

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



BOARD OF DIRECTORS AND COMMITTEES REGULATION

Text approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. on May 14, 2021.

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CONTENTS

1. Introduction	4
2. Definitions.....	4
3. Board of Directors	5
4. Internal Committees to the Board of Directors.....	18
5. Updates to the Regulation.....	23

1. INTRODUCTION

- 1.1 This Board of Directors and Committees Regulation adopted by Fila's Board of Directors defines the powers and methods of operation of the Board of Directors and the committees it establishes, including the calling of meetings, the conduct of meetings, the taking of minutes, and the procedures for handling pre-meeting disclosures to Directors; the Regulation also ensures the implementation of the principles and recommendations of the Corporate Governance Code with respect to the Board of Statutory Auditors.
- 1.2 The Regulation is designed to ensure compliance with the applicable provisions of law and the By-Laws and, to the greatest extent possible, with the principles and recommendations on corporate governance set out in the Corporate Governance Code, with which the Company complies. For all matters not expressly covered herein, the provisions of law applicable to the Board of Directors shall apply.
- 1.3 The Board of Directors may decide not to apply one or more provisions of the Regulation, based on specific circumstances and assessments, providing adequate reasons, according to the "comply or explain" principle, in the annual Corporate Governance and Ownership Structure Report.

2. DEFINITIONS

- 2.1 In addition to the definitions contained in other articles, the terms and expressions with an upper case initial letter used in this Regulation are defined as follows, with the same meaning applicable both in the singular and plural:

Independent Directors: the Directors of the Company who meet the independence requirements pursuant to Article 148, paragraph 3 of the CFA, as referred to in Article 147-ter, paragraph 4 of the CFA, and are acknowledged by the Board of Directors as meeting the independence requirements pursuant to Article 2 of the Corporate Governance Code.

Shareholders' Meeting: the Shareholders' Meeting of the Company.

CEO: the Chief Executive Officer, i.e., the person primarily responsible for the management of the Company.

Corporate Governance Code: the Corporate Governance Code for Listed Companies approved in January 2020 by the Corporate Governance Committee promoted by Borsa Italiana S.p.A.

Board of Statutory Auditors: the Company's supervisory body.

Board of Directors: the Company's governing body.

Control, Risks and Related Parties Committee: the committee referred to in paragraph 4.4 of this Regulation, composed exclusively of Non-Executive Directors, the majority of whom are Independent Directors.

Remuneration Committee: the committee referred to in paragraph 4.3 of this Regulation, composed exclusively of Non-Executive Directors, the majority of whom are Independent Directors (together with the Control, Risks and Related Parties Committee, the "Committees").

Group: Fila and the companies over which it exercises, directly or indirectly, control according to the applicable IFRS accounting standards.

Senior Executives: the parties who have the power and the responsibility, directly or indirectly, for the planning, management and control of Group operations, identified by the Board of Directors with the support of the Chief Executive Officer. In any case, they include: (i) the Company's Directors; (ii) the Company's Statutory Auditors; and (iii) the Executive Officer for Financial Reporting.

Executive Officer for Financial Reporting: the manager in charge of drawing up the corporate accounting documents, appointed by the Board of Directors of the Company pursuant to Article 154-*bis* of the CFA.

Fila or the Company: F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A.

Senior Managers: those figures - other than the Senior Executives - involved in positions considered by the Board of Directors, with the support of the CEO, as important for the growth and sustainability of the Group's business.

Chairperson: the Chairperson of the Company's Board of Directors.

RPT Procedure: the procedure for transactions with related parties adopted by Fila.

Regulation: this Board of Directors and Committees Regulation adopted by the Company's Board of Directors on May [14], 2021.

Internal Audit Manager: the person who manages the organisational structure containing the Group's internal audit function.

Secretary: the Secretary of the Board of Directors.

By-Laws: the current By-Laws of Fila.

CFA: Legislative Decree No. 58 of February 24, 1998, the Consolidated Law on Financial Intermediation.

3. BOARD OF DIRECTORS

3.1 *Role and composition*

3.1.1 The Board of Directors is the collegial body responsible for the administration of the Company and which guides the exercise of business activities by pursuing sustainable success, i.e. the creation of long-term value for shareholders, also considering the interests of the Company's

other relevant stakeholders. The Board of Directors defines the strategic and supervisory guidelines for the Company and the Group companies and monitors their implementation. The Board of Directors therefore meets at regular intervals and must organise matters in a manner such as to ensure that it performs its functions effectively and efficiently. The Board of Directors has competence and full powers for all ordinary and extraordinary management of the Company within the limits allowed by the law, the By-Laws and the Regulation.

