

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



**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON POINT 4 AND POINT 5 OF THE
AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF F.I.L.A. - FABBRICA ITALIANA
LAPIS ED AFFINI S.P.A., CALLED FOR APRIL 23, 2024 IN SINGLE CALL**

(prepared in accordance with Article 125-*ter* of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements, and Article 84-*ter* of the Regulation adopted with Consob Resolution No. 11971 of May 14, 1999 and subsequent amendments and supplements)

Report approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. at the meeting of March 14, 2024 and available on the website www.filagroup.it.

Point 4 and point 5 on the Agenda of the Ordinary Shareholders' Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A., called for April 23, 2024 in single call:

“4. Appointment of the Board of Directors:

- 4.1 establishment of the number of members of the Board of Directors;**
- 4.2 establishment of the duration of office of the appointed Board of Directors;**
- 4.3 appointment of the members of the Board of Directors;**
- 4.4 establishment of the fees of the members of the Board of Directors;**
- 4.5 appointment of the Honorary Chairperson; resolutions thereon.**

5. Appointment of the Board of Statutory Auditors:

- 5.1 appointment of the members of the Board of Statutory Auditors for the 2021-2023 period;**
- 5.2 appointment of the Chairperson of the Board of Statutory Auditors;**
- 5.3 establishment of the fees of the members of the Board of Statutory Auditors.**

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Dear Shareholders,

this Report has been prepared pursuant to Article 125-*ter*, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements (the “**CFA**”) and Article 84-*ter* of the Regulation adopted with Consob Resolution No. 11971 of May 14, 1999 and subsequent amendments and supplements (the “**Issuers' Regulation**”).

This report was approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (“**Fila**” or the “**company**”) in the meeting of March 14, 2024 and is made available to the public, in accordance with applicable law and regulations, at the registered office, on the company website (www.filagroup.it) and also by the other means established by the applicable regulation.

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With the approval of the statutory financial statements at December 31, 2023, the mandate concludes of the Corporate Boards of Fila, in addition to that of the Honorary Chairperson (as defined herein), appointed by the Shareholders' Meeting of April 27, 2021. Therefore, the Board of Directors has called you to appoint the new Corporate Boards, in addition to the Honorary Chairperson (as defined herein), in compliance with the applicable regulatory and statutory provisions.

In view of this, the main By-Law clauses governing the composition, duration of mandate and means for the appointment of the members of the Board of Directors and of the Board of Statutory Auditors of the company, in addition to the Honorary Chairperson (as defined herein), are presented below.

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1. Appointment of the Board of Directors

1.1. Establishment of the number of members of the Board of Directors

In accordance with Article 11.1 of the By-Laws, the company is administered by a Board of Directors composed of a minimum of 7 and a maximum of 12 members. The Shareholders' Meeting is therefore called upon to establish the number of members of the Board of Directors within these limits.

In the light of the above, the Board of Directors invites the shareholders to make proposals concerning the setting of the number of members of the Board of Directors, in the manner and timing specifically indicated in the call notice.

1.2. Duration of office of the appointed Board of Directors

As per Article 11.13 of the By-Laws, the members of the Board of Directors remain in office for the period established on appointment and however for not more than 3 (three) financial years, with their mandate concluding on the date of the Shareholders' Meeting called to approve the financial statements for their final year of office, subject to the conditions of discontinuation and lapse established by law and the By-Laws. Therefore, the maximum duration of the appointed Board of Directors shall not extend beyond the date of the Shareholders' Meeting called for approval of the 2026 financial statements.

In the light of the above, the Board of Directors invites the shareholders to make proposals concerning the setting of the duration of the Board of Directors' term of office, in the manner and timing specifically indicated in the call notice.

1.3. Appointment of the members of the Board of Directors

(a) Presentation of slates of candidates for the office of Director

In accordance with Article 147-ter of the CFA and Article 11.3 of the By-Laws, the Board of Directors is appointed by the Shareholders' Meeting on the basis of slates presented by shareholders. The preparation, filing and publication of slates should be completed in accordance with the means and deadlines established or restated in Article 11 of the By-Laws, to which reference should be made for any information not expressly indicated below.

