



***REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE  
pursuant to art. 123-bis of the Consolidated Financial Act  
(traditional administration and control model)***

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## GLOSSARY

**Code/Corporate Governance Code:** the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee.

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

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

**Board:** the Board of Directors of the Issuer.

**Issuer:** the issuer of securities to which the Report refers.

**Year:** the year to which the Report refers.

**Consob Issuers' Regulations:** Regulations issued by Consob with Resolution No. 11971 of 1999 (as subsequently amended) concerning issuers.

**Consob Markets Regulations:** Regulations issued by Consob with Resolution No. 20249 of 2017 (as subsequently amended) concerning markets.

**Consob Regulations on related-party transactions:** Regulations issued by Consob with Resolution No. 17221 of 12 March 2010 (as subsequently amended) concerning transactions with related parties.

**Report:** the report on corporate governance and ownership structure that companies shall prepare in compliance with art. 123-bis of the Consolidated Financial Act.

**Remuneration Report:** the report on the remuneration policy and on the fees paid that companies are required to prepare and disclose as per art. 123-ter of the Consolidated Financial Act, and art. 84-quater of Consob Issuers' Regulations.

**Consolidated Financial Act:** Italian Legislative Decree No. 58 of 24 February 1998.

## 1. Issuer profile

### GOVERNANCE

The company's governance structure is based on the traditional model and consists of the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

### MISSION

The IRCE Group is an important industrial player of European significance, which manufactures and trades the following products:

- Winding wires for electrical machines. This type of product is used in a wide range of applications such as engines and electric generators, transformers, inductors and relays, and its use has grown over the years mainly due to the constant expansion of automation. The production of wires accounts for around 80% of the group's total turnover.
- Insulated electrical cables. This product is used in the production of residential and industrial electrical systems and for the supply and connection of electrical equipment. The production of insulated electrical cables represents around 20% of the group's total turnover.

### CORPORATE RESPONSIBILITY

With Board of Directors' resolution of 28 March 2008, the company established its Code of Ethics (last updated on 15 March 2022) which states all the rights, duties and responsibilities of company bodies with respect to all stakeholders involved in achieving the business purpose (customers, debtors, suppliers, employees and/or external staff, shareholders, supervisory bodies, institutions). These conduct guidelines shall thus be taken into consideration in daily work and in compliance with the laws and regulations in force in all the Countries in which the company operates. The code establishes reference standards and rules of conduct aimed at strengthening company decision-making processes and guiding the conduct of all those working for the company.

The company promotes gender equality in treatment and opportunity and avoids any discrimination internally as expressly envisaged by the Code of Ethics adopted.

### NON-FINANCIAL STATEMENT

The company falls within the scope of application of Italian Legislative Decree no. 254/2016, issued in implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, which provides for the obligation to disclose non-financial information. The company therefore arranges the annual preparation and publication of the Non-financial statement which is integrated in the annual financial statements and included in the Directors' Report.

### SME STATUS

The company falls within the definition of SME pursuant to art. 1, letter w-quater.1) of the Consolidated Financial Act, and pursuant to art. 2-ter) of Consob Issuers' Regulations. This is due to the fact that for three consecutive years the company has not exceeded either of the limits as per the aforesaid art.1, letter w-quater.1) of the Consolidated Financial Act.

The company notified Consob of its SME status.

The capitalisation and turnover shown in the SME list published by Consob on its website (art. 2-ter, paragraph 2 of Consob Issuers' Regulations) are as follows:

TAX CODE	COMPANY NAME	END OF REPORTING PERIOD, IF DIFFERENT FROM 31/12	REPORTING PERIOD
82001030384	IRCE S.P.A.		2020

2022 AVERAGE CAPITALISATION	2021 AVERAGE CAPITALISATION	2020 AVERAGE CAPITALISATION
€ 67.851.109	€ 74.301.321	€ 43.835.767

2022 TURNOVER	2021 TURNOVER	2020 TURNOVER
€ 306.142.171	€ 312.099.647	€ 183.962.770

	2022 TURNOVER COMPONENTS	2021 TURNOVER COMPONENTS	2020 TURNOVER COMPONENTS
REVENUES	€ 304.200.697	€ 311.586.436	€ 183.350.407
OTHER REVENUES AND INCOME	€ 1.941.474	€ 513.211	€ 612.363

The company falls within the Code's definition of "concentrated ownership company". That is a company in which one or more shareholders who are part of a shareholders' voting agreement can call on, directly or indirectly (through subsidiaries, trustees or a third-party), the majority of votes that can be exercised at the ordinary shareholders' meeting.

## 2. Information on the Ownership Structure as at 15 March 2023 (pursuant to art. 123-bis, paragraph 1 of the Consolidated Financial Act)

### a) Structure of share capital (pursuant to art. 123-bis, paragraph 1, letter a) of the Consolidated Financial Act)

The share capital consists of ordinary shares, ownership of which entails full observance of the Articles of Association and of the Shareholders' Meeting's resolutions; subscribed and paid-up share capital amounts to € 14,626,560 divided into 28,128,000 ordinary shares. The shares are fully subscribed and paid up and bear no rights, privileges or restrictions as far as dividend distribution and capital repayment are concerned.

The share categories which make up the share capital (and the existence of any other financial instruments that grant rights to subscribe to new shares) are shown in Table 1 of the Annex.

There are no share-based incentive plans (stock options and stock grants) which could result in an increase of the share capital, with consideration or otherwise.

### b) Restrictions regarding the transfer of shares (pursuant to art. 123-bis, paragraph 1, letter b) of the Consolidated Financial Act)

There are no restrictions regarding the transfer of shares.

### c) Significant equity investments (pursuant to art. 123-bis, paragraph 1, letter c) of the Consolidated Financial Act)

Significant equity investments, whether direct or indirect (for example through stock pyramids or cross-ownership), as emerging from communications provided pursuant to art. 120 of the Consolidated Financial Act and concerning shares with voting rights exceeding 3% of share capital, are shown in Table 1 of the Annex.

**d) Shares granting special rights** (pursuant to art. 123-bis, paragraph 1, letter d) of the Consolidated Financial Act)

No shares granting special control rights have been issued.

