



**LANDI RENZO S.p.A.**

**REPORT**

**ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE**

pursuant to article 123-*bis* of the Consolidated Finance Act

(traditional administration and control model)

Issuer: Landi Renzo S.p.A.

Web Site: [www.landirenzogroup.com](http://www.landirenzogroup.com)

Financial period covered by the Report: year ended 31 December 2022

Date of approval of the Report: 24 March 2023

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## GLOSSARY

Below is a list of the main terms used in this Report and their definitions. Unless otherwise specified, those terms and definitions shall have the meaning indicated below. Additional terms used in the Report have the meaning allocated to them and indicated in this document. Full reference is made to the definitions of directors, executive directors, chief executive officer (CEO), management body, supervisory body, concentrated ownership and sustainable success contained in the CG Code.

**Board of Statutory Auditors:** the Issuer's Board of Statutory Auditors.

**Board or Board of Directors:** the Issuer's Board of Directors.

**Borsa Italiana:** Borsa Italiana S.p.A.

**By-Laws:** the By-Laws of Landi Renzo currently in force.

**ARSC or Audit, Risk and Sustainability Committee:** the audit, risk and sustainability committee of the Company currently in office.

**Civil Code:** the Italian Civil Code.

**NRC or Nomination and Remuneration Committee:** the nomination and remuneration committee of the Company currently in office.

**Code/CG Code:** the corporate governance code for listed companies approved by the Corporate governance Committee in January 2020, publicly available on the Corporate governance Committee website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

**Committee/CG Committee/Corporate governance Committee:** the Italian Corporate governance Committee for listed companies, promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**Consob Market Regulations:** the regulations issued by Consob by virtue of Resolution 20249 of 2017 (and subsequent amendments) regarding legislation for the stock markets.

**COPC or Related Party Transactions Committee:** the committee for related party transactions of the Company currently in office.

**Consolidated Finance Act or CFA:** Legislative Decree 58 of 24 February 1998 (the Italian Consolidated Finance Act), as amended.

**Instructions to the Stock Market Regulations:** the instructions to the regulations of Borsa Italiana.

**Issuer, Landi Renzo or the Company:** Landi Renzo S.p.A.

**Issuers' Regulations:** the regulations issued by Consob by virtue of Resolution 11971/1999 (and subsequent amendments) regarding legislation for issuers.

**Period:** the financial period covered by the Report, i.e. the financial year ended on 31 December 2022.

**Related Party Transactions Regulations:** the regulations issued by Consob by virtue of Resolution 17221 of 12 March 2010 (and subsequent amendments) regarding transactions with related parties.

**Remuneration Report:** the report on the remuneration policy and on compensation paid, that the Company is required to prepare and publish in accordance with Article 123-*ter* Consolidated Finance Act and 84-*quater* of the Issuer's Regulations.

**Report:** this report on corporate governance and the structure of ownership that Landi Renzo is obliged to prepare in accordance with Article 123-*bis* of the Consolidated Finance Act for the reference Period.

**Shareholders' Meeting:** the Issuers' shareholders' meeting held in ordinary and extraordinary form.

**Stock Market Regulations:** the regulations of the stock markets organised and managed by Borsa Italiana.

## 1. ISSUER PROFILE

The Issuer has adopted a traditional system of governance based on the presence of three bodies: the Shareholders' Meeting, the Board of Directors and the Board of Auditors. The auditing of the accounts is entrusted by law to an auditing firm. The Issuer adheres to the CG Code, in accordance with the method described below.

The Issuer falls within the definition of small and medium-sized businesses (PMIs) under Article 1(1)(w)-*quater*. 1 of the Consolidated Finance Act and Article 2-*ter* of the Issuers' Regulations, having recorded in the Period an average market capitalisation of almost Euro 98,7 mio-. The Issuer also falls within the scope of the definition of "ownership concentration", whilst it does not qualify as a "large company" pursuant to the CG Code.

Landi Renzo Group (the "**Group**" or the "**Landi Renzo Group**") is among the world leaders in the design and production of energy transition technologies, with a focus on vehicles powered by natural gas ("**CNG**"), liquefied natural gas ("**LNG**"), bio-methane, liquefied petroleum gas petroleum gas ("**LPG**") and hydrogen ("**Green Transportation**" or "**Automotive**" sector). The Landi Renzo Group also operates in the infrastructure sector for the compression and distribution of gas natural, bio-methane and hydrogen along the entire value chain (sector "**Clean Tech Solutions**" or "**Infrastructure**"). The Landi Renzo Group operates in more than 50 countries on five continents, in the Green Transportation sector, supplying some of the leading manufacturers automotive ("**OEMs**"), with components for the transportation of both passengers and light and medium-heavy commercial with a range of products which includes (i) pressure regulators, (ii) electronic control units, (iii) injectors and injection systems and, in general, (iv) gas and hydrogen fuel systems. In the Clean Tech Solutions, on the other hand, Landi Renzo Group, through its subsidiary SAFE&CEC S.r.l. ("**SAFE&CEC**" and, together with its subsidiaries, the "**SAFE Group**"), designs and manufactures complete compression systems for natural gas, bio-methane and hydrogen which include compressor kits and complete systems, together with gas filtration and drying systems (dryers), as well as pressure reduction systems (also referred to as PRMS).

The Issuer has, as mandatorily required, published a non-financial declaration pursuant to Legislative Decree 245/2016. This non-financial declaration has been included in the annual financial report, available on the Issuer's website at the following link: [https://www.landirenzogroup.com/it/investors/bilanci\\_relazioni](https://www.landirenzogroup.com/it/investors/bilanci_relazioni).

On determining its strategic, business and financial plans, as well as its guidelines for the internal audit and risk management system and remuneration policy, the Board of Directors included in its assessments those risks that may be of relevance in the context of medium-long term sustainability, in consideration of the interests of all of the Issuer's other stakeholders. The Company has always operated with a view to sustainable mobility and it recognises the importance of its ability to pursue the creation of value over the long-term, whilst also taking account of the interests of its shareholders. It therefore considers sustainability to be an integral and key part of the definition of its business strategies. In this context, the Remuneration Report adopted by the Company is centred on its pursuit of sustainable success and it ensures that there is a significant link between compensation paid to executive directors and the achievement of targets, consisting of the creation of value over the long-term for shareholders and for the Company as a whole.

The following sections provide information regarding the ownership structure and describe the relative and actual methods of implementation that the Company has already adopted, namely the changes that the Company is pursuing with respect to the compliance model outlined in the CG Code.

This Report, prepared in accordance with the regulatory requirements laid down for companies listed on Euronext STAR Milan, organised and managed by Borsa Italiana, together with all the documents referred to herein, may be downloaded from the Company's website [www.landirenzogroup.com/it/Investors/Governance/Altri documenti](http://www.landirenzogroup.com/it/Investors/Governance/Altri%20documenti).

## 2. INFORMATION ON THE OWNERSHIP STRUCTURE (PURSUANT TO ARTICLE 123-BIS, SUBSECTION 1, OF THE CONSOLIDATED FINANCE ACT) AS AT 31 DECEMBER 2022

This section 2 has been prepared pursuant to the terms and effects of Article 123-*bis*, subsection 1, of the Consolidated Finance Act. It should be noted that (i) any information required by the aforesaid Article 123-*bis*, subsection 1, letter i) of the Consolidated Finance Act is provided in the Remuneration Report and published pursuant to Article 123-*ter* of the Consolidated Finance Act, (ii) the information required by the aforesaid Article 123-*bis*, subsection 1, letter l) of the Consolidated Finance Act is provided in the chapter of the Report dealing with the Board of Directors (Section 4.1), and finally, (iii) the other information required by article 123-*bis* of the Consolidated Finance Act that is not mentioned in this section 2, is to be understood as not applicable to the Company.

### (a) Shareholding structure (pursuant to article 123-*bis*, subsection 1, letter a) of the Consolidated Finance Act)

Following the capital increase resolved upon by the Shareholders' Meeting held on 29 April 2022 (the "**Capital Increase**"), Landi Renzo's share capital is currently equal to Euro 22,500,000, fully subscribed and paid up, and consists of 225,000,000 ordinary shares with a nominal value of Euro 0.10 each (the "**Shares**"), traded on Euronext STAR Milan organised and managed by Borsa Italiana. As of the date of this Report, no special classes of shares have been issued, such as shares without voting rights or with limited voting rights, nor other securities granting the right to subscribe newly issued shares.

For the sake of completeness, with reference to the Capital Increase, it should be noted that as a result of the offering period, bidding and placement carried out in favor of GbD Green by Definition S.p.A., a total of 112,500,000 newly issued ordinary shares of the Company were subscribed for a total value of Euro 59,625,000.00.

### (b) Restrictions on the transfer of securities (pursuant to article 123-*bis*, subsection 1, letter b) of the Consolidated Finance Act)

As of the date of this Report, the Shares are freely transferable by deed *inter vivos* and/or by succession *mortis causa* and are subject to the circulation regime envisaged for shares issued by listed companies registered under Italian law.

### (c) Significant shareholdings (pursuant to article 123-*bis*, subsection 1, letter c) of the Consolidated Finance Act)

As of the date of this Report, on the basis of the records in the shareholders' book and in the light of the notifications received under Article 120 of the Consolidated Finance Act, the following parties, directly or indirectly, own more than 5% of the Company shares (this information is also presented in table 1, attached to this Report.

Declarant	Direct shareholder	% of issued shares	% of shares with voting rights
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Trust Landi (trust regulated by Jersey law, in GBD Green by which trustee is Stefano Landi)	Definition S.p.A.	59.927%	59.925%
Aerius Investment Holding AG	Aerius Investment Holding AG	8.262%	8.262%
Elbogross S.p.A.	Sentis Capital Cell 2 PC	6.363%	6.363%

(d) **Securities to which special rights are attached (pursuant to article 123-bis, subsection 1, letter d) of the Consolidated Finance Act)**

As of the date of this Report, the Shares are registered, freely transferable and indivisible. Without prejudice to the provisions below on loyalty shares' increased voting rights, each share confers the same proprietary and administrative rights in accordance with the applicable provisions of law and of the By-Laws.

On 24 April 2015, Landi Renzo's Shareholders' Meeting amended the By-Laws in order to introduce a loyalty shares mechanism giving rise to increased voting rights for such shares (as provided by article 20, first paragraph, of law decree no. 91 of 24 June 2014, converted by law no. 116 of 11 August 2014), whereby, if a shareholder is registered in the specific register kept by the Company for a certain number of shares, after a vesting period of 24 months, the shareholder will be entitled to a double vote in relation to such shares.

At the following meeting held on 27 August 2015, the Company's Board of Directors approved the Rules on loyalty shares giving rise to increased voting rights which govern, *inter alia*, the procedures for requesting registration in the dedicated special list provided under article 127-*quinquies*, paragraph 2, of the Consolidated Finance Act.

On 8 May 2020, the extraordinary Shareholders' Meeting resolved to amend article 6-*bis* of the By-Laws in order to align the statutory discipline regarding increased voting rights to Consob's recent interpretative stance, expressed in notice no. 0214548 of 18 April 2019. According to such an interpretation, statutory autonomy is not granted any discretion in defining the legal and factual preconditions leading to an increase in voting rights, since such preconditions are already defined by the legislator, as well as limited to the instances in which the shares of the company: a) are registered in a specific register and b) were held by the same party for an uninterrupted period (at least twenty-four months) starting from the date of registration in the specific register.

Therefore, on 15 May 2020, the Board of Directors resolved to amend the Rules regarding increased voting rights, in order to render such provisions consistent with the new By-Laws. The amendments are aimed at ensuring that the right to increased voting rights is granted automatically, upon expiry of the twenty-four months uninterrupted holding period of the shares, starting from the registration in the specific register kept by the Company pursuant to article 127-*quinquies*, paragraph 2, of the Consolidated Finance Act, without the need for such a circumstance to be acknowledged by a specific notice of the intermediary authorized to keep the accounts on which financial instruments are registered.

Further details are available on the Company's website [http://www.landirenzogroup.com/it/investors/governance/maggiorazione\\_del\\_voto](http://www.landirenzogroup.com/it/investors/governance/maggiorazione_del_voto).



Pursuant to article 6-*ter* of the Company's By-Laws, increased voting rights do not affect any other right other than voting rights, to which shareholders are entitled and may exercise by virtue of their ownership in the corporate capital, and similarly, among other things, they do not affect the calculation of the percentage of corporate capital owned for the submission of slates of candidates for membership in the company's bodies, for exercise of liability actions pursuant to article 2393-*bis* of the Civil Code, and the percentage of corporate capital required to challenge, for any reason, the resolutions of the Shareholders' Meeting.

As of the date of this Report, the number of Landi Renzo's ordinary shares is 225,000,000, corresponding to 225,006,700 voting rights at the Company's ordinary and extraordinary Shareholders' Meeting.

(e) **Employees' shareholdings: mechanism for the exercise of voting rights (pursuant to article 123-*bis*, subsection 1, letter e) of the Consolidated Finance Act)**

As of the date of this Report, there are no arrangements for employees to hold shares in the Company.

Information regarding the performance shares plan 2022-2024, approved by the Shareholders' Meeting on 29 April 2022, is set out in the relevant section of the Remuneration Report published pursuant to article 123-*ter* of the Consolidated Finance Act.

(f) **Restrictions on voting rights (pursuant to article 123-*bis*, subsection 1, letter f) of the Consolidated Finance Act)**

As of the date of this Report, there are no restrictions on voting rights.

(g) **Shareholders' agreements (pursuant to article 123-*bis*, subsection 1, letter g) of the Consolidated Finance Act)**

As of the date of this Report, according to public disclosures, there are in place (i) an investment agreement executed on 28 April 2022 between Itaca Equity Holding S.p.A. ("IEH") and Girefin S.p.A. and Gireimm S. r.l. (jointly the "Landi Shareholders") and (ii) an investment agreement executed also on 28 April 2022, between Landi Shareholders, IEH and Cristiano Musi, CEO of the Issuer, both of which contain certain material provisions as per Article 122 paragraph 1, of the Consolidated Finance Act.

Further details are available on the Company's website [http://www.landirenzogroup.com/it/investors/governance/Altri documenti](http://www.landirenzogroup.com/it/investors/governance/Altri_documenti).

(h) **Change of control clauses (pursuant to article 123-*bis*, subsection 1, letter h) of the Consolidated Finance Act) and provisions of the articles of association on Tender Offers (OPA) (pursuant to Articles 104, subsection 1-*ter* and 104-*bis*, subsection 1).**

As of the date of this Report, neither the Company nor its subsidiaries have stipulated any relevant agreements that take effect, are amended or are terminated in the event of any change in the Issuer's major shareholder, with the exception of:

- a financing agreement entered into on 29 June 2022 by the Issuer, as borrower, and a pool of banks, each as "lender" (the "Loan Agreement"). The enforceability of such

agreement was suspensively conditioned on the execution within 30 September 2022 of a Capital Increase (a condition fulfilled during the month of September 2022 and on 28 September 28 2022 the relevant disbursement by the financing banks was made

- a new financing agreement with a warranty issued by SACE, executed on 29 June 2022 which replaced the previous agreement with warranty issued by SACE and executed on 30 September 2020 and that, for the same amount financed (Euro 21 million), provides for the postponement of the preamortization period of 24 months and the repayment of the last installment on 31 March 2028 (the “**SACE Loan Agreement**”);
- an unsecured financing agreement entered into on 6 March 2020 by the Issuer, as borrower, and BPER Banca S.p.A., as lender (the “**BPER Loan Agreement**”); and
- a subsidised financing agreement, unassisted by any guarantees, for companies under Article 37 of Decree-Law No 41/2021 and the decree of the Minister for Economic Development of 5 July 2021, containing measures on State Aid in support of the economy during the current COVID-19 emergency, entered into by the Issuer and the Italian Agency for Inward Investment and Economic Development (*Agenzia Nazionale per l’attuazione degli investimenti e lo sviluppo d’impresa S.p.A.* “**Invitalia**”), pursuant to a resolution admitting the Issuer to the subsidies under the above decrees, issued by Invitalia on 28 February 2022 (the “**Invitalia Loan Agreement**”)

The Loan Agreement and the SACE Loan Agreement provide that the lender banks will have the right to be repaid early in case of:

- (a) with reference to the Issuer, occurrence of any of the following:
- i. GbD Green by Definition S.p.A. ceases to hold, directly or indirectly, (A) at least 50.01% of the Issuer’s share capital and/or 50.01% of the voting shares (or such greater percentage that may be required to control the ordinary and extraordinary shareholders’ meeting) of the Issuer; (B) the power to determine the appointment of the majority of the members of the Issuer’s Board of Directors;
  - ii. the Landi Family, directly or indirectly, ceases to hold at least 30.01% of the Issuer’s share capital;
  - iii. IEH ceases to hold, directly or indirectly, at least 20.00% of the Issuer's share capital, unless such cessation occurs after the delivery to the Agent Bank of the Attestation of Compliance relating to the Calculation Date of 31 December 2024 and provided that at such time: (A) at least 50% of the aggregate principal amount of the aggregate principal amount of this Loan, as well as of the loan disbursed under the loan agreement entered into contemporaneously with the Stipulation Date between the Grantee and the Lenders for a maximum original amount of Euro 21,000,000.00, assisted by a guarantee from SACE S.p.A., outstanding between the Grantee and the Lenders; (B) no Relevant Event or Relevant Event is outstanding. Potential; (C) the Documentation of Comfort;
- (b) with respect to GbD Green by Definition S.p.A., the Landi Family ceases to hold, directly or indirectly, (A) at least 50.01% (one hundred percent) of the share capital of GbD Green

by Definition S.p.A. and/or 50.01% of the shares with voting rights (or the greater percentage that was possibly required to control the ordinary and extraordinary shareholders' meeting) of GbD Green by Definition S.p.A.; (B) the power to determine the appointment of the majority of the members of the board of directors or the sole director of GbD Green by Definition S.p.A.

The BPER Loan Agreement provides that BPER Banca S.p.A. will have the right to be repaid early in case Girefin S.p.A. ceases to hold, directly, at least 51% of the corporate capital of the Issuer. It should be noted that on 27 June 2022, BPER Banca S.p.A. gave its consent to the transaction for the entry of IEH as new minority shareholder in the Company.

The Invitalia Loan Agreement provides that Invitalia will be entitled to revoke all or part of the subsidies granted, to terminate the Invitalia Loan Agreement and to obtain the repayment, as a lump-sum, of sums previously drawn down - net of any amounts previously repaid - together with outstanding interest accrued, plus default interest, if the Issuer makes *de facto* or legal changes to the ownership structure of the company in the absence of prior consent from Invitalia. It is acknowledged that the Capital Increase that took place during 2022 was subject to Invitalia's prior consent.

With regard to public tender and exchange offers, the By-Laws do not provide for any departure from provisions concerning the passivity rule under Article 104, subsections 1 and 1-*bis* of the Consolidated Finance Act or for the application of the breakthrough rules under Article 104-*bis*, subsections 2 and 3 of the Consolidated Finance Act.

(i) **Delegated powers to increase share capital, and authorisations to purchase treasury shares (pursuant to article 123-*bis*, subsection 1, letter m) of the Consolidated Finance Act)**

As of the date of this Report, the Company's Shareholders' Meeting has neither resolved upon the authorization of the purchase and/or sale of any treasury shares nor has delegated powers to increase the Issuer's share capital.

(j) **Management and coordination (pursuant to articles 2497 et seq. of the Civil Code)**

Landi Renzo deems that GbD Green by Definition S.p.A. does not carry out management and coordination activities, operating as the former does completely free of any entrepreneurial or corporate control by the latter controlling company. For example, Landi Renzo independently manages its treasury and business relations with customers and suppliers, and independently establishes its own industrial plans and/or budgets.

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The information requested by Article 123-*bis*, first paragraph, letter i), of the Consolidated Finance Act (benefits for directors in case of resignation, dismissal or termination of employment following public tender offers) is contained in the section 8.1 of this Report.

The information requested under Article 123-*bis*, first paragraph, letter l), first part of the Consolidated Finance Act (appointment and replacement of directors if different from requirements under laws and regulations) is illustrated in section 4.2 of this Report.

### 3. COMPLIANCE

Landi Renzo has complied with the provisions and recommendations of the CG Code drafted by the Corporate governance Committee, publicly available on the Corporate governance Committee's website at page <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

The Issuer continues to comply substantially with the CG Code, save for some limited discrepancies that have been duly disclosed as provided by the Code.

Neither the Issuer nor its subsidiaries of strategic importance, are subject to provisions of any laws other than Italian law affecting the Issuer's corporate governance structure.

### 4. BOARD OF DIRECTORS

#### 4.1. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is the corporate body responsible for the governance of the Company and has the powers assigned to it by law and by the By-Laws. It is organised and operates in such a way as to ensure the effective and efficient performance of its duties. Its Directors act and adopt resolutions knowledgeably and autonomously, in pursuit of the aim of creating value for the Company's Shareholders and reporting management performance at Shareholders' Meetings.

The Board of Directors acts in pursuit of sustainable success for the Issuer, focusing on the creation of value for shareholders over the medium-long term.