Pursuant to Articles 11.4 and 11.5 of the By-Laws, only shareholders who individually or collectively hold at least the threshold set by Article 144-*quater* of the Issuers' Regulation - currently 2.5% (one fortieth) of the share capital - have the right to present slates (see also Executive Determination of the Head of the Corporate Governance Division No. 92 of January 31, 2024). The minimum share ownership is established considering the shares which have been registered in favour of the shareholder on the day on which the slates are filed with the Company. The relative ownership certificate may be sent after the slate is filed, provided it is done so by the deadline for the publication of slates by the Company, i.e. no later than the 21st (twenty-first) day before the date of the Meeting (i.e. by **April 2, 2024**). Pursuant to Article 11.10 of the By-Laws, consideration is not taken of the slates which have not obtained at least half of the votes required for the presentation of slates.

Pursuant to Article 11.8 of the By-Laws, individual shareholders, shareholders belonging to the same group or members of a shareholder agreement pursuant to Article 122 of the CFA, may not present

or be involved in the presentation, even through nominees or trust companies, of more than one slate or vote on other slates. Subject to ineligibility, each candidate may appear on only one slate.

As per Article 11.6 of the By-Laws, the slates provide for a number of candidates that is not greater than 12, listed in sequential order. The slates with a number of candidates equal to or greater than 3 (three) should be composed of candidates from both genders (masculine and feminine), so as to guarantee the composition of the Board of Directors in accordance with legal and regulatory provisions in relation to gender balance (male and female), rounded upwards¹.

The members of each slate are assigned sequential numbering. Subject to ineligibility, each candidate may appear on only one slate.

As per the applicable regulations, in addition to Article 11.2 of the By-Laws, candidates for the office of Director must meet the requirements of good standing laid down in Article 147-*quinquies* of the CFA, which refers to the standing requirements for Statutory Auditors of listed joint-stock companies established in the regulations issued by the Ministry of Justice pursuant to Article 148(4) of the CFA, which in turn refers to Article 2 of Ministry of Justice Decree No. 162 of March 30, 2000.

Moreover, it is required that the slates of candidates include candidates who comply with the independence requirements set out by the current and applicable legal and regulatory provisions, so as to ensure that the composition of the Board of Directors complies with the provisions of the current and applicable legal and regulatory provisions⁽²⁾.

Pursuant to Article 147-*ter*, paragraph 1-*bis* of the CFA and Article 11.5 of the By-Laws, the slates - together with the required documentation - shall be filed by the shareholders by the 25th (twenty-fifth) day prior to the date of the Meeting, i.e. by **March 29, 2024**. Slates must be filed in one of two ways: (i) by registered letter with return receipt, to be sent to the registered office of Fila in via XXV Aprile n. 5; Pero (MI) - 20016, or (ii) by certified email to the address "amministrazione@pec.fila.it". In any case, the slates should be filed with the reference "Filing of slates for the Board of Directors" and information should be enclosed that enables the person filing the lists to be identified.

In accordance with Article 11.7 of the By-Laws and Article 144-*octies* of the Issuers' Regulation, the slates filed at the Company should be accompanied by (at the risk of non-acceptance):

- (i) declarations of the individual candidates, in which they accept their candidature and certify, under their own responsibility, the inexistence of any cause of ineligibility or incompatibility, as well as the satisfaction of the requirements prescribed by applicable regulations for the

¹ Article 147-*ter*, paragraph 1-*ter*, of the CFA, as last amended by Law No. 160 of December 27, 2019, provides that "*the under-represented gender must account for at least two-fifths of the elected Directors. This distribution criterion shall apply for six consecutive mandates*".

