Higgins and John Carlberg.
<b>Pacon Manager Warrants</b>	the 172,678 warrants awarded to the Pacon Managers on November 28, 2018, which give the right to receive 1 (one) of the Issuer's new ordinary shares for each warrant exercised.
<b>Group Organisational Model</b>	the document, approved on May 15, 2020 by the Board of Directors, which includes a description of the main responsibilities of Fila's corporate boards and of the Group and local corporate functions.
<b>Transaction</b>	the reorganisation between Space and Fila, as approved by the Board of Directors of the aforementioned companies on January 15, 2015, undertaken principally through the Merger.
<b>Supervisory Board</b>	the Supervisory Board established by the Issuer in accordance with Legislative Decree No. 231/2001.
<b>Pacon</b>	Pacon Holding Company, a company incorporated under the law of the State of Delaware, fully and indirectly owned by Fila incorporated effective October 1, 2019, into Dixon.
<b>Pencil</b>	Pencil S.p.A., with registered office in Milan, Viale Vittorio Veneto no. 14, Economic and Administrative Register No. MI - 2523046, Milan, Monza-Brianza and Lodi Companies Registration Office and Tax No. 10338010019.

<b>2019-2021 Performance Shares Plan</b>	the remuneration plan pursuant to Article 114- <i>bis</i> of the CFA concerning the free grant of Company shares, which was approved by the Shareholders' Meeting on April 18, 2019 and expired naturally on December 31, 2021.
<b>2022-2026 Performance Shares Plan</b>	the remuneration plan pursuant to Article 114- <i>bis</i> of the CFA concerning the free grant of Company shares, which the Board of Directors on March 22, 2022 and on the proposal of the Remuneration Committee, decided to submit for the approval of the Shareholders' Meeting of the Company called to approve the Fila financial statements for the year 2021.
<b>SMEs</b>	small and medium-sized issuers of listed shares pursuant to Article 1, paragraph 1, letter w- <i>quater</i> 1) of the CFA and Article 2- <i>ter</i> of the Issuers' Regulation.
<b>Shareholder Communication Policy</b>	Fila's policy for managing dialogue with shareholders and other stakeholders approved by the Board of Directors on November 12, 2021.
<b>Remuneration Policy</b>	Section I of the Remuneration Report, which clearly and comprehensibly outlines: (a) the Company and Group policy concerning remuneration of the members of the Board of Directors and of the Senior Executives, and, without prejudice to the provisions of Article 2402 of the Civil Code, of the members of the Board of Statutory Auditors; and (b) the boards involved and the procedures used for its preparation, approval and possible review, as well as its duration.
<b>2022 Remuneration Policy</b>	the Remuneration Policy for the year 2022, approved by the Board of Directors on March 22, 2022, on the proposal of the Remuneration Committee, and submitted for approval to the Shareholders' Meeting called to deliberate on Fila's individual financial statements for the year ending December 31, 2021.
<b>RPT Policy</b>	the policy governing related party transactions carried out by the Issuer, directly or through subsidiaries, in compliance with the Consob Related Parties Regulation, approved by the Board of Directors on May 14, 2021 and entered into force on July 1, 2021.
<b>Stock Exchange Regulation</b>	the Regulations for Markets organised and managed by Borsa Italiana S.p.A.



<b>Issuers' Regulation</b>	the enacting regulation of the CFA concerning the governance of issuers, adopted by Consob with Resolution No. 11971 of May 14, 1999.
<b>RPT Regulation</b>	the Regulation on related party transactions adopted with Consob Motion No. 17221 of March 12, 2010.
<b>Report</b>	this Corporate Governance and Ownership Structure Report which the Company must prepare and publish as per Article 123- <i>bis</i> of the CFA.
<b>Remuneration Report</b>	the Remuneration Policy and Report, prepared in accordance with Article 123- <i>ter</i> of the CFA and Article 84- <i>quater</i> of the Issuers' Regulation in accordance with Annex 7- <i>bis</i> of the Regulation, available in accordance with the law from the Company's registered office and website at the address <a href="http://www.filagroup.it">www.filagroup.it</a> , in the <i>Governance/ Annual Reports</i> section.
<b>Space</b>	Space S.p.A.
<b>Space Holding</b>	Space Holding S.r.l., with registered office in Milan, Piazza Cavour No. 1, Economic and Administrative Index No. MI - 2008312, Milan, Monza-Brianza and Lodi Companies Registration Office and Tax No. 08187660967, the promoter of Space.
<b>Sponsor Warrant</b>	the "Space S.p.A. Sponsor Warrants" with the characteristics indicated in the relevant regulation.
<b>By-Laws</b>	the Company's By-Laws, as most recently amended on June 11, 2021 and available on the Company's website ( <a href="http://www.filagroup.it">www.filagroup.it</a> ) in the <i>Governance/Governance Systems and Rules</i> section.
<b>CFA</b>	Legislative Decree No. 58 of February 24, 1998.

Unless otherwise indicated in the Report, the following terms have the same meaning ascribed to them in the CG Code: **Independent Directors, significant shareholder, Chief Executive Officer (CEO), Board of Directors, Supervisory Board, business plan, concentrated ownership company, large company, sustainable success, top management.**

## 1. ISSUER PROFILE

Fila, founded in Florence in 1920 and managed since 1956 by the Candela family, is a leading Italian company in the production and marketing of products for creative expression, including items for colouring, drawing, modelling, writing, painting and products for school and leisure.

Since November 2015, Fila has been listed on Euronext Milan, Euronext STAR Milan segment.

The Fila Group, with revenues of over Euro 653 million in 2021, has grown significantly over the last twenty years and has completed a series of strategic acquisitions, including the Italian company Adica Pongo, the American companies Dixon and the Pacon Group, the German company LYRA, the Mexican enterprise Lapiceria Mexicana, Daler-Rowney Lukas in England and Canson and Arches in France.

Fila is an icon of Italian creativity globally through its colouring, drawing, modelling, writing and painting tools, thanks to brands such as Giotto, Tratto, Das, Didò, Pongo, Lyra, Doms, Maimeri, Daler-Rowney, Canson, Princeton, Strathmore and Arches. Since its foundation, Fila has chosen to focus on growth through continuous innovation, both in technological and product terms, in order to enable individuals to express their ideas and talent through tools of exceptional quality. In addition, Fila and the Group companies work together with the Institutions to support educational and cultural projects which promote creativity and expression among individuals and make culture accessible to all.

At December 31, 2021, Fila operates through 22 main production facilities (of which two in Italy) and 34 production/commercial subsidiaries across the globe and employs approximately 9,823 staff.

### 1.1 GOVERNANCE SYSTEM ADOPTED BY THE ISSUER

In order to ensure effective and transparent allocation of roles and responsibilities among its corporate bodies and, more specifically, a correct balance between management and control functions, the Issuer has adopted a corporate governance system in line with regulatory evolution and national and international best practices, inspired by the principles and recommendations in the CG Code, which the Company complies with.

The Company has adopted the Traditional Administration and Control Model with the following bodies and committees<sup>(1)</sup>:

- (i) the Shareholders' Meeting,
- (ii) the Board of Directors, which operates both as a collegial body and through the Chief Executive Officer and the Executive Director, and within which the following have been formed:
  - (a) the Control, Risks and Related Parties Committee; and
  - (b) the Remuneration Committee;

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<sup>(1)</sup> The powers and operating rules of the corporate bodies, in addition to the provisions of the law and regulations in force from time to time, are governed by the By-Laws, the Shareholders' Meeting Regulations and those of the Board of Directors and Committees, adopted by the Fila Board of Directors on May 14, 2021, and the RPT Policy, as well as the corporate policies adopted by the Company.

(iii) the Board of Statutory Auditors;

The Company in addition set up a Supervisory Board and appointed, in accordance with law, KPMG S.p.A. as the independent audit firm.

During the Reporting Year, the Company carried out a review and adjustment of its governance structures and tools, to the new CG Code (applicable from January 1, 2021).

Against this backdrop the Board of Directors, in order to comply with the recommendations prescribed by the Corporate Governance Code:

- (i) on May 14, 2021, pursuant to Recommendation 11 to Article 3 of the CG Code, approved the Board of Directors and Committees Regulation that define the rules for the functioning of the administrative body, the Control, Risks and Related Parties Committee and the Remuneration Committee, including the procedures for taking meeting minutes and the procedures for managing information to Directors (for more information on the Board of Directors Regulations, please refer to Section 0 of this Report). In particular, the Control, Risks and Related Parties Committee has also been assigned responsibilities in the field of sustainability, for the robust implementation of the initiatives on sustainable development promoted by the Group. In addition, the Company has set up a special internal committee with a mixed composition (managerial and advisory) with the task of supporting the Board of Directors in the analysis of the issues relevant to the generation of long-term value (for further information on this internal committee, see Paragraph **Errore. L'origine riferimento non è stata trovata.** of this Report);
- (ii) on November 12, 2021, pursuant to Recommendation 3 of Article 1 of the CG Code, it adopted the Shareholder Communication Policy (for more information regarding the provisions of the Shareholder Communication Policy, please refer to Section 12 of this Report).

At the date of this Report:

- (i) the Company does not qualify as a "large company" within the meaning of the CG Code, as Fila's market capitalisation in the last 3 (three) calendar years has been lower than the threshold provided for "large companies" by the Corporate Governance Code (i.e. Euro 1 billion);
- (ii) the Company qualifies as a "concentrated ownership company" within the meaning of the CG Code, in that it is controlled by right by Pencil, which holds a total of approximately 56.44% of the voting rights that may be exercised at the Shareholders' Meeting (for further information, see Section 2.3 of this Report).

## 1.2 QUALIFICATION AS AN SME

We note that at the date of this Report, the Company qualifies as an SME pursuant to Article 1, paragraph 1, letter *w-quater.1*) of the CFA and is included in the list of "*issuers of listed SME shares*", updated as at January 31, 2022, published by Consob on its website, at the address "[www.consob.it/web/area-pubblica/emittenti-quotati-pm](http://www.consob.it/web/area-pubblica/emittenti-quotati-pm)", as Fila's market capitalisation (calculated in accordance with Article 2-ter, paragraph 1, of the Issuers' Regulations) has not exceeded, for three consecutive years (2019, 2020 and 2021), the threshold provided for in Article 1, paragraph 1, letter *w-quater.1*), of the CFA (i.e. Euro 500,000,000).

The following table illustrates Fila's market capitalisation over the last 3 fiscal years.

MARKET CAPITALISATION(*)		
2019	2020	2021
699,783,408	449,154,122	511,124,886

(\*) Pursuant to Article 2-ter, paragraph 1 of the Issuers' Regulation, this corresponds to the simple average of daily capitalisations calculated with reference to the official price, recorded during the year.

### 1.3 SUSTAINABILITY POLICIES

In line with best practices and the provisions of the CG Code, Fila's Board of Directors manages the Company with a view to the pursuit of sustainable success in application of the guidelines of the Group's Strategic Plan for the period 2021-2025 (the "**2022-2025 Strategic Plan**") approved at the meeting of the Board of Directors on December 10, 2020. Specifically, the 2021-2025 Strategic Plan includes within it the Group's sustainability plan for the period 2021-2025 (the "**2022-2025 Sustainability Plan**"), through which the Group undertakes to operate responsibly, integrating into its business model the sustainable development objectives promoted by the United Nations, in an increasingly structured manner, in application of the following key principles:

- (i) purpose: inspire and enrich people's lives through creative and artistic thinking;
- (ii) vision: become the go-to solution for anyone seeking to express their creativity, offering the broadest portfolio of brands and products for art and creative education.
- (iii) mission: to produce and create everything you need to give shape to your ideas and interests, offering practical, accessible and safe tools to support the development of great creative passions, even through simple gestures, allowing everyone to express themselves in every moment of their lives and around the world.

In addition, the Company, in implementation of the 2021-2025 Strategic Plan, shares, pursues and promotes the following core values:

- (i) legacy: Fila has a great tradition and a long history that inspires the Company's future and creates a sense of belonging;
- (ii) solidity - the Issuer focuses closely on return on investment to ensure the Group's continual growth;
- (iii) integrity: Fila works every day with transparency, fairness, honesty and consistency;
- (iv) responsibility: the Company conducts its business with respect for all the people with whom it deals and is committed on a daily basis to protecting the environment in order to create sustainable value;
- (v) excellence: the Issuer consistently strives, with commitment and care, to ensure that the Company and the Group provide quality, service, safety and performance.

For more information on the 2021-2025 Strategic Plan and the 2021-2025 Sustainability Plan, see Section 0 of this Report and the Company's website ([www.filagroup.it](http://www.filagroup.it)).

Fila has also established a Remuneration Policy, ensuring that this contributes to the corporate strategy, the pursuit of long-term interests and the sustainability of the Company and the Group. The Remuneration Policy seeks to attract, maintain and motivate individuals of high professional standing, with particular regard to key positions for the development and management of the business, in addition to rewarding the achievement of the individual and company performance targets on the basis of the Company's economic-financial growth indicators and specific non-financial objectives including those relating to Environmental, Social, and Corporate Governance topics, all in the pursuit of sustainable success (for more information on the Board of Directors' Regulation see Paragraph 0 of this Report).

The Company has given the Control, Risks and Related Parties Committee responsibility for sustainability in order to implement the initiatives on sustainable development promoted by the Group. For further information in this regard, see Section 9.3 of this Report. The Company also established an internal committee with a mixed composition (management and advisory) on sustainability on June 10, 2020 to support the Board of Directors in analysing the relevant topics for the generation of long-term value. Specifically, this internal committee - whose composition is decided by the Chief Executive Officer - is currently made up of the Executive Director Luca Pelosin and certain company managers, representing the Purchasing, Production, Marketing and HR departments, in addition to the Sustainability Manager. The Committee is responsible for (i) supporting the delegated bodies in updating the Group sustainability plan, (ii) managing and coordinating sustainable development projects and activities for the Group, (iii) supporting the competent functions in the preparation of the non-financial statement as per Legs. Decree No. 254 of December 30, 2016 or of the sustainability report (iv) ensuring an increasing awareness of sustainability issues within the organisation.

Finally, we note that the Company is required to prepare a Consolidated Non-Financial Statement in accordance with the provisions of Legislative Decree No. 254 of December 30, 2016. For more information on the Consolidated Non-Financial Statement as of December 31, 2021 approved by the Board of Directors on March 22, 2022, please refer to the Company's website ([www.filagroup.it](http://www.filagroup.it)), *Governance/Annual Reports* section.

## 2. INFORMATION ON THE OWNERSHIP STRUCTURE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, CFA)

### 2.1 SHARE CAPITAL STRUCTURE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER A), CFA)

#### 2.1.1 Share capital and shares of the Company

At the date of this Report, the subscribed and paid-in share capital of Fila amounts to Euro 46,985,772.68, divided into 51,058,297 shares, of which 42,976,441 ordinary shares and 8,081,856 special B shares with increased voting rights (**B Shares**), all without nominal value.

At the date of this Report, no share categories other than common and increased voting shares are issued.

The table below presents the structure of the Issuer's share capital at the date of this Report.

SHARE CAPITAL STRUCTURE				
CATEGORY	NO. OF SHARES	% OF SHARE CAPITAL	LISTED (WITH MARKET INDICATED) / NOT LISTED	RIGHTS AND OBLIGATIONS
Ordinary shares	42,976,441	84.17%	Euronext Milan - Euronext STAR Milan segment	Allocates 1 vote per share
Multi-vote shares (B Shares)	8,081,856	15.82%	Non-listed	Allocates 3 votes per share

The Fila ordinary and B Shares are subject to the dematerialisation rules and have been entered into the centralised management system pursuant to Article 83-*bis* and thereafter of the CFA.

The ordinary shares are to bearer, indivisible, freely transferable and confer to the owners equal rights. In particular, each ordinary share attributes the right to one vote at the Ordinary and Extraordinary Shareholders' Meeting, as well as additional equity and administrative rights pursuant to the By-Laws and statutory law.

In accordance with Article 5.5 of the By-Laws, the B shares attribute the same rights as the ordinary shares, with the exception of:

- (a) each B Share confers the right to three (3) votes pursuant to Article 127-*sexies* of the CFA at all Shareholders' Meetings, subject to any statutory limitation;
- (b) They are automatically converted into ordinary shares at the ratio of 1 (one) ordinary share for every Class B share (without the need for approval at a Special Class B Shareholders' Meeting, nor by the shareholders of the Company) in the event of (i) sale to parties who are not already owners of Class B shares, except in the case where the transferee is a holding company, controlled by or subject to common control with the transferor and, on the understanding that, in this case, if the transferee loses the status of a holding company controlled by or subject to common control with the transferor, all the Class B shares of the holder will be automatically converted into ordinary shares at the ratio of one ordinary share for every Class B share and (ii) change of control of the person holding the Class B shares, where the holding company

means the party who, under applicable law, is obliged to provide information about major holdings (the "Ultimate Parent") and this, except for cases where this change of control takes place (1) not by *inter vivos* transaction; or (2) *inter vivos* in favour of parties who are successors in title of the Ultimate Parent and/or in favour of a Company or other entities directly or indirectly controlled by the Ultimate Parent or its direct successors in title or where they themselves are the beneficiaries, specifying that the change from exclusive control to joint control with third parties acting jointly with the Ultimate Parent will not constitute a change in control for the purposes of this paragraph;

- (c) they may be converted, in whole or in part, and in one or more tranches, into ordinary shares at the simple request of the holder, to be sent to the Chairperson of the Board of Directors of the Company and in copy to the Chairperson of the Board of Statutory Auditors, and always on the basis of one ordinary share for every Class B share.

The conversion is ratified by the Board of Directors with motions taken by statutory majority. In the event of omission by the Board of Directors, the conversion is ratified by the Board of Statutory Auditors with the approval of a majority of those present.

Ordinary shares may not be converted into B Shares.

The Company may issue B Shares limited to the following cases (i) share capital increases pursuant to Article 2442 of the Civil Code or through new conferment without exclusion or limitation of the option right, in any case together with ordinary shares; and (ii) mergers or spin-offs.

In the event of a share capital increase to be undertaken through the issue of ordinary shares, all shareholders will have the right to subscribe to the newly-issued ordinary shares (unless the option right is excluded in accordance with law or there is no entitlement) in proportion and in relation to the shares - including ordinary shares or Class B shares – held at the moment of share capital increase. In such an event, the passing of the relative motion pursuant to Article 2376 of the Civil Code by the special Shareholders' Meeting of the B Shares is not required.

In the event of a share capital increase through the issue of ordinary or B Shares: (i) the number of the ordinary and B Shares to be issued must be proportional to the number of ordinary and B Shares of the share capital at the date of the relative motion; and (ii) the ordinary and B Shares to be issued must be offered to each shareholder in relation to and in proportion to, respectively, the ordinary and B Shares held at the date of the share capital increase, noting that the B Shares may only be subscribed by shareholders already holders of B Shares; in the absence of subscription of the newly issued B Shares by the shareholders of the B Shares, the B Shares will automatically convert into ordinary shares based on one share for every B Share and will be offered to the other shareholders in accordance with applicable legal provisions.



Where the Company participates in a merger by incorporation as the incorporating company or in a merger, the holders of the B Shares will have the right to receive, within the share swap ratio, shares with the same characteristics - in relation to the multi-voting rights – as the B Shares, in accordance with applicable legal provisions.

During its meeting in ordinary session on April 18, 2019, and in accordance with Article 114-*bis* of the CFA, the Shareholders' Meeting approved (i) the 2019-2021 Performance Shares Plan for the Company's Chief Executive Officer, Executive Director, Senior Executives and Senior Managers. In service of the 2019-2021 Performance Shares Plan, the same Shareholders' Meeting also resolved to empower, pursuant to Article 2443 of the Civil Code, the Board of Directors, for a period of 5 (five) years from the motion approval date, to freely increase the share capital, as per Article 2349 of the Civil Code, for a maximum amount of Euro 458,049.00, to be entirely recognised to share capital, through the issue of a maximum 497,879 Fila ordinary shares, to be assigned to the beneficiaries of the 2019-2021 Performance Share Plan on conclusion of the three-year vesting period (i.e. January 1, 2019 - December 31, 2021). For more information on the 2019-2021 Performance Shares Plan and the number of shares that will be granted to beneficiaries depending on performance target achievement levels, please refer to the prospectus on the 2019-2021 Performance Shares Plan prepared pursuant to Articles 114-*bis* of the CFA and 84-*bis* of the Issuers' Regulation, and Section II of the Remuneration Report (pages [39] et seq.), which can be consulted on the Company's website ([www.filagroup.it](http://www.filagroup.it)), in the *Governance/Annual Reports* and *Governance/Stock-Grant Plans* sections respectively.

On March 22, 2022, and on the proposal of the Remuneration Committee, the Board of Directors also submitted a proposal to the Shareholders' Meeting called to approve the Company's individual financial statements for 2021, pursuant to Article 114-*bis* of the CFA, for the adoption of the 2022-2026 Performance Shares Plan, intended for the Company's Chief Executive Officer, Executive Director, Senior Executives and Senior Managers, as a replacement for the 2019-2021 Performance Shares Plan, intended for the same categories of beneficiaries and which expired naturally on December 31, 2021.

For further information on the 2022-2026 Performance Shares Plan, see the Prospectus prepared as per Article 114-*bis* of the CFA and Article 84-*bis* of the Issuers' Regulation and Section I of the Remuneration Report (p. 33 onwards). These documents are available for consultation on the Company's website ([www.filagroup.it](http://www.filagroup.it)) in the sections *Governance/Stock Grant Plans* and *Governance/Annual Reports* respectively.

### **2.1.2 Warrants**

#### *(i) Sponsor Warrant*

On October 9, 2013 the Extraordinary Shareholders' Meeting approved an increase in the paid-in share capital, divisible, for a maximum total amount, including share premium, of Euro 7,788,750, through the issue of a maximum 750,000 conversion shares to service the Sponsor Warrants and in accordance with the conditions of the relative regulations approved by the same Extraordinary Shareholders' Meeting. Following this motion, 690,000 Sponsor Warrants were issued, all assigned to Space Holding. Each Sponsor Warrant gives rights, against the relative exercise, of the assignment of one Fila ordinary share.

On January 15, 2015, the Board of Directors pursuant to Article 6.2 of the Sponsor Warrant regulation, approved some amendments to the "Exercise Price" of the warrants, in order to adjust



the terms and conditions of the exercise in the event of the distribution of reserves within the Operation. On November 28, 2018, the Board of Directors pursuant to Article 6.1(i) of the Sponsor Warrant regulation, approved the modification of the “Exercise Price” of the warrants in order to adjust the terms and conditions of the exercise of the warrants as a consequence of the 2018 Capital Increase.

As at the date of this Report, on the basis of the information available to the Company, Space Holding holds all of the Sponsor Warrants (*i.e.* 690,000). The Sponsor Warrants are exercisable - in accordance with the terms and conditions of the regulation - in the period between the first stock market trading day after June 1, 2015 (the Effective Merger Date) and the tenth anniversary of that date.

The Sponsor Warrants are not listed on any regulated market.

The Sponsor Warrant Regulation is published on the website of the Issuer ([www.filagroup.it](http://www.filagroup.it)), in the *Governance* section.

The following table summarises the main characteristics of the Sponsor Warrants at the date of this Report.

	LISTED (WITH MARKET INDICATED) / NON-LISTED	NO. OF INSTRUMENTS OUTSTANDING	CLASS OF SHARES FOR CONVERSION/EXERCISE	NO. OF SHARES FOR CONVERSION/EXERCISE
<b>Sponsor Warrant</b>	Non-listed	690,000	Ordinary shares	maximum 750,000 ordinary shares

(ii) *Pacon Manager Warrants*

As part of the Acquisition of the Pacon Group, the free assignment of Pacon Manager Warrants was stipulated for the Pacon Managers, which give the right to receive a Fila newly-issued ordinary share for each Pacon Manager Warrant exercised. In this regard, it should be noted that on October 11, 2018, the Extraordinary Shareholders' Meeting of Fila passed a motion on a share capital increase with the exclusion of the option right, indivisible and against payment, for a value of USD 2,050,000, inclusive of share premium, to serve the Pacon Manager Warrants (the “**Pacon Manager Warrants Capital Increase**”). On November 28, 2018, the Board of Directors of the Issuer set, on the basis of the powers granted by the aforementioned Shareholders' Meeting, (i) Euro 1,810,000 as the maximum amount, inclusive of share premium, of the above-mentioned Pacon Manager Warrants Capital Increase and (ii) a maximum of 172,678 new ordinary Fila shares to be issued in respect of the exercise of the Pacon Manager Warrants. Therefore, 172,678 Pacon Manager Warrants were issued and assigned to Pacon Managers.

Pacon Manager Warrants are (i) issued in paper form; (ii) to bearer; (iii) non-transferable to third parties in the case of inheritance or the execution of a will and (iv) divided into three (3) lots of equal amounts (that is, 1/3 each), all exercisable by December 31, 2025, of which the first is to be exercised with effect from June 7, 2019, the second to be exercised with effect from June 7, 2020 and the third to be exercised from June 7, 2021, with the exception of one Pacon Manager, in relation to which two (2) lots are divided into equal amounts (that is, 1/2 each) of which, the first is to be exercised with effect from June 7, 2019 and the second is to be exercised with effect from June 7, 2020. The regulation also provides for the right of the Pacon Managers to exercise the Pacon Manager Warrants early upon the occurrence of specific events including, without limitation, the termination of the

employment relationship between the Pacon Managers and the Group due to "good leaver" circumstances, as defined in the regulation. The Pacon Manager Warrants are not listed on any regulated market. The exercise price of each Pacon Manager Warrant is Euro 10.48.

The amount of USD 2,050 thousand to be utilised for subscription to the Pacon Manager Warrants Capital Increase has been fully paid by the Pacon Managers to an account set up by Fila and these amounts have been recognised by the Company to a "*future share capital*" reserve. In the case of exercise of the Pacon Manager Warrants, this reserve shall be fully or partially converted to capital (according to the amount of Pacon Manager Warrants which shall be effectively exercised); where not all of the Pacon Manager Warrants are exercised, the relative amounts paid by the Pacon Managers shall be acquired by the Company as paid-in capital contributions.

The first tranche of the Pacon Manager Warrants became eligible for exercise on June 7, 2019. After that date, the Pacon Managers exercised a total of 63,177 Pacon Manager Warrants (the entirety of the first tranche) during the Reporting Year, and 63,177 new ordinary Fila shares were therefore issued for the Pacon Manager Warrants Capital Increase. In light of the above, the Company's share capital was increased by a total of Euro 662,095 (of which Euro 63,177 allocated to share capital and Euro 598,918 to share premium).

On March 16, 2020, a Pacon Manager and the Fila Group, with approval from the Board of Directors, signed an agreement amending the terms of employment in force between them with effect from April 1, 2020. Fila's Board of Directors decided that the aforementioned amendment of the terms of employment between the Manager and the Fila Group qualified as a "Good Leaver" scenario as defined in the Pacon Manager Warrants regulation, and therefore the two (2) residual tranches of equal amount (i.e., 1/3 each) of the Pacon Manager Warrants attributed to him, became exercisable early. Therefore, the aforementioned Pacon Manager exercised a total of 56,156 Pacon Manager Warrants (corresponding to the entire amount of the remaining second and third lots) and consequently, on April 17, 2020, 56,156 new Fila ordinary shares were issued and allotted, pursuant to the Pacon Manager Warrant Capital Increase. In light of the above, the Company's share capital was increased by a total of Euro 588,514.88 (of which Euro 56,156 allocated to share capital and Euro 532,358.88 to share premium).

On March 31, 2020, a Pacon Manager and the Fila Group, with approval from the Board of Directors, signed an agreement amending the terms of employment in force between them with effect from April 3, 2020. Fila's Board of Directors decided that the aforementioned amendment of the terms of employment between the Manager and the Fila Group qualified as a "Good Leaver" scenario as defined in the Pacon Manager Warrants regulation, and therefore the two (2) residual tranches of equal amount (i.e., 1/3 each) of the Pacon Manager Warrants attributed to him, became exercisable early from April 7, 2020. Therefore, the aforementioned Pacon Manager exercised a total of 16,846 Pacon Manager Warrants (corresponding to the entire amount of the remaining second and third lots) and consequently, on June 8, 2020, 16,846 new Fila ordinary shares were issued and allotted, pursuant to the Pacon Manager Warrant Capital Increase. In light of the above, the Company's share capital was increased by a total of Euro 176,546 (of which Euro 16,846 allocated to share capital and Euro 159,700.08 to share premium).

