

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

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT
FY 2020

(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

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PRINCIPAL DEFINITIONS

The key definitions utilised in this Report are illustrated below.

Acquisition of the Pacon Group	means the acquisition of the Pacon Group completed on June 7, 2018 by the Issuer for a base acquisition price of USD 340,000,000 (equivalent to Euro 287,300,000 at the acquisition date), through FILA Acquisition Company, a company set up for this purpose and fully controlled by Dixon (in turn, 100% directly held by FILA), which was incorporated by Pacon as part of the acquisition.
Shareholders' Meeting	means the Shareholders' Meeting of the Issuer.
2018 Capital Increase	means the share capital increase approved on October 11, 2018 by the Extraordinary Shareholders' Meeting, for a divisible paid-in share capital increase for a maximum amount of Euro 100,000,000, including any share premium, to be executed by and not beyond March 31, 2019, through the issue of FILA ordinary and class B Shares with full rights, in the form of a rights offering to shareholders, in accordance with Article 2441, paragraphs 1, 2 and 3 of the Civil Code and Article 5 of the By-Laws. On November 28, 2018, the Issuer's Board of Directors established the maximum amount of 2018 Share Capital Increase as Euro 99,961,000.
Lending Banks	means, collectively considered, the banks with which the Issuer signed the Loan Contract, that is: Mediobanca – Banca di Credito Finanziario S.p.A., UniCredit S.p.A., Banca IMI S.p.A., Banco BPM S.p.A. and Banca Nazionale del Lavoro S.p.A., as the mandated lead arrangers, and UniCredit Bank AG, Milan Branch, as the agent bank and underwriting agent. Crédit Agricole Cariparma S.p.A., Credito Valtellinese S.p.A. and Unione di Banche Italiane S.p.A. were later added as lenders.
Borsa Italiana	Borsa Italiana S.p.A., with registered office at Milan, Piazza degli Affari No. 6.
Civil Code	refers to Legislative Decree 262 of March 16, 1942, and subsequent amendments and supplements.
Self-Governance Code	the Self-Governance Code of listed companies approved in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana., ABI, Ania, Assogestioni, Assonime and Confindustria, available on the website www.borsaitaliana.it in the section “Borsa Italiana - Regulation - Corporate Governance”.

Corporate Governance Code	the Corporate Governance Code of listed companies adopted by the Corporate Governance Committee in January 2020 and promoted by Borsa Italiana., ABI, Ania, Assogestioni, Assonime and Confindustria, available on the website www.borsaitaliana.it in the section “Borsa Italiana - Regulation - Corporate Governance”, to which the Company adheres.
Board of Statutory Auditors	the Board of Statutory Auditors of the Issuer.
Board of Directors	the Board of Directors of the Issuer.
Consob	the National Commission for Companies and the Stock Exchange, with registered office in Rome, via G.B. Martini No. 3.
Loan Agreement or SFA	means the loan contract signed by the Issuer with the Lending Banks on June 4, 2018, for a total amount of Euro 570,000,000 and amended on December 20, 2019.
Effective Merger Date	June 1, 2015.
Reporting date	December 31, 2020.
Dixon	means 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.
Issuer, FILA or the Company	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.
Reference Year or Year	year ended December 31, 2020
Merger	the merger by incorporation of FILA, completed on the Effective Merger Date.
Group or FILA Group	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.
Pacon Group	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.

Stock Exchange Instruction Regulation	the Instructions to the Regulation for Markets organised and managed by Borsa Italiana.
Pacon Managers	collectively, Jim Schmitz, Jim McDermott, Joan Strand, Brian Higgins and John Carlberg.
Pacon Manager Warrants	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.
MIV	the Investment Vehicles Market organised and managed by Borsa Italiana.
Group Organisational Model	means 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.
MTA	the Italian Stock Exchange organised and managed by Borsa Italiana.
Transaction	the reorganisation between Space and FILA, as approved by the Board of Directors of the above-mentioned companies on January 15, 2015, undertaken principally through the Merger.
Supervisory Board	the Supervisory Board established by the Issuer in accordance with Legislative Decree No. 231/2001.
Pacon	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.
Pencil	means 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.
2019-2021 Performance Shares Plan	means the remuneration plan as per Article 114- <i>bis</i> of the CFA concerning the free assignment of Company shares, approved by the Shareholders' Meeting on April 18, 2019.
SMEs	means 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.

Procedure for Transactions with Related Parties	means the Procedure for Transactions with Related Parties adopted by the Company in compliance with the Consob RPT Regulation, approved by the Board of Directors by resolution of October 15, 2013 and amended by Board of Directors motions of March 21, 2017, May 10, 2017 and May 15, 2018.
Stock Exchange Regulation	the regulation for markets organised and managed by Borsa Italiana, and subsequent amendments and supplements.
Issuers' Regulation	the enacting regulation of the CFA concerning the governance of issuers, adopted by Consob with motion No. 11971 of May 14, 1999 and subsequent amendments and supplements.
Consob RPT Regulation	the regulation adopted by Consob Resolution No. 17221 of March 12, 2010 (as subsequently amended) in relation to related party transactions.
Report	the present Corporate Governance and Ownership Structure Report, prepared in accordance with Article 123- <i>bis</i> of the CFA.
Remuneration Report	means 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 this Regulation, available in accordance with the law from the Issuer's registered office and website at the address www.filagroup.it , in the <i>Governance - Annual Reports</i> section.
Space	Space S.p.A.
Space Holding	means 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.
Sponsor Warrant	means the "Space S.p.A. Sponsor Warrants" with the characteristics indicated in the relevant regulation.
By-Laws	means the Company's By-Laws, as most recently amended on June 12, 2020 and available at the address www.filagroup.en , "Governance- <i>Governance Systems and Rules</i> " section.
CFA	Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented.

COMPANY PROFILE

FILA, founded in Florence in 1920 and managed since 1956 by the Candela family, is a highly consolidated, dynamic and innovative Italian industrial enterprise which continues to grow market share.

Since November 2015, FILA has been listed on the Italian Stock Exchange, STAR segment.

The Company, with revenues of over Euro 680 million in 2019, has grown significantly over the last twenty years and has completed a series of strategic acquisitions, including the Italian company Adica Pongo, the US Dixon Ticonderoga Company 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.

As at December 31, 2020, FILA operates through 22 main production facilities (of which two in Italy) and 35 commercial subsidiaries across the globe and employs approximately 8,070 staff.

The Company has adopted the Traditional Administration and Control Model with the following bodies and committees:

- (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;
- (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.

It should be noted that as 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, 2021, published by Consob on its website, at the address "www.consob.it/web/area-pubblica/emittenti-quotati-pm?". In particular, as per the press release issued to the market, the Company acquired the SME qualification as Fila's market capitalisation for the year 2020 (calculated in accordance with Article 2-*ter*, paragraph 1, of the Issuers' Regulations) was lower

than the threshold provided for in Article 1, paragraph 1, letter *w-quater*.1), of the CFA (i.e. Euro 500,000).

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

MARKET CAPITALISATION(*)		
2018	2019	2020
695,887,172	699,783,408	449,154,122

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

2. INFORMATION ON THE OWNERSHIP STRUCTURE (AS PER ARTICLE 123-BIS, PARAGRAPH 1, CFA)

2.1 SHARE CAPITAL STRUCTURE (AS PER ARTICLE 123-BIS, PARAGRAPH 1, LETTER A), CFA)

2.1.1 Share capital and shares of the Company

At the date of the present Report, the subscribed and paid-in share capital of FILA amounts to Euro 46,967,523.68, divided into 51,040,048 shares, of which 42,958,192 ordinary shares and 8,081,856 special B shares (**B Shares**), all without nominal value.

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	42,958,192	84.16%	MTA - STAR Segment	Allocates 1 vote per share
Multi-vote shares (B Shares)	8,081,856	15.83%	Non-listed	Allocates 3 votes per share
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

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 5.6 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 Chairman of the Board of Directors of the Company and in copy to the Chairman 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 resolutions 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 resolution; 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 management figures. 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 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 information on the 2019-2021 Performance Shares Plan, see the Remuneration Report and the related disclosure documents prepared as per Article 114-*bis* of the CFA and Article 84-*bis* of the Issuers' Regulation, available for consultation from the Company's website, www.filagroup.it in the sections *Governance - Annual Reports* and *Governance - Stock Grant Plans*, 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 resolution, 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 in the *Governance* section.

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

	LISTED (WITH MARKET INDICATED) / NOT LISTED	NO. OF INSTRUMENTS OUTSTANDING	CLASS OF SHARES FOR CONVERSION/EXERCISE	NO. OF SHARES FOR CONVERSION/EXERCISE
Sponsor Warrant	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 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 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 following table summarises the main characteristics of the Pacon Manager Warrants as at the date of this Report.

	LISTED (WITH MARKET INDICATED) / NOT LISTED	NO. OF INSTRUMENTS OUTSTANDING	CLASS OF SHARES FOR CONVERSION/EXERCISE	NO. OF SHARES FOR CONVERSION/EXERCISE
Pacon Manager Warrants	Non-listed	18,249	Ordinary shares	maximum 172,678 ordinary shares

2.2 RESTRICTION ON THE TRANSFER OF SHARES (AS PER 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 (AS PER ARTICLE 123-BIS, PARAGRAPH 1, LETTER C), CFA)

The ordinary and B Shares of the Company 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.

Based on the information available as per communications pursuant to Article 120 of the CFA, the shareholders which have holdings of above 5% of the voting share capital of the Issuer, directly or indirectly, 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.	31.879%	56.455%
Free float	-	68.121%	43,545%
Total	-	100.000%	100.000%

2.4 SHARES WHICH CONFER SPECIAL RIGHTS (AS PER 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.

As illustrated above, 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 (AS PER ARTICLE 123-BIS, PARAGRAPH 1, LETTER E), OF THE 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.

The 2019-2021 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, see the Remuneration Report and the related disclosure documents prepared as per Article 114-*bis* of the CFA and Article 84-*bis* of the Issuers' Regulation, available for consultation from the Company's website, www.filagroup.it in the sections *Governance - Annual Reports* and *Governance - Stock Grant Plans*, respectively.

2.6 VOTING RESTRICTIONS (AS PER 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 (AS PER ARTICLE 123-BIS, PARAGRAPH 1, LETTER G), CFA)

At the date of this Report, there are no other agreements between shareholders governing shares of the Company disclosed pursuant to Article 122 of the CFA.

2.8 CHANGE OF CONTROL CLAUSES (AS PER ARTICLE 123-BIS, PARAGRAPH 1, LETTER H), OF THE CFA) AND STATUTORY PROVISIONS ON PUBLIC PURCHASE OFFERS (AS PER ARTICLE 104, PARAGRAPH 1-TER AND 104-BIS, PARAGRAPH 1, OF THE 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 thousand (the "TLA"); (ii) a multicurrency credit line for a total amount of Euro 245,000,000 thousand (the "TLB"); (iii) a multicurrency credit line for a total amount of Euro 125,000,000 thousand (the "TLC"); and (iv) a multicurrency revolving credit line for a total amount of Euro 50,000,000 thousand (the "RCF").

The Loan Contract is intended to cover financing needs connected to the Acquisition of the Pacion 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 433.1 million as at December 31, 2020 and to approximately Euro 433.1 million as at the Reporting date.

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.

Shareholders' 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 shareholders' 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 (i) to have the power to appoint (directly or indirectly) the majority of the members of FILA's Board of Directors.

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

2.8.2 Statutory provisions in relation to Takeovers

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 (AS PER ARTICLE 123-BIS, PARAGRAPH 1, LETTER A), 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).