In fact, the Board of Directors plays a central role in the context of the company organisation and it is responsible for determining and pursuing the strategic, business and financial objectives for the Company, as well as verifying the existence of the controls necessary to monitor performance by the Company.

In accordance with article 18 of the Company By-Laws, the Board of Directors is vested with the widest powers for the day-to-day and extraordinary management of the Company and has the power to carry out all the acts it considers expedient or helpful for the achievement of its corporate purpose, only excluding those for which the Shareholders' Meeting is solely responsible by law or under the By-Laws.

The Board of Directors is also vested with responsibility for the following:

- (i) merger resolutions in the cases contemplated in Articles 2505 and 2505-*bis* of the Civil Code, including those mentioned for demergers in Article 2506-*ter* of the Civil Code;
- (ii) opening and closing secondary offices;
- (iii) reducing the share capital in the event of the withdrawal of a shareholder;
- (iv) adapting the By-Laws in accordance with new provisions of law;
- (v) identifying the Directors with the power to represent the Company;
- (vi) moving the registered office within the country; and

- (vii) appointing and discharging the executive in charge of preparing corporate accounting documents.

Pursuant to Article 17 of the By-Laws, the quorum for the Board of Directors is the majority of its members in office and it takes valid decisions by way of a favourable vote of the absolute majority of directors in attendance. In case of an equality of votes, the chairman of the meeting shall have the casting vote.

Pursuant to Article 19 of the By-Laws, the Board of Directors can appoint an executive committee, choosing the members of that committee from amongst its own members and establishing the number of members and their tasks, save for those statutorily reserved to the Board. The Board may also appoint one or more managing directors, chosen from amongst its members and vested, jointly or severally, with all or part of the Board's tasks, save for those statutorily reserved to the Board. The Board of Directors may also establish internal advisory or steering committees, establishing the number of members of those committees and the functions allocated to them, in accordance with laws applicable to joint stock companies listed on regulated markets.

The Board of Directors may also delegate the execution of corporate resolutions to one or more directors.

The Board of Directors appoints an executive responsible for the preparation of accounting documents, chosen from amongst managers of the company with proven accounting and financial experience, granting them adequate powers and the resources to carry out their tasks in accordance with the law. In accordance with Article 154-*bis*, subsection 4 of the Consolidated Finance Act, the Board of Directors ensures that the executive in charge of preparing corporate accounting documents has sufficient powers and resources to perform the duties assigned to him/her by law and that administrative and accounting procedures are observed in actual practice.

In urgent circumstances relating to transactions with related parties that are not under the responsibility, or subject to the authorisation, of the shareholders' meeting, the Board of Directors will have the right to approve these transactions even where they are implemented through subsidiaries, departing from the customary provisions of the internal guidelines for related-party transactions adopted by the Company, subject to compliance with and at the conditions set out in the guidelines. With the assistance of internal board committees, the Board of Directors is also responsible for the following activities:

- examining and approving the business plan for the Issuer and its group, also based upon analysis of matters relevant to the generation of value over the long-term;
- periodic monitoring of the implementation of the business plan, and assessment of general performance, making periodic comparisons between results achieved and those programmed;
- defining the nature and level of risk compatible with the strategic objectives of the Issuer, including in its assessments all elements that may be of relevance in the context of sustainable success for the Issuer;
- defining the corporate governance system for the Issuer and for the structure of its group;
- evaluating the adequacy of the organisational, management and accounting structure of the Issuer and its subsidiaries of strategic relevance, with particular reference to the internal audit and risk management system. Please refer to Section 9 for detailed information;

- reviewing the transactions by the Issuer and its subsidiaries, that are of significant strategic, economic or financial relevance for the Issuer, establishing the general criteria for the identification of transactions of material relevance; and
- adopting, upon proposal by the Chairman and in agreement with the Managing Director, a procedure for the internal management and external communication of documents and information relating to the Issuer, with particular reference to privileged information. Please refer to Section 5 for detailed information.

For the purpose of implementing Article 4 of the CG Code, it is noted that the Chairman of the Nomination and Remuneration Committee, following an assessment by the Nomination and Remuneration Committee, has brought to the attention of the Board of Directors on 24 March 2023 the findings of the observations arising from the completion of the self-assessment questionnaire by the members of the Board. The Board of Directors, at the same Board meeting, completed a successful review of the size, composition and operation of the Board of Directors, the Audit, Risk and Sustainability Committee, the Nomination and Remuneration Committee and the Related Party Transactions Committee, while emphasizing the opportunity of having a stable corporate presidium to support the Board of Directors and committees, as well as the organization of further inductions concerning the business and relevant markets in which Landi Renzo Group operates

Moreover, at the same Board meeting on 24 March 2023, the Board of Directors, also on the basis of reports from the Managing Director in his role of manager in charge of establishing and maintaining the internal audit and risk management system, from the Chairman of the Audit, Risk and Sustainability Committee on behalf of the Committee itself and from the Chairman of the Board of Statutory Auditors, considered, as a whole, adequate, effective and effectively functioning the Company's internal control and risk management system with respect to its characteristics and profile of risk assumed.

Article 14 of the By-Laws of the Company states that the Directors are subject to the non-competition rule laid down in Article 2390 of the Civil Code unless they are exonerated from this rule by the Shareholders' Meeting. As of the date of this Report, the Shareholders' Meeting has not given permission for any exceptions to the non-competition rule.

Please note that the Company has adopted the policy for the management of dialogue with shareholders approved by the Board of Directors on 12 November 2021. For further information please refer to Section 12 of this Report.

#### **4.2. APPOINTMENT AND REPLACEMENT OF DIRECTORS (PURSUANT TO ARTICLE 123-BIS, SUBSECTION 1, LETTER L) OF THE CONSOLIDATED FINANCE ACT)**

The Shareholders' Meeting establishes the number of members of the Board of Directors, at the time of their appointment, within those limits set out in subsection 4.3 below. The directors shall hold office for a period of no more than three financial years, and they may be re-elected.

Under Article 14 of the By-Laws, regarding the appointment and replacement of the Board of Directors and/or its members, establishes that the members of the Board of Directors are elected from lists of candidates according to the following procedures, in compliance with legislation, including regulatory, on gender balance in force at the time. Shareholders holding, even jointly, at least 2.5% of the share capital representing shares that confer voting rights at shareholders' meetings held to deliberate the appointment of the members of the governing body, or such other proportion of the share capital as may be determined at any one time by Consob, in accordance with the rules applicable to the Company, may present a list of candidates, the number of which shall not be greater than the number of directors to be elected, where candidates are listed in a progressive order. This level of ownership

is consistent with that determined by Article 144-*quater* of the Issuers' Regulations for companies with a market capitalisation of up to Euro 1 billion. The notice of call of the shareholders' meeting will state the level of ownership required to present a list of candidates.

Each shareholder, the shareholders adhering to a shareholders' agreement relevant under Article 122 of the Consolidated Finance Act, the parent company, the subsidiary companies and companies subject to joint control, may not present or join in the presentation of more than one list, not even through a third party or a trust company, nor may they vote for different lists, and each candidate may only stand in one list, otherwise they will be adjudged ineligible. Candidatures and votes expressed in breach of this restriction shall not be attributed to any list.

Lists must be deposited at the Company's registered office at least 25 (twenty-five) days prior to the date scheduled for the Shareholders' Meeting, without prejudice to other forms of publicity provided for by law, including regulatory provisions, in force at the time. The notice calling the shareholders' meeting will provide instructions to allow remote deposit of the list by distance communication. Ownership of the amount of shares required to present a list must be proven with the methods and at the terms required under the law and regulatory provisions in force at the time. Should mandatory gender allocation criteria be applicable, each list that presents at least 3 (three) candidates shall include a number of candidates of the least represented gender equal to the minimum requested by applicable law and regulatory provisions in force at the time. Those documents provided for by article 14 of the By-Laws and by the applicable provisions of law and regulations shall be presented together with each list.

Within the above terms, the following must be deposited together with each list: (i) information regarding the identity of the shareholders that presented the list and the percentage of ownership they hold in the aggregate; (ii) the declarations whereby each candidate accepts to be a candidate and attests, under his or her own responsibility, that no circumstances giving rise to his or her ineligibility or incompatibility exists and that he or she meets all the requisites under the law to accept the office; (iii) any candidate's declaration whereby the candidate attests, under his or her own responsibility, that he or she meets the independence requirements in accordance with applicable laws and regulations; and (iv) the *curricula vitae* of each candidate, containing exhaustive information on the candidate's personal and professional background, and listing any offices held by the candidate on the governing or supervisory bodies of other companies. Those lists presented without observing the aforesaid provisions shall be deemed as not presented.

Each eligible person has the right to vote for one list. When voting has been completed, those candidates from the two lists who have obtained the greatest number of votes shall be elected, according to the following principles:

- (a) from the list that has obtained the highest number of votes (the "**Majority List**"), the same number of directors shall be elected as make up the Board of Directors, as established beforehand by the Shareholders' Meeting, minus one; members are taken, in accordance with the said numerical limitation, on the basis of the numerical order in which they appear in the list;
- (b) from the list that has obtained the second largest number of votes, provided that it is not connected in any manner, even indirectly, with the shareholders that presented or voted for the Majority List (the "**Minority List**"), one Director is taken, and that Director shall be the one who appears first, in numerical order, on that list.

The candidate chosen as number one candidate on the Majority List shall be elected Chairperson of the Board of Directors.

Unless otherwise provided for, in the event of parity of votes, the senior candidate shall be elected.

In the event that following the election of candidates in the aforesaid manner, a number of independent directors have not been appointed, in accordance with the provisions of the law governing auditors, equal to the minimum number established by law in relation to the overall number of members of the Board of Directors, then the first non-independent candidate elected in numerical order from the Majority List, shall be replaced by the first independent candidate (in numerical order) not elected taken from the same list, or in the absence thereof, by the first independent candidate (in numerical order) not elected taken from the other lists, according to the number of votes that each candidate has obtained. This replacement procedure shall be followed until the number of independent directors – pursuant to the legal provisions governing statutory auditors - elected to the Board of Directors is at least equal to the legal minimum. Finally, should this procedure fail to provide the aforesaid result, then replacement shall be established by a resolution passed by the relative majority of the Shareholders' Meeting, subject to the presentation of candidates possessing the aforesaid requirements.

In addition, in the event that following the election of candidates in the aforesaid manner, a composition of the Board of Directors has not been reached in accordance with the provisions of the law on gender balance in force at the time, then the last candidate of the most represented gender elected in a numerical order from the Majority List shall be replaced by the first candidate of the less represented gender (in numerical order) not elected taken from the same list, or in the absence thereof, by the first candidate of the less represented gender (in numerical order) not elected from the other lists, according to the number of votes that each candidate has obtained. This replacement procedure shall be followed until a composition of the Board of Directors is reached which complies with the laws on gender balance in force at the time. Finally, should this procedure fail to provide the aforesaid result, then replacement shall be established by a resolution passed by the relative majority of the Shareholders' Meeting, subject to the presentation of candidates belonging to the less represented gender.

Should the first two or more lists obtain the same number of votes, then the shareholders' Meeting shall vote again, this time for those lists only. The same rule shall apply in the event of parity between those lists coming second in terms of numbers of votes that are not connected, directly or indirectly, with those shareholders who have presented or voted for the competing list.

In the event of further parity between lists, the list presented by shareholders possessing the majority shareholding, or subordinately by the list presented by the greatest number of shareholders, shall prevail. In all aforementioned cases, the composition of directors shall secure compliance with the aforesaid requirement of gender balance, where so required by law provisions and regulations in force at the time.

In the event of only one list, or no list, being presented, the Shareholders' Meeting shall decide according to the majorities established by law, without having to observe the abovementioned procedure, without prejudice for compliance with the gender balance requirement specified above, where required by law provisions and regulations in force.

For the purpose of the division of those directors to be elected, no account shall be taken of lists that have failed to gain a percentage of votes at least equal to one half of the number required by the present By-Laws, or by Consob, for the presentation thereof.

If, during the course of the year, one or more Directors are missing, then in order to ensure that the majority continues to be constituted by directors appointed by the Shareholders' Meeting, the following procedure shall be followed, in accordance with article 2386 of the Civil Code:



- (a) the Board of Directors shall arrange for the replacement of the missing director from among those belonging to the same list as the latter, and the Shareholders' Meeting shall vote, in accordance with the legally-required majorities, in observance of the same principle;
- (b) in the event that the aforesaid list does not contain candidates not previously elected, or candidates with the called-for requirements, or for any reason it is not possible to observe (a) above, then the Board of Directors shall arrange for the replacement, and the Shareholders' Meeting shall vote for said replacement, in accordance with the legal majorities of those without a list vote.

In any case, the Board of Directors and the Shareholders' Meeting shall proceed to make the appointment in order to ensure the minimum number of independent directors required by the law in force at the time, subject to compliance with the aforementioned gender balance requirement, where so prescribed by law and regulatory provisions in force at the time.

However, should the majority of directors cease to exist, then the entire Board of Directors shall be deemed as having resigned, with effect from its reconstitution.

At least one of the members of the Board of Directors, or two if the Board is composed of more than seven members (or of a different minimum number required by the applicable regulation), shall satisfy the criteria of independence called for in the case of statutory auditors by the law and regulatory provisions in force at the time.

The independent director, pursuant to the provisions of the law governing statutory auditors, who subsequent to his/her appointment, no longer satisfies the requirements of independence, shall immediately notify the Board of Directors of this circumstance, and shall no longer hold office. A director's loss of independence, as defined above, shall not automatically lead to loss of office if the said requirement is satisfied by the minimum number of directors as established by the laws in force, or by the codes of conduct that the Company has declared it abides by.

It should be noted that the Board of Directors, having considered the structure and the size of the Issuer's Group, has not adopted any succession plan for executive directors as it deems that the replacement procedures adopted are adequate to guarantee the continuity and certainty of corporate governance.

At the date of this Report, there are no provisions of the By-Laws that admit the presentation of a list by the outgoing Board for the renewal of the management body

#### **4.3. COMPOSITION (PURSUANT TO ARTICLE 123-BIS, SUBSECTION 2, LETTERS D) AND D-BIS) OF THE CONSOLIDATED FINANCE ACT)**

Under Article 14 of the By-Laws, the Company is governed by a Board of Directors comprised of five to nine members, who need not be shareholders, as previously decided by the Shareholders' Meeting at the times of the appointment of the Board of Directors.

On 29 April 2022 the Shareholders' Meeting appointed the Board of Directors, setting the number of its members at nine. The Directors will serve until the approval of the financial statements for the period ending on 31 December 2024.

The members of the Board of Directors have been elected on the basis of the sole filed list, which included the following candidates:

List **number 1)** set out the following candidates:

- **Stefano Landi**, born in Reggio Emilia, on 30 June 1958, Chairman;
- **Cristiano Musi**, born in Parma on 27 April 1974, Director;
- **Sergio Iasi**, born in Salerno on 23 January 1958, Directors;
- **Massimo Lucchini**, born in Milan on 9 June 1973, Director;
- **Andrea Landi**, born in Reggio Emilia on 26 June 1984, Director;
- **Sara Fornasiero**, born in Merate (Lecco), on 9 September 1968, Independent Director;
- **Pamela Morassi**, born in Spilimbergo on 16 October 1977, Independent Director;
- **Anna Maria Artoni**, born in Correggio on 31 March 1967, Independent Director;
- **Silvia Landi**, born in Reggio Emilia on 3 June 1960, Director.

The candidates from the list were elected with no. 142,327,654 favourable votes. With regard to the proposed lists, no dissenting votes were cast. The voting share capital in attendance at the shareholders' meeting represented 79.51% of the entire share capital.

As of the date of this Report, the Board of Directors of the Company is composed of nine members. For additional information, see table 2, attached to this Report.

Full name	Title	Place and date of birth	Quality	Audit Risk and Sustainability Committee	Nomination and Remuneration Committee	Related Party Transactions Committee
Stefano Landi	Chairman of the Board of Directors	Reggio Emilia, 30 June 1958	Executive	N/A	N/A	N/A
Cristiano Musi	Managing Director	Parma, 27 April 1974	Executive - CEO	N/A	N/A	N/A
Sergio Iasi	Vice-Chairman	Salerno, 23 January 1958	Non-Executive	N/A	N/A	
Massimo Lucchini	Director	Milan, 9 June 1973	Non-Executive	Member	N/A	
Sara Fornasiero	Independent Director	Merate, 9 September 1968	Non-Executive	Chair	N/A	Member
Pamela Morassi	Independent Director	Spilimbergo, 16 October 1977	Non-Executive	N/A	Chair	Member
Anna Maria Artoni	Independent Director	Correggio, 31 March 1967	Non-Executive	Member	Member	Member
Andrea Landi	Director	Reggio Emilia, 26 June 1984	Non-Executive	N/A	N/A	N/A
Silvia Landi	Director	Reggio Emilia, 8 June 1960	Non-Executive	N/A	N/A	N/A

For the sake of completeness, please see below a table summarizing the composition of the Board of Directors as of 29 April 2022.

Full name	Title
Stefano Landi	Chairman of the Board of Directors
Cristiano Musi	CEO
Giovannina Domenichini	Honorary chairman of the Board of Directors
Silvia Landi	Director

Vincenzo Russi	Director
Paolo Ferrero	Director
Sara Fornasiero	Director
Angelo Iori	Director
Dario Melpignano	Director

Directors Sara Fornasiero, Pamela Morassi and Anna Maria Artoni meet the qualifications required for Independent Directors, in accordance with Article 147-ter and 148 of the Consolidated Finance Act and Article 2 of the CG Code.

The purpose of the presence of three Independent Directors is to provide further safeguards of good corporate governance by means of discussion and debate among all the Directors. The contribution made by the Independent Directors also allows the Board to verify that cases of potential conflict between the interests of the Company and its majority shareholder are evaluated with an appropriate degree of independent judgment.

The members of the Board of Directors of the less represented gender are more than one-third of the members of the Board of Directors.

All members of the Board of Directors are domiciled at the Company's registered office by virtue of their office. There is a family relationship between Directors Stefano Landi, Andrea Landi and Silvia Landi, in that Stefano Landi and Silvia Landi are siblings and Andrea Landi is Stefano Landi's son and Silvia Landi's nephew.

Each Director's personal and professional history are briefly set out below in accordance with Article 144-decies of the Issuers' Regulations.

**Stefano Landi.** shareholder of the Issuer, he was Managing Director from 1987 to 2010. From 24 April 2013 until 28 April 2017 he served both as Managing Director and as Chairman of the Board of Directors, in addition to holding offices in other companies of the Landi Renzo group and since April 2017 he has been serving as Chairman of the Board of Directors. In 2006 the specialised press included Stefano Landi among the top ten managers in the automotive sector and in December 2010 he received the award of E&Y "Entrepreneur of the Year". From July 2010 to July 2013 he was in office as President of the Industrial Association of the Province of Reggio Emilia, from January 2014 to December 2020 he was in office as Chairman of Reggio Emilia Chamber of Commerce and in December 2020 he was appointed as Extraordinary Commissioner of Reggio Emilia Chamber of Commerce. He also holds the office of director in Safe S.p.A. and SAFE&CEC and is Chairman of Metatron.

**Cristiano Musi.** Was awarded a degree in law by the University of Parma and later earned an MBA from the Business School of the Milan Politecnico University. He started his professional career in marketing, working in several companies, and then joining an international investment bank after his MBA. From 2005 to 2011, Mr. Musi worked for international and national banks, progressing in his profession, which focused mainly on business finance and structured finance. In 2012 he was appointed general manager of Dulevo International S.p.A. and Lampogas S.p.A., where he was responsible for coordinating the first phase of the reorganisation until the change of control caused by the purchase by a leading international private equity fund. Following this change of control, Mr. Musi became a member of the board of directors of Lampogas' holding company and general manager of the group, serving as Chairman, managing director, and director of several of the group subsidiaries. In December 2016, he was elected as general manager (*direttore generale*) of Landi Renzo and remained in charge until April 2017, when he was appointed managing director. At present, he is also Managing Director of Safe S.p.A. and of SAFE&CEC and Director of Metatron.

**Sergio Iasi:** Law graduate from the University of Naples. In the early 1980s he worked in IRI and was deputy director of the Metalmechanical Trade Union Group of Assolombarda in Milan. He was senior consultant in Project Group, principal of Booz Allez Hamilton based in Paris and Amsterdam. He later worked at Canal Plus Group in Paris, then managing director in Arnault/LVMH group funds. In 2022 deputy general manager RAI, then from 2003 to 2006 managing director in Italy Tourism, Banca Intesa and Marcegaglia Group. From 2006 to 2009 managing director of Sansedoni S.p.A, then held the role of CEO in Silvano Toti Holding S.p.A. For three years from 2010 to 2013 he was a director of Gemina S.p.A. Subsequently he held the position of CEO in Prelios S.p.A. Group companies, Gruppo CIS/Interporto Campano S.p.A. From 2017 to December 2022, he served as CEO/CRO of Trevifin S.p.A. From April 2020 he served first as CRO and then as Chairman of Officine Maccaferri S.p.A. In September 2021 he founded Itaca Equity Partners, of which he is chairman and senior partner.

