



Annual Report on
Corporate Governance and
ownership structure

pursuant to art. 123 bis of Legislative Decree 58/1998

2020 Business Year
15 March 2021

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INTRODUCTION

This report, approved by the Board of Directors of MARR S.p.A. (hereinafter also “the Company” or “MARR”) on 15 March 2021, has been drawn up in order to illustrate the corporate governance model adopted by MARR and, in fulfilment of that required by the laws in force, to report on the company’s adherence to the Corporate Governance Code for listed companies (hereinafter also “Code” or “Self-discipline Code”) in the version approved in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.¹

As of 1 January 2021, the Company has adopted a new Code of Corporate Governance drawn up by the Corporate Governance Committee in January 2020 and adequate information in this regard will be given to the market in the report on corporate governance to be published in 2022.

This document, published together with the Directors’ Report for the business year closed on 31 December 2019, also contains the information required by art. 123 bis of Legislative Decree 58/1998 Consolidated Law on Finance (hereinafter “CLF”).

I. COMPANY PROFILE

I.1 Company Set-up

Shareholders’ Meeting

The *Shareholders’ Meeting* represents the totality of MARR shareholders and provides the basis of the corporate decisions taken by the administrative body.

The functioning of the Shareholders’ Meeting is disciplined by the laws in force on the matter, the Corporate By-Laws and the MARR Regulations for Shareholders’ Meetings.

Administrative and auditing bodies

The Company is structured according to the “traditional” scheme provided by the Civil Code and therefore includes:

- a Board of Directors responsible for the management of the Company and invested with the widest ranging powers of ordinary and extraordinary management;
- a Board of Statutory Auditors responsible for ensuring the observance of the law and Corporate By-Laws and respect of the principles of proper management, especially the suitability of the organisational, management and accounting set-up adopted by the company and its proper functioning.

The aforementioned bodies are elected by the Shareholders’ Meeting.

Furthermore, in fulfilment of the laws in force, the Shareholders’ Meeting held on 28 April 2016 assigned the duty of auditing the company accounts to the independent auditing firm PricewaterhouseCoopers S.p.A. for a period of 9 years.

¹ The Corporate Governance Code is accessible by the public on the website of the Corporate Governance Committee on <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2018clean.pdf>

The functioning of the corporate bodies is disciplined by the Code and the laws on the matter and the MARR By-Laws and, as regards the Board of Directors, by the relative Regulation.

1.2 Corporate governance documents

The following are the principal documents defining the corporate governance of MARR:

- “Corporate By-Laws”;
- “Corporate Governance Code”
- “Regulations for Shareholders’ Meetings”.

In order to favour the best possible awareness of the governance model of the Company on the market and of the shareholders in general, the above documents are available on the Company website www.marr.it.

As provided in Recommendation 11 of the Code of Corporate Governance, the Board of Directors has adopted:

- the Regulation of the Control and Risk Committee, in 2017;
 - the Regulation for the functioning of the Board of Directors, in 2020,
- aimed at defining the rules for the functioning of the two bodies, including the methods of taking minutes of meetings and procedures for disclosing information to the directors.

2. INFORMATION ON THE OWNERSHIP STRUCTURE EX ART. 123, PARA. 1, CLF AS AT 31 DECEMBER 2020

a) Structure of the share capital (ex art. 123 bis, para. 1, subsection a) CLF)

The share capital of MARR, established as 33,282,715 Euros of which 33,262,560 Euros has been subscribed and paid-up, is divided into 66,525,120 ordinary shares with a nominal value of 0.50 Euros each.

MARR ordinary shares are listed on STAR segment of Borsa Italiana Main Market (MTA).

The rights and obligations for the various categories of shares are indicated in the Corporate By-Laws, specifically in article 7, the main dispositions of which are outlined below.

- Shares are freely transferable.
- Shares are nominative.
- Every share gives the right to cast one vote, the possibility of increasing this number holding firm if the conditions are in place.
- Shares may not be represented by securities and are issued and listed under a regime of dematerialisation.
- In addition to ordinary shares, the Company may also issue categories of shares with different rights, including those with limited voting rights or savings, in respect of the requirements of the law.

The following table shows MARR’s share capital structure.

Table 1

Structure of the share capital				
	No. of shares	% with respect to the share capital	Listed	Rights and obligations
Ordinary shares	66,525,120	100%	MTA/STAR	See above

Structure of the share capital				
	No. of shares	% with respect to the share capital	Listed	Rights and obligations
Shares with multiple votes	-	-	-	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

b) Shareholding limits (ex art. 123 bis, para. 1, subsection b), CLF)

There are no restrictions on the transfer of Company securities.

c) Significant shareholdings (ex art. 123 bis, para. 1, subsection c), CLF)

On the basis of the findings in the book of shareholders, the communications received pursuant to the law and other available information, as of 15 March 2021, the following shareholders directly or indirectly, also through brokers, trust companies and subsidiary companies, hold shareholdings of more than 2% in the share capital with the right to vote:

Table 2

Significant holdings in the capital			
Declarer	Direct shareholder	% share in the ordinary capital	% share in the voting capital
LUIGI CREMONINI	Cremonini S.p.A	50.42%	50.42%
FMR LLC	Fidelity Management & Research Company LLC	1,451%	1,451%
	FIAM LLC	0,122%	0,122%
	Fidelity Institutional Asset Management Trust Company	0,588%	0,588%
	Fidelity Management & Research (Japan) Limited	0,847%	0,847%
	Tot	3,009%	3,009%

d) Securities bearing special rights (ex art. 123 bis, para. 1, subsection d), CLF)

No shares bearing special control rights have been issued.

On 28 April 2020, the extraordinary shareholders' meeting approved the modification of art. 7 of the By-Laws, introducing the increase in voting rights through the "increase in votes" pursuant to art. 127-quinquies of the TUF.

The By-Laws provide that two votes be attributed to each share belonging to shareholders who have requested listing in a special list and who have been listed on said list for a continuous period of not less than 24 months.

There are currently no shares that have accrued the right to increase in votes.

e) *Company shareholdings owned by employees: the mechanism for the exercise of voting rights (ex art. 123 bis, para. 1, subsection e), TUF)*

There is no mechanism for the exercise of voting rights as there are no systems of company shareholdings dedicated to them.

f) *Restrictions on voting rights (ex art. 123 bis, para. 1, subsection f), CLF)*

There are no restrictions on voting rights.

g) *Agreements between shareholders (ex art. 123 bis, para. 1, subsection g), CLF)*

There are no intra-company agreements ongoing pursuant to art. 122 CLF.

h) *Change of control clauses (ex art. 123 bis, para. 1, subsection h), CLF) and statutory dispositions concerning public purchase bids "PPB" (ex arts. 104, para. 1 ter, and 104 bis, para. 1, CLF)*

There are no significant contracts in which the Company or its subsidiaries are involved and which become effective, are amended or are terminated if the control of the contractual company changes.

As regards PPB, the Company By-Laws do not derogate to the dispositions concerning the passivity rule provided by art. 104, paragraphs 1 and 1 bis of the CLF and do not provide for the application of the neutralisation rules contemplated in art. 104 bis, paragraphs 2 and 3 of the CLF.

i) *Indemnities for the Directors in the case of resignation, dismissal without just cause or termination of working relations following a public purchase bid (ex art. 123 bis, para. 1, subsection i), CLF)*

The information required by art. 123 bis, first paragraph, subsection i) of the CLF is provided in the section of the Report concerning the remuneration of the directors.

l) *Appointment and replacement of Directors and statutory amendments (ex art. 123 bis, , para. 1, subsection l), CLF)*

i) *Appointment and replacement of Directors*

The information required by art. 123 bis, first paragraph, subsection l) of the CLF is provided in the section of the Report on the Board of Directors.

ii) *Statutory amendments*

The dispositions of the law are applicable as regards statutory amendments. The Board of Directors may adjust the corporate By-Laws to take into account regulatory dispositions as established in the Corporate By-Laws themselves.

m) *Delegated powers regarding share capital increase and authorisation to purchase of own shares (ex art. 123 bis, para. 1, subsection m), CLF)*

There were no delegated powers issued to the Board of Directors regarding share capital increase pursuant to article 2443 of the Civil Code and the Board itself does not have the power to issue shareholding financial instruments.

Today MARR does not hold treasury shares.

n) *Management and coordination activities (ex art. 2497 and following of the Civil Code)*

Pursuant to art. 2497 and following of the Civil Code, MARR is subject to the management and coordination of the majority shareholder Cremonini S.p.A., with legal headquarters in Castelvetro di

Modena (MO), Via Modena 53, Internal Revenue Code and Modena Register of Enterprises number 00162810360.

In turn, MARR exercises management and coordination activities over the subsidiary companies identified in the annual financial report as at 31 December 2019.

3. COMPLIANCE

(ex art. 123 bis, para. 2, subsection a), CLF)

Since its listing on the stock exchange in June 2005, the Company adheres to the Code and has adopted an internal Rules of Self-Discipline aimed at making corporate governance compliant with the principles in the Code.

The Company's Rules of Self-Discipline was updated several times to adjust its contents to the changes made to the Code over the years.

As already stated in the Premise, the Company adopted on 1 January 2021 the new Code of Corporate Governance, drawn up by the Corporate Governance Committee in January 2020.

The Company and its subsidiaries² are not subject to legal dispositions which affect the corporate governance structure of MARR.

4. BOARD OF DIRECTORS

The management of the Company is assigned to a Board of Directors, composed of between 5 and 11 members, appointed by the Shareholders' Meeting on the basis of the lists of candidates submitted. Gender equilibrium must be ensured in the composition of the Board of Directors, in respect of the applicable laws and regulations in force from time to time.³

The members of the Board are appointed for not more than three business years and step down on the date of the Shareholders' Meeting for the approval of the financial statements for the last business year of their term and may be re-elected.

If the shareholders' meeting has not already done so, the Board of Directors elects the Chairman from amongst its members. The Board may also elect a Deputy-Chairman who replaces him if he is absent or hindered and a Secretary, choosing one who is not necessarily a Board member.

The Board meets on a regular basis and is organised and operates so as to ensure the effective and efficient execution of its own functions. It is properly qualified and has full powers of an ordinary and extraordinary nature, in respect of the applicable laws and regulations in force, the statutory regulations in force and the Code

² It must be stated that none of MARR's subsidiaries has strategic relevance.

³ pursuant to art. 147-ter, paragraph 1-ter of the TUF, at least two-fifths of the directors elected must be of the less represented gender.

The Corporate By-Laws provide that the Board of Directors meets at the Company headquarters or elsewhere in the European Union whenever the Chairman deems it necessary or whenever a written request is made by at least two of its members or at least two Auditors.

Meetings are called by the Chairman by notification to be sent at least five days prior to the date of the meeting to each Director and Standing Auditor; in cases of urgency, it must be sent at least two days prior. The notification can be written on any means of support (paper or magnetic) and may be dispatched using any communications system (including fax and electronic mail) which guarantees proof of receipt.