For further information on the 2019-2021 Performance Shares Plan, see the Remuneration Report and the disclosure document prepared as per Article 114-*bis* of the CFA and Article 84-*bis* of the Issuers' Regulation, available for consultation from the Company's website, www.filagroup.it in the sections *Governance - Annual Reports* and *Governance - Stock Grant Plans*, respectively.

On March 16, 2021, the Board of Directors resolved to submit for the approval of the Extraordinary Shareholders' Meeting, called for April 27, 2021, a proposal to attribute to 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 Shareholders' Meeting resolution, 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 paragraph of the Civil Code, by means of the issuance, 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 issuance 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) represent 10% (ten per cent) of the total number of shares outstanding.

2.9.2 Treasury shares

At the Reporting date, the Company does not have treasury shares in portfolio.

The Shareholders' Meeting of April 22, 2020, with prior revocation of the previous authorisation conferred by the Shareholders' Meeting of April 18, 2019, authorised the Board of Directors, as per Articles 2357 and 2357-*ter* of the Civil Code and Article 132 of the CFA, (i) to purchase, on one or more occasions, a maximum number, on a revolving basis, of 500,000 FILA ordinary shares, or a differing number which represents 0.9814% of the share capital, for a period of 18 months from the motion date (i.e. October 22, 2021) and (ii) to dispose, without time limits, of treasury shares acquired and of any held in portfolio by the Company.

The authorisation has been granted to take advantage of any opportunities that the market may offer in future, and in particular to permit the Company to undertake the following operations: (i) to intervene, in compliance with the applicable laws and regulations, in support of the liquidity of FILA shares; (ii) to set up a reserve of securities to be utilised to further corporate transactions requiring the exchange or transfer of shareholdings; (iii) to allocate treasury shares in service of bond loans or other debt instruments convertible into shares; (iv) to allocate the treasury shares in service of any incentive plans for the Group's employees and Directors; (v) to support other corporate transactions; and (vi) to offer shareholders an additional instruments to monetise their investment.

The purchases may be made according to any means permitted by the applicable regulations, to be identified on a case by case basis by the Board of Directors. The disposals may be made by any means considered appropriate to serve the purposes pursued, including sale outside of the regulated market.

Authorisation was also granted to carry out subsequent purchase and utilisation transactions for trading activities.

The unitary price for the purchase of the ordinary FILA shares must be established on a case by case basis for each transaction, subject to the consideration that such may not be higher or lower than 10% the recorded price of the FILA share for the trading session preceding each purchase transaction. With regards to the consideration for the disposal of the treasury shares acquired, the Shareholders' Meeting of April 22, 2020 calculated only the minimum consideration, which may not be more than 10% below the price of the share recorded in the trading session before each utilisation transaction, subject to the fact that this limit may not be applied in certain cases.

Finally, on March 16, 2021, the Board of Directors approved the submission for the approval of the Shareholders' Meeting called to approve the 2020 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 22, 2020, 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 2020 financial statements are the same as those of the authorisation granted by the Shareholders' Meeting on April 22, 2020. 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, second paragraph, of the Civil Code, i.e. for a period of 18 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.

As communicated to the market, the Board of Directors of the Company resolved on March 16, 2021 to launch a share buyback program (regarding a maximum of 51,500 treasury shares) based on the authorisation approved by the Ordinary Shareholders' Meeting of April 22, 2020 as potentially replaced and extended by a resolution of the Ordinary Shareholders' Meeting called for April 27, 2021.¹

⁽¹⁾ For the sake of completeness, it should be noted that, as communicated to the Market on March 25, 2021, during the period from March 23 to March 25, 2021 the Issuer purchased 51,500 F.I.L.A treasury shares, thereby completing the aforementioned share buyback program. As a consequence of these transactions, the Issuer holds 51,500 treasury shares, representing 0.1009% of the share capital.

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 (AS PER ARTICLE 2497 OF THE CIVIL CODE)

FILA is controlled by Pencil S.p.A. (“**Pencil**”), 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, Pencil holds: (i) approximately 31.87% 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 56.45% 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 with in 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 purchase offer*”) is illustrated in the Remuneration Report, 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 website of the Company www.filagroup.it in the *Governance* section.

The information required by 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 paragraph 4, “Board of Directors”, of this Report.

3. COMPLIANCE (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), CFA)

On March 15, 2016, the Issuer adopted the Self-Governance Code published on the website of the Italian Stock Exchange (<http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>).

In accordance with the “comply or explain” principle underlying the Self-Governance Code, and in line with Commission Recommendation (EU) No 208/2014, 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. In particular, where not otherwise specified in this Report, during the year the Issuer adopted all the measures and requirements in order to guarantee the effective implementation by the Company of the recommendations of the Self-Governance Code.

The Issuer, and its subsidiaries, are not subject to laws in force outside Italy which affect the Corporate Governance structure.

Moreover, as notified to the market, on February 11, 2021 the Issuer resolved to comply with the new Corporate Governance Code. Therefore, during the 2021 financial year, Fila will take all necessary and/or appropriate measures to ensure the implementation of the provisions of the Corporate Governance Code and conform its corporate governance structure to these provisions. Fila will inform the market on the manner of applying the Corporate Governance Code in the Corporate Governance and Ownership Structure Report which will be published in 2022.

We report that on March 16, 2021, Fila's Board of Directors approved the quantitative and qualitative criteria, to be used in the process of verifying the independence of Directors, to assess the significance of (i) a Director's commercial, financial or professional relationships with the Company; and (ii) any additional remuneration paid to the Director by the Company and/or its subsidiaries or Parent Companies, with respect to the fixed remuneration due for serving as a Director of the Company and for participation in the internal committees established by the Company pursuant to Recommendation No. 7, second paragraph, to Article 2 of the Corporate Governance Code. These criteria will be applied commencing with the assessment of the independence of the Directors who will be appointed by the Shareholders' Meeting called for April 27, 2021. For more information, see Chapter 4, Section 4.6 of this Report.

4. BOARD OF DIRECTORS

In accordance with current regulations for companies with listed shares on regulated markets, the Board of Directors is central to the governance system of the Company.

4.1 APPOINTMENT AND REPLACEMENT (AS PER ARTICLE 123-BIS, PARAGRAPH 1, LETTER L), CFA)

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.

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 ⁽²⁾. The ownership of the minimum holding is established considering the shares which have been registered in favour of the shareholder on the day on which the slates are filed with the Issuer; the relative certification may be produced subsequent to filing of the slates, although within the time period established for the publication.

The slates must be filed at the registered office of the Company according to the manner prescribed by current regulations, at least 25 (twenty-five) days prior to the Shareholders' Meeting called to appoint the Directors. The slates must be made available to the public by the Company at least 21 (twenty-one) days prior to the Shareholders' Meeting in accordance with the manner prescribed by current regulations.

The slates provide for a number of candidates not less than 3 (three) and not greater than 12 (twelve), each indicated in progressive order. The slates may not be composed of candidates only from the same gender (masculine or feminine); each slate must include a number of candidates of the under-represented gender to guarantee the composition of the Board of Directors in accordance with legal and regulatory provisions in relation to gender equality (masculine and feminine), 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;

⁽²⁾ 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.

- (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 shareholders' 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.

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 resign, 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.

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

At the date of this Report, the Company, as it does not qualify as a "large company" within the meaning of the Corporate Governance Code, has not formally adopted guidelines for the succession of the Company's Executive Directors, including in view of the provisions of Recommendation No. 24 in Article 4 of that Code.

However, it bears remarking that several persons of high standing were added to the Fila Group's organisational structure in recent years. 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 Group's 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.

On March 16, 2021, the Board of Directors resolved to submit to the Shareholders' Meeting called to approve Fila's financial statements for the year ended December 31, 2020 a proposal regarding the amendment of Article 11.6 of the By-Laws in order to allow shareholders to submit slates with a number of candidates of less than 3 (three), in order to align the By-Laws with national and international best practice on corporate governance of listed companies.

4.2 COMPOSITION (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), CFA)

4.2.1 Members of the Board of Directors

On April 27, 2018, the Shareholders' Meeting set the number of Directors as nine (9) and established the duration in office of the new Board of Directors as three (3) financial years, that is, until the approval of the 2020 financial statements.

Nine Directors were therefore appointed for the years 2018, 2019 and 2020, based on the 2 (two) slates filed, respectively:

- (i) by the shareholder Pencil, owner of 13,133,032 ordinary shares and 6,566,508 B Shares at the submission date of the slates, which obtained 37,818,196 votes, equal to 87.835% of the votes represented at the Shareholders' Meeting of April 27, 2018, and 69.435% of the total voting rights exercisable on this date (“**Slate 1**”); and
- (ii) collectively by a grouping of shareholders formed by asset management companies and other investors ⁽³⁾, which together hold of a total of 2,314,235 ordinary shares at the submission date of the slates, which obtained 5,234,729 votes, equal to 12.158% of votes represented at the Shareholders' Meeting of April 27, 2018 and 9.611% of total voting rights exercisable on this date (“**Slate 2**”).

The following members were elected to the Board of Directors: (i) Gianni Mion; (ii) Massimo Candela; (iii) Luca Pelosin; (iv) Filippo Zabban; (v) Annalisa Barbera; (vi) Sergio Ravagli; (vii) Francesca Prandstraller; (viii) Paola Bonini; and (ix) Gerolamo Caccia Dominionioni⁽⁴⁾.

On October 5, 2018, Mr. Sergio Ravagli resigned from office as a Director and as a member of the Control, Risks and Related Parties Committee of the Company. Accordingly, the Board of Directors' meeting of November 13, 2018 replaced Sergio Ravagli by appointing Mr. Alessandro Potestà through co-option, pursuant to Article 2386 of the Civil Code, as a new Director and member of the Control, Risks and Related Parties Committee. The Shareholders' Meeting of April 18, 2019 supplemented the Board of Directors by appointing, as per Article 2386 of the Civil Code, Alessandro Potestà as a Director, until the conclusion of mandate of the Board of Directors currently in office and, therefore, until the approval of the 2020 financial statements.

⁽³⁾ These are Amber Capital Italia SGR S.p.A., manager of the Alpha Ucits Sicav-Amber Equity fund; Aletti Gestielle SGR S.p.A., manager of the Gestielle Pro Italia fund; Amundi Asset Management SGR S.p.A., manager of the following funds: Amundi Dividendo Italia, Amundi Obiettivo Crescita 2022 Due, Amundi Obiettivo Crescita 2022, Amundi Obiettivo Risparmio 2022 Due, Amundi Obiettivo Risparmio 2022 Quattro, Amundi Obiettivo Risparmio 2022 Tre, Amundi Obiettivo Risparmio 2022, Amundi Valore Italia Pir, Amundi Sviluppo Italia and Amundi Risparmio Italia, Arca Fondi S.G.R. S.p.A., manager of the following funds: Arca Economia Reale Bilanciato Italia 30, Arca Economia Reale Equity Italia and Arca Azioni Italia; Eurizon Capital SGR S.p.A., manager of the following funds: Eurizon Progetto Italia 20, Eurizon Pir Italia 30, Eurizon Progetto Italia 70, Eurizon Azioni Italia, Eurizon Pir Italia Azioni, Eurizon Azioni Pmi Italia and Eurizon Progetto Italia 40; Eurizon Capital S.A., manager of the following funds: Eurizon Fund - Equity Italy and Eurizon Fund - Equity Small Mid Cap Italy; Fideuram Investimenti SGR S.p.A., manager of the following funds: Piano Azioni Italia, Piano Bilanciato Italia 30 and Piano Bilanciato Italia 50; Mediolanum Gestione Fondi SGR S.p.A., manager of the following funds: Mediolanum Flessibile Futuro Italia; Mediolanum International Funds - challenge funds - Challenge Italian Equity; Zenit SGR S.p.A., manager of the following funds: Zenit Obbligazionario and Zenit Pianeta Italia.