- 3.1.2 The members of the Board of Directors act and take decisions with full knowledge of the facts and with independent judgement, irrespective of the corporate structure that voted for them or the slate from which they were appointed pursuant to the By-Laws.
- 3.1.3 The Board of Directors is made up of Executive and Non-Executive (i.e. without management powers) Directors, all of whom meet the requirements provided for by law, as well as having the professionalism and skills required for the tasks assigned to them.
- 3.1.4 The number, skills and powers of the Non-Executive Directors shall be such as to ensure that their judgement can have a significant impact on the taking of board decisions and to guarantee that management is monitored effectively. The Non-Executive Directors bring their specific expertise to Board discussions, contributing to the making of decisions in the Company's interest.
- 3.1.5 The composition of the Board of Directors complies with the gender requirements of statutory law, the By-Laws and the Corporate Governance Code.

3.2 Powers

- 3.2.1 The powers of the Board of Directors include, among other matters and in addition to those that may not be delegated pursuant to Article 2381 of the Civil Code and the powers provided for in the By-Laws, the following:
 - (i) setting Group and Company strategies and monitoring their implementation;
 - (ii) defining the most suitable corporate governance system for carrying out corporate activities and pursuing the strategies of the Company and the Group, being able where required to submit proposals to the Shareholders' Meeting regarding:
 - (a) the choice and characteristics of the corporate model;
 - (b) the size, composition and appointment of the governing body and the term of office of its members;
 - (c) the organisation of administrative rights (including the possible introduction of multi-vote rights) and equity rights of shares;
 - (d) the percentages established for the exercise of the measures implemented to protect minorities;
 - (iii) defining and assigning management powers and identifying, among other matters, the

CEO from among the Executive Directors;

- (iv) where appropriate, approving or reviewing the Company's and the Group's business plan, with the possible support of a committee tasked with analysing issues relevant to the generation of long-term value;
- (v) periodically verifying the implementation of the business plan (where applicable) and assessing the general operating performance, periodically comparing the results achieved with those planned;
- (vi) defining the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all elements that may be relevant with a view to creating long-term value for shareholders and pursuing the sustainable success of the Company, considering the interests of other stakeholders relevant to the Company;
- (vii) defining the Company's corporate governance system and Group structure, and evaluating the adequacy of the Company's organisational, administration and accounting system and that of its strategically significant subsidiaries, with particular reference to the Internal Control and Risk Management System.
- (viii) resolving on "Significant Transactions" pursuant to the RPT Procedure;
- (ix) passing motions on transactions carried out by the Company and its subsidiaries that have a significant impact on the Company's strategy, profitability, assets and liabilities or financial position, to be identified in accordance with the criteria defined by the Board of Directors;
- (x) promoting, in the most appropriate forms, dialogue with shareholders and other relevant stakeholders for the Company;
- (xi) adopting regulations, procedures and internal policies deemed necessary or appropriate for the organisation of the company, or for compliance with the law or compliance with the Corporate Governance Code, including, by way of example:
 - (a) regulations defining the operating rules of the Board of Directors and its committees;
 - (b) a procedure governing related party transactions carried out by the Company, either directly or through subsidiaries;
 - (c) a procedure for the internal management and external communication of inside information in accordance with the law;
 - (d) a policy - adopted on the proposal of the Chairperson, formulated in agreement with the CEO - for the management of dialogue with shareholders as a whole, also taking into account the engagement policies adopted by institutional investors and asset managers;

