

**DIRECTORS' REPORT  
ON THE THIRD ITEM ON THE AGENDA  
(ordinary part)**

*Ordinary and Extraordinary Shareholders' Meeting  
of Equita Group S.p.A.  
of 20 April 2023*

(published on 10 March 2023)



### Item 3 on the Agenda

#### *3. Appointment of the Board of Directors:*

##### *3.1 Determining the number of members.*

##### *3.2 Determining the term of office.*

##### *3.3 Appointing the members of the Board of Directors.*

##### *3.4 Appointing the Chairman of the Board of Directors.*

##### *3.5 Determining the Directors' remuneration.*

Dear Shareholders,

this report (the “**Report**”) is provided pursuant to article 125-*ter* of Legislative decree no. 58 of 24 February 1998, as subsequently amended and integrated (“**TUF**” or the “Consolidated law on finance”) and article 84-*ter* of the Consob regulation adopted by resolution no. 11971 of 14 May 1999, as subsequently amended and integrated (the “**Issuer regulations**”) and covers the third item on the agenda of the shareholders' meeting of Equita Group S.p.A. (the “**Company**” or “**Equita**”), called for 20 April 2023 and concerning the appointment of the Board of Directors.

This Report was approved by the Board of Directors of Equita Group S.p.A. in its meeting of 22 February 2023 and is made available to the public, within the terms of the law and regulations, at the Company's registered office, on the Company's website ([www.equita.eu](http://www.equita.eu)) and in accordance with other means required by the current regulation.

The term of office of the Company's current Board of Directors which was appointed by the Shareholders in their meeting of 7 May 2020<sup>1</sup> and consisting of 7 (seven) members, will expire with the approval of the financial statements at 31 December 2022.

Therefore, Equita's Shareholders are invited appoint the members of the new Board of Directors, in accordance with the By-laws and the regulation in force.

Pursuant to article 12 of the By-laws and the executive decision of the Head of the Corporate Governance Division no. 76 of 30 January 2023, the members of the Board of Directors are appointed by the Shareholders called in a meeting based on **lists** that may be submitted by the outgoing Board of Directors and the Shareholders who, alone or together with other Shareholders, overall own at least **4.5%** (four point five per cent) of the share capital. The above ownership percentage, which is necessary to submit lists, must be confirmed by **appropriate certification** issued by the intermediary, and must be produced when the list is filed (in any case within the terms of law).

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(<sup>1</sup>) Except for the Independent director, Mr. Marzio Perrelli, who was appointed by the Board of Directors on 17 December 2020 pursuant to article 2386.1 of the Italian Civil Code, following the resignation of Mr. Massimo Ferrari, and whose appointment was subsequently confirmed by the Shareholders in their meeting of 29 April 2021.

Following the submission of the lists, the Shareholders will determine the number of members of the Board of Directors and appoint the Directors in accordance with the procedure set out in articles 12.6. to 12.9. of the By-laws and the ruling legislation, to which reference should be made.

The **Company adheres to the Recommendations of the Corporate Governance Code** approved by the Corporate Governance Committee (the “Code”). Therefore, in order to strictly comply with the principles of best practice, as specifically recommended by article 4 of the Code, and in accordance with Recommendation nos. 21 and 22, in February 2023, the Company launched a self-assessment process covering the size, composition and practical functioning of the administrative body and its committees. At its meeting of 22 February 2023, the Board of Directors acknowledged the results of the self-assessment process and considered them when preparing this Report.

### **3.1 Determining the number of members.**

In accordance with article 12.1 of Equita’s By-laws, before appointing the Board of Directors, the Shareholders, called in an ordinary meeting, shall determine the **number** of members.

In this respect, under article 11.1. of Equita’s By-laws, the Company is managed by a Board of Directors consisting of **7 (seven) to 11 (eleven) members**.

The outgoing Board of Directors is currently made up of **7 (seven) directors**. As a result of the self-assessment process, the Board deemed that its current size is appropriate and should therefore be maintained. Indeed, this size ensures the Board is sufficiently diverse and has an appropriate balance of skills and experience, taking into account the size, type and complexity of the Company’s business.

Therefore, the Shareholders are invited to approve the appointment of a Board of Directors consisting of **7 (seven) directors**, in line with the size of the current Board.

