



CORPORATE GOVERNANCE CODE

This Corporate Governance Code was adopted by resolution of the Board of Directors of MARR S.p.a. on August 3, 2020.

Index

Introduction.....	1
Definitions	3
Article 1. Role of the board of directors.....	5
Article 2. Composition of the corporate bodies	7
Article 3. Functioning of the board of directors and the role of the chair	10
Article 4. Appointment of directors and board evaluation.....	13
Article 5. Remuneration	15
Article 6. Internal control and risk management system	17
Article 7. Effective date	20

The English language version of the Corporate Governance Code is a translation of the original Italian text. Where possible differences in interpretation or errors in translation exist, the Italian text is to take precedence.

Introduction

The Corporate Governance Code ("Code") applies to all companies with shares listed on the Italian main market ("Mercato Telematico Azionario", hereinafter "MTA") managed by Borsa Italiana ("companies").

Adoption of this Code is voluntary and is disclosed in the report on corporate governance and ownership structures ("corporate governance report").

Each article of the Code is divided into *principles*, which define the objectives of good governance, and into *recommendations*, which indicate the behaviour that the Code deems appropriate to achieve the objectives indicated in the *principles*.

The Code is neutral with respect to the governance model specifically adopted by the company (traditional; "one-tier", which includes the so-called "modello monistico" for Italian companies; "two-tier", which includes the so-called "modello dualistico" for Italian companies). For companies adopting the "two-tier" model, the Code requires that the supervisory board is to be assigned the task of deliberating on the company's strategic guidelines and transactions of strategic importance (so-called "high level" management powers).

Companies apply the Code according to the principle of substance over form and the *recommendations* thereof on a "comply or explain" basis.

Companies adopting the Code provide in their corporate governance report accurate, easily understandable and exhaustive, albeit concise, information on how the Code is applied.

The application of the Code is based on principles of flexibility and proportionality.

Companies disclose in their corporate governance report how they have specifically applied the Code's *principles*. The choice to depart from one or more *recommendations* of the Code may depend on factors internal and external to the company, whereby the practice recommended by the Code may not be functional or compatible with its governance model. The application of the Code implies, however, that each deviation is clearly indicated in the corporate governance report and that companies: (a) explain how the best practice recommended by the Code has been disregarded; (b) describe the reasons for the deviation; (c) describe how the decision to depart from the recommendations has been made within the company; (d) if the deviation is limited in time, indicate when they plan to apply the related best practice; (e) describe any action adopted as an alternative to the best practice which they have not implemented and explain how this choice helps the company achieving the objective underlying the Code's *principles* and in any case contributes to good corporate governance.

In order to ensure a proportional application of the Code, some *recommendations* are calibrated according to the company's size and ownership structure, providing for:

- a set of *recommendations* intended only for larger companies (see "large companies" category contained in the Code's "definitions");
- a simplified application of some *recommendations* by companies other than the "large" ones;
- the adaptation of some *recommendations* to companies with concentrated ownership (cf. the category of "companies with concentrated ownership" contained in the Code's "definitions").

In the presence of primary or secondary regulations incompatible with the application of certain *recommendations* of the Code, disclosure of the reasons for their failed or partial application is not required.

The Committee monitors the state of the Code's application, the evolution of the applicable regulatory framework and the international best practices, and is responsible for updating the Code. To this end, it evaluates a possible revision of the Code usually every two years.

The application of the Code is facilitated by a set of Q&As, periodically updated also in consideration of any requests that might be submitted by those companies that apply the Code.

The present Code was approved by the Committee in January 2020.

The companies adopting the Code are required to apply it starting from the first financial year that begins after 31 December 2020, while the disclosure shall be provided in the corporate governance report to be published during 2022.

Companies apply the quota of one-third for the less represented gender in the board of directors and control body (*recommendation 8*) starting from the first renewal following the expiry of the legislative provisions that impose a quota equal to or greater than that recommended by the Code.

"Large companies" apply the recommendations regarding the presence of independent directors in the board of directors (*recommendation 5*) starting from the first renewal of the board of directors following 31 December 2020.