⁽⁴⁾ Eight (8) Directors were taken from Slate 1, and in particular: (i) Gianni Mion; (ii) Massimo Candela; (iii) Luca Pelosin; (iv) Filippo Zabban; (v) Annalisa Barbera; (vi) Sergio Ravagli; (vii) Francesca Prandstraller; and (viii) Paola Bonini. One (1) Director was taken from Slate 2, and in particular: Gerolamo Caccia Dominionioni.

On July 30, 2019, Gianni Mion resigned from his positions as Chairman and Director of the Board of Directors, effective from August 6, 2019. Consequently, on August 6, 2019, pursuant to Article 2386 of the Civil Code, the Board of Directors co-opted until the next Shareholders' Meeting Giovanni Gorno Tempini as Director and Chairman of the Board of Directors, in replacement of Gianni Mion.

The Shareholders' Meeting on April 22, 2020, upon proposal of the Board of Directors, integrated the Board of Directors by appointing Giovanni Gorno Tempini, pursuant to Article 2386 of the Civil Code, as Director and Chairman of the Board of Directors, until the expiry of the mandate of the Board of Directors currently in office, i.e. until the approval of the 2020 Annual Accounts.

In light of the above, the table below presents the composition of the Board of Directors at the date of this Report.

OFFICE	NAME	SLATE
Chairperson	Giovanni Gorno Tempini	N/A
Chief Executive Officer	Massimo Candela	Slate 1
Executive Director	Luca Pelosin	Slate 1
Director *	Filippo Zabban	Slate 1
Director	Annalisa Barbera	Slate 1
Director *	Francesca Prandstraller	Slate 1
Director *	Paola Bonini	Slate 1
Director *	Gerolamo Caccia Dominioni	Slate 2
Director *	Alessandro Potestà	N/A

(*) 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 and Article 3 of the Self-Governance Code.

All the members of the Board of Directors in office at the date of this Report 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. (*) In addition, the Directors Alessandro Potestà, Paola Bonini, Filippo Zabban, Francesca Prandstraller and Gerolamo Caccia Dominioni are 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 and Article 3 of the Self-Governance Code.

The presence of five (5) Independent Directors has the objective of achieving the greatest possible “best governance” through debate and dialogue between all of the Directors. The contribution of the Independent Directors also permits the Board of Directors to verify whether adequate independent opinion exists in cases of potential conflicts of interest of the Company with the controlling shareholder.

For further information on the slates filed for the appointment of the Board of Directors by the Shareholders’ Meeting on April 27, 2018, reference should be made to the website of the Company www.filagroup.it, in the *Governance - Shareholders’ Meetings* section, where the curriculum vitae of each Director is available.

The table below reports the current members of the Board of Directors in office during the year. The composition of the Board of Directors of the Company did not change between the year-end and the date of this Report.

BOARD OF DIRECTORS													CONTROL, RISKS AND RELATED PARTIES COMMITTEE		REMUNERATION COMMITTEE	
Office	Members	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, 2020	Next Shareholders' Meeting of the Company	-		X			4	7/7				
Chief Executive Officer	Candela Massimo	1965	June 1, 2015	January 1, 2020	App. Accounts 2020	M	X					7/7				
Executive Director	Pelosi Luca	1966	June 1, 2015	January 1, 2020	App. Accounts 2020	M	X					7/7				
Director	Zabban Filippo	1957	April 27, 2018	January 1, 2020	App. Accounts 2020	M		X	X	X		7/7	9/10	M	7/8	M
Director	Barbera Annalisa	1969	July 22, 2015	January 1, 2020	App. Accounts 2020	M		X				7/7			7/8	M
Director	Potestà Alessandro	1968	November 13, 2018	January 1, 2020	App. Accounts 2020	-		X	X	X	1	7/7	10/10	M		
Director	Prandstraller Francesca	1962	July 29, 2014	January 1, 2020	App. Accounts 2020	M		X	X	X		7/7			8/8	C
Director	Bonini Paola	1967	April 27, 2018	January 1, 2020	App. Accounts 2020	M		X	X	X		7/7	9/10	M	8/8	M

Director	Caccia Dominioni Gerolamo ◊	1955	July 22, 2015	January 1, 2020	App. Accounts 2020	m		X	X	X		7/7	10/10	C		
DIRECTORS RESIGNING DURING THE YEAR																
Number of meetings held during the Year: 7						Remuneration Committee: 8			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 (as per 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.

4.2.2 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, including the Self-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 six consecutive terms. This new allocation criterion applies with effect from the first renewal of governing bodies after January 1, 2020. In light of the above, it should be remarked that:

- (i) the allocation criterion set out in the previous formulation of Article 147-*ter* of the CFA, which required that at least one-third of the seats on the governing body be reserved for the under-represented gender, continues to be applied in reference to the Board of Directors in office at the date of this Report; and
- (ii) the allocation criterion set out in the new formulation of Article 147-*ter* of the CFA will apply, in the Company's case, when the new Board of Directors is appointed by the Shareholders' Meeting called to approve the 2020 financial statements.

At the date of this Report, one-third of the Board of Directors in office comprises Directors from the under-represented gender. Accordingly, the current composition of the Board of Directors is compliant with applicable legislation on gender balance in the composition of the boards of listed companies and with application criterion 2.C.3 of the Self-Governance Code.

With reference to diversity in the age, expertise and professionalism of the Board of Directors, on March 16, 2021 the Board of Directors, during its self-assessment, in accordance with Application Criterion 1.C.1. letter g) of the Self-Governance Code, acknowledged the positive opinion, also in relation to the members of the Board of Directors and Committees who possess suitable professionalism, experience and years in service, and also as prescribed by Article 2 of the Self-Governance Code.

Furthermore, recognising the importance of gender diversity in ensuring the Group's success, the FILA Group has adopted its own Diversity Policy, in which the principles of equal opportunity, non-discrimination and meritocracy are set out. In this regard, at December 31, 2020, 47% of FILA Group employees were women and 53% men.

4.2.3 Maximum number of offices held in other companies

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 and March 16, 2021.

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, 2021, 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 Self-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
Giovanni Gorno Tempini	CDP Equity S.p.A.	Chairman of the Board of Directors
	CDP S.p.A.	Chairman of the Board of Directors
	CDP Reti S.p.A.	Chairman of the Board of Directors
	Avio S.P.A.	Director
Alessandro Potestà	Alpitour S.p.A.	Director
Massimo Candela	N/A	N/A
Luca Pelosin	N/A	N/A
Filippo Zabban	N/A	N/A

NAME	SIGNIFICANT COMPANY	OFFICE HELD
Annalisa Barbera	N/A	N/A
Francesca Prandstraller	N/A	N/A
Paola Bonini	N/A	N/A
Gerolamo Caccia Dominioni	N/A	N/A

4.2.4 *Induction Programme*

The Board meetings, for their content and frequency, permits the Directors to receive adequate information on the sector in which the Issuer operates, on the business operations and their performances, on the principles of correct risk management, as well as the relative regulatory framework. In particular, during the Board meetings held at the headquarters of the Company, the Directors 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.

Among the in-depth activities carried out during the Year, it should be noted that on December 10, 2020, a meeting was 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.

4.3 **ROLE OF THE BOARD OF DIRECTORS (AS PER ARTICLE 123-BIS, PARA. 2, LETTER D OF THE CFA)**

4.3.1 **Powers attributed to the Board of Directors**

The Board of Directors 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.

The Board of Directors, in accordance with Article 2365, paragraph 2 of the Civil Code is also empowered to pass the following resolutions, without prejudice to the concurrent competence of the Shareholders' Meeting. (i) the opening and closing of secondary offices; (ii) the reduction of the share capital as a result of a return of shares; (iii) updating the By-Laws in accordance with the law; and (iv) 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.

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.

The Board of Directors also defines the corporate governance system of the Issuer and the structure of the Group.

In accordance with regulatory provisions and the Self-Governance Code, the Board of Directors reviews and approves in advance the Issuers' and its subsidiaries' operations prior to being carried out, when these operations have a 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 4.4.1 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, reference should be made to paragraph 11 of this Report below.

Pursuant to Article 2381 of the Civil Code and to the application criterion 1.C.1., letter c) of the Self-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 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 its meeting of March 16, 2021, the Board of Directors carried out its annual assessment, in accordance with Application Criterion 1.C.1. letter g) of the Self-Governance Code, 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 Self-Governance Code.

This assessment process took place in February and March 2021 and related to the Reference 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 22, 2020 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, 2021. For the assessment of its functioning, the Board of Directors did not consider it necessary to avail of external consultants of the Issuer.

As of the date of this Report, the Shareholders' Meeting has not authorised any general and preemptive departure from the competition restrictions envisaged by Article 2390 of the Civil Code.

4.3.2 Procedures and frequency of board meetings

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 Chairman from among its members, who remains in this position for the duration Board of Directors.

Under 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.

Under 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 Chairman 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.

The Board of Directors is convened by the Chairman 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 resolutions are valid, even without formal calling, where all the Directors and Statutory Auditors in office are present. In the absence of the Chairman, the chair of the meeting is to assumed by the Chief Executive Officer, if appointed, or failing that the most senior Director.

The meetings of the Board of Directors may also be held by audio or video conference, provided that: (i) the Chairman and the Secretary, if appointed, are present in the same location and write and sign the minutes, verifying that the meeting was held in that location; (ii) the Chairman of the meeting may verify the identity of the participants, direct the course of the meeting and witness and announce the results of the voting; (iii) the person taking the minutes may adequately observe the events of the meeting to be recorded in the minutes; and (iv) participants may participate in the discussion and the simultaneous voting on the matters on the agenda, as well as view, receive or transmit documents. However, as of March 16, 2020, in view of the state of emergency and the limitations on gatherings of people introduced by the measures for the containment of COVID-19 infection, with the unanimous agreement of those present at the individual meetings, it was decided from time to time to waive the statutory provision requiring the presence of the Chairperson and Secretary of the meeting in the same place.

By motion of April 27, 2018, the Board of Directors named Fabio Zucchetti the new Secretary of the Board of Directors.

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.

During the Reference Period, 7 (seven) meetings of the Board of Directors were held on the following dates: February 21, March 16, March 25, May 15, August 5, November 13, and December 10.

The meetings were appropriately minuted. The duration of Board meetings was on average approximately 130 minutes.

During 2021, in addition to the three (3) meetings of the Board of Directors already held on February 11, March 16, and March 22, 2021 (meeting during which, among other matters, the consolidated financial statements and the draft financial statements for the year ended December 31, 2020 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 14, August 5 and November 12, 2021 (as per the Shareholders' Calendar communicated to the market and to Borsa Italiana, and available on the Issuer's website at www.filagroup.it in the *Investors* section).

Specifically, in the Board meeting held on March 16, 2021, the Board of Directors resolved to submit to the Shareholders' Meeting called to approve FILA's financial statements for the year ended December 31, 2020 the proposal to amend Articles 8, 10, 11, 12, 13, 14, 17, 18 and 20 of the By-Laws in order to allow the shareholders, *inter alia*, to submit slates with a number of candidates lower than 3 (three), in order to align the By-Laws to the national and international best practices on corporate governance of listed companies, and to provide that, if the application of the gender criterion does not result in a whole number of members of the under-represented gender, this number shall be rounded up to the nearest whole number, except for corporate boards made up of 3 (three) members for which such number shall be rounded down to the nearest whole number. The purpose of this amendment is to bring the By-Laws into line with Article 144-*undecies*.1, paragraph 3, of the Issuers' Regulations concerning gender balance.

During the Year, the total attendance was 100%.