- (xii) defining, at least at the beginning of its term in office, the quantitative and qualitative criteria for assessing the significance of commercial, financial or professional relations and/or remuneration, which - pursuant to the Corporate Governance Code - may undermine the independence of a Director;
- (xiii) assessing the independence - also according to the recommendations of the Corporate Governance Code - of each Non-Executive Director, immediately after appointment and during the term of office when circumstances relevant to independence occur and, in any case, at least once a year;
- (xiv) defining guidelines concerning the maximum number of offices held by Directors on the Boards of Directors or Boards of Statutory Auditors of other listed companies or companies of significant size that may be considered compatible with the effective performance of the office of Director of the Company, taking into account the commitment deriving from the position held;
- (xv) identifying the diversity criteria for the composition of the Board of Directors and the Board of Statutory Auditors and identifying - also considering the Company's ownership structure - the most suitable instrument to implement them;
- (xvi) adopting measures to promote equal treatment and opportunities between genders within the entire company organisation and monitoring their implementation;
- (xvii) adequately organising its internal functions and setting up advisory committees with investigative, propositional and consultative functions, as provided for in the paragraph 4 below;
- (xviii) upon proposal of the Chairperson, appointing and dismissing the Secretary;
- (xix) where appropriate, determining the budgets of the committees established by the Board of Directors and the Secretary and the criteria for their use, in accordance with the provisions of paragraph 4.1.8 below;
- (xx) defining, updating and implementing any succession plans for the CEO and the other Executive Directors that at least identifies the procedures to be followed in the event of early termination of office;
- (xxi) identifying candidates for the position of Director in the event of co-option;
- (xxii) periodically evaluating the effectiveness of its activities and the contribution made by its individual components, as set out in paragraph 3.9 below;
- (xxiii) regarding remuneration:
 - (a) drafting and approving a policy for the remuneration of Directors, members of the Board of Statutory Auditors, Senior Managers and Senior Executives which is designed to create long-term value for shareholders, considering the interests

of other stakeholders relevant to the Company, and which takes into account the need to have, retain and motivate personnel with the skills and professionalism required by the role held in the Company. In developing the policy, the Board of Directors takes into account the remuneration practices prevalent in the sectors of reference for Fila and companies of similar size, also considering comparable foreign experiences, and makes use of an independent consultant if necessary;

- (b) monitoring the implementation of and compliance with the remuneration policy, ensuring - in particular - that the remuneration paid and accrued is consistent with the principles and criteria defined in the policy, in light of the results achieved and other circumstances relevant to its implementation;
- (c) drafting and approving, or submitting to the Shareholders' Meeting, long-term or short-term remuneration plans based on financial or monetary instruments in favour of Directors, Senior Managers, Senior Executives and other employees of the Group;

(xxiv) regarding the Internal Control and Risk Management System:

- (a) defining the guidelines of the Internal Control and Risk Management System in line with the Company's strategies;
- (b) evaluating, at least once a year, the adequacy - considering the characteristics of the company and the risk profile assumed - and effectiveness of the System;
- (c) defining the principles concerning the coordination and information flows between the various parties involved in the Internal Control and Risk Management System, in order to maximise the efficiency of the system, reduce duplication of activities and guarantee effective performance of the duties of the Board of Statutory Auditors;
- (d) appointing and dismissing the Internal Audit Manager and identifying his/her power - in compliance with the Corporate Governance Code - and remuneration in line with company policies, and allocating adequate resources to him/her for the performance of his/her duties;
- (e) approving, at least once a year, the work plan prepared by the Internal Audit Manager, having consulted the Board of Statutory Auditors and the CEO;
- (f) assessing the appropriateness of measures to guarantee the effectiveness and impartiality of judgement of the corporate functions (other than internal audit) involved in the Control and Risk Management System, checking that they have adequate professionalism and resources;
- (g) assigning to the Board of Statutory Auditors or to a body specifically set up for this purpose the supervisory functions pursuant to Article 6, paragraph 1, letter

b) of Legislative Decree No. 231/2001;

- (h) assessing, following consultation with the Board of Statutory Auditors, the conclusions set out by the Statutory Auditor in any letter of recommendations and in the additional report addressed to the Board of Statutory Auditors;
- (i) describing, in the Corporate Governance Report, the main features of the Internal Control and Risk Management System, in implementation of the provisions of the Corporate Governance Code, as well as the methods of coordination between the subjects involved in it, indicating the models and national and international reference best practices;
- (j) assessing the overall adequacy of the system itself and of the choices made regarding the composition of the Supervisory Board as per point (g) above.

