

Sanlorenzo S.p.A.

Considerations of the outgoing Board of Statutory Auditors

in line with the *Rules of Conduct for the Board of Statutory Auditors of Listed Companies of the Italian Council of Accountants and Accounting Experts (CNDCEC)*, December 2024

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A. Foreword – The Rules of Conduct for the Board of Statutory Auditors of Listed Companies of the Italian Council of Accountants and Accounting Experts (CNDCEC) of December 2024 and the purpose of the document

The term of office of the Board of Statutory Auditors of Sanlorenzo S.p.A. currently in office will expire on the date of the Shareholders' Meeting of 29 April 2024, which will be called to approve the financial statements as of 31 December 2024, according to the Financial Calendar approved by the Board of Directors on 30 January 2025. On that occasion, the Shareholders' Meeting will then also be called upon to appoint a new control body.

Pursuant to point Q.1 .5. of the *Rules of Conduct for the Board of Statutory Auditors of Listed Companies of the CNDCEC of December 2024 (hereinafter the “Rules of Conduct”)*, *“it is good practice that the outgoing board expresses to the shareholders, in view of the renewal, its orientation on the professional profiles and skills that appropriately complement the qualitative composition of the board, as well as the time commitment required to perform the task and the remuneration appropriate to attract persons of adequate standing, without neglecting the provisions of Italian Law no. 49 of 21 April 2023”*.

This document has therefore been prepared by the Board of Statutory Auditors in office in compliance with the aforementioned indications and with the aim of providing the Shareholders' Meeting and the candidate Statutory Auditors with an exhaustive picture of the activities that the Company's auditing body is called upon to perform, in order to assess in a considered manner the professional skills required and the adequacy of the remuneration proposed for the performance of the office.

With reference to the profile of professionalism, the April 2018 Rule of Conduct Q.1.2. already provided in the comments that *“the composition of the board should be appropriate to the characteristics of the company’ and that ‘when submitting the lists of candidates, the professional characteristics, experience, including managerial experience, and gender of the candidates should be assessed, in relation to the size of the issuer, the complexity and specificity of the business sector in which it operates, as well as the size of the board of statutory auditors”*. Indications to this effect can be found not only in Article 19(3) of Italian Legislative Decree no. 39/2010, according to which *“the members of the audit committee, as a whole, are competent in the sector in which the audited entity operates”*, but also in Italian Ministerial Decree no. 162/2000.

With regard to the remuneration aspect, the Rule of Conduct Q.1.5. provides that *“The annual remuneration of auditors, if not established in the by-laws, is determined by the shareholders’ meeting at the time of their appointment for the entire period of their office.*

In the event of changes in the activity and evolutions of the same that make the auditor's commitment inconsistent with and inadequate for the agreed remuneration, the board of auditors, during the term of office,

may provide information in its report on such evolutions and suggestions for revising the remuneration at the first useful meeting.

In the event of a significant change in the organisational structure of the company or the company perimeter, the remuneration of the auditors may be adjusted by specific and reasoned resolution of the shareholders' meeting."

Similar indications can also be found in the Corporate Governance Code (January 2020) currently in force (Recommendation no. 30).

This document, before being made available to Shareholders, was sent to the Chairman of the Board of Directors to be brought to the attention of the entire Board of Directors of the Company.

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B. Development of the statutory activities of the Board of Statutory Auditors

Reference is made here to the reform of the statutory audit discipline implemented at European level (so-called “*European Reform*”) with the promulgation of the following acts:

- Regulation (EU) no. 537/2014 on the statutory audit of Public Interest Entities (so-called PIEs), directly applicable from 17 June 2016;
- Directive no. 2014/56/EU transposed into Italian law by Italian Legislative Decree no. 135/2016, which amended the provisions dictated by Italian Legislative Decree no. 39/2010.

With the European Reform, the Legislator intended to strengthen the quality of auditing and strengthen, in particular, the mechanisms for verifying the independence of the auditor, investing the Control Body, as the Audit Committee, with specific monitoring activities.

In this context, the Control Body:

- informs the Board of Directors of the audited company of the outcome of the statutory audit (Article 19, paragraph 1, letter a) of Italian Legislative Decree 39/2010) and transmits to this body the additional report together with any observations (Article 11 Regulation (EU) 537/2014);
- monitors the financial reporting process and submits recommendations/proposals aimed at ensuring its integrity (Article 19 paragraph 1, letter b) of Italian Legislative Decree 39/2010)
- monitors the effectiveness of the firm's internal quality control and risk management systems and, if applicable, internal audit, in relation to the audited entity's financial reporting (Article 19, paragraph 1, letter c) of Italian Legislative Decree 39/2010)
- monitors the statutory audit of the statutory and consolidated financial statements, also taking into account any findings and conclusions of the quality controls carried out by Consob (Article 19, paragraph 1, letter d) of Italian Legislative Decree 39/2010);
- verifies the statutory auditor's independence (Article 19, paragraph 1, letter e) of Italian Legislative Decree 39/2010)
- is responsible for the selection procedure of the statutory auditor (Article 16 EU Regulation 537/2014 and Article 19, paragraph 1, letter f) of Italian Legislative Decree 39/2010)
- approves the performance of non-audit services by the auditor and the entities of the relevant network (Article 5 EU Regulation 537/2014).