The Chairman 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 with an advance of at least 2 (two) days before the date of the meeting of the Board of Directors. This deadline was generally met, except in particularly urgent situations.

In addition, the Chairman of the Board of Directors ensured that sufficient time was provided to the matters on the Agenda in order that all the Directors may 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 on 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.

4.4 EXECUTIVE BODIES

In accordance with 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.

Under 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 Chairman 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.

4.4.1 Chief Executive Officer and Executive Director

On April 27, 2018, the Board of Directors appointed Massimo Candela as Chief Executive Officer and Luca Pelosin as Executive Director, assigning to them the respective powers indicated below.

The Chief Executive Officer is the main party responsible for the management of the Issuer. There are no interlocking directorates as per Criteria 2.C.6. of the Self-Governance Code.

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

Attributed to the Chief Executive Officer Massimo Candela are 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) the decisions relating to the listing of one of the subsidiaries of the Company pursuant to Article 2359 of the Civil Code;
- (iii) the decisions relating to the disposal of treasury shares except were 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 1,000,000.00 (one million), 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) the 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 1,000,000.00 (one million), or together with other transactions over the previous 12 months, in excess of Euro 1,000,000.00 (one million);
- (vi) The creation of any lien on company assets for single amounts that are in excess of Euro 2,500,000.00 (two million five hundred thousand), or for amounts which together with other transactions over the previous 12 months are in excess of Euro 5,000,000.00 (five million);
- (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 1,000,000.00 (one million), or together with other transactions over the previous 12 months, with a collective value in excess of Euro 5,000,000.00 (five million);

- (viii) the 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 1,000,000.00 (one million), or together with other transactions over the previous 12 months, exceed the amount of Euro 5,000,000.00 (five million);
- (ix) Any corporate restructuring operation, including the establishment or closure of any branches or of any subsidiaries pursuant to Article 2359 of the Italian 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 1,000,000.00 (one million);
- (x) the allocation of a remuneration higher than Euro 10,000.00 to any Non-Executive Director of the subsidiaries of the Company pursuant to Article 2359 of the Civil Code;
- (xi) 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;
- (xii) the undersigning and execution of 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 Fila Group;
- (xiii) 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 1,000,000.00 (one million) on an annual basis;
- (xiv) the assumption by the Company of new third party financing in unitary amounts in excess of Euro 2,500,000.00 (two million five hundred thousand), 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 "*strategic company*", that is, a subsidiary whose revenues in the last year were in excess of 5% of Company 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 500,000.00 (five hundred thousand) (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*

Attributed to the Executive Director Luca Pelosin are 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 forth 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) To make funds available by signing checks or money orders or by any other means within the limits Euro 50,000.00 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 powers above 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.

Luca Pelosin also has the following responsibilities at local and Group level:

- (i) provision of support to the CEO for the drawing up of the strategic guidelines, the consequent business plans and the budget;
- (ii) supporting the CEO in:
 - (a) identifying, developing and managing opportunities on business / equity / corporate / acquisition and integration of industrial and commercial target transactions;
 - (b) 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;
 - (c) developing and managing relations with the strategic Key Partners;
- (iii) supporting the local CEO's, participating at the strategic committees, in developing the business and growth on the local market;
- (iv) oversight on the investment management process, with particular - although not exclusive - focus on industrial asset investments:
 - (a) coordinating the process for the formation of the relative long-term budget, approving and monitoring compliance;
 - (b) assessing in advance, also over time, individual investment opportunities;
- (v) drawing up of an insurance plan for the Group, stipulating the necessary master insurance coverage and supporting the definition of local insurance;
- (vi) with regards to production, he is responsible for:
 - (a) oversight on the production scheduling process;
 - (b) 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;
 - (c) approve the production costs set out in the budget, monitoring / approving them constantly against actual figures;
- (vii) defining the long-term Health, Safety and Environment (“**HSE**”) and Corporate Social Responsibility (“**CSR**”) plans, with regards to the objectives, areas for intervention and use of outside consultants;
- (viii) in terms of logistics, he is responsible, with the support of the Logistics Manager, for:
 - (a) guaranteeing the efficient flow of materials (so as to guarantee the optimal functioning of the production facility and the adequacy of stock levels against working capital objectives) and of finished products (so as to guarantee compliance with the needs of the commercial structures of the individual companies), with particular regard to the European hub;
 - (b) guarantee the availability and adequacy of necessary storage spaces for materials and

finished products;

- (c) approve the percentage of transport/duty established under the budget, monitoring and approving them constantly against the actual numbers.
- (ix) in terms of purchases, he is responsible, with the support of the International 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) define guidelines and targets at Group level in relation to unique and strategic suppliers, periodically monitoring management by the subsidiaries and intervening in the absence of local level alternative;
 - (c) qualify and select suppliers of raw materials / materials, coordinating relations in order to ensure product and process innovation at the Company to achieve an optimal balance between performance and costs;
 - (d) manage the acquisition of patents and know-how;
 - (e) approve budget procurements costs, monitoring / approving them constantly against the actual numbers.
- (x) in terms of R&D, he is responsible, with the support of International R&D VP for:
- (a) approving the indications of the International Marketing Officers concerning the creation of new products and the changes to be applied to existing products, on the basis of the perceived needs on the Group's markets;
 - (b) propose and manage the Research and Development plan (against that formulated) at Group level, with regards to the following scopes:
 - research and design of new materials and new technical solutions for products;
 - comparative analyses with competitor products in order to improve product efficiency,
 - (c) coordinate and supervise the laboratory activities of the companies belonging to the Group;
- (xi) with regards to quality assurance, product safety & compliance, he is responsible, with the support of the International QA, Product Safety & Compliance VP, for:
- (a) defining, at Group level, the control plans concerning the quality of the raw materials and materials arriving from suppliers, in addition to finished products, carrying out a series of internal laboratory tests, ensuring constant monitoring on the quality of the production of series;
 - (b) oversight on the Group certification programmes, including those regarding quality;

- (c) overseeing regulatory developments of interest to the Group (product compliance), supervising the structures tasked with product compliance and quality assurance and approving the control plans, the frequency of internal and external controls and the outside certification bodies;
 - (d) testing the industrial feasibility of products under development and the solutions adopted in the design phase;
 - (e) ensuring the compliance of FILA products with the quality standards demanded by consumers and the safety measures under domestic, EU and international rules concerning consumer safety;
 - (f) focuses on the ongoing improvement of products so that the characteristics of FILA products ensure high safety levels even in the case of abusive utilisation;
- (xii) provide support, for the areas within his scope, to the International Finance & Corporate Affairs Officer in the preparation of the Group business plan and budget, coordinating with the local Managers;
 - (xiii) selects, to the extent of his remit, any external providers and consultants, coordinating operations;
 - (xiv) on the basis of the information concerning regulatory developments within his scope, received from the International Legal Affairs department, initiates the existing internal controls to guarantee compliance with the applicable rules;
 - (xv) in terms of HR
 - (a) defines at Group level salary and incentive policies, in addition to professional development programmes and - where necessary - retention policies;
 - (b) supports the CEO in preparing the Remuneration Policy with reference to the qualitative objectives;
 - (c) prepares, updates and circulates the organisation structure and job description approved by the CEO, verifying consistency between the powers and roles assigned within the organisation;
 - (d) guarantees central control over the hiring and employee and executive personal development process;
 - (e) participates in the Group key resources selection process;
 - (f) supports 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, defines the procedural system, submitting for approval the Group policies to the CEO and the Group procedures to the International Officer responsible, with the responsibility to create a “culture of compliance” in protection of the integrity and image of the entire Group;
 - (g) is responsible for the implementation of the personnel management and development

- policies, in particular the definition and management of the assessment and training processes and instruments;
- (h) drafts reports on personnel, monitoring the information flows received from the individual subsidiaries;
 - (i) approves the personnel budget, monitoring / approving it constantly against the actual numbers;
 - (j) receives information upon the changes to the situation and approves non-budgeted funding;
 - (k) provides support, to the extent of his remit, to the International Finance & Corporate Affairs Officer for the preparation of the Group business plan and budget, coordinating with the local Human Resources Managers;
 - (l) selects, to the extent of his remit, any external providers and consultants, coordinating operations;
 - (m) on the basis of the information concerning regulatory developments within his scope of responsibility, received from the International Legal Affairs department, initiates the existing controls in order to ensure compliance with the applicable rules;
- (xvi) with regards to IT
- (a) supervises the execution of the strategic guidelines set by the Board of Directors and the transformation agenda;
 - (b) verifies that the strategy and the IT services are in lined with business needs, anticipating long-term requirements with a view to the improvement and efficiency of the organisational processes;

It is also noted that:

- (c) with motion of April 27, 2018, Luca Pelosin was granted powers relating to his position as employer at the office of Pero (MI), as per Article 2, paragraph 1, letter b) of Legislative Decree 81/08;
- (d) with motion of April 16, 2011, Luca Pelosin was granted powers relating to his position as employer at the factory of Ruffina (FI), as per Article 2, paragraph 1, letter b) of Legislative Decree 81/08.

4.4.2 Honorary Chairman

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 Chairman with honorary functions, entitled the "Honorary Chairman", selected from among persons of high standing and who have contributed to the establishment, success and/or growth of the Company.

The Honorary Chairman may also be appointed from outside the members of the Board of Directors; in such case the Honorary Chairman may remain in office longer than the term of the Board of Directors. The Honorary Chairman, 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 boards. The Board of Directors shall determine any fees or any other remuneration and/or reimbursement of expenses due to the Honorary Chairman.

On April 27, 2018, the Shareholders' Meeting of the Company passed a motion, on the proposal of Pencil, to appoint Alberto Candela as the Honorary Chairman of the Company for three financial years (that is, until the approval of the 2020 financial statements).

4.4.3 Chairman of the Board of Directors

On April 27, 2018, the Board of Directors appointed Gianni Mion as Chairman of the Board of Directors. On July 30, 2019, Gianni Mion resigned from his positions as Chairman and Director of the Board of Directors, effective from August 6, 2019.

On August 6, 2019, pursuant to Article 2386 of the Civil Code, the Board of Directors co-opted Giovanni Gorno Tempini as Director and Chairman of the Board of Directors.

The Shareholders' Meeting on April 22, 2020, upon proposal of the Board of Directors, confirmed Giovanni Gorno Tempini, pursuant to Article 2386 of the Civil Code, as Director and Chairman of the Board of Directors, until the expiry of the mandate of the Board of Directors currently in office, i.e. until the approval of the 2020 Annual Accounts.

Under Article 12.4 of the By-Laws, the Chairman 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).

As of the date of this Report, the Chairman of the Board of Directors has not been granted executive management powers, does not have a specific role in terms of corporate strategic planning and is not the Chief Executive Officer or the controlling shareholder of the Issuer.

4.4.4 Executive Committee

Under 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.

As per Article 2389 of the Civil Code, the remuneration of the Executive Committee members is to be decided by the Shareholders' Meeting.

At the reporting date, an Executive Committee had not been established.

4.4.5 Reporting to the Board of Directors

During the 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.

4.5 OTHER EXECUTIVE DIRECTORS

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

4.6 INDEPENDENT DIRECTORS

Pursuant to the combined provisions of Articles 147-*ter*, paragraph 4, and 148, paragraph 3 of the CFA and in accordance with the requirements of Article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulation and Article IA.2.10. 6 of the Stock Exchange Instruction Regulation, at the date of this Report, 5 (five) Independent Directors hold office on the Board of Directors, in the persons of (i) Alessandro Potestà, (ii) Paola Bonini, (iii) Filippo Zabban, (iv) Francesca Prandstraller and (v) Gerolamo Caccia Dominioni.

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 Self-Governance Code (application criteria 3.C.1 and 3.C.2) 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.