Definitions

Board of directors: the collegial body that has the task of deliberating on strategic guidelines, monitoring their implementation, and on transactions of strategic importance. It corresponds to:

- the board of directors for those companies that adopt the traditional or "one-tier" model (for Italian companies the so-called "modello monistico");
- the supervisory board and, limited to *principle VII* and *recommendations 4 and 8*, the management board for those companies that adopt the "two-tier" model (for Italian companies, the so-called "modello dualistico" whereby the Code requires that companies' bylaws assign the so-called "high level" management powers to the supervisory board).

Business plan: a plan which defines the company's strategic objectives and the actions to achieve them in line with the chosen level of risk exposure, with the aim of promoting the company's sustainable success (such as defined below).

Chief executive officer (CEO): the person in charge of managing the company.

Committee: the Corporate Governance Committee promoted by Abi, Ania, Assogestioni, Assonime, Confindustria and Borsa Italiana.

Companies with concentrated ownership: companies in which a single shareholder (or a plurality of shareholders which participates in a shareholders' voting agreement) holds, directly or indirectly (through subsidiaries, trustees or third parties), the majority of the votes that can be exercised in the ordinary shareholders' meeting. Companies that lose the status of "company with concentrated ownership" can no longer apply the proportionality measures provided for this category starting from the second financial year following the loss of the status.

Control body: the collegial body in charge of the functions of the "audit committee" (called the "internal control and audit committee" within the Italian framework) pursuant to Directive 2006/43/EC or functions similar to these for companies that have no registered office in a European Union country to which this Directive does not apply.

For Italian companies, the control body is:

- the board of statutory auditors in the traditional model (i.e. "collegio sindacale");
- the management control committee in the so-called "modello monistico" (i.e. "comitato per il controllo sulla gestione");
- the *ad hoc* committee established within the supervisory board in the so-called "modello dualistico", assigning to the supervisory board the so-called "high level" management powers (i.e. "comitato per il controllo interno e la revisione contabile").

Directors: members of the board of directors (as defined above) and, in companies that adopt the "two-tier" model, also members of the body with managerial responsibilities (for Italian companies that adopt the so-called "modello dualistico", members of the management board).

Executive directors:

- the chair of the company or a subsidiary with strategic importance, when delegated to manage or develop corporate strategies;

- directors who are recipients of managerial powers and/or hold managerial positions in the company or in a subsidiary with strategic importance, or in the parent company when the position also concerns the company;
- directors who are part of the company's executive committee and, in companies that adopt the "two-tier" model, directors who are part of the body with managerial responsibilities (for Italian companies that adopt the so-called "modello dualistico", members of the management board).

Independent directors: non-executive directors who do not enter into, nor have recently had, even indirectly, relations with the company or with subjects related to the latter, such as to condition their current autonomy of judgment (see criteria set forth in Article 2).

Large company: the company whose capitalisation was greater than €1 billion on the last Exchange business day of each of the previous three calendar years. Companies that assume the status of "large company" as of 31 December 2020 apply the relevant *principles* and *recommendations* starting from the second financial year following the achievement of the "large company" status.

Significant shareholder: the person who directly or indirectly (through subsidiaries, trustees or third parties) controls the company or is able to exercise significant influence over it or who participates, directly or indirectly, in a shareholders' agreement through which one or more persons exercise control or significant influence over the company.

Sustainable success: the objective that guides the actions of the board of directors and that consists of creating long-term value for the benefit of the shareholders, taking into account the interests of other stakeholders relevant to the company.

Top management: senior managers who are not members of the board of directors and have the power and responsibility for planning, directing and controlling the activities of the company and the group it heads.

Article 1. Role of the board of directors

Principles

- I.** The board of directors leads the company by pursuing its sustainable success.
- II.** The board of directors defines the strategies of the company and the group it heads in accordance with *principle* I and monitors its implementation.
- III.** The board of directors defines the corporate governance system that is most functional for carrying out the company's business and pursuing its strategies, taking into account the flexibility offered by the legal framework. If necessary, the board of directors evaluates and promotes the appropriate changes and submit them to the shareholders' meeting when such changes are necessarily subject to the shareholders' vote.
- IV.** The board of directors promotes dialogue with shareholders and other stakeholders which are relevant for the company, in the most appropriate way.