Meetings may also be held by teleconference/videoconference or audio conference on condition that each of the participants is able to be identified by all others and that each of the participants is able to follow the discussions and intervene in real time during the discussion of the items to be examined. Should these conditions be in place, the meeting shall be deemed to have been held at the location where the Chairman and Secretary are present.

The presence of the majority of the members is required for the decisions of the Board of Directors to be valid.

Decisions are taken on the basis of the majority of votes of those present, and in the case of parity, the Chairman of the meeting shall have the casting vote.

The decisions of the Board of Directors are ascertained in the minutes of the meeting, signed by the Chairman and Secretary.

4.1 Appointment and replacement

(ex art. 123 bis, para. 1, subsection I), CLF)

The appointment and replacement of Directors are disciplined by the Corporate By-Laws and the laws and regulations in force on the matter.

Art. 13 of the Corporate By-Laws provides that the members of the Board of Directors are elected on the basis of lists of candidates.

Should there be more than one list, one of the members of the Board of Directors must be from the list which obtained the second highest number of votes.

Only those shareholders who, either individually or together with others, hold a total number of shares with the right to vote representing at least 2.5% of the share capital have the right to submit lists. This percentage of shares may be otherwise established or recalled by the mandatory dispositions of the law or regulatory dispositions.⁴

Shareholders, and also shareholders linked by control or connection relations pursuant to the Civil Code, may not submit or vote for more than one list, even through an intermediary individual or trust company. Candidates may only be listed on one list, on penalty of being ineligible.

The candidates included in the lists must be listed by progressive number and possess all the suitability requirements provided by the law.

⁴ The Consob resolution no. 28 dated 30 January 2020 established for MARR that the lesser quota provided by the Corporate By-Laws holding firm, the shareholding quota required for the submission of lists of candidates for election to the administrative and auditing bodies for 2020 is 1.0%

The lists must indicate which of the candidates are in possession of the independence requirements established by the law and regulations in force. The candidate listed as number one in the progressive order must also be in possession of the independence requirements.

The lists which contain three or more candidates must also include candidates of different genders so as to ensure that the composition of the Board of Directors respects that provided by the laws and regulations in force concerning gender equality.

The lists submitted must be filed at the company headquarters at least twenty-five days prior to the date of the first call of the Shareholders' Meeting and this must be mentioned in the notification of call.

In order to legitimise the submitted lists, an appropriate communication issued by the authorised brokers, proving the ownership of the shareholding in the company determined with regard to the shares registered in the name of the shareholders on the day on which the lists are filed at the Company, has to be provided to the Company. The communication may also be received subsequently to deposit, as long as it is produced within the deadline laid down for the publication of the lists by the Company.

The declarations in which individual candidates accept their candidatures and certify, under their own responsibility, the possession of the prescribed requirements must be filed. Candidates who do not observe the above rules shall be deemed ineligible.

The lists are available to the public at the company headquarters, the company website and in the other methods provided by the applicable regulatory dispositions at least twenty-one days prior to the meeting.

The election of the members of the Board of Directors is carried out as follows:

- (i) all but one of the Directors to be elected will be taken from the list obtaining the highest number of votes, on the basis of the progressive order in which the candidates are listed on the list;
- (ii) in compliance with the legal dispositions, one director is elected from the list obtaining the second highest number of votes, who may not be connected in any way, even indirectly, with the shareholders who submitted or voted for the list obtaining the highest number of votes, on the basis of the progressive order in which the candidates are listed in the list.

That outlined above holding firm, in the case in which more than one list has obtained the same number of votes, the majority list shall be considered to all effects to be that voted for by the most shareholders and, in the case of parity, the list filed first.

The same rules are applicable in the case in which several minority lists have obtained the same number of votes.

For the purposes of dividing the Directors to be elected, lists which obtained a percentage of votes of less than half of that required for the submission of lists shall not be taken into account.

If only one list is submitted, or if the minority lists submitted have not obtained a percentage of votes equal to at least half of that provided in the above paragraph, the members of the Board of Directors will be taken from the only valid list.

Should the laws in force concerning gender equality not have been requested after the above voting and operations, the candidate of the most represented gender elected last in progressive order from the list obtaining the highest number of votes shall be replaced by the first candidate of the less represented gender not elected from the same list according to the progressive order.

Lastly, should this procedure not ensure the respect of the laws in force on gender equality, the replacement shall be made by majority resolution of the Shareholders' Meeting, after the presentation of candidatures from individuals of the less represented gender.

Should the candidates elected by the above methods not ensure the appointment of the minimum number of directors in possession of the requisites of independence foreseen by the applicable laws in relation to the overall number of directors, the non-independent candidate elected last in

progressive order from the list obtaining the highest number of votes shall be replaced by the first candidate – in possession of the legal requisites of independence – according to the progressive order not elected from the same list, or otherwise by the first independent candidate according to the progressive order not elected from the other lists, taking into account the number of votes obtained by each list, as long as in respect of the laws in force concerning gender equality.

Should said procedure not ensure that the Board of Directors does not include the minimum number of directors in possession of the legal requisites of independence foreseen by the law, replacement shall be made by resolution of the Shareholders' Meeting with the legal majorities, after presentation of candidatures in possession of said requisites, always in respect of the laws in force concerning gender equality.

If no lists have been presented within the required deadline or no list has been found to be admissible, the Shareholders' Meeting shall proceed, at the Chairman's invitation, to appoint the Directors by resolution passed by the majority of voters, in any case safeguarding the appointment of the minimum number of directors in possession of the legal requisites of independence required by the laws in force at the time and in respect of the laws in force concerning gender equality.

Art. 14 of the Corporate By-Laws establishes that should one or more Directors step down from office during the business year, the procedure pursuant to art. 2386 of the Civil Code will be followed, according to that indicated below:

(i) the Board of Directors will appoint replacements from the names on the list which the Directors no longer in office were included in and the Shareholders' Meeting will reach a decision, with the legal majority required, respecting the same principle;

(ii) should there be no candidates left on the list from which the directors were elected, the Board of Directors will appoint replacements without observing that indicated in point (i) above, and the Shareholders' Meeting will reach a decision on the basis of the majority required by the law.

In any event, the replacement of the board members stepping down is done by the Board of Directors, ensuring the respect of the laws and regulations in force concerning gender equality.

However, should the majority of the Directors appointed by the Shareholders' Meeting resign or step down from office for any other reason, the entire Board of Directors shall be deemed to have resigned and an urgent meeting of the Shareholders' Meeting shall be called for the appointment of the new Board by the Directors still in office, who in the meantime may carry out everyday management activities.

Succession Plans

The Board of Directors decided not to implement any plan for the succession of the executive directors.

Pursuant to recommendation 24 in the Code of Corporate Governance in force since 2021, the administration body of MARR, being a "large company", will define a plan for the succession of the Chief Executive Officer and the executive directors, plan which identifies at least the procedures to be followed in the event of advance termination of their office.

4.2 Composition

(ex art. 123 bis, para. 2, subsection d), CLF)

The Shareholders' Meeting on 28 April 2020 established as 7 the number of members of the Board of Directors and appointed them by voting from lists according to that established by the Corporate By-Laws and in respect of the laws and regulations in force.

Taking into account that only Shareholders who individually or together with others possess shares bearing the right to vote representing at least 1,0% of the share capital have the right to submit lists, two lists were submitted:

- the first was submitted by the majority shareholder “Cremonini S.p.A.”, the owner of a total of 33,544,533 shares, amounting to 50.42% of the share capital;
- the second was submitted by a group of minority shareholders owning a total of 2, 307,068 shares, amounting to 3.47% of the share capital.

According to that established by the Corporate By-Laws, the lists submitted was filed at the company headquarters at least twenty-five days prior to the date of the meeting with the relevant communication released by the authorised broker proving ownership of the shareholding in question.

The declarations required by the Corporate By-Laws and the laws and regulations in force were filed together with the lists, in addition to exhaustive information on the personal and professional qualifications of the candidates.

The Share Capital represented in the shareholders’ meeting and that has all voted with regard to the appointment of the directors by voting from lists constituted 82.08% of the share capital; the list submitted by the majority shareholder “Cremonini S.p.A.” obtained the preference of 55.62% of the share capital, while that submitted by some of the minority shareholders obtained 26.41% of the preferences.

The Board shall remain in office until the Shareholders’ Meeting called for the approval of the financial statements as at 31 December 2020.

The Shareholders’ Meeting on 28 April 2020 also appointed Mr, Ugo Ravanelli as Chairman of the Board of Directors, while the Board of Directors meeting held on the same day appointed as Chief Executive Officer Mr. Francesco Ospitali.

The Board of Directors in office as at 31 December 2020 was composed of the following members:

Member	Position	Years in office since initial appointment (years) ⁵
Ugo Ravanelli	Chairman of the Board of Directors	4 ⁶
Francesco Ospitali	Chief Executive Officer	7
Claudia Cremonini	Non-executive director	9
Vincenzo Cremonini	Non-executive director	20
Marinella Monterumisi	Independent director	7 ⁷
Alessandro Nova (I)	Independent director	4
Rossella Schiavini	Independent director	4

(I) part of the minority list

⁵ The report in question takes into account a round-up for fractions in excess of 6 months.

⁶ Mr. Ugo Ravanelli was also a director for 20 years on previous Boards. | |

⁷ Mrs. Marinella Monterumisi also acted as a standing auditor of the Company from 28 April 2011 to 28 April 2014.

The following are included in Annex A to this Report:

- a) structure of the Board of Directors and Committees;
- b) the indication of the positions of Director or Auditor filled by the members of the Board of Directors in other listed companies on regulated stock markets, in financial companies, banks, insurance companies or others of significant dimensions, specifying if the company in which the position is held is a member of the Group to which the Company belongs or not;
- c) an informative note on the personal and professional skills of the members of the Board of Directors.

Policies on diversity (ex art. 123-bis paragraph 2, sub. d –bis) TUF)

Although the Company has not adopted a specific policy in terms of diversity with regard to aspects such as age, gender composition, training and professional careers and the composition of the administration and management bodies, it has taken these matters substantially into account in defining the positions and identifying the candidates suited to filling the role of Director.

As confirmation of this, in the Reports and proposals to the Directors on the items of the agenda of the shareholders' meeting on 28 April 2020, the Board of Directors proposed the following recommendation in this regard to the shareholders' meeting, concerning, among other things, the composition of the Board of Directors:

“in addition to proper gender representation, which is envisaged by the law, we believe it would be opportune to maintain the current diversity in terms of skills, professional specialisations, managerial history and knowledge of the various aspects of the everyday business”.

Consequently, the current composition of the Board of Directors, in addition to ensuring gender equality, has an adequate level of “diversity”, enabling, as a result of the personal and professional characteristics of each of the members, an adequate and detailed examination of the various questions normally raised for their attention, taking into account the dimensions, structure and reference market of the Company.

The Company has adopted a Human Resource Management Policy aimed at pursuing the development and valorisation of its collaborators based on merit, effective skills and capacity and potential, taking attitude and aspirations into account, in full respect of the criteria of impartiality and equity, with no discrimination on the grounds of ethnicity, language, gender, political opinions or religious beliefs.