None of the special powers under Law 474/94 apply, nor are there any provisions in the Articles of Association for shares with multiple voting rights or increased voting rights.

**e) Employee stock ownership: mechanism for exercising voting rights** (pursuant to art. 123-bis, paragraph 1, letter e) of the Consolidated Financial Act)

There is no employee stock ownership plan.

**f) Restrictions on voting rights** (pursuant to art. 123-bis, paragraph 1, letter f) of the Consolidated Financial Act)

There are no restrictions on voting rights.

**g) Agreements among shareholders** (pursuant to art. 123-bis, paragraph 1, letter g) of the Consolidated Financial Act)

The company is not aware of any agreements among shareholders pursuant to art. 122 of the Consolidated Financial Act.

**h) Change of control clauses** (pursuant to art. 123-bis, paragraph 1, letter h) of the Consolidated Financial Act) **and statutory provisions on takeover bids** (as per art. 104, paragraph 1-ter and art. 104-bis, paragraph 1)

Neither the company nor its subsidiaries have entered into significant agreements that shall be effective, modified or terminated in the event of changes of control of the company signing such agreements.

The Articles of Association of IRCE S.p.A. do not depart from the provisions on the "passivity rule" laid down by art. 104, paragraphs 1 and 1-bis of the Consolidated Financial Act, nor do they envisage the application of the "neutrality rule" provided for by art. 104-bis, paragraphs 2 and 3 of the Consolidated Financial Act.

**i) Delegated powers to increase share capital and authorisations to purchase treasury shares** (pursuant to art. 123-bis, paragraph 1, letter m) of the Consolidated Financial Act)

No powers have been delegated to the Board in order to increase share capital in compliance with art. 2443 of the Italian Civil Code or to issue financial instruments with characteristics of equity.

On 28 April 2022 the Shareholders' Meeting resolved to authorise the purchase and disposal of treasury shares in compliance with art. 2357 et seq. of the Italian Civil Code; the authorisation has a duration of 18 months. The face value of the purchased shares cannot exceed one fifth of the capital. The number of treasury shares that can be purchased cannot exceed 5,625,600. The number of treasury shares held as at 31 December 2022 was 1,586,388, corresponding to 5.64 % of the share capital.

**l) Management and coordination activities** (pursuant to art. 2497 et seq. of the Italian Civil Code)

The majority shareholder Aequafin S.p.A. does not perform management and coordination activities in relation to IRCE S.p.A. in compliance with art. 2497 et seq. of the Italian Civil Code.

The following should be noted:

- the information required by art. 123-bis, paragraph 1, letter i) of the Consolidated Financial Act ("agreements between the company and directors, on indemnities in the event of unfair dismissals or resignations or if the employment relationship ceases following a takeover bid") is not included in the Report on remuneration published in compliance with art. 123-ter of the Consolidated Financial Act since indemnities of this kind are not envisaged;
- the information required by art. 123-bis, paragraph 1, letter l) of the Consolidated Financial Act ("provisions applicable to the nomination and replacement of directors ... and to the amendment of the Articles of Association, if different from legislative and regulatory ones applicable as a supplementary measure") are illustrated in the section of the Report dedicated to the Board of Directors (Section 4.1).

### **3. Compliance** (pursuant to art. 123-bis, paragraph 2, letter a), first section, of the Consolidated Financial Act)

IRCE S.p.A. has adopted an internal organisational structure and a standard system of corporate governance, which complies, in substance, with the Corporate Governance Code for listed companies approved in 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (last update in January 2020).

The Corporate Governance Code is accessible to the public on the website of the Corporate Governance Committee:

<https://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.en.htm>

The company and its subsidiaries are not subject to non-Italian legal provisions that influence their Corporate Governance structure.

## **4. Board of Directors**

### **4.1 Role of the Board of Directors**

The Board of Directors:

- leads the company in pursuit of its sustainable success (Principle I) by examining and approving the company's business plan as well as that of its Group, also on the basis of the analysis of the key issues for the generation of long-term value (Recommendation 1.a) as well as assessing the general operating performance, periodically comparing the results achieved with those planned (Recommendation 1.b);
- establishes the company's strategies and those of its Group, in keeping with the pursuit of sustainable success, monitoring their implementation (Principle II) by defining the nature and level of risk compatible with the company's strategic objectives, including in its assessments all the elements which may be important with a view to sustainable success (Recommendation 1.c);
- establishes the corporate governance system which is best suited to carrying out the business and pursuing its strategies:
  - (i) taking account of the room for autonomy offered by the company organisation; and
  - (ii) if necessary, assessing and promoting the due changes, putting them, if relevant, to the shareholders' meeting (Principle III);
  - (iii) promoting, in the most suitable forms, dialogue with the shareholders and other key stakeholders for the company (Principle IV).

During the year the Board did not consider it necessary or opportune to draw up motivated proposals to put to the shareholders' meeting to define a form of corporate governance better suited to the needs of the company (Recommendation 2) as described in Section 13 and it implemented the policy for handling



dialogue with all shareholders (Recommendation 3) as set out in Section 12.

The composition, operation, appointment and self-assessment of the Board are described in this Section, the remuneration policy in Section 8 and the internal control and risk management system in Section 9.

The Board of Directors has adopted policies on gender diversity in relation to the composition of management and control bodies, considering the company practice as consistent with the criteria of adequate balance with the main objective of ensuring adequate levels of competence and professionalism of its members. At least one third of the Board of Directors' members, and one third of the Board of Statutory Auditors' members, are of the less represented gender.

The Board of Directors has not defined any general criteria concerning the maximum number of management and control offices in other companies that can be considered compatible with an effective performance of the role of director, taking into account the participation of directors in the committees set up within the Board. The reason for not indicating the maximum number of offices is primarily to be found in the multitude of situations which are theoretically possible. Situations may vary depending on the characteristics of each individual Director, the type and size of company in which the Director holds other offices, and the complexity and specific features of the industry in which those companies operate. The situation also depends on the particular office held by the Director in those other companies (executive director, non-executive director, independent director, committee member, standing auditor, or chair of the board of statutory auditors). Because of this, rather than setting a maximum number of offices, the Board of Directors has deemed it preferable to opt for an assessment of the characteristics of each Director on a case-by-case basis (experience, characteristics, offices held).