Recommendations

- 1.** The board of directors:
 - a) reviews and approves the business plan of the company and the group it heads, also on the basis of matters that are relevant for the long-term value generation. That analysis is carried out with the possible support of a committee whose composition and functions are defined by the board of directors;
 - b) periodically monitors the implementation of the business plan and assesses the general course of the business, comparing the results achieved with those planned;
 - c) defines the nature and level of risk compatible with the company's strategic objectives, including all the elements that can be relevant for the company's sustainable success;
 - d) defines the corporate governance system of the company and the structure of the group it heads, and assesses the adequacy of the company's organisational, administrative and accounting structure and of its strategically important subsidiaries, with particular reference to the internal control and risk management system;
 - e) approves transactions of the company and its subsidiaries that have a significant impact on the company's strategies, profitability, assets and liabilities or financial position; to this end, it establishes the general criteria for identifying significant transactions;
 - f) on proposal of the chair in agreement with the chief executive officer, adopts a procedure for the internal and external management of documents and information concerning the company, with particular reference to inside information, in order to ensure the correct management of corporate information.
- 2.** If deemed necessary for the effectiveness of the company's corporate governance system, the board of directors develops specific proposals to be submitted to the shareholders' meeting on the following issues:
 - a) choice and characteristics of the corporate model (traditional, "one-tier", "two-tier");
 - b) size, composition and appointment of the board of directors and term of office of its members;
 - c) structure of the shares' administrative and property rights;

d) percentages established for the exercise of the prerogatives set up to safeguard minority shareholders.

In particular, if the board of directors intends to propose to the shareholders' meeting the introduction of increased voting rights (so-called "voto maggiorato"), it provides adequate reasons in the report that will be submitted to the shareholders prior to their annual meeting. The report indicates the expected effects on the company's ownership and control structure and its future strategies. In the same report, the board discloses the decision-making process followed for the definition of such a proposal and any dissenting opinions voiced within the board.

3. Upon proposal of the chair in agreement with the chief executive officer, the board of directors adopts and describes in the corporate governance report a policy for managing dialogue with the generality of shareholders, taking into account the engagement policies adopted by institutional investors and asset managers.

The chair ensures that the board of directors is in any case informed, within the first suitable meeting, of the development and the significant contents of the dialogue that has taken place with all the shareholders.

Article 2. Composition of the corporate bodies

Principles

V. The board of directors is comprised of executive and non-executive directors. All directors ensure professional skills and competence that are appropriate to their tasks.

VI. The number and skills of non-executive directors ensure significant influence in the decision-making process of the board and guarantee an effective monitoring of management. A significant number of non-executive directors is independent.

VII. The company applies diversity criteria, including gender ones, to the composition of the board of directors, ensuring the primary objective of adequate competence and professionalism of its members.

VIII. The control body's composition is appropriate for ensuring the independence and professionalism of its function.

Recommendations

4. The board of directors defines the delegation of managerial powers and identifies who among the executive directors holds the position of chief executive officer. If the chair is entrusted with the position of chief executive officer or with significant managerial powers, the board of directors explains the reasons for this choice.

5. The number and skills of independent directors are appropriate to the needs of the company and to the well-functioning of the board of directors, as well as to the establishment of board committees.

The board of directors includes at least two independent directors, other than the chair.

In large companies with concentrated ownership, independent directors account for at least one third of the board.

In other large companies, independent directors account for at least half of the board.

In large companies, independent directors meet, in the absence of the other directors, on a periodic basis and at least once a year to evaluate the issues deemed of interest to the functioning of the board of directors and to the corporate management.

6. The board of directors assesses the independence of each non-executive director immediately after his or her appointment. The assessment is renewed during the mandate upon the occurrence of circumstances that concern his or her independence and at least once a year.

Each non-executive director provides all the elements necessary or useful for the assessment of the board of directors. On the basis of all the information available, the board considers any circumstance that affects or could affect the independence of the director.