**Massimo Lucchini:** Graduated in Economics from the Catholic University of Milan. He has been a chartered accountant registered in Milan since 2005. He worked first at Ambrosetti Stern Stewart Italia, then at Medinvest S.p.A. as a senior executive in acquisitions, mergers and capital increases. He was then head of M&A at Ilte S.p.A. then from 2011 to 2019 at Unicredit Group with various senior level positions. From 2019 to 2021 head of Distressed & Turnaround Financing in Depobank S.p.A. He is partner, founder and board member of Itaca Equity.

**Andrea Landi.** Graduated in Political Science from the University of Parma. In 2005/2006 he was assistant to the CEO of Pallacanestro Reggiana. From 2006 to 2007 he worked in Spain at the Extra Time SL. He then joined Landi Renzo as Business Development Manager. Since 2010 he has been working at Landi Renzo USA, where he holds the position of Chairman.

**Sara Fornasiero.** Currently, she holds the office of Statutory Auditor of Leonardo S.p.A., Chairman of the Board of Statutory Auditors and of the Supervisory Body ("*Organismo di Vigilanza*") of Arnoldo Mondadori Editore S.p.A., Alternate Auditor of Avio S.p.A. and UnipolSai Assicurazioni S.p.A.. She is an independent director in AWolrd S.r.l. Benefit Company and Chairman of the Board of Statutory Auditors of Società Italiana Bricolage S.p.A., Bricocenter Italia S.r.l., Bricoman Italia S.r.l., Golilla S.r.l., Leroy Merlin Italia S.r.l, Servizi Editoriali Milano S.p.A. and Rotomail Italia S.p.A. She is Auditor of Alenia Aermacchi S.p.A., and Atos Italia S.p.A. of Fondazione Conad ETS, Leonardo Logistics S.p.A. and of MBDA Italia S.p.A., and a member of the Supervisory Body ("*Organismo di Vigilanza*") of Alenia Aermacchi S.p.A. and Atos Italia S.p.A.,. Self-employed since 2016, she is involved in the field of sustainability, corporate governance, risk management, anti-bribery and corruption for listed and unlisted companies. Since 1995 she has been enrolled in the Register of Auditors and since 1996 she has been enrolled in the National Register of Certified Chartered Accountants and Auditors in Milan. She is a member of NedCommunity (community of non-executive and independent directors), co-chair of the Reflection Group "Women, Diversity and Disruption" ("*Donne, Diversity e Disruption*") She was also a member of the "Governance of Listed Companies" and "Compliance and Organisational Models" committees of the Board of Certified Chartered Accountants and Auditors of Milan. With a degree in Economics from the *Università Cattolica del Sacro Cuore* in Milan, she began her work experience in KPMG S.p.A. in 1993 in the auditing field; from 1995 to 1998 in the due diligence field; from 1998 to 2001 in the Forensic Accounting department; from 2001 in the Corporate Responsibility/Sustainability department; and from 2004 in the Risk & Compliance department. From 2006 to 2015 she worked for the KPMG Quality & Risk Management function as Senior Manager.

**Pamela Morassi:** Graduated in International and Diplomatic Sciences from the University of Trieste. In 2003, she earned a postgraduate master's degree in legislative techniques from ISLE. From 2001 to 2008 she was a legal advisor to parliamentary groups in the House and Senate. From 2006 to 2008 she held project assignments at Italia Lavoro S.p.A. - Ministry of Labor and Social Policies. From 2008 to 2013 she was chief secretary to the Chairman of the Fifth Committee on Budget, Treasury and

Planning of the Chamber of Deputies. From 2015 to 2018, she was executive assistant to the CEO in Ferrovie dello Stato Italiane S.p.A. Between 2018 and 2019, she is an advisor to the undersecretary of state at the Presidency of the Council of Ministers. She then worked in the central directorate General Counsel Corporate Affairs of Ferrovie dello Stato Italiane S.p.A. and then, (2021 - 2022) as Chief Technical Secretary of the Minister of Economic Development. He served as a board member of the Foundation Milan-Cortina 2026. He is a board member of Poste air Cargo S.r.l., Costa Edutainment S.p.A. and its subsidiary Costa Experience S.p.A. She serves as chief secretary to the Minister of Economy and Finance.

**Anna Maria Artoni:** She is the sole director of the Artoni Group company and vice president of Artoni Trasporti S.p.A. as well as e amministratore di Gruppo Mutui Online S.p.A. and Linkiesta S.r.l. She has served as a member of the general council at Fondazione Manodori. She was also an independent director of Prelios S.p.A. and chairman of the Risk Committee. In the past, also an independent director at Pirelli S.p.A., Italmobiliare S.p.A., Cariparma-Credit Agricole S.p.A., Saipem S.p.A., Carraro S.p.A., RCS S.p.A. and Eurizon S.p.A. She has been a member of the MEF's Standing Privatization Advisory Committee. He also served on the investment committee of Credem Private Equity SGR. She has held various positions within Confindustria, in particular she was national president of young entrepreneurs and vice president of Confindustria, president of Confindustria Emilia-Romagna, and president of young industrialists of Reggio Emilia. For more than twenty years a member of the board of the Young Industrialists Association of Reggio Emilia. She has served on the board of Luiss Guido Carli University and on the advisory board of Bologna Business School.

**Silvia Landi.** She has been an employee of the Issuer since 1978, and in the role as public relations officer since 1987. Since 2002 Silvia Landi also has served as a member of the Board of Directors of Girefin S.p.A.

From the closing date of the Period there have been no changes in the membership of the Company's Board of Directors.

To be noted that, as to diversity policies pursuant to Article 123-*bis*, paragraph 2(d-*bis*) of the Consolidated Finance Act, on 14 March 2019, the Board of Directors of the Company has approved a diversity policy - as modified on the Board of Directors' meeting of 24 March 2023 - applicable to the Board of Directors, which includes the following principles:

- gender diversity within the Board of Directors must be consistent with the applicable regulations and therefore must ensure that at least one third of the members are members of the less represented gender;
- each member must meet the requirements of good character under Decree of the Ministry of Justice no. 162 of 30 March 2000, and Article 148(4) of the Consolidated Finance Act, as incorporated by reference in Article 147-*quinquies* of the Consolidated Finance Act;
- at least one of the members of the Board of Directors, or at least two if the Board of Directors has more than seven members (or any such other minimum number provided for by applicable law), must meet the independence requirements;
- executive directors cannot serve in office as (a) an executive director of another listed company, whether Italian or foreign, bank or financial company, or (b) non-executive director or statutory auditor (or member of another supervisory body) in more than three of the foregoing companies;
- in addition to the office held in the Company, a non-executive director cannot hold office: (a) as executive director of another listed company, whether Italian or foreign, bank or financial company and non-executive director or statutory auditor (or member of another supervisory body) in more than three of the foregoing companies, or (b) as non-executive director or statutory auditor in more than six of the foregoing companies;

- each member must not have any of the reasons for ineligibility, incompatibility or expiry, under Article 14 of the By-Laws and the applicable provisions of law, including Article 17(5) of Legislative Decree no. 39 of 27 January 2010 on legal audit; and
- to ensure a plurality of approaches and views, as well as an adequate degree of efficiency when analysing the items and subject matters on the agenda, the members should have an adequate degree of diversity and heterogeneity in terms of age, skills and experience; professionals who are sufficiently familiar with the peculiar issues affecting listed companies and international groups as well as professionals who have a strong connection to the industrial sector in which the Company operates should be favoured to the extent possible.

The Company believes that fostering gender parity and offering equal opportunities is one of the key components of the corporate structure and, to such end, gives great importance to the professional growth and personal achievements of each member of its organisation. The Company promotes conditions for an inclusive working environment, open to diversity, both in terms of recruitment and in its operating structure, so as to obtain a corporate organization which focuses on equal job opportunities and equal treatment at every level (for example facilitating the use of part-time workers and smart-working where requested or necessary). The Company also guarantees gender-diversity at all levels of the company structure, maintaining equal pay for different genders. During the 2023 financial year the Company also intends to continue to evaluate whether additional specific measures should be adopted aiming to further coordinate such components.

The table below shows the managerial and auditing positions held in listed and unlisted companies by member of the Company's Board of Directors as of 31 December 2022.

Full name	Company in which an external position is held	Title
<b>Stefano Landi</b>	Girefin S.p.A.	CEO
	Gireimm S.r.l.	Sole Director
	GbD Green by Definition S.p.A.	Chairman of the Board of Directors
	Metatron S.p.A.	Chairman of the Board of Directors
	SAFE S.p.A.	Director
	Safe&Cec S.p.A.	Director
	Società Agricola Bioguss S.r.l.	Chairman of the Board of Directors
	Immobiliare L.D. Parma S.r.l.	Sole Director
	Fondazione Museo Antonio Ligabue	Director
	IMW Industries Ltd	Director
<b>Cristiano Musi</b>	Safe S.p.A.	CEO
	Safe&Cec S.r.l.	CEO
	Landi Renzo Polska	Director
	Landi Renzo PAK	Director
	Landi Renzo Beijing	Director
	IMW Industries Ltd	CEO

	Metatron S.p.A.	Director
	Idro Meccanica S.r.l.	Chairman of the Board of Directors
<b>Silvia Landi</b>	Girefin S.p.A.	Director
<b>Andrea Landi</b>	GbD GREEN by DEFINITION S.p.A.	Director
	Landi Renzo USA	Director
<b>Sara Fornasiero</b>	Arnoldo Mondadori Editore S.p.A.	Chairman of the Board of Statutory Auditors and member of the supervisory body
	Leonardo S.p.A.	Statutory Auditor
	Avio S.p.A.	Alternate Auditor
	UnipolSai Assicurazioni S.p.A.	Alternate Auditor
	AWorld S.r.l. Società Benefit	Independent Director
	Società Italiana Bricolage S.p.A. (Groupe Adeo)	Chairman of the Board of Statutory Auditors
	Bricocenter Italia S.r.l. (Groupe Adeo)	Chairman of the Board of Statutory Auditors
	Bricoman Italia S.r.l. (Groupe Adeo)	Chairman of the Board of Statutory Auditors
	Golilla S.r.l. (Groupe Adeo)	Sole Auditor
	Leroy Merlin Italia S.r.l. (Groupe Adeo)	Chairman of the Board of Statutory Auditors
	Servizi Editoriali Milano S.p.A.	Chairman of the Board of Statutory Auditors
	Rotomail Italia S.p.A.	Chairman of the Board of Statutory Auditors
	Alenia Aermacchi S.p.A.	Standing Auditor and member of the supervisory body
	Atos Italia S.p.A.	Standing Auditor and member of the supervisory body
	Fondazione CONAD ETS	Statutory Auditor
	Leonardo Logistics S.p.A.	Statutory Auditor
	MBDA Italia S.p.A.	Statutory Auditor
<b>Sergio Iasi</b>	Officine Maccaferri S.p.A.	Chairman of the Board of Directors
	Itaca Equity holding S.p.A.	Chairman of the Board of Directors
	Itaca Equity partners S.r.l.	Chairman of the Board of Directors
	Itaca partners S.r.l.	Chairman of the Board of Directors
	White Advisory S.r.l.	Director

<b>Massimo Lucchini</b>	Itaca Equity S.r.l.	Director
	Itaca Equity Holding S.p.A.	Director
	Manto Consulting S.r.l.	Director
	Alive Holding S.r.l.	Director
<b>Pamela Morassi</b>	Poste Air Cargo S.r.l.	Member of the Board of Directors
	Costa Edutainment SpA	Member of the Board of Directors
	Costa Experience SpA	Member of the Board of Directors
<b>Anna Maria Artoni</b>	Gruppo Mutui Online S.p.A.	Independent Director
	Linkiesta S.r.l.	Director
	Artoni Group S.p.A.	Director
	Artoni Trasporti	Director

Based on the provisions of the CG Code under Recommendation 15, which provides that that Board of Directors issues guidance regarding the maximum number of management or audit positions in other listed companies, or large-size companies, that may be considered compatible with the effective performance of the role of director of the company, in consideration of the commitment involved in the role, the Board of Directors, in the meeting of 15 March 2021 adopted the following general criteria.

1. an executive director shall not hold (a) the office of executive director in another Italian or foreign listed company, banking or finance house; or (b) the office of non-executive director or auditor (or member of other control bodies) in more than three of the aforesaid companies; and
2. a non-executive director should not hold, in addition to the office held in the Company: (a) the office of executive director in more than one of the aforesaid companies and the office of non-executive director or auditor (or member of other control bodies) in more than three of the aforesaid companies; or (b) the office of non-executive director or auditor in more than six of the aforesaid companies.

It should be also noted that the limitation on the number of offices does not apply to offices held in companies of the Landi Renzo Group.

Should the aforesaid limit be exceeded, the directors shall inform the Board of Directors forthwith, which shall assess the situation in light of the interests of the Company and shall invite the Director to take any decision stemming therefrom.

In order to maintain adequate knowledge of the business segment in which the Company is active, the directors receive, information and updates, periodically or at any time as necessary, on the business segment in which the Issuer operates, on the principles for proper risk management, and reference regulations, including through documents prepared by the Company or on the initiative of internal departments or functions. In particular, following appointment of the Board of Directors and the Board of Statutory Auditors currently in office, on 9 September 2022, a board induction session was held to provide insight into the industry and market dynamics as well as on current context and business perspectives.



#### **4.4. OPERATION OF THE BOARD OF DIRECTORS (PURSUANT TO ARTICLE 123-BIS, SUBSECTION 2, LETTER D) OF THE CONSOLIDATED FINANCE ACT)**

On 15 March 2021, the Board of Directors adopted set of regulations in order to define the operating rules of the body itself and its committees with the clarification that the regulations of the NRC and ARSC, respectively, were subsequently amended in order to take into account, among other things, the expansion of the scope of their responsibilities. which took place in the context of the board meeting of 29 April 2022 when defining the new endoconsiliar committees.

Any discussions and resolutions by the Board of Directors are set out in minutes. Minutes are prepared in the Italian language, signed by the Chairman and the Secretary for the meeting (and/or by the Notary where provided by law). Where possible the minutes are distributed in preliminary draft form upon commencement of the board works, with an invitation to highlight any observations during the board meeting.

With reference to pre-meeting information, prior to individual meetings the Chairman ensures, with the support of the Secretary, that adequate information on items to be examined is provided.

Supporting documents are made available – where possible – at least 3 days prior to the relative board meeting, and as far in advance as permitted by the circumstances.

The transmission/availability of documents is coordinated by the Secretary, in agreement with the executive in charge of preparing corporate accounting documents, to the extent competent. Documents that are not already publicly available, are normally classified as “confidential”. In order to ensure the confidentiality of information and documents provided, they are normally made available on a dedicated platform, access to which is reserved exclusively to directors and Statutory Auditors. If a Director and/or Auditor is identified as a “related party” for the Company in relation to a transaction under assessment by the Board of Directors, access to the platform by that Director and/or Auditor will be prevented with respect to documents concerning the transaction with the related party. If the circumstances so require, pre-meeting information will be sent to the directors and to the Auditors directly, by e-mail.

Non-executive Directors receive an adequate flow of information coordinated by the Chairman with the support of the Secretary, for the purpose of the correct performance of the tasks and responsibilities of the management body. This information flow is normally guaranteed during meetings of the Board of Directors. When the circumstances so require, the Chairman assesses the advisability of transmitting additional documents or organising meetings in the interim, including informal meetings, prior to board meetings, with individual Directors, managers, employees or advisors to the Company. Any requests for additional data, documents and information made outside meetings of the Board of Directors are addressed to the Chairman of the Board and to the Secretary, who ensure that a response is provided using procedures suitable for ensuring that the research and information processes function correctly.

In carrying out its duties, the Board of Directors examines the information it receives from the delegated bodies, also asking these bodies for clarification, further details or additional data that it considers necessary or appropriate. To this end, at least quarterly, the Managing Director provides the Board of Directors with adequate information regarding general management performance and its foreseeable prospects and on the most significant transactions carried out by the Company or its subsidiaries.

Although the By-Laws do not provide for a minimum frequency of meetings, it is now the practice for the Board of Directors to meet at least once a quarter on the occasion of the approval of the interim financial statements. Board meetings are scheduled on the basis of a calendar approved at the

beginning of the year in order to help to ensure that as many members as possible attend. The corporate calendar may be consulted on the Company's website, in the *Investors* section.

During the Period, the Board of Directors held 15 meetings, each lasting approximately 65 minutes on average; the overall attendance was equal to 91%. The attendance percentage regarding each Director is specified in the table reported at the end of the Report. The members of the Board of Statutory Auditors took part in all meetings of the Board of Directors.

At least 10 meetings are scheduled for the current financial period (2023), of which 3 have been held, respectively, on 2 March 2023, 14 March 2023 and 24 March 2023.

The meetings of the Board of Directors can be attended also by non-members of the Board of Directors, upon invitation. Specifically, they are regularly attended by the chief financial officer (“**CFO**”) and possibly by the other executives of the Issuer and the Landi Renzo group, whose attendance is necessary for an in-depth review of the items on the agenda.

#### **4.5. ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors, Mr Stefano Landi, takes care of the effective operation of board works. Moreover, with the support of the Secretary, he organises ventures intended to provide all members of the Board of Directors and of the Board of Statutory Auditors with adequate updates on the business sectors in which the Company operates and on the reference legal and regulatory framework.

In particular, the Chairman is - together with the Managing Director - the first recipient of proposed items to be included on the agenda and of documents in support of board resolutions which are subsequently distributed to directors and auditors of the Issuer, in accordance with the provisions of the Board of Directors Regulations described under Paragraph 4.4. above.

The Chairman always establishes the order of discussion of items on the agenda, following the order indicated in the notice of call. The proposal of board resolutions is normally formulated by the Chairman, without prejudice to the possibility for each Director to suggest alternative formulations.

On the basis of the Board of Directors Regulations, prior to individual meetings the Chairman, with the support of the Secretary, ensures that adequate information is provided on matters to be examined and coordinates the adequate flow of information with non-executive Directors, to ensure the correct performance of the tasks and responsibilities of the management body.

Where the circumstances so require, the Chairman assesses the advisability of transmitting additional documents or organising meetings, including informal meetings held prior to board meetings, with individual Directors, managers, employees or advisors to the Company. Any requests for additional data, documents and information made outside meetings of the Board of Directors are addressed to the Chairman of the Board and to the Secretary, who ensure that a response is provided using procedures suitable for ensuring that the research and information processes can function correctly.

The Chairman may, at own initiative or upon a request by individual directors, invite employees of the Company and/or group to attend meetings, or persons from outside the Company (such as advisors or experts), where necessary in relation to items on the agenda.

In particular, in order to enable directors to acquire adequate information on the governance of the Company, in agreement with the Chairman and with the support of the Secretary, the Managing Director ensures that managers responsible for departments and areas with competence for items on

the agenda are available to participate in those meetings, where requested. Those persons are present at board meetings solely for the discussion of items for which they are competent and are bound by confidentiality commitments provided for board meetings. During the Period the CFO of the Company was regularly invited to participate in meetings of the Board of Directors, and upon invitation by the Managing Director provided the necessary additional information on matters within his/her field of competence.

Finally, the Chairman is also responsible, with the support of the Secretary, for the coordination of activities by Board committees with those of the Board, for the organisation of induction ventures and for ensuring transparency in the Board of Directors' self-assessment process. For further information on the coordination of committee works and on the board self-assessment please refer to Sections 6 and 7.

### **Board Secretary**

The Board of Directors appoints and revokes the Secretary, upon proposal by the Chairman, who may be chosen from persons outside the Board of Directors and who are not bound by an employment relationship with the Company.

On 29 April 2022, in accordance with Recommendation No 18 of the CG Code, dott. Fiorenzo Oliva was appointed as secretary of the Board of Directors.

The Secretary remains in office pending:

- revocation by the Board of Directors;
- resignation, without prejudice to the fact that resignation by the Secretary will take effect commencing from the first of the following dates (i) 30 business days after the resignation of the Secretary, and (ii) the day on which the Board of Directors has appointed a new Secretary; or pending verification by the Board of Directors, by way of a resolution, of the continuing inability for the Secretary to carry out his or her functions.

Any person falling within one of the situations provided by Article 2382 Italian Civil Code may not be appointed as Secretary.

The Secretary possesses adequate knowledge of and experience in accounting, financial and corporate matters, also with reference to rules applicable to companies admitted for trading on Euronext STAR Milan.