Each Independent Director has also undertaken to promptly inform the Board of Directors should any situation occur that would compromise this requirement.

During the meeting of March 16, 2020, the Board of Directors carried out the necessary annual checks on the fulfilment of the independence requirements of the Directors (i) Francesca Prandstraller, (ii) Gerolamo Caccia Dominioni, (iii) Filippo Zabban, (iv) Alessandro Potestà, and (v) Paola Bonini. The outcome of these assessments was positive, and was communicated to the market in the press release dated March 16, 2020, available on the Issuer's website www.filagroup.it, in the Pressroom section. The Board of Statutory Auditors also verified the correct application of the criteria and procedures followed.

The necessary annual checks on the fulfilment of the independence requirements of the Directors (i) Francesca Prandstraller, (ii) Gerolamo Caccia Dominioni, (iii) Filippo Zabban, (iv) Alessandro Potestà, and (v) Paola Bonini were once again carried out by the Board of Directors during the meeting of March 16, 2021. The outcome of these assessments was also positive, and was communicated to the market in the press release dated March 16, 2021, available on the Issuer's website www.filagroup.it, in the *Pressroom* section. The Board of Statutory Auditors also verified the correct application of the criteria and procedures followed.

During the year, 1 (one) meeting of the Independent Directors was held (on March 23, 2020), at which the possible effects of the COVID-19 pandemic and, in particular, the measures aimed at containing the contagion, on the Company's economic and financial situation, as well as the proposed allocation of the 2019 results were discussed.

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 No. 7 of the Corporate Governance Code. These criteria will be applied commencing with the assessment of the independence of the Directors who will be appointed by the Shareholders' Meeting called for April 27, 2021. Specifically, the following are considered "significant":

- the following business, financial or professional relationships of a Director with the Company (Recommendation No. 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 No. 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 No. 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 (Chair, Vice-Chair (where appointed), Lead Independent Director (where appointed)), defined according to the best practices provided for in Recommendation No. 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.

4.7 LEAD INDEPENDENT DIRECTOR

On April 27, 2018, the Board of Directors approved the appointment of Director Gerolamo Caccia Dominioni as Lead Independent Director.

This choice is essentially based on the acknowledgement of the usefulness of the Lead Independent Director's role in providing the Company with a balanced governance system, which enhances the contribution of Non-Executive and Independent Directors. In accordance with the provisions of the Self-Governance Code, the Lead Independent Director was tasked with the duties of collecting and coordinating the petitions and contributions of Non-Executive Directors, in particular of the Independent Directors, as well as working with the Chairman of the Board of Directors to ensure that Directors receive adequate and timely information and may call meetings of the Independent Directors to discuss the functioning of the Board of Directors and corporate operations.

During the Year, the considerations suggested by the Independent Directors mainly related to ensuring:

- (i) the continual improvement of the governance level, as well as strengthening of the corporate structure, also in view of the growth and expansion of the Group;
- (ii) the constant and attentive monitoring of any critical issues arising within business operations;
- (iii) monitoring the risks associated with the spread of the COVID-19 pandemic and its effects on the Company's economic and financial performance.

4.8 GENERAL MANAGER

As of the date of this Report, the Board of Directors has not appointed any General Manager.

5. PROCESSING OF CORPORATE INFORMATION

The Company 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 website at www.filagroup.it, in the *Governance* section.

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

In the meeting of April 27, 2018, following the Shareholders' Meeting appointing the new Board of Directors, the Board decided to set up the following Internal Committees to the Board of Directors:

- (i) The Control, Risks and Related Parties Committee, whose members were appointed by motions of the Board of Directors of April 27, 2018 and November 13, 2018;
- (ii) The Remuneration Committee, whose members were appointed by motions of the Board of Directors of April 27, 2018 and December 13, 2018.

The current Board of Directors did not establish an Appointments Committee, as recommended by Principle 5.P.1. of the Self-Governance Code, since this was not deemed necessary considering the structure of the Group and of the shareholder base of the Issuer.

7. REMUNERATION COMMITTEE

7.1 COMPOSITION AND OPERATION (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) OF THE CFA)

In accordance with Article 2.2.3., paragraph 3, letter o) of the Stock Exchange Regulation, applicable to issuers with shares traded on the MTA, STAR segment, as well as in accordance with the provisions of Article 6 of the Self-Governance Code, on April 27, 2018, the Board of Directors established a Remuneration Committee.

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

NAME	OFFICE
Francesca Prandstraller (Chairman)	Independent Director
Paola Bonini	Independent Director
Filippo Zabban	Independent Director
Annalisa Barbera (*)	Non-Independent Director

(*) Person with adequate financial and remuneration policy knowledge and experience, as assessed by the Board of Directors meeting of April 27, 2018.

As per Principle 6.P.3 of the Self-Governance Code, the Remuneration Committee is composed only of Non-Executive Directors, the majority of whom are independent, with a Chairman chosen from among the Independent Directors. Given the professional skills and experience of the members who make up the Remuneration Committee, Principle 6.P.3 of the Self-Governance Code regarding adequate knowledge and experience in financial matters and remuneration policies is also observed.

The role, composition and functioning of the Remuneration Committee is governed by a specific regulation approved by the Board of Directors on October 7, 2015 (and as latterly amended on December 13, 2018).

The work of the Remuneration Committee is coordinated by its Chairman, chosen from among the independent members of the Committee. In particular, the Chairman organises and coordinates the activities of the Committee and directs the activities of the relative meetings. Motions of the Committee are passed by absolute majority; in the case of parity, the Chairman's vote decides.

Throughout the year: (i) the meetings of the Remuneration Committee were coordinated by its Chairman and minutes of the meetings were taken. In this regard, Fabio Zucchetti was appointed Secretary of the Remuneration Committee on May 15, 2018; and (ii) the Chairman regularly provided information on the meetings held by the Remuneration Committee at the following Board of Directors' meeting.

The Remuneration Committee met 8 (eight) times during the year, on the following dates: January 20, February 3, February 21, March 13, March 25, May 15, July 3, and July 24.

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

During the year, given a total attendance level of approximately 94%, the attendance of each Committee member was respectively equal to: (i) 100% for Francesca Prandstraller, (ii) 88% for Annalisa Barbera, (iii) 88% for Filippo Zabban, and (iv) 100% for Paola Bonini.

At least one member of the Board of Statutory Auditors attended the Remuneration Committee meeting. It should be noted that the Executive Director Luca Pelosin attended the Remuneration Committee meeting of July 3, 2020, for the sole purpose of providing a contribution to the discussion on the possible effects of the changes to the performance and pay-out curves relating to the short-term quantitative targets for the year, as a result of the proposed temporary exception, in the presence of exceptional circumstances, of the remuneration policy for the Reference Year (the "**2020 Remuneration Policy**"), pursuant to Article 123-ter, paragraph 3-bis, of the CFA, as well as in accordance with the provisions of the 2020 Remuneration Policy (the "**Exception to the 2020 Remuneration Policy**").

For more information on the Exception to the 2020 Remuneration Policy, please refer to the Remuneration Report available on the Company's *website* www.filagroup.it in the "Governance - Annual Reports" section.

In accordance with the combined provisions of Article 2.2.3, paragraph 3, letter o) of the Stock Exchange Regulation - applicable to issuers with shares traded on the MTA, STAR segment - and application criterion 6.C.6 of the Self-Governance Code, no Director takes part in the meetings of the Remuneration Committee in which the proposals to the Board of Directors relating to their remuneration is being discussed.

During fiscal year 2021, 5 (five) meetings of the Remuneration Committee were held prior to the expiration of the term of office, on the following dates: January 28, February 8, February 22, March 15, March 22, 2021.

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.

In the meeting of May 15, 2018, the Board of Directors approved an annual budget of Euro 10,000 to the Remuneration Committee for the performance of its duties. This was raised to Euro 25,000 by the Board of Directors meeting of February 21, 2020.

7.2 REMUNERATION COMMITTEE DUTIES AND ACTIVITIES

The Remuneration Committee assists the Board of Directors through investigative, proposal and consultation duties, for the evaluations and decisions concerning the remuneration policy of Directors and Senior Executives.

This committee guarantees the broadest scope of information and transparency on the remuneration of the Executive Directors, as well as the manner for determining their remuneration. In conformity with Article 2389, paragraph 3 of the Civil Code, the Remuneration Committee has solely the

function of presenting proposals while the power of determining the remuneration of the Senior Directors remains with the Board of Directors, having consulted the Board of Statutory Auditors.

In particular, in accordance with the combined provisions of Article 2.2.3, paragraph 3, letter n) of the Stock Exchange Regulation - applicable to the issuers of shares traded on the MTA, STAR segment and application criterion 6.C.5 of the Self-Governance Code, the duties of the Remuneration Committee are as follows:

- (a) periodically evaluate the adequacy, the overall compliance and the application of the Remuneration Policy of Directors and Senior Executives, utilising for this latter issue the information provided by the Chief Executive Officers; draws up for the Board of Directors related proposals;
- (b) present proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors and other Senior Directors as well as establishing the performance objectives related to the variable component of this remuneration; monitors the application of the decisions adopted by the Board verifying, in particular, the achievement of the performance objectives;
- (c) review in advance the annual remuneration report to be made available to the public at the Shareholders' Meeting for presentation of the Annual Financial Statements; and
- (d) carry out additional duties assigned by the Board of Directors;

The role, composition and functioning of the Remuneration Committee is governed by a specific regulation approved by the Board of Directors on October 7, 2015 (and as latterly amended on December 13, 2018).

The work of the Remuneration Committee is coordinated by its Chairman, chosen from among the independent members of the Committee. In particular, the Chairman organises and coordinates the activities of the Committee and directs the activities of the relative meetings. Motions of the Committee are passed by absolute majority; in the case of parity, the Chairman's vote decides.

During the 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 at www.filagroup.it in the *Governance - Annual Reports* section. The Remuneration Committee also therefore verified that the remuneration of the Executive Directors for the year was consistent with the commitments undertaken, the responsibilities of the offices held as well as the professional qualifications; (iii) the proposal for an Exception to the 2020 Remuneration Policy; (iv) the change in the number of Senior Executives and management figures 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 Non-Executive Directors, members of the internal committees and members of the Board of Statutory Auditors. 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.

8. REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

Pursuant to Article 15.1 By-Laws, members of the Board are entitled to a fixed annual fee that is wholly determined by the Shareholders' Meeting and distributed by the Board of Directors itself among its members, in addition to the provisions of Article 2389 of the Civil Code for Senior Directors, as well as the reimbursement of expenses incurred by them in the course of their duties.

The Shareholders' Meeting of April 27, 2018 approved the remuneration to be assigned to the Board of Directors for the entire duration of mandate (i.e. until the approval of the 2020 financial statements), amounting to an annual total of Euro 230,000.00. On the same date, the Board of Directors approved the apportionment of the total annual remuneration as follows: (i) a gross annual emolument of Euro 15,000.00 to each Director (excluding the Chairman of the Board of Directors) and (ii) a gross annual emolument of Euro 110,000.00 to the Chairman of the Board of Directors (5).

In addition, the Board of Directors of May 15, 2018 approved, on the proposal of the Remuneration Committee, and with the prior favourable opinion of the Control, Risks and Related Parties Committee and the Board of Statutory Auditors, the assignment of (i) a gross annual emolument of Euro 170,000.00 to the Honorary Chairperson; (ii) a gross annual emolument of Euro 6,000.00 to each member of the Control, Risks and Related Parties Committee (excluding the Chairperson) and a gross annual emolument of Euro 37,000.00 to the Chairman and, finally, (iii) a gross annual emolument of Euro 6,000.00 to each member of the Remuneration Committee (excluding the Chairperson) and a gross annual emolument of Euro 12,000.00 to the Chairperson.