3.3 *Chairperson*

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

- (i) ensuring the correct and effective functioning of board proceedings;
- (ii) acting as a liaison between the Executive Directors and the Non-Executive Directors;
- (iii) defining, in consultation with the CEO, the proposed calendar of board meetings;
- (iv) convening Board meetings, defining the date and time, as well as the place where they are to be held, the Agenda - in agreement with the CEO - and the participation procedures, as well as the possible involvement of persons who are not members of the Board of Directors;
- (v) presiding over, organising and coordinating the work of the Board of Directors and guiding the conduct of its meetings, guaranteeing the effectiveness of the debate and encouraging, in a neutral manner, the informed participation of the Directors, especially the Non-Executive and Independent Directors, encouraging their active participation in the discussion and resolution on the matters under discussion;
- (vi) ensuring that the documentation reasonably necessary to provide Directors with adequate information on the items on the Agenda is made available to enable them to carry out their role in an informed manner;
- (vii) ensuring that the activities of Board committees with investigative, propositional and consultative functions are coordinated with those of the Board of Directors, by, for example, being able to request and exchange information with the Chairs of the committees, as well as with the relevant corporate structures, to view the opinions and proposals of the committees in advance of Board meetings, and to know the calendar of committee meetings in advance;

- (viii) in agreement with the CEO, ensuring that the Group's Executives in charge of the corporate departments responsible for the relevant issues attend board meetings, also upon request of individual Directors, in order to provide any necessary information on the issues on the Agenda;
- (ix) organising induction sessions for the members of the Board of Directors and/or the Board of Statutory Auditors, at the beginning and - where deemed appropriate - during their term of office, to provide them with adequate knowledge of the business sectors in which the Company operates, of corporate dynamics and changes, also with a view to the creation of long-term value, in addition to compliance with the principles of proper risk management, the law and the Corporate Governance Code;
- (x) ensuring the adequacy and transparency of the Board's self-assessment process, supporting the work of the Board of Directors;
- (xi) formulating - in agreement with the CEO - proposals for the adoption or modification of a policy for the management of dialogue with shareholders in general, as well as with institutional investors and asset managers, also taking into account the engagement policies adopted by the latter;
- (xii) as part of the organisation of the Board's work, ensuring that the Board of Directors is informed, before the next appropriate meeting, regarding the development and significant content of dialogue with all the parties mentioned in the previous point;
- (xiii) in order to ensure proper management of corporate information and in agreement with the CEO, formulating proposals for the adoption of a procedure for the internal management and external communication of documents and information concerning the Company, with particular reference to inside information;
- (xiv) overseeing committee minute-taking activity.

3.3.2 The Chairperson invested with management powers is an Executive Director and may not be considered independent. If the Chairperson is assigned the position of CEO or is granted significant management powers, the Board of Directors is required to justify this decision in the Corporate Governance and Ownership Structure Report and to appoint a Lead Independent Director.

3.3.3 If the Chairperson evaluated as independent participates in a committee recommended by the Corporate Governance Code, a majority of the committee members shall be other Independent Directors. The Chairperson assessed as independent shall not chair the Remuneration Committee or the Control and Risks Committee.

3.4 CEO

3.4.1 The CEO, appointed by the Board of Directors pursuant to law and the By-Laws from among the Executive Directors, is primarily responsible for the management of the

Company.

3.4.2 The powers of the CEO are defined by the Board of Directors; these include the following powers in relation to the Control and Risk Management System:

- (i) identifying the main corporate risks, considering the characteristics of the activities carried out by the Company and its subsidiaries, and periodically presenting these risks to the Board of Directors;
- (ii) implementing the guidelines defined by the Board, supervising the planning, realisation and management of the Internal Control and Risk Management System, constantly verifying its adequacy and efficiency, and adapting it to changes in operating conditions and legal frameworks. The Board of Directors, stating the reasons for its choice, may also assign the task of setting up and maintaining the Internal Control and Risk Management System to a Director other than the CEO, provided that the Director assigned this task is, in any case, considered an Executive Director pursuant to the aforementioned Corporate Governance Code.
- (iii) entrusting the internal audit function - where appropriate - with the task of carrying out checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions, while simultaneously notifying the Chairperson, the Chairperson of the Control, Risks and Related Parties Committee and the Chairperson of the Board of Statutory Auditors;
- (iv) promptly updating the Control, Risks and Related Parties Committee regarding problems and critical issues that emerge in the performance of its activities or of which it becomes aware, in order that the committee may implement the appropriate initiatives.

3.5 *Independent Directors and Lead Independent Director*

3.5.1 The number and responsibilities of the Independent Directors shall be adequate to meet the needs of the Company, and ensure the correct functioning of the Board of Directors and the establishment of its internal committees. The independence requirements, as well as the minimum number of Independent Directors, are established by the versions of the CFA and the Corporate Governance Code in force from time to time. If an Independent Director ceases to meet the independence requirement, he/she shall not be removed from office, without prejudice to the obligation to notify the Board of Directors immediately, if the requirements continue to be met by the minimum number of Directors for whom such a prerequisite is required.