7. The circumstances that jeopardise, or appear to jeopardise, the independence of a director are at least the following:

a) if he or she is a significant shareholder of the company;

- b) if he or she is, or was in the previous three financial years, an executive director or an employee:
 - of the company, of its subsidiary having strategic relevance or of a company subject to joint control;
 - of a significant shareholder of the company;
- c) if he or she has, or had in the previous three financial years, a significant commercial, financial or professional relationship, directly or indirectly (for example through subsidiaries, or through companies of which he or she is an executive director, or as a partner of a professional or a consulting firm):
 - with the company or its subsidiaries, or with their executive directors or top management;
 - with a subject who, also together with others through a shareholders' agreement, controls the company; or, if the control is held by a company or another entity, with its executive directors or top management;
- d) if he or she receives, or received in the previous three financial years, from the company, one of its subsidiaries or the parent company, significant remuneration other than the fixed remuneration for the position held within the board and for the membership in the committees recommended by the Code or required by law;
- e) if he or she has served on the board for more than nine years, even if not consecutive, of the last twelve years;
- f) if he or she holds the position of executive director in another company whereby an executive director of the company holds the office of director;
- g) if he or she is a shareholder, quota-holder or director of a company or other legal entity belonging to the network of the external auditor of the company;
- h) if he or she is a close relative of a person who is in any of the circumstances set forth in previous letters.

The board of directors defines *ex ante*, at least at the beginning of its mandate, the quantitative and qualitative criteria for assessing the significance of the situations set forth above in letters c) and d). If the director is also a partner in a professional or a consulting firm, the board of directors assesses the significance of the professional relationships that may have an effect on his or her position and role within the professional or the consulting firm and in any event those pertaining to important transactions of the company and the group it heads, even regardless of the quantitative parameters.

The chair of the board of directors, who has been nominated for such role according to *recommendation 23*, can be assessed as independent if none of the circumstances set forth above occurs. If the independent chair is member of the board committees recommended by the Code, such committees are made up in majority of independent directors, other than the chair. The independent chair of the board of directors cannot chair the remuneration committee and the control and risk committee.

8. The company defines the diversity criteria for the composition of the board of directors and the control body and identifies the most suitable tool for their implementation, taking into account its ownership structures.

At least a third of the board of directors and the control body, where the latter is autonomous, is to be comprised of members of the less represented gender.

Companies adopt measures to promote equal treatment and opportunities among genders within the entire organisation, monitoring their specific implementation.

9. All members of the control body meet the independence requirements set out in *recommendation 7* for directors. The independence assessment is carried out, with the

timing and manner provided for by *recommendation 6*, by the board of directors or by the control body; such an assessment is based on the information provided by each member of the control body.

10. The outcome of the assessments of independence of directors and members of the control body referred to in *recommendations 6* and *9* is disclosed to the market immediately after the appointment through a specific press release and, later, in the corporate governance report. In both cases, the outcome of the assessment provides information about: the criteria used for the assessment of the significance of the relationships and, in case of any deviation from the circumstances set forth in *recommendation 7*, a clear and detailed reason for this choice motivated by the individual situation and characteristics of the director concerned.

Article 3. Functioning of the board of directors and the role of the chair

Principles

IX. The board of directors defines the rules and procedures for its functioning, ensuring an efficient flow of information to directors.

X. The chair of the board of directors plays a *liaison* role between executive and non-executive directors and ensures the effective functioning of the board.

XI. The board of directors ensures an adequate division of its functions and establishes board committees with preliminary, propositional and consultative functions.

XII. Each director ensures adequate time commitment for the fulfilment of their board responsibilities.

Recommendations

11. The board of directors develops internal rules that define the functioning of the board and its committees, including the means for recording the minutes of the meetings and the procedures for providing information to directors. These procedures identify the prior notice for the submission of the documentation, ensuring that confidentiality issues are properly managed without affecting the timeliness and completeness of the flow of information.

The corporate governance report provides adequate information on the main contents of the board of director's internal rules and on compliance with the procedures aimed at ensuring the timeliness and adequacy of the information provided to the directors.

12. The chair of the board of directors, with the help of the board secretary, ensures that:

- a) the pre-meeting information and the complementary information provided during the meeting are suitable to allow directors to act in an informed manner;
- b) the activity of the board committees with preliminary, propositional and consultative functions is coordinated with the activity of the board of directors;
- c) in agreement with the chief executive officer, the managers of the company and those of the companies of the group it heads, who are competent on the issues concerned, participate in the relevant board meetings to provide appropriate insights on the items on the agenda, also upon request of one or more directors;
- d) all the members of the board of directors and control body can take part, after the appointment and during the mandate, in initiatives aimed at providing them with adequate knowledge of the industry in which the company operates, the company dynamics and their evolution, also in relation to the company's sustainable success. Such initiatives also cover the risk management issues as well as any relevant part of the regulatory and self-regulatory framework;
- e) to provide for the adequacy and transparency of the board review, with the support of the nomination committee.