On March 22, 2021, the Board of Directors, on the advice of the Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors, resolved on: (i) the achievement of short-term qualitative and quantitative targets for the variable remuneration of Executive Directors for the year and provided for in the 2020 Remuneration Policy; and (ii) the determination of the quantum of short-term variable remuneration, linked to the achievement of qualitative and quantitative targets, of Executive Directors for the year.

The Shareholders' Meeting on April 22, 2020 approved, pursuant to Article 114-*bis* of the CFA, (i) with a binding vote, Section One of the Remuneration Report and (ii) with a non-binding vote, Section Two of the Remuneration Report. It should also be noted 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 management figures of the Group. In service of the 2019-2021 Performance Shares Plan, during its session of the same date, the Shareholders' Meeting also resolved, pursuant to Article 2443 of the Civil Code, to empower the Board of Directors to freely increase the share capital, as per Article 2349 of the Civil Code, for a period of five years from the motion approval date.

(5) On April 27, 2018, the role of Chairman of the Board of Directors was held by Gianni Mion, who resigned as Chairman and Director of the Company on July 30, 2019. With the resolution of August 6, 2019, the Board of Directors co-opted Giovanni Gorno Tempini as Director and Chairman of the Board of Directors, and confirmed annual payment to him of Euro 110,000 for the role of Chairman. The Shareholders' Meeting on April 22, 2020, upon proposal of the Board of Directors, confirmed Giovanni Gorno Tempini, pursuant to Article 2386 of the Civil Code, as Director and Chairman of the Board of Directors, until the expiry of the mandate of the Board of Directors currently in office, i.e. until the approval of the 2020 Annual Accounts

For information on the Remuneration Policy adopted by the Issuer and the remuneration of the members of the Board of Directors and Senior Executives for the year, reference should be made to the Remuneration Report prepared available on the Company website at www.filagroup.it in the *Governance - Annual Reports* section.

For information on the 2019-2021 Performance Shares Plan, see the Remuneration Report and the related disclosure documents prepared as per Article 114-*bis* of the CFA and Article 84-*bis* of the Issuers' Regulation, available for consultation from the Company's website, www.filagroup.it in the sections *Governance - Annual Reports* and *Governance - Stock Grant Plans*, respectively.

8.1 INCENTIVE MECHANISMS FOR THE INTERNAL AUDIT MANAGER AND THE EXECUTIVE OFFICER FOR FINANCIAL REPORTING

The incentive mechanisms for the Executive Officer for financial reporting are in line with the responsibilities assigned.

There are no incentive mechanisms for the Internal Audit Manager.

8.2 INDEMNITY OF DIRECTORS IN CASE OF DISMISSAL AND TERMINATION OF EMPLOYMENT FOLLOWING A PUBLIC PURCHASE OFFER (AS PER ARTICLE 123-BIS, PARA. 1, LETTER I) OF THE CFA)

No agreements have been signed between the Parent Company 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 purchase offer.

9. CONTROL, RISKS AND RELATED PARTIES COMMITTEE

9.1 COMPOSITION AND FUNCTIONING (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) OF THE CFA)

In accordance with the combined provisions of Article 2.2.3., paragraph 3, letter p) of the Stock Exchange Regulation, applicable to issuers with shares traded on the Italian Stock Exchange, STAR segment, and Principle 7.P.4 of the Self-Governance Code, on April 27, 2018 the Board of Directors resolved to establish internally a Control and Risks Committee, and assigned to this committee the duties of the related parties committee ⁽⁶⁾. As such, the committee took on the name of Control, Risks and Related Parties Committee.

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

NAME	OFFICE
Gerolamo Caccia Dominioni (Chairman) (*)	Independent Director
Filippo Zabban	Independent Director
Paola Bonini	Independent Director
Alessandro Potestà	Independent Director

(*) Person with adequate accounting, financial and risk management knowledge and experience, as reviewed by the Board of Directors meeting of April 27, 2018.

Throughout the year: (i) the meetings of the Control, Risks and Related Parties Committee were coordinated by its Chairman and minutes of the meetings were taken. In this regard, Fabio Zucchetti was appointed Secretary of the Control, Risks and Related Parties Committee on May 15, 2018 and (ii) the Chairman regularly provided information on the meetings held by the Control, Risks and Related Parties Committee at the following Board of Directors' meeting.

The Control, Risks and Related Parties Committee met 10 (ten) times during the year, on the following dates: January 17, February 7, March 13, March 25, May 15, June 15, July 24, July 31, October 9, and November 11.

The duration of Committee meetings was approx. 110 minutes.

During the year, given a total attendance level of approximately 95%, the attendance of each Committee member at meetings of the Control, Risks and Related Parties Committee was respectively equal to: (i) 100% for Gerolamo Caccia Dominioni, (ii) 90% for Filippo Zabban, (iii) 100% for Alessandro Potestà, and (iv) 90% for Paola Bonini.

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

⁽⁶⁾ 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.

Meetings of the Control, Risks and Related Parties Committee were occasionally undertaken simultaneously with meetings of the Board of Statutory Auditors and in the presence of the members of the Board of Statutory Auditors, and, where necessary for the discussion of items on the agenda, of the Executive Officer for financial reporting, the Director in charge of the 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.

During the year 2021, 3 meetings of the Control, Risks and Related Parties Committee were held before the expiry of the term of office, on the following dates: February 8, March 15 and March 18.

During the 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, in the meeting held on May 15, 2018, 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.

9.2 DUTIES ATTRIBUTED TO THE CONTROL, RISKS AND RELATED PARTIES COMMITTEE AND ACTIVITIES PERFORMED

9.2.1 Duties concerning control and risks

The Control, Risks and Related Parties Committee shall assist 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 reports.

In particular, in accordance with the combined provisions of Article 2.2.3, paragraph 3, letter p) of the Stock Exchange Regulation - applicable to the issuers of shares traded on the MTA, STAR segment and application criterion 7.C.2 of the Self-Governance Code, the Control, Risks and Related Parties Committee, in assisting the Board of Directors:

- (i) evaluates, together with the Executive Officer for financial reporting, and having consulted with the Board of Statutory Auditors, the correct application of the accounting standards and their uniformity for the preparation of the consolidated financial statements;
- (ii) defines the control mechanisms to verify compliance with the duties allocated and periodically monitors their functioning, reporting in a timely manner any irregularities to the Board of Directors;
- (iii) expresses opinions on specific aspects concerning the identification of the main corporate risks;
- (iv) examines the periodic reports, concerning the assessment of the Internal Control and Risk Management System, and those of particular importance, prepared by the Internal Audit Department;
- (v) monitors the independence, adequacy, efficacy and efficiency of the Internal Audit department;

- (vi) may request the Internal Audit department to carry out verifications on specific operational areas, simultaneously communicating such to the Chairman of the Board of Statutory Auditors;
- (vii) reports to the Board, at least every six months, on the approval of the annual and half-yearly accounts, on the work carried out and the adequacy of the Internal Control and Risk Management System;
- (viii) carry out additional duties assigned by the Board of Directors;

The Control, Risks and Related Parties Committee is also responsible for assisting the Board of Directors in executing duties concerning:

- (a) definition (for the Board of Directors) of the guidelines of the Internal Control and Risk Management System, so that the main risks connected to the Issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, in addition to determining the criteria of compatibility of these risks in line with the strategic objectives of the Company;
- (b) evaluation (Board of Directors) at least annually, of the compliance of the Internal Control and Risk Management System with the particular characteristics of the Company and the risk profile assumed;
- (c) approval, at least on an annual basis, of the work plan drawn up by the Internal Audit Manager, after consultation with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System;
- (d) description (Board of Directors) in the Corporate Governance Report, of the main characteristics of the Internal Control and Risk Management System, expressing its assessment on its overall adequacy;
- (e) evaluation (Board of Directors), after consultation with the Board of Statutory Auditors, of the results of the independent audit firm's letter of recommendations and of the report on fundamental questions arising during the audit of the accounts;
- (f) nomination and revocation (Board of Directors) of the Internal Audit manager; ensuring adequate resources for the internal audit department in relation to the responsibilities defined (by the Board) and determines the remuneration of the Internal Audit Manager in line with the Company's policies.

The Control, Risks and Related Parties Committee is also required to support, with appropriate investigative activities, the evaluations and decisions of the Board of Directors concerning the management of risks deriving from events of which the Board of Directors has become aware.

9.2.2 Duties concerning related party transactions

The Committee has the duty to undertake activities concerning related party transactions parties under the Procedure for Transactions with Related Parties, with regard to “minor 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, 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 Procedure for Transactions with Related Parties.

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.

9.2.3 Activity of the Control, Risks and Related Parties Committee

During the 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 analysis of the issues arising from the emergency caused by the COVID-19 pandemic; (ii) the Internal Control and Risk Management System; (iii) the progress of the 2020 audit plan and the compliance controls undertaken in accordance with Law 262/2005; (v) the relationships and related party transactions, expressing its opinion on improvements to these transactions; (v) the progress of the implementation process of the Group Organisational Model approved by the Board of Directors, as well as (vi) the monitoring of the activities carried out by the Management Committee for Sustainability.

In line with the provisions of the Remuneration Policy, the Control, Risks and Related Parties Committee also reviewed the proposed Exception to the 2020 Remuneration Policy prepared by the Remuneration Committee and issued a reasoned, non-binding, favourable opinion on the Company's interest in approving and implementing the Exception to the 2020 Remuneration Policy as well as on the appropriateness and substantive fairness of its terms and conditions. For more information on the Exception to the 2020 Remuneration Policy, please refer to the Remuneration Report available on the Company's website www.filagroup.it in the "Governance - Annual Reports" section.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER B) OF THE CFA)

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.

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 of the ordinary shares of FILA on the MTA market, STAR segment, and for the subsequent delisting from the MIV market, the Board of Directors approved the adoption of the Internal Control and Risk Management System.

This system, which was fully implemented during the 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 2020, following the opinion of the Control, Risks and Related Parties Committee:

- (i) resolved to adopt the Group Organisational Model, the aim of which is 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;
- (ii) 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;
- (iii) (ii) evaluated the compliance of the Internal Control and Risk Management System with the particular characteristics of the Company and the risk profile undertaken, as well as its efficacy;
- (iv) 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**”);

- (v) reviewed the main characteristics of the Internal Control and Risk Management System, expressing its assessment on its overall adequacy;
- (vi) 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.

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.

During 2017, the Issuer completed the drafting and formalisation of the corporate procedures to ensure compliance with the relevant applicable legislation.

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;
 - ISO 45001 (previously OHSAS 18001) certification which is based on voluntary application, within the organisation, 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**”); has appointed the Supervisory Board of the Issuer, in accordance with the resolutions passed by the Board of Directors of the Issuer on July 22, 2015;
- completed and updated in 2020 the Group risk assessment, identifying the risks as per the defined model; and
- has updated its 231/01 Model to include new criminal offences among the so-called “predicate offences”, in compliance with the changes made to the applicable legal provisions.

* * *

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

- update of the risk assessment activity, carried out with the assistance of an independent expert, concerning the:
 - identification of risks relevant to the Group based on interviews with the various risk owners;
 - evaluation of each potential risk factor identified with reference to the potential qualitative and quantitative impacts and their probability of occurrence;
 - analysis of existing controls and initiatives undertaken by management for each identified risk;
 - identification of a strategy for risk mitigation and related remedial actions;
 - formalisation of a detailed worksheet for each identified risk.
- definition of the procedures and risk control matrices for each business process for each company falling within the consolidation scope of companies;
- 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.

On March 20, 2019, March 25, 2020 and March 22, 2021, 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 report received from the Director in charge of the Internal Control and Risk Management System, of the Control, Risks and Related Parties Committee, of the Internal Audit Manager, of the Supervisory Board and of the Board of Statutory Auditors.