The Secretary is attributed the following duties:

- support to the Chairman in the performance of activities for the coordination of board and shareholder meeting works and in particular:
  - (a) preparation of the draft notices calling meetings of the Board of Directors;
  - (b) preparation of the draft minutes of meetings of the Board of Directors;
  - (c) monitoring of the correct and timely performance of pre-meeting information processes, managing – also with the support of the responsible internal departments – the platform on which documents and information will be uploaded prior to board meetings and identifying the most suitable operating procedures for the purpose of facilitating the requirements of

accessibility, confidentiality and integrity of information, during its distribution to corporate bodies;

- (d) collaborating in the organisation of board and shareholder meetings, verifying that managers of the Company and/or of the group and/or any external advisors responsible for functions that have competence over any items on the agenda participate in those meetings – if requested by the Chairman;
- (e) upon indication by the Chairman, managing any requests for additional data, documents and information made by Directors and Auditors, outside meetings of the Board of Directors;
- (f) coordinating the collection of information and documents which must be acquired in the context of the process for the self-assessment of the Board of Directors and Board of Statutory Auditors;
- (g) coordinating the keeping and revision of records of minutes of the Board of Directors and Shareholders' meetings;
- (h) maintaining regular contact with the executive responsible for the preparation of company accounting documents in order to coordinate company clerical activities with that executive;
- (i) coordinating communication by the Chairman with the Board of Statutory Auditors and internal board committees, in the forms requested by the Chairman;
- (l) monitoring rules applicable to the Company, including provisions for companies admitted to trading on Euronext STAR Milan in order to report to the Chairman on the need to:
  - amend and revise internal company documents (such as but not limited to the By-Laws, the Board of Directors Regulations, the procedure for the management of regulated information, related party transactions regulations, internal dealing procedure) or other governance practices adopted by the Company in line with the CG Code; and/or;
  - organise ventures for the purpose of providing all members of the Board of Directors and of the Board of Statutory Auditors with adequate updates on the business sectors in which the Company operates and on the reference legal and regulatory framework.

On performing their functions, the Secretary may make recourse to external advisors appointed and retained by the Company for the supply of specific services (e.g. lawyers, translators, providers of services for the management of corporate records etc.).

## 4.6. EXECUTIVE DIRECTORS

### Managing Directors

The Board of Directors' Meeting of 29 April 2022 vested the Managing Director, Cristiano Musi, with the powers necessary for the day-to-day management of the Company.

The following are Cristiano Musi's principal duties, together with the ceilings for the amounts and issues in respect of the powers bestowed:

- a) the preparation of suitable proposals relating to strategy, budgets, business plan and organisational structure to be submitted to the Board of Directors, after review by the Chairman;

- b) the supervision, subject to his full decisional power and responsibility, directly and/or indirectly through chosen collaborators, without prejudice to the personal responsibility of the latter, of the Company's productive sector, in all its direct and indirect aspects, technical, marketing and financial sectors;
- c) the stipulation, amendment and termination of leasehold agreements with terms of less than 9 years, of leasing agreements including those for real estate, of rental and gratuitous loan agreements for moveable properties and real estate, for a sum of no more than Euro 5,000,000 per agreement (to be calculated over the entire duration of the agreement) with powers to sign the same agreements with the terms and conditions that will be established; the payment and collection of the agreed prices, and the receipting and completion of any other related procedures;
- d) the stipulation, amendment and termination of mandates for professional services for the litigation and arbitration matters described below at (n) and (o), for maximum fees of Euro 250,000 per each proceeding;
- e) the purchase, subscription for, transfer or swapping of shares, quotas, bonds or other financial instruments and holdings in other companies up to Euro 5,000,000 per transaction, jointly with the Chairman;
- f) the purchase, subscription for, transfer or swapping of shares, quotas, bonds or other financial instruments of other companies exclusively as part of the ordinary management of the Company's financial liquidity;
- g) the registration of trademarks and patents, the utilisation of industrial property rights, and all those measures required by the patenting procedure, such as the submission of applications for corrections, amendments, extensions of confidentiality and divisions; the submission, and the defending against, administrative actions, interferences and administrative appeals; and in general, any actions required in order to apply for, obtain and preserve patents; the signature of any documents required in order to exercise the abovementioned powers granted; the appointment, for such purpose, of patent representatives in Italy and abroad, bestowing upon said persons the respective powers;
- h) the purchase and sale of the title of ownership and/or licences and/or granting the right to use pertaining to patents, trademarks, models and any intellectual property rights related to the corporate purpose, jointly with the Chairman of the Board of Directors;
- i) the hiring and firing of executives (excluding the general manager (*direttore generale*) and top management figures of first reporting), middle managers and office staff, and the establishment of their duties and remuneration in accordance with the legal and regulatory provisions in force at the time;
- j) the signing of correspondence and any other document requiring the Company's signature and with regard to any business coming within the delegated powers;
- k) the management of (i) institutional and other communication; and (ii) institutional investor relations, in each case for the Company as well as for the Group;
- l) the representation of the Company vis-à-vis Health and Social Insurance Bodies, and the fulfilment of those obligations arising from the labour law provisions in force at the time, in particular as far as regards insurance, benefit and other contributions;

- m) the representation of the Company in legal proceedings (either as plaintiff or defendant), at any level or stage of judgement (for or against), before any Court in Italy or abroad, including the Supreme Court of Cassation, the Court of Auditors, the Council of State, the Constitutional Court, the Court of Appeal, the Courts, the office of the Justice of the Peace, and for any civil, criminal and/or administrative proceedings;
- n) the representation of the Company before all levels of tax court, and any Jurisdictional Tax Authority, together with the appointment of duly qualified lawyers, accountants, attorneys as required by law, subject to the limitations set out in d) above;
- o) the submission of protests and the application for injunctions; bringing preventive and enforcement proceedings; participation in bankruptcy and insolvency proceedings, lodging claims and declaring the truthfulness thereof; proposing and accepting real offers; bringing administrative and judicial proceedings before any level and kind of court, including the Court of Cassation and Appeal; submissions to arbitration and the reaching of friendly settlements; the appointment of lawyers, arbitrators, barristers and experts, the revocation of their powers, and their replacement, subject to the limitations set out in (d) above; replying to questioning, deferring, referring and responding to oaths; the submission and signing of any claims, briefs or documents; agreeing, settling and mediating legal dispute; discontinuing legal proceedings and accepting discontinuance thereof; the performance of anything else required – all powers deemed duly conferred for such purpose – in order to fully represent the Company before the court;
- p) the signing of declarations in respect of direct and indirect taxes, and taxes generally, forms and questionnaires, the acceptance and rejection of assessments, conclusion of agreements and settlements, the challenge of actions, presentation of applications, appeals, complaints, briefs and documents before any tax office or commission, of any kind or level;
- q) the making of decisions regarding the exercise of voting rights in meetings of the shareholders of subsidiaries and/or part-owned companies;
- r) the delegation, by granting specific powers of attorney, of any and all of the above-attributed powers to the person(s) deemed most appropriate based on professional skill and capability;

By virtue of the powers vested upon him by the Board of Directors, the Managing Director, Cristiano Musi, qualifies as the person mainly responsible for corporate governance (chief executive officer). It should also be noted that no interlocking situation occurs with regard to Cristiano Musi.

The legal representation of the Company, before any authority with respect to, and to independently sign, any document or declaration pursuant to article 21 of the By-Laws, within the limits of the powers granted pursuant to the By-Laws and law, pertains to the Managing Director Cristiano Musi.

With respect to the powers granted to Cristiano Musi as General Manager, please refer to paragraph 4.9 below.

### **Chairman of the Board of Directors**

The Chairman of the Board of Directors Mr. Stefano Landi, who holds the position of trustee of the Landi Trust, which indirectly exercises control over the Issuer, is vested with the legal representation, severally, of the Company, pursuant to Article 21 of the By-Laws.

The following are the management powers granted on 29 April 2022 by the Board of Directors to Stefano Landi, in his capacity as Chairman of the Board of Directors, together with the ceilings for the amounts and issues in respect of the powers bestowed:

- a) the calling of the meetings of the Board of Directors and procuring that, reasonably in advance of the meeting (except in cases of urgency), the members of the Board of Directors are provided with the documents and the information necessary to allow the Board of Directors to knowledgeably discuss the issues submitted to the Board of Directors for review and approval;
- b) the coordination of the activities of the Board of Directors and the leadership at its meetings;
- c) the receipt of the proposals prepared by the Managing Director and the authority to express to the Board of Directors his opinion in terms of the objectives, strategies, policies and macro-organisational choices of the Company and of the Group;
- d) the coordination of the growth strategy for the Company and for the Group, both organically and externally, on the basis of the proposals submitted by the Managing Director;
- e) the monitoring the implementation of the resolutions approved by the Board of Directors;
- f) the coordination of the institutional communication activities for the Company and for the Group;
- g) the stipulation, amendment and termination of leasehold agreements with terms of less than 9 years, of leasing agreements including those for real estate, of rental and gratuitous loan agreements for moveable properties and real estate, each for a sum of no more than Euro 5,000,000 per agreement (to be calculated over the entire duration of the agreement) with powers to sign the same agreements with the terms and conditions that will be established;
- h) the purchase, subscription for, transfer or swapping of shares, quotas, bonds or other financial instruments and holdings in other companies up to Euro 5,000,000 per transaction, jointly with the Managing Director;
- i) the purchase and sale of the title of ownership and/or licences and/or granting the right to use pertaining to patents, trademarks, models and any intellectual property rights related to the corporate purpose, jointly with the Managing Director;
- j) the performance of all banking transactions – including the taking out of new credit lines and short, medium and long-term loans, obtaining credit in a current account, credit requests in general, even in the form of debenture loans, the constitution of deposits of securities for custody or administration – for an amount no greater than Euro 10,000,000 per single transaction. The Chairman of the Board of Directors may carry out transactions on the credit lines within the above limits per transaction and may also terminate relations;
- k) the issue of sureties, guarantees and patronage letters to subsidiaries, for sums of up to Euro 10,000,000 per transaction;
- l) the signing of correspondence and any other document requiring the Company's signature and with regard to any business coming within the delegated powers;
- m) the delegation, by granting specific powers of attorney, of any and all of the above-attributed powers to the person(s) he deems most appropriate based on professional skill and capability;

- n) the power to commit the company, regarding the parties that may be delegated by him and any sub-delegates, to the maximum extent permitted under the law, to indemnify each of them regarding any cost or expense that they may incur as a consequence of taking on the responsibilities regarding the health and safety of the workers, the safeguarding of the environment and of personal data, except for cases of fraud (*dolo*) and/or gross negligence (*colpa grave*).

### **Reporting to the Board of Directors**

At least every quarter, the Managing Director provides the Board of Directors with adequate information regarding general management performance and its foreseeable prospects, as well as regarding the transactions carried out by the Company and its subsidiaries that are of the greatest importance by size and characteristics.

The Directors report to the Board of Auditors in good time, and in any event at least every quarter, at Board of Directors' Meetings or meetings of the Executive Committee, if one has been appointed, or also in the form of a written memorandum to the Chairman of the Board of Auditors, on the activities performed and the transactions carried out by the Company and its subsidiaries that are of the greatest economic and financial importance and of the greatest significance for the Company's assets, in order to enable the Board of Auditors to assess whether the transactions that have been resolved and implemented comply with the law and the By-Laws or are not, on the other hand, clearly imprudent and in conflict with the resolutions passed by the Shareholders' Meeting, or are such as to impair the integrity of the Company's assets.

In particular, Directors report on transactions in which they have an interest, either on their own account or on behalf of third parties, and on any atypical or unusual transactions or any transactions with related parties.

### **OTHER EXECUTIVE DIRECTORS**

Other than Managing Director Cristiano Musi and the Chairman of the Board of Directors Stefano Landi, no members of the Board of Directors are executive directors.

## **4.7. INDEPENDENT DIRECTORS**

The CG Code recommends that the management body should include at least two independent directors, other than the Chairman.

The current Board of Directors includes three directors, Sara Fornasiero, Anna Maria Artoni and Pamela Morassi, who meet the independence requirements provided for by Stock Market Regulations and the CG code. Said directors meet the requirements set out in article 147-*ter* and 148, paragraph 3, of the Consolidated Finance Act and pursuant to article 2 of the CG Code. The number of independent directors, given the total number of members of the Board of Directors, is in line with the provisions of article 148 of the Consolidated Finance Act, the Instructions to Borsa Italiana and the CG Code.

In particular, at the meeting of 26 April 2023, the Board of Directors has carried out the due checks on compliance by the three non-executive directors with the aforesaid criteria of independence, based on the information provided by them. During the meeting, the Board of Statutory Auditors confirmed that it had performed all necessary checks as to the proper application by the Board of Directors of the criteria and the procedures adopted to assess the independence of its members.



On 24 March 2023, the Board of Directors also verified that each of the independent directors, Sara Fornasiero, Anna Maria Artoni ad Pamela Morassi kept meeting the requirements of independence in accordance with the CFA and the CG Code, based also on the statements of such independent directors during said Board of Directors' meeting.

During the Period, independent Directors met twice without the other Directors of the Company and the meetings were coordinated by the lead independent director.

#### **4.8. LEAD INDEPENDENT DIRECTOR**

On 29 April 2022, the Board of Directors meeting appointed independent director Sara Fornasiero as lead independent director in accordance with Recommendation 13 of the CG Code. Non-executive directors and, specifically, independent directors, shall report to her for a better contribution to the activities and coordination of the Board of Directors.

During the Period, the lead independent director actively participated to the meetings of the Board of Directors, coordinating as necessary and suitable, the requests and the contributions of the non-executive directors, and especially those of the independent directors.

#### **4.9. GENERAL MANAGER**

From 29 April 2019, in accordance with a resolution of the Board of Directors, the Managing Director Cristiano Musi is also in office as General Manager of the Company.

The following are the management powers granted on 29 April 2022 by the Board of Directors to Cristiano Musi, in his capacity as Managing Director, together with the ceilings for the amounts and issues in respect of the powers bestowed:

- a) purchases, sales, permutations and all other transactions involving the acquisition or sale of machinery, plant, equipment, vehicles, company products and movable property in general, including those recorded in public registers, for an amount of up to Euro 5,000,000 per transaction, agreeing upon the relevant conditions, prices and terms of payment;
- b) the performance of all banking transactions – including the taking out of new credit lines and short, medium and long-term loans, obtaining credit in a current account, credit requests in general, even in the form of debenture loans, the constitution of deposits of securities for custody or administration – for an amount no greater than Euro 10,000,000 per single transaction. The General Manager shall carry out transactions on the credit lines within the above limits per transaction and may also terminate relations;
- c) the representation of the Company vis-à-vis trade union and business organisations, and before employment offices and arbitration boards, with the power to reach settlements;
- d) the management, guidance, organisation and the control of all aspects pertaining to workplace health and safety, in all of the productive units and in other places of work of the Company, granting to the General Manager the role of "Employer" within the meaning of Legislative Decree 81/2008 as subsequently amended and supplemented, with powers to execute, in this capacity, any document, carry out any formalities or any action necessary to comply with the above-mentioned legislative decree and all of the regulations and provisions regarding workplace health and hygiene and safety, the prevention, protection and safeguard with respect to workers' psychological and physical well-being, and the protection of the environment, with full financial independence and independent spending authority in

executing these powers. More specifically, by way of example, but not limited thereto, the General Manager has the following powers:

- the implementation, also through the competent internal and external advisory bodies, of any additional, amending, supplementing laws and regulations adopted, or which may be adopted, regarding the safety of workers, prevention of accidents and protection of hygiene in the workplace, and performance of any obligations envisaged under the above-mentioned laws and regulations;
  - the assessment of risks, drafting of the relevant risk assessment document (DVR), and appointment of risk prevention and protection department (RSPP);
  - the delegation, by granting specific powers of attorney, of the functions and powers attributed under this power of attorney, which may be delegated under Legislative Decree 81/2008, to the person(s) deemed most appropriate based on professional skill and capacity to ensure the prompt and constant performance, using the utmost diligence, of the workplace health and safety obligations envisaged, granting them spending authority and the management, organisation and control powers required by the nature of the duties, and authorising, as appropriate, the sub-delegation of specific duties by them to other persons;
  - the revocation of the powers of attorney described at the above di paragraph;
  - to ensure financial coverage for all activities which exceed the managerial and financial independence of the delegates pursuant to the above sub-paragraphs and which are deemed necessary and appropriate to comply with laws and regulations, and oversee the delegates in terms of their capabilities and correct performance of the duties assigned to them, also by adopting and effectively implementing the verification and control model under article 30 of Legislative Decree 81/2008 and Legislative Decree 231/2001;
  - the representation of the Company before Public Administrations, public and private offices and entities to carry out any actions and operations necessary to obtain permits, licences, and other authorisations generally related to the performance of the Company's business, and in particular, related to the health and safety of workers;
- e) in performing the functions in subparagraph d) above, the decision and implementation of organisational choices and expenses with full powers and discretion, including of a financial nature and with independent spending authority, with the General Manager or his delegates or any sub-delegates assuming, each within the limits of his/her functions and powers, any criminal liability arising from any breach of the applicable obligations with regard to the health and safety of workers, the protection and safeguard of the environment, and the protection of personal data, and conferred with the resolution;
- f) in exercising the functions in subparagraph d) above, the power to revoke powers of attorney, proxies, and generally any other appointment granted as of the date hereof by the Company within its organisational structure, pertaining to functions and powers in relation to worker health and safety, environmental safeguard and protection, and protection of personal information;
- g) the power to commit the Company – in relation to the parties that may be delegated by him and any sub-delegates, to the maximum extent permitted under the law -- to indemnify each

of them regarding any cost or expense that they may incur as a consequence of taking on the responsibilities regarding the health and safety of the workers, the safeguarding of the environment and of personal data, except for cases of fraud (*dolo*) and/or gross negligence (*colpa grave*);

- h) the acquisition of services, stocks, basic components and raw materials, semi-finished goods and materials required by the Company for its production;
- i) the handling of all bureaucracy and procedures concerning the importation of basic components and raw materials,
- j) the handling of the implementation and completion of all related measures, including those related to manufacturing and consumer taxes, inland revenue and state monopoly duties;
- k) the stipulation, amendment and termination of professional services agreements and consultancy agreements, for an amount of up to Euro 1,000,000;
- l) the stipulation, amendment and termination of agency, distribution, representation, brokerage and business procurement agreements, including those subject to sole agency, for the best possible placing of the Company's products;
- m) the stipulation, amendment and termination of contracts for industrial and commercial services, works, hire, supply, transport, storage and shipping, for a sum of no more than Euro 5,000,000 per transaction;
- n) purchases and sales, and any foreign currency transactions in general, within the framework of the currency regulations in force at the time;
- o) the performance of any actions and operations, *vis-à-vis* public administrations, public authorities and offices, required in order to obtain concessions, licences, permits and authorisations of any kind in general;
- p) any receipt and collection in any form, also by means of endorsement, of amounts, claims, payment orders, security deposits both from the issuing institution, public savings and loan bank, treasuries, the railway, post and telegraph offices, and any Italian or foreign public or private body, issuing valid receipts and releases;
- q) the endorsement, also for discounting and collection, demand and receipt of payment and issuance of receipts in respect of bills of exchange, cheques and money orders, including payment orders of the state treasury, regions, provinces, municipalities and any other public entity or any public fund; issuance of cheques on bank accounts, including liability accounts, of the Company within the credit limits granted by the bank to the Company;
- r) the demand and receipt of sums, receivables, interest, dividends, cheques and payment orders from whoever issues them in favour of the Company, including the sales and advance receipts, also in continuation, of receivables to financial institutions;
- s) the receipt from post and telegraph, customs, railway, shipping and transport companies and, generally, from any public office, any company or premise, of money orders, parcels, letters, including registered and insured letters with declarations of value, goods, money, etc., issuing receipts and releases;

- t) the stipulation and termination of insurance contracts of any kind, execution of relevant policies with powers to settle and request, in the case of a claim, the relevant indemnity, the issue of receipts to payors, settlement and payment of any other indemnities due to third parties in respect of any claim;
- u) the execution of correspondence and of any other document requiring the signature of the Company and relating to issues included in the delegated powers;
- v) the performance of all necessary filings at the Companies' Register and at any other competent office;
- w) the delegation, by way of specific powers of attorneys, of any and all powers listed above to any person he will deem most suitable in terms of expertise and professional skills.

With respect to the powers granted to Cristiano Musi as Managing Director, please refer to paragraph 4.5 above.

## 5. MANAGEMENT OF CORPORATE INFORMATION

The Company launched a procedure for the internal management and the public disclosure of inside information, implementing the provisions set forth pursuant to market abuse legislation.

In general terms, the procedure vests the Managing director, with the support of the executive in charge of preparing corporate accounting documents and of the Investor Relations Manager, with responsibility for the internal handling and the public disclosure of inside information. It provides specific sections devoted to the definition of inside information and the recipients of said procedure, the relevant methods of handling inside information, the obligations in terms of conduct of recipients, the identification of bodies in charge for managing and disclosing inside information to the public, the methods for disclosing inside information to the public and the approval process for press releases, the methods of handling market rumours, the rules to be applied in the event of late disclosure to the market or in the event of disclosure of inside information to third parties, the instructions for meetings with the media and the financial community, the rules to be adopted in market surveys, and the creation of a register of persons with access to inside information, the persons authorised to conduct relations with the public and the persons bound by confidentiality obligations.

In compliance with the provisions of market abuse law, the Company has in force an internal dealing Code.

In accordance with this code, a number of key personnel, understood as those with normal access to inside information and with the power to take management decisions that may affect the Company's trend and prospects, as well as the persons closely connected to them, are under an obligation to make disclosures to the market regarding transactions carried out on the listed securities issued by the Company.

The internal dealing code provides for ceilings and deadlines for market disclosures, with relevant sanctions in line with the relevant Consob provisions. Said code also contains clauses governing the black-out period.