In compliance with art. 20 of the Articles of Association, the Board of Directors is vested with the widest powers for ordinary and extraordinary management of the company, without limitations, with the authority to carry out all actions that it considers appropriate for achieving corporate purposes, except for those that are reserved by the law to the Shareholders' Meeting.

The Board of Directors is also responsible for mergers in the cases provided by art. 2505 and art. 2505-bis of the Italian Civil Code, for setting-up and closing branches, for updating the Articles of Association to regulatory provisions and for reducing share capital in the event of the withdrawal of a shareholder and in the case provided by art. 2446, last paragraph, of the Italian Civil Code. In such cases art. 2436 of the Italian Civil Code shall apply.

The Board of Directors may delegate part of its powers to the Chairman and/or to the Managing Directors and/or to the executive committee, if appointed, and/or to the Vice Chairman.

The Board of Directors may also appoint one or more special attorneys-in-fact for specific actions or categories of actions, establishing their remuneration and limits of representation.

In particular, among the topics specified in the Code, the Board has exclusive responsibility for the following issues:

in compliance with the provisions of the Articles of Association:

- it establishes, after examining the proposals of the relevant Committee, the remuneration of the managing directors and of those with special offices;
- it grants and repeals powers of directors, defining limitations and operating procedures;

in compliance within the principles of the Articles of Association regarding ordinary and extraordinary management:

- it examines and approves the strategic, industrial and financial plans of the company and periodic monitoring of their implementation;
- it examines and approves the strategic, industrial and financial plans of the group to which the company belongs, and periodic monitoring of their implementation;
- it defines the corporate governance system;
- it defines the structure of the group to which the company belongs;

- it verifies the adequacy of the organisational, administrative and general accounting structure of the company and of the Group, with particular reference to the internal control and risk management system;
- it assesses the general operating performance periodically comparing the results achieved with those planned;
- it assesses the adequacy of the organisational, administrative and accounting structure of the subsidiaries with strategic importance, with particular reference to the internal control and risk management system.

With regard to the assessment and approval by the Board of transactions with significant economic, capital and financial importance, the following transactions are the exclusive decision-making responsibility of the Board, and therefore cannot be delegated: the acquisition of equity investments and/or companies or company branches by the company for an amount of, including financial debts comprised in the acquired equity investment and/or company or company branch, over € 10,000,000.00 and the sale of equity investments and/or companies or company branches the value of which, including financial debts comprised in the sold equity investment and/or company or company branch, is over € 10,000,000.00 and the issue of guarantees and sureties and rights in rem or similar obligations on company assets that are not deemed of interest to the company and/or connected to the ordinary management of amounts, of over € 10,000,000.00 and the prior approval of transactions with related parties.

When discussing the issues for which it is responsible, the Board also assesses the adequacy of the organisational, administrative and general accounting structure of the company.

#### **4.2 Appointment and replacement** (pursuant to art. 123-bis, paragraph 1, letter l), first section, of the Consolidated Financial Act)

In compliance with the Articles of Association, the company is managed by a Board of Directors composed of a minimum of three and a maximum of twelve members elected on the basis of lists of candidates presented by the shareholders that hold, in total, an interest not lower than that established by the Consob Issuers' Regulations, and who have the obligation of proving ownership of the number of shares necessary to submit the lists within the deadline of two days prior to the shareholders' meeting first call.

In compliance with the Consob Issuers' Regulations, the interest necessary for presenting the list is indicated in the notice of each Shareholders' Meeting convened to resolve on the appointment of directors. Each shareholder, as well as the shareholders belonging to the same group (as defined pursuant to the relevant legal provisions and regulations) or subscribing to a shareholder agreement regarding company shares, shall not present or vote for, directly, through third parties, or via trust companies, more than one list.

The lists submitted shall comply with the criteria of art. 147-ter, paragraph 1-ter of the Consolidated Financial Act, so as to ensure that the composition of the board ensures gender balance.

At least one of the members of the Board of Directors is chosen from among a minority list, as prescribed by art. 147-ter, paragraph 3 of the Consolidated Financial Act.

Each candidate may appear in only one list under penalty of ineligibility and must be in possession of the integrity requirements provided by the applicable legal and regulatory provisions.

Each list must include a number of candidates equal at least to the minimum number, and not higher than the maximum number minus one, of directors who can be appointed in compliance with the Articles of Association, listed in progressive order, of which a number equal at least to the one provided for by the Consolidated Financial Act, regulations of the supervisory authority and/or codes of conduct of market management companies, must be in possession of the independence requirements provided for by the above regulations.

The lists must be lodged at the company registered office at least fifteen days prior to the date fixed for the shareholders' meeting first call.

Together with each list, within the presentation deadline, the shareholders that present it must lodge:

detailed information regarding the personal and professional characteristics of the candidates, declarations with which the individual candidates irrevocably accept the office, if appointed, and state, under their own responsibility and under penalty of exclusion from the list, the non-existence of causes of ineligibility or incompatibility, as well as the meeting of the requirements prescribed by the law for taking the office, and the possession of independence requirements, if any.

Lists that have been presented without observing the above-mentioned provisions are considered as not having been presented.

If two or more lists are presented and admitted, the number of directors shall be equal to that of the candidates of the list that has obtained the majority of votes plus one.

In this case, based on the outcome of voting, the candidates of the list that has obtained the majority of votes and the first candidate in the list that has obtained the second best result and is not in any way connected to the shareholders of the list with the majority of votes, will be elected.

The director chosen from among the minority list must be in possession of the independence requirements prescribed by applicable legislative provisions, rules of the supervisory authority and/or codes of conduct of market management companies.

If only one list is presented, or admitted to voting, the number of directors shall be equal to the number of candidates of said list, who will be appointed as directors.

If an equal number of votes are obtained from more than one list, crucial for the purposes of the election procedure, a second vote shall be held between such lists by all the shareholders present in the meeting. The Board of Directors shall remain in office for the period established by the shareholders' meeting at the time of appointment, for a maximum of three financial years, and precisely until the date of the Shareholders' Meeting convened to approve the financial statements for the last year of office. Directors whose term of office has expired may be re-elected.