10.1 EXECUTIVE DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

During the meeting of the Board of Directors of April 27, 2018, Executive Director Luca Pelosin was appointed Director in charge of the creation and maintenance of an effective Internal Control and Risk Management System.

The activity of the Control, Risks and Related Parties Committee and the Internal Audit activity undertaken in the 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.

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, ensuring overall compliance with legislative and regulatory requirements and an efficient and effective system in line with operating conditions.

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 Chairman of the Board of Directors, the Chairman of the Control, Risks and Related Parties Committee and to the Chairman of the Board of Statutory Auditors.

During the meeting of February 11, 2021, 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 2021 audit plan.

10.2 INTERNAL AUDIT FUNCTION

Following admission of the shares of the Company to trading on the STAR 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 and, therefore, to establish the Internal Audit function, outsourcing the Key Advisory S.r.l. to Massimiliano Rigo as the Internal Audit Manager.

On December 13, 2018, the Board of Directors, with the prior favourable opinion of the Control, Risks and Related Parties Committee, approved the conferment of the Internal Audit function to the company Key Advisory S.r.l., also confirming the appointment of Massimiliano Rigo as the Internal Audit Manager.

During the year, the Internal Audit Manager:

- prepared the audit plan for the year which was presented to the Board of Directors meeting of February 21, 2020, with prior review by the Control, Risks and Related Parties Committee and the Director in charge, having consulted the Board of Statutory Auditors;
- prepared the 2021 audit plan which was presented to 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, having consulted the Board of Statutory Auditors;
- 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;
- assessed and verified, on an ongoing basis 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;
- verified in the audit plan the reliability of the IT accounting systems, including accounting systems;

- 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;
- sent the reports as per the above point to the Director in charge, to the Chairman of the Board of Statutory Auditors, to the Chairman of the Control, Risks and Related Parties Committee..

Specifically, the Internal Audit Manager, during the 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 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 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 Chairman of the Board of Directors, to the Chairman of the Control, Risks and Related Parties Committee, to the Chairman 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.

10.3 ORGANISATION MODEL AS PER LEGISLATIVE DECREE 231/2001

At the meeting of July 22, 2015, the Board of Directors resolved to adopt, as per Legislative Decree 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.

The Ethics Code, which is an integral part of the 231/01 Model, 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 at 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 comprises 3 (three) members, in the persons of Mr. Perrone, as external member and Chairman, Mr. La Rocca, as external member and Massimiliano Rigo, as external member and Internal Audit Manager of the Issuer.

On March 16, 2021, 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 reference Year and their outcome.

The Supervisory Board met 6 times during the year, on January 9, April 2, June 19, September 9, October 23 and November 26, in addition to carrying out specific verification and monitoring activities in application of the annual work plan.

* * *

10.4 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 231/01, as well as the measures to protect whistle-blowers.

The procedure in addition has the following objectives:

- to comply with the provisions of the Organisation, Management and Control Model as per Legislative Decree 231/2001 and the Ethics Code of FILA S.p.A.
- to limit the risk of the release of non-reliable financial disclosure, as per Law 262/2005.

10.5 INDEPENDENT AUDIT FIRM

On February 20, 2015, the Shareholders' Meeting of Space (i.e. FILA, at the date of this Report), among other matters: (i) approved, pursuant to Article 13 of Legislative Decree No. 39/2010 and Article 7 of the Regulation adopted with Ministerial Decree No. 261/2012, the mutual resolution of the audit appointment conferred to Ernst&Young S.p.A. with motion of October 9, 2013, following signing of a private agreement in relation to the resolution of the audit appointment by Space and Ernst&Young S.p.A; and (ii) simultaneously conferred a new audit appointment to KPMG S.p.A. for a period of 9 years (from 2015 to 2023) pursuant to Article 13 of Legislative Decree No. 39/2010, with effect from the Effective Merger Date.

Therefore, from the Effective Merger Date, the statutory audit is undertaken by KPMG S.p.A. for the years 2015-2023.

10.6 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, 2018, the Board of Directors appointed, 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 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 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.

10.7 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) Mr. 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 resolutions of the Committee, as well as to report upon the planning and results of the audit activities.

11. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

11.1 PROCEDURE FOR TRANSACTIONS WITH RELATED PARTIES

The Issuer applies the Procedure for Transactions with Related Parties, ensuring transparency and substantial and procedural correctness. This procedure was adopted by the Board of Directors with a resolution of October 15, 2013, in accordance with the provisions of the Consob RPT Regulation. It was subsequently amended by Board of Directors motions of March 21, 2017, May 10, 2017 and May 15, 2018.

The Procedure for Transactions with Related Parties is available on the Issuer's website www.filagroup.it, in the *Governance* section, to which reference should be made for 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 that the Procedure for Transactions with Related Parties and the general Director responsibility principles are sufficient.

In accordance with the provisions of Article 3, paragraph 2, of Consob Resolution No. 21624 of December 10, 2020, containing the amendments to the Consob RPT Regulations, FILA will adapt the RPT Policy by June 30, 2021.

12. BOARD OF STATUTORY AUDITORS

12.1 APPOINTMENT OF STATUTORY AUDITORS

In accordance with Article 17 of the By-Laws, 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⁽⁷⁾. 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.

Slates are filed at the registered office in accordance with applicable law, at least 25 (twenty-five) days prior to the date of the Shareholders' Meeting called to approve the election of the Statutory Auditors. The slates must be made available to the public by the Company at least 21 (twenty-one) days prior to the Shareholders' Meeting in accordance with the manner prescribed by current regulations.

The lists must bear the names of one or more candidates for the office of standing Statutory Auditor and one or more candidates for the office 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 up 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 shareholders' 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.

⁽⁷⁾ 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 equality law and regulations that are in force (including the rounding up 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 1 (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 and Alternate Auditors will be taken from this slate in accordance with applicable law and regulations, including gender equality regulations, which includes rounding up where necessary in relation to the under-represented gender.

They 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 whatever reason to appoint the Board of Statutory Auditors with the procedures provided for in this Article, the 3 (three) Statutory Auditors and the 2 (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 up to the next unit if the application of the criterion for the gender equality quota does not result in a full number).

The Board meeting held on March 16, 2021 resolved to submit to the Shareholders' Meeting called to approve Fila's financial statements for the year ended December 31, 2020 the proposal to amend Articles 17.4 of the By-Laws in order to provide for where the application of the gender criterion does not result in a whole number of members of the under-represented gender, such number shall be rounded up to the nearest whole number, except for corporate boards made up of 3 (three) members for which such number shall be rounded down to the nearest whole number. The purpose of this amendment is to bring the By-Laws into line with Article 144-*undecies*.1, paragraph 3, of the Issuers' Regulations concerning gender balance.

12.2 COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) CFA)

The Board of Statutory Auditors in office during the year and at the date of this Report was appointed by resolution of the Shareholders' Meeting of April 27, 2018, based on the 2 (two) slates deposited, respectively:

- (i) by the shareholder Pencil, owner of 13,133,032 FILA ordinary shares and 6,566,508 B Shares at the submission date of the slates, which obtained 37,818,196 votes, equal to 87.835% of the votes represented at the Shareholders' Meeting of April 27, 2018, and 69.435% 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⁽⁸⁾, owners of a total of 2,314,235 FILA ordinary shares at the submission date of the slates, which obtained 5,234,729 votes, equal to 12.158% of votes represented at the Shareholders' Meeting of April 27, 2018 and 9.611% of total voting rights exercisable on this date (“**Slate 2**”).

Following the vote, the following persons were elected members of the Board of Statutory Auditors:

- (i) Gianfranco Consorti, Chairman; (ii) Pietro Michele Villa, Statutory Auditor; (iii) Elena Spagnol, Statutory Auditor; (iv) Stefano Amoroso, Alternate Auditor; and (v) Sonia Ferrero, Alternate Auditor⁽⁹⁾.

⁽⁸⁾ These are Amber Capital Italia SGR S.p.A., manager of the Alpha Ucits Sicav-Amber Equity fund; Aletti Gestielle SGR S.p.A., manager of the Gestielle Pro Italia fund; Amundi Asset Management SGR S.p.A., manager of the following funds: Amundi Dividendo Italia, Amundi Obiettivo Crescita 2022 Due, Amundi Obiettivo Crescita 2022, Amundi Obiettivo Risparmio 2022 Due, Amundi Obiettivo Risparmio 2022 Quattro, Amundi Obiettivo Risparmio 2022 Tre, Amundi Obiettivo Risparmio 2022, Amundi Valore Italia Pir, Amundi Sviluppo Italia and Amundi Risparmio Italia, Arca Fondi S.G.R. S.p.A., manager of the following funds: Arca Economia Reale Bilanciato Italia 30, Arca Economia Reale Equity Italia and Arca Azioni Italia; Eurizon Capital SGR S.p.A., manager of the following funds: Eurizon Progetto Italia 20, Eurizon Pir Italia 30, Eurizon Progetto Italia 70, Eurizon Azioni Italia, Eurizon Pir Italia Azioni, Eurizon Azioni Pmi Italia and Eurizon Progetto Italia 40; Eurizon Capital S.A., manager of the following funds: Eurizon Fund - Equity Italy and Eurizon Fund - Equity Small Mid Cap Italy; Fideuram Investimenti SGR S.p.A., manager of the following funds: Piano Azioni Italia, Piano Bilanciato Italia 30 and Piano Bilanciato Italia 50; Mediolanum Gestione Fondi SGR S.p.A., manager of the following funds: Mediolanum Flessibile Futuro Italia; Mediolanum International Funds - challenge funds - Challenge Italian Equity; Zenit SGR S.p.A., manager of the following funds: Zenit Obbligazionario and Zenit Pianeta Italia.

⁽⁹⁾ 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 Chairman (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 2020 Annual Accounts.

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

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

For further information on the slates filed by the Shareholders' Meeting of April 27, 2018 for the appointment of the Board, reference should be made to the *Governance* section of the Company's website at 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 table below reports the current members of the Board of Statutory Auditors in office during the year. The composition of the Board of Statutory Auditors did not change between the year-end and the date of this Report.

BOARD OF STATUTORY AUDITORS								
Office	Members	Year of birth	First Date Appointment *	In office until	Slate ****	Ind. Code	Attendance at Board meetings ***	No. of other offices ****
Chairperson	Consorti Gianfranco	1950	April 27, 2018	App. Accounts 2020	m	X	12/12	1
Statutory Auditor	Villa Pietro Michele	1967	July 22, 2015	App. Accounts 2020	M	X	12/12	4
Statutory Auditor	Spagnol Elena	1968	April 27, 2018	App. Accounts 2020	M	X	11/12	1
Alternate Auditor	Amoroso Stefano	1964	July 22, 2015	App. Accounts 2020	M	X	none	
Alternate Auditor	Ferrero Sonia	1971	July 22, 2015	App. Accounts 2020	m	X	none	
STATUTORY AUDITORS RESIGNING DURING THE YEAR								
-	-	-	-	-	-	-	-	-
Number of meetings held in the Year: 12								
Quorum required for the presentation of slates by minority shareholders for the election of one or more members (as per Article 148 <i>ter</i> CFA): 2.5%								

NOTE

* 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 meetings of the Board of Statutory Auditors may be held in different locations through audio or video links, on the condition that: (i) the Chairman of the meeting may ascertain the identity and right to attend of all present, govern the business of the meeting, in addition to verify and declare the voting results; (ii) the minutes-taker is able to adequately note all the matters pertaining to the meeting; (iii) attendees may participate in the discussions and vote simultaneously on the matters on the Agenda, as well as view, receive or transmit documentation. If all the aforementioned conditions are complied with, the meeting shall be deemed to have been held in the place where the Chairman is present and where the secretary of the meeting must be present, to permit the minute-taking of the meeting.