MARR also promotes the respect of the criteria of Social Responsibility laid down by regulation SA 8000 (social Accountability) within its workforce and in the supply chain, as well as that defined by the Company's Code of Ethics.

Maximum number of positions held in other companies

The Board of Directors establishes the maximum number of management and auditing positions held in other companies that can be considered compatible with the effective performance of the role of Director of the Company:

- a) an executive director should not hold:
 - i) the office of executive board member in another listed company or a company with a net equity in excess of 5 billion Euros;

- ii) the office of non-executive board member or statutory auditor in more than three of the aforementioned companies;
- b) a non-executive director should not hold the following in addition to the post held in the company
 - i) the office of executive director in more than one listed company or in more than two companies with a net equity in excess of 5 billion Euros;
 - ii) the office of non-executive director or auditor in more than ten of the aforementioned companies.

The offices held in other companies in the MARR Group are excluded from the maximum limit.

The current Board of Directors complies with the above criteria.

Induction Programme

The Chairman of the Board of Directors will ensure that the directors will acquire an adequate knowledge of the sector of business in which the Company operates, corporate dynamics and their evolution, the principles of proper management of risks and the reference regulatory and governance framework, in the most opportune forms, through constant informative updates.

Specifically, during the course of 2020, the Chairman of the Board of Directors, through suitable communications through the related company functions and during Board meetings, reported and updated the Directors on the following, among others:

- share trend and analysts' reports;
- studies and detailed information taken from the national press concerning the reference market;
- novelties in the reference regulatory framework.

With the assistance of the Secretary and in agreement with the Chief Executive Officer, the Chairman of the Board of Directors also ensured that the meetings of the Board of Directors were attended by the competent management on the basis of the topic, to provide the opportune details on the items on the agenda. Specifically, during the course of 2020, 7 meetings of the Board of Directors, were attended by 6 managers, some of whom attended more than one meeting, and they provided details concerning matters of a commercial and financial nature, human resources, relations with the financial community and the company's strategic plans, legal matters with regard to the laws in force on data protection (GDPR) and the Organizational Model ex Legislative Decree 231/2001.

4.3 Role of the Board of Directors

(ex art. 123 bis, para. 2, subsection d), CLF)

Board meetings

The regular holding of board meetings is ensured by the provision that there should be at least four meeting each year. The annual calendar of corporate events, with the planned dates for the meetings for the approval of the draft financial statements, the half-yearly financial report and the interim reports, is notified to the stock market within 30 days of the start of the year and is available on the company website.

The Board of Directors held 13 meetings during the course of 2020. 2 meetings have already been held since the beginning of 2021, including that for the approval of the annual financial report as at 31 December 2020 and of this Report. The meetings lasted for an average of about 90 minutes.

The Regulation on the functioning of the Board of Directors provides that, prior to each meeting of the Board, the Chairman, with the support of the Secretary, ensures that the Directors and Statutory Auditors are provided all the information necessary for them to intervene with awareness on the matters being resolved. Specifically, the documentation concerning the items being discussed and resolved on the by Board of sent with suitable advance notice, which is usually at least 3 days prior to the meeting, except when specific circumstances do not allow; in such an eventuality, the documentation is sent as soon as it is available.

Should the Chairman deem it opportune, in exceptional cases and when brought on by urgency, the documentation concerning the matters to be resolved on can be provided directly during the course of the meeting.

Further documentation not strictly concerning the items to be discussed and resolved on by the Board may be provided in the timeframes and methods deemed most opportune by the Chairman.

During the course of the year, the aforementioned deadline for sending the documentation for Board meetings was generally respected, except in cases of urgency.

The information provided is integrated and, when deemed opportune, replaced by that illustrated during the course of the Board meeting, thereby ensuring that the Board members reach decisions with awareness.

The support documentation for meetings of the Board is prepared by the competent corporate departments and subsequently made available to each Director and Statutory Auditor according to the instructions of the Chairman on a "reserved area" of the Company website, managed by the Secretary to guarantee reserved access for Directors and Statutory Auditors only.

Functions of the Board

In fulfilment of the Code, the Board examines and approves the strategic, industrial and financial plans of the Company and the Group, periodically monitoring their implementation, and defines the Company's corporate governance system and Group structure.

The Board of Directors has judged the organisational, administrative and accounting set-up of the Company to be adequate, with specific reference to the system of internal auditing and risk management.

Lastly, the matters not delegable pursuant to art. 2831 of the Civil Code and the laws in force are the exclusive responsibility of the Board of Directors.

In addition, in the framework of the duties assigned to it by the Code, the Board:

- assesses the general performance, taking into particular attention to the information received from the Chief Executive Officer and periodically comparing the results achieved with those planned.
- decides about the transactions of the Company and its subsidiaries if such transactions have a significant strategic, economic, equity or financial relevance to the Company itself.

The Board of Directors has laid down certain limits to the powers of the Chief Executive Officer as regards the execution of transactions of significant strategic, economic, equity or financial relevance (see the following chapter); it has also adopted a suitable internal procedure for the transactions with related party (see the relevant chapter).

As required by the Rules, in its meeting on 14 November 2019, the Board of Directors performed an assessment of the functioning, dimensions and composition of the Board itself and its committees, expressing a positive opinion in this regard.

The Chairman of the Board of Directors, assisted by the Corporate Affairs Department, is the internal individual responsible for the preliminary phase of the self-assessment process.

The Board of Directors expressed its own assessment:

- a) comparing some elements concerning dimension, composition and functioning with that encountered in other listed companies, the most up-to-date version of the statistical data processed by Assonime being taken as the reference point for this assessment;
- b) analysing the results of the questionnaire distributed to all members of the Board and its Committees.

On 28 September 2020, the Board of Directors adopted the “Regulation for the functioning of the Board of Directors” in order to discipline the functioning of the Board itself, including taking the minutes of meetings and the procedures for the management of disclosure of information to the directors. Said Regulation, anticipating that indicated in the new draft of the Code of Corporate Governance, establishes that the Board carry out a self-evaluation at least every three years and, in any event, whenever the administrative body is coming to the end of its term of office. For this reason, the Board did not carry out any self-evaluations during the course of 2020.

The Shareholders' Meeting did not generally or preventively authorise any derogations to the ban on competition provided by art. 2390 of the Civil Code.

4.4 Executive Bodies

The Chief Executive Officer

Pursuant to art. 21 of the Corporate By-Laws, the Board of Directors may delegate, within the limits laid down by the law, part of its duties and powers, including that of corporate signature, to one or more of its members with the qualification of Chief Executive Officer, determining the contents, limits and methods of exercising the proxy.

On 28 April 2020, the Board of Directors appointed as Chief Executive Officer Mr. Francesco Ospitali.

In the framework of the powers conferred, the Chief Executive Officer are the legal representative of the Company.

Those concerning the following transactions are among the powers conferred:

- the stipulation with all the opportune clauses, including the arbitration clause, amendment, termination, transfer and acquisition by transfer of contracts for the sale and purchase and mortgaging of stocks and shares in general, including vehicles and other means of transport, for an amount per single transaction not exceeding 600,000.00 (six hundred thousand/00) Euros;
- participation in tenders issued by Public Administrations of the State and public and private bodies for the supply of goods, services and provisions in general, presenting offers and in the case of adjudication, signing the relevant contracts, for a total amount per single batch and/or per transaction not exceeding 40,000,000.00 (forty million/00) Euros per year, with the right in this context to

delegate to officers of the Company and third parties the powers deemed necessary for the execution of the functions and duties assigned to them;

- the inclusion of the Company in temporary associations of businesses, also with subsidiaries of the parent company, only for participation in tenders with Public Authorities of a duration of not more than three years and per single batch and/or per transaction valued at not more than 40,000,000.00 (forty million/00) Euros per year, as envisaged by Legislative Decree 50 dated 18 April 2016, with the right to delegate to officers of the Company and third parties the powers that he may deem necessary for the completion of the functions and duties assigned to them;

- stipulate contracts, with all the opportune clauses, including the compromissory clause, modify, terminate, transfer and acquire by transfer lease contracts, for an amount per single transaction not exceeding 1,300,000.00 (one million three hundred thousand/00) Euros annually;

- the acquisition of services concerning intellectual property rights, in any case concerning the corporate purpose, with the right to begin working relations of a continuing nature, for an amount per single transaction not exceeding 400,000.00 (four hundred thousand/00) Euros;

- release bank guarantees and collateral, in the measure not exceeding individually the amount of 2,500,000.00 (two million five hundred thousand/00) Euros in favour of Credit institutes and/or Entities and financial and insurance companies for authorisations to operate on overdrawn bank accounts, import goods and products and the freeing of bills of exchange, bills, bank receipts and commercial invoices requested by the companies which the Company directly or indirectly controls;

- request bank guarantees and collateral from Credit institutes and/or Entities and financial and insurance companies and third parties in general for up to a maximum of 2,000,000.00 (two million/00) Euros per transaction, aimed at the participation in public tenders by subsidiary companies for supplies and/or procurement for Public Authorities which require such security deposits and/or guarantees to be issued by Credit Institutes;

- the definition and settlement of payments for damages and accidents, up to a maximum amount per single transaction of 10,000,000.00 (ten million/00) Euros, designating for this purpose experts, physicians and accident and legal commissioners, making the relevant payments and receiving and issuing the required receipts;

During the 2020 business year, the Chief Executive Officer exercised the powers conferred upon them for everyday management, while significant transactions in terms of quality or value were submitted for examination by the Board of Directors.

Pursuant to the Code, the Chief Executive Officer was also attributed the following roles and responsibilities, which were punctually carried out during the business year:

- a) ensuring the timely and valid formulation of objectives, strategies, macro-organisational choices and policies for the expansion, conduction and management of the Company in the areas of those competence and for the purpose of assessment and decision-making by the Board of Directors;
- b) reporting to the Board of Directors on the expansion, conduction and management of the Company, More specifically, he is responsible for the results achieved, on the basis of the approved objectives, strategies and policies.

Pursuant to the Code, the Chief Executive Officer is not a director in another listed company not belonging to the same group, of which the Chief Executive Officer is a director of the Company.

The Chairman of the Board of Directors

The Corporate By-Laws provide that the Board should elect a Chairman from among its members should the Shareholders' Meeting not already have done so.

Powers of legal representation of the Company are conferred upon the Chairman of the Board of Directors.

The shareholders' meeting on 28 April 2020 appointed Mr. Ugo Ravanelli as Chairman of the Board of Directors; Mr. Paolo Ferrari had previously held this position.

The Chairman, who has the powers provided by the Civil Code, the Corporate By-Laws, Regulation on the functioning of the Board of Directors and the Code, usually presides over:

- the meetings of the Board of Directors, which he calls, ensuring that all the members receive with adequate notice all the documentation and information required to enable them to express themselves knowledgably and with awareness on the items on the agenda;
- the Shareholders' Meeting, also exercising the wide-ranging powers conferred by the Assembly Regulations to ensure that meetings are held properly and correctly.