3.5.2 The Board of Directors may appoint a Lead Independent Director from among the Independent Directors. Such an appointment is necessary in the cases provided for by the Corporate Governance Code or when there is a request to that effect by the majority of the Independent Directors.

3.5.3 The Lead Independent Director:

- (i) acts as a point of reference and coordination for the contributions of the Non-Executive Directors and, in particular, of the Independent Directors;
- (ii) coordinates, with the support of the Secretary, the meetings of the Independent Directors only, e.g. by defining the calendar and the Agenda, as well as coordinating their work.

3.5.4 [The Independent Directors shall meet, in the absence of the other Directors, on a periodic basis and in any event at least once a year, to consider matters deemed of interest with respect to the operation of the Board of Directors and the management of the Company. At such meetings, where no Lead Independent Director has been appointed, the coordination activity referred to in point 3.5.3(ii) above is carried out by the Chairperson, if independent, or by the most senior Independent Director.]

3.5.5 The Board of Directors assesses the independence of each Non-Executive Director pursuant to the law and the Corporate Governance Code, immediately after appointment, as well as during the term of office, whenever circumstances relevant to independence arise and, in any case, at least once a year, indicatively when examining the proposed financial statements to be submitted for the approval of the Shareholders' Meeting. Each Non-Executive Director is required to provide all necessary and/or useful information for the purposes of the Board of Directors' assessment, which will take into account, based on all available information, any circumstances that affect or may appear to affect the Director's independence in accordance with the criteria set out in the Corporate Governance Code.

3.6 *Secretary*

3.6.1 In organising its work, the Board of Directors avails itself of the support of the Secretary, who is appointed by the administrative body, and may be chosen from outside its members, upon proposal of the Chairperson. The Secretary shall be appointed for the full term of the Board of Directors, unless removed before the term by the Board of Directors or upon resignation.

3.6.2 If the Secretary is absent or unable to attend a meeting, the Board of Directors may appoint a different Secretary for that meeting, who may be chosen from among the members of the Board of Directors and also in exception to the provisions of the following paragraph.

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

3.6.4 The Secretary supports the work of the Chairperson, with particular reference to the activities outlined in paragraphs 3.3.1(vi)-3.3.1(x) above.

3.6.5 In general, the Secretary provides impartial assistance and advice to the Board of Directors on any aspect relevant to the proper functioning of the corporate governance system, in accordance with the law, the By-Laws and these Regulations.

3.6.6 In order to carry out his/her duties, the Secretary shall avail him/herself - where appropriate - of a specific structure or, in any case, of adequate resources defined by the Board of Directors. In addition, the Secretary shall have access to the information and business functions necessary to perform his/her duties, have financial resources and use external consultants, according to the terms established by the Board of Directors.

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

3.7 *Conduct and Minutes of Board Meetings*

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

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

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

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

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

3.7.6 During each meeting:

- (i) the Chairperson shall ensure: that the proceedings are conducted in an orderly manner, in compliance with the Agenda or by amending the Agenda and informing the Directors of the reasons for doing so; that there is the opportunity to present proposals in an appropriate manner and to ask questions and request clarifications or further information in a reasonable and useful manner; that answers are provided in an adequate manner; that participants can actively contribute to the discussion; all this while reserving adequate time for the discussion of each item on the Agenda;
 - (ii) Directors asked to present a proposal must ensure that adequate disclosure is made and be available to answer questions from other Directors;
 - (iii) each Director shall participate proactively, dedicating adequate time to the Board's work, promptly declaring any interests he/she may have on his/her own behalf or on behalf of third parties with respect to a given item on the Agenda, in accordance with the law, in addition to any correlation relationships pursuant to related party transactions regulations. Any Director may request, as part of a meeting, that additional information be provided beyond the premeeting disclosure or the disclosure given at the meeting in order to be able to act in an informed manner.
- 3.7.7 Discussion of the items on the Agenda shall take place in the order established in the call notice, though the Board of Directors reserves the right to change the order of discussion of the items on the proposal of the Chairperson or a Director and in the event of justified reasons, which shall be noted in the minutes.
- 3.7.8 In addition to the items already included on the Agenda, any additional items related to unavoidable and urgent problems may be proposed and communicated by the Chairperson of the Board of Directors. In such a case, the Board of Directors must unanimously resolve to include the item on the Agenda. Unless otherwise provided, it will be included in the margin of the other items on the Agenda.
- 3.7.9 Any invited person (heads of the competent corporate functions, managers, Executives, employees, consultants of the Company and its subsidiaries, as well as other external parties) whose presence is deemed useful in relation to the issues to be dealt with or to support the better conduct of the Board's business, may be called upon to attend the Board's meetings, without voting rights, and to speak during the meetings. Their participation shall be limited to the discussion of the issues within their remit, exclusively upon invitation by the Chairperson in agreement with the CEO (possibly also upon request by individual Directors), in order to illustrate information and documents or provide information, insights and clarifications.
- 3.7.10 Having completed all interventions, replies and answers, the Chairperson shall declare the discussion closed and invite the Board of Directors to deliberate. Voting shall be by open ballot. Directors shall abstain where required by applicable law.
- 3.7.11 The Board of Directors shall act by the affirmative vote of the absolute majority of those present, excluding abstainers; in the event of a tie, the vote of the Chairperson of the meeting shall prevail. Each member of the Board of Directors shall have the right to have his/her vote