The Board of Statutory Auditors met 12 (twelve) times during the year, on the following dates: January 20, February 21 (session suspended and completed on March 4), March 13, March 16, March 23, March 25, March 30, May 15, June 25, August 4, September 23, and November 24.

The meetings were appropriately minuted. The average duration of Board of Statutory Auditors meetings was approximately 165 minutes.

In 2021, in addition to the 4 (four) Board of Statutory Auditors meetings already held on January 25, February 24, March 15 and March 18, 2 (two) more Board of Statutory Auditors meetings are planned.

During the year, given a total attendance level of approximately 97%, the attendance of each Statutory Auditor was respectively equal to: (i) 100% for Gianfranco Consorti, (ii) 100% for Pietro Villa, and (iii) 92% for Elena Spagnol.

In the meeting of February 19, 2019, the Board of Statutory Auditors assessed the independence of its members, already assessed on appointment, and also in accordance with the requirements for independence for Directors by the Self-Governance Code. The Board of Statutory Auditors assessed that all its members are in possession of the requirements of professionalism, expertise, good standing and independence required by law and the Self-Governance Code. The outcome of these assessments was positive and was subsequently sent to the Board of Directors. This was then communicated to the market in the press release dated March 20, 2019, available on the Issuer's website www.filagroup.it, in the *Pressroom* section.

The annual checks on whether its members continued to meet the independence requirements were again carried out by the Board of Statutory Auditors at the meetings held on March 4, 2020 and February 24, 2021. The Board of Statutory Auditors assessed that all its members are in possession of the requirements of professionalism, expertise, good standing and independence required by law and the Self-Governance Code. The outcome of these assessments was positive and was subsequently sent to the Board of Directors. This was then communicated to the market in the press release dated March 16, 2021, available on the Issuer's website www.filagroup.it, in the *Pressroom* section.

The Board of Statutory Auditors reviewed and shall review the independence of the independent 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 Audit Firm and its network.

The Board of Statutory Auditors constantly maintained normal 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 the preceding Paragraph 10.7 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 Chairman 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 Board of Directors meetings, 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. In this regard, it should be noted that the Shareholders' Meeting of April 18, 2019, in view of the changed organisational structure of the Company and the widened scope of the Group, approved the recalculation of the remuneration for the Board of Statutory Auditors in office until the approval of the financial statements as at December 31, 2020, effective from 2019. The Shareholders' Meeting set the annual gross compensation of the Chairman of the Board of Statutory Auditors at Euro 40,000.00, and the annual gross compensation of each Statutory Auditor at Euro 30,000.00.

The Issuer does not provide a specific obligation for the Statutory Auditors to promptly inform the other members of the Board of Statutory Auditors and the Chairman 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; this is due to the fact that the Issuer considers this disclosure information a normal duty for the parties which hold the position of Statutory Auditor.

In accordance with the By-Laws, during the year the Chief Executive Officer together with the Executive Director reported adequately and promptly to the Board of Statutory Auditors on the activities undertaken, on the general operating performance and outlook, as well as on major operations for their size or nature by the Issuer and its subsidiaries, in accordance with the provisions of law and the By-Laws, and therefore on a quarterly basis.

12.3 DIVERSITY CRITERIA AND POLICIES

On March 16, 2021, the Board of Statutory Auditors completed the self-assessment process, following which it informed the Board of Directors that it considered itself to be, in its entirety, suitable to cover the office entrusted to it with reference to its members possessing the requirements of professionalism, good standing, expertise and independence required by law and by the Self-Governance Code and, furthermore, that it considered the composition of the Board of Statutory Auditors' to also be suitable with respect to its members' experience, gender composition and age. 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 Company has not yet approved any diversity policies in relation to the composition of the 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, including the Self-Governance Code, to be entirely adequate to this purpose. This decision was confirmed by the Board of Directors at the meeting of March 16, 2021.

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. In light of the above, it should be noted that:

- (i) the allocation criterion set out in the previous formulation of Article 148-*ter* of the CFA, which required that at least one-third of the seats on the control body be reserved for the under-represented gender, continues to be applied in reference to the Board of Statutory Auditors in office at the date of this Report; and
- (ii) the allocation criterion set out in the new formulation of Article 148 of the CFA will apply, in the Company's case, when the new Board of Statutory Auditors is appointed by the Shareholders' Meeting called to approve the 2020 financial statements.

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' Regulations, 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, it is noted that, as 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 allocation criteria of both Article 148, paragraph 1-*bis* of the CFA and of Application Criterion 8.C.3 of the Self-Governance Code.

13. RELATIONS WITH SHAREHOLDERS

The disclosure upon relations with shareholders is ensured by making available the most relevant corporate documents in a timely and continuous manner on the Issuer's website 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.

In particular, all press releases issued to the market and the Issuer's periodic financial reports are available on the above-mentioned website as soon as they have been approved by the relevant bodies (Annual Financial Report, interim report, quarterly report).

The main Corporate Governance documents are also available on the aforementioned website.

On June 4, 2015, the Board of Directors appointed Stefano De Rosa as *Investor Relations Officer* of FILA (contact: 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.

As part of the activities to implement the provisions of the Corporate Governance Code, the Company is expected to adopt a procedure for dialogue with Shareholders during the 2021 financial year, in light of the Recommendations contained in that Code and the engagement policies adopted by institutional investors and asset managers.

14. SHAREHOLDERS' MEETING (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER C), CFA)

14.1 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.

It should be noted that the questions posed by shareholders prior to the Shareholders' Meeting of April 22, 2020, pursuant to Article 127-ter of the CFA, were answered by the Company in accordance with the applicable legal and regulatory provisions as well as the recommendations made by Consob on April 10, 2020 regarding the conduct of the Shareholders' Meetings of listed companies in the

manner set forth in Article 106 of Law Decree No. 18 of March 17, 2020 on "*Measures to strengthen the National Health Service and economic support for families, workers and businesses related to the epidemiological emergency from COVID-19*", converted with amendments into Law No. 27 of April 24, 2020, (the "**Italian Healthcare Decree**"). Specifically, on April 20, 2020, the Company published the text of the questions and the related answers in the appropriate section of its website, at the address www.filagroup.it "Governance - Shareholders' Meetings" section.

14.2 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).

It should be noted 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 22, 2020 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 Designated Agent 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.

14.3 PROCEDURES FOR SHAREHOLDERS' MEETINGS

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

For the valid constitution of the Shareholders' Meeting, both ordinary and extraordinary, and resolutions 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 resolutions, 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 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 Chairman of the Shareholders' Meeting may (i) ascertain 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 may participate in the discussions and vote simultaneously on the matters on the Agenda; (d) this method is contained in the call notice of the Shareholders' Meeting which also indicates the locations. The meeting shall be considered to have been held in the place where there are, simultaneously, the Chairman and the person taking the minutes.

For the manner in which the Shareholders' Meeting of April 22, 2020 was held, please refer to that illustrated in paragraph 14.2 above.

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 five per cent 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 website at 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 year, on April 22, 2020. 9 (nine) Directors and 3 (three) Statutory Auditors participated.

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

15. 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 the preceding Paragraph 10.4 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.

16. CHANGES SINCE THE END OF THE REPORTING PERIOD

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

17. CONSIDERATIONS ON THE LETTER OF DECEMBER 22, 2020 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

In the meeting of February 11, 2021, the letter sent by the Chairperson of the Corporate Governance Committee to the Chair of the Board of Directors, to the Chief Executive Officer and to the Chair of the Board of Statutory Auditors of the Company was brought to the attention of the Board of Directors.

The same recommendations were taken into consideration during the self-assessment carried out by the Board of Directors to verify adherence to the Self-Governance Code. This also sought to identify possible improvement in the areas with respect to which the Corporate Governance Committee of Borsa Italiana has urged improved compliance to the recommendations contained in the aforementioned Self-Governance Code. These recommendations were also considered in the subsequent meetings of March 16 and March 22, 2021.

In particular:

- sustainability issue: on December 10, 2020 the Board of Directors approved the 2021 - 2025 Group Strategic Plan, which includes, among its pillars, the integration of sustainability issues of the business into the definition of strategies, outlined in eight macro-areas within the Group's Sustainability Plan. These macro-areas, hinged on the Board of Directors' pursuit of the company's sustainable success, in compliance with the provisions of Article 1 of the Corporate Governance Code, are divided into various projects aimed at putting into practice Fila's constant commitment in this area, and refer to: (i) economic and financial sustainability; (ii) solid and transparent corporate *governance*, also through the adoption of the Regulation of the Board of Directors and of the sub-committees scheduled for 2021; (iii) support for the Communities; (iv) sustainable supply chain; (v) product quality and safety; (vi) respect, development and enhancement of employees and collaborators; (vii) protection of occupational health and safety; (viii) respect for the environment and resources.

In addition, it should be noted that the qualitative objectives for the short-term variable remuneration of Executive Directors for 2020 as well as for 2021 include specific sustainability objectives;

- pre-board information: during 2021, as part of the process of implementing the provisions of the Corporate Governance Code, it is planned to approve a set of regulations for the Board of Directors and its internal committees that will govern, among others, the terms and conditions for distributing pre-board information, in compliance with the provisions of the Corporate Governance Code;
- application of the independence criteria: on March 16, 2021, the Board of Directors approved the significance criteria pursuant to Recommendation No. 7, letters c) and d), in Article 2 of the Corporate Governance Code, aimed at verifying the independence requirements of the Directors and Statutory Auditors applicable from the assessment of the independence of the Directors who will be appointed by the Shareholders' Meeting called for April 27, 2021;
- self-assessment of the Board of Directors: in line with previous years, at the meeting of March 16, 2021, the Board of Directors took note of the results of the self-assessment process and oversaw the board review process and, as part of this process, assessed the board's

contribution to the definition of the strategic plans.

- appointment and succession of Directors: the Board of Directors
 - (i) did not establish an Appointments Committee, as recommended by Principle 5.P.1. of the Self-Governance Code, since this was not deemed necessary considering the structure of the Group and of the shareholder base of the Issuer;
 - (ii) did not deem it necessary to express an opinion on the optimal composition of the Board of Directors, in view of the fact that FILA is not a "company with a large shareholder base" pursuant to the Corporate Governance Code. As regards the self-assessment process of the Board of Directors and its Committees (so-called "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.
 - (iii) 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, it bears remarking that several persons of high standing were added to the FILA Group's organisational structure during the 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 Group's various departments.

- Remuneration Policy: the Board of Directors
 - (i) resolved to submit to the Shareholders' Meeting called for April 27, 2021 a proposed Remuneration Policy for 2021 which, in line with the Remuneration Policy for the year, includes:
 - clear indications regarding the weight of the variable component, distinguishing between components linked to annual and medium/long term objectives;
 - an appropriate link of variable remuneration to long-term performance objectives, including non-financial parameters;
 - the possibility of sums disbursed linked to non-pre-set parameters (i.e. ad hoc bonuses) is limited to exceptional and adequately described cases;
 - the Company's intention 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.

- (ii) reviewed the results of the remuneration benchmarking analysis carried out by an independent expert and, consequently, resolved on the proposal of the Remuneration Committee, to propose to the Shareholders' Meeting a review of the extent of the remuneration paid to Non-Executive Directors, in order to adjust it to the expertise, professionalism and commitment required by their office (for further information, reference should be made to the Remuneration Report available on the Company's website www.filagroup.it in the "Governance - Annual Reports" section).

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

Milan, March 22, 2021

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

On behalf of the Board of Directors

Giovanni Gorno Tempini

(Chairman)