The Chairman of the Board of Directors is invited to attend the meetings of the internal Committees in order to ensure coordination with the Board of Directors itself.

The Chairman did not receive management proxies and has no specific role in the preparation of the corporate strategies.

Informing the Board

Within the context of his own responsibilities, the Chief Executive Officer has periodically informed the Board of the activities carried out in exercising the proxies attributed to them. He also provided detailed information to the Directors and Auditors, in compliance with the laws in force and the Corporate By-Laws, on the activities carried out, the general management performance and outlook, and also on the transactions deemed most significant from an economic, financial and equity viewpoint carried out by the Company or by its subsidiaries, on at least a quarterly basis.

4.5 Other executive directors

Mr. Pierpaolo Rossi, who is the Manager of the Administration, Finance and Control Department of the Company and Manager responsible for the preparation of the company's accounts documents, was an executive director from 28 April 2017 to 28 April 2020.

4.6 Independent Directors

The non-executive and independent members of the Board of Directors are such, in terms of number and authority, as to ensure they have a significant say in the decisions made by the Board. In the absence of any objective indications in the Code, this consideration is supported by the fact that the number of independent directors, equal to 3, is more than that required by the Instructions for the Regulation of the Stock Markets organised and managed by Borsa Italiana S.p.A. for the STAR segment ("Segmento Titoli Alti Requisiti", high requirement shares segment), which establishes that 2 independent directors are adequate if the Board has until 8 members.

In compliance with that prescribed by the Code, the independence of the directors Messrs Marinella Monterumisi, Alessandro Nova and Rossella Schiavini was assessed in the first meeting after their appointment by the Board of Directors, held on 28 April 2020,. The assessments were made on the basis of the information provided by the interested parties or in any case available to the Company, using the criteria of independence provided by art. 148 of the CLF and art. 3 of the Code.

Il Sig. Ugo Ravanelli, pur avendo dichiarato prima della nomina di possedere i requisiti di indipendenza previsti dal TUF e dal Codice, non ha potuto confermarsi come amministratore indipendente ai sensi del Codice avendo egli assunto la carica di Presidente del Consiglio di Amministrazione, che, come da criterio applicativo 3.C.1 e 3.C.2 del Codice, lo configura quale “esponente di rilievo”.

The Board of Statutory Auditors ascertained the correct application of the assessment criteria and procedures adopted by the Board in assessing the independence of its members.

During the course of 2020, the independent directors met once in the absence of the other directors. The meeting concerned the the application and compliance with the Corporate Governance Code by the Company.

In compliance with art. 13, paragraph 2 of the Corporate By-Laws, the loss of the independence requirements by a director does not constitute a reason to step down should the minimum number of components, as provided by the laws in force, in possession of the legal independence requirements remain in office.

4.7 Lead Independent Director

Given that the Chairman is not the main person responsible for the management of business activities, nor the person controlling the Company, it was not necessary to appoint a Lead independent director.

5. PROCESSING OF CORPORATE INFORMATION

The Company has adopted a “Procedure for the management of insider and confidential information” (hereinafter “Insider information procedure”) in fulfilment of EU Regulation no. 596/2014 and following the instructions contained in the Consob Guidelines on “Management of insider information” No. 1/2017 of October 2017.

The Chief Executive Officer of the Company is responsible for the internal management of confidential information, and may propose to the Board of Directors the adoption of suitable circulars for the specific implementation of the dispositions contained in the Procedure.

All relationships with the press and other media, as well as with financial analysts and institutional investors, involving documents and confidential information, particularly with regard to the privileged information, concerning the Company and / or its subsidiaries may be made only by agreement with the Chairman and / or Chief Executive Officer of the Company, in compliance with the provisions and procedures laid down in the Inside information procedure.

In 2020, the Company also adopted a “Regulation for the management of relations with means of information”, in order to better define the entities and subjects responsible for managing the relations with means of information and authorising the publication of press releases and the distribution of press information.

Said procedures and regulations are available for consultation on the Company website www.mam.it in the corporate governance section.

6. INTERNAL COMMITTEES OF THE BOARD (*ex art. 123 bis, para. 2 subsection d), CLF*)

On 28 April 2017, in the meeting after the shareholders' meeting renewed the corporate bodies, the Board of Directors resolved to form a Control and Risk Committee and a Remuneration and Nomination Committee and attribute to them the duties envisaged by the Code. Said Committees functioned until the administrative body ended its term of office on 28 April 2020. On said date, the newly appointed Board of Directors, in respect of the dispositions of the Code, decided to:

- form another Control and Risk Committee;
- attribute the functions of the Remuneration Committee and Nomination Committee to the entire Board of Directors, in order to simplify corporate governance.

The following chapters contain more information concerning the composition and functioning of the Internal Committees of the Board.

7. REMUNERATION AND NOMINATION COMMITTEE

(ex art 123-bis, para. 2, subsection d), CLF)

The meeting of the Board of Directors on 28 April 2017 established that the "Remuneration Committee" should also act as the "Nomination Committee", and consequently be renamed "Remuneration and Nomination Committee". During the same meeting, the Board also appointed as members of the Committee the independent directors Messrs Marinella Monterumisi, Alessandro Nova and Ugo Ravanelli. Mrs. Marinella Monterumisi was appointed as Chairman of the Committee.

When appointing the Committee, the Board judged that the members had acquired adequate experience on financial and management matters from a business, professional and academic viewpoint.

After the renewal of the positions on 28 April 2020, the Board of Directors, in respect of the dispositions of the Code (applicative criterion 4.C.2.), attributed the functions of the Remuneration and Nomination Committee to the entire Board of Directors, under the coordination of them Chairman of the Board of Directors himself.

Functions of the Nomination Committee

The Nomination Committee performs the following functions:

- a) formulating opinions to the Board of Directors on its dimensions and composition and providing recommendations as regards the professional figures whose presence on the Board is deemed opportune and also on the matters of which in arts. 1.C.3 and 1.C.4 of the Code;
- b) proposing candidates for the post of director to the Board of Directors in cases of co-opting, should independent directors need to be replaced.

During the course of 2020, the Committee only held one meeting regarding nominations to formulate the opinion of which in the preceding letter a).

Functions of the Remuneration Committee

During the course of 2020, the Committee held one meeting which was attended by all of the members. Also in 2020, the Board of Directors on another two occasions assuming the functions of the Remuneration Committee.

The Committee and the Board assuming the functions of the Committee met to:
verify the effective achievement of the performance objectives for the attribution of the variable remuneration due to the Chief Executive Officer;
define the remuneration due to the Chief Executive Officer in implementation of the Remuneration Policy;
adjust the variable remunerations for 2020 due to the Chief Executive Officer, in derogation of the Remuneration Policy in force as a result of the COVID-19 health emergency.

As envisaged by the Code, the Chief Executive Officer did not attend the meetings of the Board, acting as the Committee, during which the proposals concerning his remuneration were formulated and approved.

The Remuneration Committee, and the Board of Directors when carrying out its functions, is assigned the following duties:

- proposes to the Board of Directors the policy for the remuneration of the directors and managers with strategic responsibilities;
- periodically assesses the adequacy, overall consistency and concrete application of the policy for the remuneration of the directors and managers with strategic responsibilities, using the information provided by the Chief Executive Officer with regard to the latter, and formulates proposals on the matter to the Board of Directors;
- submits proposals and expresses opinions to the Board of Directors on the remuneration of the executive directors and the other directors who fill specific positions and also on the establishment of the performance goals related to the variable component of such remuneration; monitors the application of the decisions taken by the Board itself, specifically verifying the effective achievement of the performance goals.

The Chairman of the Board of Statutory Auditors and the other statutory auditors attend the meetings of the Committee, as they are open to the entire auditing body.

The meetings of the Committee were properly minuted and the Chairman informs during the first following Board of Directors.

In performing its functions, the Committee has the possibility of accessing corporate information and departments to carry out its activities, the use of external consultants being deemed unnecessary.

8. REMUNERATION OF DIRECTORS

Since 2011, the Board of Directors, on proposal by the Remuneration Committee, defined the Remuneration Policy for the directors, the directors invested with specific positions and the managers with strategic responsibilities.

On 15 January 2020, again on the proposal of the Remuneration and Nomination Committee, the Board of Directors defined the new Remuneration Policy which on 28 April 2020 obtained the approval by the Shareholders' Meeting pursuant to art. 123 ter paragraph 3 bis of the TUF.

The Remuneration Policy provides the following criteria for the executive directors⁸ and the managers with strategic responsibilities, consistently with that stated in the Code:

- a) the fixed component and the variable component are suitably balanced on the basis of the strategic objectives and risk management policy of the Company, also taking into account the sector of activity in which it operates and the characteristics of the business activities performed on a daily basis;
- b) there are maximum thresholds imposed for the variable components;
- c) the fixed component is sufficient to remunerate the performance of the director in question should the variable component not be paid due to the failure to achieve the performance objectives stated by the Board of Directors;
- d) the performance objectives – in other words the economic results and any other specific objectives on which the payment of the variable components is based – are predetermined, measurable and related to the creation of added value for the shareholders in the medium and long-term;
- e) Limited to the Executive Directors the Company may ask for the restitution, in full or in part, of the variable components of the remuneration paid (or to withhold sums that are subject to differences), determined on the basis of the figures which were subsequently found to be blatantly inaccurate;
- f) there are no indemnities provided for the termination of employment of the director in question.

There are currently no incentive plans involving company shares in favour of the Chief Executive Officer, the other Directors and the Managers of the Company.

The remuneration of the non-executive Directors is not linked to the economic results achieved by the Company.

There are no agreements between the Company and the Directors providing for indemnities in the case of resignation, revocation or dismissal without just cause or if their working relations cease following a public purchase bid.

The Code also provides that, whenever an executive director or general manager steps down from office and/or ends their employment relations, it makes known, after the internal processes leading to the attribution or recognition of indemnities and/or other benefits, detailed information in this regard, through a notification diffused to the market which includes the information and indications of which in applicative criterion 6.C.8. of the Code.

Taking the characteristics and dimensions of the Company into account, there are no incentives mechanisms in place for the manager of the internal audit department and the director responsible for the preparation of the corporate documents.

Further details concerning the remuneration of the directors and the remuneration policy adopted by the Company are provided in the Report on remuneration, which will be submitted to the next meeting of the Shareholders' Meeting pursuant to art. 123 of the CLF.

9. CONTROL AND RISK COMMITTEE

(ex art. 123 bis, para. 2 subsection d), CLF)

⁸ Following the renewal of the Board of Directors on 28 April 2020, the Chief Executive Officer remains the only executive director.

A Control and Risk Committee has been set up within the Board of Directors, composed entirely of non-executive and independent directors, with consultancy and proposal functions aimed at ensuring the adequacy of the structure and efficiency of the functioning of the internal auditing system and also to fulfil all the functions indicated by the Code.

On 28 April 2017, the Board formed a Control and Risk Committee, composed of the independent directors Messrs Marinella Monterumisi, Ugo Ravanelli and Rossella Schiavini; Mr. Ugo Ravanelli was appointed as Chairman of the Committee.