In compliance with the provisions of the law and of the articles of association, the Board of Directors can establish a remuneration for the Directors holding special offices.

If, during the year, for any reason, one or more directors should cease to hold office, the others shall take measures to replace them with a resolution approved by the Board of Statutory Auditors; the directors appointed in this way shall remain in office until the next Shareholders' Meeting. Should such a director be a member voted by the minority list, replacement is made preferably by selecting a candidate, in progressive order, from the list to which the director being replaced belonged, provided that the candidate is still eligible and willing to accept the office.

If, due to resignations or other causes, the majority of members of the Board of Directors no longer exists, the entire Board's term of office shall end and the directors remaining in office shall urgently convene the Shareholders' Meeting to appoint a new Board.

For other aspects not covered by the Articles of Association, reference shall be made to the provisions of the law and regulations in force.

The Articles of Association do not envisage requirements of independence, integrity and professionalism beyond those established for auditors in compliance with art. 148 of the Consolidated Financial Act for assuming the office of director.

The company is not subject to further sector provisions concerning the composition of the Board of Directors.

The lists presented by the shareholders shall comply with the principles laid down by art. 147-ter, paragraph 1-ter of the Consolidated Financial Act to ensure that the composition of the Board of Directors ensures gender balance.

#### **4.3 Composition** (pursuant to art. 123-bis, paragraph 2, letter d) and d)-bis of the Consolidated Financial Act)

In compliance with company Articles of Association, the Board of Directors consists of three to twelve members, elected by the Shareholders' Meeting. They shall remain in office for a period of no more than three financial years, as established at the time of appointment, and their office ends on the date of the Shareholders' Meeting convened to approve the financial statements for their last year of office.

At the end of 2022, the Board of Directors was composed as follows:

- Filippo Casadio (Chairman of the Board of Directors, Executive Director);
- Francesco Gandolfi Colleoni (Executive Director);
- Gianfranco Sepriano (Non-Executive Director);
- Orfeo Dallago (Non-Executive Director);
- Francesca Pischedda (Non-Executive Director);
- Gigliola Di Chiara (Lead Independent Director);
- Claudia Peri (Independent Director).

The Board in office was appointed by the Ordinary Shareholders' Meeting of 28/04/2022 for the years 2022, 2023 and 2024 and its term of office will end on the date of the Shareholders' Meeting convened to approve the financial statements for the year 2024. Only one list was presented by the shareholder Aequafin S.p.A., and it was approved by a majority.

A brief description follows of the personal and professional characteristics of each appointed director (in compliance with art. 144-decies of Consob Issuers' Regulations) on the basis of the declarations they provided, as attached to the lists, and as subsequently updated by them.

#### **Chairman of the Board of Directors – Mr Filippo Casadio**

He graduated in Economics and Commerce from the University of Turin; since 2008 he has been Chairman of the Board of Directors of IRCE S.p.A.

#### **Executive Director – Mr Francesco Gandolfi Colleoni**

He graduated in Engineering from the Politecnico di Torino; currently, he is Director of Research and Development at IRCE S.p.A.

#### **Non-Executive Director – Mr Gianfranco Sepriano**

He graduated in Economics and Commerce from the Bocconi University in Milan; he worked at Chase Manhattan Bank as head of para-banking activities in Italy, at Ansaldo S.p.A. as financial co-director, for Montedison Group as member of staff of the Group Management Committee, at Unione Manifatture S.p.A. as general manager, at Finanziaria Italiana di Partecipazioni S.p.A. as merchant bank executive and since 2000 he has been working as a consultant.

#### **Non-Executive Director – Mr Orfeo Dallago**

He graduated in Political Economics from the University of Trento; he has been working at Cassa Rurale Val di Non since 1987.

#### **Non-Executive Director – Ms Francesca Pischedda**

She graduated in Economics and Commerce from the University of Bologna; she is registered in the Bologna Register of Accountants and Tax Advisors and in the Register of Auditors; she currently works as an independent consultant in corporate, accounting and fiscal issues, both national and international. She is a technical consultant in legal proceedings regarding corporate law and insolvency proceedings. As for positions in other companies listed on regulated markets, including abroad, in banks, finance companies, insurance companies or large companies, she is Substitute Auditor at Intercos S.p.A.

#### **Independent Director – Ms Gigliola Di Chiara**

She graduated in Economics and Commerce from the University of Ancona; she is registered in the Bologna Register of Accountants and Tax Advisors and in the Register of Auditors. She currently works as an independent consultant in corporate, accounting and fiscal issues, extraordinary transactions as well as turnaround projects. She has gained audit experience at a leading international audit company.

#### **Independent Director - Ms Claudia Peri**

She graduated in Economics and Commerce from the University of Bologna; she is registered in the Bologna Register of Accountants and Tax Advisors and in the Register of Auditors; she currently works as an independent consultant in corporate, accounting and fiscal issues, extraordinary transactions and

assistance in drawing up financial statements prepared in accordance with Italian accounting standards or international accounting standards. She has gained audit experience at a leading international audit company.

#### **4.4 Functioning** (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Financial Act)

On 16 March 2021 the Board of Directors adopted a regulation to define its rules of operation.

This regulation as last amended on 17 February 2023 establishes the means of minuting meetings and the procedures for managing the giving of information to the directors, indicating the deadline of 2 days for the sending of information before meetings and the means of protecting the confidentiality of the data and the information provided, so as not to prejudice the timeliness and completeness of the information flows. The regulation and the procedures relating to the timeliness and adequacy of the information provided to directors are complied with (art.3, Recommendation 11), as confirmed by the outcome of the Board self-assessment process carried out on 15/03/2023.

On 17 February 2023 the Board of Directors adopted the Regulations for the functioning of the Control and Risks Committee, Transactions with related parties Committee and the Remuneration Committee.

The work of the Board of Directors and the time available guaranteed by each director are set out in Table 2 which is attached and illustrates, among other things, the number of meetings held during the year and the presence of each member at those meetings.

During 2022, the Board of Directors held 8 (eight) meetings lasting for an average of two hours. The attendance percentages are shown in Table 2 attached to this Report.

The meetings are convened and chaired by the Chairman who coordinates and guides the activities.