### **3.2 Determining the term of office.**

In accordance with article 12.1. of Equita’s By-laws, before appointing the Board of Directors, the Shareholders, called in an ordinary meeting, shall also determine the **term of office** of the members.

Under article 11.3 of the By-laws, the directors are appointed for a period of **3 (three) years**, i.e., for a period **of not more than 3 (three) years, established at the time of appointment**, and may be re-elected.

The directors of the current Board of Directors were appointed for a period of 3 (three) years. Therefore, again with a view to maintaining continuity, the Shareholders are invited to appoint the new Board of Directors for a **period of 3 (three) years**, i.e., until the date of the Shareholders’ Meeting called to approve the financial statements at 31 December 2025.

### **3.3 Appointing the members of the Board of Directors.**

Directors are appointed on the basis of **lists** on which candidates are assigned a progressive number.

As set out in article 12.2. of the By-laws, the lists – signed by those who submit them – must be filed at the Company’s registered office – within the deadlines and according to the terms set out by the applicable legal and regulatory provisions – accompanied by the documentation required by the By-laws and the regulations in force, to which reference should be made.

Shareholders shall not present or exercise their voting rights for more than one list, even through a third-party or trust company.

Pursuant to article 12.3. of the By-laws, the lists must **indicate which candidates, if any, qualify as independent.**

In this respect, pursuant to article 11.2 of the By-laws and article 147-ter.4 of the TUF, at least one of the members of the Board of Directors, or two if the Board of Directors is composed of more than seven members, must meet the independence requirements established for statutory auditors in article 148.3 of the TUF.

Furthermore, (i) Recommendation 5 of the Corporate Governance Code to which the Company adheres provides that in companies other than large companies<sup>2</sup>, such as Equita, the board of directors shall include at least two independent directors, other than the chairman; (ii) on 15 July 2021, Equita's Board of Directors approved the quantitative and qualitative criteria for assessing the independence of Equita's Directors and Statutory Auditors referred to in Recommendation 7, letters c) and d)<sup>3</sup>.

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<sup>(2)</sup> The Corporate Governance Code defines “large company”, the company whose capitalisation was greater than €1 billion on the last Exchange business day of each of the previous three calendar years.

<sup>(3)</sup> With respect to the assessment of independence and, in particular, the circumstances referred to in points c) and d) of Recommendation 7 of the Corporate Governance Code, the following are considered “significant” (therefore, circumstances that jeopardise, or appear to jeopardise, the independence of a Director):

- a. commercial, financial or professional relations existing or that existed in the previous 3 (three) years between the Director(\*) and
  - (i) Equita Group or companies controlled by the latter or its executive directors or top management, and/or
  - (ii) a party which, also jointly with others through a shareholder agreement, controls Equita Group (or, if such controlling party is a company or entity, their executive directors or top management),

if the aggregate value of such relations exceeds, in at least one of the three (3) years of reference: (x) 30% of any total annual income received by the Director as a natural person, or (y) 20% of the turnover of the legal entity, organisation or professional firm of which the Director has control or holds a prominent position or is a partner. Irrespective of the above quantitative parameters, the Board of Directors and/or the relevant Director shall deem a commercial, financial or professional relation “significant” if it is actually capable of jeopardising the Director's independence of judgement, insofar as, by way of example only, the aforesaid relations may have an effect on the Director's position and role within the legal entity, organisation or professional firm, or otherwise relates to major transactions of the Company or the Equita Group;

- b. the additional remuneration(\*\*) received by the Director, for the offices held in Equita Group and/or in its subsidiaries in the previous 3 (three) years, and paid by Equita Group and/or one of its subsidiaries, if such additional remuneration exceeds, in at least one of the 3 (three) years of reference, twice the total

Furthermore, under article 12.3 of the By-laws, the lists must contain a number of candidates equal to or greater than 3 (three), of **different gender**, so that the percentage of candidates envisaged by the applicable legal and regulatory provisions on gender balance belongs to the less represented gender.

On this point, the *pro tempore* regulation in force provides that the less represented gender must account for **at least two-fifths of the appointed members** (article 147-ter.1-ter of the TUF) and that, if the application of the gender quotas does not result in a whole number of members of the management bodies belonging to the less represented gender, **such number is rounded up to the nearest higher unit** (article 144-undecies.1.3, of the Issuer regulation).