against or his/her abstention, where relevant, and the reasons for it recorded in the minutes.

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

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

3.8 *Confidentiality*

3.8.1 All members of the Board of Directors and the Board of Statutory Auditors, Executives, managers and other employees of the Company and its subsidiaries, or other external consultants or individuals who attend Board meetings, or who are in any case familiar with their content, are required to maintain the confidentiality of the documents and information acquired in the performance of their duties.

3.8.2 They are also required to comply with the rules adopted by the Company for the dissemination of such documents and information and shall refrain from using confidential information for purposes other than the performance of their duties. The provisions of the internal procedure adopted by the Company for the management and handling of significant and confidential information shall also be complied with, as shall any other applicable legal provisions.

3.9 *Board of Directors' Self-Assessment*

3.9.1 The Board of Directors periodically assesses the effectiveness of its activities and the contribution made by its individual members, through formalised procedures whose implementation it oversees. To this end, the Board of Directors, at least once every three years - in view of its reappointment - carries out a formalised self-evaluation process. The Chairperson, with the assistance of the Secretary, shall ensure the adequacy and transparency of this self-assessment process.

3.9.2 The self-assessment process is carried out in order to assess the effectiveness of the activity carried out by the Board of Directors and any committees set up within it, and to express an opinion on the actual functioning, size and composition of the body as a whole and of any committees, also considering its role in defining strategies and monitoring management performance and the adequacy of the Internal Control and Risk Management System. The self-assessment also considers the contribution made by each Director, taking into account the

professional characteristics, experience, knowledge, competence and gender of its members, as well as their seniority in office. As a result of the self-assessment activity, the Board of Directors identifies any necessary or appropriate corrective actions.

3.9.3 The Chairperson of the Board of Directors shall consider whether it is appropriate for the Company to use outside consultants to perform the self-assessment activity.

3.9.4 Self-assessment, when conducted according to internal procedures and without the support of outside consultants, unless otherwise determined by the Board of Directors, may be conducted by:

- (i) sending each Director a questionnaire containing a number of questions asking them to express an opinion on the size, composition and functioning of the Board of Directors and its committees, with the option of providing suggestions or proposals for action;
- (ii) sending the completed questionnaires to the Secretary, who draws up a document summarising the opinions expressed and the suggestions made, in aggregate and anonymous form;
- (iii) submitting the summary document to the Board of Directors for the appropriate assessments and motions.

3.10 *Corporate Events Calendar*

3.10.1 In compliance with the obligations set out by applicable legal and regulatory provisions (including, without limitation, the Regulation of the markets organised and managed by Borsa Italiana S.p.A.), the Board of Directors annually approves the calendar of corporate events, which shall be communicated to Borsa Italiana S.p.A. for circulation to the public.

3.10.2 Specifically, within the framework of the Board meetings established for the new financial year, the calendar identifies the dates set for the approval of the Annual Financial Report, the Half-Yearly Financial Report, any additional periodic financial information, as well as the date set for the Shareholders' Meeting held to approve the financial statements.