The second tranche of the Pacon Manager Warrants became eligible for exercise on June 7, 2020. After that date, the other Pacon Managers exercised a total of 18,250 Pacon Manager Warrants during the Reporting Year, and 18,250 new ordinary Fila shares were therefore issued for the Pacon Manager Warrants Capital Increase. In light of the above, the Company's share capital was increased by a total of Euro 191,260.00 (of which Euro 18,250 allocated to share capital and Euro 173,010 to share premium).

The third and final tranche of the Pacon Manager Warrants became eligible for exercise on June 7, 2021. After that date, the other Pacon Managers exercised a total of 18,249 Pacon Manager Warrants during the Reporting Year, and 18,249 new ordinary Fila shares were therefore issued for the Pacon Manager Warrants Capital Increase. In light of the above, the Company's share capital was increased by a total of Euro 191,251 (of which Euro 18,249 allocated to share capital and Euro 173,000 to share premium).

As a result of the exercise that took place on June 7, 2021, at today's date, all 172,678 "Pacon Manager Warrants" have been exercised.

## **2.2 RESTRICTION ON THE TRANSFER OF SHARES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER B), CFA)**

At the reporting date, there are no restrictions on the transfer of the ordinary shares of the Company. Furthermore, there are no limits to holding shares of the Company, nor any clauses to restrict becoming a shareholder.

For further information concerning the B Shares, reference should be made to the preceding paragraph 2.1.1 of this Report.

## **2.3 SIGNIFICANT HOLDINGS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER C), CFA)**

Based on the information available including as per communications pursuant to Article 120 of the CFA, at the date of this Report the shareholders who directly or indirectly hold above 5% of the voting share capital of the Issuer - including through nominees, trusts and subsidiaries - are reported in the table below:

SHAREHOLDER	DIRECT SHAREHOLDER	% OF ORDINARY SHARE CAPITAL	% OF VOTING SHARE CAPITAL
Massimo Candela	Pencil S.p.A.	27.057%	53.366%
Free float	-	72.943%	46,634%
<b>Total</b>	-	<b>100.000%</b>	<b>100.000%</b>

## **2.4 SHARES WHICH CONFER SPECIAL RIGHTS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER D), CFA)**

There are no securities which confer special control rights or securities with special powers pursuant to the regulations and statutory provisions, except for that outlined above with reference to the B Shares at the preceding paragraph 2.1.1 of this Report.

Pursuant to Article 127-*sexies* of the CFA, the Company has issued multi-vote shares (the B Shares), each of which confers the right to three (3) votes at all ordinary and extraordinary Shareholders' Meetings, subject to any legal limitations, and confers all rights and obligations indicated at the preceding paragraph 2.1.1 of this Report. The B Shares are entirely held by Pencil (a company owned by Massimo Candela).

The By-Laws do not contain provisions upon multi-vote shares in accordance with Article 127-*quinquies* of the CFA.

## **2.5 EMPLOYEE SHARE-PARTICIPATION RIGHTS: METHOD FOR THE EXERCISE OF VOTING RIGHTS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER E), CFA)**

As at the date of this Report, the Company had adopted the 2019-2021 Performance Shares Plan benefiting Executive Directors and employees of the Group, to be implemented through the free assignment to the beneficiaries of ordinary shares of the Company. This plan concluded naturally on December 31, 2021.

On March 22, 2022, and on the proposal of the Remuneration Committee, the Board of Directors also submitted a proposal to the Shareholders' Meeting called to approve the Company's individual financial statements for 2021, pursuant to Article 114-*bis* of the CFA, for the adoption of the 2022-2026 Performance Shares Plan, intended for the Company's Chief Executive Officer, Executive Director, Senior Executives and Senior Managers, as a replacement for the 2019-2021 Performance Shares Plan, intended for the same categories of beneficiaries and which expired naturally on December 31, 2021.

The 2019-2021 Performance Shares Plan did not, and the 2022-2026 Performance Shares Plan does not, provide for the allocation of voting rights to parties other than the relative beneficiaries, nor particular mechanisms for the exercise of the voting right.

For further information on the 2019-2021 Performance Shares Plan, on the 2022-2026 Performance Shares Plan, reference should be made to the respective prospectuses prepared pursuant to Articles 114-*bis* of the CFA and 84-*bis* of the Issuers' Regulation and - for the 2022-2026 Performance Shares Plan - to the Remuneration Report (p. 33 onwards). These documents are available for consultation on the Company's website ([www.filagroup.it](http://www.filagroup.it)) in the sections *Governance/Stock Grant Plans* and *Governance/Annual Reports* respectively.

## **2.6 VOTING RESTRICTIONS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER F), CFA)**

As at the date of this Report, the By-Laws do not provide for any restriction to voting rights for holders of ordinary shares and/or B Shares, any limitations of the voting rights up to a determined percentage or to a certain number of votes or any terms imposed for the exercise of the voting right or systems in which, with the cooperation of the Company, the financial rights related to the securities are separated from the possession of the securities.

## **2.7 SHAREHOLDER AGREEMENTS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER G), CFA)**

At the date of this Report, the Company is not aware of any other agreements between shareholders governing shares of the Company disclosed pursuant to Article 122 of the CFA.

## 2.8 CHANGE OF CONTROL CLAUSES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER H), OF THE CFA) AND STATUTORY PROVISIONS ON PUBLIC PURCHASE OFFERS (PURSUANT TO ARTICLE 104, PARAGRAPH 1-TER AND 104-BIS, PARAGRAPH 1, CFA)

### 2.8.1 *Change of control clauses*

The Fila Group has the following significant agreements in place containing a change of control clause.

#### Loan Contract

On June 4, 2018, the Company and the Lending Banks signed the Loan Contract concerning: (i) a multicurrency credit line for a total amount of Euro 150,000,000 (the "**TLA**"); (ii) a multicurrency credit line for a total amount of Euro 245,000,000 (the "**TLB**"); (iii) a multicurrency credit line for a total amount of Euro 125,000,000 (the "**TLC**"); and (iv) a multicurrency revolving credit line for a total amount of Euro 50,000,000 (the "**RCF**").

The Loan Contract is intended to cover financing needs connected to the Acquisition of the Pacon Group, as well as to re-finance the Fila Group's financial debt existing prior to the Acquisition and to support the general financial requirements of the Fila Group on the outcome of the Acquisition of the Pacon Group. Based on the terms and conditions of the Loan Contract, the net income of the 2018 Share Capital Increase is entirely destined for the repayment of the TLC's corresponding share.

On December 20, 2019 the Company, on the one hand, and the Lending Banks, on the other, entered into an amendment to the Loan Contract, entailing, *inter alia*: (i) a modification of the purpose and consequent use of a portion of Euro 25 million of the RCF line; (ii) a pro-rated increase in the individual amounts of the TLA, TLB and TLC lines in the total amount of Euro 15 million; and, accordingly, (iii) the amendment of the related covenants.

The total debt of the Fila Group in relation to the Loan Contract amounts to Euro 411.7 million as at December 31, 2021.

The Loan Contract also provides for the Loan's full or partial mandatory early repayment upon the occurrence of certain circumstances; full early repayment cases include the Issuer's "change of control"; that is, where, *inter alia*, (i) Massimo Candela and Alberto Candela cease to control Pencil, or (ii) Pencil ceases to hold at least 34% of the Issuer's share capital, or (iii) it ceases to be the majority shareholder of the Issuer.

#### Shareholder agreement between Fila and the minority shareholders of DOMS Industries Pvt Ltd.

In the event of a "change of control", as defined in the shareholders' agreement between Fila and the minority shareholders of DOMS Industries Pvt Ltd (India) (the "**Minority Shareholders**"), said shareholder agreement provides that: (i) the Issuer must notify the Minority Shareholders of this occurrence within the subsequent 7 (seven) working days and (ii) the Minority Shareholders, in the 30 (thirty) working days subsequent to the communication, have the right (but not the obligation) to sell (put options) to Fila (which is obliged to purchase) the full shareholding held by these shareholders in DOMS Industries Pvt Ltd (India) at the change of control date, at a price to be determined according to a formula which varies depending on when the put is exercised and is essentially intended to ensure that the Minority Shareholders receive the fair market value of their shareholdings.

According to the shareholder agreement, a “*change of control*” occurs if Massimo Candela ceases (i) to hold (directly or indirectly) at least 50%, plus one share, of Fila’s share capital with voting rights or (ii) to have the power to appoint (directly or indirectly) the majority of the members of Fila’s Board of Directors.

The shareholder agreement is indefinite in term and will remain in force until it is expressly terminated.

## **2.8.2 By-Law provisions on public tender offers**

With reference to the current provisions in relation to purchase public offers, it should be noted that the Company By-Laws do not provide for exceptions to the passivity rule pursuant to Article 104, paragraphs 1 and 1-*bis* of the CFA, nor expressly provide for the application of the neutralisation rules pursuant to Article 104-*bis*, paragraphs 2 and 3 of the CFA.

## **2.9 POWER TO INCREASE THE SHARE CAPITAL AND AUTHORISATION TO PURCHASE TREASURY SHARES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER M), CFA)**

### **2.9.1 Powers to increase the share capital**

In service of the 2019-2021 Performance Shares Plan, during its session of April 18, 2019 the Shareholders’ Meeting resolved to delegate, pursuant to Article 2443 of the Civil Code, the Board of Directors, for a period of five years from the motion approval date, to freely increase the share capital, as per Article 2349 of the Civil Code, for a maximum amount of Euro 458,049.00, to be entirely recognised to share capital, through the issue of a maximum 497,879 Fila ordinary shares, to be assigned to the beneficiaries of the 2019-2021 Performance Share Plan on conclusion of the three-year vesting period (i.e. January 1, 2019 - December 31, 2021).

The Shareholders’ Meeting of April 27, 2021 granted the Board of Directors, pursuant to Article 2443 of the Civil Code and for a period of 5 (five) years from the date of the motion, the power to increase the share capital, on one or more occasions, for consideration, on a divisible basis, pursuant to Article 2439, paragraph 2 of the Civil Code, with exclusion of the option right pursuant to Article 2441, paragraph 4, second sentence of the Civil Code, by means of the issue, in one or more tranches, of a maximum of 5,104,004 ordinary Fila shares, identical in nature to the shares already in circulation at the date of issuance, without par value and with regular dividend rights, or - if lower - the issue of a number of ordinary shares which, at each date of the execution of the power (and considering any other Fila ordinary shares issued in execution of the same power) will represent 10% (ten per cent) of the total number of shares outstanding (ordinary and special) at that date.

For the purposes of the exercise of the powers set out above, the Board of Directors is also granted full powers: (a) to set, for each tranche, the number, unit price of issue (including any share premium) and rights date of the new Fila shares to be issued through the proxy granted to increase the share capital, within the limits pursuant to Article 2441, paragraph 4, second period and/or Article 2438 and/or Article 2346, paragraph 5, of the Civil Code; (b) to set the end of the subscription period for the newly issued ordinary shares; and (c) to execute the above delegated authority and powers, including, for example, those required to make the amendments to the By-Laws that are necessary and consequential from time to time.



For further information on the 2019-2021 Performance Shares Plan, see the related prospectuses prepared as per Article 114-*bis* of the CFA and Article 84-*bis* of the Issuers' Regulation, available for consultation on the Company's website, ([www.filagroup.it](http://www.filagroup.it)) in the *Governance/Stock Grant Plans* section.

## 2.9.2 Treasury shares

The ordinary Shareholders' Meeting of April 27, 2021, following revocation of the previous authorisation granted by the Shareholders' Meeting of April 22, 2020 for the part not yet executed, authorised the Board of Directors to purchase, in accordance with Article 2357 of the Civil Code, for a period of 18 (eighteen) months effective from the date of the relative Shareholders' Meeting motion (i.e. October 27, 2022), on one or more occasions and at any moment, of a maximum number, also on a rotating basis (maximum number of treasury shares held at any one time in portfolio) of 500,000 ordinary shares or a different number of shares which will represent 0.9796% of the share capital resulting from increases and/or reductions in capital during the period of the authorisation, also taking into account the shares which may be held by the Company and which may be held at any time by subsidiary companies and, in any case, in accordance with the limits required by law.

The purchase may be carried out according to one of the methods envisaged by the combined provision in Article 132 of the CFA and Article 144-*bis* of the Issuers' Regulation, taking into account the specific exemption provided by paragraph 3 of Article 132 of the CFA and, in any case, with any other means permitted by applicable legal and regulatory provisions.

The unitary share purchase price may not be higher or lower than 10% of the official price recorded for the trading session preceding each purchase transaction.

Pursuant to Article 2357-*ter* of the Civil Code, the Shareholders' Meeting also authorised acts of disposals, on one or more occasions, of the treasury shares acquired and those held in the Company's portfolio, in accordance with applicable legal and regulatory provisions at the following terms and conditions:

- (i) the shares may be disposed of or transferred at any time without time limit;
- (ii) disposal transactions may also be undertaken before the purchases have been fully completed and may take place on one or more occasions in the manner considered to be most beneficial to the Company, establishing that disposal may occur: (a) through the disposal of ownership of treasury shares, or through the transfer of any real and/or personal rights relating to them (b) through sale on the market, including through trading activities, or outside the regulated market, (c) through disposal or assignment, including free assignment, in favour of Directors, employees and/or collaborators of the company and/or its subsidiaries, in implementation of incentive plans, (d) through another act of disposal, as part of transactions in relation to which it is considered beneficial to swap or sell shareholdings, including through exchange or transfer, (e) during share capital transactions involving the assignment or disposal of treasury shares (such as, by way of example, mergers, spin-offs, issue of convertible bonds or warrants served by treasury shares), or in the case of distribution of dividends, or, finally (f) under any other form of disposal permitted by applicable law, granting the Board of Directors the power to establish, on a case by case basis in compliance with legal and regulatory provisions, and with the methods and conditions that are considered most beneficial;

- (iii) the unitary price for the sale of the shares may not be lower than 10% in respect of the official price recorded in the trading session preceding each sale transaction. However, this price limit does not apply in cases of disposal or assignment, including free assignment, in favour of Directors, employees and/or collaborators of the Company and/or its subsidiaries in implementation of incentive plans, as well as in cases involving the execution of transactions in relation to which it is considered beneficial to swap or sell shareholdings, including through exchange or transfer, or during share capital transactions involving the assignment or disposal of treasury shares (including, by way of example, mergers, spin-offs, issue of convertible bonds or warrants served by treasury shares).

The Shareholders' Meeting also conferred to the Board of Directors, with the express right of delegation, the widest powers necessary or appropriate to execute this motion, including by means of authorised intermediaries and approving any and all executive provisions of the relative acquisition programme.

In partial implementation of the above, during the period from March 23-25, 2021, the Company purchased 51,500 ordinary Fila shares (representing 0.1009% of the share capital), at an average price of Euro 9.47 per share, for a total value of Euro 487,646.90, as disclosed to the market in the press release of March 25, 2021.

Finally, on March 22, 2022, the Board of Directors approved the submission for the approval of the Shareholders' Meeting called to approve the 2021 financial statements of the Company of the renewal of the authorisation, in accordance with Articles 2357 and 2357-ter of the Civil Code and 132 of the CFA, of the plan to purchase and dispose of treasury shares, following revocation of the previous authorisation granted by the Shareholders' Meeting of April 27, 2021, for the part not yet exercised, which, for the part concerning the purchase of treasury shares, shall expire in the coming months.

The terms, conditions and methods of the share buyback plan for which authorisation has been requested from the Shareholders' Meeting called to approve the Company's 2021 financial statements are the same as those of the authorisation granted by the Shareholders' Meeting on April 27, 2021. The authorisation to purchase, on one or more occasion, treasury shares, is requested with regards to a maximum number, on a rotating basis, of 500,000 ordinary Fila shares, representing 0.9796% of the share capital of the Company, and for a maximum duration as permitted by Article 2357, paragraph 2 of the Civil Code, i.e. for a period of 18 (eighteen) months from any approval of the proposal. The authorisation for the alienation, disposition and/or use of any treasury shares that may be purchased is requested without time limit.

At the date of this Report, the Company holds 51,500 treasury shares.

As communicated to the market, the Board of Directors of the Company resolved on March 22, 2022 to launch a share buyback program (regarding a maximum of 240,000 treasury shares) based on the authorisation approved by the Shareholders' Meeting of April 27, 2021 as potentially replaced and extended by a motion of the Shareholders' Meeting called for April 27, 2022.



### 2.9.3 Equity financial instruments

At the date of the present Report, the Board of Directors do not have the power to increase the Share Capital or to issue financial instruments.

### 2.10 MANAGEMENT AND CO-ORDINATION ACTIVITIES (PURSUANT TO ARTICLE 2497 OF THE CIVIL CODE)

Fila is controlled by Pencil S.p.A., in turn controlled by Massimo Candela, which holds an equity interest in the Company represented by both ordinary shares and multi-vote special shares (the “**B Shares**”). Specifically, at the reporting date Pencil holds: (i) approximately 27.057% of the Company’s share capital represented by ordinary shares; and (ii) 100% of the Company’s share capital represented by B Shares and approximately 53.366% of the voting rights that may be exercised in the Shareholders’ Meeting.

At the reporting date, the Company is not subject to management and co-ordination pursuant to Articles 2497 and subsequent of the Civil Code by Pencil’s controlling shareholder. In particular, the presumption set out in Article 2497-*sexies* of the Civil Code does not apply inasmuch as:

- (i) decisions regarding the management of Fila and its subsidiaries are generally taken by the Board of Directors of the Issuer and the governing bodies of the Issuer’s subsidiaries, each within its purview;
- (ii) Fila does not receive directives and/or instructions from Pencil regarding its strategic decisions in financial, industrial or commercial matters, nor regarding extraordinary transactions or investments;
- (iii) the parent company, Pencil, is not involved, in any manner or capacity, in the process of preparing, examining and approving the Group’s business plans and the Company and Group’s annual budgets. In point of fact, they are prepared by the Company and Group’s management and are examined and approved exclusively by Fila’s Board of Directors, in a fully autonomous manner and without any interference from the parent company, Pencil;
- (iv) Pencil does not provide any forms of financial assistance to Fila, including, without limitation, the granting of loans, performance bonds, letters of patronage or other guarantees for the benefit of the Issuer;
- (v) Pencil does not manage any services on Fila’s behalf, and in particular it does not perform any central treasury function (cash pooling);
- (vi) Pencil does not take decisions regarding the management of Fila’s personnel, nor does it prepare organisational charts for Fila;
- (vii) Pencil does not have group rules or group policies governing the purchase of goods or services, in which area Fila’s Board of Directors retains full decision-making autonomy.

Furthermore, it should be noted that the professional competence and authoritativeness of the Non-Executive Directors and Independent Directors, are further safeguards that ensure that all decisions by the Company's Board of Directors are taken in the exclusive interest of the Company, the Group and its stakeholders, without directives or interference by third parties.

\* \* \*

The information required by Article 123-bis, paragraph 1, letter i) of the CFA (*“the agreements between the company and Directors [...] which provide indemnity in the case of resignation or dismissal from office without just cause or termination of employment following a public tender offer”*) is illustrated in the Remuneration Report (page 36), prepared and published as per Articles 123-ter of the CFA and 84-quater of the Issuers' Regulation, available in accordance with the provisions of law on the Company's website ([www.filagroup.it](http://www.filagroup.it)), in the *Governance* section.

The information required as per Article 123-bis, paragraph 1, letter l) of the CFA) relating to the *“applicable regulations concerning the appointment and replacement of Directors [...] in addition to the amendment of the By-Laws if differing from applicable law and regulations”* is illustrated in Section 4 of this Report.

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

On February 11, 2021, the Issuer adopted the Corporate Governance Code published on the website of the Italian Stock Exchange (<https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020>).

In accordance with the “comply or explain” principle underpinning the Corporate Governance Code, in this Report an account is given of the recommendations with which the Company has not decided, at present, to comply, in whole or in part. Specifically, where not otherwise specified in this Report, during the Reporting Year the Issuer adopted all the measures and requirements in order to guarantee the effective implementation by the Company of the recommendations of the Corporate Governance Code.

Neither the Issuer nor its subsidiaries with strategic importance are subject to laws in force outside Italy which affect the Corporate Governance structure.

## 4. BOARD OF DIRECTORS

### 4.1 ROLE OF THE BOARD OF DIRECTORS

The Board of Directors guides the company by pursuing its success with a view to sustainable growth based on the guidelines of the 2021-2025 Strategic Plan.

The 2021-2025 Strategic Plan is a tool that allows the Group to define and plan its medium-/long-term identity, its core goals, and the actions and the tools required to achieve them. It is a tool used to establish priorities, focus energy and resources, strengthen operations, establish agreement on expected outcomes, evaluate and adjust organisational management in response to changing circumstances, while guaranteeing a commitment to shared objectives.

The preparation of the Strategic Plan and the plans and activities contained within it are entirely consistent with the Group's purpose, vision, mission and with the values on which it is based.

The Group's Strategic Plan includes the Sustainability Plan, through which the Group is committed to operating responsibly, integrating the sustainable development objectives promoted by the United Nations into its business model, in an increasingly structured manner.

For more information on the 2021-2025 Strategic Plan and the 2021-2025 Sustainability Plan, please refer to the Company's website ([www.filagroup.it](http://www.filagroup.it)).

The Board has the power and the duty to manage the Issuer's activities, pursuing the ultimate and primary objective of creating value for the Shareholders.

The Board guides the Company in pursuit of sustainable success shall have the widest powers of ordinary and extraordinary administration of the Company, with the power to carry out all acts it deems appropriate for attaining the corporate scope, with the sole exclusion of those attributed by law to the Shareholders' Meeting.

In accordance with Article 2365, paragraph 2 of the Civil Code, the Board of Directors is also empowered to pass the following motions, without prejudice to the concurrent competence of the Shareholders' Meeting: (i) mergers in the cases provided for by Article 2505 and 2505-*bis* of the Civil Code (ii) spin-offs in the cases provided for by Article 2506-ter, last paragraph, of the Civil Code (iii) the opening and closing of secondary offices; (iv) the reduction of the share capital as a result of a return of shares; (v) updating the By-Laws in accordance with the law; and (vi) transfer of the registered office within Italy.

The Board of Directors has a central role in operating activities, overseeing the various functions and is responsible for the organisational and strategic guidelines, as well as for verifying the existence of the necessary controls to monitor the performance of the Issuer and the Group.

Within the scope of the powers granted to it by the By-Laws and consistent with the recommendations of the CG Code, during the Reporting Year the Board of Directors:

- (i) defines the strategies of the Issuer and the Group in line with the pursuit of sustainable success, and monitors the enactment of these strategies. The remit of the Board of Directors includes the review and approval of the strategic, industrial and financial plans of the Issuer and of the Group, periodically monitoring their implementation. Specifically, on December 10, 2020, the Board of Directors approved the 2021-2025 Strategic Plan and constantly monitors its

implementation (for more information on the main activities carried out by the Board on sustainability during the Reporting Year, see Section 1.1 of this Report);

- (ii) defines the corporate governance system deemed to be the most functional for carrying out the Company's activities and pursuing its strategies, as well as the structure of the Group. Specifically, the Board of Directors has (a) appointed internal Board committee, assigning them specific functions; (b) appointed and granted powers to the Chief Executive Officer and the Executive Director; and (c) approved and updated the Group's organisational model;
- (iii) promotes dialogue with shareholders and other relevant stakeholders for the Issuer; In this regard, on November 12, 2021, the Board of Directors adopted the Shareholder Communication Policy. This seeks to: (a) ensure an ongoing and open relationship, based on a mutual understanding of roles, with the current institutional investors, the potential investors, asset managers, financial market operators, the Italian and international financial press, rating agencies and proxy advisors, with trade associations and with the wider base of shareholders, in addition to the owners or holders of other financial instruments issued by the Company, in order to improve the level of understanding of the operations carried out by the company and the Group, its operating-financial performance and the strategies to ensure sustainable success, in line with that recommended by Article 1 of the Corporate Governance Code; and (b) maintain an appropriate information channel with these parties (for more information on the Shareholder Communication Policy, see section 12 of this Report).
- (iv) adopted, upon proposal of the Chairperson and the Chief Executive Officer, a policy for the internal management and external disclosure of documents and information on the Issuer, with particular reference to inside information (for further information, see Section 5 of this Report); and
- (v) reviews and approves in advance the operations of the Issuer and its subsidiaries, when these have significant strategic, economic or financial importance for the Issuer, paying particular attention to the situations in which one or more Directors have an interest on their own behalf or on behalf of third parties.

In relation to this, the Board of Directors has not established criteria for the identification of transactions which have significant strategic, economic, equity or financial importance for the Issuer, since: (i) all transactions not within the powers conferred to the Chief Executive Officer are within the remit of the Board; and (ii) the Board of Directors establishes this criteria individually for each of the transactions on their approval by the Board of Directors. This ensures that, with the exception of the powers expressly conferred to the Chief Executive Officer and listed in detail in paragraph 4.5.1 of this Report below, the Board of the Issuer reviews and assesses the most significant transactions which guarantees constant monitoring of the operating performance and taking an active part in the principal business decisions.

In relation to the management of conflicts of interest and related party transactions of the Issuer and of the Group, see Section 10 of this Report.

Pursuant to Article 2381 of the Civil Code and Recommendation 1(d) of the Corporate Governance Code, during the Reporting Year the Board of Directors periodically assessed the adequacy of the organisational, administration and general accounting system of the Issuer and the other Group companies of strategic importance, with particular reference to the Internal Control and Risk Management System.

In the undertaking of these activities the Board of Directors were assisted, on a case by case basis, by the Control, Risks and Related Parties Committee, the Internal Audit Manager and the Executive Officer for Financial Reporting, as well as the procedures and verifications implemented in accordance with Law No. 262 of December 28, 2005.

During the Reporting Year the Board of Directors evaluated on a number of occasions the general operational performance, taking into account, in particular, the information received from the Chief Executive Officer, as well as periodically, comparing the results with the budgets.

During the year, the Board of Directors did not deem it necessary or appropriate to draw up any reasoned proposals to submit to the Shareholders' Meeting regarding the corporate governance system, since it considers the current system to be functional to the Company's needs.

#### **4.2 APPOINTMENT AND REPLACEMENT (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER I), FIRST PART, CFA)**

As per Article 11 of the By-Laws, as amended by the Shareholders' Meeting of April 27, 2021, the Company is administered by a Board of Directors made up of between 7 (seven) and 12 (twelve) members. The Shareholders' Meeting establishes the number of members on the Board of Directors, which remains in place until otherwise resolved.

All Directors must satisfy the eligibility and good standing requirements established by applicable law and other provisions. In addition, in accordance with the legal and regulatory requirements, a number of Directors should be independent.

As per Article 11 of the By-Laws, the Shareholders' Meeting appoints the Board of Directors on the basis of slates presented by the shareholders, in accordance with the procedure set out below, except where otherwise established by obligatory laws or regulations.

Shareholders can present a slate for the appointment of Directors who, alone or together with other presenting shareholders, have a shareholding at least equal to that determined by Consob in accordance with applicable provisions and regulations<sup>(2)</sup>. Ownership of the minimum shareholding is determined according to the shares that are registered in favour of the shareholder on the day in which the slates are filed with the Issuer; certification can also be presented subsequent to the filing provided that it is within the deadline for the publication of the slates.

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<sup>(2)</sup> Pursuant to Article 144-*quater* of the Issuers' Regulation, by Resolution No. 28 of January 30, 2020, Consob set the shareholding required for the presentation of the slates of candidates at 2.5% of share capital.

The slates are filed at the registered office in accordance with the methods and the deadlines provided for by applicable law. The slates must be made available to the public in accordance with the manner prescribed by current regulations.

The slates provide for a number of candidates not exceeding 12 (twelve), listed numerically. The slates with a number of candidates equal to or greater than 3 (three) should be composed of candidates only from both genders (masculine or feminine), so as to guarantee the composition of the Board of Directors in accordance with legal and regulatory provisions in relation to gender balance (male and female), rounded upwards.

The following must be attached to each slate, or else shall be considered as not presented:

- (i) curriculum vitae of the candidates;
- (ii) declarations of the individual candidates, in which they accept their candidature and certify, under their own responsibility, the inexistence of any cause of ineligibility or incompatibility, as well as the satisfaction of the requirements prescribed by applicable regulations for the office of Director of the Company, including where applicable, declarations on the independence of candidates;
- (iii) the shareholders who have presented the slates and their total shareholding;
- (iv) any other further declaration, disclosure and/or document required by law and applicable regulatory rules.

Individual Shareholders, shareholders belonging to the same group or members of a shareholder agreement pursuant to Article 122 of the CFA, may not present or be involved in the presentation, even through nominees or trust companies, of more than one slate or vote on other slates; in addition, each candidate may only be present on one slate, at the risk of being declared ineligible.