Furthermore, pursuant to Communication no. DEM/9017893 of 26 February 2009, Consob recommended that the shareholders submitting a “minority list” must file a declaration, together with the list, attesting the absence of any relationships of control, even indirect, pursuant to article 147-ter.3 of the TUF and article 144-*quinquies* of the Issuer regulation, with Shareholders who hold, even jointly, a controlling or relative majority interest, as per the communications on significant investments pursuant to article 120 of the TUF or the publication of shareholder agreements under article 122 of the TUF. The declaration must also indicate any existing relations, if significant, with shareholders who hold, even jointly, a controlling or relative majority interest, where identifiable, and the reasons why these relationships were not considered decisive for the existence of the abovementioned controlling relationship, or the absence of the aforementioned relationships.

Finally, the lists submitted without observing the provisions set out in article 12 of the By-laws as well as the applicable legal and regulatory provisions shall be considered **as not submitted**.

Based on the above, the Shareholders are invited to vote in favour of one of the lists in accordance with Equita's By-laws and applicable laws and regulations.

For the appointment of those directors who could not be elected through the list voting procedure and/or if no lists are submitted, the Shareholders will decide with the majorities required by law, without prejudice to the compliance with the requirements established by the applicable legal and

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remuneration received by the Director, in the year of reference, for the office of Director of Equita Group and member of Equita Group's board committees recommended by the Corporate Governance Code or provided for by the applicable regulations. The “additional remuneration” does not include: (i) the fixed remuneration for the office of Director of Equita Group, and (ii) the remuneration for the office of member of Equita Group's board committees recommended by the Corporate Governance Code or provided for by the applicable regulations. Conversely, the “additional remuneration” includes (i) the fixed remuneration for the office of Director of Equita Group's subsidiaries, and (ii) the remuneration for the office of member of the board committees of Equita Group's subsidiaries.

(\*) For the purposes of this provision, the relations held by the Director directly and those held indirectly, e.g., through companies controlled by them or of which they are an executive director, or as a partner in a professional firm or consulting company, are considered.

(\*\*) The remuneration is in “addition” to the fixed remuneration for the offices of Director of Equita Group and of Equita Group's board committees recommended by the Corporate Governance Code or provided for by the applicable regulations.

regulatory provisions and the By-laws related to the composition of the Board of Directors and, in particular, gender balance.

### 3.4 Appointing the Chairman of the Board of Directors.

Article 13.1 of the Company's By-laws establishes that the Board is responsible for appointing the Chairman of the Board of Directors when the Shareholders have not done so.

The outgoing Board of Directors **invites the Shareholders who submit a list containing more than half the number of candidates to indicate their candidate for the office of Chairman** of the Board of Directors.

### 3.5 Determining the Directors' remuneration.

In accordance with the legislation in force, the **remuneration** due to members of the Board of Directors who do not hold special duties is set by the Shareholders. The additional **remuneration** of the members of the Board of Directors vested with special duties is instead determined by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors, pursuant to article 2389.3 of the Italian Civil Code.

Article 16 of the By-laws provides that Directors are entitled to **be reimbursed the expenses** incurred in exercising their function and that the Shareholders may grant them remuneration and an end of term-of-office indemnity, also in the form of an insurance policy, within the limits set by applicable legal and regulatory provisions.

The Shareholders shall determine the **remuneration** due to the members of the Board of Directors.

In this respect, during the 2020-2022 three-year term of office, the **gross annual remuneration** due to each member of the Board of Directors, *pro tempore* and for the period in office, as determined by the Shareholders, was set at €25,000.

In line with the past three-years, the Shareholders are invited to vote on the proposal to award each member of the Board of Directors, *pro tempore* and for the period in office, a **gross annual remuneration** of €25,000.

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The Board, also considering the provisions of the By-laws, invites the Shareholders to:

- i) set the number of members of the Board of Directors at 7 (seven), who will remain in office for a period of 3 (three) years (thus their term office will expire on the date the Shareholders are called in a meeting to approve the financial statements at 31 December 2025);
- ii) appoint the members of the Board of Directors, expressing their preference for one of the lists to be filed at the company's registered office;
- iii) appoint the Chairman of the Board of Directors;

- iv) set the annual remuneration to be paid to each member of the Board of Directors at a gross annual amount of €25,000, pursuant to article 2389.1 of the Italian Civil Code.

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EQUITA GROUP S.p.A. BOARD OF DIRECTORS