Following the renewal of the corporate positions on 28 April 2020, the Board of Directors, in respect of the dispositions of the Code (applicative criterion 4.C.1. letter a))⁹, formed the Control and Risk Committee, composed of Messrs Marinella Monterumisi and Rossella Schiavini; Mrs. Marinella Monterumisi was appointed as Chairman of the Committee.

8 meetings of the Committee were held in 2020, lasting an average of about 90 minutes and always attended by all of the members. 2 meetings have been held so far in 2021.

On its appointment, the Board of Directors acknowledged that the members of the Committee had acquired adequate experience in accountancy and financial aspects during their business careers and in professional terms.

On 19 February 2021, the Board of Directors modified the Regulation of the Control and Risk Committee adopted in 2017, enabling the other independent directors to attend its meetings, in addition to the Chairman of the Board of Directors, who is responsible for coordination with the Board itself, so that they are able to be fully informed of the activities carried out by the Committee, and also established that the documentation of the Committee be made available to all of the Directors in the relative Reserved Area. This decision was passed by the Board of Directors also as a result of that which emerged during the course of the engagement on 1 October 2020 with the Assogestioni Managers Committee.

Persons who were not members of the Committee participated in its meetings on invitation by the Committee itself and on the basis of the items on the agenda.

Functions attributed to the Control and Risk Committee

The Control and Risk Committee provides the Board with prior opinions for the completion of the duties assigned to the latter by the Code concerning internal auditing and risk management. These opinions are binding in the case of decisions concerning the appointment, dismissal and allocation of resources of the manager of the internal audit department.

In assisting the Board of Directors, the Control and Risk Committee also:

- a) assesses, together with the Manager responsible for preparing the company's financial reports, having heard the opinion of the independent auditor and Board of Auditors, the proper use of the accounting principles and their consistency in terms of the preparation of the consolidated financial statements;
- b) expresses opinions on the specific aspects concerning the identification of the main corporate risks;

⁹ The Code of Corporate Governance of listed companies, 2020 version, does not provide any indications of the minimum or maximum number of members of the Committees within the Board.

- c) examines the periodical reports concerning the assessment of the internal auditing and risk management system, and those of particular significance prepared by the internal audit department;
- d) monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit department;
- e) may request that the internal audit department perform audits on specific operational areas, simultaneously notifying the Chairman of the Board of Statutory Auditors of this;
- f) reports to the Board on at least a half-yearly basis when the annual and half-yearly financial reports are submitted for approval as regards the activities performed and also on the adequacy of the internal auditing and risk management system supports, with adequate preparatory activities, the assessments and decisions of the Board of Directors concerning risk management deriving from prejudicial circumstances which the Board of Directors has become aware of.

During the meetings in 2019, the Control and Risk Committee:

- reported to the Board half-yearly on the activities of the CRC;
- questioned the management team on:
 - (i) the activities of the Human Resources Department;
 - (ii) the Covid-19 emergency and trends of the reference market;
 - (iii) the periodical status of the trade receivables, the financial situation and the comparison with the budget;
 - (iv) the procedures provided by Law 262/05;
 - (v) the implementation of the internal auditing system, with specific regard to the transactions with related parties and Quality Control activities;
- acknowledged the annual Report on the implementation of the Legislative Decree 231/2001 Organizational Model prepared by the Supervisory Committee and verified the suitability of the Code of Ethics and its applications;
- gave its opinion:
 - (i) regarding the draft of the Report on corporate governance and ownership structure for 2019;
 - (ii) on the activities of the manager of the Internal Audit department pursuant to art. 8.4, subsection c) of the Corporate Governance Code;
 - (iii) regarding the 2019 annual plan of activities of the Manager of the Internal Audit department;
 - (iv) the annual assessment of the adequacy and effectiveness of the internal control and risk management system;
 - (v) to update the guidelines of the internal control and risk management system;
- held the periodical meeting with the other Control Bodies of the Company;
- examined the proper use of the accounting standards and their homogeneity for the preparation of the annual and consolidated financial statements, with elements concerning each of the consolidated companies, and evaluated the results of the impairment test;

The Chairman of the Board of Statutory Auditors and the other statutory auditors participated in the work of the Committee, since the meetings are open to the entire control body.

The meetings of the Committee were properly minuted and the Chairman informs during the first following Board of Directors.

The Control and Risk Committee has the right to access the corporate information and departments required for the performance of its duties. The Committee did not call upon external consultants, as the Directors comprising the Committee were competent enough in the matters discussed.

10. INTERNAL AUDITING AND RISK MANAGEMENT SYSTEM

The Company's internal auditing system is the rules, procedures and organisational structures that enable the proper and correct management of the company through an adequate process of identification, measurement, management and monitoring of the main risks and consistently with the objective defined by the Board of Directors, promoting aware decisions.

The internal auditing system contributes towards ensuring:

- the safeguarding of the corporate equity;
- the effectiveness and efficiency of corporate process;
- the reliability of I information provided to Corporate Bodies and the Market;
- the respect of laws and regulations and also of the Corporate by-laws and the internal procedures.

The Code provides that the Board of Directors, in defining the strategic, industrial and financial plans, defines the nature and the level of risk compatible with the strategic objectives, including in its assessments all of the risks that could be of significance from the viewpoint of the medium and long-term sustainability of the Company's business activities.

In its meeting on 13 November 2020, the Board of Directors, after hearing the opinion of the Control and Risk Committee, passed a positive assessment of the adequacy, effectiveness and effective functioning of the internal auditing system. The assessment concerned the aspects of greatest corporate risk, the corporate bodies responsible for managing and monitoring each risk and the structures of the activities.

In its meeting on 3 December 2020, the Board of Directors, after hearing the opinion of the Control and Risk Committee, updated the guidelines for the internal auditing system so that the main risks concerning the Company can be properly identified, and also adequately measured, managed and monitored, also determining the criteria of compatibility of these risks with a proper and correct business management.

10.1 Information concerning the system of risk management and internal auditing in relation to the process of financial information

(ex art. 123 bis, para. 2 subsection b), CLF)

1. Introduction

The system of risk management should not be considered separately from the internal auditing system in relation to the process of financial information, in as much as they both constitute elements of the same system.

This system is aimed at ensuring the truthfulness, accuracy, reliability and punctuality of I information provided to the Corporate Bodies and the financial markets.

In fulfilment of paragraph 3 of art. 154 bis of the CLF, the Manager responsible for preparing the company's financial reports has prepared adequate management and accounting procedures for the drafting of the annual and consolidated financial statements and all other financial communications.

The above-mentioned procedures have been implemented on the basis of the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the

Treadway Commission (CoSO Report), which is the reference model generally accepted at an international level.

2. Description of the main characteristics of the risk management and internal auditing system in relation to the process of financial information

a. Existing phases of the risk management and internal auditing system in relation to the process of financial information

The model provides for the identification of those risks which could compromise the effectiveness and efficiency of the processes, the reliability of economic and financial information and the respect of laws and regulations, and subsequently the identification of the activities aimed at reducing these risks.

The risks concerning economic and financial information identified by the Company concern the following categories:

- The existence and occurrence of events: assets, liabilities and the title of ownership exist on a given date. The transactions registered represent events which actually occurred during a given period.
- Completeness: all the transactions and other events and circumstances occurring during a given period, or which should have been reported in this period, are registered once and once only.
- Assessment/Reporting: the assets, liabilities, revenues and costs are accounted for the correct amount in compliance with the appropriate and pertinent accounting principles. The transactions are mathematically exact, correctly summarised, registered in the accounts books and documented.
- Rights and Obligations: the assets recorded in the financial statements derive from an acquired right, and all ongoing obligations must be reflected in the liabilities.
- Presentation and Information: the information contained in the financial statements is correctly described and classified. There is an internal coherence of all the components of the financial statements.

The Company has formalised some auditing activities aimed at reducing the aforementioned risks in the context of significant processes. The significant processes are those involving the management of transactions significant in terms of accounting in a significant area of the financial statements and the framework for the definition of these areas and processes is reviewed annually. The following have been identified as significant processes:

- liabilities cycle;
- assets cycle;
- warehouse inventory;
- closing of financial statements and consolidation.

In addition to this, the complexity of the area of the financial statements in question is assessed with reference to its contents, the organisational aspects, information system and the inherent risk.

In particular, the assessment of the risk inherent to the area in question is conducted in consideration of the following factors:

- whether it is susceptible to errors or has recently been rectified;
- whether it is due to the application of complex or recently modified accounting principles;

- whether it is characterised by complex transactions such as to require the intervention of an expert to assess it;
- whether it includes assessments which are the result of estimates characterised by a high level of subjectivity;
- whether it concerns corporate assets subject to theft, loss or undue appropriation;
- whether it refers to complex or anomalous transactions undertaken in proximity of the end of the business year;
- whether it summarises transactions that are not included in ordinary processing.

The auditing activities ordinarily conducted by personnel at various organisational levels include the following:

- Analyses by top management: the performance levels achieved are compared to the budget, forecasts, results achieved in previous periods and the concurrent results. To the extent that these activities are used to verify the unexpected results highlighted by the accounting system, they contribute towards the auditing of the economic and financial information system;
- Auditing of transactions: this is conducted to verify the completeness, accuracy and authorisation for insertion into the accounting system of transactions managed in corporate processes and relevant personal details in the reference archives;
- Auditing of information systems: the wide-ranging reliance placed on information systems, especially in relation to the processing of economic and financial information, means that they need to be kept under control. The auditing of information systems concerns the development and maintenance of applicative software, the protection of access, the activities of operators, back-up procedures, safety plans, etc.;
- Physical checks: equipment, stocks, securities, cash and other assets are physically protected and periodically inventoried and compared to the accounts;
- Separation of duties: in order to reduce the risk of errors or irregularities, these duties are divided between several people. For example, the authorisations for transactions, their accounting and the management of the corresponding assets must be carried out by different people;
- Policies and procedures: auditing activities are usually based on policies and procedures formalised and divulged within the company.

The model provides for the predisposition of adequate flows of information among the subjects involved in the internal auditing system. In this specific case, the communication of procedures to those involved, the exchange of information among those with a role in the corporate governance model, reporting on the status of progress of any enhancements to the auditing system and reporting on any anomalies that may be found in monitoring activities.

Lastly, the model provides for the performance of verifications as to the effective application of the procedures and, in particular, the auditing of the above through the performance of specifically identified tests on an ongoing basis throughout the business year.

On conclusion of this process, the outcome of the auditing activities is reported to the Manager responsible for preparing the corporate accounting documents, and by the latter to the Chief Executive Officer.

b. Roles and functions

The proper functioning of the system requires the identification of specific roles to which the various phases are assigned. Specifically, the planning phase is the competence of the Manager responsible

for preparing the company's financial reports and shared with the Chief Executive Officer. The subsequent phases of implementation, monitoring and updating of the system over time, if required, are managed by the Manager responsible with the involvement of the internal audit department.