The candidates elected at the end of the voting shall be those on the two slates that have obtained the highest number of votes as follows: (i) from the slate which obtained the highest number of votes (the “**Majority Slate**”), all the Directors shall be elected in progressive number, less 1 (one); and (ii) from the slate which obtained the second highest number of votes and that is not associated, even indirectly, with the shareholders who presented or voted for the Majority Slate (the “**Minority Slate**”) one Director shall be elected, being the first candidate indicated on the slate.

Pursuant to Article 147-ter, paragraph 1 of the CFA, consideration is not taken of the slates which have not obtained at least half of the votes required for the presentation of slates.

Should two slates receive the same number of votes, a second vote of the entire Shareholders’ Meeting shall decide, with the candidate being elected by means of a simple majority of the votes.

If voting does not result in compliance with legal and regulatory provisions in relation to gender balance (including rounding up where necessary in relation to the under-represented gender), the elected candidate appearing last on the Majority Slate of the over-represented gender is excluded and will be replaced by the first candidates from the same slate belonging to the other gender. Where it is not possible to implement this replacement procedure in order to guarantee compliance with legal and regulatory provisions concerning gender balance, the non-elected Directors will be elected by the Shareholders' Meeting through ordinary majority, with presentation of candidates belonging to the under-represented gender.

Where the result of the voting does not ensure the election of the number of Independent Directors required by the applicable regulations, the non-independent candidates elected last in progressive order on the Majority Slate will be excluded and will be substituted with the first independent non-elected candidates from the same slate. Where this procedure does not ensure the required number of Independent Directors, the Shareholders' Meeting will elect in accordance with ordinary majority, with presentation of independent candidates.

Where only one slate is presented, the Shareholders' Meeting will vote on that slate and, where this slate receives the majority of the votes, all the members of the Board of Directors will be taken from this slate in accordance with applicable law and regulations, including gender equality regulations.

In the absence of slates, or where only one slate is presented and this slate does not receive the majority of the votes, or where the number of Directors elected based on the slates presented is below the number of members to be elected, or where the entire Board of Directors need not be re-elected, or where it is not possible for whatever reason to proceed with the nomination of the Board of Directors with the above-mentioned procedures, the members of the Board of Directors will be appointed by the Shareholders' Meeting through ordinary majority, without application of the slate voting mechanism, subject to the obligation to maintain the minimum number of Independent Directors established by law and in accordance with applicable law and regulations in relation to gender equality.

The Directors are elected for a period, established by the Shareholders Meeting, of not greater than three (3) years from the acceptance of their office and until the date of the Shareholders' Meeting for the approval of the annual accounts for the last year of their appointment.

Where over half the Directors appointed by the Shareholders' Meeting leave office, the entire Board shall be deemed to have vacated office with effect from the re-appointment of the Board of Directors and the remaining directors must promptly call a Shareholders' Meeting for the appointment of the new Board of Directors.

Where during the year one or more Directors elected from the slate which attained the second highest number of votes at the Shareholders' Meeting vacates office, the Board of Directors shall, where possible, co-opt an unelected candidate from the slate of the resigning Director, subject to the obligation to maintain the minimum number of Independent Directors established by law and in accordance with applicable law and regulations in relation to gender balance. If there are no unelected candidates on the slate from which the outgoing Director was taken, or if any unelected candidate on the slate from which the outgoing Director was taken has declared his/her unavailability to accept the position, the Board of Directors shall co-opt a new Director without applying the above-mentioned mechanism, without prejudice to the obligation to maintain the minimum number of Independent Directors set out by law and in compliance with the provisions of law and regulations



in force from time to time concerning the balance between genders. The Board of Directors elects a Chairperson from among its members, who remains in this position for the duration of the Board of Directors.

Also in view of Fila's status as a company with concentrated shareholdings, the Issuer's By-Laws do not provide for the option for the outgoing Board of Directors to submit a slate of candidates for the appointment of the administrative body.

#### 4.3 COMPOSITION (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), CFA)

##### 4.3.1 Members of the Board of Directors

On the approval of the 2020 financial statements by the Shareholders' Meeting of Fila, the mandate of the Board of Directors appointed with the motion of April 27, 2018, came to a conclusion<sup>3</sup>. Therefore, the Shareholders' Meeting called to approve the 2021 financial statements appointed the Board of Directors currently in office.

On April 27, 2021, the Shareholders' Meeting of the Issuer established the number of Directors as seven, determining the duration in office of the new Board as three financial years, that is, i.e. to the approval of the 2023 financial statements.

7 (seven) Directors were appointed for the years 2021, 2022 and 2023, based on the 2 (two) slates filed, respectively:

- (i) by the shareholder Pencil, owner of 13,694,563 ordinary shares and 8,081,856 B Shares at the submission date of the slates, which obtained 38,866,087 votes, equal to 77.768% of the votes represented at the Shareholders' Meeting of April 27, 2021, (“**Slate 1**”); and
- (ii) collectively by a grouping of shareholders formed by asset management companies and other investors<sup>(4)</sup>, which together hold of a total of 5,486,114 ordinary shares at the submission date of the slates, which obtained 11,110,664 votes, equal to 22.232% of votes represented at the Shareholders' Meeting of April 27, 2021 (“**Slate 2**”).

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<sup>(3)</sup> The Board of Directors in office up to April 27, 2021, the date of the approval of the 2020 financial statements, comprised: Giovanni Gorno Tempini (Chairperson), Massimo Candela (Chief Executive Officer), Luca Pelosin (Executive Director), Annalisa Barbera, Alessandro Potestà, Paola Bonini, Filippo Zabban, Francesca Prandstraller and Gerolamo Caccia Dominioni

<sup>(4)</sup> Specifically, these are Amber Capital Italia SGR S.p.A., manager of the Alpha Ucits Sicav-Amber Equity Fund; Amber Capital UK LLP fund manager: Amber Global Opportunities Limited and Privilege-Amber Event Europe; Arca Fondi S.G.R. S.p.A. fund manager: Arca Economia Reale Bilanciato Italia 30, Arca Economia Reale Equity Italia and Arca Azioni Italia; Arca Fondi SGR – Fondo Arca Economia Bilanciato Italia 55; Eurizon Capital SGR S.p.A., manager of the following funds: Eurizon Progetto Italia 20, Eurizon Pir Italia 30, Eurizon Progetto Italia 70, Eurizon Pir Italia Azioni, Eurizon Azioni Pmi Italia and Eurizon Progetto Italia 40; Fideuram Asset Management SGR S.p.A., manager of the following funds: Piano Azioni Italia, Piano Bilanciato Italia 30 and Piano Bilanciato Italia 50; Fideuram Asset Management (Ireland), manager of the following funds: Fonditalia Equity Italy; Interfund Sicav fund manager: Interfund Equity Italy; Kairos Partners SGR S.p.A. fund manager: Kairos International Sicav - Italy section; Mediobanca SGR S.p.A. fund manager: Mediobanca MID & Small Cap Italy; Mediolanum Gestione Fondi SGR S.p.A. fund manager: Mediolanum Flessibile Futuro Italia and Mediolanum Sviluppo Italia; Mediolanum International Funds manager: -Challenge funds -Challenge Italian Equity; Pramerica SGR fund manager: Pramerica Mito 25 and Pramerica Mito 25.

As a result of the vote, the following were elected members of the Board of Directors: (i) Giovanni Gorno Tempini; (ii) Massimo Candela; (iii) Luca Pelosin; (iv) Annalisa Matilde Barbera; (v) Giorgina Gallo; (vi) Donatella Sciuto; (vii) Carlo Paris.

The table below presents the composition of the Board of Directors at the date of this Report.

OFFICE	NAME	SLATE
Chairperson (*)	Giovanni Gorno Tempini	Slate 1
Chief Executive Officer	Massimo Candela	Slate 1
Executive Director	Luca Pelosin	Slate 1
Director	Annalisa Matilde Barbera	Slate 1
Director *	Giorgina Gallo	Slate 1
Director *	Donatella Sciuto	Slate 1
Director *	Carlo Paris	Slate 2

(\*) Director in possession of the requirements for independence established by Article 148, paragraph 3, of the CFA, as referred to in Article 147-ter, paragraph 4, of the CFA.

In compliance with Principle V of the Corporate Governance Code, the Board of Directors is made up of Executive and Non-Executive Directors (i.e. Directors without managerial powers), all of whom meet the requirements established by law and by the Corporate Governance Code, in addition to possessing the professionalism and skills required for the duties entrusted to them.

Specifically, all the members of the Board of Directors complied with the requisites for good standing pursuant to Article 2 of the Ministry of Justice Regulation No. 162/2000, and enacted in Article 147-quinquies of the CFA and there was no eligibility or lapsing of office pursuant to Article 2382 of the Civil Code or, where applicable, Article 148, paragraph 3 of the CFA, as enacted in Article 147-ter, paragraph 4 of the CFA. Moreover, the Chairperson Giovanni Gorno Tempini and the Directors Giorgina Gallo, Donatella Sciuto and Carlo Paris meet the independence requirements set out in Article 148, paragraph 3 of the CFA, as referred to in Article 147, paragraph 4 of the CFA.

In compliance with the provisions of Principle VI of the Corporate Governance Code, the number and skills of the Non-Executive Directors are sufficient to ensure that they have a significant influence on Board motions, while at the same time guaranteeing effective monitoring of the work of the body as a whole.

The significant presence of 4 (four) Independent Directors has the objective of achieving the best possible governance through debate and dialogue between all of the Directors. In addition, the contribution of the Independent Directors allows the Board of Directors the impartial and adequate verification of the management of cases regarding the Company's potential conflict of interest with those of the controlling shareholder.

Key professional characteristics of Directors are presented below:

- Giovanni Gorno Tempini: graduated in Business Administration from Luigi Bocconi University in Milan in 1987. He started his career at JP Morgan in 1987, in the Global Markets sector, holding various Executive roles in Milan and London, with responsibility for Italy and EMEA. He has held the position of Chairperson of the Board of Directors for Cassa Depositi e Prestiti S.p.A. since October 24, 2019, of CDP Reti S.p.A. since November 28, 2019 and of CDP Equity S.p.A. since April 2, 2020. He sits on the Board of Avio S.p.A. and Telecom Italia S.p.A. In April 2020, he was appointed as a member of the Committee of Experts on Economic and Social Matters (so-called Colao Committee established by Prime Ministerial Decree of April 10, 2020) at the Presidency of the Council of Ministers. This Committee is called to set out the measures and initiatives designed to tackle the COVID-19 pandemic. He is a member of the Scientific Committee of the Aristide Merloni Foundation, of the Board of Assonime, of the General Council of AIFI (Italian Association of Private Equity and Venture Capital) and a member of the Board of ISPI (Institute for International Policy Studies). He also teaches at the MBA Program of the SDA Bocconi School of Management and at the Luigi Bocconi University in Milan, as an adjunct professor.
- Massimo Candela: graduated in Business Administration from Luigi Bocconi University in Milan in 1990. Since 1992 he has been Chief Executive Officer of Fila.
- Luca Pelosin: with a diploma in accounting, he has gained significant experience in accounting processing, preparation of financial statements and tax documentation. Since 2002 he has been a Fila Director with delegated powers.
- Annalisa Matilde Barbera: she graduated in Law at the University of Milan in 1992. She is a member of the Milan Bar Association and has practiced law in leading law firms.
- Giorgina Gallo: received her undergraduate degree from SAA at the University of Economics and Business in Turin specialising in marketing and completing her training in General Management at Cedep - Insead in Fontainebleau (Paris). She has significant experience and knowledge in the consumer goods market. She has held various positions in association bodies, and holds non-executive positions in companies of primary standing, including multinationals.
- Donatella Sciuto: gained a degree in Electronic Engineering from Milan Polytechnic and a Ph.D. in Electrical and Computer Engineering from the University of Colorado, Boulder. She holds a Master in Business Administration (CEGA) from SDA Bocconi. She is Deputy Vice Chancellor of the Milan Polytechnic and Ordinary Professor of Processing Systems at the Electronics, Information and Bioengineering Department. She was appointed IEEE Fellow for her scientific contribution in "embedded systems design". Since 2013, she has been a member of the Superior Council of the Bank of Italy and Chairperson of the Supervisory Council of the Milan Branch. Since 2017 she has been an Independent Director of Avio S.p.A. and Railway S.p.A. She has been a member of the Supervisory Board of the Human Technopole Foundation since 2018. She was Vice President of Finance on IEEE's Electronic Design

Automation Council from 2008 to 2010, then President Elect and thereafter President from 2011 to 2013.

- Carlo Paris: graduated in Mechanical Engineering from the University La Sapienza of Rome in 1982, in 1984 he obtained a Master in Business Administration, International Business and Marketing at the American University, Washington D.C. - USA, as well as further qualifications at the University of the Sacred Heart of Milan and the Bocconi University of Milan. He has gained significant experience as an analyst with leading Italian and international companies and banks, as well as a consultant, manager and board member.

For further information on the slates filed for the appointment of the Board of Directors by the Shareholders' Meeting of April 27, 2021, as well as for access to the full professional curricula of the Directors, please refer to the Company's website ([www.filagroup.it](http://www.filagroup.it)), in the *Governance/Shareholders' Meetings* section.

The following table describes the structure of the Board of Directors as of the close of the Reporting Year. Between the end of the Reporting Year and the date of this Report, no Director ceased to hold office and there were no changes in the structure of the Board of Directors.

BOARD OF DIRECTORS													CONTROL, RISKS AND RELATED PARTIES COMMITTEE		REMUNERATION COMMITTEE.	
Office	Member	Year of birth	Date of first appoint. *	In office from	In office until	Slate**	Exec.	Non Exec.	Ind. Code	Ind CFA	No. of other offices (***)	(*)	(*)	(**)	(*)	(**)
Chairperson	Gorno Tempini Giovanni	1962	August 6, 2019	January 1, 2021	App. 2023 Accounts	M		X	X	X	5	5/7				
Chief Executive Officer	Candela Massimo	1965	June 1, 2015	January 1, 2021	App. 2023 Accounts	M	X					7/7				
Executive Director	Pelosin Luca*	1966	June 1, 2015	January 1, 2021	App. 2023 Accounts	M	X					7/7				
Director	Barbera Annalisa Matilde	1969	July 22, 2015	January 1, 2021	App. 2023 Accounts	M		X				7/7	7/7	M	15/15	M
Director	Giorgina Gallo	1960	April 27, 2021	April 27, 2021	App. 2023 Accounts	M		X	X	X	2	4/4			10/10	M
Director	Donatella Sciuto	1962	April 27, 2021	April 27, 2021	App. 2023 Accounts	M		X	X	X	2	4/4	7/7	P		
Director	Carlo Paris	1956	April 27, 2021	April 27, 2021	App. 2023 Accounts	m		X	X	X	1	4/4	7/7	M	10/10	P
<b>DIRECTORS LEAVING OFFICE DURING THE REPORTING YEAR</b>																

Director	Zabban Filippo	1957	April 27, 2018	January 1, 2020 to April 27, 2021	App. 2020 Accounts	M		X	X	X	2	2/3	2/3	M	4/5	M
Director	Potestà Alessandro	1968	November 13, 2018	January 1, 2020 to April 27, 2021	App. 2020 Accounts			X	X	X	1	3/3	3/3	M		
Director	Prandstraller Francesca	1962	July 29, 2014	January 1, 2020 to April 27, 2021	App. 2020 Accounts	M		X	X	X		3/3			5/5	P
Director	Bonini Paola	1967	April 27, 2018	January 1, 2020 to April 27, 2021	App. 2020 Accounts	M		X	X	X		3/3	3/3	M	5/5	M
Director	Caccia Dominioni Gerolamo ○	1955	July 22, 2015	January 1, 2020 to April 27, 2021	App. 2020 Accounts	m		X	X	X		3/3	3/3	P		
Number of meetings held in the Reporting Year: 7						Remuneration Committee: 15				Control, Risks and Related Parties Committee 10						
Quorum required for the presentation of slates by minority shareholders for the election of one or more members (pursuant to Article 147-ter CFA): 2.5%																

**NOTE** The following symbols must be indicated in the “Office” column:

- This symbol indicates the Director in charge of the Internal Control and Risk Management System.

◇ *This symbol indicates the main person responsible for the Issuer's operative management (Chief Executive Officer or CEO).*

○ This symbol indicates the Lead Independent Director (LID).

\* The first appointment of each Director refers to the date on which the Director was appointed for the first time to the Board of Directors.

\*\* This column indicates the slate from which each Director originated (“M”: Majority Slate; “m”: Minority Slate; “BoD”: slate presented by the Board of Directors).

\*\*\* This column indicates the number of offices a Director or Statutory Auditor holds in other companies listed on regulated markets, including foreign markets, in holding, banking, insurance or large enterprises. All offices held are disclosed in the Report.

(\*) This column indicates the percentage of attendance of the Director in relation to the number of Board of Directors and committee meetings (indicating the number of meetings attended compared to the amount they could have attended).

(\*\*) This column indicates the position of the Director on the committee: “C”: Chairperson; “M”: member.

### 4.3.2 Diversity criteria and policies

The Company has not approved any diversity policies in relation to the composition of the management and control boards with regards to aspects such as age, gender composition and training and professional background. With regard to the provision of Article 123-*bis*, paragraph 2, letter d-*bis* of the CFA concerning diversity policies applied by governing, management and control bodies, the Board of Directors' meeting of March 20, 2019 decided not to adopt any policy, considering the provisions of the By-Laws, laws and regulations and those of the Corporate Governance Code to be entirely adequate to this purpose.

With regard to gender diversity in particular, Law No. 160 of December 27, 2019 amended, inter alia, Article 147-*ter* of the CFA, introducing a new allocation criterion requiring at least two-fifths of the governing body (instead of the previous one-third) to be of the under-represented gender for 6 (six) consecutive terms. This new allocation criterion was adopted by the Issuer when appointing the new Board of Directors at the Shareholders' Meeting held on April 27, 2021.

As of the date of this Report, 3 (three) out of 7 (seven) Directors currently in office belong to the under-represented gender.

With specific reference to Principle VII of the Corporate Governance Code and in compliance with the priority objective of ensuring adequate expertise and professionalism of its members, it should be noted that the Board of Directors, on March 16, 2022, during its self-assessment, acknowledged the positive opinion on the possession of adequate professional characteristics, experience and seniority of the members of the Board and its Committees, in order to guarantee satisfactory diversity in terms of age and skills and a balanced composition of the body.

Finally we note that, in recognition of the importance of gender diversity in ensuring the Group's success, the Board of Directors meeting of November 12, 2021 adopted a Group policy on workforce diversity and inclusion, which sets out the principles of equal opportunity, non-discrimination and meritocracy applicable throughout the Group's corporate organisation. In this regard, at December 31, 2021, 48.2% of Fila Group employees were women and 51.8% men.

### 4.3.3 Maximum number of offices held in other companies

As per Recommendation 15 of the Corporate Governance Code, by motion of April 27, 2018, the Board of Directors set general criteria for the maximum number of offices of Director and/or Statutory Auditor held in other listed companies, in financial, banking and insurance companies or companies of a significant size which can be considered compatible with the office of Director of Fila. These criteria were confirmed by the Board of Directors by motions of March 20, 2019, March 16, 2020, March 16, 2021, April 27, 2021 and March 16, 2022.

The table below summarises the criteria for cumulative offices adopted by the Company.

OFFICE HELD AT THE COMPANY	MAXIMUM NUMBER OF OFFICES OF DIRECTOR OR STATUTORY AUDITOR IN OTHER LISTED COMPANIES, IN FINANCIAL, BANKING AND INSURANCE COMPANIES OR COMPANIES OF A SIGNIFICANT SIZE
Executive Director	3 + Fila
Non-Executive Director	9 + Fila



It is specified that for the purposes of simultaneous positions: (i) only the offices of Director or Statutory Auditor held in other companies listed on regulated markets (including abroad), in banking and insurance companies or of a significant size are taken into account. Specifically, this means those having a total value of operations or revenues exceeding Euro 1 billion ("**Significant Companies**"), (ii) offices held in several Significant Companies belonging to the same group, including the Fila Group, must be considered as a single office, with the predominance of the office having the highest professional commitment (i.e. executive office).

At the time of appointment and annually, the Board of Directors verifies the satisfaction of the criteria regarding cumulative offices set out above by each Director by examining disclosures regarding positions occupied rendered by each member of the Board of Directors. In addition, in the event of situations of supervening incompatibility, the Director in question is required to inform the Board of Directors thereof promptly so that it may conduct the necessary assessments.

At its session of March 16, 2022, the Board of Directors verified the positions occupied by each Director at other companies and concluded that the positions occupied by the Directors at other companies are compatible, according to the criteria set out above, with the effective performance of the role of Director of the Company. The Board of Directors also concluded that its composition is compliant with laws and regulations, as well as with the competence and professionalism requirements set out in Article 2 of the Corporate Governance Code.

The table below presents the list of positions on governing and control bodies occupied at the date of this Report by the Directors at Significant Companies not belonging to the Fila Group.

NAME	SIGNIFICANT COMPANY	OFFICE HELD
<b>Giovanni Gorno Tempini</b>	CDP Equity S.p.A.	Chairperson of the Board of Directors
	CDP S.p.A.	Chairperson of the Board of Directors
	CDP Reti S.p.A.	Chairperson of the Board of Directors
	Avio S.p.A.	Director
	Telecom Italia S.p.A.	Director
<b>Massimo Candela</b>	N/A	N/A
<b>Luca Pelosin</b>	N/A	N/A
<b>Annalisa Barbera</b>	N/A	N/A
<b>Giorgina Gallo</b>	Zignago Vetro S.p.A.	Director
	Cellularline S.p.A.	Director
	Chiorino S.p.A.	Director
<b>Donatella Sciuto</b>	Avio S.p.A.	Director
	Rai Way S.p.A.	Director
<b>Carlo Paris</b>	Enav S.p.A.	Director

#### **4.4 ROLE OF THE BOARD OF DIRECTORS (PURSUANT TO ARTICLE 123-B/IS, PARAGRAPH 2, LETTER D, CFA)**

##### **4.4.1 Procedures and frequency of board meetings**

The functioning of the Board of Directors is governed by the Company's By-Laws and the Board of Directors and Committees Regulation, approved by the Board of Directors on May 14, 2021 and made available on the Company's website, ([www.filagroup.it](http://www.filagroup.it)), in the *Governance* section, in accordance with the provisions of Recommendation 11 of the Corporate Governance Code.

These rules allow for the correct and effective functioning of management, also with a view to ensuring effective management of the information provided to the Board (see Principle IX of the Corporate Governance Code).

The validity of Board of Directors motions requires the presence of a majority of its members in office, with motions passed by a majority of those present.

The Board of Directors elects a Chairperson from among its members, who remains in this position for the duration Board of Directors.

As per Article 12 of the By-Laws, the Board of Directors may delegate part of its powers to an Executive Committee, determining the limits of such mandate as well as the number of members of the committee and its operating procedures.

The Board of Directors may appoint one or more Executive Directors, granting them the relevant powers and conferring to one of them, where applicable, the role of Chief Executive Officer. In addition, the Board of Directors may also establish one or more committees with consulting, advisory, or audit functions in accordance with applicable laws and regulations. The Board of Directors may also appoint General Managers, defining their powers and granting powers of attorney to third parties for certain acts or categories of acts.

As per Article 13 of the By-Laws, the Board of Directors meets at the Company's registered office or another location, provided that the latter is within the European Union or Switzerland, whenever the Chairperson deems it necessary or whenever a request is made by the Chief Executive Officer, if appointed, or by at least two of its members or by the Board of Statutory Auditors. At the discretion of the Chairperson of the Board of Directors, a meeting of the Board of Directors may also be called without indicating in the call notice a specific physical location for the meeting, in which case the participants shall speak exclusively by means of remote telecommunications.

The Board of Directors is convened by the Chairperson or, if absent, by the Chief Executive Officer, with notices to be sent, by letter, telegram, fax or email with proof of receipt, to the domicile address of each Director and Statutory Auditor at least 3 (three) days before the date set for the meeting; in case of urgency, the calling of the Board of Directors may be made the day before the date set for the meeting. The meetings of the Board of Directors and its motions are valid, even without formal calling, where all the Directors and Statutory Auditors in office are present. In the absence of the Chairperson, the chair of the meeting is to assumed by the Chief Executive Officer, if appointed, or failing that the most senior Director.

Meetings of the Board of Directors may also be held, including exclusively, by audio or video conference, provided that: (i) the principles of good faith and of equal treatment of Directors are upheld; (ii) the Chairperson of the meeting is able to verify the identity of the participants, direct the course of the meeting and witness and announce the results of the vote; (iii) that the person taking the minutes is able to adequately observe the events of the meeting that is the subject of the minutes; and (iv) that participants are able to follow the discussion and the simultaneous voting on the matters on the Agenda, as well as view, receive or transmit documents. If a physical call location is opted for, the meeting is deemed to be held in the place where the person taking the minutes is present. It is understood that the Chairperson and the person taking the minutes may be in different locations.

The Board of Directors, after prior mandatory consultation with the Board of Statutory Auditors, shall appoint an Executive Officer responsible for the preparation of the financial statements, in accordance with Article 154-*bis* of the CFA (the **Executive Officer for Financial Reporting**), granting this person the adequate means and powers for the accomplishment of the tasks assigned.

As per the Board of Directors and Committees Regulation, the calendar for Board meeting shall be established by the Board of Directors upon the recommendation of the Chairperson, in consultation with the CEO. In any case, meetings of the Board of Directors - even those not scheduled on the calendar - are called by the Chairperson following consultation with the CEO, in compliance with the law and the By-Laws. Notice shall be sent to the Directors at least three (3) days before the day of the meeting; in urgent cases, notice shall be given the day preceding the date set for the meeting. Notice of meetings shall be given to the Statutory Auditors.

The matters to be dealt with during the meeting, together with any other information useful for setting the meeting, shall be clearly and concisely outlined in the call notice and included therein in numerical order.

The meetings of the Board of Directors and its motions shall be valid, even without formal call, when all the Directors and Statutory Auditors in office are present.

As per Recommendation 11 of the Corporate Governance Code, prior to each meeting the Secretary shall make available to the Directors and Statutory Auditors such documentation as is reasonably necessary to provide adequate information regarding the matters on the Agenda. To ensure the prompt provision of meeting information, this documentation, as prepared by the competent corporate functions, shall be made available by the Secretary as soon as it is available and in any case at least 2 (two) calendar days before the date of the meeting, except in urgent cases. This shall be provided using a shared computer platform with restricted access that ensures adequate protection of confidentiality of data. Where special confidentiality requirements dictate, the information may be provided within a shorter timeframe or during the meeting, and by means other than those indicated above (for example, by making the information available in hard copy during the meeting).

The Board may also meet and validly resolve by means of teleconferencing or videoconferencing, provided that all participants can be identified and are able to follow the discussion, receive, transmit or view documents, as well as intervene verbally and in real time on all items on the Agenda.

During each meeting:

- (i) the Chairperson shall ensure: that the proceedings are conducted in an orderly manner, in compliance with the Agenda or by amending the Agenda and informing the Directors of the reasons for doing so; that there is the opportunity to present proposals in an appropriate manner and to ask questions and request clarifications or further information in a reasonable and useful manner; that answers are provided in an adequate manner; that participants can actively contribute to the discussion; all this while reserving adequate time for the discussion of each item on the Agenda;
- (ii) Directors asked to present a proposal must ensure that adequate disclosure is made and be available to answer questions from other Directors;
- (iii) each Director shall participate proactively, dedicating adequate time to the Board's work, promptly declaring any interests he/she may have on his/her own behalf or on behalf of third parties with respect to a given item on the Agenda, in accordance with the law, in addition to any correlation relationships pursuant to related party transactions regulations. Any Director may request, as part of a meeting, that additional information be provided beyond the premeeting disclosure or the disclosure given at the meeting in order to be able to act in an informed manner.

Discussion of the items on the Agenda shall take place in the order established in the call notice, though the Board of Directors reserves the right to change the order of discussion of the items on the proposal of the Chairperson or a Director and in the event of justified reasons, which shall be noted in the minutes.

In addition to the items already included on the Agenda, any additional items related to unavoidable and urgent problems may be proposed and communicated by the Chairperson of the Board of Directors. In such a case, the Board of Directors must unanimously resolve to include the item on the Agenda. Unless otherwise provided, it will be included in the margin of the other items on the Agenda.

Any invited person (heads of the competent corporate functions, managers, Executives, employees, consultants of the Company and its subsidiaries, as well as other external parties) whose presence is deemed useful in relation to the issues to be dealt with or to support the better conduct of the Board's business, may be called upon to attend the Board's meetings, without voting rights, and to speak during the meetings. Their participation shall be limited to the discussion of the issues within their remit, exclusively upon invitation by the Chairperson in agreement with the CEO (possibly also upon request by individual Directors), in order to illustrate information and documents or provide information, insights and clarifications.