The Articles of Association does not stipulate a minimum number of meetings.

The Board of Directors' meetings are attended by the Manager responsible for preparing the corporate accounting documents and the Management Control Manager, as well as the managers whose participation is functional to undertaking the analyses needed to address the items on the agenda.

In compliance with the provisions of the law and of the articles of association, the Board of Directors can establish a remuneration for the Directors holding special offices.

When discussing the issues for which it is responsible, the Board also assesses the adequacy of the organisational, administrative and general accounting structure of the company.

The Board has assessed its own activities and those of its Committees, along with their size and composition, taking into account the professional qualifications, experience, managerial experience, gender, and length of time in office of its members. Assessment has also taken place in relation to the diversity criteria provided under art. 2 of the Code.

The Shareholders' Meeting has not authorised any exemption from the ban on competition provided for by art. 2390 of the Italian Civil Code.

In implementing the obligations stated for issuers by art. 2.6.2 of the Market Rules of Borsa Italiana S.p.A., the company shall inform Borsa Italiana, within thirty days from the end of the previous solar year, on the Calendar of corporate events.

#### **4.5 Role of the Chairman**

The Chairman of the Board of Directors is the main person in charge of operations (CEO).

He has delegated powers for operations.

The Chairman has an investment in the company Aequafin S.p.A. which holds the majority of the issuer's share capital.

The Chairman is vested with all the powers of ordinary and extraordinary management, with the exclusion of those powers that are the exclusive responsibility of the Board, and he also has an operating role within the organisational structure of the company.

The Chairman of the Board of Directors, in compliance with the Rules for the Board of Directors, ensures that the documentation relating to the items on the agenda is notified to the directors and statutory auditors with suitable notice with respect to the date of the board meeting and also ensures that as far as items on the agenda are concerned sufficient time is given for a constructive debate to take place, encouraging the intervention of directors in the meetings.

The Chairman of the Board is also responsible for the suitability of the pre-Board meeting information to enable the directors to act in an informed way in performing their role and promotes and coordinates the work of the committees with the work of the Board.

The company has not appointed an Executive Committee.

#### **4.6 Executive directors**

##### **Managing directors**

In addition to the Chairman, the current Board of Directors includes another Executive Director: Mr Francesco Gandolfi Colleoni. He holds a managerial role within the company as Manager responsible for Research and Development.

#### **Information to the Board by the Directors with delegated powers**

The Chairman of the Board of Directors reports to the Board on the work carried out in exercising the delegated powers attributed to the Chairman on at least a quarterly basis before the first available meeting.

#### **4.7 Independent directors and Lead Independent Director**

In keeping with the Code of Self-Conduct, currently two out of the Company's seven directors are independent and their number and responsibilities are adequate for the needs of the business and the operation of the Board, as well as for the establishment of the related committees (Recommendation 5).

The Chairman of the Board has not been considered as independent.

In order to identify the independent directors, the indications provided by the Code of Self-Conduct have been followed (Recommendation 7), in the formulation which came into force in the first year starting after 31 December 2020. In particular, the circumstances which compromise or seem to compromise the independence of a director are at least the following:

- a) if such director is a significant shareholder in the company;
- b) if such director is, or has been, in the previous three years, an executive or independent director:
  - of the company, of a company which is controlled by it and is of strategic importance or of a company subject to joint control;
  - of a significant shareholder in the company;
- c) if, directly or indirectly (for example through subsidiaries, companies of which such director is an executive director, a partner in a professional studio or consulting firm), such director has, or has had in the previous three years, significant commercial, financial or professional dealings:
  - with the company or its subsidiaries, or with the related executive directors or top management;
  - with an individual who controls the company (even if it is done jointly with others through a shareholder agreement), or in the event that the parent is a company or an entity, with their relevant executive directors or top managers;
- d) if such director receives, or has received in the previous three years, from the company, one of its

subsidiaries or the parent company, significant additional remuneration compared to the set fee for their engagement and the fee envisaged for participation in the committees recommended by the Code or envisaged by the law in force;

- e) if such director has been a director of the company for more than nine years – even if not consecutive – in the last twelve years;
- f) if such director holds the office of executive director in another company in which an executive director of the company holds the position of director;
- g) if such director is a shareholder or director of a company or of an entity belonging to the network of the company appointed to perform the audit of the company accounts;
- h) if such director is a close relative of a person who is in one of the situations mentioned in the previous points.

After each appointment the Board of Directors carries out its own assessment on compliance with the requirements of the Corporate Governance Code and with art. 148, paragraph 3 of the Consolidated Financial Act. This assessment is also done subsequently whenever material circumstances for the purpose of independence occur, or in any case, at least annually.

The Board of Directors, following a benchmarking analysis, at its meeting on 17 February 2023 defined the quantitative and qualitative parameters suitable to assess the relevance of the situations that are such as to compromise the independence of Directors pursuant to Recommendation no. 7 letter c) of the Code of self-conduct. As for the quantitative parameters, the following should usually be considered as relevant and thus capable of compromising the independence of the Directors: economic or professional dealings if they have entailed, considered cumulatively, annual economic recognition over 10% of the annual turnover of the professional studio or association and/or company of which the Director/ Auditor is partner or executive director. As for the qualitative parameters, the commercial/financial or professional dealing is considered relevant when it (i) is strategic for the Company and/or its subsidiaries and/or parent company, (ii) regards strategic consultancy (in favour of the Company and/or its subsidiaries and/or the parent company) and/or the assistance and consultancy is in relation to an operation of strategic importance for the Company and/or its subsidiaries and/or the parent company. With regard to professional relations, should the director/auditor be a partner of a professional studio or of a consulting company, the relevance of the dealing is assessed also with regard to the effect that it might have on the position and role of the Director in the professional studio or consulting company, also regardless of whether the quantitative parameters have been exceeded.

During the meeting following its appointment and based on the information provided by each Director, the Board of Directors has ascertained that two of its members (Ms Gigliola Di Chiara and Ms Claudia Peri) are in possession of the independence requirements according to the criteria contained in the Corporate Governance Code for listed companies, and it has disclosed the results of its assessment.