10.2 Director responsible for the internal auditing and risk management system

In the Company's Rules of self-discipline, the Board of Directors has provided that the role of "Director responsible for the internal auditing and risk management system" be filled by an executive director.

Said role was conferred on 28 April 2020 to the Chief Executive Officer Mr. Francesco Ospitali.

Pursuant to the Code, the Director responsible for the internal auditing and risk management system:

- a) identifies the principal corporate risks, taking into account the characteristics of the activities performed by the Company and its subsidiaries, and submits them for approval by the Board of Directors;
- b) makes the guidelines defined by the Board of Directors executive, dealing with the planning, realisation and management of the internal auditing and risk management system, constantly verifying their adequacy and effectiveness;
- c) deals with the adaptation of this system to the dynamics of the operating conditions and from a legal and regulatory viewpoint;
- d) may request that the internal audit department perform verifications on specific operating areas and as regards the respect of the internal rules and procedures in performing corporate transactions, simultaneously informing the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- e) reports in a timely manner to the Control and Risk Committee (or Board of Directors) as regards problems and criticalities that arise during the performance of their activities or which they otherwise become aware of, so that the Committee (or Board) can take the necessary action.

Recommendation 34 in the Code of Corporate Governance now entrusts similar activities to the Chief Executive Officer.

10.3 Manager responsible for the internal audit department

On 28 April 2020, the Board of Directors, on proposal by the Director responsible for the internal auditing and risk management system, and with the favourable opinion of the Control and Risk Committee and having heard the Board of Auditors, appointed Mr. Loris Piscaglia as Manager of the Internal Audit Department.

The Manager responsible for the internal audit department is not responsible for any operating area, does not respond hierarchically to any manager of an operating area and performs his duties in complete independence.

Taking the characteristics and dimensions of the Company into account, the Manager responsible for the internal audit department:

- a) verifies the operating and suitability of the internal auditing and risk management system, both on a continuing basis and in relation to specific requirements and in respect of the international standards;
- b) has direct access to all information useful to the performance of his duties;
- c) prepares periodical reports containing adequate information on his activities, the methods in which the management of risks is performed, and also on the respect of the plans defined for their containment. The periodical reports also contain an assessment of the suitability of the internal auditing and risk management system;
- d) prepares reports on events of particular significance, in a timely manner;
- e) transmits the reports of which in points c) and d) to the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee, the Chairman of the Board of Directors and the Director responsible for the internal auditing and risk management system;
- f) in the context of the audit activities, verifies the reliability of the information systems, including the accounts recording systems.

After hearing the opinion of the Control and Risk Committee, the Board of Statutory Auditors and the manager of the internal audit and risk management department, the Board of Directors approves, on at least an annual basis, the plan of works prepared by the Manager of the internal audit department and the activities carried out by him.

The principal verification activities of the Manager of the internal audit department concerned the following risk areas:

- a. External risks
- b. Strategic risks
- c. Financial risks
- d. Operating risks

10.4 Organisational Model ex Legislative Decree 231/2001

The Company and its operating subsidiaries have adopted an organisational, management and control model pursuant to Legislative Decree 231/2001 (hereinafter also the “Organisational Model”).

The MARR Organisational Model:

- a) identifies the activities in the context of which the crimes provided by the above-mentioned Decree may be committed;
- b) provides for specific protocols aimed at planning the drafting and implementation of Company decisions in terms of crimes to be prevented;
- c) identifies the methods of managing financial resources in such a way as to prevent crimes from being committed;
- d) provides obligations in terms of information to the body responsible for supervising the functioning and observance of the model;
- e) introduces a disciplinary system aimed at sanctioning the failure to respect the measures indicated in the model.

The Organisational Model has been periodically updated and integrated by the Board of Directors in order to adjust its contents to the regulatory dispositions introduced subsequently to the adoption of the Model.

During the course of 2020, the Board of Directors approved on several occasions the Organizational Model, in order to acknowledge the new criminal circumstances envisaged by the law.

The following are the crimes the model intends to prevent:

1. Crimes against Public Administrations and against the heritage of Public Administrations;
2. IT crimes and illegal data processing;
3. Organised crime activities;
4. Crimes concerning the circulation of false currency, public credit cards, stamp duty and recognition instruments or marks;
5. Industrial and trade related crimes;
6. Corporate crimes;
7. Crimes committed with terrorism purposes or the overturning of democratic order;
8. Crimes concerning the performance of female genital mutilation;
9. Crimes against individual personality;
10. Market abuse;
11. Crimes concerning the protection of the health and safety of workers committed in breach of the injury prevention laws and regulations;
12. Laundering, recycling and use of money, goods or utilities of dubious origin, and also self-laundering;
13. Crimes concerning the breach of copyright;
14. Crimes involving induction to not make statements or to make misleading statements to the judicial authorities;
15. Environmental crimes;
16. Crimes concerning the employment of nationals of third party countries staying in the country illegally;
17. Racism and xenophobia;
18. Fraud in sporting competitions, illegal exercise of gaming or betting and gambling using forbidden devices
19. Tax-related Crimes
20. Contraband
21. Transnational crimes.

In 2020, the Board of Directors entrusted the duties of the Supervisory Board (hereinafter also "SB"), responsible for supervising the functioning and observance of the model itself, to the Board of Statutory Auditors of the Company.

The term of office of the SB is the same as that of the Administration Body.

Pursuant to that provided by the Organisational Model adopted by the Company, the SB produces an annual report on the implementation of the Model addressed to the Board of Directors.

In order to ensure increasing levels of transparency and efficiency in its governance system, the Company adopted a Code of Ethics since 2005, subsequently updated, which indicates the regulations in terms of conduct and the principles of legality, transparency and correctness to be applied to the Company's internal and external relations.

The MARR Organisational Model and Code of Ethics are available on the company website, www.marr.it, in the *corporate governance* section.

10.5 Independent Auditing Firm

The Shareholders' Meeting on 28 April 2016 appointed the auditing firm PriceWaterhouseCoopers S.p.A. for the business years from 2016 to 2024:

1. to perform the legal auditing, pursuant to articles 14 and 16 of Legislative Decree 39/2010, of the Company's annual financial statements and the consolidated financial statements;
2. to perform the auditing of the condensed half-yearly consolidated financial statements only.

The above duties will also involve:

- carrying out the functions and activities provided by article 14 of Legislative Decree 39/2010 regarding the proper keeping of company accounts and the proper recording of management events in the accounts books;
- verifying the consistency of the report on operations with the annual financial statements and, if applicable, with the consolidated financial statements;
- the activities aimed at signing fiscal declarations on the basis of article 1, paragraph 5 of DPR no. 322 dated 22 July 1998, as amended by Law no. 224/07;
- the consistency of the information on corporate governance and the corporate set-ups pursuant to art. 123 bis of the TUF.

10.6 Manager responsible for preparing the company's financial reports

Pursuant to the Corporate By-Laws, the Board of Directors appointed a Manager responsible for preparing the company's financial reports, after hearing the opinion of the Board of Statutory Auditors.

The Board confers upon the Manager responsible for preparing the company's financial reports the powers and means required for carrying out the duties assigned pursuant to the law and the regulations in force.

The Manager responsible for preparing the company's financial reports must have:

- multi-annual experience in the administration and accounting sector;
- the requirements in terms of honour provided by the law for the post of Director.

The Board of Directors meeting on 27 April 2020 ha confermato Mr. Pierpaolo Rossi as the Manager responsible for preparing the company's financial reports

10.7 Coordination between the subjects involved in the internal auditing and risk management system

In its meeting on 15 March 2021, the Board of Directors attributed the coordination of the subjects involved in the internal auditing and risk management system, provided by Principle XX and Recommendation 33 letter e) of the Code of Corporate Governance, to the same Auditing Body, also taking into account that the Board of Statutory Auditors has already been attributed the function of supervisory board ex Legislative Decree 231/2001, with the legal support of one member of the Legal Affairs Office of the Company.

11. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

In fulfilment of that disposed by the Consob Regulation containing dispositions concerning transactions with related parties – Deliberation no. 17221 dated 12 March 2010, since 2010, the Board of Directors approved, with the favourable opinion of the Control and Risk Committee, the Procedure for the discipline of transactions with related parties.

The complete text of the Procedure for the discipline of transactions with related parties is available on the Company website www.marr.it in the corporate governance section.

In determining the procedure for the approval and execution of transactions with related parties, the Board has:

- determined the criteria for the identification of the transactions which must be approved by the Board itself, after hearing the opinion of the Control and Risk Committee;
- adopted operating solutions suited to facilitating the identification and proper management of the situations in which a Director has interests either on their own behalf or that of third parties.

12. APPOINTMENT OF THE STATUTORY AUDITORS

The Corporate By-Laws provide that the Shareholders' Meeting appoint the Board of Statutory Auditors, composed of three standing auditors, in respect of the legal and regulatory dispositions in force from time to time concerning gender equality, and designate the Chairman. The Shareholders' Meeting also appoints two replacement auditors, one of each gender, as per the law.

Auditors remain in office for three business years and step down on the date of the Shareholders' Meeting called for the approval of the financial statements for the third business year of their term of office.

Other mandatory legal or regulatory procedures holding firm, those who are not in possession of the honour and professional requirements established by the applicable regulations or those who are standing auditors in another 5 listed companies may not be appointed as Auditors.

Those to whom clauses of ineligibility or withdrawal are applicable pursuant to the law and regulations in force or who are not in possession of the necessary requirements may not be appointed as Auditors, and if appointed will step down from office. The requirement of which in art. 1, paragraph 2, subsections b) and c) and paragraph 3 of Ministerial Decree 162 dated 30 March 2000, which is required for subjects not registered in the register of chartered accountants, is applicable should professional experience acquired concern respectively:

- (i) the sector of operations of the company;
- (ii) the juridical, economic, financial, technical and scientific matters concerning the sectors of which in subsection (i) above.

Auditors are appointed by voting from lists, in order to ensure that one standing and one replacement auditor are appointed from a minority list.

The lists contain a number of candidates not in excess of the number of members to be elected, listed in progressive order. Each candidate may be represented on one list only, on penalty of ineligibility.

The lists which contain three or more candidates must also include candidates of different genders in order to ensure that the composition of both the standing auditors and the replacement auditors respects that provided by the laws and regulations in force concerning gender equality.

Shareholders who individually or jointly with other shareholders represent at least 2.5% of the shares bearing the right to vote in ordinary Shareholders' Meeting, or representing the lower percentage that may be established by or recalled in mandatory legal and regulatory dispositions¹⁰, have the right to submit lists.

Lists must be signed by the shareholders submitting them and supplemented a) by information on the identity of the shareholders submitting them, indicating the percentage shareholding possessed overall; b) by a declaration by the shareholders other than those in possession, also jointly, of a relative controlling or majority shareholding, certifying the absence of the connection relations with the latter provided by the regulatory laws in force; c) the curricula vitae of the candidates containing detailed information on their personal and professional skills; and d) any other information or documentation required by the laws in force and the regulations in force from time to time. The lists must be filed at the company headquarters at least twenty-five days prior to the date established for the first call of the Shareholders' Meeting, other deadlines that may be established by the legal or regulatory dispositions in force from time to time holding firm.