Having completed all interventions, replies and answers, the Chairperson shall declare the discussion closed and invite the Board of Directors to deliberate. Voting shall be by open ballot. Directors shall abstain where required by applicable law.

The Board of Directors shall act by the affirmative vote of the absolute majority of those present, excluding abstainers; in the event of a tie, the vote of the Chairperson of the meeting shall prevail. Each member of the Board of Directors shall have the right to have his/her vote against or his/her abstention, where relevant, and the reasons for it recorded in the minutes.

The motions shall be recorded in the minutes signed by the Chairperson and the Secretary and shall be immediately enforceable unless otherwise provided for and shall be brought to the attention of the functions and organisational units concerned and, as far as their respective competences are concerned, of the control functions.

The proposals formulated and motions passed during the meeting are recorded in minutes transcribed in a special book, together with a summary of any discussions held. The transcribed minutes are signed by the person who chaired the meeting and by the person who acted as Secretary (or by the notary public in the cases provided for by current legislation). These minutes shall be submitted to the Directors for any comments before they are archived. They shall be kept in the office of the Secretary of the Board of Directors and shall remain available for inspection at the request of each of the Directors and Statutory Auditors. The Chairperson or the Secretary may make statements regarding motions passed at meetings of the Board of Directors when the minutes of those meetings have not yet been archived.

During the Reporting Year, 7 (seven) meetings of the Board of Directors were held. Specifically, the Board of Directors met 3 (three) times through April 27, 2021 (the expiration date of the Board previously in office), on the following dates: February 11, March 16, March 22, 2021 and four (4) times following the appointment of the new governing body on the following dates: April 27, May 14, August 5, and November 12, 2021.

The meetings were appropriately minuted.

The duration of Board meetings was on average approximately 109 minutes.

During 2022, in addition to the 3 (three) meetings of the Board of Directors already held on February 11, March 16, and March 22, 2022 (meeting during which, among other matters, the consolidated financial statements and the draft financial statements for the year ended December 31, 2021 were approved), at the publication of this Report, three (3) further meetings are scheduled to be held by the Board of Directors on the following dates: May 13, August 4 and November 11, 2022 (as per the Shareholders' Calendar communicated to the market and to Borsa Italiana, and available on the Issuer's website at [www.filagroup.it](http://www.filagroup.it), in the *Investors* section).

During the Reporting Year, given an overall attendance percentage of approximately 95%<sup>(5)</sup>, the percentage attendance for each Director was, respectively: 71% for Giovanni Gorno Tempini, 100%

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<sup>(5)</sup> The percentage refers to the participation (i) of the 9 members of the Board in office with regard to the 3 meetings held until April 27, 2021 (Giovanni Gorno Tempini, Massimo Candela, Luca Pelosin, Annalisa Barbera, Paola Bonini, Francesca Prandstraller, Gerolamo Caccia Dominioni, Alessandro Potestà, Filippo Zabban), in addition to (ii) of the 7 members of the Board in office with regard to the 4 meetings from April 27, 2021 (Giovanni Gorno Tempini, Massimo Candela, Luca Pelosin, Annalisa Barbera, Donatella Sciuto, Giorgina Gallo, Carlo Paris).

for Massimo Candela, 100% for Luca Pelosin, 100% for Annalisa Barbera, 100% for Carlo Paris, 100% for Donatella Sciuto and 100% for Giorgina Gallo<sup>(6)</sup>.

In light of the foregoing, the Company believes that, during the Reporting Year, the Directors provided adequate time to perform their duties at Fila.

The Chairperson of the Board of Directors ensured that the documentation relating to the matters on the Agenda was made available to the Directors and Statutory Auditors with sufficient time before the date of each Board meeting. The timeliness and completeness of pre-meeting information is guaranteed by communication of the documentation by the deadline of at least 2 (two) days before the date of the meeting of the Board of Directors. This deadline was generally met, except in situations of particular and extraordinary urgency.

In addition, the Chairperson of the Board of Directors ensured that sufficient time was dedicated to the matters on the Agenda in order that all the Directors were able to contribute, thereby guaranteeing constructive debate in the Board meetings.

Board meetings are conducted with the participation of the Secretary of the Board of Directors, and - where deemed appropriate - of the Issuer's Executives in charge of company departments relevant to the subject matter, or of external consultants involved in the items on the Agenda, in order to provide all Directors with the necessary information regarding Agenda items. In general, the Chief Executive Officer ensures that the Executives are available to attend Board meetings so that valuable contributions may be made, in particular for the Non-Executive Directors to acquire adequate information on the operations of the Issuer.

Finally, the Executive Officer for Financial Reporting also usually attended the Board of Directors meetings.

#### **4.5 ROLE OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS**

On April 27, 2021, the Board of Directors appointed Giovanni Gorno Tempini as Chairperson of the Company's Board of Directors.

Under Article 12.4 of the By-Laws, the Chairperson of the Board of Directors is the legal representative of the Company in dealings with third parties and in legal matters (with the right to appoint lawyers and attorneys-of-record). Representation also rests with the Directors who have delegated powers granted by the Board of Directors, with the General Managers, senior management and attorneys-in-fact, within the limits of the powers conferred to them.

In addition to the powers that may be delegated to him/her by the Board of Directors, the Chairperson - with the assistance of the Secretary - shall perform the following activities:

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<sup>(6)</sup> The percentages are calculated taking into account that some Directors (namely, Carlo Paris, Donatella Sciuto and Giorgina Gallo) joined the Board of Directors on April 27, 2021, following their appointment by the Shareholders' Meeting. Finally, we note that during the Year and, specifically, on April 27, 2021 (when the ordinary Shareholders' Meeting renewed the corporate bodies), Paola Bonini, Francesca Prandstraller, Gerolamo Caccia Dominioni, Alessandro Potestà and Filippo Zabban ceased to be Directors following the natural conclusion of their mandates. Taking these events into consideration, the percentage of attendance in Board meetings of those Directors who ceased office during the Financial Year, in respect of the number of meetings they should have attended, are equal to: 100% for Alessandro Potestà, 100% for Gerolamo Caccia Dominioni, 100% for Francesca Prandstraller, 100% for Paola Bonini and 67% for Filippo Zabban.

- (i) ensuring the correct and effective functioning of the Board's work (see Principle X of the Corporate Governance Code);
- (ii) acting as a liaison between the Executive Directors and the Non-Executive Directors (see Principle X of the Corporate Governance Code);
- (iii) defining, in consultation with the CEO, the proposed calendar of board meetings;
- (iv) convening Board meetings, defining the date and time, as well as the place where they are to be held, the Agenda - in agreement with the CEO - and the participation procedures, as well as the possible involvement of persons who are not members of the Board of Directors;
- (v) presiding over, organising and coordinating the work of the Board of Directors and guiding the conduct of its meetings, guaranteeing the effectiveness of the debate and encouraging, in a neutral manner, the informed participation of the Directors, especially the Non-Executive and Independent Directors, encouraging their active participation in the discussion and motions on the matters under discussion;
- (vi) as per Recommendation 12 of the Corporate Governance Code, overseeing the suitability of the pre-meeting briefing and additional information provided at meetings, enabling Directors to carry out their roles in an informed manner;
- (vii) ensuring that the activities of the Board committees with investigative, propositional and advisory functions are coordinated with the activities of the Board of Directors, including by requesting and exchanging information with the Chairpersons of the committees and with the relevant corporate structures, viewing the opinions and proposals of the committees in advance of Board meetings (see Recommendation 12(b) of the Corporate Governance Code);
- (viii) in agreement with the CEO, ensuring that the Group's Executives in charge of the corporate departments responsible for the relevant issues attend Board meetings, also upon request of individual Directors, in order to provide any necessary information on the issues on the Agenda (see Recommendation 12(c) of the Corporate Governance Code);
- (ix) organising induction sessions for the members of the Board of Directors and/or the Board of Statutory Auditors, at the beginning and - where deemed appropriate - during their term of office, to provide them with adequate knowledge of the business sectors in which the Company operates, of corporate dynamics and changes, also with a view to the sustainable success of the Issuer, in addition to compliance with the principles of proper risk management and with applicable regulations (see Recommendation 12, (d) of the Corporate Governance Code);
- (x) ensuring the adequacy and transparency of the Board's self-evaluation process (see Recommendation 12(e) of the Corporate Governance Code);
- (xi) formulating - in agreement with the CEO - proposals for the adoption or modification of a policy for the management of dialogue with shareholders in general, as well as with institutional investors and asset managers, also taking into account the engagement policies adopted by the latter; it also ensured that the Board of Directors was informed by the first useful meeting about the development and significant content of the dialogue with shareholders and other stakeholders;



- (xii) as part of the organisation of the Board's work, ensuring that the Board of Directors is informed, before the next available meeting, regarding the development and significant content of dialogue with all the parties mentioned in the previous point;
- (xiii) in order to ensure proper management of corporate information and in agreement with the CEO, formulating proposals for the adoption of a procedure for the internal management and external communication of documents and information concerning the Company, with particular reference to inside information; oversees committee minute-taking activity;
- (xiv) ensuring that the Directors are constantly updated on each specific sector in which the Issuer carries out its activities, so as to acquire adequate knowledge of it, also with regard to corporate dynamics and changes in them, the principles of proper risk management and the related regulatory framework. These in-depth analyses are geared towards a correct understanding of the company dynamics underlying the business and the related developments during the Reporting Year. Among the in-depth activities carried out during the Reporting Year, it should be noted that on May 14, 2021 and on December 14, 2021, two meetings were held during which extensive information was provided on the changes introduced by the new Corporate Governance Code and the activities necessary for its implementation. During the year, at various meetings of the Board of Directors, the Directors and Statutory Auditors were also constantly and promptly updated regarding the main legal and regulatory developments until the date of this Report, including through specific induction sessions held by the Company's legal advisors and access to related informative documents.

#### **4.6 SECRETARY OF THE BOARD OF DIRECTORS**

As per Article 12.6 of the By-Laws and in accordance with Recommendation 18 of the Corporate Governance Code, the Board of Directors, on the proposal of the Chairperson, shall appoint and revoke the Secretary, who may also be chosen from outside its members, and shall define the professional requirements of the position and its relative powers.

The Secretary shall be appointed for the full term of the Board of Directors, unless removed before the term by the Board of Directors or upon resignation. If the Secretary is absent or unable to attend a meeting, the Board of Directors may appoint a different Secretary for that meeting, who may be chosen from among the members of the Board of Directors and also in exception to the provisions of the following paragraph.

The Secretary must be a person with proven experience in corporate affairs, with particular reference to practices concerning the corporate governance of listed companies and regulated markets, as well as corporate secretarial activities.

The Secretary supported the work of the Chairperson, with particular reference to the activities indicated in the preceding paragraphs (see Recommendation 18 of the Corporate Governance Code).

During the year, the Secretary also provided impartial assistance and advice to the Board of Directors on any aspect relevant to the proper functioning of the corporate governance system (see Recommendation 18 of the Corporate Governance Code).



In carrying out his duties, the Secretary has had access to adequate resources made available by the Board of Directors, including the corporate information needed to carry out his tasks, also making use of the appropriate financial resources and external consultants, under the terms established by the Board of Directors.

In the event of the absence or impediment of the Secretary, the powers, duties or obligations delegated to him/her shall be exercised or performed in his/her stead by the substitute.

On May 14, 2021, the Board of Directors appointed Mr Fabio Zucchetti - for the term of office of the Board of Directors and unless revoked by the Board - as Secretary of the Board of Directors.

Mr. Fabio Zucchetti graduated in 1991 from the University of Turin with a degree in Economics and Business. He has been a Chartered Accountant since 1993 and is a partner of Studio Zucchetti. He has gained experience in the corporate field, holding the position of Director, Statutory Auditor and acting as company secretary in several companies. He also served as a Director of the Issuer until April 27, 2018, from which date he served as Secretary of the Board of Directors and Committees.

## **4.7 EXECUTIVE DIRECTORS**

### **4.7.1 Chief Executive Officers**

As per Article 12.2 of the By-Laws, the Board of Directors may delegate part of its powers to an Executive Committee, determining the limits of such mandate as well as the number of members of the committee and its operating procedures.

Alternatively, as per Article 12.3 of the By-Laws, the Board of Directors may appoint one or more Executive Directors, granting them the relevant powers and conferring to one of them, where applicable, the role of Chief Executive Officer. In addition, the Board of Directors may also establish one or more committees with consulting, advisory, or audit functions in accordance with applicable laws and regulations. The Board of Directors may also appoint General Managers, defining their powers and granting powers of attorney to third parties for certain acts or categories of acts.

Under Article 12.4 of the By-Laws, the Chairperson of the Board of Directors is the legal representative of the Company in dealings with third parties and in legal matters (with the right to appoint lawyers and attorneys-of-record). Representation also rests with the Directors who have delegated powers granted by the Board of Directors, with the General Managers, senior management and attorneys-in-fact, within the limits of the powers conferred to them.

On April 27, 2021, the Board of Directors appointed Massimo Candela as Chief Executive Officer and Luca Pelosin as Executive Director, assigning to them the respective powers described below.

The Chief Executive Officer Massimo Candela is chiefly responsible for management of the Issuer (see Recommendation 4 of the Corporate Governance Code).

During the Year and as of the date of this Report, the Board of Directors has not established an Executive Committee or appointed a General Manager.

(i) *Powers of the Chief Executive Officer Massimo Candela*

The Chief Executive Officer Massimo Candela is granted all powers of ordinary and extraordinary administration, to be exercised with separate signature, with the exclusive exception of those concerning the following matters, which, together with those imposed by applicable law, remain the exclusive competence of the Board of Directors:

- (i) the approval of consolidated budgets and business plans and amendments and adjustments to the same approved consolidated budgets and business plans;
- (ii) decisions relating to operations carried out by the Company and its subsidiaries that have a significant impact on the Company's strategy, profitability, assets and liabilities or financial position, including decisions relating to the listing of one of the Company's subsidiaries pursuant to Article 2359 of the Civil Code;
- (iii) the decisions relating to the disposal of treasury shares except where carried out under execution of a specific Shareholders' Meeting motion;
- (iv) the acquisition, in any capacity and in any form, of investments or of companies or of business units with a value in excess of Euro 1,000,000, calculated with reference to 100% of the relative enterprise value, including any price component dependent on the results of the Company, as well as any conditional or deferred payment;
- (v) disposals (or other transfers), in any capacity and in any effective form, of investments or of companies or of business units of the Company, with a value (calculated with reference to 100% of its enterprise value, including any price component dependent on the results of the Company, as well as any conditional or deferred payment) per transaction in excess of Euro 1,000,000, or together with other transactions over the previous 12 months, in excess of Euro 1,000,000;
- (vi) the creation of any lien on company assets for single amounts that are in excess of Euro 2,500,000, or for amounts which together with other transactions over the previous 12 months are in excess of Euro 5,000,000;
- (vii) the establishment of subsidiaries, the acquisition of fixed assets, including real estate or real estate companies, in any form, including via financing, with a unitary value in excess of Euro 1,000,000, or together with other transactions over the previous 12 months, with a collective value in excess of Euro 5,000,000;
- (viii) disposals (or other transfers) of fixed assets, including real estate and real estate companies, in any effective form, which individually exceed the amount of Euro 1,000,000, or together with other transactions over the previous 12 months, exceed the amount of Euro 5,000,000;
- (ix) any corporate restructuring operation, including the establishment or closure of any branches or of any subsidiaries pursuant to Article 2359 of the Civil Code, which carry a cost both for the Company and each of the subsidiaries of the Company, within the meaning of Article 2359 of the Civil Code, in excess of Euro 1,000,000 (one million);
- (x) the approval of share-based incentive plans for Executives and employees of the Company and of subsidiaries of the Company pursuant to Article 2359 of the Civil Code;

- (xi) the undersigning and the execution any agreement with the majority shareholder or with companies controlled by or connected to this party within the meaning of Article 2359 of the Civil Code not naturally belonging to the Group;
- (xii) the signing of contracts, and subsequent amendments thereto, concerning the provision of services by third parties to the Company (excluding utilities), including intellectual property license agreements, insurance contracts and leases, of a unitary cost in excess of Euro 1,000,000 (one million) on an annual basis;
- (xiii) the assumption by the Company of new third party financing in unitary amounts in excess of Euro 2,500,000, with the express exclusion of:
  - (a) Any changes to existing financing, including the issuing of consents and/or revocations, renewals or extensions thereof;
  - (b) the subscription of new credit lines to substitute any credit lines already in place;
  - (c) inter-company loans;
  - (d) loans granted on the submission of invoices or other similar operations.

Also reserved to the exclusive scope of the Board of Directors are the determination of votes and the conferment of powers to participate and vote, in the name and on behalf of the Company, in the Shareholders' Meetings of subsidiaries pursuant to Article 2359 of the Civil Code for decisions on the following matters:

- (i) decisions to purchase treasury shares or redeemable shares and authorisation for the disposal of these shares, if the transaction concerns a subsidiary whose revenues in the last year were in excess of 5% of the Company's consolidated revenues;
- (ii) decisions to authorise (in accordance with applicable law) any member of the Board of Directors to exercise an activity concurrently with that carried out by the Company and/or by any other subsidiary of the Company, pursuant to Article 2359 of the Civil Code;
- (iii) decisions relating to mergers or spin-offs, if the merger or spin-off involves companies in which the Company does not directly or indirectly own at least 95% of its share capital or one or more strategic companies;
- (iv) decisions to transform a subsidiary into another corporate form, to issue warrants, convertible or non-convertible bonds or other financial instruments and to dissolve and place the Company into liquidation;
- (v) decisions to increase the share capital, if the relative amount is in excess of Euro 500,000 (inclusive of the share premium);
- (vi) decisions to reduce the share capital (except for the cases indicated in Articles 2446 and 2447 of the Civil Code and similar provisions envisaged by applicable law) and to create classes of shares and modify rights relating to these shares or other equity instruments, if the relative company involved is one of the strategic companies.

The powers above include the appointment and revocation of general or special attorneys for certain duties.

- (ii) *Powers of the Executive Director Luca Pelosin*

The Executive Director Luca Pelosin is granted the roles of head of logistics, of production, of purchasing, of personnel and of information technology and ordinary administrative powers aimed at ensuring the accomplishment of the assigned duties, including, by way of example and without limitation, the following powers, to be exercised with separate signature, in compliance with any spending limits and the exclusions set out below:

- (i) To sign ordinary correspondence and debit and credit notes;
- (ii) To collect letters and registered and insured letters, parcels and rail and post parcels, or other dispatches and packages of any kind;
- (iii) To provide for customs clearance at any customs office and in particular to sign and submit customs declarations, to make and withdraw deposits from any customs offices, to attend inspections of goods and to provide for their release by performing any other task necessary for the fulfilment of the mandate;
- (iv) To carry out all UTIF [Revenue and Excise Office] operations and specifically to sign and to submit relevant statements and to perform any other task necessary for the fulfilment of the mandate;
- (v) To represent the Company in relation to any administrative authorities, public entities or public offices;
- (vi) To perform all banking transactions that are not issuances of promissory notes, acceptances of drafts, establishment of pledges, of sureties or of endorsements and so forth and by way of example: to open current accounts also in overdraft and to contract advances;
- (vii) making funds available by signing cheques or money orders or by any other means within the limits Euro 50,000 for each individual transaction, as well as within the limits of loans provided by various lenders with joint signature with the Chief Executive Officer Massimo Candela, with Messrs. Stefano De Rosa and Andrea Borgacci or any other legal representative with adequate powers;
- (viii) To sign documents relating to imports or exports with banking institutions;
- (ix) To demand and collect, for any reason and for any amounts, sums, income, securities, warrants and deposits, whether from the Issuer, from the deposits and loans fund, from both provincial and municipal treasuries and accounts offices, from customs, railway offices, post and telegraph offices or generally from any public or private payer, issuing related receipts and releases;
- (x) To represent the Company in any bankruptcy, composition and insolvency proceedings, filing and contending the claims and rights of the Company, and performing any act for their protection, to sign acts of obligation and to proceed with enforcement measures; for the above, to appoint legal representatives;
- (xi) To represent the Company at the offices of state and private railways operators, of airline and shipping companies and of other carriers generally and at any government office or stated-owned entity or at any post, telegraph, telephone or customs office for all operations of shipping, clearance and collection of valuables and goods, thereby signing any forms, receipts, releases, discharges and so on, and filing any eventual claims;
- (xii) To stipulate, with all opportune clauses, to amend and to terminate, regarding any individual, corporate or public entity, contracts and agreements of any kind and nature for the purchase of raw materials, of semi-finished goods and of the provision of services, both destined for

Italy and destined for or from abroad, and in general anything that can form part of the mandate described above; to make intra-Community transactions, to import and/or to export to countries within the European Union and to those outside the European Union, following relevant procedures and signing any documentation or act necessary to this end, including customs documents, intra-state declarations for intra-community transactions and anything else deemed necessary;

- (xiii) To hire, to transfer, to suspend and to dismiss employees and so to manage personnel in all respects, including to set and to amend conditions, roles, qualifications, categories and grades; to determine the salaries, fees and duties; to stipulate employment contracts or to amend or terminate such contracts; to notify employees of any infractions and impose corresponding disciplinary measures; to administer personnel and so ensure the management and liquidation of wages and severance, to provide for the fulfilment of tax and insurance contributions towards relevant institutions, completing the related forms and making payments and adjustments as required and approved by the provisions in force; to provide for the fulfilment of fiscal and tax compliance to which the Company is bound including the filling out of relevant forms and the making of relevant payments, with the power, among other things, to sign statements, declarations, claims, petitions and any other act; to perform within the powers conferred, all other acts of administration considered appropriate in the interests of the Company; to represent the Company both in Italy and abroad regarding labour relations and related obligations and therefore in relation to states, regions, provinces, municipalities, districts, ministries, labour inspectorates and offices, agencies, sections, national health services, administrative bodies, health units, social security and insurance institutions, banks and financial institutions, central and local governments and financial and tax offices, tax litigation bodies and all other authorities, institutions, central and local administrations, public and private institutions, individuals and corporate and public legal entities, with the broadest of powers, without limitation, and so with the right to put forward declarations, petitions, motions, appeals and oppositions in relation to any administrative authority, sustaining related discussions with all of the above mentioned entities and representing the Company also regarding the definition of related disputes or settlements, nothing excluded or excepted; to represent the Company in relation to trade union organisations of both employers and employees in any location and facility, with the authority to enter into agreements also applying to the entire company and to settle disputes; to represent the Company in relation to conciliation and arbitration boards provided for by union agreements, with the power to settle related disputes; to accept arbitration, appoint arbitrators and conclude arbitration agreements to define labour litigation; to represent the Company in labour disputes, both in court and out of court and in relation to trade unions, to arbitration, to provincial directorates of labour or to similar regional and ministerial bodies and relative conciliation commissions, and also in the case where laws in force provide for the personal appearance of the parties, with the express right to reconcile and to settle, to make and to amend petitions, applications, exceptions and conclusions, to respond to questioning whether informal or formal, to explain the facts of the case, to propose and to oppose evidence, to intervene in discussions, to participate in reconciliation efforts, to reconcile and to settle disputes, to sign the minutes of non-conciliation, indicating solutions and stating the amount of credit pertaining to the employee, to elect domiciles, to sign and submit documents, to appoint and to dismiss prosecution, defence and technical legal counsel concerning the related subject matter; to perform all that is opportune and necessary, with specific reference to Articles 410, 411, 412 and 420 of the Civil Code, as in the text of Law No. 533 of August 11, 1973; to perform any other act and to

act in any situation in the field of labour relations and personnel management considered appropriate in the interests of the Company, including claims for damages to liable third parties and/or to insurers or to indemnifying bodies with the power to settle any disputes.

The aforementioned powers include the appointment and revocation of general or special attorneys for certain duties.

The powers relating to the matters excluded from the scope of powers assigned to the Chief Executive Officer Massimo Candela as reserved to the Board of Directors and any other matter exclusively reserved to the Board of Directors in accordance with law are in any case excluded from the powers conferred to the Executive Director Luca Pelosin.

Additionally, Mr. Pelosin is responsible for the following:

- (i) supporting the Chief Executive Officer in:
  - (a) drawing up of the strategic guidelines, the consequent business plans and budgets;
  - (b) identifying, developing and managing opportunities on business/equity/corporate/acquisition and integration of industrial and commercial target transactions;
  - (c) managing the integration process (e.g. preparation and execution of the integration plan and monitoring of the activities) of the companies under acquisition, or those acquired;
  - (d) developing and managing relations with the strategic key partners;
- (ii) oversight on the investment management process, with particular - though not exclusive - focus on industrial asset investments:
  - (a) coordinating and approving the budgeting process (in the long, medium and short term), overseeing adherence to the approved budget;
  - (b) assessing in advance, also over time, individual investment opportunities;
- (iii) drawing up of an insurance plan for the Group, stipulating the necessary master insurance coverage and supporting the definition of local insurance;
- (iv) with regards to production, he is responsible for:
  - (c) oversight on the production scheduling process;
  - (d) coordinating facility operations in order to maximise efficiency, gradually improving technology footprint, performances, safety and - as far as financially and strategically viable - the level of interchangeability and vertical integration;
  - (e) approving the production costs set out in the budget, monitoring/approving them constantly against actual figures;
- (v) defining the long-term Health, Safety and Environment (“**HSE**”) and Corporate Social Responsibility (“**CSR**”) plans, as regards the targets, action areas and use of outside consultants;
- (vi) supervising activities and working closely with the Group Supply Chain VP, Group Procurement VP, Group R&D VP and Group QA, Product Safety & Compliance VP;
- (vii) in logistics, is responsible, with the support of the Group Supply Chain VP, for the transport/duty budget, constantly monitoring the actuals and approving extra costs;



- (viii) in terms of purchases, he is responsible, with the support of the Group Procurement VP, for:
  - (a) guaranteeing procurement flows to match production needs (both for materials and with regards to production services by third parties), protecting the economic interests of the Group and the sustainability of growth over time;
  - (b) managing the acquisition of patents and know-how;
  - (c) approving budget procurements costs, constantly monitoring the actuals and approving extra costs;
- (ix) providing support, for the areas within his/her scope, to the Group CFO in the preparation of the Group business plan and budget, coordinating with the local Managers;
- (x) regarding R&D he is responsible for:
  - (a) overseeing the activities of the Group R&D VP, approving the function's budget, continuously monitoring its implementation and approving cost overruns;
- (xi) regarding quality assurance, product safety & compliance, he is responsible for:
  - (a) overseeing the activities of the Group QA, Product Safety & Compliance VP, approving the function's budget, continuously monitoring and approving extra costs;
  - (b) maintaining evidence, in conjunction with the QA Group, Product Safety & Compliance VP, of product traceability;
- (xii) in terms of HR:
  - (a) defining, at Group level, salary and incentive policies, as well as professional growth and - where necessary - retention programmes, in line with the Remuneration Policy approved by the Board of Directors and the Shareholders' Meeting in accordance with current legislation;
  - (b) supporting the Remuneration Committee in preparing the Remuneration Policy with reference to the qualitative targets;
  - (c) defining the Management by Objectives (MBO) for the managers of the subsidiaries, in collaboration with the Group Chief Officers;
  - (d) preparing, with the support of the Group Chief Officers, the organisational charts of the subsidiaries, circulating them for the approval of the local CEOs, ensuring the prior approval of the CEO for the main subsidiaries;
  - (e) preparing, with the support of the Group Chief Officers, the job descriptions, disclosing them after approval by the local CEOs, verifying the consistency between the powers conferred and the roles assigned within the Organisational Model;
  - (f) approving the personnel budget, in agreement with the local CEOs and with the support of the Group Chief Officers, monitoring the actuals and approving the extra costs;
  - (g) monitoring hiring, roles, changes in responsibility and salary changes of employees and managers to ensure they are in line with the budget. To this end, discussing with Group Chief Officers any proposals not included in the budget, approving or rejecting them;
  - (h) participating in the Group key resources selection process;

- (i) supporting the CEO in developing the organisational structure of the Company and of the Group, the responsibilities assigned to the frontline employees and the powers assigned to them, ensuring timely updates in relation to altered conditions and business needs. In this context, defining the procedural system, submitting for approval the Group policies to the CEO and the Group procedures to the competent International Officers, with the responsibility to create a “culture of compliance” in protection of the integrity and image of the entire Group;
  - (j) together with the CEO, enacting the personnel management and development policies, and in particular the definition and management of the assessment and training processes and instruments;
  - (k) drafting reports on personnel, monitoring the information flows received from the individual subsidiaries, providing at least quarterly updates to the CEO;
  - (l) providing support, to the extent within his remit, to the Group CFO in the preparation of the Group business plan and budget, coordinating with the local Human Resources Managers;
- (xiii) with regards to IT
- (a) supervising the activities of the Group Chief Information Officer;
  - (b) coordinating with the Group Chief Information Officer on the IT structure of the Organisational Model, in order to ensure consistency with Group policies and on the security and protection of the IT environment in the various subsidiaries;
  - (c) periodically reviewing reports prepared by the Group Chief Information Officer;
- (xiv) regarding privacy policy:
- (a) taking decisions on behalf of the Company relating to the processing of personal data held by the Company and implementing all appropriate technical and organisational measures to ensure that the processing is carried out by the Company in accordance with the legislation currently in force;
  - (b) appointing the Data Protection Officer ("**DPO**") in accordance with current legislation.
- (xv) supervising the activities of the Group Chief Project Officer, periodically reviewing reports on the status of the project portfolio and monitoring their consistency with the Group's sustainability objectives;
- (xvi) selecting, to the extent of his remit, any external providers and consultants, coordinating operations;
- (xvii) supporting the local CEOs, participating on the Strategic Committee, in developing the business and growth on the local market;
- (xviii) supporting the CEO in overseeing the Paper R&D Committee and Minor Subsidiaries Committee;
- (xix) governing, as leader, the activities of the Sustainability Committee, reporting on this matter to the Board of Directors and to the relevant endorsement committee;
- (xx) receiving and analysing, on a quarterly basis, the reports prepared by Fila Group Entities Operations Managers, Group Procurement VP, Group R&D VP, Group QA, Product safety



& Compliance VP and Group Supply Chain VP; suggesting possible corrective actions and monitoring their development;

(xxi) producing a quarterly report for submission to the Group CEO.