In 2022 the Board of Directors carried out an assessment on the independence requirements, through the use of questionnaires, in accordance with Recommendation No. 7 of the Corporate Governance Code. The outcome of this self-assessment procedure (on the basis of updated information given by each of the relevant directors) was that, according to the Board, the Directors Ms Chiara Peri and Ms Gigliola Di Chiara meet the independence requirements. The Board also recognised that the composition of the Board complies with the recommendations of current legislation.

Moreover, the Board of Statutory Auditors has verified the application of the criteria and procedures adopted by the Board of Directors for assessing the independence of its own members and found them compliant with the indications provided by the Corporate Governance Code.

#### **4.8. Lead Independent Director**

In line with the policies established by the Corporate Governance Code for listed companies, since the role of Chairman of the Board of Directors coincides with that of the main person responsible for managing the company, the Board appointed a Lead Independent Director (Recommendation No. 13). The Lead

Independent Director acts as a point of reference and coordination of the requests and contributions of the non-executive directors and collaborates with the Chairman of the Board of Directors in order to guarantee that the directors receive complete and timely information flows.

On 28 April 2022 the Board appointed Ms Gigliola Di Chiara as Lead Independent Director.

## 5. Management of corporate information

The Board has drafted a procedure for the disclosure of price sensitive documents and information regarding the company. This procedure envisaged that the disclosure of the aforementioned documents and information takes place through *the Head of Corporate Information who defines the contents of the communication by preparing a press release.*

In particular:

- the press releases and documents relating to so-called periodic reporting (financial statements, interim reports, etc.) and those relating to extraordinary transactions under the responsibility of the management body (mergers, demergers, acquisitions, capital increases, amendment of the Articles of Association, etc.) shall be approved by the Board of Directors; in the other cases, the external communication of *price sensitive* information shall be submitted to the Chairman of the Board of Directors for final approval before release.

The Head of Corporate Information then enters the information into the E-Market SDIR circuit and publishes the same on the website of the Company [www.irce.it](http://www.irce.it).

The Board of Directors of IRCE S.p.A. has also approved the "Internal Dealing" Code of Conduct, adopted pursuant to art. 114, Paragraph 7 of the Consolidated Financial Act, articles 152-quinquies 1 et. seq. of Consob Issuers' Regulation 11971/99 and Regulation (EU) No. 596/2014 ("MAR") that governs the methods of communication and dissemination of information relating to operations on the Company's financial instruments carried out by Relevant Parties, Relevant Shareholders and Closely Associated Persons, in order to ensure greater market transparency and adequate preventive measures against market abuse.

## 6. Committees within the Board (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Financial Act)

The following committees are set up within the Board of Directors:

- Control and Risks Committee;
- Remuneration Committee;
- Transactions with related parties Committee.

Under the coordination of the Chairman, no functions of one or more committees provided for by the Corporate Governance Code have been reserved within the Board.

No further committees in addition to those reported in this Section have been set up.

## 7. Directors' self-assessment and succession – Nomination Committee

### 7.1 Director's self-assessment and succession

Each year, through specific questionnaires, the Board of Directors undertakes self-assessment of itself and of its committees.

In consideration of the structure and the size of the group, the Board of Directors has not adopted any succession plans for executive directors, considering the replacement procedures adopted as appropriate to ensure continuity of company operations.



## 7.2 Nomination Committee

Taking into account the structure and size of the company, no Nomination Committee was established within the Board of Directors. The relevant functions, as indicated in the Corporate Governance Code, are therefore fulfilled by the Board of Directors.

## 8. Directors' remuneration – Remuneration Committee

### 8.1 Directors' remuneration

Reference should be made to the relevant paragraphs of the Remuneration Report published in compliance with art. 123-ter of the Consolidated Financial Act.

### 8.2 Remuneration Committee

Reference should be made to the relevant paragraphs of the Remuneration Report published in compliance with art. 123-ter of the Consolidated Financial Act.

## 9. Internal control and risk management system

Pursuant to the provisions of recommendation 33 art. 6 of the Code, the Board of Directors has established its own guidelines for the internal control and risk management system and annually assesses the adequacy of the same compared to the characteristics of the company and to the risk profile adopted.

The Internal Control and Risk Management System of IRCE S.p.A. (the "Company" or the "Issuer") and of the IRCE Group (the "IRCE Group") consists of a collection of organisational rules, procedures and structures which aim to monitor the compliance of the corporate strategies and the achievement of the following goals:

- a) effectiveness and efficiency of the corporate processes (administrative, productive, etc.);
- b) the reliability, accuracy, trustworthiness of the information provided to the corporate bodies and to the market, including economic, financial, and non-financial information;
- c) compliance with the laws and regulations, as well as with the Articles of association, corporate rules and procedures;
- d) effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company and of the IRCE Group;
- e) protection of the value of corporate assets and protection, as far as possible, against losses.

The controls involve, in various roles and as part of the respective responsibilities:

- the Board of Directors, which directs and assesses the adequacy of the Internal Control and Risk Management System;
- the Chairman, who in the specific case is the director with responsibility for setting up and maintaining an effective Internal Control and Risk Management System (hereafter "Director with responsibility for the Internal Control and Risk Management System");
- the Control and Risks Committee, with the task of supporting, through suitable preliminary investigations, the assessments and decisions of the Board of Directors relating to the Internal Control and Risk Management System, as well as those relating to approval of the periodic financial and non-financial reports;
- the Head of the Internal Audit Department, who is responsible for verifying that the Internal Control and Risk Management System is functional, adequate and coherent with the guidelines defined by

- the Board of Directors;
- the Supervisory Body under Leg. Decree 231/2001;
- the Manager responsible for preparing the corporate accounting documents;
- the Board of Statutory Auditors, which oversees the effectiveness and adequacy of the administrative, accounting and organisational arrangements, as well as of the Internal Control and Risk Management System;
- the other corporate roles and functions with specific duties regarding Internal Control and Risk Management, which are broken down in relation to the size, complexity and risk profile of the company.

At the meeting of 15 March 2023, the Board of Directors, supported by the opinion of the Control and Risks Committee, assessed positively the state of the internal control and risk management system, considering it overall adequate, effective and functional.