Should only one list have been filed, or only lists submitted by shareholders related between each other according to that established by the laws and regulations in force, by the expiry date of twenty-five days prior to the date of the first call of the Shareholders' Meeting or the other deadline established by the laws or regulations in force from time to time, lists may be submitted up to the third day after said date, unless another mandatory deadline is required by the applicable regulations in force from time to time. In such an eventuality, the threshold of 2.5% of the shares bearing voting rights, or a lesser percentage that may be established or requested by mandatory laws or regulations, in the ordinary Shareholders' Meeting will be reduced by half.

Two standing auditors and one replacement auditor will be taken from the list obtaining most votes, in the progressive order in which they are listed on the list.

The third standing auditor and the other replacement auditor will be taken from the second of the lists in decreasing order of number of votes obtained. In the case of parity of votes, the eldest candidates on the two or more lists obtaining the same number of votes shall be elected as standing and replacement auditors.

Should, on completion of the voting and operations described above, the composition of the Board of Statutory Auditors not enable the respect of that provided by the laws and regulations in force concerning gender equality for both categories of standing auditors and replacement auditors, taking into account the order of listing in the respective category, the last person elected from the list obtaining the most votes belonging to the most represented gender shall be replaced by the first candidate not elected from the same list and the same category belonging to the less represented gender.

Lastly, should this procedure not ensure the respect of the laws and regulations in force concerning gender equality, the replacement shall be made by deliberation of the Shareholders' Meeting with the relevant majority, after the submission of candidatures by individuals of the less represented gender.

¹⁰ The Consob resolution no. 28 dated 30 January 2020 established for MARR that, the eventual lesser quota provided by the By Laws holding firm, the holding quota required for submitting the lists of candidates for election to the management and auditing bodies should be for 2020 of 1.0%.

The Chairman of the Board of Statutory Auditors will be appointed by the Shareholders' Meeting from among the Auditors elected from the minority list.

Should only one list of candidates be submitted, all the standing auditors and replacement auditors will be appointed from this list and the Chairman will be the first candidate on the list.

Should a standing auditor be replaced, the replacement auditor from the same list as the auditor to be replaced will take over.

When the Shareholders' Meeting needs to appoint the standing and/or replacement Auditors required for the expansion of the Board of Statutory Auditors, the following occurs:

- (i) should a standing and/or replacement auditor from the list obtaining the highest number of votes need to be replaced, the Shareholders' Meeting will decide on the basis of the majorities of the law without being bound to the list;
- (ii) Should it be necessary to appoint the Auditors from the list obtaining the second highest number of votes and is not related, even indirectly, according to that established by the legal and regulatory dispositions in force to the shareholder who submitted, were involved in submitting or voted for the list obtaining the highest number of votes, the Shareholders' Meeting proceeds on the basis of the relative majority, where possible choosing from the candidates in the minority lists. Should this not be possible, the Shareholders' Meeting will do so on the basis of a majority vote as per the law, it holding firm that the ascertainment of the results from the latter casting of votes shall not include the votes of shareholders who, according to the statements made as per the laws in force, possess the relative majority of the votes that can be cast at Shareholders' Meeting, even indirectly or jointly with other shareholders adhering to a significant intra-company agreement pursuant to article 122 of Legislative Decree 58/98, and neither shall shareholders who control, are controlled by or are subject to the control of same.

New appointees shall step down at the same time as those already in office.

The procedures for replacement and appointment must in any event ensure the respect of the laws and regulations in force concerning gender equality.

13. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

(ex art. 123 bis, para. 2, subsection d), CLF)

On 28 April 2020, the Shareholders' Meeting appointed the Board of Statutory Auditors by voting from lists according to that established by the Corporate By-Laws and in respect of the applicable legal and regulatory dispositions.

Taking into account that the right submit lists is due to the Shareholders who, either individually or with others, are in possession of a total number of shares bearing voting rights representing at least 1.0% of the share capital, two lists were submitted within the terms provided:

- the first was submitted by the majority shareholder "Cremonini S.p.A.", the owner of a total of 33,544,533 shares amounting to 50.42% of the share capital;
- the second was submitted by a group of minority shareholders, owners of a total of 2,307,068 shares amounting to 3.47% of the share capital.

The lists submitted were filed at the registered office of the Company, according to that established by the Corporate By-Laws, at least twenty-five days before the date of the Shareholders' Meeting, with a suitable notification produced by the broker filing them attesting the ownership of the shares.

The declarations required by the Corporate By-Laws and the laws and regulations in force were filed with the lists, together with a detailed informative note on the personal and professional characteristics of the candidates.

The share capital represented in the shareholders' meeting, and which all voted for the appointment of the directors by selection from lists, amounted to 82,08% of the share capital. The list submitted by the majority shareholder "Cremonini S.p.A." obtained the favourable votes of 54.00% of the share capital in attendance, while that submitted by the group of minority shareholders obtained the favourable votes of 27.84%.

The Board of Statutory Auditors will remain in office until the Shareholders' Meeting called for the approval of the financial statements as at 31 December 2022.

14 meetings of the Board of Statutory Auditors were held during the course of 2020, lasting an average of about 90 minutes, always attended assiduously by all of the members. 3 meetings have been held so far in 2021.

The Board of Statutory Auditors assessed the independence of its own members on the first possible occasion after their appointment.

The Code provides that the Chairman of the Board of Directors must ensure that the auditors are able to participate, subsequent to their appointment and during their terms of office, in the most suitable forms, in initiatives aimed at providing them with adequate knowledge of the business sector in which the Company operates, the company dynamics and their evolution, the principles of proper risk management and the reference regulatory and governance framework.

During the course of 2020, the Chairman of the Board of Directors also extended to the Board of Statutory Auditors the initiatives in the Induction Program of which in art. 4.2 implemented for the Board of Directors.

The amount of the emoluments of the Statutory Auditors on an annual basis is determined by the Shareholders' Meeting by virtue of their independence, although there is also the possibility of establishing a maximum all-inclusive threshold for the entire Board.

The remuneration of the auditors is commensurate to their commitment, the significance of the role filled and the dimensional and sectoral characteristics of the Company.

The Code provides that if Auditors, either personally or through third parties, have an interest in a specific transaction by the issuer, they must punctually and exhaustively inform the other Auditors and the Chairman of the Board of Directors as regards the nature, terms, origin and extent of their interest.

The Board of Statutory Auditors supervised over the independence of the independent auditing firm, verifying both the respect of the regulatory dispositions in force on the matter and the nature and entity of services other than auditing provided to the Company and its subsidiaries by the independent auditing firm itself and the bodies belonging to the same network.

In performing its duties, the Board of Statutory Auditors coordinated with the Control and Risk Committee, through the timely exchange of information and constant participation in the meetings of the Committee by the Chairman of the.

In the context of their activities, the auditors did not deem it necessary to request that the internal audit department carry out verifications on specific operating areas or corporate transactions.

The Board of Statutory Auditors in office as at 31 December 2019 was composed as follows:

Massimo Gatto (I)	Chairman of the Board of Statutory Auditors
Andrea Foschi	Standing Auditor
Simona Muratori	Standing Auditor
Alvise Deganello (I)	Replacement Auditor
Lucia Masini	Replacement Auditor

(I) espressione of the minority list

The following are in Annex B to this Report:

- a) the structure of the Board of Statutory Auditors;
- b) an informative note on the personal and professional skills of the members of the Board of Statutory Auditors.

Policies on diversity (ex art. 123-bis paragraph 2, sub. d -bis) TUF)

As described in more detail in point 12 in this Report, the Company has provided for the election within the Board of Statutory Auditors of members of the less represented gender in the measure provided by the law.

In application of the above, when the auditing body was last renewed, one-third of the statutory and alternate members of the Board of Statutory Auditors belonged to the less represented gender.

14. RELATIONS WITH SHAREHOLDERS

The Board of Directors will ensure that access to information concerning the Company which is of significance to its shareholders is made as timely and easy as possible, so as to enable the latter to exercise their rights properly and with due awareness.

The company has set up a section on its website (<http://www.marr.it/it/investor-relations>), which is easily identifiable and accessible, in which it has made available the abovementioned information.

In order to provide continuing and professional working relations with its shareholders and with institutional investors and the market in general and ensure the systematic distribution of exhaustive and timely information on its business activities, the Company has appointed an Investor Relations Department (IR), whose responsibility is entrusted to Mr. Antonio Tiso (e-mail: atiso@marr.it, Tel: 0541/746803) and set up a corporate department for the management of these relations.

On 19 February 2021, the Board of Directors, on proposal by the Chairman in agreement with the Chief Executive Officer, approved a Policy for the management of dialogue with the shareholders and other stakeholders; said Policy is available to the public on the Company website (www.marr.it/corporate-governance).

The Company has for some time adopted operating methods with the aim of ensuring constant dialogue with the shareholders, the financial investors, the socially responsible investors, the analysts and operators on the financial market in general.

These activities, described in the “Policy for the management of dialogue with the shareholders and other stakeholders”, are continuously developed and made more systematic to enable the exhaustive and prompt spreading of information on the Company's activities.

Consequently, the flow of information to the investors and the market is primarily guaranteed: by periodical press releases, at least coinciding with the corporate disclosure obligations, meetings with the financial analysts and constant updating of the information available on the Company website.

Specifically:

1. the relations with all of the shareholders, the operators on the financial market and the analysts involve the IR, who also ensures the availability on the Company website of all of the useful information (reports, relative operations, procedures and operating regulations), also to the public, to assess and monitor the trends and governance of the Company;
2. the relations of the information bodies are coordinated by the manager of the IR activities, with the support of a press office advisor. The latter is responsible for promoting the distribution of the press releases and their contents so that the non-professional investors can also see the periodical results of the Company;
3. IR itself periodically (and in any event whenever periodical disclosure is compulsory) organises meetings with the investors and analysts, which the Chief Executive Officer also usually attends. The presentations prepared for these meetings are also available to the public on the relative pages of the Company website. Furthermore, in its activities, the IR abides by that contained in the “Guide for Market disclosure” published by Borsa Italiana S.p.A.. The activities of the IR are planned according to a suitable annual working plan submitted to the Board of Directors, which is followed-up by periodical updating sessions on the work carried out with the Board itself;
4. the Company also publishes on its website all of the information, including the documents concerning the shareholders' meetings and the relative minutes, that is useful for the better and full understanding of the activities and trends of the Company itself. Also, in the “Sustainability” section of the website, the activities carried out and results achieved in the various ESG sectors are illustrated and the Consolidated Non-Financial Declarations are also available.
5. to increase awareness of the brand and its recognisability, the Company has started a programme for increasing its organised presence on two specific social networks, with two different but complementary targets.

The Company also implemented the aforementioned activities in 2020.