#### **4.7.2 Chairperson of the Board of Directors**

At the date of this Report, the Chairperson of the Board of Directors is not the person chiefly responsible for management of the Issuer (Chief Executive Officer), has not been granted executive management powers, does not have a specific role in terms of corporate strategic planning and is not the controlling shareholder of the Issuer.

On April 27, 2021 and March 16, 2022, the Board of Directors verified that the Chairperson of the Board of Directors met the independence requirements set out in Article 148, paragraph 3, CFA, as referred to in Article 147-ter, paragraph 4, CFA, Recommendation 7 of the Corporate Governance Code, in addition to the criteria defined by the Board of Directors pursuant to Recommendation 7, paragraph 2, of the Corporate Governance Code.

#### **4.7.3 Honorary Chairperson**

According to Article 12.5 of the By-Laws, on the proposal of one or more shareholders representing at least 20% of the share capital, the Shareholders' Meeting may proceed to appoint a Chairperson with honorary functions, entitled the "Honorary Chairperson", selected from among persons of high standing and who have contributed to the establishment, success and/or growth of the Company.

The Honorary Chairperson may also be appointed from outside the members of the Board of Directors; in such case the Honorary Chairperson may remain in office longer than the term of the Board of Directors. The Honorary Chairperson, where not a Director of the Board, may participate at meetings of the Board of Directors and the Shareholders' Meetings exclusively to express assessments and non-binding opinions on matters dealt with by the Board of Directors or by the shareholders, and may represent the Company on the basis of special powers of attorney issued in writing by the competent corporate bodies. The Board of Directors shall determine any fees or any other remuneration and/or reimbursement of expenses due to the Honorary Chairperson.

On April 27, 2021, the Shareholders' Meeting of the Company passed a motion, on the proposal of Pencil, to appoint Alberto Candela as the Honorary Chairperson of the Company for three financial years (that is, until the approval of the 2023 financial statements).

#### **4.7.4 Disclosure to the Board by Directors and delegated bodies**

During the Reporting Year, the Chief Executive Officer and the Executive Director reported adequately and in a timely manner, at least on a quarterly basis, to the Board of Directors and the Board of Statutory Auditors on the activities undertaken concerning the powers conferred and in a manner to permit the Board to express in an informed manner on the matters under examination.

#### **4.7.5 Other Executive Directors**

At the date of this Report, beyond the Chief Executive Officer and the Executive Director, no other Directors have been attributed delegated duties.

## 4.8 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

### 4.8.1 Independent Directors

At the date of this Report, the Board of Directors includes 4 (four) Independent Directors out of a total of 7 (seven), i.e. Directors of the Company who meet the independence requirements pursuant to Article 148, paragraph 3 of the CFA, as referred to in Article 147-ter, paragraph 4 of the CFA and Recommendation 7 of the Corporate Governance Code, in addition to the criteria defined by the Board of Directors, pursuant to Recommendation 7, paragraph 2 of the Corporate Governance Code.

Specifically, pursuant to Recommendation 5 of the Corporate Governance Code, the following Directors meet the independence requirement: (i) Giovanni Gorno Tempini, who also serves as Chairperson of the Board of Directors, (ii) Giorgina Gallo, (iii) Donatella Sciuto and (iv) Carlo Paris.

The number of Independent Directors complies with Recommendation 5 of the Corporate Governance Code and is adequate, also in view of their respective responsibilities, for the Company's needs and for the functioning of the Board, and for setting up the related committees.

On March 16, 2021, the Board of Directors approved the quantitative and qualitative criteria, to be used in the Director independence review process, for assessing the significance of the relationships with the Company and/or the Group pursuant to the second paragraph of Recommendation 7 of the Corporate Governance Code. These criteria were applied starting with the assessment of the independence of the Directors appointed by the Shareholders' Meeting of April 27, 2021. Specifically, the following are considered "significant":

- the following business, financial or professional relationships of a Director with the Company (Recommendation 7, first paragraph (c) of the Corporate Governance Code):
  - (a) a relationship of a commercial or financial nature with Fila and/or with its subsidiaries and/or with Pencil and/or with Pencil's controlling entities and/or with their respective Directors and/or their respective top managers whose total annual compensation to the Director of Fila (or companies controlled by the Director of Fila or of which the Director of Fila is an Executive Director) accounts for 7.5% or more of the total annual revenues of the Fila Director (in the case of a Director who is a sole proprietor) or of the company or entity over which the Fila Director has control or of which the Fila Director is an Executive Director;
  - (a) a relationship of a professional nature whose total annual compensation to the Director of Fila (or the professional firm or consulting firm of which the Director is a partner) in the case of (1) a consultant acting as a sole practitioner, accounts for 15% or more of total annual revenue; or (2) a consultant who is a partner in a law firm or consulting firm, accounts for 4% or more of total annual revenue of the law firm or consulting firm;

It is understood that, even if the quantitative parameters set forth in points (i) and (ii) are not exceeded, a relationship of a commercial, financial or professional nature shall be deemed of “significance” for the purposes of Recommendation 7, first paragraph, letter c) of the Corporate Governance Code if it is deemed by the Board of Directors to be capable of affecting the autonomy of judgement and independence of a Fila Director in the performance of his or her duties. Therefore, by way of example, in the case of a Director who is a partner of a professional firm or a consulting firm, the Board, regardless of the quantitative parameters set out above, may consider as of “significance” a relationship that (i) may have an effect on the Director's position and/or role within the firm/consulting firm; and/or (ii) relates to significant Group transactions and may, therefore, have a reputational significance for the Director within the organisation;

- the following additional compensation (Recommendation 7, second paragraph (d), of the Corporate Governance Code): additional compensation received by the Director for offices held in Fila, Pencil and/or its subsidiaries that is, in aggregate and on an annual basis, at least 40% greater than the fixed annual compensation received by such Director for the office of Director of Fila (including any compensation for participation on internal committees), providing that:

- (i) *"fixed compensation for the office"* means:
  - (a) the compensation determined by the Shareholders' Meeting for all Directors or determined by the Board of Directors for all Non-Executive Directors within the total amount approved by the Shareholders' Meeting for the entire Board of Directors; and
  - (b) any compensation awarded on account of the particular position held by the individual Non-Executive Director within the Board of Directors (Chairperson, Vice-Chairperson (where appointed), Lead Independent Director (where appointed)), defined according to the best practices provided for in Recommendation 25 of the Corporate Governance Code;
- (ii) *"compensation for participation on internal committees"* means the compensation that an individual Director receives by reason of his or her participation on internal committees provided for in the Corporate Governance Code or committees/boards provided for by applicable law, excluding compensation from participation in any executive committees;
- (iii) for the purposes of determining the *"additional compensation"* received by a Director of Fila, included are the *"fixed compensation for the office"* and the *"compensation for participation on internal committees"* (as defined above) received by such a Director from subsidiaries and/or from Pencil.

The fact of being a *"close family member"* of a person who is in one of the above situations, where *"close family members"* includes, but is not limited to, parents, children, spouses who are not legally separated and cohabitants, also constitutes a circumstance that may compromise the independence of a Director.

The existence of the above requirements is verified by the Board of Directors upon appointment, following the occurrence of circumstances relevant to independence and, in any case, on an annual basis. The Board of Statutory Auditors verifies the correct application of the criteria and procedures followed by the Board of Directors to assess the independence of its members.

The Board of Directors assesses the existence and permanence of the independence requirements above, also applying all the criteria as per the Corporate Governance Code on the basis of the information that the parties are required to provide under their own responsibility, or of the information available to the Board of Directors. The results of these checks are communicated to the market through publication of a specific press release.

On April 27, 2021, the Board of Directors verified - on the basis of the information at its disposal, and in particular that provided by the Directors - the existence of the independence requirements set out in Article 148, paragraph 3, of the CFA, as referred to in Article 147-ter, paragraph 4, of the CFA, in Recommendation 7 of the Corporate Governance Code, in addition to the criteria defined by the Board of Directors pursuant to Recommendation 7, paragraph 2 of the Corporate Governance Code, for the Directors (i) Giovanni Gorno Tempini <sup>(7)</sup>; (ii) Donatella Sciuto; (iii) Giorgina Gallo; and (iv) Carlo Paris. The outcome of these assessments was positive, and was communicated to the market in the press release dated April 27, 2021, available on the Issuer's website ([www.filagroup.it](http://www.filagroup.it)) in the *Pressroom* section.

With specific reference to the provisions contained in Article 149, paragraph 1, letter *C-bis* of the CFA and Recommendation 6 of the Corporate Governance Code, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members.

The annual checks on whether the Directors (i) Giovanni Gorno Tempini, who also holds the office of Chairperson of the Board of Directors<sup>(8)</sup>; (ii) Donatella Sciuto; (iii) Giorgina Gallo; and (iv) Carlo Paris, continued to be carried out by the Board of Directors at its meeting of March 16, 2022 on the basis of the information available to it and, in particular, that provided by the Directors. The outcome of these assessments was also positive, and was communicated to the market in the press release dated March 16, 2022, available on the Issuer's website [www.filagroup.it](http://www.filagroup.it) in the *Pressroom* section.

With specific reference to the provisions contained in Article 149, paragraph 1, letter *C-bis* of the CFA and Recommendation 6 of the Corporate Governance Code, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members.

During the Reporting Year, on December 14, 2021, 1 (one) meeting of the Independent Directors was held, coordinated by the Chairperson, during which it was acknowledged that it is advisable to ensure constant improvement in the level of knowledge of the Company, also via the organisation of specific induction meetings for the new members of the Board of Directors; preparing contingency succession plans was also promoted as an objective.

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<sup>(7)</sup> With particular reference to the independence of the Chairperson Giovanni Gorno Tempini, we note that the Board of Directors has acknowledged the absence of professional, commercial or financial relations with the Company and of additional remuneration with respect to that which is fixed for the office.

<sup>(8)</sup> With particular reference to the independence of the Chairperson Giovanni Gorno Tempini, we note that the Board of Directors has acknowledged the absence of professional, commercial or financial relations with the Company and of additional remuneration with respect to that which is fixed for the office.

It should be noted that no Independent Director has pledged to maintain independence throughout the term of office and, if necessary, to resign. In the event that a Director who qualifies as independent loses his or her independence requirements, said Director shall promptly notify the Board of Directors.

#### **4.8.2 Lead Independent Director**

The Board of Directors has deemed it unnecessary to appoint a Lead Independent Director, as the conditions set out in Recommendation 13 of the Corporate Governance Code are not met, given that:

- (i) the Chairperson of the Board of Directors does not hold the position of Chief Executive Officer and does not have significant management powers;
- (ii) the Chairperson of the Board of Directors does not control the Company, not even jointly with other persons;
- (iii) the Issuer does not qualify as a Large Company pursuant to the Corporate Governance Code.

## 5. MANAGEMENT OF CORPORATE INFORMATION

The Board of Directors, upon the recommendation of the Chairperson and in consultation with the Chief Executive Officer, has adopted the following procedures:

- (i) an Inside Information Processing Policy, the current version of which was approved by the Board of Directors at the meeting of May 15, 2019; and
- (ii) an Internal Dealing Code Of Conduct, the current version of which was approved by the Board of Directors at the meeting of May 10, 2017.

Both documents are available on the Company's website ([www.filagroup.it](http://www.filagroup.it)) in the *Governance* section.

## 6. INTERNAL COMMITTEES TO THE BOARD OF DIRECTORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), CFA)

### 6.1 ESTABLISHING COMMITTEES

On April 27, 2021, the Board of Directors resolved to establish the following Committees from among its members with investigative, advisory and propositional functions pursuant to Principle XI and Recommendation 16 of the Corporate Governance Code:

- (i) Control, Risks and Related Parties Committee, responsible for internal control and risk management, sustainability and related party transactions pursuant to the RPT Regulation and the RPT Policy;
- (ii) Remuneration Committee, which is responsible for compensation matters.

For further information on the powers and composition of the individual Committees, please refer to paragraphs 8.2 and 9.2 of this Report.

As provided for in Principle XI and Recommendation 16 of the Corporate Governance Code, as well as in the current regulatory provisions, the Board of Directors may establish internal committees with investigative, advisory, proposing and control functions.

The members of the Committees and their Chairs shall be appointed and dismissed by motion of the Board of Directors.

Except where otherwise decided by the Board of Directors on appointment, the mandate for the Committee is the same as that of the Board of Directors, on which its members also sit.

The Board of Directors shall define the responsibilities of the committees, giving preference to the expertise and experience of their members and - while Directors may serve on more than one committee - avoiding an excessive concentration of duties. More specifically: (i) at least one member of the Remuneration Committee has adequate knowledge and experience in accounting and financial matters or in remuneration policies, the assessment of which is left to the Board of Directors upon appointment; (ii) at least one member of the Control, Risks and Related Parties Committee has adequate knowledge and experience in accounting and financial matters or in risk management.

In accordance with that determined by the Board of Directors at the time of their appointment, Committees shall consist of at least three Directors, all of whom shall be non-executive and a majority of whom shall be independent; the Chairperson of each committee shall be selected from among the Independent Directors.

The Committee, on the proposal of the Chairperson, appoints a Secretary, who may also be a non-member.

The Board of Directors may establish an annual budget for one or more committees in relation to any external consultancy it may require.

In any case, the Board of Directors has the power to modify the composition of the Committees and/or to set up one or more committees - always with investigative, propositional, consultative functions and control - even in matters other than those recommended by the Corporate Governance Code, whether of a permanent or occasional nature.

Directors should only accept an appointment to the Committee when they consider that they can dedicate the necessary time to ensure a diligent undertaking of their duties.

During the Reporting Year and at the date of this Report, none of the functions recommended by the Corporate Governance Code were reserved for the Board of Directors.

For the sake of completeness, it should be underlined that on June 10, 2020, the Issuer - as provided for by Recommendation 1(a) of the Corporate Governance Code - established a specific internal Committee with mixed composition (managerial and advisory) on sustainability issues, with the task of supporting the Board of Directors in the analysis of the issues that are relevant for the generation of long-term value. For more specific information about the composition of the committee and its powers, see sections 1.1 and 1.3 of this report.

## **6.2 OPERATION OF THE COMMITTEES**

With specific reference to the provisions of Recommendation 11 of the Corporate Governance Code, the functioning of the Committees is governed by the Board of Directors and Committees Regulation, approved by the Board of Directors on May 14, 2021 and made available on the Company's website ([www.filagroup.it](http://www.filagroup.it)), in the *Governance* section.

Committees meet when considered appropriate by their Chairperson - though at least on a half-yearly basis - or upon request from the Chairperson of the Board of Statutory Auditors, the Chairperson of the Board of Directors, or the majority of the members of the committee itself.

The call notice, with the date, time and place of the meeting, in addition to the Agenda, accompanied by the necessary information to facilitate discussion, is sent by the Secretary, on the indication of the Chairperson of each committee, at least 3 (three) days before the date set for the meeting. In cases of urgency, this period may be shorter.

The Chairperson of each committee: (i) provides the documentation reasonably necessary to ensure that committee members are adequately informed of the matters on the Agenda, so that they may act in an informed manner when carrying out their role within the committee. In order to obtain all information necessary to carry out his/her duties, and to perform the functions assigned to the committee, the Chairperson of each committee can access corporate functions and information; s/he may invite to single meetings the Chairperson, the Chief Executive Officer, the other Directors and - by informing the Chief Executive Officer - the representatives of the relevant corporate functions or Company or committee consultants; (ii) s/he chairs the meetings or, in case of absence or impediment, is replaced by a member chosen by those present; (iii) s/he informs the Board of Directors about the activities carried out at the first available meeting.

The meetings of the Committee may be held also through telecommunications, provided that all the participants can be identified and such identification is acknowledged in the minutes of the meeting and that they are allowed to follow and participate in real time in the discussion of the matters considered and exchange documents where required.



Documentation shall be made available to each committee at least 2 (two) calendar days prior to the date of the meeting. This deadline has generally been met, in accordance with the provisions of Recommendation 11 of the Corporate Governance Code).

This shall be provided using a shared computer platform with restricted access that ensures adequate protection of confidentiality of data (see Recommendation 11 of the Corporate Governance Code).

Where special confidentiality requirements dictate, the information may be provided within a shorter timeframe or during the meeting, and by means other than those indicated above (for example, by making the information available in hard copy during the meeting).

Committee meetings shall be validly constituted when the majority of the committee's members in office are present.

Committee motions are passed by absolute majority; in the event of a tie, the Chairperson's vote shall prevail.

Meetings of each committee shall be held in the same manner as the Board of Directors meetings.

The Chairperson of the Board of Statutory Auditors (or another Statutory Auditor nominated by him/her) attends committee meetings, while the other Statutory Auditors may also attend.

The decisions taken by each committee are recorded in a brief report in which, among other things, the reasons for any dissent expressed by the members of each committee are noted.

The Chairperson and Secretary of each committee sign the minutes of the meetings, which shall be kept by the Secretary in chronological order, for any consultation needs of the members of the committees themselves, in addition to other Directors and Statutory Auditors.

The Secretary of the Board of Directors shall ensure coordination between the meetings of the various committees and the meetings of the Board itself.

Joint meetings of several committees established within the Board of Directors may also be held.

The committees shall meet, in any case, before each meeting of the Board of Directors whose Agenda includes items falling within its remit, or for which the committee is required to provide an opinion or formulate a proposal.

If, for any reason whatsoever, in the cases mentioned above, at least 3 (three) meetings of the committee are cancelled before the Board of Directors' meeting, the latter may nevertheless deliberate on the matters for which a proposal or opinion of the committee was requested, if this is necessary to comply with the laws and regulations in force at the time.

## 7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - APPOINTMENTS COMMITTEE

### 7.1 SELF-ASSESSMENT

As per Principle XIV of the Corporate Governance Code, the Board of Directors periodically assesses the effectiveness of its activities and the contribution made by its individual members, through formalised procedures whose implementation it oversees.

Specifically, as per Recommendation 22 of the Corporate Governance Code and at least on a quarterly basis (in view of its renewal), the Board of Directors carries out a formal self-assessment process to assess the effectiveness of the activity carried out by the Board of Directors and the Committees, and to express an opinion on the actual functioning, size and composition of the Board as a whole and of any committees, also considering its role in defining strategies and monitoring management performance and the adequacy of the Internal Control and Risk Management System.

The self-assessment also considers the contribution made by each Director, taking into account the professional characteristics, experience, knowledge, competence and gender of its members, as well as their seniority in office.

As a result of the self-assessment activity, the Board of Directors identifies any necessary or appropriate corrective actions.

The Chairperson of the Board of Directors shall consider whether it is appropriate for the Company to use outside consultants to perform the self-assessment activity. The self-assessment, when carried out according to internal procedures and without the support of external consultants, unless otherwise established by the Board of Directors, may be carried out by: (i) sending each Director a questionnaire containing a number of questions asking him/her to express an opinion on the size, composition and functioning of the Board of Directors and its committees, with the possibility of providing suggestions or proposals for action; (ii) forwarding the completed questionnaires to the Secretary, who prepares a document summarising the opinions expressed and the suggestions provided, in aggregate and anonymous form; (iii) submission of the summary document to the Board of Directors for the appropriate evaluations and motions.

Since the date Fila shares were admitted to trading on Euronext Milan, the self-assessment has been carried out annually. Most recently during its meeting of March 16, 2022, the Board of Directors carried out its annual assessment, noting the positive opinion resulting from the self-assessment, the correct functioning of the Board of Directors and of the Committees, and on their size and composition, as well the relevant suggestions, also in relation to the criteria of Article 2 of the Corporate Governance Code.

This assessment process took place in February and March 2022 and related to the Reporting Year and was undertaken by means of a questionnaire sent to all Directors. The self-assessment questionnaire was prepared by the Company by also taking account of the recommendations contained in the letter dated December 3, 2021 from the Chairperson of the Corporate Governance Committee and allowed for suggestions and comments to be submitted anonymously. It was divided into various sections regarding the topics viewed as most important, and in particular: (i) the size, composition and functioning of the Board of Directors; (ii) the size, composition and functioning of the committees; (iii) communication between the Board of Directors and senior management; and (iv) corporate governance and risk management.

After it had been anonymously completed by all Directors, the Board examined its results in the Board meeting of March 16, 2022. For the assessment of its functioning, the Board of Directors did not consider it necessary to avail of external consultants of the Issuer.

The Chairperson, with the help of the Secretary, ensures the adequacy and transparency of this self-assessment process, taking into account the indications given by the Board of Directors and - in particular - by the Independent Directors.

## **7.2 COMPOSITION OF THE BOARD OF DIRECTORS**

In view of the expiry of its term of office, the Board of Directors in office until the approval of the financial statements for the year ended December 31, 2020 did not deem it necessary to express an opinion on the quantitative and qualitative composition of the administrative body, since Fila does not fall within the category of "companies with a broad shareholder base", pursuant to the Corporate Governance Code. However, we note that the Board of Directors' self-assessment process (the "Board review") conducted in the Financial Year with reference to 2020 and in advance of the renewal of the corporate bodies, it emerged that an administrative body consisting of 7 (seven) Directors, instead of the then 9 (nine), could be considered suitable for the Company's needs, taking into account its size and organisational structure. This indication was reported in the explanatory report on the items on the Agenda of the Shareholders' Meeting of April 27, 2021 prepared pursuant to Article 125-ter of the CFA and published on the Company's website ([www.filagroup.it](http://www.filagroup.it)), in the *Governance/Shareholders' Meeting* section.

## **7.3 SUCCESSION OF EXECUTIVE DIRECTORS**

At the reporting date, the Company has not formally adopted guidelines for the succession of Executive Directors, in view of the fact that Fila does not qualify as a "large company" within the meaning of the Corporate Governance Code.

However, several figures of high standing were added to the Fila Group's organisational structure during the Reporting Year. Owing to their specific competencies in key sectors for the management and development of the Group's business, these individuals have occupied senior positions within important Group functions, thus accompanying – and, in part, replacing – the Executive Directors in the performance of these tasks. The Company has also developed and implemented a new Group Organisational Model, which has entailed greater decentralisation and delegation of powers and responsibilities to the various departments. Accordingly, although the Company has not formally introduced succession guidelines for the Executive Directors, the above initiatives are believed to move in the direction of spreading the powers delegated by the Executive Directors in certain areas to a greater number of individuals at the Group level, thereby meeting a need for decentralisation specifically felt by the Company.

Lastly, we note that in 2022 the Company intends to adopt an emergency succession plan (see contingency plan) in line with the indications that emerged during the meetings of the Independent Directors on December 14, 2021 and the proposals made by the Remuneration Committee concerning the Remuneration Policy 2022.

#### **7.4 APPOINTMENTS COMMITTEE**

The Board of Directors has not currently established an Appointments Committee pursuant to Recommendation 16 of the Corporate Governance Code, since this was not deemed necessary considering the structure of the Group and of the shareholder base of the Issuer.

## **8. REMUNERATION OF DIRECTORS - REMUNERATION COMMITTEE**

### **8.1 REMUNERATION OF DIRECTORS**

#### **8.1.1 Remuneration Policy**

On March 22, 2022 the Board of Directors, on the proposal of the Remuneration Committee, approved the 2022 Remuneration Policy - relating to members of the Board of Directors, Senior Executives and, without prejudice to the provisions of Article 2402 of the Civil Code, to members of the Board of Statutory Auditors of the Company and the Group - to be submitted to the binding vote of the Shareholders' Meeting, called to approve Fila's individual financial statements for the year ended December 31, 2021.

For more information regarding the 2022 Remuneration Report Policy, please refer to Part I of the Remuneration Report, available on Fila's website ([www.filagroup.it](http://www.filagroup.it)), in the *Governance/Annual Reports* section.

#### **8.1.2 Remuneration of Executive Directors and Top Management**

For more information on the remuneration of the Group's Executive Directors and top management, please refer to the 2022 Remuneration Policy contained in Part I of the Remuneration Report, available on Fila's website ([www.filagroup.it](http://www.filagroup.it)), in the *Governance/Annual Reports* section (pages 21 et seq.).

#### **8.1.3 Share-based remuneration plans**

We note that on April 18, 2019, the Shareholders' Meeting approved the 2019-2021 Performance Shares Plan, reserved for the Chief Executive Officer, the Executive Director, Senior Executives and Senior Managers of the Group.

Additionally, the Board of Directors, on the proposal of the Remuneration Committee, resolved on March 22, 2022 to propose to the Shareholders' Meeting of April 27, 2022 the adoption of the 2022-2026 Performance Shares Plan, replacing the 2019-2021 Performance Shares Plan and aimed at the same categories of beneficiaries.

The 2022-2026 Performance Shares Plan - in accordance with Recommendation 20 of the Corporate Governance Code - has a total vesting period of rights and retention of shares granted (so-called minimum holding) of at least 5 years.

For further information on the 2019-2021 Performance Shares Plan, on the 2022-2026 Performance Shares Plan, as well as on the ways in which these plans incentivise alignment with the interests of the shareholders over the long term, reference should be made to the respective prospectuses prepared pursuant to Articles 114-*bis* of the CFA and 84-*bis* of the Issuers' Regulation and - with reference to the 2022-2026 Performance Shares Plan - to the Remuneration Report (p. 33 et seq.), which can be consulted on the Company's website([www.filagroup.it](http://www.filagroup.it)), in the *Governance/Stock-Grant Plans* and *Governance/Annual Reports* sections respectively.

#### **8.1.4 Remuneration of Non-Executive Directors**

In compliance with the provisions of Recommendation 29 of the Corporate Governance Code, during the Reporting Year and up to the date of this Report, the remuneration of Non-Executive Directors provides for remuneration commensurate with the competence, professionalism and commitment required by the tasks assigned to them within the Board of Directors and its committees; such remuneration is not linked to financial performance objectives.

For further information on the Remuneration of Non-Executive Directors, please refer to the 2022 Remuneration Policy contained in Section I of the Remuneration Report (page 21), available on the Company's website([www.filagroup.it](http://www.filagroup.it)), in the *Governance/ Annual Reports* section.

#### **8.1.5 Remuneration accrual and disbursement**

The Board of Directors, assisted by the Remuneration Committee, ensures that remuneration paid and accrued is consistent with the principles set out in the 2022 Remuneration Policy, in view of performance and other relevant circumstances.

Specifically - as explained in detail in Section I of the Remuneration Report - the Board of Directors, with the support of the Remuneration Committee, sets out in advance the short- and medium/long-term qualitative and quantitative targets for the Executive Directors to which the variable component of remuneration is linked, in line with the Company's strategic objectives and in order to promote its sustainable success, including, where relevant, non-financial parameters. The Board of Directors regularly checks whether they have been achieved. On the basis of these checks, the Board of Directors, following a recommendation by the Remuneration Committee, determines the portion of compensation accrued for each Executive Director and makes payment.

#### **8.1.6 Indemnity of Directors in case of dismissal and termination of employment following a public tender offer (pursuant to Article 123-bis, para. 1, letter i) CFA)**

No agreements have been signed between the Issuer and the Directors which provide indemnity in the case of resignation or dismissal/revocation of office without just cause or termination of employment following a public tender offer.