13. The board of directors appoints an independent director as lead independent director:

- a) if the chair of the board of directors is the chief executive officer or holds significant managerial powers;
- b) if the office of chair is held by the person who controls, also jointly, the company;

- c) in large companies, even in the absence of the conditions indicated in letter a) and b), if requested by the majority of independent directors.

14. The lead independent director:

- a) collects and coordinates the requests and contributions of non-executive directors and, in particular, of independent ones;
- b) coordinates the meetings of the independent directors.

15. In large companies, the board of directors expresses its guidelines on the maximum number of offices that can be considered compatible with an effective performance and the time commitment required by the role of the directors. The relevant offices are those held in corporate bodies of other listed companies and of companies having a significant size.

16. The board of directors sets up internal committees with preliminary, propositional and consultative functions regarding appointments, remuneration and control and risks. These functions can be either assigned to the three board committees recommended by the Code or distributed in a different manner or even combined in a single committee. In any case, the company ensures an adequate disclosure on the tasks and activities carried out by each of the assigned functions, as well as an adequate composition of each committee.

The functions of one or more committees can even be assigned to the board of directors, under the coordination of the chair, provided that:

- a) independent directors represent at least half of the board;
- b) the board dedicates adequate sessions to the performance of such functions.

In the event that the functions of the remuneration committee are assigned to the board of directors, the last paragraph of *recommendation 26* applies.

Companies other than large ones may assign the functions of the control and risk committee to the board of directors even in absence of the condition set forth above in letter a).

Companies with concentrated ownership, even large ones, can assign the functions of the nomination committee to the board of directors even in absence of the condition set forth above in letter a).

17. The board of directors defines the tasks of the committees and their composition, favouring the competence and experience of their members and avoiding, in large companies, an excessive concentration of offices.

Each committee is coordinated by a chair who informs the board of directors about the committee's activities at the first useful board meeting.

The chair of the committee may invite the chair of the board of directors, the chief executive officer, the other directors and, by informing the chief executive officer, the managers of the corporate functions that are competent on the matters of the committee meeting, to individual committee's meetings. The members of the control body can attend the meetings of each committee.

Board committees can have access to the information and the corporate functions that are necessary for the performance of their duties. Board committees have adequate

financial resources and can avail themselves of external consultants according to the conditions set forth by the board of directors.

18. The board of directors, upon proposal of the chair, provides for the appointment and dismissal of the board secretary and defines his or her professional requirements and attributes in the board's internal rules.

The board secretary supports the activities of the chair and provides impartial assistance and advice to the board of directors on all aspects relevant to the proper functioning of the corporate governance system.

Article 4. Appointment of directors and board evaluation

Principles

XIII. The board of directors ensures, within its competence, that the process of appointment and succession of directors is transparent and functional to achieve the optimal composition of the board according to the *principles* set forth in Article 2.

XIV. The board of directors periodically evaluates, through formalised procedures, its effectiveness and the contribution made by individual directors. The implementation of the board evaluation procedures is supervised by the board itself.

Recommendations

19. The board of directors entrusts the nomination committee to support it on:

- a) the evaluation of the board and its committees;
- b) the definition of the optimal composition of the board and its committees;
- c) the identification of candidates in case of the director's co-optation;
- d) the possible submission of a slate by the outgoing board, ensuring the transparency of the process that led to the slate's structure and proposition;
- e) the development, updating and implementation of succession plan for the chief executive officer and the other executive directors.

20. The majority of directors of the nomination committee are independent.

21. The board evaluation assesses the size, composition and functioning of the board and its committees. It includes also the board's active involvement in the definition of the company's strategy and in the monitoring of the management of the company's business as well as the appropriateness of the internal control and risk management system.