4. INTERNAL COMMITTEES TO THE BOARD OF DIRECTORS

4.1 *Establishment*

- 4.1.1 The Board of Directors may establish internal committees with investigative, consultative and propositional functions on specific issues, in compliance with the provisions of applicable law and the Corporate Governance Code.
- 4.1.2 The functions that the Corporate Governance Code assigns to committees may also be distributed differently or merged into a single committee, provided that adequate disclosure of the duties and activities performed for each of the assigned functions is provided and the recommendations of the Corporate Governance Code for the composition of the relevant committees are followed. The functions of one or more committees may also be assigned to the entire Board of Directors, under the coordination of the Chairperson, provided that the conditions for this purpose set out in the Corporate Governance Code with respect to each committee are met.
- 4.1.3 The members of the Committees and their Chairs shall be appointed and dismissed by motion of the Board of Directors. Committees shall consist of at least three Directors, as determined by the Board of Directors at the time of their appointment, all of whom shall be non-executive and a majority of whom shall be independent; the Chairperson of each committee shall be selected from among the Independent Directors.
- 4.1.4 The Board of Directors shall define the responsibilities of the committees, giving preference to the expertise and experience of their members and - while Directors may serve on more than one committee - avoiding an excessive concentration of duties. Specifically:
- (i) at least one member of the Remuneration Committee must have adequate accounting and financial knowledge and experience of remuneration policies, as assessed by the Board of Directors on appointment;
 - (ii) at least one member of the Control, Risks and Related Parties Committee must have adequate accounting and financial or risk management knowledge and experience. As regards the composition of the related party transactions committee, for all matters not covered in this Regulation, reference should be made to the provisions of the RPT Procedure.
- 4.1.5 Directors should only accept an appointment to the Committee when they consider that they can dedicate the necessary time to ensure a diligent undertaking of their duties.
- 4.1.6 The Committee, on the proposal of the Chairperson, appoints a Secretary, who may also be a non-member.
- 4.1.7 Except where otherwise decided by the Board of Directors on appointment, the mandate for committees is the same as that of the Board of Directors, on which its members also sit. In any case, the Board of Directors has the power to modify the composition of the Committees

and/or to set up one or more committees - always with investigative, propositional and consultative functions - even in matters other than those recommended by the Corporate Governance Code, whether of a permanent or occasional nature.

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

4.2 *Operating methods*

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

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

4.2.3 The Chairperson of each committee:

(i) provides the documentation reasonably necessary to ensure that committee members are adequately informed of the matters on the Agenda, so that they may act in an informed manner when carrying out their role within the committee. In order to acquire all the information necessary to perform its duties, as well as to carry out the functions assigned to the committee, the Chairperson of each committee shall be granted access to the corporate functions and information;

may invite to individual meetings the Chairperson, the CEO, other Directors and, by informing the CEO, relevant corporate officers or advisors to the Company or the committee;

(ii) presides over the meetings or, in the event of his/her absence or impediment, is replaced by a member chosen by those present;

(iii) shall inform the Board of Directors of the committee's activities at the first available meeting.

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

4.2.5 The documents referenced in 4.2.3(i) above shall be made available to each committee at least 2 (two) calendar days prior to the date of the meeting. This shall be provided using a shared computer platform with restricted access that ensures adequate protection of confidentiality of data. Where special confidentiality requirements dictate, the information may be provided within a shorter timeframe or during the meeting, and by means other than those indicated

above (for example, by making the information available in hard copy during the meeting).

- 4.2.6 Committee meetings shall be validly constituted when the majority of the committee's members in office are present. Committee motions are passed by absolute majority; in the event of a tie, the Chairperson's vote shall prevail.
- 4.2.7 Meetings of each committee shall be held in the same manner as the Board of Directors meetings as described at 3.7.6.
- 4.2.8 The Chairperson of the Board of Statutory Auditors (or another Statutory Auditor nominated by him/her) attends committee meetings, while the other Statutory Auditors may also attend.
- 4.2.9 The decisions taken by each committee are recorded in a brief report in which, among other things, the reasons for any dissent expressed by the members of each committee are noted. The Chairperson and Secretary of each committee shall sign the minutes of the meetings, which shall be kept by the Secretary in chronological order, for any consultation needs of the members of the committees themselves, as well as other Directors and Statutory Auditors.
- 4.2.10 The Secretary of the Board of Directors shall ensure coordination between the meetings of the various committees and the meetings of the Board itself. Joint meetings of several committees established within the Board of Directors may also be held.
- 4.2.11 The committees shall meet, in any case, before each meeting of the Board of Directors whose Agenda includes items falling within its remit, or for which the committee is required to provide an opinion or formulate a proposal. If, for any reason whatsoever, in the cases mentioned above, at least three meetings of the committee are cancelled before the Board of Directors' meeting, the latter may nevertheless deliberate on the matters for which a proposal or opinion of the committee was requested, if this is necessary to comply with the laws and regulations in force at the time.