⁽²⁾Article 147-*ter*, paragraph 4, of the Consolidated Finance Act provides that "*at least one of the members of the Board of Directors, or two where the Board of Directors has more than seven members, must meet the independence requirements established for Statutory Auditors in Article 148, paragraph 3, as well as, where the By-Laws so provide, the additional requirements set out in codes of conduct drawn up by companies managing regulated markets or by trade associations.*" By contrast, Recommendation 5 of the Corporate Governance Code provides that "*the Board of Directors shall include at least two Independent Directors, other than the Chairperson*", as Fila qualifies as a "*concentrated ownership company*" and does not qualify as a "*large company*" under the Corporate Governance Code.

office of Director of the Company, including where applicable, declarations on the independence of candidates;

- (ii) a curriculum vitae containing exhaustive information on their personal and professional characteristics of each candidate;
- (iii) indication of the identity of the shareholders who have presented the slates and their overall shareholding; and
- (iv) any other further declaration, disclosure and/or document required by law and applicable regulatory rules.

The slates, accompanied by the documentation and information on the characteristics of the candidates, will then be made available to the public by the Company, by the 21st (twenty-first) day prior to the date of the Shareholders' Meeting (i.e. by **April 2, 2024**), at the registered office, on the Company's website at the address www.filagroup.it, "Governance - Documents - Shareholders' Meetings" section, as well as on the authorised storage mechanism "eMarketStorage" (www.emarketstorage.com).

Shareholders presenting a Minority Slate are governed by Consob communication No. DEM/9017893 of February 26, 2009. In particular, in accordance with the above Communication, shareholders presenting a "minority slate" should file together with the slate a declaration certifying the absence of connecting relationships, even indirect, as per Article 147-ter, paragraph 3 of the CFA and Article 144-quinquies of the Issuers' Regulation, with shareholders possessing, even jointly, a controlling or relative majority holding, identified on the basis of the communications of significant holdings as per Article 120 of the CFA or the publication of shareholder agreements in accordance with Article 122 of the CFA.

For the purposes of the composition of the slates, Shareholders are also invited to take into account the recommendations on the composition of the administrative body (with particular regard to the Directors who meet the independence requirements) contained in the Corporate Governance Code of Listed Companies approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A., which the Company decided to adopt on February 11, 2021, as communicated to the market on the same date (the "**Corporate Governance Code**").

(b) Appointment of the members of the Board of Directors

In accordance with Article 11 of the By-Laws, the Board of Directors is elected as follows:

- from the slate obtaining the highest number of votes, all Directors are elected (according to the sequential numbering on the slate) except one;
- from the slate obtaining the second highest number of votes and which is not connected, even indirectly, with the shareholders presenting or voting upon the slate receiving the highest number of votes, the remaining Director is elected.

Consideration is not taken of the slates which have not obtained at least half of the votes required for the presentation of slates.

Should two slates receive the same number of votes, a second vote of the entire Shareholders' Meeting shall decide, with the candidates being elected by means of a simple majority of the votes and without the application of slate voting.

Where on conclusion of voting the legal and regulatory requirements concerning gender balance (male and female)⁽³⁾ are not met, the candidate of the over-represented gender elected last according to the sequential number of the slate which achieved the highest number of vote is excluded and replaced with the first candidates not elected belonging to the other gender. Where it is not possible to implement the above procedure to guarantee compliance with the gender parity laws and regulations, the remaining Directors will be elected by the Shareholders' Meeting through ordinary majority, with presentation of candidates belonging to the under-represented gender.

Where, on conclusion of voting, the appointment of the minimum number of Independent Directors as required by the applicable regulation in relation to the total number of Directors is not ensured, the candidate or the candidates not considered independent elected last according to the sequential numbering of the slates which carries the highest number of votes will be replaced by the first independent candidate or candidates not elected from the same slate according to the sequential numbering by which the candidates are listed, or where not possible, the replacement shall be made according to a motion of the Shareholders' Meeting as per the normal means and applicable majorities, following presentation of candidates considered as independent as per the applicable rules.

Where only one slate is presented, the Shareholders' Meeting will vote on that slate and, where this slate receives the majority of the votes, all the members of the Board of Directors will be taken from this slate in accordance with the applicable provisions (including in terms of gender parity).

In the case in which no slates are presented, or only one slate is presented which does not obtain a relative majority of votes, or where the number of Directors elected on the basis of the slates presented is lower than the number of members to be elected, or where, for any reason, it is not possible to proceed with the appointment of the Board of Directors according to the procedures described above, the Shareholders' Meeting decides according to the statutory means and majorities. In this case, the applicable provisions concerning the presence of a minimum number of Independent Directors and regarding gender parity should also be applied.