22. The board evaluation is conducted at least every three years, before the renewal of the board of directors.

In large companies other than those with concentrated ownership, the board evaluation is conducted on an annual basis and can be diversified according to the term of the board's mandate. In such companies, the board considers whether to appoint an external facilitator for its evaluation at least once every three years.

23. In companies other than those with concentrated ownership, the board of directors:

- sets forth guidelines on board composition deemed optimal before its renewal, considering the outcome of the board evaluation;
- requires anyone submitting a slate with a number of candidates that is higher than half the number of members to be elected to provide adequate information on the compliance of the slate with the board guidelines mentioned above, and with the board diversity criteria set forth in *principle VII* and *recommendation 8*. In such cases, the slate also identifies its candidate for the chairmanship of the board, whose appointment is conducted according to the company's bylaws. All the information mentioned in this paragraph are disclosed in the documentation attached to the slate during its filing process.

The board guidelines are published on the company's website before the publication of the notice of the shareholders' meeting convened for the board's renewal. They identify the managerial and professional profiles and the skills deemed necessary, having due

consideration of the company's sectoral characteristics, the board diversity criteria set forth in *principle VII* and *recommendation 8* as well as the board guidelines on the maximum number of offices set forth in *recommendation 15*.

24. In large companies, the board of directors:

- elaborates, with the support of the nomination committee, a plan for the succession of the chief executive officer and executive directors by identifying, at least, the procedures to be followed in the event of an early termination of office;
- ascertains the existence of appropriate procedures for the succession of the top management.

Article 5. Remuneration

Principles

XV. The remuneration policy for directors, members of the control body and the top management contributes to the pursuit of the company's sustainable success and takes into account the need to have, retain and motivate people with the competence and professionalism deemed adequate for their role.

XVI. The remuneration policy is developed by the board of directors through a transparent procedure.

XVII. The board of directors ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the policy, considering the results achieved and any other circumstances relevant for its implementation.

Recommendations

25. The board of directors entrusts the remuneration committee with the task of:

- a) supporting it in the development of the remuneration policy;
- b) submitting proposals or expressing opinions on the remuneration of executive directors and other directors who hold specific responsibilities, as well as on the setting of performance objectives related to the variable component of this remuneration;
- c) monitoring the actual application of the remuneration policy and verifying the effective achievement of the performance objectives;
- d) periodically assessing the adequacy and overall consistency of the remuneration policy for directors and the top management.

In order to have people with adequate competence and professionalism, the remuneration of executive and non-executive directors and of the members of the control body is defined with due consideration of the remuneration practices that are common with regards to the company's reference sectors and size. It also considers comparable international practices, with the possible support of an independent consultant.

26. The remuneration committee is made up of non-executive directors, the majority of whom are independent, and is chaired by an independent director. At least one member of the committee has adequate knowledge and experience in financial matters or remuneration policies; such skills are assessed by the board of directors before his or her appointment.

No director takes part in the meetings of the remuneration committee in which proposals relating to his or her remuneration are made.

27. The remuneration policy for executive directors and the top management defines:

- a) a balance between the fixed and the variable component which is consistent with the company's strategic objectives and risk management policy. Consistency is assessed taking into consideration the business's characteristics and the industry of the company. The variable component has in any case a significant weight on the overall remuneration;
- b) caps to the variable components;
- c) performance objectives, to which is linked the payment of the variable components, that are predetermined, measurable and predominantly linked to the long-term

horizon. They are consistent with the company's strategic objectives and with the aim of promoting its sustainable success and includes non-financial parameters, where relevant;

- d) an adequate deferral of a significant part of the variable component that has been already accrued. Such a deferral period is consistent with the company's business activity and its risk profile;
- e) provisions that enable the company to recover and/or withhold, in whole or in part, the variable components already paid-out or due, where they were based on data which subsequently proved to be manifestly misstated. The company can identify other circumstances in which such provisions are applied;
- f) clear and predetermined rules for possible termination payments, establishing a cap to the total amount that might be paid out. The cap is linked to a certain amount or a certain number of years of remuneration. No indemnity is paid out if the termination of the office is motivated by director's objectively inadequate results.

28. The share-based remuneration plans for executive directors and the top management are aligned with the interests of the shareholders over a long-term horizon, providing that a predominant part of the plan has an overall vesting and holding period of at least five years.