During the Period, the Company did issue 4 press releases concerning internal dealing.

## 6. COMMITTEES WITHIN THE BOARD OF DIRECTORS (PURSUANT TO ARTICLE 123-BIS, SUBSECTION 2(D), OF THE CONSOLIDATED FINANCE ACT)

The Board of Directors, in the Board of Directors meeting on 29 April 2022, following the appointment of the new Board of Directors, has established the following committees within the Board of Directors:

- Nomination and Remuneration Committee, please refer to Section 8.2;
- Audit, Risk and Sustainability Committee, please refer to Section 9.2;
- Related Party Transactions Committee, please refer to Section 10 of this Report.

At the same Board meeting on 29 April 2022, the Board also established a strategic committee of a non-endoconsulting nature, with purely advisory functions, consisting of five members in the persons of Chairman Stefano Landi, CEO Cristiano Musi, directors Sergio Iasi and Massimo Lucchini, and top executive Federico Landi having, among other things, the purpose of creating synergies between the Board of Directors and top management of the Company.

## 7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

### 7.1. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

Commencing from 2018, all directors in office are required to fill in, once a year, a questionnaire aimed at evaluating the functioning and efficiency of the Board of Directors and of the Committees, and their size and composition in accordance with the provisions of Article 4 of the CG Code.

For the purpose of implementing Article 4 of the CG Code, it should be noted that the Chairman of the Nomination and Compensation Committee, after review by the Nomination and Remuneration Committee, brought to the attention of the Board of Directors in the meeting of 24 March 2023 the findings of the observations that emerged as a result of the completion of the self-assessment questionnaire. by the members of the

Board itself. At the same board meeting, the Board of Directors made a positive assessment of the size, composition and functioning of the Board itself, of the Audit, Risk and Sustainability Committee, the Nomination and Remuneration Committee as well as of the Related Party Transactions Committee, stressing, however, the opportunity of having a stable corporate presidium in support of the Board and committees, as well as the organization of further induction concerning the business and the markets of reference in which the Landi Renzo Group operates. On the same date, the Chairman of the Board of Statutory Auditors informed the Board that the members of the Board of Statutory Auditors had also filled out a self-assessment questionnaire aimed at verifying the functioning and efficiency of the Board of Statutory Auditors, and illustrated to the directors the positive results of this assessment.

In consideration of the structure and size of the group to which the Issuer belongs, the Board of Directors has not adopted succession plans for executive directors as it considers the replacement procedures adopted suitable for ensuring continuity and certainty in corporate governance.

## 8. REMUNERATION OF DIRECTORS – NOMINATION AND REMUNERATION COMMITTEE

### 8.1. DIRECTORS REMUNERATION

As regards remuneration, under the By-Laws the Shareholders' Meeting assigns the Board of Directors emoluments that may consist of a fixed and a variable portion throughout the term of its mandate. The variable portion is commensurate to the achievement of certain objectives and/or to the economic results attained by the Company.

As regards the variable portion of the remuneration, under Italian Stock Market Regulations, in order to enter the STAR segment, the Company is required to appoint an internal Remuneration Committee and to apply the principles and recommendations 25, 26, 27(a), 27(c) 29 and 31 of Article 5 of the CG Code.

For further information regarding the general remuneration policy, stock option incentive plans, and the compensation of executive directors, and executives with strategic responsibilities, and non-executive directors, as well as in relation to the possible indemnities recognized to the executive directors in the event of their resignation, dismissal or termination of employment following a takeover bid please refer to the report on the Remuneration policy and Compensation paid, disclosed pursuant to Article 123-ter of the Consolidated Finance Act.

### 8.2. NOMINATION AND REMUNERATION COMMITTEE

#### **Composition and functioning of the Nomination and Remuneration Committee (pursuant to article 123-bis, subsection 2, letter d) of the Consolidated Finance Act)**

The Board of Directors, at the board meeting held on April 29, 2022, in establishing the new committees, decided not to set up an ad hoc nomination committee, resolving, however, to assign the responsibilities of the nomination committee under Article 4 of the CG Code to the remuneration committee, establishing a single committee to be called "Nomination and Remuneration".

As of the date of this Report, the Nomination and Remuneration Committee is comprised of three directors: Pamela Morassi as Chairman, Massimo Lucchini and Anna Maria Artoni, all of whom are non-executive directors and in the majority independent, in the persons of Pamela Morassi and Anna Maria Artoni. All members of NRC have suitable knowledge of and experience in accounting and financial matters and in remuneration policies, deemed adequate by the Board of Directors at the time of their appointment. The members of the Nomination and Remuneration Committee receive an annual gross remuneration for their work, as resolved by the Board of Directors on 29 April 2022.

The NRC has its own internal rules, lastly updated on 30 November 2022, in order to adapt it, among other things, to the new responsibilities assigned by the Board of Directors to the NRC itself in terms of appointments. The works of the NRC are chaired and coordinated by the Chairman. Meetings are called by way of notice sent two calendar days' prior to the date scheduled for the meeting, or twenty-four hours prior to the meeting in case of urgency. Meetings and resolutions by the NRC are set out in minutes signed by the Chairperson of the meeting and by the Secretary, where appointed, and the Chairperson of the NRC provides information thereof at the first subsequent meeting of the Board of Directors.

The directors are required to abstain from participating in meetings of the Board of Directors when proposals relating to their compensation are being discussed.

During the Period, 6 meetings (3 of which before the appointment of the new Board of Directors) of the NRC (already Remuneration committee) were held, each lasting on average 45 minutes. During the Period, the members of NRC attended 100% of the meetings. Upon invitation of the Nomination and Remuneration Committee and in relation to certain matters, the executives of the Company, other Directors and the Company' s advisors attended, without the right to vote, the meetings of the Remuneration Committee. The meetings of the Nomination and Remuneration Committee were attended also by the members of the Board of Statutory Auditors.

Considering the nature of the activity carried out by the NRC, the Company elected not to provide the latter with any predetermined spending amount, and to consider any spending requirements as they arise.

At least 8 meetings of the NRC are planned for the current year, of which two were already held, respectively, on 14 March and 23 March 2023. Minutes of the NRC's meetings have been duly kept and the Chairman of the Committee reported thereon during the first following meeting of the Board of Directors.

For the sake of completeness, please find below the composition of the NRC before 29 April 2022:

- Fornasiero Sara;
- Iori Angelo; and
- Russi Vincenzo.

For further information please refer to Table 2 annexed to this Report.

#### **Duties of the Nomination and Remuneration Committee**

The NRC carries out the functions and performs the tasks assigned to it by the Board of Directors and by the laws and regulations applicable from time to time, including as suggested by the CG Code, such as but not limited to:

- with regard to remuneration, the Board of Directors has entrusted the NRC with of the following responsibilities:
  - assisting the Board of Directors in the development of the remuneration policy;
  - submitting proposals or expressing opinions to the Board of Directors on the remuneration of executive directors, other directors holding special offices and senior managers of the Company and the Group, as well as on the setting of performance targets related to the variable component of such remuneration;
  - monitoring the application of the remuneration policy by verifying, in particular, the actual achievement of performance targets related to the remuneration; and
  - periodically evaluating the overall adequacy and consistency of the policy for the remuneration of directors and senior executives.
- with regard to appointment responsibilities, the Board of Directors has entrusted the NRC with the task of assisting it in the activities of:
  - self-assessment of the governing body and its committees;

- definition of the optimal composition of the governing body and its committees;
- identification of director candidates in case of co-optation;
- possible presentation of a list by the outgoing board of directors, to be implemented in a manner that ensures its transparent formation and presentation;
- drafting, updating and implementation of any succession plan for the CFO and other executive directors; and
- identification of the top executives of the Company and the Group.

On performing its duties, the Nomination and Remuneration Committee is entitled to access information necessary to perform its tasks, and to make recourse to the assistance of company functions or external advisors, at the expense of the Company.

Specifically, during the Year and up to the date of this Report, the Nomination and Remuneration Committee has made proposals to the Board of Directors regarding (i) the plan of performance shares 2022-2024; (ii) the fixed and short-term variable component for 2023 of the remuneration of directors holding special offices; (iii) to the short-term variable component for 2023 of the remuneration of top executives. The Nomination and Remuneration Committee has also reviewed the Remuneration Policy as well as made assessments regarding the regarding the updating of its internal regulations in order to update it to the new responsibilities assigned to the Nomination and Remuneration Committee upon the relevant establishment.

For additional information on the duties of the Nomination and Remuneration Committee, see the relevant sections of the Remuneration Report published pursuant to Article 123-ter of the Consolidated Finance Act.

## 9. AUDIT AND RISK MANAGEMENT SYSTEM – AUDIT, RISK AND SUSTAINABILITY COMMITTEE

The internal audit and risk management system consists in the collection of rules, procedures and organisational structures intended to allow the effective and efficient identification, measurement, management and monitoring of the principal risks, for the purpose of contributing to the sustainable success of the Issuer – in accordance with the Issuer’s strategies.

The Stock Exchange Rules require, for the purpose of obtaining STAR qualification, that the Company appoints an internal audit and risk committee in accordance with recommendations 32(c), 33 and 35 under Article 6 of the CG Code.

The Board of Directors assesses the effectiveness of internal audit and risk management system and its adequacy in consideration of the characteristics of the company on a yearly basis. As a result of the analysis performed during the Period, and in the context of the board meeting of 14 March 2023, the Board of Directors, also based on the indications received by the CEO in his role as the person in charge of establishing and maintaining the internal control and risk management system, by the Chairman of the ARSC and the Chairman of the Board of Statutory Auditors, considered, as a whole, the internal audit and risk management system to be adequate, effective and functioning in consideration of the characteristics of the company and the risk profile assumed.

In defining strategic, business and financial plans, the Board of Directors defined (i) the nature and level of risk as compatible with the strategic objectives of the Issuer, including in its assessments all



risks which may acquire relevance for sustainability of the Company's business in the medium-long term, also by means of the implementation of specific actions aimed at their containment and (ii) the guidelines for the internal audit and risk management system.

Within the framework of this process, particular importance is given to the identification of company objectives and the corporate risks may be of various kinds: strategic risks, operating risks (associated with the efficacy and efficiency of corporate operations), reporting risks (associated with the reliability of economic-financial information), of market, geopolitical and finally, compliance risks (concerning observance of the laws and regulations in force, thus avoiding financial losses and/or damage to the company's image). All risks may also be of an exogenous or endogenous nature vis-à-vis the Landi Renzo Group.

The persons in charge of the various company departments identify and assess their respective risks, and see to identifying risk containment and reduction measures (so-called "primary line control").

The above activities are supplemented by the controls carried out by the manager responsible for the preparation of corporate documents and his/her staff (the so-called "second-level control") and by the head of Internal Audit (the so-called "third-level control"), who assess, on an on-going basis, the effectiveness and efficiency of the internal audit system and risk management, through risk assessment, cyclical audit and follow-up management.

The following are details of the main structural elements on which the Company's internal audit system and risk management is based.

#### **The structural features of the control environment**

- Code of Ethics – The Landi Renzo Group's Code of Ethics, approved in March 2008, sets out the principles and values underlying its way of doing business, together with the rules of conduct and implementation rules pertaining to said principles. The Code of Ethics is an integral part of the Organizational, Management and Control Model pursuant to Italian Legislative Decree 231/2001. The Code of Ethics, which is binding on the conduct of all the employees of the group, has been revised within the framework of the programme for the updating of 231 Model, following the introduction of the new crime of self-money laundering (art. 648-ter, 1, of the Italian Criminal Code). The new Code of Ethics is in force from 15 March 2021.
- Organisational structure - The Landi Renzo Group general organisational arrangements are defined by a series of internal organisational communications issued by the Human Resources Department, as recommended by the Managing Director. The Landi Renzo Group structure, the organisational charts and the organisational measures can be consulted by all employees on the Company's Intranet site;
- Internal Audit function – The Landi Renzo Group possesses an internal audit function with the scope of assessing, through continuous monitoring of the corporate risks and an ongoing program of audits, the soundness of the internal control system.

#### **Instruments designed to safeguard operating targets**

- Strategic planning, management control and reporting – During the Period, the Landi Renzo group utilised a reporting instrument aimed at tracking the accounting figures and comparing them to the budget and forecasting figures. This reporting instrument also supports processing

of "what if analysis" at a high degree of detail, processing different hypothetical scenarios on main items of the profit and loss accounts on a rolling basis over 12 months.

- Risk management system – For those companies within the Landi Renzo Group deemed to be of importance for this purpose a risk management system has been established, based on the principles of Enterprise Risk Management (ERM). This system includes management of risks relating to the financial data disclosure process pursuant to Article 123-*bis*, subsection 2(b) of the Consolidated Finance Act, the main characteristics of which are described in a separate paragraph below. This system has led to the identification of the risks related to the performance of the main corporate processes and the control actions to be undertaken in order to contain residual risks. The Landi Renzo Group's main risks and uncertainties are listed in a special chapter of the Management Report;
- Company operating procedures system – The administrative procedure manuals, drawn up in accordance with Italian Law 262/2005 on the safeguarding of savings, together with the working procedures and instructions issued by the Quality System, and finally the organisational guidelines issued by the Human Resources department, ensure the correct implementation of corporate guidelines, and thus the reduction of risks associated with the achievement of company objectives. The company operating procedures system was lastly updated during the Period.
- Information systems – The Landi Renzo Group information system has been created using the very latest technologies and packages relating to an integrated ERP internal system (SAP). Use of the system is governed by a series of internal procedures that help improve safety, confidentiality and safeguard data, and the correct utilisation of the system by users, and it has been further strengthened following the informatics attack suffered in October 2022.
- Human resources – The Landi Renzo Group possesses a formal procedure for the selection and hiring of personnel, and the planning and management of training. Remuneration policies, in line with with the best practices and the market, envisage a share of variable remuneration for senior managers and executives.

#### **Instruments designed to safeguard compliance targets**

- Corporate Ethics and Compliance Model pursuant to Italian Legislative Decree 231/2001 – See section 9.4 below.
- Accounting control model pursuant to Italian Law 262/2005 regarding the protection of savings which is made up of the Manuals of administrative procedures pursuant to Italian Law 262/2005 (hereinafter, the "**Manuals**") that formalise the role of process owners.
- The Manuals of administrative procedures are available for all the employees on the Company's intranet. Any significant procedural discrepancies, differences and/or departures are promptly notified to the executive appointed to draft corporate accounting documents, in order that the due corrective measures be taken.

#### **Instruments designed to safeguard reporting targets**

- Accounting information and financial reporting – The aforesaid Manuals of administrative procedures pursuant to Italian Law 262/2005, together with the Landi Renzo Group Accounting Manual, safeguard the correct drafting and reporting of accounts and of statutory and consolidated financial statements;

- Inside information – The procedures for the internal handling, and the communication to the outside world, of inside information are constantly updated, in order to maintain said procedures in line with Community directives on market abuse;
- Internal communications – The head of Internal Audit has access to all information which is expedient for the performance of his/her duties. This aids the prompt acquisition of information concerning company management which, at the same time, is promptly analysed in order to identify the associated risks and, where deemed opportune, included in the economic-financial reporting.

### **Instruments for monitoring the internal audit system and risk management**

The abovementioned instruments of control are monitored not only by those persons in charge of the various company departments, but also independently by the head of Internal Audit, who shall constantly monitor the effectiveness and efficacy of the internal audit system and risk management, through risk mapping, the performance of audits, and the subsequent management of the follow up.

### **Main characteristics of the risk management system and internal audit system in relation to the financial reporting process pursuant to 123-bis, subsection 2(b) of the Consolidated Finance Act**

#### **Introduction**

In relation to the financial reporting process, the risk management system should not be considered separately from the internal audit system, because they are both elements of the same system.

The aim of the risk management and internal audit system in relation to the financial reporting process is to guarantee the reliability, accuracy and timeliness of the same.

During the preparation of the latest audit plan by the internal Audit Function for the three-year period 2022-2025, the risks connected to the performance of the main corporate processes have been identified.

#### **Description of the main characteristics of the risk management and audit system existing in relation to the financial reporting process**

The monitoring and control activities are carried out on three levels:

- first-level control (the so-called "primary line control") inherent in the performance of operating processes and assigned on an on-going basis by the operating management/ process owner;
- second-level control, i.e., those checks performed by the manager in charge of the preparation of corporate accounting documents and his/her team, to monitor the risk management and control process in relation to the financial reporting process, securing consistency of the same with the company objectives;
- third-level control, i.e. on-going independent monitoring by the head of Internal Audit in relation to the effectiveness and efficiency of the internal audit system and risk management with respect to financial reporting process, through risk mapping, the conduct of audits and follow-up management.

## 9.1. CHIEF EXECUTIVE OFFICER

The director in charge of the internal audit and risk management system is identified, as provided for in Article 6 of the CG Code in the role of the CEO with the following duties: (a) to identify the major corporate risks, bearing in mind the nature of the business carried out by the Issuer and its subsidiaries, and submits them periodically for review to the Board of Directors; (b) to implement the guidelines set by the Board of Directors, and sees to the planning, establishment and management of the internal audit and risk management system, and verifies on an on-going basis its overall suitability, effectiveness and efficiency; (c) to procure the control and risk management system to be adapted to the dynamics of operating conditions and to the legislative and regulatory framework; (d) to entrust the Internal Audit function to carry out controls on specific operational areas and on the compliance of corporate operations with internal policies and procedures, concurrently notifying thereof the Chairman of the Board of Directors, the Chairman of the Audit, Risk and Sustainability Committee and the Chairman of the Board of Statutory Auditors; and (e) to promptly notify the ARSC (or the Board of Directors) of any issues or problems found in performing its tasks or learnt in any way whatsoever, so that the ARSC (or the Board of Directors) may take appropriate measures.

## 9.2. AUDIT, RISK AND SUSTAINABILITY COMMITTEE

### **Composition and operation of the Audit, Risk and Sustainability Committee (in accordance with Article 123-bis, subsection 2, letter d) of the Consolidated Finance Act).**

As of the date of this Report, the ARSC is comprised of three directors: Sara Fornasiero as Chairman, Sergio Iasi and Anna Maria Artoni, all of them non-executive Directors two of whom independent, in the persons of Sara Fornasiero and Anna Maria Artoni. All the members of the ARSC have suitable knowledge of and experience in accounting and financial matters, as well as of a commercial and operational nature to enable them to have an organic view of the corporate risks.

The members of the Audit, Risk and Sustainability Committee receive an annual gross remuneration for their work, as resolved by the Board of Directors on 29 April 2022.

The Audit, Risk and Sustainability Committee has its own set of regulations, most recently updated on 24 March 2023, also in order to, *inter alia*, extend the Audit, Risk and Sustainability Committee's responsibilities to solvency issues, assigned by the Board of Directors on 29 April 2022 to that committee. The works of the Committee are chaired and coordinated by the Chairman. The meetings are called by way of notice sent two calendar days' prior to the date scheduled for the meeting, or twenty-four hours prior the meeting in case of urgency. Meetings and resolutions by the Committee are set out in minutes signed by the Chairman of the meeting and by the Secretary, where appointed, and the Chairperson of the ARSC provides information thereof at the first subsequent meeting of the Board of Directors.

During the course of the Period, the Committee examined, *inter alia*, those activities pertaining to the internal audit and risk management system and the organisational Model provided for by Italian Legislative Decree 231/2001, and it provided the Board of Directors with assistance when called upon to do so.

During the Period, 10 meetings (4 of which before the appointment of the new Board of Directors) of the ARSC were held, lasting on average 90 minutes each. During the Period, the members of ARSC took part in 100% of the meetings. Upon invitation of the ARSC and in relation to certain matters, the executives of the Company and the Company's advisors also attended, without the right to vote, the meetings of the ARSC. The meetings of the ARSC were also attended by the members of the Board of Statutory Auditors.

For the sake of completeness, please find below the composition of the Audit and Risk COmmittee before 29 Aprile 2022:

- Fornasiero Sara;
- Iori Angelo; and
- Russi Vincenzo.

At least 10 meetings of the ARSC are planned for the current year and 4 of these were already held, respectively, on 15 March 2023, 2 March 2023, 14 March 2023 and 24 March 2023. Minutes of the ARSC's meetings have been duly kept and the Chairman of the Committee reported thereon during the first following meeting of the Board of Directors.

For additional information please refer to Table 2 annexed to this Report.