However, as further detailed in the Remuneration Policy contained in Section I of the 2022 Remuneration Report (page 36), the Company intends to enter into agreements with Executive Directors that regulate ex ante the financial aspects regarding early termination of employment at the initiative of the Company or the individual upon the occurrence of certain events, based on criteria that will be in line with the relevant benchmarks, without prejudice to its statutory obligations.

### **8.2 REMUNERATION COMMITTEE**

#### **8.2.1 Composition and operation (pursuant to Article 123-bis, paragraph 2, letter d) CFA)**

Pursuant to the provisions of Article 2.2.3, paragraph 3, letter o) of the Stock Exchange Regulation applicable to issuers with shares traded on the Euronext Milan, Euronext STAR Milan segment, and in accordance with the provisions of Recommendation 16 of the Corporate Governance Code, following the renewal of the administrative body, by motion of April 27, 2021, the Board of Directors established an internal Remuneration Committee.

The table below presents the composition of the Remuneration Committee at the date of this Report.

DIRECTOR	DATE OF APPOINTMENT	COMPETENCES HELD
Carlo Paris (Chairperson)	April 27, 2021	Independent Director with knowledge and skills in accounting, financial matters and remuneration policies.
Annalisa Barbera	April 27, 2021	Non-Executive Director with knowledge and skills in accounting, financial matters and remuneration policies.
Giorgina Gallo	April 27, 2021	Independent Director with knowledge and skills in accounting, financial matters and remuneration policies.

(\*) Person with adequate financial and remuneration policy knowledge and experience, as assessed by the Board of Directors meeting of April 27, 2021.

In accordance with Recommendation 26 and Recommendation 7 of the Corporate Governance Code, the Remuneration Committee consists of Non-Executive Directors, a majority of whom are independent, with a Chairperson selected from among the Independent Directors. Given the professional skills and experience of the members who make up the Remuneration Committee, Recommendation 26 of the Corporate Governance Code regarding adequate knowledge and experience in financial matters and remuneration policies is also observed.

The functioning of the Remuneration Committee is governed by the Corporate Governance Code and by the Board of Directors and Committees Regulation, which were approved by the Board of Directors on May 14, 2021, replacing the previous Committee Regulation originally approved by the Board of Directors on October 7, 2015.

The Board of Directors and Committees Regulation is available on the Company's website [www.filagroup.it](http://www.filagroup.it) in the *Governance* section.

Throughout the Reporting Year: (i) the meetings of the Remuneration Committee were coordinated by its Chairperson and minutes of the meetings were taken. In this regard, at the meeting of May 13, 2021, Fabio Zucchetti was confirmed as Secretary of the Remuneration Committee for the duration of its term, unless removed from office by the Committee.

During the Reporting Year, the Remuneration Committee met 15 (fifteen) times. Specifically, the Committee met 5 (five) times prior to the end of the term of office of the Board of Directors previously in office, on the following dates: January 28, February 8, February 22, March 15, March 22, 2021; and 10 (ten) times after the appointment of the new Board, on the following dates: May 13, June 4, July 6, August 2, September 30 (meeting continued on October 4), October 14, October 21, November 15, November 29 and December 13, 2021.

The average duration of the Remuneration Committee meetings was approximately 90 minutes.

In the Reporting Year, with reference to the Remuneration Committee in office until April 27, 2021 (date when the new Board of Directors took office), compared to an overall participation percentage of approximately 98%, the participation percentage of each Director for the Board previously in office was: 100% for Francesca Prandstraller, 100% for Paola Bonini and 80% for Filippo Zabban. For the new Board, the figures were: 100% for Annalisa Barbera, 100% for Carlo Paris and 100% for Giorgina Gallo<sup>(9)</sup>.

As per Recommendation 17 of the Corporate Governance Code, at least one member of the Board of Statutory Auditors attended the Remuneration Committee meetings. Directors do not participate in Remuneration Committee meetings in which proposals concerning their remuneration are drawn up for the Board of Directors. However, in some cases, at the invitation of the Chairperson and with the consent of all those present, Luca Pelosin, Executive Director, took part in the meetings of the Remuneration Committee, in his capacity as Group Head of HR, for the sole purpose of contributing to the discussion on drawing up the Remuneration Policy for 2022.

In the undertaking of their functions, the Remuneration Committee may access all information and departments necessary for the undertaking of their duties as well as utilise external consultants, within the terms established by the Board of Directors.

At its meeting of May 14, 2021, the Board of Directors approved an annual budget of Euro 25,000 for the Remuneration Committee for the performance of its duties and for the entire duration of its mandate.

The table below sets out the structure of the Remuneration Committee at the close of the Reporting Year. There have been no changes to the structure of the Remuneration Committee between the close of the Reporting Year and the date of this Report.

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<sup>(9)</sup> The percentage refers to the participation (i) of the four members of the Committee in office with reference to the 5 committee meetings held up to April 27, 2021 (Francesca Prandstraller, Paola Bonini, Annalisa Barbera and Filippo Zabban) and (ii) of the three members of the Committee in office with reference to the 10 committee meetings held as from April 27, 2021 (Carlo Parisi, Giorgina Gallo and Annalisa Barbera).



BOARD OF DIRECTORS		REMUNERATION COMMITTEE	
Office	Member	(*)	(**)
Non-Executive Chairperson (independent)	Gorno Tempini Giovanni		
Chief Executive Officer (non-independent)	Candela Massimo		
Executive Director (non-independent)	Pelosin Luca		
Non-Executive Director (non-independent)	Barbera Annalisa Matilde	15/15	M
Non-Executive Director (independent)	Giorgina Gallo	10/10	M
Non-Executive Director (independent)	Donatella Sciuto		
Non-Executive Director (independent)	Carlo Paris	10/10	P
Non-Executive Director (independent)	Zabban Filippo	4/5	M

Non-Executive Director (independent)	Potestà Alessandro		
Non-Executive Director (independent)	Prandstraller Francesca	5/5	P
Non-Executive Director (independent)	Bonini Paola	5/5	M
Non-Executive Director (independent)	Caccia Dominioni Gerolamo		
Number of meetings held in the Reporting Year:			Remuneration Committee: 15

#### NOTES

(\*) This column indicates the percentage of attendance of the Director in relation to the number of Board of Directors and committee meetings (indicating the number of meetings attended compared to the amount they could have attended).

(\*\*) This column indicates the position of the Director on the committee: “C”: Chairperson; “M”: member.

### 8.2.2 Remuneration Committee duties and activities

The Remuneration Committee is responsible for assisting the Board of Directors to develop the remuneration policy (see Recommendation 25(a) of the Corporate Governance Code).

The Remuneration Committee: (i) submits proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors and other Senior Directors, and on the setting of performance targets linked to the variable component of such remuneration (see Recommendation 25(b) of the Corporate Governance Code); (ii) monitors the actual application of the remuneration policy, verifying, in particular, the achievement of the performance targets (see Recommendation 25(c) of the Corporate Governance Code); (iii) periodically assesses the adequacy, overall consistency and specific application of the policy for the remuneration of Directors and Senior Managers (see Recommendation 25(d) of the Corporate Governance Code).

The role, composition and functioning of the Remuneration Committee is governed by a specific regulation approved by the Board of Directors on May 14, 2021.

During the Reporting Year, the Remuneration Committee drew up proposals to be submitted to the Board of Directors concerning: (i) the Remuneration Policy for the Executive Directors, among others, and the Remuneration Report; (ii) the remuneration of the Chief Executive Officer and of the Executive Director, for which reference should be made to the Remuneration Report available on the Company website ([www.filagroup.it](http://www.filagroup.it)) in the *Governance/Annual Reports* section. The Remuneration Committee also therefore verified that the remuneration of the Executive Directors for the Reporting Year was consistent with the commitments undertaken, the responsibilities of the offices held as well as the professional qualifications; (iii) the proposal for the issue of a 2022-2026 Performance Shares Plan; (iv) the change in the number of Senior Executives and Senior Managers of the Group; and (v) the appointment of an independent external consultant to support the Committee in the preliminary assessment of the fairness of the remuneration attributed to Executive Directors and Senior Executives. In this regard, it should be noted that the Remuneration Committee verified in advance that this external consultant was not in a situation that could in any way impinge upon their independent judgement.

## 9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL, RISKS AND RELATED PARTIES COMMITTEE

### 9.1 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Internal Control and Risk Management System is the set of rules, procedures and organisational structures aimed at facilitating, through an adequate process of identification, measurement, management and monitoring of the main risks, a sound and correct management consistent with the established goals and with the Issuer's strategy.

An effective Internal Control and Risk Management System contributes to ensuring the protection of corporate assets, the efficiency and effectiveness of business operations, the reliability of financial reporting and compliance with laws and regulations.

On October 7, 2015, for the purpose of filing an application for the listing Fila's ordinary shares on the Euronext Milan, STAR segment, the Board of Directors approved the adoption of the Internal Control and Risk Management System.

This system, which was further implemented during the Reporting Year, allows managers to have on a regular and timely basis a sufficient overview of the economic and financial situation and risks of the Company and of the main companies of the Fila Group and soundly and correctly facilitates: (i) the monitoring of the main key performance indicators and risk factors that relate to the Company and to the main Group companies; (ii) the collection of data and information with particular reference to financial information, in adequate quantities for analysis according to type of business activity, organisational complexity and specificity of the information needs of management; and (iii) the development of prospective financial data for the business plan and the budget, as well as for the verification of the meeting of business objectives through an analysis of variances.

The Board of Directors, which guides and evaluates the adequacy of the Internal Control and Risk Management System, in the course of 2021, following the opinion of the Control, Risks and Related Parties Committee:

- (iii) monitored the process of implementing the Group Organisational Model, approved by the Board of Directors on May 15, 2020. The Organisational Model seeks to formalise the organisational and governance choices of the main Group companies, defining the central functions of the Group and the functional reporting lines of the various investee companies, thus ensuring organisational uniformity;
- (iv) oversaw the definition of the guidelines for the Internal Control and Risk Management System, so as the main risks regarding the Issuer and its subsidiaries (including the risks which may assume importance in terms of sustainability in the medium/long-term period of the activities of the Company) are correctly identified, measured, managed and monitored in line with business management consistent with the identified strategic objectives;
- (v) positively evaluated the compliance of the Internal Control and Risk Management System with the particular characteristics of the Company and the risk profile undertaken, and the efficacy of the System;

- (vi) approved the work plan drawn up by the Internal Audit Manager, having consulted the Board of Statutory Auditors and the Director in charge of the internal control and risk management system, Luca Pelosin (“**Director in Charge**”);
- (vii) reviewed the main characteristics of the Internal Control and Risk Management System, expressing its assessment on its overall adequacy;
- (viii) evaluated, after consulting the Board of Statutory Auditors, any observations and suggestions made by the independent audit firm.

In the exercise of these functions, the Board of Directors shall be supported by the Supervisory Director and the Control, Risks and Related Parties Committee.

With regard to the involvement of the Director In Charge of the Internal Control and Risk Management System and the Control, Risks and Related Parties Committee in the Internal Control and Risk Management System, please see the following paragraphs of this Report.

On July 22, 2015, the Board of Directors approved the guidelines of the Executive Officer for Financial Reporting in compliance with Law 262/05, together with the procedure for collecting the related internal representations on behalf of the companies of the Fila Group.

At its meeting on November 12, 2021, the Board of Directors approved a set of 17 Group policies (Sustainability Policy, Health & Safety Policy, Product & Process Development Policy, Environmental Policy, Human Right & Labour Policy, Anti-Bribery and Anti-Corruption Policy, Workforce Diversity & Inclusion, Business Development Policy, Responsible Lobbying Practices Policy, Stakeholder Engagement Policy, Responsible Marketing and Communication Policy, Skills Development Policy, Tax Compliance Policy, Energy Saving Policy, Sustainable Procurement Policy, IT System Policy, IT Security Policy).

At the Reporting date, the Company:

- had renewed the following certifications:
  - ISO 14001 environmental certification;
  - the Forest Stewardship Council (FSC) international chain of custody certification for processors and/or traders of forest products, which seeks to ensure appropriate forest management and traceability of derivative products;
  - the Programme for the Endorsement of Forest Certification (PEFC) which certifies, among other aspects, the traceability of processed and commercialised timber products coming from certified forests by verifying their chain of custody;
  - passed the third oversight check for ISO 45001 (previously OHSAS 18001) certification, which certifies an organisation’s voluntary application of a system which guarantees adequate control regarding the Security and Health of Workers, as well as compliance with the regulations in force;
- has adopted the Ethics Code and the Organisational and Management Model, with reference to the prevention of offences under Legislative Decree No. 231/2001 (“**231/01 Model**”), updating it to include the “predicate offences” in compliance with amendments made to

applicable laws; has appointed the Supervisory Board of the Issuer, in accordance with the motions passed by the Board of Directors of the Issuer on July 22, 2015;

\* \* \*

### 9.1.1 Main characteristics of the Internal Control and Risk Management System in relation to the financial disclosure process

One of the main elements of the Internal Control and Risk Management System is the internal control of the process to gather and present financial disclosure. This aims to ensure integrity, accuracy, reliability and timeliness in the preparation and communication of disclosure (including financial).

During the Reporting Year, the Internal Control and Risk Management System was structured and strengthened. This process comprised the following macro-elements:

- Adoption of 17 Group policies;
- Review of the updated Risk Assessment activity, with identification of the main risks, assessment of their gross impact and of the impact net of the mitigation actions taken; identification of corrective actions, follow-ups and reporting - definition and sharing of corrective actions with the management, assessment of the effective implementation of the same, preparation of reports to the Executive Officer for Financial Reporting and for the supervisory and control bodies;
- updating of Law 262/2005 (the “**262 Model**”) and related documentation, on the basis of corporate, organisational and procedural changes made.

The methodology followed for designing and for carrying out checks concerning the 262 Model were in line with best international practice and shall ensure full traceability in its implementation.

With reference to the identification and assessment of financial disclosure risks, the Issuer carries out its analyses and audit activities on subsidiaries with levels of revenue and balance sheet assets in excess of a threshold of predefined materiality, as well as on the management of intercompany transactions. For qualitative purposes, the Executive Officer for Financial Reporting also evaluates the performance of analyses and audits of other subsidiaries, regardless of their quantitative contribution to the preparation of the consolidated financial statements.

The risks, measured and evaluated according to best practices in the field of international risk assessment, cover the operational processes relating to general accounting entries and the estimates and financial statement declarations, with a view to prevent errors of accuracy and completeness and to prevent fraud. The assessment of the ‘inherency’ of the risks is qualitative and is performed both with regard to the materiality and the nature of the accounting entries and with regard to the frequency of the operational processes.

In relation to the identification and the assessment of controls for identified risks, the 262 Model considers preventive, investigative and second level controls on processes relating to accounting entries and on the estimates. The assessment of the adequacy and effectiveness of controls to mitigate risks shall be qualitative, based on the outcome of the checks carried out in the course of the 262 Model monitoring activities.

The monitoring activities were concentrated on the operational processes relating to the material accounting items, which are identified annually via a preliminary scope analysis. In addition, ad-hoc checks were carried out on activities relating to accounts closures and consolidation entries, which the Company documented and which were allocated in terms of responsibilities and authorised via a dedicated computer program in order to guarantee completeness and accuracy of information.

The Executive Officer for Financial Reporting and the Internal Audit Manager report periodically to the Control, Risks and Related Parties Committee, the Board of Statutory Auditors and to the Director in charge and, to the extent of its remit, to the Supervisory Board concerning the management of the 262 Model, expressing an assessment of the adequacy of the administrative and accounting control system and corrective actions to be implemented.

In compliance with Principle XIX and Recommendation 33(a) of the Corporate Governance Code, on August 4, 2021 and March 16, 2022, the Board of Directors approved the changes to the Internal Control and Risk Management System in relation to the requirements of the business, as well as its efficiency, based on the periodic reports prepared by the Director in charge of the Internal Control and Risk Management System, by the Control, Risks and Related Parties Committee, by the Internal Audit Manager, by the Supervisory Board and by the Board of Statutory Auditors.

## **9.2 EXECUTIVE DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

During the meeting of the Board of Directors of April 27, 2021, Executive Director Luca Pelosin was appointed Director in charge of the creation and maintenance of an effective Internal Control and Risk Management System, based on the powers and functions assigned to him with regard to internal audit and risk management and on the specific skills he possesses.

As set out in Recommendation 34(a) of the Corporate Governance Code, the Director in Charge of the Internal Control and Risk Management System identified the main corporate risks, taking into account the specific features of the activities carried out by the Issuer and its subsidiaries, and periodically submitted the results of these assessments to the Board.

The activity of the Control, Risks and Related Parties Committee and the Internal Audit activity undertaken in the Reporting Year enabled the Director in charge to maintain a suitable level of updating of the principal risks relating to the main business processes of the Group, taking into account the activities undertaken by the Company. These risks were brought to the attention of the Board of Directors, through the periodic reports prepared by the Internal Audit Manager.

With specific reference to Recommendation 34(d) of the Corporate Governance Code, Luca Pelosin also promptly reported to the Control, Risks and Related Parties Committee and to the Board of Directors with regards to problems and critical issues emerging during the execution of his activities or of which he became aware, so as to ensure that the Committee and the Board of Directors were able to take appropriate action.

Based on the results of the risk assessment updating activities undertaken by the Company, where necessary, the procedural framework was updated and changes were made to the internal control system, including on the basis of checks on its overall compliance with legislative and regulatory requirements and an efficient and effective system in line with operating conditions (see Recommendation 34(b) of the Corporate Governance Code).

As per Recommendation 34(c) of the Corporate Governance Code, Luca Pelosin has the power to request to the external Internal Audit Manager the undertaking of verifications on specific operational areas and on the compliance of internal procedures and rules in the execution of business operations, simultaneously communicating such to the Chairperson of the Board of Directors, the Chairperson of the Control, Risks and Related Parties Committee and to the Chairperson of the Board of Statutory Auditors.

At its meeting of February 11, 2022, the Board of Directors of the Company, with the support of the Director in charge and the Internal Audit Manager, and after consultation with the Board of Statutory Auditors, approved the 2022 audit plan.

At the March 16, 2022 meeting, the Board of Directors reviewed the Risk Assessment activity.

### 9.3 CONTROL AND RISKS (AND RELATED PARTIES) COMMITTEE

#### 9.3.1 Composition and functioning (pursuant to Article 123-bis, paragraph 2, letter d) CFA)

Pursuant to Article 2.2.3, paragraph 3(p) of the Stock Exchange Regulation and in accordance with the provisions of Recommendation 16 of the Corporate Governance Code, the Board of Directors adopted a motion of April 27, 2021 setting up an internal Control and Risks Committee, and assigned to it responsibilities on sustainability and the functions of the Related Parties Committee. As such, the committee took on the name of Control, Risks and Related Parties Committee<sup>(10)</sup>.

The table below presents the composition of the Control, Risks and Related Parties Committee at the date of this Report.

NAME	OFFICE
Donatella Sciuto (Chairperson) (*)	Independent Director
Annalisa Barbera	Non-Executive Director
Carlo Paris (*)	Independent Director

(\*) Person with adequate accounting, financial and risk management knowledge and experience, as reviewed by the Board of Directors meeting of April 27, 2021.

During the Year, the Committee was composed entirely of Non-Executive Directors, the majority of whom were Independent, with the Chairperson chosen from among the Independent Directors (see Recommendation 35 and Recommendation 7 of the Corporate Governance Code).

<sup>(10)</sup> Previously, the Board of Directors had set up 2 (two) separate internal Committees which respectively performed the functions of Control and Risks Committee and the Related Party Transactions Committee.



In view of its members' characteristics, the Committee has adequate and satisfactory expertise in the business sector in which the Issuer operates, and can therefore assess the corresponding risks. In addition, more than one member of the Committee has appropriate knowledge and experience in accounting and finance and/or risk management (see Recommendation 35 of the Corporate Governance Code).

The functioning of the Control, Risks and Related Parties Committee is governed by the Board of Directors and Committees Regulation approved by the Board of Directors on May 14, 2021. The Control, Risks and Related Parties Committee meets when convened by the Chairperson whenever s/he deems it appropriate - and in any event at least once every six months - or when requested by the Chairperson of the Board of Statutory Auditors, the Chairperson of the Board of Directors or a majority of the Committee's members. The call notice, with the date, time and place of the meeting, in addition to the Agenda, accompanied by the necessary information to facilitate discussion, is sent by the Secretary, on the indication of the Chairperson of each committee, at least 3 (three) days before the date set for the meeting. In cases of urgency, this period may be shorter.

Throughout the Reporting Year: (i) the meetings of the Control, Risks and Related Parties Committee were coordinated by its Chairperson and minutes of the meetings were taken.

The Control, Risks and Related Parties Committee met 3 (three) times during the Reporting Year before the conclusion of the mandate of the Board previously in office, on the following dates: February 8, March 15, March 18, and 7 (seven) times following the appointment of the new Board, on the following dates: May 13, July 6, August 4, October 21, November 8, November 12, and December 14, 2021.

The duration of Committee meetings was approximately 105 minutes.

In the Reporting Year, with reference to the Control, Risks and Related Parties Committee in office until April 27, 2021 (date when the new Board of Directors took office), compared with an overall percentage attendance at Committee meetings of approximately 97%<sup>(11)</sup>, the attendance of each Committee member was: 100% for Donatella Sciuto, 100% for Annalisa Barbera and 100% for Carlo Paris.

Finally, 4 meetings of the Control, Risks and Related Parties Committee have already been held in 2022, on the following dates: February 10, 2022, March 2, 2022, March 15, 2022 and March 21, 2022. At least another 5 meetings are expected by the end of the year.

At least one member of the Board of Statutory Auditors attended the Control, Risks and Related Parties Committee meetings.

With reference to the provisions of Recommendation 17 of the Corporate Governance Code, meetings of the Control, Risks and Related Parties Committee in the Reporting Year were undertaken in the presence of the members of the Board of Statutory Auditors, and, where necessary for the discussion of items on the Agenda, and on the invitation of the Chairperson and with the permission of all those present, of the Executive Officer for Financial Reporting, the Director in charge of the

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<sup>(11)</sup> The percentage refers to the participation (i) of the four members of the Committee in office with reference to the 3 meetings held before April 27, 2021 (100% for Caccia Dominiononi, 100% for Alessandro Potestà, 100% for Paola Bonini and 67% for Filippo Zabban) and (ii) of the members in office during the remaining 7 meetings held subsequently in the Year (Donatella Sciuto, Annalisa Barbera and Carlo Paris).

internal control and risk management system, and the Internal Audit Manager and a representative from the independent audit firm. The presence of these control and oversight bodies permitted the communication and discussion of the principal aspects relating to the identification of the business risks. The above parties attended the meetings of the Control, Risks and Related Parties Committee on the invitation of the Chairperson of the Committee. In particular,

During the Reporting Year, the Control, Risks and Related Parties Committee had full access to the information and to the corporate functions necessary for the carrying out of its remit.

Finally, at its meeting on May 14, 2021, the Board of Directors approved an annual budget of Euro 10,000 to the Control, Risks and Related Parties Committee for the performance of its duties.

The following table describes the structure of the Board of Directors as of the close of the Reporting Year. There have been no changes to the structure of the Control, Risks and Related Parties Committee between the end of the Reporting Year and the date of this Report.

BOARD OF DIRECTORS		CONTROL, RISKS AND RELATED PARTIES COMMITTEE	
Office	Member	(*)	(**)
Non-Executive Chairperson (independent)	Gorno Tempini Giovanni		
Chief Executive Officer (non-independent)	Candela Massimo		
Executive Director (non-independent)	Pelosin Luca		
Non-Executive Director (non-independent)	Barbera Annalisa Matilde	7/7	M
Non-Executive Director (independent)	Giorgina Gallo		
Non-Executive Director (independent)	Donatella Sciuto	7/7	P
Non-Executive Director (independent)	Carlo Paris	7/7	M
Non-Executive Director (independent)	Zabban Filippo	2/3	M

Non-Executive Director (independent)	Potestà Alessandro	3/3	M
Non-Executive Director (independent)	Prandstraller Francesca		
Non-Executive Director (independent)	Bonini Paola	3/3	M
Non-Executive Director (independent)	Caccia Dominioni Gerolamo	3/3	P
Number of meetings held in the Reporting Year:			Control, Risks and Related Parties Committee: 10

**NOTES**

(\*) This column indicates the percentage of attendance of the Director in relation to the number of Board of Directors and committee meetings (indicating the number of meetings attended compared to the amount they could have attended).

(\*\*) This column indicates the position of the Director on the committee: “C”: Chairperson; “M”: member.

### 9.3.2 Duties attributed to the Control, Risks and Related Parties Committee and activities performed

#### (a) *Duties concerning control and risks*

As per Recommendation 35 of the Corporate Governance Code, the Control, Risks and Related Parties Committee assists the Board of Directors through investigative, proposal and consultation duties, evaluations and decision-making concerning the Internal Control and Risk Management System and also in relation to the approval of the interim financial and non-financial reports.

For the composition and functioning of the Related Party Transactions Committee, reference should be made to the provisions of the RPT Policy. The Control, Risks and Related Parties Committee also has the task of assisting the Board of Directors in carrying out its duties in relation to the Internal Control and Risk Management System. Specifically, the Committee:

- (i) evaluates, together with the Executive Officer for Financial Reporting and having consulted the independent audit firm and the Board of Statutory Auditors, the correct application of the accounting standards and their uniformity for the preparation of the consolidated financial statements (see Recommendation 35(a) of the Corporate Governance Code);
- (ii) assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, impact of its activities and performance (see Recommendation 35(b) of the Corporate Governance Code);
- (iii) examines the periodic non-financial information relevant to the Internal Control and Risk Management System (see Recommendation 35(c) of the Corporate Governance Code);
- (iv) expresses opinions on specific aspects concerning the identification of the main corporate risks (see Recommendation 35(d) of the Corporate Governance Code);
- (v) supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the Board has become aware (see Recommendation 35(d) of the Corporate Governance Code);
- (vi) examines the periodic reports and those of particular relevance prepared by the internal audit function (see Recommendation 35(e) of the Corporate Governance Code);
- (vii) monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function (see Recommendation 35(f) of the Corporate Governance Code);
- (viii) may entrust the internal audit department with verifications on specific operational areas, simultaneously communicating such to the Chairperson of the Board of Statutory Auditors (see Recommendation 35(g) of the Corporate Governance Code);
- (ix) reports, at least every six months, on the approval of the annual and half-year accounts, to the Board of Directors on the work carried out and on the adequacy of the Internal Control and Risk Management System (see Recommendation 35(h) of the Corporate Governance Code).

The committee receives from the Internal Audit Manager periodic reports containing sufficient information on activities, on the manner in which risk management is carried out, and on compliance

with the plans to reduce them. These reports contain an evaluation of the suitability of the Internal Control and Risk Management System.

During the Reporting Year, the Committee assessed the correct utilisation of the accounting policies and their uniformity in the preparation of the financial statements for the period and undertook constant review of: (i) the Internal Control and Risk Management System; (ii) the progress of the Group audit plan for the Reporting Year and the compliance controls undertaken in accordance with Law No. 262/2005; (iii) the relationships and related party transactions, expressing its opinion on improvements to these transactions; (iv) the progress of the implementation process of the Group Organisational Model approved by the Board of Directors, as well as (v) the monitoring of the activities carried out by the Management Committee for Sustainability.

The Committee has the duty to undertake activities concerning related party transactions parties under the RPT Policy, with regard to “less significant transactions” or “significant transactions”. For information on the Procedure, reference should be made to the documentation available on the Issuer's website at ([www.filagroup.it](http://www.filagroup.it)), in the *Governance* section.

The Control, Risks and Related Parties Committee may access all information and corporate departments necessary for the undertaking of their duties, as well as utilising outside consultants, as per the Related Party Transactions Policy.

The Control, Risks and Related Parties Committee may avail of, for execution of its duties, means and structures of the Company. The Company may make available to the Committee the funding necessary for the execution of its duties and established by the Board of Directors.