29. The remuneration of non-executive directors is adequate to the competence, professionalism and commitment required by their role within the board of directors and its committees; this remuneration is not related to financial performance objectives, except for a non-significant part.

30. The remuneration of the members of the control body is adequate to the competence, professionalism and commitment required by their role and the company's size, industry and current situation.

31. On the occasion of the termination of office and/or dissolution of the relationship with an executive director or general manager, a press release is published as soon as the internal processes that led to the assignment or the recognition of any indemnities and/or other benefits has been concluded.

The press release provides for detailed information on:

- a) the assignment or the recognition of indemnities and/or other benefits, the circumstances that justify their accrual (*e.g.* due to the expiration of the term of office, its termination or a settlement agreement) and the decision-making process followed for this purpose within the company;
- b) the total amount of the indemnity and/or other benefits, the related components (including non-monetary benefits, the vesting of rights connected with incentive plans, the compensation for non-competitive commitments or any other remuneration allocated to any reason and in any form) and the timing of their disbursement (distinguishing the part paid immediately from the part subject to deferral mechanisms);
- c) the application of any claw-back or malus clauses;
- d) the compliance of the elements indicated in letters a), b) and c) consistently with the remuneration policy, with a clear indication of the reasons and the decision-making process followed in the event of non-compliance, even if only partial, with the policy itself;
- e) the procedures that have been or will be followed for the replacement of the executive director or the general manager whose office has been terminated.

Article 6. Internal control and risk management system

Principles

XVIII. The internal control and risk management system consists of a set of rules, procedures and organisational structures for an effective and efficient identification, measurement, management and monitoring of the main risks, aimed at contributing to the sustainable success of the company.

XIX. The board of directors defines the guidelines of the internal control and risk management system in accordance with the company's strategies and annually assesses its adequacy and effectiveness.

XX. The board of directors defines the principles concerning the coordination and the flow of information among the parties involved in the internal control and risk management system. Such principles aim at maximising the effectiveness of the system itself, reducing the duplication of activities and ensuring the successful performance of the duties of the control body.

Recommendations

32. The organisation of the internal control and risk management system involves:

- a) the board of directors, which plays a role in guiding and assessing the adequacy of the system;
- b) the chief executive officer, in charge of establishing and maintaining the internal control and risk management system;
- c) the control and risk committee set up within the board of directors, with the task of supporting the board of directors' assessments and decisions relating to the internal control and risk management system and the approval of periodical financial and non-financial reports. In companies that adopt the "one-tier" or "two-tier" corporate model, the functions of the control and risk committee can be assigned to the control body.
- d) the head of the internal audit function who is in charge of verifying that the internal control and risk management system is functional, adequate and consistent with the guidelines defined by the board of directors;
- e) the other corporate functions involved in the internal control and risk management system (such as the risk management functions and the functions dealing with legal and non-compliance risk) which are articulated in relation to the company's size, sector, complexity and risk profile;
- f) the control body, which monitors the effectiveness of the internal control and risk management system.

33. The board of directors, with the support of the control and risk committee:

- a) defines the guidelines of the internal control and risk management system consistently with the company's strategies and assesses, at least once a year, the adequacy of this system with respect to the company's characteristics and its risk profile, as well as its effectiveness;
- b) appoints and dismisses the head of the internal audit function, defining his or her remuneration which is consistent with the company policies. The board ensures that he or she has adequate resources to carry out his or her duties. If the internal audit function is entrusted, as a whole or by operating segments, to an external entity, the board ensures that it meets the adequate requirements of professionalism,

independence and organisation, providing adequate reasons for this choice in the corporate governance report;

- c) approves, at least on an annual basis, the work plan prepared by the head of the internal audit function, after hearing the control body and the chief executive officer;
- d) evaluates the opportunity to take measures to ensure the effectiveness and impartial assistance of the other corporate functions mentioned in *recommendation 32(e)*. To this end, the board verifies that such functions have adequate professionalism and resources;
- e) assigns the supervisory functions pursuant to Art. 6(1)(b) of Legislative Decree No. 231/2001 to the control body or to a body established specifically for this purpose (the so-called functions of the “Organismo di Vigilanza”). If the body does not correspond to the control body, the board of directors considers whether to appoint within the body at least one non-executive director and/or a member of the control body and/or the head of a legal or supervisory function of the company, in order to ensure coordination among the various parties involved in the internal control and risk management system;
- f) evaluates, after consultation with the control body, the results presented by the statutory auditor in any letter of suggestions and in the additional report addressed to the control body;
- g) describes, in the corporate governance report, the main characteristics of the internal control and risk management system and the methods of coordination among the subjects involved. The report provides information about the national and international reference models and best practices adopted and the board’s overall assessment of the adequacy of the system itself. Moreover, it provides an adequate explanation of the composition of the control body referred to in letter e) above.