Lastly, it is necessary to highlight the additional control activity entrusted to the Board of Statutory Auditors following the enactment of Italian Legislative Decree 125/2024, in force since 25/09/2024, by which Directive (EU) 2022/2464 (so-called “*Corporate Sustainability Reporting Directive*” or “*CSRD*”) was implemented.

This legislation provides for a new obligation to prepare sustainability reporting on a consolidated

basis, already with effect from the financial year 2024 for listed issuers, compared to the already existing obligation to approve non-financial reporting (Italian Legislative Decree 254/2016, so-called “Non Financial Statement” or “NFS”), already in force for listed issuers.

In brief, as far as the Board of Statutory Auditors is concerned, Article 10, paragraph 1 of Italian Legislative Decree 125/2024, expressly provides that the Company's Control Body, in the performance of its functions, is required to supervise “*compliance with the provisions set forth in this decree and report on it in its annual report to the shareholders’ meeting*”.

The new legislation has therefore had a direct and immediate impact on the activity of the Control Body, without prejudice to the direct responsibility of the Administrative Body with regard to the regulatory provisions to be adopted and followed in order to prepare the sustainability report, an activity that the Board is called upon to supervise.

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C. Considerations on the composition of the Board of Statutory Auditors

Taking into account the sector in which the Company operates, the company organisation, and the size and articulation of the Group that the Company heads, it is considered that the performance of the tasks assigned to the Board of Statutory Auditors requires the possession of specific skills in the following areas:

- Principles and operating rules of listed companies;
- Accounting processes and the formation of statutory and consolidated financial statements;
- National and international accounting standards;
- Economic and financial valuations;
- Impairment testing process and assessments;
- Risk management and internal control systems;
- Internal audit;
- Compliance;
- Statutory audit.

In particular, skills and experience in listed companies appear essential. It is also appropriate for the Board of Statutory Auditors to have the expertise of persons who have gained experience in the aforementioned areas on a complementary basis. That is, it is relevant that the members of the supervisory board have different backgrounds and jointly cover the areas of competence in question.

Following its annual self-assessment activities, the current Board of Statutory Auditors confirmed that it has the necessary skills to fulfil its tasks. It emerged that a crucial element for the effectiveness of its actions is the complementary nature of each member's previous training and experience. This has allowed and continues to allow for a complete and functional coverage of the issues entrusted to the Board, generating fruitful teamwork that also contributes to the professional enrichment of each member.

Furthermore, the importance of gender diversity was recognised as a key aspect in creating an inclusive and representative environment of different perspectives. The expertise and professionalism of the Board of Statutory Auditors, coming from heterogeneous backgrounds, offer an integrated vision and an ability to tackle challenges in a multidisciplinary way. Finally, the members' work experience, gained in different contexts, was considered an added value, as it brings a practical and concrete dimension that allows them to respond appropriately to changing needs and dynamics.

D. The activities carried out by the Board of Auditors: areas of operation and commitment required

1. The main areas and related activities carried out by the Board of Auditors are as follows:

(i) Supervision of compliance with the Law and the By-Laws

- Attendance at all meetings of the Board of Directors (B.o.D.) and of intra-Board Committees (see table below);
- issue of opinions and certifications on individual resolutions;
- specific meetings with the Internal Audit (IA) function and the Supervisory Board (SB);
- response to the Authority's questionnaires;
- in-depth analyses of a legal nature on the acquisitions made.

(ii) Supervision of compliance with the law with particular regard to the newly introduced Italian Legislative Decree no. 125/2024, by virtue of the required 'transition' from the provisions of Italian Legislative Decree no. 254/2016, on the subject of consolidated non-financial statement (so-called "NFS"), to the sustainability reporting referred to in the so-called "CSRD"

- Regular monthly meetings to monitor and supervise the entire sustainability reporting process, ensuring the application of the methodological approach until final approval by the Board of Directors;
- further targeted meetings with the new work team dedicated to ESG issues, with the consultancy firm (Deloitte) for the transition to CSRD reporting, and with the auditing firm (BDO) to examine, also in itinere, the suggestions contained in the so-called Management Letters.