15. SHAREHOLDERS' MEETINGS

(ex art. 123 bis, paragraph 2 subsection c), CLF)

Pursuant to art. 8 of the Corporate By-Laws, Shareholders' Meeting may also be called outside the corporate headquarters, as long as they are held in Italy. The notification of call containing the date, time and place of the meeting, the list of the items to be discussed and the other information required by the legal and regulatory dispositions in force must be published within the terms of the law on the Company website and in the other methods provided by the applicable regulations.

Legitimacy to attend Shareholders' Meeting and the right to cast votes is attested by a communication addressed to the Company, made by the broker, in compliance with their own accounting documents, in favour of those who have the right to vote.

This communication is made by the broker on the basis of the findings at the end of the accounting day of the seventh day of market trading prior to the date established for the Shareholders' Meeting. Credit and debit registrations made in the accounts subsequently to said deadline do not affect the legitimacy to exercise voting rights in the Shareholders' Meeting.

The communication must be received by the Company within the deadlines provided by the applicable regulations. Legitimacy to attend and vote holds firm should the communication be received after the deadline, as long as it is received before the start of the Shareholders' Meeting proceedings.

Those who have the right to vote may be represented in Shareholders' Meeting pursuant to the law. Proxies can be conferred by electronic means in compliance with the applicable regulations. The electronic dispatch of proxies may be done using electronic mail, according to the methods indicated in the notification of call for the Shareholders' Meeting.

In order to encourage and facilitate the best possible attendance of Shareholders' Meeting by the shareholders, the Board of Directors is extremely careful in choosing the date, place and time of the meetings.

As far as possible, all the Directors and Statutory Auditors, and in particular the Directors who, on the basis of their duties, may make a useful contribution to the general proceedings, attend the meetings.

In 2005, the Company adopted a set of "Regulations for Shareholders' Meetings" which discipline the orderly and functional proceeding of ordinary and extraordinary Shareholders' Meeting of the Company, guaranteeing the right of each Shareholder to take the floor for the items on the agenda and to express their own opinions. The Regulations are available on the Company website, in the Corporate Governance section.

The Regulations for Shareholders' Meetings state that the Chairman establishes the methods of requesting interventions and the order of the interventions.

The Chairman, and, on invitation, those assisting him, respond to the speakers at the end of their interventions on the items to be discussed, or after each intervention.

Those requesting the floor have the right to a brief response.

Taking the scope and significance of the items included in the agenda into account, and also the number of people requesting the floor, the Chairman determines the duration of interventions and responses in advance, in order to ensure that the meeting may conclude its discussions in one meeting.

The Chairman asks speakers to finish before the expiry of the timeframe for their interventions or responses.

Once the interventions, replies and responses are finished, the Chairman declares the meeting closed.

The Board has reported on the activities carried out and scheduled during Shareholders' Meeting and taken action to ensure that the shareholders are properly informed on the relevant matters so that they can make the decisions required of the Shareholders' Meeting with due awareness.

16. CHANGES SINCE THE CLOSURE OF THE REFERENCE BUSINESS YEAR

There have been no changes to the corporate governance structure of MARR since the end of the 2020 business year.

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

The recommendations made in the letter dated 22 December 2020 by the Chairman of the Corporate Governance Committee have been brought to the attention of all of the members of the Board of Directors and the Board of Statutory Auditors.

During its meeting on 19 February 2021, the Board of Directors, with the Board of Statutory Auditors also in attendance, shared the following:

- the topic of sustainability is already considered in the Remuneration Policy, through both the assignment to the Chief Executive Officer of medium and long-term objectives and in the choice of elements that are the same as the shareholders' objectives. The topic of sustainability will be taken into even more consideration in the remuneration policy that will be prepared for the next mandate;
- as regards the flow of information and management of its confidentiality, the recent adoption of the Regulation of the Board of Directors has made significant improvements, in addition to the activation of the Reserved Area of the Company website some years ago;
- the application of the criteria of independence established in the Code was fully respected; the question of the independence of the Chairman of the Board of Directors remains open; as things stand, and thus with a restrictive reading, he is not considered such;
- there are no observations regarding the adequacy of the remuneration of the non-executive members of the Board of Directors and the Board of Statutory Auditors, given that their entity is defined by the Shareholders' Meeting.

The Chairman of the Board of Directors
Ugo Ravanelli

Rimini, 15 March 2021

ANNEX A – BOARD OF DIRECTORS

a) STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

b) POSITIONS FILLED BY THE MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES LISTED ON STOCK EXCHANGES AND IN FINANCIAL, BANKING AND INSURANCE COMPANIES OR THOSE OF SIGNIFICANT DIMENSIONS IN 2020

c) INFORMATIVE NOTE ON THE PERSONAL AND PROFESSIONAL SKILLS OF THE MEMBERS OF THE BOARD OF DIRECTORS

a) STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Board of Directors													Control and Risk Committee		Remuneration and Nomination Committee		Board of Directors with functions of the Remuneration Committee
Position	Member	Year of birth	date first appointment*	In office since	In office until	List **	Exec.	Non exec.	Indip. Code	Indip CAF	(*)	Other Positions***	(*)	(**)	(*)	(**)	(*)
Chairman of the Board of Directors	Ugo Ravanelli	1954	10 Jul. 1995	28 Apr. 2017	AGM F.S.2022	M		X		X	13/13	0	2/2	P#	1/1	M#	2/2
Chief Executive Officer \hat{o}	Francesco Ospitali	1968	29 Apr. 2014	28 Apr. 2017	AGM F.S.2022	M	X				13/13	0					0/2
Director	Claudia Cremonini	1962	01 Jul. 2011	28 Apr. 2017	AGM F.S.2022	M		X			13/13	0					2/2
Director	Vincenzo Cremonini	1964	19 Nov. 1999	28 Apr. 2017	AGM F.S.2022	M		X			13/13	4					2/2
Director	Marinella Monterumisi	1955	28 Apr. 2014	28 Apr. 2017	AGM F.S.2022	M		X	X	X	13/13	3	8/8	M	5/5	P#	2/2
Director	Alessandro Nova	1962	28 Apr. 2017	28 Apr. 2017	AGM F.S.2022	m		X	X	X	13/13	0			5/5	M#	2/2
Director	Rossella Schiavini	1966	28 Apr. 2017	28 Apr. 2017	AGM F.S.2022	M		X	X	X	13/13	1	8/8	M			2/2

Directors who resigned their office in 2017															
Chairman of the Board of Directors	Paolo Ferrari	1946	17 Jun. 2005	28 Apr. 2017	AGM F.S.2019	M		X			4/4	0			
Director	Pierpaolo Rossi	1963	28 Apr. 2012	28 Apr. 2017	AGM F.S.2019	M	X				4/4	0			
		No. of meetings held in the business year:									BOD: 13			CRC: 8	RNC: 3
quorum required for submission of lists on date of last appointment in 2020: 1 %															

NOTES:

- ° Director responsible for the internal auditing and risk management system.
- ◇ Main responsible for the management of the Company (CEO).
- * date of first appointment of each director means the date on which the director was appointed for the first time (ever) to the Board of Directors of the Company.
- ** this column indicates the list from which each director was drawn (M= majority /m=minority).
- *** this column indicates the number of appointments as director or statutory auditor held by the person concerned in other companies listed on stock exchanges and in financial, banking and insurance companies or those of significant dimensions
- (*) this column indicates the attendance by the directors at meetings of the Board and other Committees (number of meetings attended compared to the total number of meetings in which he could participate).
- (**) this column indicates the position of the director within the Committee: "P" chairman, "M" member.

b) POSITIONS FILLED BY THE MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES LISTED ON STOCK EXCHANGES AND IN FINANCIAL, BANKING AND INSURANCE COMPANIES OR THOSE OF SIGNIFICANT DIMENSIONS IN 2020

Ugo Ravanelli	None	
Francesco Ospitali	None	
Claudia Cremonini	None	
Vincenzo Cremonini	Cremonini S.p.A. (1) Chef Express S.p.A. (1) Inalca S.p.A. (1) Roadhouse Grill Italia S.r.l. (1)	Chief Executive officer Non-executive director Non-executive director Chairman of the Board of Directors
Marinella Monterumisi	Banca IFIS S.p.A. (2) IFIS NPL Servicing S.p.A. FARBANCA S.p.A.	Member of Board of Statutory auditors Member of Board of Statutory auditors Member of Board of Statutory auditors
Alessandro Nova	None	
Rossella Schiavini	Gruppo Bper (2)	executive director and Chairman of the Executive Committee

- (1) Company belonging to the Cremonini Group
(2) Company listed on the Italian stock exchange

c) INFORMATIVE NOTE ON THE PERSONAL AND PROFESSIONAL SKILLS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Annexed* are 7 curricula vitae deposited by the directors at the Company headquarters on their appointment.

** see Italian version of this document*

ANNEX B – BOARD OF STATUTORY AUDITORS

- a) STRUCTURE OF THE BOARD OF STATUTORY AUDITORS
- b) INFORMATIVE NOTE ON THE PERSONAL AND PROFESSIONAL SKILLS OF THE MEMBERS OF THE BOARD OF AUDITORS

a) STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Position	Member	Year of birth	date first appointment*	In office since	In office until	List **	Indip. From Code	Attendance to the meetings of the Board of Statutory Auditors ***	Number of further appointments ****
Chairman of the Board of Statutory Auditors	Massimo Gatto	1963	28 Apr. 2017	28 Apr. 2020	AGM F.S.2022	m	X	14/14	3
Standing Auditor	Andrea Foschi	1964	18 Apr. 2019	28 Apr. 2020	AGM F.S.2022	M	X	14/14	0
Standing Auditor	Paola Simonelli	1972	28 Apr. 2011	28 Apr. 2020	AGM F.S.2022	M	X	8/8	0
Replacement Auditor	Alvise Deganello	1978	28 Apr. 2017	28 Apr. 2020	AGM F.S.2022	m	X	-	0
Replacement Auditor	Lucia Masini	1968	28 Apr. 2020	28 Apr. 2020	AGM F.S.2022	M	X	-	0
Auditors ceasing to hold the position in the year of reference									
Standing Auditor	Paola Simonelli	1964	24 Apr. 2017	28 Apr. 2017	28 Feb. 2019	M	X	6/6	20
No. of meetings held in the business year 14									
Quorum required for submission of lists on date of last appointment in 2020: 1%									

NOTES:

* date of first appointment of each statutory auditor means the date on which the statutory auditor was appointed for the first time (ever) to the Board of Statutory Auditors

** this column indicates the list from which each statutory auditor was drawn (M= majority /m=minority).

*** this column indicates the attendance by the statutory auditors at meetings of the Board of Statutory Auditors (number of meetings attended compared to the total number of meetings in which he could participate).

**** This column indicates the number of positions as director or statutory auditor held by the person concerned that are significant pursuant to article 148-bis of the CAF. A complete list of positions is attached pursuant to article 144-quinquiesdecies of the Consob Issuers' Regulations.

b) INFORMATIVE NOTE ON THE PERSONAL AND PROFESSIONAL SKILLS OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS

Annexed* are 5 curricula vitae deposited by the auditors at the Company headquarters on their appointment.

* see Italian version of this document