### **Duties and powers of the Audit, Risk and Sustainability Committee**

With reference to the internal control issues and risk management, the Audit, Risk and Sustainability Committee, *inter alia*, while assisting the Board of Directors:

- a) with the manager in charge of the preparation of the corporate accounting records and having heard the legal auditor and the Board of Statutory Auditors, verifies that accounting principles have been correctly followed and that they are consistent for the purposes of the consolidated financial statements;
- b) assesses the suitability of periodic financial and non-financial information for the purpose of correctly representing the business model and strategies of the Issuer and the impact of its business as well as performance achieved;
- c) examines the content of periodic non-financial information relevant to the internal control and risk management system;
- d) expresses opinions regarding specific aspects involving the identification of the main corporate risks and supports evaluations and decisions by the Board relating to the management of risks arising out of detrimental events that it has become aware of;
- e) reviews periodic reports and periodic reports of particular relevance prepared by the Internal Audit function;
- f) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- g) may request the Internal Audit function to perform controls on specific operational areas, concurrently notifying the Chairman of the Board of Statutory Auditors thereof;
- h) reports to the Board of Directors at least every six months on the occasions of the approval of the annual and half-year reports regarding the activities carried out and the adequacy of the internal audit and risk management system;
- i) supports, with adequate activity, the evaluations and decisions of the Board of Directors relating to the management of risks resulting from prejudicial facts that the Board of Directors has come to know;

- j) expresses its opinion with reference to the appointment and dismissal of the head of the Internal Audit function as well as its remuneration;
- k) ensures that the Internal Audit function is adequately resourced for the fulfillment of its responsibilities.

Regarding sustainability issues, the ARSC:

- (a) in the integration of sustainability in the definition of business strategies, with particular emphasis on the analysis of issues relevant to the long-term value generation of the Company and the Group as well as in the definition of materiality analyses;
- (b) in reviewing and evaluating policies aimed at pursuing the sustainable success of the Company and the Group;
- (c) in overseeing sustainability issues related to the Company and Group's business operations and the interaction dynamics with all stakeholders;
- (d) in expressing opinions on the methodology for reporting non-financial information and on decisions regarding the non-financial statement, as well as on any Group policies dealing with sustainability; and
- (e) in expressing opinions on other decisions to be made in the area of sustainability that fall within the Board's area of responsibility.

During performance of its duties, the Audit, Risk and Sustainability Committee has the authority to access the company information and functions as necessary for it to perform its duties.

In the meetings held during the Period, the Audit, Risk and Sustainability Committee focused in particular on the following:

- the criteria and findings relating to the application of impairment testing process to the value of equity investments in subsidiary companies;
- the quarterly and annual results in order to assess the proper application of accounting principles and consistency of the same for the purpose of drawing up the consolidated financial statements;
- this Report;
- regular meetings with the Head of the Internal Audit;
- periodic reports and the working plan prepared by the head of Internal Audit;
- periodic meetings with the auditing firm and the Board of Statutory Auditors;
- updates of the main projects for the Group, relating to regulatory and legislative compliance and accounting matters;
- periodic reports of the Supervisory Body pursuant to Legislative Decree 231/2001;
- updates of the Organizational, Management and Control Model pursuant to Legislative Decree 231/2001;

- assessment of the process concerning non-financial reporting;
- assessment of the adequacy of the internal audit and corporate risk management system; and
- the economic and financial condition of the group to which the Issuer belongs, holding meetings and consultations with the Managing Director and the Chief Financial Officer and other management and supervisory corporate bodies

In the exercise of its duties, the Audit, Risk and Sustainability Committee has the right to avail itself of external consultants and to have access to the corporate information and functions it needs to perform its duties.

Considering the nature of the activities of the Audit, Risk and Sustainability Committee, the Company has decided not to grant the committee a predefined expense limit, preferring to consider on a case by case basis the expenses that may be needed from time to time.

### 9.3. HEAD OF THE INTERNAL AUDIT FUNCTION

The Board of Directors, in the meeting of 20 June 2018 – upon proposal of the executive Director in charge of supervising the functioning of the internal audit system, having received the preliminary favourable opinion of the Audit, Risk and Sustainability Committee and having heard the Board of Statutory Auditors – had appointed Mr Filippo Alliney (formerly of counsel of Andersen Tax&Legal since 2017 and currently Sole Director of Alliney & Partners S.r.l.) as the Internal Audit Manager. This appointment was – upon proposal by the Executive Director in charge of supervising the functioning of the internal audit system and subject to the favourable opinion of the Audit, Risk and Sustainability Committee and having consulted with the Board of Statutory Auditors – confirmed by the Board of Directors at the meeting on 29 April 2022. At the same meeting, the Board also resolved to attribute to the Director in charge of supervising the functioning of the internal audit system daily compensation of Euro 1,050.00, plus VAT and social security contributions, for each day when he performs his duties, and to reimburse him for the expenses incurred in performance of the role. On 14 March 2023, the Board of Directors resolved upon, *ceteris paribus*, an increase of the daily emolument, as indicated above, to Euro 1,200.00

The Internal Audit Manager, Filippo Alliney is not responsible for any area of operations and is not hierarchically under any operations area manager, including the Administration, Finance and Control department, so as to ensure greater independency, autonomy and professionalism and a wider consideration of the best practice in the market.

Mr. Filippo Alliney satisfies the requirements of professionalism, independence and organization and lacks any corporate relationships with the Issuer.

The head of the Internal Audit function has, *inter alia*, the duty to verify that the internal audit system and risk management is always adequate, fully operational and functional and reports on his work to the Audit, Risk and Sustainability Committee, the Board of Auditors and the Director in charge of supervising the operation of the internal audit and risk management system.

The head of the Internal Audit function has access to all the information required for the performance of his duties, and has been provided with sufficient funds, for each year of his appointment, up to a maximum gross sum of Euro 30,000.

The activities of the head of the Internal Audit function, consistently with the three-year Landi Renzo Group's audit plan approved by the Board of Directors on 29 March 2022 are aimed, through the audits

and the participation in the company's activities, to express an assessment of the soundness of the internal control system.

The nature and purpose of the Internal Audit function is to verify that the internal control system is effective in limiting corporate risks. In this scenario, the Internal Audit function's objective is twofold: on the one hand, of a formal nature, to ensure that market best practices are respected, to guarantee an adequate flow of information to the corporate bodies and confrontation with other control functions, and, on the other hand, of a substantive nature, through verifications, also through testing activities, on the audits existing within the corporate processes (assurance) or by the adequate management of development/operational adjustment projects (control design).

In carrying out the activities provided for in the audit plan, the Internal Audit function complies with the market practices referred to in the Regulations approved by the Board of Directors, interacting constructively with the stakeholders of the processes or of the activities under review.

The selection of the areas subject to audit takes place through a process of risk analysis and assessment (risk mapping) involving the management and audit bodies (*i.e.* the Audit, Risk and Sustainability Committee, the Board of Statutory Auditors and the Supervisory Body) and the Issuer's management. Continuous interaction with those bodies and structures ensures that the risk assessment is subject to continual updates; consequently the audit plan may be subject to adjustments during the course of its works and using the same amount of resources.

The head of the Internal Audit function:

- verifies, on an on-going basis as well as in relation to specific needs and in compliance with International standards, the operations and the suitability of the internal audit and risk management system, through the three-year audit programme approved by the Board of Directors and based on a process for the structured analysis and prioritisation of the main risks;
- prepares the periodic reports setting forth adequate information on its activities, on the methods used to manage risks, on compliance with the predefined plans to contain risks, as well as a valuation of the suitability of the internal audit and risk management system, and submits them, with variable frequency, to the Chairmen of the Board of Statutory Auditors, Audit, Risk and Sustainability Committee, and Board of Directors as well as the Director in charge of the internal audit and risk management system;
- prepares promptly reports on significant events, and submits them to the Chairmen of the Board of Statutory Auditors, Audit, Risk and Sustainability Committee, and Board of Directors as well as the Director in charge of the internal audit and risk management system;
- verifies, in the context of the audit plan, and together with the work performed by the external auditing advisor, the reliability of the information technology systems, including the accounting systems.

In early 2022, the Internal Audit function conducted an update of the risk mapping, originally conducted in late 2019 and early 2020, which was been used to prepare the drafting of the new Audit Plan.

With reference to the activities carried out during the Financial Year related to the Internal Audit Plan, the following were 16 audit interventions (Testing) were completed: with the exception of some elements of improvements that were the subject of discussion with the heads of the Internal Audit function during the audits, the results of the audits themselves demonstrated the tightness of the



control system. The results of the audits were brought to the attention of the Audit, Risk and Sustainability Committee, the Board of Statutory Auditors and the Supervisory Board. Supervisory Board. The function also provided support in the area of controls, to some activities of development organization and so-called process improvement, including:

- the analysis of the operational characteristics and structure of the contracts related to the outsourcing of the Via Nobel warehouse.
- the extension of control tools in the field of occupational safety and protection environment also to the subsidiaries Metatron and SAFE&CEC.
- monitoring of activities related to the transfer of the Test area to SAFE&CEC.
- still on issues related to Workplace Safety, the following were subject to monitoring:
  - the upgrade of the fire-fighting system at the Via Nobel warehouse (Landi Renzo)
  - the impact of the integration of Metatron on the related personnel forming part of the emergency response teams.
  - the adjustment concerning the IT and Data Protection areas required in addition to the function of Internal Audit during past audits, as well as by the auditing company.
  - the activities of collecting and cataloguing contracts particularly with regard to the control of the terms of expiration and communication of possible termination; it was also required, with the support of the ICT, PS and Finance functions, an audit of the equipment (laptops, phones, badges, etc.) granted to consultants and collaborators.
  - remediation actions related to the ransomware attack suffered by the Group in October.
  - the activities related to the integration of Metatron.
  - staffing trends with particular attention to the exit of so-called "critical" resources;
  - the updating of the corporate organizational chart following the introduction, during the course of the year, of the new top organizational figures as per the Communication of 15 December 2022 et seq. especially with reference to the completion of the second-level organizational structure;
- the following proposals were made:
  - the adoption of a so-called "Escalation" procedure aimed at strengthening the culture of sharing of any problems that occur in operational activities in order to limit any negative effects and anticipate remedial actions; in this regard the same has been transferred to the Group Transformation Officer for subsequent implementation.
  - the revision of the Landi Renzo S.p.A. Code of Ethics in order to extend it to the Group level.
  - the preparation by the Customer Support and Compliance functions, also following a request from the Audit, Risk and Sustainability Committee, of a procedure regarding the monitoring of sanctions and their impacts for products exported to the areas covered by them.
  - some measures aimed at improving the use of Outlook as a tool for corporate communication.

Finally, the Internal Audit function continued to monitor the Whistleblowing process, informing the Supervisory Board and monitoring the related adjustment actions when necessary.

#### 9.4. COMPLIANCE MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

The Board of Directors, in compliance with the terms laid down in Article 2.2.3, paragraph 3 (l) of the Stock Market Regulations, approved its Corporate Ethics and Compliance Model in accordance with Article 6 of Legislative Decree 231/2001 (the "**Model**"), as subsequently amended. The Model was drafted on the basis of the guidelines of the Italian Confederation of Industrialists' and in compliance with applicable legislation.

Following the adoption and effective implementation of the Model, the Company will not be liable for offences committed by "top" managers and persons subject to their supervision and instructions.

The Model lays down a series of rules of conduct, procedures and control activities as well as a system of powers and delegated responsibilities whose purpose is to prevent the occurrence of the criminal offences expressly listed in Legislative Decree 231/2001. A disciplinary system has also been introduced to be applied in the event of breaches of the provisions of the Model.

In order to implement the Model, a supervisory body (the "**Supervisory Body**") was set up, with the functions contemplated in Article 6, subsection 1(b) of Legislative Decree 231/2001. The Supervisory Body is composed of Jean-Paule Castagno, as Chairman, Filippo Alliney and Domenico Sardano, who have been appointed for a term of office ending upon approval of the financial statements for the period ending on 31 December 2024.

Every six months the Supervisory Body informs the Board of Directors in writing on the implementation and actual awareness of the Corporate Ethics and Compliance Model within each Company department.

The Model has been updated over the years in order to take into account changes introduced from time to time by lawmakers.

The Model has been published and circulated to all personnel, outside collaborators, customers, suppliers and partners.

During the Period, the Supervisory Body met 11 times. As of the date hereof, the Board of Directors did not deem it necessary to vest the Board of Statutory Auditors with the functions of supervisory body.

#### 9.5. AUDITING FIRM

On 29 April 2016, at the reasoned proposal of the Board of Auditors, the Shareholders' Meeting appointed the PriceWaterhouseCoopers S.p.A. firm of auditors, with head office at Piazza Tre Torri, no. 2, Milan, as the Company's auditors of the statutory and consolidated financial statements for the period 2016-2024 and to carry out limited audits of the Landi Renzo group's consolidated half-year reports during the same period.

On 16 October 2017, auditing firm PriceWaterhouseCoopers S.p.A. was also granted a mandate for a limited review, i.e., limited assurance, for the non -financial consolidated report pursuant to Legislative Decree 254/16 for the financial years from 2017 to 2024.

## 9.6. EXECUTIVE IN CHARGE OF PREPARING CORPORATE ACCOUNTING DOCUMENTS AND OTHER CORPORATE ROLES AND FUNCTIONS

As of the date of this Report, the manager responsible for the drafting of accounting documents pursuant to and for the purposes of Article 154-*bis* of the CFA is Vittorio Tavanti, an executive in charge of the Issuer's administration, finance and control area, who was appointed by the Company's Board of Directors on 30 November 2022 with the favorable opinion of the Board of Statutory Auditors.

Also on 30 November 2022, the Board of Directors granted the executive in charge of preparing corporate accounting documents, Vittorio Tavanti, with adequate means and powers to carry out the tasks assigned to him, without prejudice to his the obligation to report to the Board of Directors and without prejudice to the latter's supervisory activity on the assignment of such means and powers and the effective compliance with administrative and accounting procedures.

It should be noted that until the Board of Directors' meeting of 30 November 2022, the manager responsible for the preparation of accounting documents pursuant to Article 154-*bis* of the Consolidated Act was Chief Financial Officer Paolo Cilloni, who undertook other professional challenges within the Landi Renzo Group, becoming CFO of the SAFE Group.

## 9.7. CO-ORDINATION OF PERSONS INVOLVED IN THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

As of the date hereof, the Issuer has not considered the adoption of any specific procedure to coordinate the various persons involved in the internal audit and risk management system, as it deems that the bodies and various functions are adequately and efficiently integrated with one another, without duplicating any activity.

## 10. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

In compliance with the Related Party Transactions Regulations and its successive interpretation communications, the Board of Directors has (i) adopted a new internal procedure as of 29 November 2010, setting forth the rules and principles to follow to ensure the transparency and fairness, in substance and procedure, of transactions with related parties entered into by Landi Renzo, directly, or through its direct or indirect subsidiaries, most recently revised on 30 June 2021 and (ii) on 29 April 2022 also appointed a Committee for related party transactions composed of three independent directors (in the persons of the Director Sara Fornasiero, Anna Maria Artoni and Pamela Morassi. The above procedure applicable to related party transactions is available on the Company's website at [www.landirenzogroup.com/it/](http://www.landirenzogroup.com/it/), in the Investors section.

During the Period, the COPC 4 meetings (1 of them before 29 April 2022) of the Related Party Transactions Committee were held for an average duration of 24 minutes and attended by all members of COPC and further by all the members of the Board of Statutory Auditors. During the Period, the attending rate of the Related Party Transactions Committee was equal to 100%.

For the sake of completeness, please find below the composition of the Related Party Transaction Committee as of 29 April 2022:

- Fornasiero Sara; and
- Russi Vincenzo.

Please note that the members of the Related Party Transaction Committee receive gross annual compensation for their activities as approved by the Board of Directors on 29 April 2022.

The Related Party Transactions Committee is responsible for ensuring the substantial fairness of transactions with related parties and issuing an opinion on the interests of the Company in carrying out the transaction as well as the financial appropriateness (*convenienza*) and fairness of the relevant conditions. In the case of transactions classified as having Lesser Importance, the Company may in any case precede with the transaction despite an unfavourable opinion of the COPC. In this event, information regarding the transactions approved in the relevant quarter must be provided to the public within fifteen days of the close of each financial quarter, despite the unfavourable opinion, specifying the reasons why the Company did not agree with the opinion of the Committee for related party transactions.

The Board of Directors is exclusively responsible for the approval of Transactions of Greater Importance and the Committee has a broader role. The Committee takes part in the negotiations phase of the transaction, during which it receives full and timely information from the delegated bodies and parties responsible for conducting the negotiations and may request additional information and provide any considerations. In addition, if the Committee for related party transactions gives an unfavourable opinion, the Board of Directors cannot approve the Transactions of Greater Importance.

In urgent circumstances relating to transactions with related parties that are not under the responsibility, or subject to the authorisation, of the shareholders' meeting, the Board of Directors will have the right to approve these transactions with related parties, even where they are implemented through subsidiaries, in derogation of the customary provisions of the internal procedure for related-party transactions adopted by the Company, subject to compliance with and at the conditions set out in the procedure.

On 15 March 2021, the Board of Directors adopted a single set of regulations to define the rules for the operation of that board and its committees, according to which meetings of the committee for related party transactions are subject, *mutatis mutandis*, to the provisions set out in Section 4.4 of this Report with reference to minuting and procedures for the management of pre-meeting information. Considering the limited number of circumstances in which a Director has an interest, for his or her account or on behalf of a third party, and because of the adequate functioning of the procedure for related party transactions, the Board of Directors has determined it is not necessary to adopt additional operating solutions to define and to manage circumstances where a Director has an own or third-party interest, which circumstances will be analysed on a case-by-case basis by the Managing Director.

## 11. BOARD OF STATUTORY AUDITORS

### 11.1. APPOINTMENT AND REPLACEMENT

Under Article 22 of the By-Laws, the Board of Auditors is composed of three Standing and two Alternate Auditors, who can be re-elected.

The Board's functions, duties and term are as laid down by law. When the members of the Board are appointed, the Shareholders' Meeting determines their remuneration, also in the light of their participation in any internal committees. Auditors are entitled to the refund of the expenses they incur in the exercise of their functions.

The members of the Board of Auditors must satisfy the requisites of good character, professionalism and independence required under the law and regulations.

The members of the Board of Auditors are elected, in compliance with gender- balance law in force at the time, from lists presented by the shareholders, in which the candidates must be listed in

progressive number order, so that the minority is assured the appointment of one Standing and one Alternate Auditor. The lists must not contain a higher number of candidates than those to be elected.

In addition, where mandatory gender allocation criteria apply, each list with at least three candidates (considering both sections) shall include a number of candidates of the less represented gender equal at least to the minimum number envisaged under applicable law and regulations in force at the time. Should the section of alternate auditors of these lists have at least two candidates, they shall be of different genders.

Shareholders holding, even jointly, at least 2.5% of the share capital representing shares that confer voting rights at shareholders' meetings held to deliberate the appointment of the members of the governing body, or such other proportion of the share capital as may be determined from time to time by Consob, in accordance with the rules applicable to the Company, may present a list of candidates. The notice calling the shareholders' meeting will state the level of ownership required to present a list of candidates. Such percentage of ownership is consistent with that provided under Article 144-*quater* of the Issuers' Regulations for companies with market capitalisation of up to Euro 1 billion.

Each shareholder, the shareholders adhering to a shareholders' agreement relevant under Article 122 of the Consolidated Text, the parent company, the subsidiary companies and companies subject to joint control may not present or join in the presentation of more than one list, not even through a third party or a trust company, nor may they vote for different lists, and each candidate may only stand in one list, on pain of ineligibility. Candidatures and votes expressed in breach of this prohibition shall not be attributed to any list.

Lists must be deposited at the Company's registered office at least 25 days prior to the date scheduled as prescribed by law, including regulatory provisions, applicable at the time. The notice calling the shareholders' meeting will provide instructions to allow remote deposit of the list by distance communication. Ownership of the amount of shares required to present a list must be proven with the methods and at the terms required under the law and regulatory provisions in force at the time.

In the event that upon expiry of the term for the presentation of lists only one list has been presented, or only lists presented by shareholders connected with each other under the laws and regulations in force have been presented, it will be possible to present lists until the third day after that date of expiry. In this case, shareholders that, alone or with other shareholders, own overall treasury shares representing half of the share capital threshold specified in the above provisions, may present lists.

If no list is presented, the Shareholders' Meeting adopt resolutions by the statutory majority without observing the procedure described below, provided it complies with the gender-balance requirement specified above, where so required by law and regulatory provisions in force at the time.

In all cases, the following documents must be deposited together with each list and within the times specified above: (i) information regarding the shareholders presenting the list and the total number of shares they hold; (ii) declarations from the individual candidates to the effect that they agree to stand for election and that they certify, on their own responsibility, that there are no causes of their incompatibility or ineligibility, including the accumulation of positions in accordance with the applicable laws and regulations, and also that they satisfy any requirements that may be laid down for the positions involved; and (iii) CVs with full information regarding the personal and professional characteristics of each candidate, specifying the administration and auditing functions exercised in other companies. Lists presented by shareholders other than those holding, even jointly, a controlling or relative majority shareholding must also attach a certificate to the effect that there are no relationships connecting them with controlling or relative majority shareholders in accordance with the

regulation in force. Lists presented that do not comply with these provisions shall be considered as not having been presented.

The procedure for the election of the Auditors is as follows:

- (a) from the list that has obtained the highest number of votes (the "**Majority List**"), two Standing and one Alternate Auditor are taken on the basis of the numerical order in which they appear in the list;
- (b) from the list that has obtained the second highest number of votes, provided that it is not connected in any manner, even indirectly, in accordance with the applicable laws and regulations, with the shareholders that presented or voted for the Majority List (the "**Minority List**"), the remaining Standing and the other Alternate Auditor are taken on the basis of the numerical order in which they appear in the list.

