

**DIRECTORS' REPORT
ON THE FOURTH 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 4 on the Agenda

4. *Appointment of the Board of Statutory Auditors.*

4.1. *Appointment of the members of the Board of Statutory Auditors.*

4.2. *Appointment of the Chairman of the Board of Statutory Auditors.*

4.3. *Remuneration of the Chairman of the Board of Statutory Auditors and of Standing Auditors.*

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 fourth 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 Statutory Auditors.

This Report was approved by Equita’s Board of Directors 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 and in accordance with other means required by the current regulation.

The term of office of the current Board of Statutory Auditors which was appointed by the Shareholders in their meeting on 7 May 2020, 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 Statutory Auditors, in accordance with the By-laws and the regulation in force.

Pursuant to article 18 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 Statutory Auditors are appointed by the Shareholders called in a meeting based on **lists** that may be submitted by 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 an **appropriate certification** issued by the intermediary, and must be produced when the list is filed (in any case within the terms of law).

The aforementioned **lists** are divided into **two sections**: one **for candidates for the position of Standing Auditor and the** other for candidates for the position of Alternate Auditor.

Following the submission of the lists, the Shareholders shall elect 3 (three) Standing Auditors and 2 (two) Alternate Auditors in accordance with the procedure set out in articles 18.5. to 18.9. of the By-laws and the ruling legislation, to which reference should be made.

Furthermore, pursuant to the law, the new Board of Statutory Auditors will remain in office for three years; therefore, its term of office will expire on the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2025.

4.1 Appointment of the members of the Board of Statutory Auditors.

Pursuant to articles 17.1. and 17.2. of Equita's By-laws, company management is controlled by a Board of Statutory Auditors, consisting of **3 (three) Standing Auditors and 2 (two) Alternate Auditors**, appointed and operating in accordance with the law, who must satisfy **legal requirements**.

The Statutory Auditors are appointed on the basis of **lists** on which candidates are assigned a progressive number.

As set out in article 18.1. 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.

All members of the Board of Statutory Auditors, hence the candidates, must meet the independence requirements laid down in article 148.3 of the TUF. In addition, the Corporate Governance Code approved by the Corporate Governance Committee, to which the Company adheres, also requires that all members of the control body meet the independence requirements of Recommendation 7 for directors.

Furthermore, on 15 July 2021, the Board of Directors of Equita approved the quantitative and qualitative criteria for assessing the independence of Equita's Directors and Statutory Auditors pursuant to Recommendation 7, letters c) and d)¹.

¹ 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

Furthermore, the lists must contain a number of candidates equal to or greater than 3 (three), of **different gender, so as to ensure compliance with applicable legal and regulatory provisions on gender balance.**

In this respect, pursuant to article 148.1-bis of the TUF, the **less represented gender** must account for **at least two-fifths** of the effective members of the Board of Statutory Auditors, **rounded down** to the nearest whole number pursuant to article 144-undecies.1.3 of the Issuer regulation.

Furthermore, the Shareholders submitting a “minority list” are subject to the recommendations made by Consob in its Communication no. DEM/9017893 of 26 February 2009.

Finally, the lists submitted without observing the provisions set out in article 18 of the By-laws shall be considered **as not submitted.**

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

However, with respect to the appointment of those Statutory Auditors who cannot be elected through the list vote procedure and/or in the event that no lists are submitted, the Shareholders shall vote in accordance with the majorities required by law.

4.2 Appointment of Chairman of the Board of Statutory Auditors.

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 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.

Article 148.2-*bis* of the TUF establishes that the **Chairman** of the Board of Statutory Auditors is **appointed** by the Shareholders from **among the Statutory Auditors elected by the minority**.

Indeed, article 18.5 of the By-laws establishes that the position of chairman shall be **taken by the candidate of the list that received the second highest number of votes** and which was submitted by Shareholders that are not linked even indirectly with the Shareholders that submitted or voted for the list that obtained the highest number of votes.

If a single list is submitted, the entire Board of Statutory Auditors, and therefore also its Chairman, are wholly taken from this single list, if this list obtains the majority required by law at the Shareholders' Meeting.

Since in the event of presentation of lists the office of Chairman of the Board of Statutory Auditors is assumed automatically, this point **4.2 Appointment of the Chairman of the Board of Statutory Auditors** will be subject to a vote only if this automatic assumption of office does not occur.

4.3 Remuneration of the Chairman of the Board of Statutory Auditors and of Standing Auditors.

Finally, in accordance with the provisions of the current legislation and article 18.11. of the By-laws, the Shareholders are invited to determine the **remuneration to be paid** to the **Standing Auditors** and anything else necessary pursuant to the laws and regulations in force.

Therefore, the Shareholders shall determine the **remuneration** due to the members of the Board of Statutory Auditors.

In this respect, during the 2020-2022 three-year term of office, the **gross annual remuneration**, *pro tempore* and for the period in office, was determined by the Shareholders as follows:

- Chairman of the Board of Statutory Auditors: €42,000;
- each of the remaining Standing Auditors: €30,000.

Similarly to the previous three-year period, in their meeting on 20 April 2023, the Shareholders will be invited to allocate the following:

- a gross annual remuneration of **€42,000** to the Chairman of the Board of Statutory Auditors, *pro tempore* and for the period in office;
- a gross annual remuneration of **€30,000** to each of the remaining Standing Auditors, *pro-tempore* and for the period in office.

Recommendations to Shareholders submitting a list

The Shareholders who submit their own lists of candidates for the appointment of the control body are invited to ensure that these lists are accompanied by all the necessary information to enable the shareholders to cast their votes in an informed manner.

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Dear Shareholders,

in accordance with the By-laws of Equita Group S.p.A, the laws and regulations in force and Consob communication no. DEM/9017893 of 26 February 2009, you are invited to resolve on the appointment of the Standing Auditors, including the Chairman, and the Alternate Auditors of Equita Group S.p.A. for the three-year period 2023-2025 (i.e., until the Shareholders are called in a meeting to approve the financial statements at 31 December 2025) and on the allocation of the relevant remuneration.

EQUITA GROUP S.p.A. BOARD OF DIRECTORS