In 2021, the activities carried out by the Control, Risks and Related Parties Committee with regard to related party transactions mainly concerned:

- (i) the prior review of the new version of the Related Party Transactions Policy (the RPT Policy), in anticipation of its approval by the Board of Directors on May 14, 2021 and its entry into force on July 1, 2021;
  - (ii) the review of framework agreements with Related Parties involving Less Significant Transactions relating to 2022;
- (b) *Sustainability tasks*

The Control, Risks and Related Parties Committee is also assigned the following responsibilities with regard to sustainability, to be exercised after coordination with the Sustainability Management Committee set up by the Company, and specifically:

- (i) promoting guidelines, to be submitted to the Board of Directors for approval, which integrate sustainability into business processes so as to create sustainable value over time for the shareholders and for all other stakeholders;
- (ii) disseminating sustainability culture among employees, shareholders, customers and stakeholders in general;

- (iii) examining the environmental, economic, and social impacts of business activities;
- (iv) expressing opinions concerning the annual and multi-year sustainability objectives to be achieved with specific reference to the management of medium- and long-term related risks concerning the Company and its subsidiaries, so that they are correctly identified and adequately measured, managed and monitored;
- (v) monitoring the Company's positioning in the main sustainability indices;
- (vi) expressing opinions on the initiatives and programmes promoted by the Company or its subsidiaries in the field of corporate social responsibility and Health, Safety, and Environment;
- (vii) at the indication of the Board of Directors, formulating opinions and proposals concerning specific issues of corporate social responsibility;
- (viii) reviewing, before the Board of Directors, the sustainability reporting submitted annually to the Board of Directors;
- (ix) coordinating with the Remuneration Committee regarding the profiles involved in the integration of ESG objectives into the Remuneration Policy.

#### **9.4 INTERNAL AUDIT MANAGER**

Following admission of the shares of the Company to trading on the Euronext Milan - Euronext STAR Milan segment, the Board of Directors, by motion of November 13, 2015, with the favourable opinion of the Control and Risks Committee and the Board of Statutory Auditors, resolved to implement a general inspection of the internal control structure and functionality of Fila S.p.A. and, therefore, to establish the Internal Audit function, outsourcing to Key Advisory S.r.l., in the person of Massimiliano Rigo, the role of Internal Audit Manager (see Recommendation 33(b) of the Corporate Governance Code), a person with the appropriate professional capacity, independence and organisation.

On April 27, 2021, the Board of Directors, having acknowledged the general appreciation expressed for the activity carried out by Key Advisory S.r.l. and having verified that this entity met the requirements of professionalism, independence and organisation, confirmed, subject to the favourable opinion of the Control, Risks and Related Parties Committee, the assignment of the Internal Audit function to the company Key Advisory S.r.l., also confirming Massimiliano Rigo as Internal Audit Manager.

During the Reporting Year, the Internal Audit Manager:

- (i) prepared the audit plan for the Reporting Year which was presented to and approved by the Board of Directors meeting of February 11, 2021, with prior review by the Control, Risks and Related Parties Committee and the Director in charge of the Internal Control and Risk Management System, having consulted the Board of Statutory Auditors;
- (ii) prepared the 2022 audit plan which was presented to the Board of Directors meeting of February 11, 2022, with prior review by the Control, Risks and Related Parties Committee and the Director in charge, having consulted the Board of Statutory Auditors;

- (iii) verified that the Internal Control and Risk Management System is functional, adequate, and consistent with the guidelines set out by the Board of Directors;
- (iv) prepared and carried out, in line with the aforementioned audit plan, direct and specific control activities within the Issuer and of the most significant Group companies, in order to uncover any deficiencies in the Internal Control and Risk Management System in the various risk areas;
- (v) assessed and verified, both on an ongoing basis in implementation of the audit plan, and in relation to specific needs and in compliance with international standards, the adequacy, operation and suitability of the Internal Control and Risk Management System (see Recommendation 36(a) of the Corporate Governance Code);
- (vi) verified, within the activity of the audit plan, the reliability of the IT systems, including accounting systems (see Recommendation 36(e) of the Corporate Governance Code).
- (vii) had prepared periodic reports containing sufficient information on activities, on the manner in which risk management is carried out, as well as compliance with the plans for their containment, for the purposes of the appropriateness of the Internal Control and Risk Management System, and oversaw assessment of the System (see Recommendation 36(b) of the Corporate Governance Code);
- (viii) sent the reports as per the above point to the Director in charge of the Internal Control and Risk Management System, to the Chairperson of the Board of Statutory Auditors and to the Chairperson of the Control, Risks and Related Parties Committee (see Recommendation 36(d) of the Corporate Governance Code).

Specifically, the Internal Audit Manager, during the Reporting Year, carried out the verifications on the Internal Control and Risk Management System, in line with the audit plan and undertaking the follow up activities (in particular with reference of the controls in compliance with the provisions of Law 262/2005 and Legislative Decree No. 231/2001), also carrying out specific analyses concerning the effects of the COVID-19 pandemic, as well as in the risk areas identified from time to time.

In addition, during the Reporting Year, the results of the audit activities were analysed, discussed and shared, between the Internal Audit department, the head of the processes/departments involved from time to time and management of the Company in order to agree upon and undertake appropriate preventative/corrective action, whose realisation was constantly monitored until their complete execution. The Internal Audit Manager presented his report on a quarterly basis to the Director in charge, to the Chairperson of the Board of Directors, to the Chairperson of the Control, Risks and Related Parties Committee, to the Chairperson of the Board of Statutory Auditors, as well as the Supervisory Board and the Executive Officer for Financial Reporting, in relation to the issues concerning them.

The Internal Audit Manager, in the undertaking of his activities, had access to all information for the execution of his duties.

The remuneration of the Internal Audit Manager was determined in accordance with company policies and is included within the fee paid to Key Advisory S.r.l. The Board of Directors ensures that the Internal Audit Manager has adequate resources for the undertaking of his duties.



## 9.5 ORGANISATION MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

### 9.5.1 The Organisational Model

At the meeting of July 22, 2015, the Board of Directors resolved to adopt, as per Legislative Decree No. 231/2001, the 231/01 Model. This comprises : (i) the General Section, (ii) the Ethics Code, (iii) the Special Sections, (iv) the Disciplinary System, (v) the Preventive Protocols, (vi) the List of Relevant Crimes, (vii) the Map, and (viii) the Supervisory Board Regulation

On July 18, 2017, August 3, 2018, February 21, 2020 and March 16, 2021, the Board of Directors resolved to update the 231/01 Model in order to include new criminal offences among the so-called "predicate offences", in accordance with the changes made to the applicable legal provisions.

The 231/01 Model provides for policies and measures to guarantee the performance of activities in accordance with law and to identify and eliminate situations of risk, as well as for a system of prevention designed to mitigate offence risk that is consistent with the organisational structure and with best practice.

In particular, the Special Sections clarify the nature and the possible ways of committing the types of relevant offences identified in the risk areas, as well as the specific organisational controls implemented to prevent their commission.

On March 16, 2021, the Board of Directors also approved an update to the Ethics Code, which is an integral part of the 231/01 Model. The Ethics Code establishes ethical principles and prescriptive rules of conduct for employees and other recipients, contributing to the creation of an appropriate control environment to ensure that the Issuer's activity is always based on the principles of fairness and transparency, and to reduce the risk of the offences covered under Legislative Decree No. 231/2001. The Ethics Code is available on the Issuer's website ([www.filagroup.it](http://www.filagroup.it)) in the *Governance* section.

The 231/01 Model introduces an adequate system and sanctioning mechanisms for conduct in violation.

On adopting the 231/01 Model, the Board of Directors appointed a Supervisory Board within the Issuer, which has independent powers of initiative and control, with the task of (i) monitoring the effectiveness of the model, which is embodied in the verification of consistency between actual conduct and the model established; (ii) conducting the examination of the adequacy of the model, or rather its real capacity to prevent, in principle, undesirable conduct; (iii) carrying out an analysis of the maintenance over time of the soundness and functionality of the Model; (iv) ensuring the necessary dynamic update of the Model, through the formulation of specific suggestions, in the event that analyses performed require corrections and adjustments; and (v) carrying out the so-called "follow-up", or rather verifying the implementation and the functionality of the solutions proposed.

The Supervisory Board, in office until the approval of the financial statements at December 31, 2020, was appointed by the Board of Directors on April 27, 2018, and comprised 3 (three) members, in the persons of Mr. Perroni, as external member and Chairperson, Mr. La Rocca, as external member and Massimiliano Rigo, as external member and Internal Audit Manager of the Issuer. On April 27, 2021, the Board of Directors confirmed Giorgio Perroni (Chairperson), Massimiliano Rigo and Patrizio La Rocca as members of the Supervisory Board until approval of the financial statements at December 31, 2023. On this occasion, the Board of Directors noted that the presence of Mr. Rigo, Internal

Audit Manager, ensures that there is an adequate flow of information on the Supervisory Board's activities.

On March 16, 2022, Mr. Massimiliano Rigo, as a member of the Supervisory Board, presented a report to the Board of Directors on the controls and checks performed in the Reporting Year and their outcome.

The Supervisory Board met 4 (four) times during the Reporting Year, on January 25, February 3, June 4, and December 7, in addition to carrying out specific verification and monitoring activities in application of the annual work plan.

### **9.5.2 Whistleblowing system**

On August 6, 2019, the Board of Directors, on the proposal of the Supervisory Board, approved the procedure for employees to report any irregularities or violations of applicable regulations and internal procedures (the whistleblowing system) in line with national and international best practices, which guarantees a specific and confidential information channel and the anonymity of the reporting party.

The main objective of the procedure in question is to define the internal rules for the management and processing of reports of offences and irregularities in compliance with the provisions of Law 179/17 ("whistleblowing") which amended Article 6 of Legislative Decree No. 231/01, and the measures to protect whistleblowers.

The procedure also has the following objectives:

- to comply with the provisions of the Organisation, Management and Control Model as per Legislative Decree No. 231/2001 and Fila's Ethics Code.
- to limit the risk of the release of non-reliable financial disclosure, as per Law 262/2005.

### **9.6 INDEPENDENT AUDIT FIRM**

The Issuer's independent audit firm is KPMG S.p.A. The Shareholders' Meeting of February 20, 2015 assigned the remit for the legal audit of the Company's separate and consolidated financial statements to KPMG S.p.A - following a proposal by the Board of Statutory Auditors - for a duration of 9 (nine) financial years (i.e. until the approval of the financial statements at December 31, 2023).

### **9.7 EXECUTIVE OFFICER FOR FINANCIAL REPORTING**

In accordance with Article 16 of the By-Laws, the Board of Directors appoints, upon obligatory approval of the Board of Statutory Auditors, the Executive Officer for Financial Reporting pursuant to Article 154-*bis* of the CFA, providing him/her with adequate means and powers to carry out the role.

On April 27, 2021, the Board of Directors confirmed, with prior approval of the Board of Statutory Auditors, Stefano De Rosa (employee of the Issuer and Chief Financial Officer of the Fila Group) as the Executive Officer for Financial Reporting pursuant to Article 154-*bis* the CFA.

The Executive Officer for Financial Reporting must be of a professional standard such as to have qualified experience of at least 3 (three) years in the exercise of administration and control activities, or in Executive or consultancy functions, with listed companies and/or relative groups of companies, or companies, entities and enterprises of large and significant size, including the preparation and control of accounting and corporate documents. The Executive Officer for Financial Reporting must also meet the requirements of good standing as provided for Statutory Auditors by the applicable legal provisions.

The Executive Officer for Financial Reporting has the following duties:

- (i) declaring that the documents and communications of the Company announced to the market concerning accounting disclosure, including interim disclosure, correspond to the underlying accounting documents and records;
- (ii) establishing appropriate administrative and accounting procedures for the preparation of the separate financial statements and consolidated financial statements, in addition to any other financial communications;
- (iii) jointly with the Chief Executive Officer, certifying - by means of a specific report annexed to the financial statements, the abridged half-yearly financial statements and, where applicable, the consolidated financial statements - the matters set out in Article 154-*bis*, paragraph 5 of the CFA, including: the adequacy and the implementation of the procedures referred to in point (ii), in the period to which the documents refer, as well as their correspondence with the books and accounting entries and their suitability to provide a true and correct representation of the Issuer's equity, economic and financial position and those of all the companies included in the consolidation. The certificate will be issued using the model laid down in the Consob Regulation;
- (iv) signing the documentation, producing attestations and carrying out all the activities and tasks laid down in the laws and regulations in force at any relevant time;

The Board of Directors assigned to the Executive Officer for Financial Reporting upon appointment all the necessary powers and means for the execution of duties in accordance with Article 154-*bis* and subsequent of the CFA, in addition to all applicable regulations. These powers include:

- (i) full access to all information considered relevant for the execution of duties, both at the Company and at any subsidiary companies;
- (ii) the faculty for dialogue with all administrative and control boards of the Company and its subsidiaries;
- (iii) the faculty for dialogue with all administrative and control boards of the Company and its subsidiaries;
- (iv) the faculty to approve company policies with an impact on the financial statements, on the consolidated financial statements or on other documents requiring certification;

- (v) involvement in the design of IT systems impacting the Company's financial statements;
- (vi) the possibility to utilise IT systems.

#### **9.8 CO-ORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The coordination procedures put in place by the Issuer between the different parties involved in the Internal Control and Risk Management System guarantee an efficient and effective coordination and sharing of information between the bodies involved. Specifically, as noted above:

- (i) the Director Luca Pelosin, as Director in charge of establishing and maintaining an effective Internal Control and Risk Management System, periodically reports on his work to the Control, Risks and Related Parties Committee, which in turn provides the Board of Directors with its own assessment on the adequacy of the Internal Control and Risk Management System;
- (ii) the Internal Audit Manager Massimiliano Rigo must maintain periodic communication with the corporate boards and supervisory or oversight functions of the Internal Control and Risk Management System, such as the Executive Officer for Financial Reporting, the Supervisory Board (of which Massimiliano Rigo is a member) and the independent audit firm, each within their own remit and responsibility;
- (iii) the participation of the Internal Audit Manager at the meetings of the Supervisory Board and the Control, Risks and Related Parties Committee permits the Internal Audit department to maintain adequate visibility over the business risks within the Group and of problems arising and to bring them to the attention to the different supervisory and oversight functions;
- (iv) the Board of Statutory Auditors maintains periodic communication with the Board of Directors and the Control, Risks and Related Parties Committee. In particular, at least one member of the Board of Statutory Auditors always attends the meetings of the Control, Risks and Related Parties Committee;
- (v) the independent audit firm participates, on invitation, at the meetings of the Control, Risks and Related Parties Committee in order to remain updated on the activities and on the motions of the Committee, as well as to report upon the planning and results of the audit activities.

## 10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

### 10.1 RELATED PARTY TRANSACTIONS POLICY

The Issuer has adopted the RPT Policy that governs related party transactions carried out directly or through subsidiaries, in compliance with the RPT Regulation.

The RPT Policy was approved by the Issuer's Board of Directors on May 14, 2021, subject to the favourable opinion issued on May 13, 2021 by the Control, Risks and Related Parties Committee, and entered into force on July 1, 2021. Until that date, the "*Related Party Transactions Policy*" approved by the Company's Board of Directors on October 15, 2013 and most recently amended on May 15, 2018 continued to apply.

The RPT Policy is available on the Issuer's website ([www.filagroup.it](http://www.filagroup.it)) in the *Governance* section, to which reference should be made for further information on its content.

At the date of this Report, the Company has not adopted any specific operating solutions for the identification and appropriate management of situations in which a Director holds an interest on his/her own behalf or on behalf of third parties, considering the RPT Policy and the general Director responsibility principles to be sufficient.

For the activities carried out by the Control, Risks and Related Parties Committee to apply the RPT Policy, please see Paragraph 9.3.2 of this Report.

## 11. BOARD OF STATUTORY AUDITORS

### 11.1 APPOINTMENT AND REPLACEMENT OF STATUTORY AUDITORS

In accordance with Article 17 of the By-Laws as amended by the Shareholders' Meeting of April 27, 2021, the Board of Statutory Auditors comprises 3 (three) Statutory Auditors and 2 (two) Alternate Auditors, appointed by the Shareholders' Meeting on the basis of slates presented by shareholders.

Slates for the election of Statutory Auditors may be presented by shareholders who, at the time of presentation of the slate, hold - alone or together with other shareholders - a shareholding that is at least equal to that determined by Consob in accordance with applicable laws and regulations <sup>(12)</sup>. Ownership of the minimum shareholding is determined according to the shares that are registered in favour of the shareholder on the day in which the slates are filed with the Issuer; certification can also be presented subsequent to the filing provided that it is within the deadline for the publication of the slates.

The slates are filed at the registered office in accordance with the methods and the deadlines established and with applicable law. The slates must be made available to the public in accordance with the manner and terms established and with current regulations.

The slates must include the names of one or more candidates for the position of Statutory Auditor and one or more candidates for the position of Alternate Auditor. The names of the candidates are divided between each section (Statutory Auditors section, Alternate Auditors section) by progressive numbering and in any event with a number not exceeding the Board members to be elected. The slates, if they contain, in both sections, a number of candidates equal to or greater than 3 (three), must contain a number of candidates in both sections to ensure that the composition of the Board of Statutory Auditors, both for Statutory Auditors and Alternate Auditors, complies with the legal and regulatory provisions that are in force in relation to gender equality (male and female), provided that if the application of the criterion for the gender equality quota does not result in a full number, this should be rounded to the next unit.

The following documents must be attached to each slate, at the risk of ineligibility: (i) information on the identity of shareholders who have presented them, with an indication of the total percentage of shares held; (ii) a declaration by shareholders other than those who hold, even jointly, a controlling or majority shareholding, attesting to the absence of any relationship with these latter in accordance with applicable law; (iii) detailed information about the personal and professional characteristics of the candidates, as well as a declaration by the candidates certifying that they meet the statutory requirements, and acceptance of the candidature, accompanied by a list of administrative and control positions held with other companies; (iv) any additional or differing declaration, information, and/or documents provided for by applicable law and regulations.

Individual Shareholders, shareholders belonging to the same group or members of a shareholder agreement pursuant to Article 122 of the CFA, may not present or be involved in the presentation, even through nominees or trust companies, of more than one slate or vote on other slates; in addition, each candidate may only be present on one slate, at the risk of being declared ineligible.

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<sup>(12)</sup> Pursuant to Article 144-*quater* of the Issuers' Regulation, by Executive Resolution No. 44 of January 29, 2021, Consob set the shareholding required for the presentation of the slates of candidates at 2.5% of share capital.

In the case where only 1 (one) slate is filed at the expiry date of the term for presentation of the slates, or slates are only presented by related shareholders pursuant to the applicable directives, slates can be presented up to the third day subsequent to such date. In this case, the percentage threshold established for the presentation of the slate is reduced by half.

The Statutory Auditors are elected as follows: (i) from the slate that obtained the largest number of votes (**Majority Slate**) taken in the progressive order in which they appear in the slate, 2 (two) Statutory Auditors and 1 (one) Alternate Auditor; (ii) from the slate that obtained the second largest number of votes and are not connected, even indirectly, with the shareholders who presented or voted for the Majority Slate in accordance with the applicable provisions and taken in the progressive order in which they appear on the slate, the third Statutory Auditor will be chosen (**Minority Statutory Auditor**), who will chair the Board of Statutory Auditors, and the second Alternate Auditor (**Minority Alternate Auditor**). Should two slates receive the same number of votes, a second vote of the entire Shareholders' Meeting shall decide, with the candidate being elected by means of a simple majority of the votes.

Where the result of voting does not satisfy the applicable gender balance law and regulations in force (including the rounding up down to the next unit if the application of the criterion for the gender equality quota does not result in a full number), the candidate for the office of Statutory or Alternate Auditor from the over-represented gender elected as last in progressive order from the Majority Slate will be excluded and will be replaced by the next candidate for the office of Statutory or Alternate Auditor from the same slate belonging to the other gender.

Where only one slate is presented, the Shareholders' Meeting will vote on that slate and, where this slate receives the majority of the votes, all the Statutory Auditors and Alternate Auditors will be taken from this slate in accordance with applicable law and regulations, including the gender equality regulations (which includes rounding down where necessary in relation to the under-represented gender).

Statutory Auditors are appointed for a period of (3) three years (and may be re-elected), which concludes on the date of the Shareholders' Meeting called for the approval of the financial statements relating to the final year in office.

Subject to compliance with legal and regulatory provisions relating to gender equality in the cases where, for whatever reason, (i) the Majority Slate Statutory Auditor resigns, this office shall fall to the Alternate Auditor from the Majority slate, (ii) the Minority Statutory Auditor resigns, this latter is replaced by the Minority Alternate Auditor. If, for whatever reason, it is not possible to proceed as indicated above, the Shareholders' Meeting must be called in order to supplement the Board of Statutory Auditors through statutory majority, without the application of slate voting, subject to compliance with the applicable law and regulations in relation to the gender equality quotas.

In the absence of slates, or where it is not possible for any reason to appoint the Board of Statutory Auditors with the procedures provided for in this Article, the three Statutory Auditors and the two Alternate Auditors will be appointed by the Shareholders' Meeting through the majority provided for by law, in accordance with the laws and regulations in force also in relation to the gender equality quota (including the rounding down to the next unit if the application of the criterion for the gender equality quota does not result in a full number).



## 11.2 COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) AND D-BIS), CFA)

The Board of Statutory Auditors in office during the Reporting Year and at the date of this Report was appointed by motion of the Shareholders' Meeting of April 27, 2021, based on the 2 (two) slates deposited, respectively:

- (i) by the shareholder Pencil, owner of 13,694,563 Fila ordinary shares and 8,081,856 B Shares at the submission date of the slates, which obtained 37,940,131 votes, equal to 75.916% of the votes represented at the Shareholders' Meeting of April 27, 2021, and 56.455% of the total voting rights exercisable on this date (“**Slate 1**”); and
- (ii) by a grouping of shareholders formed by asset management companies and other investors <sup>(13)</sup>, owners of a total of 5,486,114 Fila ordinary shares at the submission date of the slates, which obtained 12,036,600 votes, equal to 24.084% of votes represented at the Shareholders' Meeting of April 27, 2021 and 17.911% of total voting rights exercisable on this date (“**Slate 2**”).

The candidates put forward by the above slates were:

- **Slate 1:** Pietro Michele Villa, Elena Spagnol and Giuseppe Persano Adorno as Statutory Auditors and Stefano Amoroso and Marina Mottura as Alternate Auditors;
- **Slate 2:** Gianfranco Consorti as Statutory Auditor and Sonia Ferrero as Alternate Auditor.

Following the vote, the following persons were elected members of the Board of Statutory Auditors: (i) Gianfranco Consorti, Chairperson; (ii) Pietro Michele Villa, Statutory Auditor; (iii) Elena Spagnol, Statutory Auditor; (iv) Stefano Amoroso, Alternate Auditor; and (v) Sonia Ferrero, Alternate Auditor <sup>(14)</sup>.

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<sup>(13)</sup>These are Amber Capital Italia SGR S.p.A., manager of the Alpha Ucits Sicav-Amber Equity Fund; Amber Capital UK LLP fund manager: Amber Global Opportunities Limited and Privilege-Amber Event Europe; Arca Fondi S.G.R. S.p.A. fund manager: Arca Economia Reale Bilanciato Italia 30, Arca Economia Reale Equity Italia and Arca Azioni Italia; Arca Fondi SGR – Fondo Arca Economia Bilanciato Italia 55; Eurizon Capital SGR S.p.A., manager of the following funds: Eurizon Progetto Italia 20, Eurizon Pir Italia 30, Eurizon Progetto Italia 70, Eurizon Pir Italia Azioni, Eurizon Azioni Pmi Italia and Eurizon Progetto Italia 40; Fideuram Asset Management SGR S.p.A., manager of the following funds: Piano Azioni Italia, Piano Bilanciato Italia 30 and Piano Bilanciato Italia 50; Fideuram Asset Management (Ireland), manager of the following funds: Fonditalia Equity Italy; Interfund Sicav fund manager: Interfund Equity Italy; Kairos Partners SGR S.p.A. fund manager: Kairos International Sicav - Italy section; Mediobanca SGR S.p.A. fund manager: Mediobanca MID & Small Cap Italy; Mediolanum Gestione Fondi SGR S.p.A. fund manager: Mediolanum Flessibile Futuro Italia and Mediolanum Sviluppo Italia; Mediolanum International Funds manager: -Challenge funds -Challenge Italian Equity; Pramerica SGR fund manager: Pramerica Mito 25 and Pramerica Mito 25.

<sup>(14)</sup> From Slate 1: (a) 2 (two) Statutory Auditor (Pietro Michele Villa and Elena Spagnol); and (b) 1 (one) Alternate Auditor (Stefano Amoroso). From Slate 2: (a) 1 (one) Statutory Auditor, who also holds the position of Chairperson (Gianfranco Consorti); and (b) 1 (one) Alternate Auditor (Sonia Ferrero).



The Board of Statutory Auditors will remain in office until the Shareholders' Meeting called for the approval of the 2023 Annual Accounts.

The table below presents the composition of the Board of Statutory Auditors at the date of this Report.

OFFICE	NAME	PROFESSION	SLATE
Chairperson	Gianfranco Consorti	Chartered accountant	Slate 2
Statutory Auditor	Pietro Michele Villa	Chartered accountant	Slate 1
Statutory Auditor	Elena Spagnol	Chartered accountant	Slate 1
Alternate Auditor	Stefano Amoroso	Chartered accountant	Slate 1
Alternate Auditor	Sonia Ferrero	Chartered accountant	Slate 2

The key professional characteristics of the members of the Board of Statutory Auditors are set out below:

- **Gianfranco Consorti:** graduated in Economics and Business from the "La Sapienza" University in Rome in 1975 and has been a Certified Accountant since 1978, and a Registered Auditor since 1995. In 1976 he joined a leading independent audit firm where, as a Partner from 1986 to 2013, he was responsible for the legal audit and accounting control of the financial statements of several major companies and groups, including multinationals. As part of this activity, he was involved in reviewing and assessing internal control systems, administrative and accounting procedures and Organisation, Management and Control Models, pursuant to Legislative Decree No. 231/2001. He has participated in numerous acquisitions, carrying out due diligence on behalf of the buyer or seller, has performed various tasks for the redesign of administrative, accounting and management procedures and processes, and has participated in some very significant company liquidations by assisting the liquidators both in the initial recognition activity and in managing the liquidation. He has assisted companies and public bodies in converting their accounting processes when moving from financial accounting to economic accounting. In addition, he has been involved as a freelancer in financial audits of structural funds, has participated in listing projects and extraordinary corporate transactions, and has been financial advisor for proposals for debt restructuring and corporate restructuring. He has acted and continues to act as Statutory Auditor for many companies, including as Chairperson.
- **Pietro Michele Villa:** graduated in business administration in 1991 from Bocconi University in Milan and has been a Certified Accountant since 1992. Since 1995, he has been a Registered Auditor. He works in the field of tax and corporate consulting in corporate transactions, and tax planning in the reorganisation of family assets. He has over 20 years' experience in national tax consulting in the areas of income tax, VAT and other direct and indirect taxes, assistance in tax audits, tax consulting, fiscal due diligence, corporate reorganisations and corporate transactions. He has held Statutory Auditor and Director positions in leading companies for many years.
- **Elena Spagnol:** graduated in Economics and Business from the State University of Turin and has been a qualified Certified Accountant since 1995. Since 1999, she has been a Registered Auditor. She has significant experience in accounting, tax and corporate consulting, as well as

in auditing financial statements and tax returns and tax audits in general, carried out for listed companies and others. She has held, and continues to hold, the position of Statutory Auditor on the Boards of Statutory Auditors of several companies and financial institutions, including as Chairperson of the Board.

- Stefano Amoroso: graduated in Economics and Business from Bocconi University in Milan and is a qualified Certified Accountant and Registered Auditor. He has significant experience in the field of corporate, administrative and tax consultancy, including internationally. For many years he has held the position of Statutory Auditor in industrial, commercial and financial companies, in addition to being a member of Supervisory Boards.
- Sonia Ferrero: she graduated in Economics from the University of Turin and has been a Certified Accountant since 2001 and a Registered Auditor. She has over 20 years' experience in taxation at leading professional firms and associates. She has held the position of Statutory Auditor and Chairperson of the Board of Statutory Auditors for many years in various companies, including multinationals, and credit institutions.

For further information on the CVs and professional experience of the members of Fila's Board of Statutory Auditors, please see the Governance Section of the Issuer's website ([www.filagroup.it](http://www.filagroup.it)).

For further information on the slates filed by the Shareholders' Meeting of April 27, 2021 for the appointment of the Board, reference should be made to the *Governance* section of the Company's website ([www.filagroup.it](http://www.filagroup.it)), where the complete slates presented by the shareholders and the professional curriculum vitae of each Statutory and Alternate Auditor are available.

The following table shows the structure of the Board of Statutory Auditors in office at the end of the Reporting Year. Neither the composition nor the structure of the Board of Statutory Auditors changed between end of the Reporting Year and the date of this Report.