## **Main characteristics of the risk management and internal control system in relation to the financial reporting process pursuant to art. 123-bis, paragraph 2, lett. b), of the Consolidated Financial Act**

### ***Introduction***

In compliance with the indications as set out in the last Format published by Borsa Italiana S.p.A., it is noted that the management and control system of the IRCE Group regarding the risks pertaining to the financial reporting process is an integral element and fits into the context of the broader internal control system of the Company and Group, a system in which the following are important elements:

- the Code of Ethics, the Organisation, Management and Control Model pursuant to Leg. Decree no. 231/01;
- the Procedure to identify internal dealing subjects and to communicate operations undertaken by the same (the so-called "*Internal dealing Procedure*");
- the Procedure for the creation, management and updating of the Group Register of people who have access to the Company's price-sensitive information (the so-called "*Insider Procedure*");
- the principles and the procedures to carry out significant operations and the Procedure for Transactions with Related Parties;
- the policy for handling dialogue with all shareholders;
- the System of delegated powers and proxies;
- the corporate organisational chart;
- the Risk Analysis process adopted;
- the Accounting and Administrative Control System.

The internal control system on financial reporting is a collection of activities aimed at identifying and assessing actions and/or events that, should they happen, may compromise the reliability, accuracy, trustworthiness and timeliness of the financial reporting.

The internal control system relating to the process adopted to prepare financial reporting aims to guarantee that the administrative and accounting procedures can reasonably guarantee the reliability of the financial reporting and the organisation's ability to produce timely and trustworthy accounting and financial reporting, in accordance with the relevant accounting standards.

The planning approach followed in constructing the control model is based on international standards and best practice in the sector, (Co.S.O Framework.).

### ***a) Description of the main characteristics of the risk management and internal control system in relation to the financial reporting process***

Underpinning the control system regarding financial reporting processes is risk assessment aimed at identifying and assessing the risk areas in which events may occur such as to compromise the reliability of the financial reporting itself.

Through this activity the Group companies and the main corporate processes were identified which feed the financial disclosure of these companies through quantitative (numeric importance of each company) and qualitative (specific, potential or past level of risk linked to the activities undertaken) analyses, going on to define a matrix of corporate processes/legal entities to be verified through the observation and assessment of the existing control system in relation to the typical risks which regard the preparation of financial reporting externally.

During the phase of *definition of the scope of application*, the following is identified:

- a) the group's companies which are deemed significant on the basis of quantitative and qualitative criteria and in terms of their contribution to the consolidated financial reporting in the reporting period;
- b) significant accounts by means of quantitative measurements and additional refinements of a qualitative nature ("*significant items*");
- c) company processes ("*significant processes*") which are associated with the accounts subject to testing activities for the *significant locations* previously defined.

The objectives of the control – which aim to prevent any errors/fraud that could occur during the activities of initiation, registration, management and reporting of a transaction – have been identified by IRCE by taking into account:

- the relevant entries, i.e. the items of the financial statements which are individually significant in terms of materiality;
- the administrative and accounting processes which generate the significant accounts which are identified as specified above;
- the relevance of the above-mentioned processes which are identified at the level of each company that belongs to the scope of consolidation.

IRCE S.p.A. has identified the scope of application on the basis of the materiality of the significant accounts, and their associated administrative-accounting processes for each individual company of the group, in relation to the consolidated financial statements.

In particular:

- companies in the Group whose assets or turnover are respectively 2% higher than the total consolidated assets or 5% higher than the total consolidated turnover were considered significant and therefore included in the possible scope of application;
- the selection of significant accounts was implemented by calculating a threshold of Group materiality by using a benchmark consisting of the higher of 1% of Shareholders' Equity and 5% of profit before tax;
- the riskiest processes for the purposes of prescriptions pursuant to Italian Law 262 were identified.

In order to confirm the company and process scope deriving from the materiality analysis, the company has also implemented subsequent qualitative analysis.

By applying the model, it has been possible to identify the risk profile inherent in each process and the associated control activities used for monitoring purposes; the procedures and control matrices for each process which turned out to be sensitive on the basis of the abovementioned criteria were formalised.

On an annual basis, the company:

- monitors the processes which significantly contribute to change the items of the consolidated financial statements;
- defines and implements testing plans;
- guarantees the resolution of detected critical factors.

### ***b) Roles and functions involved***

The management and control system for financial reporting is managed by the Manager responsible for preparing the corporate accounting documents appointed by the Board of Directors in compliance with the statutory provisions in force.

In carrying out their activities, the above Manager:

- is supported by the Department heads involved who, in relation to their own area of responsibility, guarantee the completeness and reliability of the information flows sent to the Manager responsible for preparing the corporate accounting documents in order to prepare the accounting reporting;
- oversees the process of preparing the non-financial statement prepared by the Company in compliance with the law in force, ensuring that the process guarantees the understanding of the business of the IRCE Group, its performance, its results and the impact produced by it;
- interacts with the head of the Internal Audit Department who has the power to carry out independent checks on the reliability of the information systems, including the accounting recording systems;
- establishes a reciprocal exchange of information with the Control and Risks Committee, with the Board of Directors and with the Board of Statutory Auditors, reporting on the activity undertaken and on the adequacy of the Internal Control and Risk Management System with particular reference to the risks inherent in financial reporting.

Both the monitoring of the effective application of the Risk management system relating to financial reporting and its periodic assessment were undertaken continuously during the year, coordinated by the Manager responsible for preparing the corporate accounting documents who is directly responsible for checking the correct and timely execution of the management activities in the administrative, accounting and financial sphere as undertaken by Group companies.

From all the checks mentioned, no risks or situations emerged which were not already being monitored by the company.

The Manager responsible for preparing the corporate accounting documents, together with the Chairman, provides the statement envisaged in paragraph 5 of art.154-bis, of the Consolidated Financial Act.

### **9.1 Director responsible for the internal control and risk management system**

The Chairman of the Board of Directors is the Director appointed to supervise the functions of the internal control and risk management system.

In his capacity as Body with management functions, the Director has constantly reported to the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors on all the aspects of corporate management, including verification of the overall adequacy of the efficacy and efficiency of the internal control and risk management system.