(iii) Supervision of compliance with the principles of sound administration

- Participation in all meetings of the Board of Directors and of intra-Board committees (see table below);
- selective meetings with management functions for in-depth analysis of relevant transactions;
- in-depth studies on acquisitions made;
- further in-depth studies, whenever deemed appropriate.

(iv) Supervision of the adequacy of organisational structures

- Attendance at all meetings of the Board of Directors and the various committees, in particular the Control, Risks and Sustainability Committee (CRSC) (see table below);
- specific meetings with the Chief HR & Organisation Officer (HRO) function (at least one meeting per year);
- specific meetings with the IA and Chief Financial Officer (CFO) functions;
- meetings with Control Bodies of the Italian subsidiary (at least once a year);
- visits to production sites;
- in-depth discussions on acquisitions made.

(v) Supervision of the adequacy and functioning of the internal control and risk management system (ICRMS)

- Participation in all meetings of the Board of Directors and the various committees, with particular regard to the ICRMS (see table below);
- meetings with the Head of IA;
- meeting at least once a year with the Supervisory Board pursuant to Italian Legislative Decree no. 231/2001;
- in-depth studies on acquisitions made;
- further investigations whenever deemed appropriate.

(vi) Supervision of the adequacy of the administrative and accounting system

- Participation in all the meetings of the Board of Directors and the Committees set up within the Board of Directors, with particular regard to the CRSC (see table below);
- periodic meetings with the CFO and his structure;
- periodic meetings with the Independent Auditors and examination of the additional report prepared by the same pursuant to Article 11 of Regulation (EU) 537/2014;
- in-depth examination of the acquisitions made.

(vii) Audits and monitoring activities in the field of statutory audit (acting as the Committee on Internal Control and Audit)

- Meetings with the audit teams, several times during the year, to understand the Work Plan, the materiality thresholds applied, the execution of the various stages, any corrections of accounting errors, etc.;

- discussions with the Auditing Firm on the work plan, the controls carried out and their results in the field of NFS and, lastly, in 2024 of the transition to the so-called CSRD for the production of the Sustainability Report;
- examination and discussion with the Independent Auditors of the independence declarations.

2. The following table summarises the number of meetings attended by the Board of Statutory Auditors in 2022 (as of its appointment on 24 April 2022), 2023 and 2024 and the average time of these meetings.

Organo	2022		2023		2024	
	Average time (minutes)	No.	Average time (minutes)	No.	Average time (minutes)	Numero
Board of Statutory Auditors	240	12	240	13	240	13
Board of Directors	120	6	120	6	120	9
Control, Risks and Sustainability Committee	30	6	30	7	30	6
Related Party Transactions Committee	30	4	30	5	30	6
Nomination Committee	30	1	30	1	0	0
Remuneration Committee	30	3	30	3	30	7

Based on the provisions of current regulations and the indications contained in the Corporate Governance Code approved in January 2020 by the Committee, to which Sanlorenzo S.p.A. adheres to, the Statutory Auditors are required to attend not only the meetings of the Board of Directors, but also the meetings of the Committees set up within the Board of Directors set up by the Issuer's Administrative body (Control, Risks and Sustainability Committee, Nomination Committee, Related Party Transactions Committee, Remuneration Committee), verifying the convening and proper performance of the functions entrusted to them by the Board, with the adoption and application of the respective Regulations.

These provisions were fully complied with by the Board of Statutory Auditors: in fact, in the three-year period 2022 - 2024, the members of the Board of Statutory Auditors attended all the meetings of the Board of Directors and the above-mentioned Committees.

To the average time of the meetings shown in the Table, the time spent by the Statutory Auditors on studying the documentation, preparing and taking minutes of the meetings must obviously be added, which - although not analytically quantifiable - represents a particularly significant component of commitment.

The Chairman of the Board of Statutory Auditors is required to devote additional time to the planning of meetings, the final drafting of the relevant minutes and reports of the Supervisory Body, exchanges of correspondence and discussions with the Management, with the Chairmen of the Committees and with the Supervisory Body, with the Auditors (chairing the Committee on Internal Control and Audit).

For 2024, the Board of Statutory Auditors was thus able to count the total hourly effort of over 700 hours, entirely devoted to the office.

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E. Remuneration considerations of the Board of Statutory Auditors

The elements used to quantify the remuneration of the Board of Statutory Auditors are defined as follows by Rule of Conduct Q.1.5:

- the extent and complexity of the task in relation to its nature, including economic dimension (for example, volume of positive income components and assets), complexity, sector of activity, organisational structure, the number and size of the undertakings included in the consolidation, the status and other characteristics of the company taking also into account comparable foreign experience;
- any document prepared by the outgoing Board of Statutory Auditors, carefully evaluating the time required to perform the task, as well as the professional skills and experience required;
- the remuneration of non-executive directors and the criteria for remuneration for participation in internal committees;
- with reference to the remuneration of the Chairman of the Board of Statutory Auditors, the time commitment required for the performance of his or her duties, as well as the remuneration granted to the Chairman of the CRSC.
- The current legislation.