With regard to the above, the Shareholders are invited to vote at the Meeting for one of the slates of candidates for the office of Director among those drawn up, filed and published in compliance with the provisions mentioned above.

1.4. Establishment of the fees of the members of the Board of Directors

Pursuant to Article 5.1 By-Laws, members of the Board are entitled to a fixed annual fee that is wholly determined by the Shareholders' Meeting and distributed by the Board of Directors itself among its members, in addition to the provisions of Article 2389 of the Civil Code for Senior Directors, as well as the reimbursement of expenses incurred by them in the course of their duties.

Shareholders are therefore called to consider the fixed annual remuneration for office of the members of the Board of Directors. The Shareholders' Meeting is called to consider the overall amount of the Board's remuneration; this sum is thereafter broken down among the membership of the Board of Directors. In addition to this amount, Senior Directors have the right to remuneration established by the same Board of Directors, having consulted the Board of Statutory

⁽³⁾Article 147-ter, paragraph 1-ter, of the CFA, as last amended by Law No. 160 of December 27, 2019, provides that "*the under-represented gender must account for at least two-fifths of the elected Directors. This distribution criterion shall apply for six consecutive mandates*".

Auditors, in accordance with Article 2389, paragraph 3 of the Civil Code.

It should be noted that the Shareholders' Meeting of April 27, 2021 had set the total annual remuneration to be paid to the Board of Directors at Euro 270,000 for the entire 2021/2023 term of office; this remuneration was then divided by the Board of Directors as follows:

- a gross annual emolument of Euro 25,000 for each Director (excluding the Chairperson of the Board of Directors);
- a gross annual emolument of Euro 120,000 for the Chairperson of the Board of Directors.

In the light of the above, the Board of Directors invites the shareholders to make proposals concerning the setting of the remuneration of the Board of Directors, in the manner and timing specifically indicated in the call notice.

1.5. Appointment of the Honorary Chairperson

As per Article 12.5 of the By-Laws “one or more shareholders representing at least 20% (twenty percent) of the share capital may propose to the Shareholders' Meeting the appointment of a Chairperson with an honorary function, (the "**Honorary Chairperson**”), selected from among persons of high standing and who have contributed to the success and/or the development of the Company.

The Honorary Chairperson may also be appointed from outside the members of the Board of Directors; in such case the Honorary Chairperson may remain in office longer than the term of the Board of Directors. The Honorary Chairperson, where not a Director of the Board, may participate at meetings of the Board of Directors and the Shareholders' Meetings exclusively to express assessments and non-binding opinions on matters dealt with by the Board of Directors or by the shareholders, and may represent the Company on the basis of special powers of attorney issued in writing by the competent corporate boards.

The Board of Directors shall determine any fees or any other remuneration and/or reimbursement of expenses due to the Honorary Chairperson.

In light of that stated above, the Board of Directors invites shareholders to make proposals regarding the appointment of the Honorary Chairperson.

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2. Appointment of the Board of Statutory Auditors

2.1. Appointment of the members of the Board of Statutory Auditors for the 2024-2026 period

(a) Presentation of the slates of candidates for the office of Statutory Auditor and Alternate Auditor

In accordance with Article 148 of the CFA and Article 17 of the By-Laws, the Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of slates presented by shareholders. The preparation, filing and publication of slates should be completed in accordance with the means and deadlines established or restated in Article 17 of the By-Laws, to which reference should be made for any information not expressly indicated below.

Pursuant to Articles 17.2 and 17.3 of the By-Laws, only shareholders who individually or collectively

hold at least the threshold set by Article 144-*quater* of the Issuers' Regulation - currently 2.5% (one fortieth) of the share capital - have the right to present slates (see also Executive Determination of the Head of the Corporate Governance Division No. 92 of January 31, 2024). The minimum share ownership is established considering the shares which have been registered in favour of the shareholder on the day on which the slates are filed with the Company. The relative ownership certificate may be sent after the slate is filed, provided it is done so by the deadline for the publication of slates by the Company, i.e. no later than the 21st (twenty-first) day before the date of the Meeting (i.e. by **April 2, 2024**).