If the first two, or more than two, lists obtain an equal number of votes, a further ballot by the Shareholders' Meeting will take place, whereby only such lists will be voted for. The same rule applies in the event of an equal number of votes being cast for lists in second place, provided that they are not connected, even indirectly, in accordance with the laws and regulations in force.

In the event that the lists continue to obtain an equal number of votes, the list will prevail that is presented by the shareholders with more equity in the company, or, subordinately, the list that is presented by the greater number of shareholders. In all the events specified above, the composition of statutory auditors shall satisfy the aforementioned gender balance requirements, if so required by the law and regulatory provisions in force at the time.

If the above procedure does not ensure a composition of the Board of Statutory Auditors, in terms of standing members, which complies with the law on gender balance in force at the time, the last elected candidate of the most represented gender (in numerical order) in the Majority List shall be replaced by the first non-elected candidate of the less represented gender (in numerical order) of the same list, or in the absence thereof, by the first non-elected candidate of the less represented gender (in numerical order) of the other lists, based on the number of votes obtained by each of them. This procedure shall apply until a composition of the Board of Statutory Auditors is reached which complies with the law on gender balance in force at the time. Should this procedure not lead to the results specified above, the replacement will be made according to a resolution adopted by the Shareholders' meeting with the relative majority, subject to the presentation of candidates of the less represented gender.

The candidate elected in first place in the Minority List is appointed as the Chairman of the Board of Auditors.

Auditors lose office if they cease to satisfy the requirements laid down by law and in the By-Laws.

In the event of the replacement of an Auditor elected from the Majority List, his place is taken by the first Alternate Auditor belonging to the same list as the replaced Auditor, or, if this does not secure compliance with the aforementioned gender balance requirement, the first alternate auditor who, following the numerical order in which the alternate auditors are listed, satisfies such requirement. Should the preceding provisions of this clause be not applicable, the replacement shall be made by the Shareholders' Meeting, which shall adopt resolutions with the majorities set forth by applicable law provisions, subject to the presentation of candidates of the less represented gender.

If Standing and/or Alternate Auditors need to be appointed to make up the number of members of the Board after the replacement of a Standing and/or Alternate Auditor elected in the Majority List, the

Shareholders' Meeting adopts a resolution by the statutory majority, should the application of the criteria set out in the preceding paragraph not result in the integration of the number of members of the Board, without prejudice to the aforementioned gender balance requirement, where so required by law and regulatory provisions in force at the time.

In the event of the replacement of an Auditor elected from the Minority List, his place is taken by the alternate auditor belonging to the same list of the replaced Auditor, or subordinately, by the candidate immediately following in the same list as that of the replaced Auditor, or, again subordinately, by the first candidate in the minority list that obtained the second highest number of votes, without prejudice to the aforementioned gender balance requirement, where so required by law and regulatory provisions in force at the time. In the absence thereof, the replacement shall be made by the Shareholders' meeting, which shall adopt resolutions with the relative majority and in compliance with the above requirements. This does not affect the fact that the Chairman of the Board of Auditors remains the Auditor from the Minority List.

If Standing and/or Alternate Auditors need to be appointed to make up the number of members of the Board after the replacement of a Statutory and/or Alternate Auditor elected in the Minority List, the Shareholders' Meeting adopts a resolution by the statutory relative majority, choosing from the candidates appearing in the list to which the Auditor to be replaced belonged, or appearing in the minority list that obtained the second highest number of votes, without prejudice to the aforementioned gender balance requirement, where so required by law and regulatory provisions in force at the time. In the absence thereof, the replacement shall be made by the Shareholders' meeting, which shall adopt resolutions with the relative majority and in compliance with the above requirements.

When the Shareholders' Meeting is called upon, in accordance with Article 2401, paragraph 1, of the Civil Code, to appoint or replace one of the Auditors elected from the Minority List, any votes cast by shareholders that hold a controlling or relative majority interest, even jointly, are not taken into consideration.

Board of Statutory Auditors' meetings may also be held by audio and video link in accordance with the procedures set forth in the Company By-Laws.

## **11.2. COMPOSITION AND ACTIVITY OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ARTICLE 123-BIS, SUBSECTIONS 2, Letter D) and D-bis) OF THE CONSOLIDATED FINANCE ACT)**

The Ordinary Shareholders' Meeting on 29 April 2022 appointed the Company's Board of Statutory Auditors, whose term will expire upon the approval of the financial statements at 31 December 2024.

The members of the Board of Statutory Auditors were elected on the basis of two different lists: (a) two Standing Auditors and one Alternate Auditor were elected from list number 1), presented jointly by the majority shareholders Girefin S.p.A. and Gireimm S.r.l., whilst (b) one Standing Auditor and one Alternate Auditor were elected from list number 2) presented by the minority shareholder Aerius Investment Holding AG.

List **number 1)** included the following candidates:

- **Luca Aurelio Guarna**, born in Milan, 20 December 1972, Standing Auditor;
- **Diana Rizzo**, born in Bologna, on 21 July 1959, Standing Auditor;
- **Domenico Sardano**, born in Genova, on 23 September 1970, Standing Auditor;

- **Luca Zoani**, born in Milan, 26 November 1977, Alternate Auditor; and
- **Francesca Folloni**, born in Correggio on 16 December 1979, Alternate Auditor.

List **number 2)** included the following candidates:

- **Fabio Zucchetti**, born in Torino on 4 May 1966, Standing Auditor; and
- **Gian Marco Amico di Meane**, born in Torino on 28 April 1972, Alternate Auditor.

The candidates from the list number 1) were elected with 132,990,260 favourable votes and the candidates from the list number 2) were elected with the 42,202 favourable votes. No dissenting votes were cast in respect of the proposed lists. The voting share capital attending the meeting represented 79.51% of the share capital.

As of the date of this Report, the Board of Statutory Auditors is composed as follows:

Full name	Title	Serving since	% attendance at Board of Auditors' Meetings
Fabio Zucchetti	Chairman of the Board of Auditors	29 April 2019	100%
Luca Aurelio Guarna	Standing Auditor	29 April 2022	80%
Diana Rizzo	Standing Auditor	29 April 2019	100%
Luca Zoani	Alternate Auditor	29 April 2022	-
Gian Marco Amico di Meane	Standing Auditor	29 April 2022	-

For the sake of completeness, the following is the composition of the Board of Statutory Auditors as of 29 April 2022:

Full name	Title
Fabio Zucchetti	Chairman of the Board of Auditors
Diana Rizzo	Standing Auditor
Domenico Sardano	Standing Auditor
Marina Torelli	Alternate Auditor
Gian Marco Amico di Meane	Alternate Auditor

Members of the less represented gender constitute a third of the standing members and of the alternate members of the Board of Statutory Auditors.

The personal and professional history of each Auditor is briefly set out below, in accordance with Article 144-*decies* of the Issuers' Regulations.

**Fabio Zucchetti.** Graduated in Economics and Business (110/110) from the University of Turin in 1991, with a thesis on international mergers, he is a Chartered Accountant registered in the Turin Register of Chartered Accountants and Auditors. He has been practicing since 1991 at Studio Zucchetti, where he has been partner since 2006. He has gained significant experience in tax and corporate matters, turning his activity mainly towards corporate reorganization transactions, international taxation issues and reorganization of family assets. His corporate background has led him to serve as a director, board secretary, or member of the board of statutory auditors in numerous companies, mostly in industrial or financial sectors.



**Luca Aurelio Guarna:** He has been a certified public accountant since 2000 and is a registered auditor. Since 2001 he has been a partner at Studio Spada Partners in Milan dealing mainly in consulting, corporate restructuring, crisis management, appraisals technical accounting, financial and tax due diligences.

**Diana Rizzo.** With a degree in Economics and Commerce from the University of Modena, she has been practicing as Chartered Accountant since 1983, specialising in the economic, business, and corporate tax fields. She acted as Official Auditor and at present she works as Auditor enrolled in the relevant Register - in which she has been registered since its creation - and as Auditor for Local Public Authorities. Since over 35 years, she has been collaborating with the Courts of Modena and Bologna as expert witness in civil and criminal matters and as expert evaluator, and she also acts as receiver and judicial commissioner. She holds the office as statutory auditor in industrial companies and financial companies.

**Luca Zoani.** A certified public accountant since 2005, he is also a registered auditor. Author of several publications on tax matters. He has been an associate at Studio Pirola Pennuto Zei & Associati in Milan, tax specialist at the Bayer Multinational Group. Subsequently collaborator at Studio Spadacini in Milan. Since 2011 he has been a partner at Studio Spada Partners in Milan, accumulating particular experience in the consulting of companies and groups operating in the chemical and pharmaceutical sectors.

**Gian Marco Amico di Meane.** With a degree in Economics and Commerce at the University of Torino, he has been registered with the Board of Chartered Accountants and the Board of Auditors since 2006. From 1997 to 1999 he worked as auditor for auditing firm PriceWaterhouseCoopers in London and Torino. From 1999 to 2004 he worked in the audit sector for Ernst & Young in Torino. From 2004 to 2022, he practiced with the accounting and audit firm Studio Zucchetti, providing tax and corporate consultancy services, and managing his professional activities for corporates and personally. From 2023 he exercises his activity as an associate in Studio Da Pont De Angelis Amico di Meane. He currently serves as Chairman of the Board of Statutory Auditors, auditor and director of several industrial companies.

From the closing of the Period there have been no changes in the membership of the Board of Statutory Auditors.

As to diversity policies pursuant to Article 123-*bis*, paragraph 2(d-*bis*) of the Consolidated Finance Act, on 14 March 2019, the Board of Directors of the Company has approved a diversity policy – as modified upon the Board of Directors’ meeting on 24 March 2023 – applicable to the Board of Statutory Auditors, which includes the following principles:

- each member must meet the requirements of good character and professionalism under Decree of the Ministry of Justice no. 162 of 30 March 2000, and Article 148(4) of the Consolidated Finance Act, as well as the independence requirements, and must not hold office as a member of the supervisory body in more than five listed issuers or widely-held issuers, or hold office as a member of a management or supervisory body in joint stock companies, general partnerships or limited liability companies beyond the maximum limit, equal to six points calculated in accordance with the provisions of Schedule 5-*bis*, Table 1, of the Issuers' Regulations, unless he serves as a member of the supervisory body in only one issuer;
- each member must not have any of the reasons for ineligibility, incompatibility or expiry, under Article 22 of the By-Laws and the applicable provisions of law, including Article 17(5) of Legislative Decree no. 39 of 27 January 2010 on legal audit;

- gender diversity within the Board of the Statutory Auditors must be consistent with the applicable regulations and therefore must ensure that at least one third of the members are members of the less represented gender;
- to ensure a plurality of approaches and views, as well as an adequate degree of efficiency when analyzing the items and subject matters on the agenda, the members should have an adequate degree of diversity and heterogeneity in terms of age, skills and experience, and the presence of professionals who are sufficiently familiar with the peculiar issues affecting listed companies and international groups as well as of professionals who have a strong connection to the industrial sector in which the Company operates should be favoured to the extent possible.

The table below shows the administrative and auditing positions held in listed and unlisted companies by members of the Company's Board of Auditors as of 31 December 2022 (for additional information, see table 3, attached to this Report).

Full name	Company	Title
Fabio Zucchetti	Diageo Operations Italy S.p.A.	Member of the Board of Directors
	Diageo Italia S.p.A.	Member of the Board of Directors
	Eredi Campidonico S.p.A.	Member of the Board of Directors
	Cesea S.r.l.	Sole Director
	AMUT S.p.A. Macchine per la lavorazione delle materie plastiche	Chairman of the Board of Statutory Auditors
	Hyva Capital Equipment S.r.l.	Chairman of the Board of Statutory Auditors
	Finproject S.p.A.	Standing Auditor
	P&C S.p.A.	Standing Auditor
	Ammega Italia S.p.A.	Standing Auditor
	Ersel S.p.A.	Standing Auditor
	Ersel Investimenti S.p.A.	Standing Auditor
	Online SIM S.p.A.	Standing Auditor
	Narval Investimenti S.p.A.	Standing Auditor
	Simon Kucher Partners Italia S.r.l.	Standing Auditor
	Fudex Group S.p.A.	Standing Auditor
	MBTech S.p.A.	Standing Auditor
	Moretta S.s.	Shareholder
	Manval S.s.	Shareholder
	Susa S.s.	Shareholder
	MF ss	Director Shareholder
Imm.re Vincoma di AM Chiagerge & C sasa	Shareholder	
Imm.re Giomir di AM Chiagerge & C sasa	Shareholder	
Diana Rizzo	Autin S.p.A.	Alternate Auditor
	B&C Speakers S.p.A.	Alternate Auditor
	Datalogic S.p.A.	Chairman of the Board of

		Statutory Auditors
	Enercom S.r.l.	Standing Auditor
	E.P. Elevatori Premontati S.r.l.	Standing Auditor
	Fin Twin S.p.A.	Alternate Auditor
	Fin-Firel S.p.A.	Chairman of the Board of Statutory Auditors
	Finfloor S.p.A.	Alternate Auditor
	Florim Ceramiche S.p.A. Socio Unico	Alternate Auditor
	G.E.I. S.p.A.	Standing Auditor
	LB Officine Meccaniche S.p.A.	Standing Auditor
	PLT Wind 2022 S.p.A.	Standing Auditor
Luca Guarna	Actial Farmaceutica S.r.l. (già CD Inv.)	Chairman of the Board of Directors
	Area S.p.A.	Standing Auditor
	Avantgarde S.r.l.	Member of the Board of Directors
	Baschieri & Pellagri S.p.A.	Standing Auditor
	B.Braun Milano S.p.A.	Chairman of the Board of Statutory Auditors
	B.Braun Avitum Italy S.p.A.	Standing Auditor
	Bellatrix S.p.A.	Member of the Board of Directors
	Bianalisi S.p.A.	Standing Auditor
	Bionewco S.p.A.	Standing Auditor
	B-Pack S.p.A.	Chairman of the Board of Statutory Auditors
	C3F S.p.A.	Standing Auditor
	Caffè la Messicana Piacenza S.p.A.	Standing Auditor
	Carton Pack S.p.A.	Standing Auditor
	Compagnia Portuale S.r.l.	Chairman of the Board of

	Statutory Auditors
Consorzio PosteMotori	Standing Auditor
Contri Holding S.p.A.	Chairman of the Board of Statutory Auditors
Contri Spumanti S.p.A.	Chairman of the Board of Statutory Auditors
Consulta S.r.l.	Sole Director
Creative Consultants S.r.l.	Sole Director
Diadem S.p.A.	Chairman of the Board of Statutory Auditors
Di-Va S.r.l.	Standing Auditor
Eagle Pictures S.p.A.	Chairman of the Board of Statutory Auditors
Effegilab S.r.l.	Standing Auditor
Energreen S.p.A.	Chairman of the Board of Directors
HPC S.r.l. già Holding Piergiorgio Coin S.r.l. in liq.ne	Standing Auditor
Enne Esse Ti S.p.A.	Chairman of the Board of Directors
Exilles S.p.A.	External Auditor
FAI Service Società Cooperativa	Standing Auditor
Favana S.r.l.	Sole Directors
F2i Holding Portuale S.p.A.	Chairman of the Board of Statutory Auditors
F2i LTC S.p.A.	Chairman of the Board of Statutory Auditors
F2i Porti S.r.l.	Chairman of the Board of Statutory Auditors
FCC S.p.A.	Standing Auditor
Fiocchi Munizioni S.p.A.	Standing Auditor
Fondazione Italia Patria della Bellezza	External Auditor

Fondazione Prada	Member of the Board of Directors
Four Partners Advisory S.p.A.	Standing Auditor
Gallerie dell'Accademia di Venezia	External Auditor
GBD S.p.A.	Chairman of the Board of Statutory Auditors
Green Holding S.p.A.	Chairman of the Board of Directors
Immucor Italia S.p.A.	Standing Auditor
John Zink Hamworthy Combustion S.r.l.	Sole Auditor
Kos S.p.A.	Chairman of the Board of Statutory Auditors
Ledbid S.p.A.	Chairman of the Board of Statutory Auditors
Ledworks S.r.l.	Chairman of the Board of Statutory Auditors
Lifting Ropes & Shiprepairs S.r.l.	Standing Auditor
Little Star S.p.A.	Standing Auditor
Ludo S.p.A.	Member of the Board of Directors
Ludo Due S.r.l.	Member of the Board of Directors
Manuzzi S.r.l.	Standing Auditor
MarterNeri S.p.A.	Chairman of the Board of Statutory Auditors
MH S.r.l.	Standing Auditor
Multi Service S.r.l.	Chairman of the Board of Statutory Auditors
Natural Way Laboratories S.r.l.	Standing Auditor
Naturalia Tantum S.p.A.	Standing Auditor
OCS S.p.A.	Chairman of the Board of Statutory Auditors

OCSBI S.p.A.	Chairman of the Board of Statutory Auditors
Officine Maccaferri S.p.A.	Standing Auditor
Pluto (Italia) S.p.A.	Standing Auditor
Porto di Carrara - Mammoet S.r.l.	Sole external Auditor
Poste Vita S.p.A.	Chairman of the Board of Statutory Auditors
Prada Holding S.p.A.	Member of the Board of Directors
Prelios Credit Servicing S.p.A.	Chairman of the Board of Statutory Auditors
Prelios Credit Solutions S.p.A.	Chairman of the Board of Statutory Auditors
Probiofuture S.p.A.	Member of the Board of Directors
Res Immobiliare S.p.A.	Chairman of the Board of Statutory Auditors
San.Eco.Vit S.r.l.	Standing Auditor
S.I.F.I. S.p.A.	Chairman of the Board of Statutory Auditors
Silos e Magazzini del Tirreno S.r.l.	Sole Auditor
So.Ri.Ma. S.r.l.	Chairman of the Board of Statutory Auditors
Speira Uno S.p.A.	Standing Auditor
Speira Due S.p.A.	Standing Auditor
Speira Tre S.p.A.	Chairman of the Board of Statutory Auditors
Sweet Holding S.p.A.	Chairman of the Board of Directors
Tamini Trasformatori S.r.l.	Sole Auditor
Tatuus Racing S.p.A.	Standing Auditor
TCS S.r.l.	Sole Auditor

	TD Synn ex Italy S.r.l. già Tech Data Italia S.r.l.	Standing Auditor
	Terna Energy Solutions S.r.l.	Sole Auditor
	Togethair S.r.l.	Standing Auditor
	Transped S.r.l.	Chairman of the Board of Statutory Auditors
	United Group SPV S.p.A.	Chairman of the Board of Statutory Auditors
	Valbrenta S.p.A.	Standing Auditor
	Virgin Fibra S.r.l.	Standing Auditor
	Waterside S.r.l.	Sole Director
	White Advisory S.r.l.	Member of the Board of Directors
	Witor's S.p.A.	Chairman of the Board of Directors
	2i Aeroporti S.p.A.	Standing Auditor
Gian Marco Amico di Meane	Amut S.p.A.	Standing Auditor
	Bureau Van Dijk S.p.A.	Standing Auditor
	Diageo Italia S.p.A.	Standing Auditor
	Diageo Operations Italy S.p.A.	Standing Auditor
	Futura S.r.l.	Director
	Industria Maimeri S.p.A.	Alternate Auditor
	Tecnologie Avanzate S.r.l.	Standing Auditor
	CLN S.p.A.	Standing Auditor
	Rudra S.p.A.	Standing Auditor
	Logitech S.p.A.	Standing Auditor
	O.M.S. S.p.A.	External Auditor
	Maidier IBC S.r.l.	Chairman of the Board of Statutory Auditor
	Finprojec S.p.A.	Alternate Auditor



Megadyne S.p.A.

Alternate Auditor

Sinterleghe S.r.l.

Sole external auditor

Pencil S.p.A.

Standing Auditor

Valbormida S.p.A.