In view of the activities described in the preceding paragraphs, the annual remuneration of each Standing Statutory Auditor, as decided by the Company's Meeting on 24 October 2019, is equal to €25,000; the annual remuneration of the Chairman of the Board of Statutory Auditors is €30,000. The remuneration remained unchanged until the end of the mandate, which will take place with the approval of the balance sheet at 31 December 2024.

As already reported in the past, following the last amendment of the Corporate Governance Code, many listed companies have provided for the integration of the Statutory Auditors' remuneration due to the greater effort required, as well as establishing the fixing of a attendance token of equal amount for the Chairman of the Board of Statutory Auditors and for the Committees in which they participate, that in the three-year term of office of the Board of Statutory Auditors have been 49, with challenging activities of deepening and sharing between the members of the Board upstream of the same.

Finally, in this context, the Board of Statutory Auditors means, as suggested by the aforementioned Rules of Conduct (pages 29/30), express its orientation not only with regard to professional profiles and competences that adequately complement the qualitative composition of the Board of Statutory Auditors, as already discussed in the previous paragraphs, but also regarding the time required to carry out the task and the appropriate remuneration to attract people of adequate

standing, also considering the provisions of Italian Law 21 April 2023 no. 49 (“*Fair Compensation*”). In this context, it is necessary to revise the annual remuneration of each Standing Statutory Auditor and that of the Chairman of the Board of Statutory Auditors, compared to what has been decided since 2019.

Since that date, significant events such as

- the organic development of the business that involved significant investments in assets and resources with an increase in total turnover, more than doubled;
- the numerous acquisitions made in the three-year period that have increased the “perimeter” of observation with the aim of integrating the so-called Supply Chain (also, but not only, from an ESG perspective), to increase production capacity, access to Asian markets and diversification of production, including sailing;
- the introduction of the so-called CSRD, since as already mentioned, the Board of Statutory Auditors is now called to monitor compliance with the provisions, the adequacy of procedures, the timing and the methods of publication of the sustainability report in the Management Report, as well as on the overall scope of application of the Framework to the above-mentioned scope of consolidation of the issuer;

have significantly increased the workload entrusted to the Board of Statutory Auditors, as evidenced by the more than 700 hours dedicated in 2024.

Consequently, also with reference to the application of Article 29, “Statutory Auditor of Company”, of the Italian Ministerial Decree no. 140/2012, as recalled by the aforementioned Italian Law no. 49/2023, it is deemed necessary to significantly increase the remuneration of each Statutory Auditor on the basis of the increase in the scope of operational activities and regulatory updates, as well as on the basis of the above and taking into account the fees provided by the fair compensation.

For these purposes, in the absence of a specific study, it is considered that useful references can also be deduced from the recent Report on Corporate Governance in Italy: the implementation of the Italian Corporate Governance Code - 2024 (Report on Corporate Governance in Italy - 2024).

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F. Conclusion

In conclusion, from the point of view of the professional skills of the members of the Board of Statutory Auditors, considering: (i) the sector in which the company operates, (ii) the complexity of the relevant corporate organisation, as well as (iii) the size of the reference Group, it is deemed desirable, if not appropriate, that the new control body is also characterised by skills and experience gained on a complementary basis in the relevant disciplinary areas mentioned in item C above.

In particular, it is important that this mix of skills is well balanced and distributed among the various members of the control body and is accompanied by an appropriate knowledge of the operating rules of listed companies.

It is particularly important that this mix of competences is well balanced and distributed among the different components of the supervisory body and is accompanied by an appropriate knowledge of the rules of operation of listed companies.

From the point of view of remuneration, the Board of Statutory Auditors believes it is necessary to increase significantly the fees still anchored in the resolution, the company parameters and the regulatory framework of 2019, also, but not only (cf. the recent Report of Assonime), in the light of the Law on Fair Compensation¹ that took place in 2023.

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Milan – Turin, 13 February 2025

The Board of Statutory Auditors

Enrico Fossa, Chairman

Andrea Caretti, Standing Statutory Auditor

Margherita Spaini, Standing Statutory Auditor

¹ For completeness of information, please refer to the texts of Rules Q.1.1. and Q.1.5. taken from the Rules of Conduct for the Board of Statutory Auditors of Listed Companies of the CNDCEC (December 2024).