4.3 *Remuneration Committee*

- 4.3.1 The Remuneration Committee assists the Board of Directors through investigative, proposal and consultation duties, in assessments and decisions concerning the drafting of the remuneration policy.
- 4.3.2 The Remuneration Committee:
- (i) presents proposals or expresses opinions to the Board of Directors on the remuneration of the Executive Directors and Senior Directors in addition to establishing the performance objectives related to the variable component of this remuneration;
 - (ii) monitors the concrete application of the remuneration policy, verifying, in particular, the effective achievement of the performance objectives;

- (iii) periodically assesses the adequacy, overall consistency and application of the remuneration policy for the Directors and Senior Managers;

4.3.3 Directors do not take part in Remuneration Committee meetings in which proposals on their remuneration are definitively drafted.

4.4 *Control, Risks and Related Parties Committee*

4.4.1 The Control, Risks and Related Parties Committee shall assist the Board of Directors through investigative, proposal and consultation duties, evaluations and decision-making concerning the Internal Control and Risk Management System and also in relation to the approval of the interim financial and non-financial reports. For the composition and functioning of the Related Party Transactions Committee, reference should be made to the provisions of the RPT Procedure.

4.4.2 The Control, Risks and Related Parties Committee is also responsible for assisting the Board of Directors in carrying out the duties described in paragraph 3.2.1(xxiv).

4.4.3 Specifically, in supporting the Board of Directors the committee:

- (i) assesses, together with the Executive Officer for Financial Reporting and having consulted with the independent audit firm and the Board of Statutory Auditors, the correct application of the accounting policies and their uniformity for the preparation of the consolidated financial statements;
- (ii) assesses the suitability of periodic financial and non-financial information to correctly represent the company's business model, strategies, the impact of its activities and its performance;
- (iii) examines the periodic non-financial information relevant to the Internal Control and Risk Management System;
- (iv) expresses opinions on specific aspects concerning the identification of the principal corporate risks;
- (v) supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the Board has become aware;
- (vi) examines the periodic reports and those of particular relevance prepared by the internal audit function;
- (vii) monitors the independence, adequacy, efficacy and efficiency of the Internal Audit department;
- (viii) may entrust the internal audit department with verifications on specific operational areas, simultaneously communicating such to the Chairperson of the Board of Statutory Auditors;

- (ix) reports, at least every six months, upon approval of the Annual and Half-Yearly Financial Reports, to the Board of Directors on the work carried out and on the adequacy of the Internal Control and Risk Management System.

4.4.4 The committee receives from the Internal Audit Manager periodic reports containing sufficient information on activities, on the manner in which risk management is carried out, and on compliance with the plans to reduce them. These reports contain an evaluation of the suitability of the Internal Control and Risk Management System.

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

- (i) promoting guidelines, to be submitted to the Board of Directors for approval, which integrate sustainability into business processes so as to create sustainable value over time for the shareholders and for all other stakeholders;
- (ii) disseminating sustainability culture among employees, shareholders, customers and stakeholders in general;
- (iii) examining the environmental, economic, and social impacts of business activities;
- (iv) expressing opinions concerning the annual and multi-year sustainability objectives to be achieved with specific reference to the management of medium- and long-term related risks concerning the Company and its subsidiaries, so that they are correctly identified and adequately measured, managed and monitored;
- (v) monitoring the Company's positioning in the main sustainability indices;
- (vi) expressing opinions on the initiatives and programmes promoted by the Company or its subsidiaries in the field of corporate social responsibility and Health, Safety, and Environment;
- (vii) at the indication of the Board of Directors, formulating opinions and proposals concerning specific issues of corporate social responsibility;
- (viii) reviewing, before the Board of Directors, the sustainability reporting submitted annually to the Board of Directors;
- (ix) coordinating with the Remuneration Committee regarding the profiles involved in the integration of ESG objectives into the remuneration policy.

5. UPDATES TO THE REGULATION

- 5.1 The Board of Directors periodically verifies the adequacy of this Regulation, involving the individual Committees regarding their specific Regulations. These updates must be approved by the Board of Directors itself, except for those regarding the implementation of subsequent changes in laws, regulations or the By-Law. The power to make such changes lies with the Chairperson of the Board of Directors, who shall report to the Board at the next appropriate meeting.