Pursuant to Article 17.7 of the By-Laws and Article 144-*sexies*, paragraph 5 of the Issuers' Regulation, and regarding the presentation of slates for the appointment of the Board of Statutory Auditors only, in the event where only one slate is filed by the deadline for presentation of slates (i.e. by **March 29, 2024**), or slates are only presented by connected shareholders pursuant to the applicable provisions, slates for candidates for the roles of Statutory Auditor and Alternate Auditor may be presented up to the third day subsequent to the stated deadline. Considering that this deadline would expire on a public holiday (i.e. April 1, 2024) it is extended to **April 2, 2024**. It should be noted that, in the event the term is extended pursuant to the aforementioned provisions, the threshold for submitting slates is reduced by half and is therefore equal to 1.25% of the shares with voting rights at the Meeting.

Pursuant to Article 17.6 of the By-Laws, individual shareholders, shareholders belonging to the same group or members of a shareholder agreement pursuant to Article 122 of the CFA, may not present or be involved in the presentation, even through nominees or trust companies, of more than one slate or vote on other slates. Subject to ineligibility, each candidate may appear on only one slate.

Each slate comprises two sections: the first lists the names of the candidates for the office of Statutory Auditor, while the second lists the names of the candidates for the office of Alternate Auditor. The slates must include the names of one or more candidates for the position of Statutory Auditor, specifying which among them is indicated as Chairperson, and one or more candidates for the position of Alternate Auditor; candidates are assigned sequential numbers. The number of candidates on each slate however should not exceed the number of board members to be elected.

Pursuant to Articles 17.4 and 148, paragraph 1-*bis* of the By-Laws, at least two-fifths of the Directors to be appointed must be of the under-represented gender. It is therefore required that the slates include candidates of both genders, so as to guarantee that the new Board of Statutory Auditors comprises at least two fifths of Statutory Auditors from the under-represented gender. If the application of the gender distribution criterion does not result in a whole number of members belonging to the under-represented gender, the requirement shall be rounded down in line with the provisions of the new wording of Article 144-*undecies*.1 of the Issuers' Regulation (as amended by Consob Resolution No. 21359 of May 13, 2020) for bodies made up of 3 (three) members.

Pursuant to Article 147-*ter*, paragraph 1-*bis* of the CFA - as referred to by Article 148, paragraph 2 of the CFA - and Article 17.3 of the By-Laws, the slates - together with the required documentation - shall be filed by the shareholders by the 25th (twenty-fifth) day prior to the date of the Meeting, i.e. by **March 29, 2024**. Slates must be filed in one of two ways: (i) by registered letter with return receipt, to be sent to the registered office of Fila in via XXV Aprile n. 5; Pero (MI) - 20016, or (ii) by certified email to the address "amministrazione@pec.fila.it". In any case, the slates should be filed with the reference "*Filing of slates for the Board of Statutory Auditors*" and information should be enclosed that enables the person filing the lists to be identified.

In accordance with Article 17.5 of the By-Laws and Article 144-*sexies* of the Issuers' Regulation, the slates filed at the Company should be accompanied by (at the risk of non-acceptance):

- (i) information concerning the identity of the shareholders who have presented the slates and their overall shareholding;
- (ii) the declaration of the shareholders presenting the slate and other than those who hold, including jointly, a controlling or relative majority shareholding, stating the absence of connecting relationships with these latter, according to the applicable regulation;
- (iii) thorough information on the personal and professional characteristics of the candidates;
- (iv) declarations in which the individual candidates accept their candidature and certify that they fulfil the legal requirements;
- (v) the list of management and control positions held by the candidates at other companies;
- (vi) any other further declaration, disclosure and/or document required by law and applicable regulatory rules.

With reference to the document at (v) above, pursuant to Article 2400, last paragraph, of the Civil Code and Article 148-*bis* of the CFA, the list of administration and control offices held by candidates in other companies should be up to date as of the actual date of the Meeting.