34. The chief executive officer:

- a) identifies the main business risks, considering the characteristics of the activities carried out by the company and its subsidiaries, and periodically submit them to the examination of the board of directors;
- b) implements the guidelines defined by the board of directors, providing for the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness, as well as adapting it to the dynamics of the operating conditions and the legislative and regulatory landscape;
- c) can entrust the internal audit with the tasks of carrying out specific controls on defined operational areas and on compliance with internal rules and procedures in the implementation of company transactions. Such requests are contextually conveyed to the chair of the board of directors, to the chair of the control and risk committee and to the chair of the control body;
- d) reports promptly to the control and risk committee on problems and critical issues that emerged in the performance of his or her activity or of which he or she nevertheless has information so that the committee can take appropriate actions.

35. The control and risk committee is comprised of non-executive directors, the majority of whom are independent, and is chaired by an independent director.

The committee has expertise that is consistent with the company’s industry and assessment of its risks; at least one member of the committee has adequate knowledge and experience in accounting, finance or risk management.

The control and risk committee, in assisting the board of directors:

- a) assesses the external auditor and the control body, the correct application of the accounting principles and, in the case of groups, their homogeneity for the purposes of preparing the consolidated financial statement, after hearing the manager responsible for the corporate financial documents;
- b) assesses whether the periodic financial and non-financial information is suitable to correctly represent the company's business model, its strategies, the impact of its business and the performance achieved, in coordination with the committee mentioned in *recommendation 1(a)*, if established;
- c) examines the content of the periodic non-financial information relevant to the internal control and risk management system;
- d) expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the board of directors' assessments and decisions relating to the management of risks deriving from prejudicial facts of which the latter has become aware;
- e) examines the periodic and particularly relevant reports prepared by the internal audit function;
- f) monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- g) can entrust the internal audit with the task of carrying out specific controls on defined operational areas. Such a request is contextually conveyed to the chair of the control body;
- h) reports to the board of directors, at least upon the approval of the annual and half-yearly financial report, on the activities carried out and on the adequacy of the internal control and risk management system.

36. The head of the internal audit function is not responsible for any operational area. He or she depends hierarchically on the board of directors and has direct access to all information that is useful for carrying out his or her duty.

The head of the internal audit function:

- a) verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the functioning and the suitability of the internal control and risk management system according to the audit plan. The audit plan is approved by the board of directors and is based on a structured process of analysis and prioritisation of the main risks;
- b) prepares periodic reports containing adequate information on its activity, on the ways in which risk management is conducted, as well as on compliance with the plans defined for the containment of risks. The periodic reports contain an assessment of the suitability of the internal control and risk management system;
- c) prepares promptly, at the request of the control body, reports on events of particular relevance;
- d) submits the reports referred to in letters b) and c) to the chairs of the control body, of the control and risk committee and of the board of directors, as well as to the chief executive officer, except in cases where the matter of these reports specifically concerns the activity of these subjects;
- e) verifies, as part of the audit plan, the reliability of the information systems, including the accounting systems.

37. The member of the control body who, on his or her own behalf or on behalf of third parties, has an interest in a specific transaction of the company, provides prompt and exhaustive information to the other members of the same body and to the chair of the board of directors about the nature, terms, origin and extent of his or her interest.

The control body and the control and risk committee promptly exchange relevant information for the performance of their respective duties. The chair of the control body, or another member of the control body designated by its chair, takes part in the meetings of the control and risk committee.

ART. 7 - Effective date

This Corporate Governance Code adopted by the Company by resolution of the Board of Directors on August 3, 2020 shall become effective on January 1, 2021.