Standing Auditor

Luca Zoani	Arrow Electronics Emeasa S.r.l.	Sole Auditor
	Arrow Electronics Italia S.r.l.	Sole Auditor
	Astoria Macchine per Caffè S.r.l.	Sole Auditor
	Axxamsight S.p.A.	Standing Auditor
	Bellatrix S.p.A.	Chairman of the Board of Statutory Auditors
	Bernina S.p.A.	Standing Auditor
	BG Holding S.r.l.	Standing Auditor
	Bieffe Medital S.p.A.	Standing Auditor
	Cadicagroup S.p.A.	Standing Auditor
	Casalasco Società Agricola S.p.A.	Standing Auditor
	C.I.M.E. S.r.l.	Sole Auditor
	Cleopatra MC S.r.l.	Sole Auditor
	CMA Macchine per Caffè S.r.l.	Sole Auditor
	Colada Italy S.r.l.	Sole Auditor
	DGS S.p.A.	Standing Auditor
	Doxa S.p.A.	Chairman of the Board of Statutory Auditors
	Elitechgroup S.p.A.	Standing Auditor
	Emiliana Conserve Società Agricola S.p.A.	Standing Auditor
	Energy S.p.A.	Standing Auditor
	Energy Supply S.p.A.	Standing Auditor
	Energy Supply Solutions S.p.A.	Standing Auditor
	E' Qui S.p.A.	Chairman of the Board of Statutory Auditors
	Fastening Solutions 2 S.p.A.	Standing Auditor
	Fine Food Group S.p.A.	Standing Auditor
	Finkéramos S.p.A.	Standing Auditor
	Fondazione Furio Solinas Onlus	Standing Auditor
	Gest-Auto S.p.A.	Chairman of the Board of Statutory Auditors

Gruppo Ceramiche Ricchetti S.p.A.	Standing Auditor
Hospital Building and Technologies S.C. A R.L.	Standing Auditor
Immovi S.p.A.	Standing Auditor
Indie 2 S.r.l.	Standing Auditor
Intermarp (Italia) S.p.A.	Chairman of the Board of Statutory Auditors
Janssen Cilag S.p.A.	Standing Auditor
Levriero Holding S.p.A.	Standing Auditor
Ludo S.p.A.	Standing Auditor
Macap S.r.l.	Sole Auditor
Mapfre Warranty S.p.A.	Standing Auditor
Marine Holding S.p.A.	Standing Auditor
Media-Maker S.p.A.	Chairman of the Board of Statutory Auditors
Officine Vica S.p.A.	Standing Auditor
Onetag Holding S.p.A.	Chairman of the Board of Directors
Pansystem S.r.l.	Sole Director
Pigreco Capital 2 S.p.A.	Standing Auditor
Richardson Rfpd Italy S.r.l.	Sole Auditor
Ryoma MC S.p.A.	Chairman of the Board of Statutory Auditors
Rocket Milano S.r.l.	Sole Auditor
Sarce S.p.A.	Standing Auditor
SMC Treviso S.r.l.	Standing Auditor
Speira Uno S.p.A.	Standing Auditor
Speira Due S.p.A.	Standing Auditor
Speira Tre S.p.A.	Standing Auditor
S.P.I.I. S.p.A.	Standing Auditor

TMC Italia S.p.A.	Standing Auditor
Trasporti Vecchi Zironi S.r.l.	Standing Auditor
TRS Evolution S.p.A.	Standing Auditor
TRS Evolution S.p.A.	External member of the supervisory board
Stark Two S.r.l.	Standing Auditor
Twiga Europe S.p.A.	Standing Auditor
Util Industries S.p.A.	Standing Auditor
VDA Group S.p.A.	Standing Auditor
Zephyr Group S.r.l.	Standing Auditor
Zephyr Group S.r.l.	Member of the supervisory board

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During the Period, the Board of Statutory Auditors held 19 meetings (9 of which before 29 April 2022), lasting in average 50 minutes each. At least 10 meetings of the Board of Auditors are planned for the current year, of which 4 were already held, respectively, on 13 February 2023, 15 February 2023, 10 March 2023 and 17 March 2023. Percentages of attendance of individual Statutory Auditors are reported on the table at the end of the Report.

In order to maintain an adequate knowledge of the segment in which the Company is active, periodically and at any time as necessary, the auditors receive information and updates on the segment in which the Issuer operates, on proper risk management criteria and on reference legislation, including through documents prepared by the Company.

The Chairman of the Board of Directors, also through the internal functions of the Company, ensures that the statutory auditors are able to participate to initiatives to allow them to acquire adequate knowledge of the sector in which the Company operates, of the company's dynamics and their evolution, and of the legislative and self-regulatory applicable frameworks.

Upon appointment, the members of the Board of Statutory Auditors declared, on their own responsibility, that they satisfied the independence criteria laid down in applicable laws and regulations.

The Board of Statutory Auditors, both during the Period and at the first meeting after the appointment of the Board of Statutory Auditors, verified continuing compliance of its members with independence requirements, in line with the criteria set out in the CG Code, and submitted the results of its assessment to the Board of Directors. Moreover, at the meeting on 29 April 2022, the Board of Directors verified that the members of the Board of Statutory Auditors met the independence requirements; given that it was the first verification following their appointment, a press release announcing the results was published on the same date.

The remuneration of Auditors is commensurate to the requisite commitment, the relevance of their function and the Company's characteristics in terms of size and business segment.

According to Recommendation No 37 of the CG Code, Auditors that have an interest, either on their own account or on behalf of third parties, in a certain transaction to be carried out by the Issuer must give the other Auditors and the Chairman of the Board of Directors prompt and full information regarding the nature, the terms, the origin and the scope of their interest.

The Board of Auditors satisfied itself concerning the independence of the auditing firm, verifying both compliance with the regulatory provisions governing the matter and the nature and extent of the services other than accounts audit provided to the Issuer and its subsidiaries by the auditing firm and the offices belonging to its network.

In carrying out its business, the Board of Auditors cooperated with the ARSC, the Supervisory Body and the head of the internal audit.

## 12. RELATIONS WITH SHAREHOLDERS

### **Access to information**

The Issuer has set up a special section called "Investors" in its website, easily identifiable and accessible, which provides the information regarding the Issuer that is of importance to its Shareholders in order to enable them to exercise their rights knowledgeably.

As of the date of this Report, Vittorio Tavanti (CFO) is responsible for the management of relations with shareholders (investor relations manager). Such role was previously held by Paolo Cilloni.

### **Dialogue with shareholders**

On 12 November 2021, the Board of Directors, upon proposal by the Chairman formulated in agreement with the Managing Director, adopted a policy for the management of dialogue with shareholders, also in consideration of best practice in this area.

The aim of the policy is that of encouraging transparency by the Company with respect to the financial community and markets, through the creation, retention and development of active investor confidence. The policy is limited to relationships between the company and investors and to pertinent matters, and therefore matters the responsibility of the Board of Directors and/or its Committees, with reference to corporate governance (including, specifically, the corporate governance system, the appointment, size, professionalism, independence, diversity and composition of the Board of Directors and of the board committees, the succession plan for the Managing Director and key executives), to social and environmental sustainability, to the remuneration policy for Directors and managers with strategic responsibility and to transactions with related parties.

Also in consideration of the individual matter under discussion, dialogue can take place – according to the situation and subject to evaluation by the Company - using one-way procedures i.e. ensuring that only investors illustrate to Directors their vision in relation to specific issues, or using a two-way procedure i.e. ensuring an actual exchange of information between investors and Directors, in a bilateral format and therefore with the participation, on each occasion, of one investor, or of the collective investors, with the simultaneous participation of various investors. Direct interaction between investors and the Board can take place using various procedures and can be commenced: a) upon written request by investors, to be addressed to the Investor Relator, using the contact references and procedures (e.g. e-mail) indicated on the Company website, or b) at the initiative of the Company by the Chairman, in agreement with the Managing Director, also upon request or at the initiative of the Board, through the organisation of collective or bilateral meetings with Investors, which one or more

members of the Board may also participate in and, if necessary, with the support of company managers and/or competent company functions.

With the support of the Managing Director the Chairman informs the Board of Directors about developments in and the material content of dialogue with investors, at the first available meeting.

### 13. SHAREHOLDERS' MEETINGS

With regard to Shareholders' participation in Shareholders' Meetings, Article 11 of the By-Laws states: *"Shareholders with voting rights may take part in Shareholders' Meetings if an attestation confirming their right to participate is provided in accordance with the terms and conditions set out the laws and regulations from time to time applicable. Each person entitled to vote may be represented at Shareholders' Meetings by third parties by issuing a written proxy in conformity to and within the limits laid down by law. Notice of the proxy can be given to the company electronically, via certified e-mail sent to the company e-mail address set out in the notice calling the shareholders' meeting. The company does not designate a representative to whom to confer proxies from the shareholders"*.

The Company has decided not to adopt rules for Shareholders' Meetings since it considers that the powers vested by the By-Laws in the Chairman of the Meeting, who is responsible for directing the proceedings, including the determination of the order and system of voting, enable the Chairman to ensure that the Meeting takes place in an orderly manner, moreover averting the risks and problems that could arise from a failure on the part of the Meeting to comply with regulatory provisions.

The Board of Directors calls an Ordinary Shareholders' Meeting at least once a year within 120 days after the end of the financial period, or within 180 days if the conditions required under the law are met.

The governing body also calls a Shareholders' Meeting with a single call, either Ordinary or Extraordinary, whenever it deems it appropriate to do so or as required by law, or at the request of at least two members of the Board of Statutory Auditors in accordance with the provisions of current legislation.

Shareholders' Meetings are called by means of a notice specifying the day, hour and venue of the meeting, a list of the items on the agenda, and the other information as required under the applicable law and regulations. The Meeting notice must be published, within the times laid down by the provisions of the applicable legislation, on the website of the Company and as may otherwise be required by the laws and regulations applicable from time to time.

Shareholders that, even jointly, represent at least one-fortieth of the share capital may request items to be added to the agenda, specifying in their request the additional subjects that they propose, or submit proposals on subjects already reflected in the items on the agenda, to the extent permitted, and at the terms and conditions, under the law. Persons entitled to vote may individually submit proposals to be resolved upon by the Shareholders' Meeting.

Requests to add items to the agenda as per the paragraph above, however, are not allowed with regard to matters on which the Shareholders' Meeting, by law, deliberates at the request of the Company Directors or on the basis of a project or report prepared by same, different than the report on the items on the agenda.

Within the terms set forth in the notice of a meeting, those entitled to vote can submit questions relating to the items on the agenda by certified electronic mail, using the specific company address set out for this purpose in the notice calling the Shareholders' Meeting.

The Company is not required to provide an answer if the relevant information is on the company website in a "question and answer format", or if it is so necessary to safeguard confidentiality and the interests of the company.

Both Ordinary and Extraordinary Shareholders' Meetings are at a single convening and are constituted and adopt valid resolutions by the statutory majorities.

The Chairman of the Shareholders' Meeting will ensure that each shareholder has the right to take the floor in relation to the items being discussed by coordinating speakers and managing the evolution of the meeting.

The Board of Directors reported on activities carried out and planned for the future, and took all the necessary steps to ensure that Shareholders were duly provided with the information required in order that they might knowingly take the decisions they were entitled to take. D

During the course of the Period a Shareholders' Meeting was held on 29 April 2022 (a closed-door meeting, through an intervention during the shareholders' meeting exclusively through the designated representative and in accordance with the provisions of Decree Law No 18 of 17 March 2020 on "measures to strengthen the national health service and economic support to families, workers and companies affected by the COVID-19 pandemic emergency" as subsequently amended and restated). The minutes of the meeting were duly published on the Company website and it involved the participation, in the prescribed forms, of 9 members of the Board in office (including the Chairman of the Board of Directors) and of all members of the Board of Statutory Auditors in office.

#### 14. FURTHER CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ART. 123-BIS, SUBSECTION 2(A) SECOND PART OF THE CONSOLIDATED FINANCE ACT)

The Issuer has decided not to apply any practice for its corporate governance other than those described in the paragraphs above, and set forth as specific obligations by provisions of laws and/or regulations.

#### 15. CHANGES SINCE THE CLOSING OF THE REFERENCE PERIOD

Save for matters indicated above, there are no additional material changes to the corporate governance system for the Company from the closing of the reference Period to the date of this Report.

#### 16. CONSIDERATIONS ON THE LETTER DATED 25 JANUARY 2023 FROM THE PRESIDENT OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations set out in the letter sent on 25 January 2023 by the President of the Corporate Governance Committee (the "**Letter**") were submitted to the attention of the Board of Directors and of the Board of Statutory Auditors on 24 March 2023, as well as to the attention of the Audit, Risk and Sustainability Committee and the Nomination and Remuneration Committee, for those matters for which each is respectively responsible.

A good level of implementation of the CG Code is noted in the Company. Specifically:

##### **Dialogue with shareholders and relevant stakeholders.**

In this regard, on 12 November 2021, the Company's Board of Directors adopted a policy for managing dialogue with shareholders and in particular with institutional investors (the "**Policy**") as well as with

other holders of any financial instruments of the Company. As recommended in the Letter, the Policy sets forth that dialogue can be activated by both shareholders and the Company. In fact, Article 6 of the Policy provides that direct interaction between investors and the Board can be initiated: a) upon written request from investors, to be addressed to the Investor Relator, using the references and contact details (e.g.: email) indicated on the Company's website or b) upon the Company's initiative by the Chairman, in agreement with the Chief Executive Officer, also at the request or at the initiative of the Board, through the organization of meetings, collective or bilateral, with investors, in which one or more members of the Board may also take part, and, where appropriate, with the support of managers and/or the competent corporate functions.

During the Period, certain meetings among the managers (Chief Executive Officer and Chief Financial Officer) and certain institutional investors took place during the ordinary activity of the Investor Relator.

### **Attribution of management powers to the Chairman**

Based on the organizational structure of the Company, the Board has granted certain powers to Stefano Landi as Chairman and Cristiano Musi as Managing Director and General Manager. This attribution is aimed at enhancing the respective attitudes, skills, and professional and personal characteristics of the delegated individuals, as well as inspired at the same time by the need to create a clear and precise division of responsibilities, functional to avoid overlapping and/or decision-making deadlocks and to enable the rapid identification both within the company and by stakeholders of the individuals responsible for individual management decisions.

### **Pre-advisory reporting**

The Company has had in place for several years an IT platform for the management and submission of pre-board and pre-committee disclosures in order to ensure the necessary confidentiality of information. Based on the board and endo-consiliar regulations, the information must, as a general rule, be uploaded well in advance, setting, as far as the Board is concerned, a submission deadline of 3 days, where possible taking into account the factual circumstances. It should be noted that the Company has not always been able to meet this deadline: based also on the information provided during the compilation of the self-assessment questionnaire relating to 2022, the Company is implementing a series of measures aimed at facilitating the drafting of the documentation and consequently anticipating the subsequent submission to the directors.

### **Participation of directors in Board meetings**

As a general rule, the CFO is invited to attend most board meetings and endo-consiliar committees. Subject to the circumstances, external legal advisors may also be called upon to attend board and endo-consiliar committee meetings. On the other hand, it should be noted that the head of the audit function and the auditing firm attend the meetings of the Audit, Risk and Sustainability Committee, while the head of the human resources function attends the Nomination and Remuneration Committee and the Board of Directors for matters within his or her area of responsibility where required.

### **Guidelines on optimal composition**

Since Landi Renzo qualifies as a concentrated-ownership company, this recommendation is not applicable. For the sake of completeness, however, it should be noted that since 2018 the Company has implemented an annual self-assessment procedure related to both the Board of Directors and its endo-consiliar committees in order to give due consideration to the indications of the directors in terms of both the composition and functioning of the aforementioned Board and committees.



### **Criteria for assessing the significance of the relationship that may affect the director's independence**

The Board of Directors has endorsed the independence criteria of the CG Code for assessing the independence of directors, defining - on 15 March 2021 - the quantitative and qualitative criteria to be used in order to assess the materiality of the circumstances relevant to the assessment of independence of directors with particular reference to the criteria set forth in points c) (threshold of 5% of turnover or professional income or gross annual consideration equal to or exceeding Euro. 100.000.00) and d) (payment by Landi Renzo and/or parent companies and/or subsidiaries, of a gross annual amount equal to or greater than 50% of the director's compensation) of Article 2 of the CG Code.

### **Transparency of remuneration policies on the weight of variable components**

The Remuneration Report contains the description of the remuneration policies applied by the Company, as well as the description of the components: i) fixed; ii) short-term variable; and iii) long-term variable with regard to directors holding special offices, which, in the case of Landi Renzo, are the Chairman and the Chief Executive Officer.

### **Long-term horizons in remuneration policies**

In accordance with the recommendations of the CG Code, the Company has in place a 2022-2024 performance share plan whose beneficiaries include the Chief Executive Officer with the clarification, however, that the Chairman is not expected to participate in a long-term incentive program, since this plan is reserved only for the Company's top employees. To the Chairman, however, the Board, has assigned, for 2023, short-term KPIs with which the payment of the variable part of remuneration is associated, KPIs also established for the CEO.

### **ESG Parameters for Directors' Remuneration.**

The Company, which has always operated in the field of sustainable mobility, recognizes great importance to its ability to pursue the creation of value in the long term also taking into account the interests of shareholders and, to this end, considers the issue of sustainability as an integral and fundamental part in the definition of business strategies. With this in mind, the remuneration policy applied by the Company contributes, inter alia, to the sustainability of the Company since - by making a large part of remuneration dependent on the creation of long-term value for shareholders and for the Company as a whole - it stimulates behaviors aimed at increasing its overall value and incentivizes the alignment of management interests with those of shareholders with a view to value creation in the medium to long term.

## TABLES

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AT THE DATE OF THIS REPORT**

### SHARE CAPITAL STRUCTURE

	No. of shares	% of share capital	Listed (specify markets)/ not listed	Rights and obligations
Ordinary shares	225,000,000	100%	Listed (Euronext Milan)	As per Civil Code and regulations
Shares with limited voting rights	-	-	-	-
Shares with no voting rights	-	-	-	-

### MAJOR HOLDINGS

Declarant	Direct shareholder	% of issued shares	% of voting capital
Landi Trust (trust regulated by Jersey law, with Stefano Landi as trustee)	GBD Green by Definition S.p.A.	59,927%	59,925%
Aerius Investment Holding AG	Aerius Investment Holding AG	8,262%	8,262%
Elbogross S.A.	Sentis Capital Cell 2 PC	6,363%	6,363%

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES**

BOARD OF DIRECTORS													AUDIT, RISK AND SUSTAINABILITY COMMITTEE		NOMINATION AND REMUNER. COMMITTEE		RELATED PARTY TRANSACTIONS COMMITTEE		
Office	Members	Year of birth	In office since	In office until	First appointed on	List (M/m)*	Exec.	Non exec.	Indip. under Self Reg. Code.	Indip. under Self Reg. Code.	** (%)	No. Of other offices held***	****	**	****	**	****	**	
Vice Chairman	Sergio Iasi	1958	Ordinary Shareholders' meeting on 29 April 2022	Approval of the financial statements as of 31 December 2024	29/04/2022	M		x			100%	5	x	100%					
CEO	Cristiano Musi	1974			28/04/2017	M	x					100%	8						
Chairman	Stefano Landi	1958			16/05/2007	M	x					100%	10						
Director	Silvia Landi	1960			16/05/2007	M		x				87%	1						
Director	Massimo Lucchini	1973			29/04/2022	M		x				100%	4			x	100%		
Director	Andrea Landi	1984			29/04/2022	M		x				90%	2						
Director	Sara Fornasiero	1968			29/04/2016	M		x	x	x		100%	17	x	100%			x	100%
Director	Pamela Morassi	1977			29/04/2022	M		x	x	x		100%	3			x	100%	x	100%
Director	Anna Maria Artoni	1967			29/04/2022	M		x	x	x		100%	4	x	100%	x	100%	x	100%

	<b>Ownership required to present a list of candidates at the last election: 2.5%</b>				
	<b>Number of meetings held during the period</b>	BoD: 15	ARSC: 10	NRC: 6	COPC 4
	<p><b>NOTE</b></p> <p>* This column shows whether member was elected from the majority shareholder list (M) or the minority shareholder list (m).</p> <p>** This column shows the percentage of (Board of Directors' and each committee's) meetings attended by the Director (number of attendances/number of meetings held during actual period of office of the person involved).</p> <p>*** This column shows the number of offices held as Director or Auditor by the person concerned in other companies listed on regulated markets, including foreign markets, in financial companies, banks, insurance firms or large companies.</p> <p>**** This column shows with an "X" which Director is a member of this Committee.</p>				

**TABLE 3: STRUCTURE OF BOARD OF STATUTORY AUDITORS**

BOARD OF STATUTORY AUDITORS									
Office	Members	Year of Birth	In office since	In office until	First appointed on	List (M/m) *	Independence under CG Code	** (%)	Number of other offices held***
Chairman	Fabio Zucchetti	1966	Ordinary Shareholders' meeting on 29 April 2022	Approval of the financial statements as of 31 December 2024	29/04/2019	m	x	100%	22
Standing Auditor	Diana Rizzo	1959			29/04/2016	M	x	100%	12
Standing Auditor	Luca Aurelio Guarna	1972			29/04/2022	M	x	87%	88
Alternate Auditor	Luca Zoani	1977			29/04/2022	M	x	N/A	62
Alternate Auditor	Gian Marco Amico di Meane	1972			29/04/2019	m	x	N/A	17
AUDITORS WHO CEASED OFFICE DURING REFERENCE PERIOD									
Standing Auditor	Domenico Sardano	1970	Ordinary Shareholders' meeting on 29 April 2019	Approval of the financial statements as of 31 December 2021	17/10/2017	M	X	100%	
Alternate Auditor	Marina Torelli	1961			16/05/2007	M	X	NA	
		<b>Ownership required to present a list of candidates at the last election: 2.5%</b>							
		<b>Number of meetings held during the period: 15</b>							
		<p><b>NOTE</b></p> <p>* This column shows whether member was elected from the majority shareholder list (M) or the minority shareholder list (m).</p> <p>** This column shows the percentage of Board of Statutory Auditors' meetings attended by the Auditor (number of attendances/number of meetings held during actual period of office of the person involved).</p> <p>*** This column shows the number of offices held as Director or Auditor by the person concerned bearing relevance for the purpose of Art. 148-bis of the Consolidated Finance Act.</p>							