BOARD OF STATUTORY AUDITORS								
Office	Member	Year of birth	First Date Appointment <sup>t*</sup>	In office until	Slate <sup>****</sup>	Ind. Code	Attendance at Board meetings <sup>***</sup>	No. other offices <sup>****</sup>
Chairperson	Consorti Gianfranco	1950	April 27, 2018	App. 2023 Accounts	m	X	12/12	1
Statutory Auditor	Villa Pietro Michele	1967	July 22, 2015	App. 2023 Accounts	M	X	12/12	3
Statutory Auditor	Spagnol Elena	1968	April 27, 2018	App. 2023 Accounts	M	X	11/12	1
Alternate Auditor	Amoroso Stefano	1964	July 22, 2015	App. 2023 Accounts	M	X	none	
Alternate Auditor	Ferrero Sonia	1971	July 22, 2015	App. 2023 Accounts	m	X	none	
STATUTORY AUDITORS LEAVING OFFICE DURING THE REPORTING YEAR								
-	-	-	-	-	-	-	-	-
Number of meetings held in the Reporting Year: 11								
Quorum required for the presentation of slates by minority shareholders for the election of one or more members (pursuant to Article 148-ter CFA): 2.5%								

## NOTES

\* The first appointment of each Statutory Auditor refers to the date on which the Statutory Auditor was appointed for the first time to the Board of Statutory Auditors of the Issuer.

\*\* This column indicates the slate from which each Statutory Auditor originated (“M”: Majority Slate; “m”: Minority Slate).

\*\*\* This column indicates the percentage of attendance of the Statutory Auditors in relation to the number of meetings of the Board of Statutory Auditors (indicating the number of meetings attended compared to the amount they could have attended).

\*\*\*\* This column indicates the number of offices of Director or Statutory Auditor in accordance with Article 148-bis of the CFA and the relative enacting provisions in the Issuers’ Regulation. The complete list of offices held is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers’ Regulation.

Pursuant to Article 18 of the By-Laws, the Board of Statutory Auditors meets at the initiative of any of the Statutory Auditors. The Board of Statutory Auditors may also be convened without indicating in the call notice a specific physical location for the meeting, in which case the participants shall speak exclusively by means of remote telecommunications. The meeting shall be validly constituted with the presence of a quorum of Statutory Auditors and shall resolve on the basis of an absolute majority of those present.

Meetings of the Board of Statutory Auditors may be held, including exclusively by audio or video conference, provided that: (i) the principles of good faith and of equal treatment of Directors are upheld (ii) the Chairperson of the meeting is able to verify the identity and the legitimacy of the participants, direct the proceedings of the meeting and witness and announce the results of the vote; (iii) the person taking the minutes is able to adequately observe the events of the meeting that is to be minuted; (iv) the participants are able to follow the discussion and vote simultaneously on the matters on the Agenda, in addition to view, receive or transmit documents. If a physical call location is opted for, the meeting is deemed to be held in the place where the person taking the minutes is present. It is understood that the Chairperson and the person taking the minutes may be in different locations.

The Board of Statutory Auditors met 12 (twelve) times during the Reporting Year, on the following dates: January 25, February 24, March 15, March 18, March 26, March 30, April 27, May 17, June 15, August 4, October 11 and November 12.

The meetings were appropriately minuted. The average duration of Board of Statutory Auditors meetings was approximately 150 minutes.

In 2022, in addition to the 4 (four) Board of Statutory Auditors meetings already held on January 25, February 14, March 1 and March 16, 8 (eight) more Board of Statutory Auditors meetings are planned.

During the Reporting Year, given a total attendance level of 97.2%, the attendance of each Statutory Auditor was respectively equal to: (i) 100% for Gianfranco Consorti, (ii) 100% for Pietro Villa, and (iii) 91.6% for Elena Spagnol.

At the meeting held on February 24, 2021, the Board of Statutory Auditors confirmed that the requirements of professionalism, competence, good standing and independence required by the regulations and by the Corporate Governance Code were met. It also completed its self-assessment process, during which it noted that it was suited to performing the task entrusted to it, deeming its composition to be well balanced, with specific reference to the characteristics of experience, gender composition and age of its members. The members of the Board of Statutory Auditors also confirmed that they have the time and suitable resources to dedicate to the performance of the office in the Company. The outcome of these assessments was subsequently sent to the Board of Directors and communicated to the market.

The self-assessment process was then repeated on April 27, 2021, following the new appointment of the Board of Statutory Auditors by the Shareholders' Meeting and, subsequently, on February 14, 2022. The outcome of these assessments was positive and was subsequently sent to the Board of Directors and communicated to the market.

In carrying out the above assessments, all the information made available by each member of the Board of Statutory Auditors was taken into account, as provided for in Recommendation 9 of the Corporate Governance Code, in view of all the circumstances that might appear to compromise independence identified by the CFA and the Code (see Recommendation 6, as referred to in

Recommendation 9). All the criteria laid down in the Code on the independence of Directors were applied (Recommendation 7, as referred to in Recommendation 9).

The Board of Statutory Auditors reviewed and continues to review the independence of the audit firm, ensuring compliance with regulatory provisions, and the nature and extent of the various services provided to the Issuer and its subsidiaries by the independent audit firm and its network of firms.

The Board of Statutory Auditors constantly maintained ordinary coordination activities with the Control, Risks and Related Parties Committee, the Internal Audit Department and the Supervisory Board. For information on the manner of the coordination, reference should be made to Paragraph 9.8 of this Report.

Legislative Decree No. 39/2010 (*“Implementation of EU Directive No. 43/2006, relating to the audit of separate and consolidated annual accounts, which modifies EU Directive 78/660 and EU Directive 83/349, and which revokes EU Directive 84/253*) attributed to the Board of Statutory Auditors the functions of the Internal Control and Audit Committee and, in particular the oversight functions on (i) the financial disclosure process; (ii) the efficiency of the Internal Control System, internal audit, where applicable, and risk management; (iii) the audit of the separate and consolidated annual accounts; and (iv) the independence of the audit firm, in particular in relation to non-audit services by the party providing audit services.

For the entire duration of the admission to trading of the Company’s shares on an Italian regulated market, the Board of Statutory Auditors in addition exercises all other duties and powers established by the special laws; with regards to mandatory reporting, the Directors are required to report on a quarterly basis, in accordance with Article 150 of the CFA.

The Chairperson of the Board of Directors ensured that the Statutory Auditors received adequate information on the sector in which the Issuer operates, on the business operations and their performances, of the principles of correct risk management as well as the relative regulatory framework. Specifically, during the meetings of the Board of Directors, the Statutory Auditors regularly received detailed information on the sector in which the Issuer undertakes its activities, in order to fully understand the underlying business operations and the relative developments during the year.

The remuneration of the Statutory Auditors shall be commensurate with the commitment required, the importance of the role covered, and the size and sector of the company. The Shareholders' Meeting of April 27, 2021 set the annual gross compensation of the Chairperson of the Board of Statutory Auditors at Euro 40,000, and the annual gross compensation of each Statutory Auditor at Euro 30,000.

The Issuer has not provided a specific obligation for the Statutory Auditors to promptly inform the other members of the Board of Statutory Auditors and the Chairperson of the Board on the nature, terms, origin and size of their interest, where the Statutory Auditor have - on their own behalf or on behalf of third parties - an interest in a transaction of the Issuer.

In this regard, the Issuer believes that the disclosure obligation is a moral duty for all members of the supervisory body.

In compliance with the By-Laws, during the Reporting Year the Chief Executive Officer, together with the Executive Director, made adequate, timely reports to the Board of Statutory Auditors on the activities carried out, on the operating performance and on the outlook, as well as - on a quarterly basis - on the most significant transactions carried out by the Issuer and its subsidiaries, with regard to their size and characteristics, as set out by the applicable laws and By-Laws.

The Company has not formally adopted diversity policies on the composition of the control bodies, with specific reference to aspects such as age, gender competition and education and professional background. In this regard, with regard to the provision of Article 123-*bis*, paragraph 2, point d-*bis* of the CFA, on the subject of diversity policies applied to the administrative, management and supervisory bodies, the Board of Directors, at the meeting held on March 20, 2019, decided not to adopt any policy. Firstly, it considered the provisions of the By-Laws, legislation and regulations to be wholly sufficient and, secondly, the principles of diversification in terms of age and professional background were already followed, de facto, in the appointment of Statutory Auditors in order to guarantee a balanced composition of the body.

With regard to gender diversity in particular, Law No. 160 of December 27, 2019 amended, *inter alia*, Article 148 of the CFA, introducing a new allocation criterion requiring at least two-fifths of the control body (as opposed to the previous one-third) to be of the under-represented gender for six consecutive terms. This new allocation criterion applies with effect from the first renewal of control bodies after January 1, 2020.

For completeness, it should be noted that, by means of Resolution No. 21359 of May 13, 2020, in line with Consob Communication No. 1/2020 of January 30, 2020, Consob amended Article 114-*undecies*.1, paragraph 3, of the Issuers' Regulation, specifying that in boards composed of 3 standing members, the component of the under-represented gender referred to in the new wording of Article 148 of the CFA will be calculated by applying the general criterion of rounding down to the lower unit and not the criterion of rounding up to the higher unit.

In this regard, we note that, at the date of this Report, (i) one third of the Statutory Auditors (or two fifths applying the criterion of rounding down to the nearest whole number in compliance with the new wording of Article 144-*undecies*.1, paragraph 3 of the Issuers' Regulation); and (ii) half of the Alternate Auditors currently in office are members of the under-represented gender. The current composition of the Board of Statutory Auditors therefore complies with the previous and current wording of the allocation criteria of Article 148, paragraph 1-*bis* of the CFA and with the recommendations set out in Article 2 of the Corporate Governance Code.

In the financial year, there were no cases in which a member of the supervisory body was obliged to inform the Company of a personal or third-party interest in a specific company transaction.

## 12. RELATIONS WITH SHAREHOLDERS

The disclosure upon relations with shareholders is ensured by the prompt and constant publication of the most relevant corporate documents on the Issuer's website [www.filagroup.it](http://www.filagroup.it), in the *Investors*, *Governance* and *Pressroom* sections and, where required by the applicable regulations, in the authorised storage mechanism at “eMarket Storage” [www.emarketstorage.com](http://www.emarketstorage.com).

More specifically, the Issuer's website contains all press releases issued to the market and - following their approval by the competent corporate bodies - all the Issuer's periodic accounting documents (i.e. Annual Financial Report, Half-Year Financial Report, Interim Report). In addition, the main documents on Group Governance are available on the Company website.

On June 4, 2015, the Board of Directors appointed Stefano De Rosa as *Investor Relations Officer* of Fila (contact: [ir@fila.it](mailto:ir@fila.it)), for the maintenance of relations with shareholders and institutional investors and to undertake any specific tasks for the management of price sensitive information and relations with Consob and Borsa Italiana.

On November 12, 2021, the Company's Board of Directors approved, at the proposal of and in consultation with the Chief Executive Officer, the Shareholder Communication Policy prepared on the basis of the recommendations of the Corporate Governance Code, national and international best practices, and engagement policies adopted by institutional investors and asset managers (see Recommendation 3 of the Corporate Governance Code).

The Shareholder Communication Policy governs (i) the policy's purpose and scope; (ii) the corporate bodies and organisational structures responsible for communication with shareholders and other stakeholders, (iii) the communication tools and procedures; (iv) the topics, contents and timeframes for communication with shareholders and other stakeholders, and (v) the procedures for amending and updating the policy and the contact details of the Investor Relator and the IR Function to whom requests for communication with the Company should be addressed.

In carrying out his/her activities, the Investor Relations Officer is assisted by his/her own staff (the IR Function), and their details are included in the Shareholder Communication Policy.

The Shareholder Communication Policy is available in the Governance Section of the Issuer's website ([www.filagroup.it](http://www.filagroup.it)).



## 13. SHAREHOLDERS' MEETINGS

### 13.1 SHAREHOLDERS' MEETING CALL

Pursuant to Article 9 of the By-Laws, the Shareholders' Meeting for the approval of the financial statements must be called by the Board of Directors at least once a year, within 120 (one hundred and twenty) days from the end of the year or, in the cases provided for by Article 2364, paragraph 2, of the Civil Code, within 180 (one hundred and eighty) days from the end of the year, pursuant to the provision of Article 154-*ter* of the CFA.

The Shareholders' Meeting may be called in Italy, including outside the municipality of the Company's registered office, or in another European Union country or Switzerland.

The Shareholders' Meeting is called in accordance with the terms prescribed by current regulations, with notice published on the internet site of the Company as well as the other methods required by law and applicable regulations, and contains the information required by current regulations also based on the matters on the Agenda.

As per Article 126-*bis* of the CFA, shareholders who represent, even jointly, at least one-fortieth of the share capital may request - except for matters within the remit of the Board or based on projects or a report prepared by them - within ten days of publication of the Call Notice, or within five days in the case of calling as per Article 125-*bis*, paragraph 3, of the CFA or Article 104, paragraph 2, of the CFA, a supplementation to the matters on the Agenda, indicating in the request the further matters to be included on the Agenda, or present proposals on matters already on the Agenda. Shareholders requesting supplementation to the Agenda should draw up a Report outlining the reasons for the proposal of new matters to be added to the Agenda or the reasoning concerning further proposals to be presented on matters already on the Agenda and present such to the Board of Directors by the deadline for the presentation of requests for supplementation.

In accordance with Article 2367 of the Civil Code, the Directors must call without delay the Shareholders' Meeting where such request is made by shareholders representing at least one-twentieth of the share capital.

Pursuant to Article 127-*ter* of the CFA establishes that shareholders may submit questions on the matters on the Agenda, also before the Shareholders' Meeting. For questions submitted before the Shareholders' Meeting, responses will be made, at the latest, during the Meeting itself. The Company may provide a single reply to questions with the same subject matter. The call notice indicates the deadline by which questions submitted before the Shareholders' Meeting should reach the Company. The deadline may not be more than 5 (five) trading days in advance of the Shareholders' Meeting in first or single call, or the date indicated in Article 83-*sexies*, paragraph 2 of the CFA (i.e. the end of the 7th [seventh] trading day before the convocation of the Meeting) if the call notice stipulates that the Company provides a response before the Shareholders' Meeting to the questions received. In this case, the responses are provided at least 2 (two) days before the Shareholders' Meeting, also through publication in a separate section of the company website.



### **13.2 RIGHT TO ATTEND SHAREHOLDERS' MEETINGS**

As per Article 10 of the By-Laws, those with voting rights have a right to attend the Shareholders' Meeting.

The right to attend the Shareholders' Meeting and the right to vote is verified by a notice to the Company, effected by the authorised intermediary in accordance with law, based on the accounting records at the end of the seventh trading day prior to the date fixed for the Shareholders' Meeting in single call, and submitted to the Company in accordance with law.

Those who have the right to vote in the Shareholders' Meeting can be represented by a proxy in accordance with law. Electronic notification of proxy may be made, in the manner indicated in the call notice, by sending a message addressed to the certified email address indicated in the notice itself or by using the appropriate section of the Company's website.

For each Shareholders' Meeting, the Company may designate, through notification in the call notice, a person to whom shareholders can confer proxy, with voting instructions on all or some of the proposals on the Agenda, in the terms and manner provided by law (as per Article 135-*undecies* of the CFA).

We note that, taking into account the emergency situation linked to the spread of the COVID-19 infection as well as the restrictive measures adopted by the competent authorities, the Shareholders' Meeting of April 27, 2021 was held, in accordance with the procedures set out in Article 106, paragraph 2, of the "Italian Healthcare" Decree Law. Specifically, it was envisaged that (i) the shareholders entitled to vote could only attend the Shareholders' Meeting through Società per Amministrazioni Fiduciarie Spafid S.p.A., as Appointed Representative pursuant to Article 135-*undecies* of the CFA and Article 10.4 of the By-Laws, and (ii) the other persons entitled to attend (e.g. members of the Board of Directors and the Board of Statutory Auditors, representatives of the Independent Audit Firm and Group Executives) could only participate in the Shareholders' Meeting by telecommunication that would guarantee the identification of the participants, without, in any case, the need for the Chairperson of the Meeting and the Secretary taking the minutes to be in the same place.

### **13.3 PROCEDURES FOR SHAREHOLDERS' MEETINGS**

The Shareholders' Meeting shall be chaired by the Chairperson of the Board of Directors, or in such absence or impediment or at the request of the Chairperson him/herself, by another person elected by the Shareholders' Meeting, including the Chief Executive Officer (if elected). The Chairperson shall be assisted by a Secretary elected on his/her proposal by majority of those present. In the Extraordinary Shareholders' Meeting and, in any case, when the Chairperson considers it appropriate, the functions of the Secretary shall be carried out by a Notary appointed by the Chairperson.

For the valid constitution of the Shareholders' Meeting, both ordinary and extraordinary, and motions thereof, the legal and statutory provisions are applied. For the purposes of the quorum required by law and the present By-Laws for the constitution of the Ordinary and Extraordinary Shareholders' Meeting for the validity of the relative motions, reference is made to the number of votes attached to the shares and not to the number of shares.

The Shareholders' Meeting takes place in single call.

The Shareholders' Meeting may be held, where permitted by applicable law and also exclusively, in several locations, via audio/video link, on the condition that a collective approach is taken and the principles of good faith and of equal treatment of shareholders are upheld and, in particular, provided that: (a) the Chairperson of the Shareholders' Meeting may (i) ascertain, including through specially appointed parties, the identity and right to attend of all present, (ii) govern the business of the meeting, in addition to (iii) verify and declare the voting results; (b) the minutes-taker is able to adequately note all the matters pertaining to the Shareholders' Meeting; (c) attendees are able to participate in the discussions and vote simultaneously on the matters on the Agenda; (d) this method is contained in the call notice. The meeting shall be deemed to be held at the place indicated in the call notice, where the person taking the minutes shall be located. It is understood that the Chairperson and the person taking the minutes may be in different locations.

Pursuant to Article 7 of the By-Laws, shareholders may withdraw in accordance with the mandatory cases provided for by law.

The opposition of Shareholders to motions regarding the extension of the duration of the Company or the introduction or the removal of provisions concerning the circulation of shares does not constitute a right to withdrawal. The liquidation value of the shares is determined in accordance with Article 2437-ter of the Civil Code.

As per Article 20 of the By-Laws, the net profit for the period, excluding the 5% share allocated to the legal reserve until the reaching of one-fifth of the share capital, is divided among the shareholders, as resolved by the Shareholders' Meeting.

\* \* \*

The Shareholders' Meeting of the Issuer adopted the Shareholders' Meeting regulation approved on October 15, 2013 by the Shareholders' Meeting of Space (available on the Company's website at [www.filagroup.it](http://www.filagroup.it) in the *Governance* section). This Shareholders' Meeting Regulation establishes, among other matters, that:

- (i) the Chairperson of the Shareholders' Meeting (i.e. the Chairperson of the Board of Directors or, in his/her absence or impediment the person designated by the Shareholders' Meeting) may adopt any provision considered appropriate to ensure the correct execution of Shareholders' Meeting business and the exercise of the rights of participants;
- (ii) the Chairperson of the Shareholders' Meeting conducts the discussion, giving the floor to Directors, to Statutory Auditors and any parties so requesting. Those holding the right to vote and the bondholders' joint representative may request the floor on only one occasion for each matter on the agenda, making observations and requesting information. Those persons entitled to vote may also draw up proposals. Requests to contribute may be made from the constitution of the Shareholders' Meeting until the time at which the Chairperson of the Shareholders' Meeting declares the discussion of the matter closed. In order to ensure the orderly conduct of the Meeting, the Chairperson has the power to determine, at the opening of or during the discussion of individual matters, a deadline for the submission of requests to contribute. The Chairperson of the Shareholders' Meeting establishes the manner in which contribution requests are made and the order in which they are heard. The Chairperson of the Shareholders' Assembly and, on his/her invitation, those assisting him/her respond to speakers at the end of all contributions under discussion, or after each contribution, taking account also of any questions drawn up by shareholders before the Shareholders' Meeting, which have not been

responded to by the Company. Those who have requested the floor have the right to a brief reply;

- (iii) before voting commences, the Chairperson readmits to the Shareholders' Meeting any persons excluded during the discussion in accordance with the regulation;
- (iv) the Chairperson of the Shareholders' Meeting shall decide the order in which the proposals on the individual matters on the Agenda are put to the vote, generally giving priority to those formulated by the Board of Directors.

1 (one) Ordinary Shareholders' Meeting was held in the Reporting Year, on April 27, 2021. 4 (four) Directors and 3 (three) Statutory Auditors participated.

The Board of Directors reported to the Shareholders' Meeting on the activities carried out and planned at the Shareholders' Meetings and endeavour to ensure shareholders had all necessary information so that they could take, with sufficient knowledge, the decisions within the authority of a Shareholders' Meeting.

Specifically, the Board of Directors published the reports on the various items included in the Agenda, which were drawn up pursuant to Article 125-*ter* of the CFA and subsequent amendments and supplements, and Article 84-*ter* of the Issuers' Regulation.

The Board did not deem it necessary to draw up proposals to be submitted to the Shareholders' Meeting with regard to (i) the choice and characteristics of the corporate model; (ii) the size, composition and appointment of the Board and the term of office of its members; (iii) the structure of administrative and financial rights pertaining to the shares; (iv) the percentages established for the exercise of the prerogatives for the protection of minorities, since it believes that the Issuer's and the Group's corporate governance system is in line with the Company's needs.

Specifically, as regards these reports, the Board of Directors highlights how, during the self-assessment process of the Board of Directors and its Committees (the "board review") referring to the 2020 financial year and completed on March 16, 2021, the outgoing Board of Directors considered that an administrative body composed of 7 (seven) Directors, instead of the current 9 (nine), is considered suitable to the Company's needs taking into account its size and organisational structure.

In advance of the Shareholders' Meeting - on April 6, 2021 - the controlling shareholder Pencil published its proposals on the items of the Agenda concerning (i) the determination of the number of members of the Board of Directors, (ii) the determination of the duration in office of the Board of Directors, (iii) the slate of candidates for the office, (iv) the determination of the fees for the members of the Board of Directors, (v) the appointment of the Honorary Chairperson, (vi) the slate of candidates for the appointment of the Board of Statutory Auditors and (vii) the determination of the fees for the members of the Board of Statutory Auditors.

In compliance with the applicable provisions on the containment of COVID-19 (in particular pursuant to Article 106(2) and (4) of Decree-Law 18/2020, converted into Law No. 27 of April 24, 2020, with its validity extended by Decree-Law No. 183 of December 31, 2020, converted into Law No. 21 of February 26, 2021) and in line with the provisions of the call notice, the Shareholders' Meeting of April 27, 2021 was held:

- (v) with those entitled to vote participating in the Shareholders' Meeting solely through Spafid

S.p.A. - as the Company's Appointed Representative pursuant to Article 135-*undecies* of the CFA- to which shareholders could grant proxies or sub-delegations pursuant to Article 135-*novies* of the CFA or proxies pursuant to Article 135-*undecies* of the CFA, all bearing voting instructions;

(vi) excluding access to the meeting location by shareholders or delegates other than Spafid S.p.A.

The Shareholders' Meeting was held in the presence, including remotely through mechanisms identifying participants and their attendance, of the permitted attendees (i.e. the members of the Company's management and supervisory bodies, in addition to the Company's Appointed Representative pursuant to Article 135-*undecies* of the CFA). The Chairperson and the Secretary taking the minutes were not present in the same place.

With regards to the rights of shareholders not outlined in this Report, reference should be made to the applicable *pro tempore* laws and regulations.

#### **14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

On August 6, 2019, the Board of Directors, on the proposal of the Supervisory Board, approved the procedure for employees to report any irregularities or violations of applicable regulations and internal procedures (the whistleblowing system). For information on the whistleblowing system adopted by the Company, reference should be made to Paragraph 9.5.2 of this Report.

Except where indicated above, at the date of this Report, no additional corporate governance practices effectively applied by the Issuer outside of the obligations established by legislation or regulations exist.

## 15. CHANGES SINCE THE END OF THE REPORTING YEAR

Since the end of the Reporting Year no changes have been made to the corporate governance structure.

## 16. CONSIDERATIONS ON THE LETTER OF DECEMBER 3, 2021 OF THE CHAIRPERSON OF THE CORPORATE GOVERNANCE COMMITTEE

At the meetings of February 11, 2022 and March 16, 2022, the letter sent by the Chairperson of the Corporate Governance Committee to the Chairperson of the Board of Directors, the Chief Executive Officer and the Chairperson of the Board of Statutory Auditors on December 3, 2021 was brought to the attention of the Board of Directors. It had previously been brought to the attention of the Control, Risks and Related Parties Committee and the Remuneration Committee.

The same recommendations were taken into consideration during the self-assessment carried out by the Board of Directors to verify adherence to the Corporate Governance Code. This also aimed to identify possible improvement in the areas with respect to which the Corporate Governance Committee has urged improved compliance to the recommendations contained in the aforementioned Corporate Governance Code.

### Disclosure of the methods adopted by the Company to pursue sustainable success and the approach taken to communication with relevant stakeholders

The Company and the Group have incorporated sustainability into their strategies, control system and remuneration. In addition, the Board of Directors meeting held on November 12 adopted the Shareholder Communication Policy, available in the Governance section of the Company's website ([www.filagroup.it](http://www.filagroup.it)).

Paragraphs 1.3, 4.1 and 9.3.2 and Section 12 of this Report provide adequate summarised information on the methods adopted for the pursuit of sustainable success and the approach taken to communication with relevant stakeholders.

### Proportionality

The Issuer does not fall within the definition of "large company", but does qualify as a "concentrated ownership company", as explained in detail in Paragraph 1.1 of this Report, above. Among the simplifications adopted as a result of this classification, please see the contents of this Report on the decision not to appoint an Appointments Committee and the guidelines on the qualitative and quantitative composition of the Board of Directors and the Board of Statutory Auditors.

### Assessment of the independence of Directors

On March 16, 2021, the Board of Directors approved the quantitative and qualitative criteria, to be used in the Director independence review process, for assessing the significance of a Director's relationship with the Company and/or the Group pursuant to the second paragraph of Recommendation 7 of the Corporate Governance Code. For further information, please see Section 4.8.1 of this Report.

At the date of this Report, the Board of Directors has verified that the Chairperson of the Board of Directors Giovanni Gorno Tempini meets the independence requirements set out in Article 148, paragraph 3, CFA, as referred to in Article 147-ter, paragraph 4, CFA, Recommendation 7 of the Corporate Governance Code, in addition to the criteria defined by the Board of Directors pursuant to Recommendation 7, paragraph 2, of the Corporate Governance Code. Specifically, the Board of Directors has acknowledged the absence of professional, commercial or financial relations with the Company and of additional remuneration with respect to that which is fixed for the office.

### Pre-Board information

On May 14, 2021, the Board of Directors approved the Board of Directors and Committees Regulations (available in the Governance section of the Company's website ([www.filagroup.it](http://www.filagroup.it)), which provides specific deadlines for sending Board documents. For more information on the Board of Directors and Committees Regulation, please see Section 4.4.1 of this Report, above.

During the self-assessment process covering 2021 and completed on March 16, 2022, the Directors ascertained that this deadline had been met during the Year.

### Appointment and Succession of Directors

Although Fila is a "concentrated ownership company", during the Board of Directors' self-assessment process (the "Board review") conducted in the Financial Year with reference to 2020 and in advance of the renewal of the corporate bodies, it emerged that an administrative body consisting of 7 (seven) Directors, instead of the then 9 (nine), could be considered suitable for the Company's needs, taking into account its size and organisational structure. This indication was reported in the Explanatory Report on the items on the Agenda of the Shareholders' Meeting of April 27, 2021 prepared pursuant to Article 125-ter of the CFA and published on the Company's website ([www.filagroup.it](http://www.filagroup.it)), in the *Governance/Shareholders' Meeting* section.

For further information in this regard, see Section 7.2 of this Report.

### Gender equality within the corporate organisation

In recognition of the importance of gender diversity in ensuring the Group's success, the Board of Directors meeting of November 12, 2021 adopted a policy on workforce diversity and inclusion, which sets out the principles of equal opportunity, non-discrimination and meritocracy applicable throughout the Group's corporate organisation.

For further information in this regard, see Section 4.3.2 of this Report.

### Remuneration Policy

In developing the 2022 Remuneration Policy, the Board of Directors considered the extent to which the parameters identified for variable compensation were consistent with the strategic business objectives and the pursuit of the Company's sustainable success. In addition, the 2022 Remuneration Policy includes pre-determined and adequately measurable qualitative targets for the Group Chief Executive Officer, Executive Director and Senior Executives, linked to the 2021-2025 Sustainability Plan. These targets and the procedure for verifying the corresponding level of disbursement are described in detail in Section I of the Remuneration Report (pages 24 et seq.), available in the *Governance/Annual Reports* section of the Company's website ([www.filagroup.it](http://www.filagroup.it)).

The recommendations were also submitted to the Board of Statutory Auditors, to the extent of its remit, and discussed in the internal Committees.



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Milan, March 22, 2022

**F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.**

For the Board of Directors

Giovanni Gorno Tempini

(Chairperson)