The slates, accompanied by the documentation and information on the characteristics of the candidates, will then be made available to the public by the Company, by the 21st (twenty-first) day prior to the date of the Shareholders' Meeting (i.e. by **April 2, 2024**), at the registered office, on the Company's website at the address www.filagroup.it, "Governance - Documents - Shareholders' Meetings" section, as well as on the authorised storage mechanism "eMarketStorage" (www.emarketstorage.com).

Finally, shareholders presenting a Minority Slate are governed by Consob communication No. DEM/9017893 of February 26, 2009. In particular, in accordance with the above Communication, shareholders presenting a "minority slate" should provide in the declaration the following information: (a) any existing relationships, where significant, with shareholders who hold, even jointly, a controlling or relative majority share, identifiable on the basis of the communications of significant holdings as per Article 120 of the CFA or according to the shareholder agreement published as per Article 122 of the CFA. In particular, at least those listed at point 2 of the Consob Communication should be indicated. Alternatively, the absence of significant relationships should be indicated; and where applicable (b) the reasons why these relations are not considered connecting relationships as per Article 148, paragraph 2, CFA and Article 144-*quinquies* of the Issuers' Regulation.

(b) *Means for the appointment of members of the Board of Statutory Auditors*

In accordance with Article 17 of the By-Laws, the Board of Statutory Auditors is elected as follows:

- from the slate obtaining the highest number of votes (according to the sequential numbering on the slate) 2 (two) Statutory Auditors and 1 (one) Alternate Auditor are elected;
- from the slate obtaining the second highest number of votes and not connected with the shareholders presenting or voting upon the slate obtaining the highest number of votes (according to the sequential numbering on the slate) the remaining Statutory Auditor and the

other Alternate Auditor are elected;

The Chair of the Board of Statutory Auditors is assumed by the Statutory Auditor from the slate which obtained the second highest number of votes at the Shareholders' Meeting.

Should two slates receive the same number of votes, a second vote of the entire Shareholders' Meeting shall decide, with the candidate being elected by means of a simple majority of the votes.

Where on conclusion of voting, the statutory provisions concerning gender parity have not been complied with, the candidate for Statutory Auditor belonging to the over-represented gender elected as last from the slate obtaining the highest number of votes is excluded and shall be replaced by the subsequent candidate from the same slate belonging to the other gender.

Where, despite the above process, only one slate is presented, the Shareholders' Meeting will vote on that slate and, where this slate receives the majority of the votes, 3 (three) Statutory Auditors and 2 (two) Alternate Auditors will be taken from this slate in accordance with the applicable law and regulations (including in terms of gender parity).

Where no slates are presented, or where, for any reason, it is not possible to appoint the Board of Statutory Auditors according to the means indicated, the Shareholders' Meeting will vote by statutory means and majorities. In this case, the applicable provisions regarding gender parity should also be applied.

With regard to the above, the Shareholders are invited to vote at the Meeting for one of the slates of candidates for the office of Statutory Auditor and Alternate Auditor among those drawn up, filed and published in compliance with the provisions mentioned above.

2.2. Establishment of the fees of the members of the Board of Statutory Auditors

Pursuant to Article 2402 of the Civil Code, on appointment of the Board of Statutory Auditors, the Shareholders' Meeting shall determine the annual remuneration due to the Statutory Auditors for the entire duration of their mandate.

It should be noted that the Shareholders' Meeting of April 27, 2021 had set the annual remuneration for the Chairperson of the Board of Statutory Auditors at Euro 40,000 and the annual remuneration for each Statutory Auditor at Euro 30,000 for the entire 2021/2023 term of office.

It should be noted that, with regard to the remuneration of the Statutory Auditors, Recommendation 30 of the Corporate Governance Code requires that it be "*appropriate to the expertise, professionalism and commitment required by the importance of the role held and the size and sector characteristics of the company and its situation.*"

In the light of the above, the Board of Directors invites the shareholders to make proposals concerning the determination of the remuneration for the Chairperson of the Board of Statutory Auditors and the Statutory Auditors, in the manner and timing specifically indicated in the call notice.

Pero, March 14, 2024

The Chairperson of the Board of Directors

(Giovanni Gorno Tempini)