The Director responsible for the internal control and risk management system may ask the Internal Audit function to carry out checks on specific operating areas and in respect of the internal rules and procedures in performing corporate operations, giving prompt notification of this to the Board of Directors, the Chairman of the Control and Risks Committee and the Chairman of the Board of Statutory Auditors.

### **9.2 Control and Risks Committee**

In compliance with the provisions of the Corporate Governance Code, the Board of Directors has set up an internal Control and Risks Committee with advisory and proposal-making functions.

**Composition and functioning of the Control and Risks Committee** (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Financial Act)

The Committee, which will remain in office until approval of the financial statements as at 31 December

2024, is formed by Gigliola Di Chiara (Independent Director), acting as Chair, and by Claudia Peri (Independent Director) and Gianfranco Sepriano (Non-Executive Director).

Therefore, the Control and Risks Committee is composed of three of the seven Board members selected from among non-executive directors, the majority of whom are independent.

The Control and Risks Committee has adequate know-how overall in the business sector which the Issuer operates in and which can help assess the related risks. All the members of the Committee possess adequate experience of accounting and financial issues or risk management.

The Chair coordinates the discussions and minutes are taken at meetings.

The Board of Statutory Auditors took part in the Committee meetings in 2022 and 2023 up to the date of preparing this report. Furthermore, at the invitation of the Committee, the following also took part in meetings in relation to items on the agenda: the Director responsible for the Chief Executive officer, the Head of Internal Audit, the Manager responsible for preparing the corporate accounting documents, members of the Supervisory Body, as appropriate, the Management Control Manager, and external audit company staff, external experts appointed for specific subjects and representatives appointed to audit the accounts and issue their certification on the Non-Financial Statement.

During 2022, the Committee met six times, as illustrated in Table 2 attached to this Report, and the meetings lasted an average of two hours. In 2023, three meetings have been held so far.

At the meeting held during 2022 and up to the date of preparing this report, the following issues were addressed: a) assessments regarding the adequacy of the internal control system and consequent reporting to the Board of Directors (examination of the existing corporate procedures and verification of the progress of their updating); b) examination of the process of self-assessment and operation of the Board and the Committees, verification of the directors' prerequisites for independence; c) assessment of the suitability of the periodic, financial and non-financial reporting to represent the business model, the company's strategies, the impact of its business and the performance achieved; d) review of the periodic reports prepared by internal audit and monitoring of the independence, effectiveness and efficiency of its activity; e) review of the contents of the periodic non-financial reporting which is relevant for the purposes of the Internal Control and Risk Management System with particular focus on the process of collecting the information needed for the purposes of preparing the non-financial statement (materiality analysis – stakeholder engagement process); f) exchange of information with the Supervisory Body under Leg. Decree 231/2001; e) exchange of information with the independent auditors for the purposes of the report under art. 14 Leg. Decree 39/20210 on the separate and consolidated financial statements and of the issue of the certificate on the non-financial statement under art. 3, paragraph 10, Leg. Decree 254/2016; g) verification of the progress of the updating of the organisational model with the Supervisory Body; h) examination of the breakdown of related parties and mapping of the type of relations among them; i) requests pursuant to art. 9, para. 3 Leg. Decree 254/2016 l) examination of recommendations contained in the letter sent on 25/01/2023 by the Corporate Committee.

### **Functions attributed to the Control and Risks Committee**

In compliance with art. 6 of the Corporate Governance Code, the Control and Risks Committee has the following consultation and proposal functions:

- a) assessing, together with the Manager responsible for preparing the corporate accounting documents, the external auditor and the control body, the correct implementation of accounting standards and, in the case of groups, their consistency for the purposes of drafting the consolidated financial statements;
- b) assessing the suitability of the periodic financial and non-financial reporting, to correctly represent the business model, the company's strategies, the impact of its business and the performance achieved;
- c) examining the contents of the periodic non-financial statement relevant for the purposes of the

Internal Control and Risk Management System;

- d) expressing opinions on specific aspects regarding the identification of the main corporate risks and the design, implementation and management of the internal control system;
- e) examining the periodic reports concerning the assessment of the internal control and risk management system, and those of particular significance drafted by the Internal Audit function;
- f) monitoring the autonomy, suitability, effectiveness and efficiency of the Internal Audit function;
- g) asking the Internal Audit function to carry out checks on specific operating areas, promptly notifying the Chairman of the Board of Statutory Auditors of this;
- h) reporting to the board, at least on occasion of the approval of the financial statements and the interim report, on the activity carried out and the adequacy of the internal control and risk management systems.

The Chair of the Control and Risks Committee reports to the Board of Directors, at the first available meeting, on the activities carried out and on the adequacy of the internal control and risk management system.

In carrying out its duties, the Control and Risks Committee has had the opportunity to access company information and benefit from the assistance of various corporate functions as required to carry out its tasks. The Committee did not deem it necessary to appoint any other external consultants, other than those identified from time to time by the relevant corporate functions.

### **9.3 Internal Audit**

The Board of Directors has entrusted the Internal Audit function to an external professional, in the person of Mr Fabrizio Bianchimani, who satisfied the adequate professionalism requirements, and has established his remuneration consistently with corporate policies. It has also ensured that he has adequate resources to fulfil his functions.

Mr Fabrizio Bianchimani has had direct access to all information needed to carry out his assignment.

The main activities carried out during the year were: assessment of the effectiveness and adequacy of the internal control and accounting systems, check of compliance with accounting and administrative procedures, as well as any updating thereof, periodic reports on the status of the internal control system and report on any critical issues.

Taking account of the relevant scope, with reference to the Parent Company, during 2022 the Internal Audit performed control tests on the riskiest processes, in particular sales and distribution, purchasing and inventory management, as well as, according to a rotation rationale, on some processes considered to represent a normal risk, in particular the preparation of the financial statements, the management of the consolidation process, of the investments and treasury.

The Internal Audit activities were defined on the basis of the Audit plan approved by the Board of Directors on 15 March 2022, subject to sharing the same with the Board of Statutory Auditors.

In relation to the subsidiaries, a mandate was given to the Internal Auditor to carry out specific control procedures which, for 2022, were carried out on the investee company set up under Indian law, Stable Magnet Wire P.Ltd. These specific activities are part of the enhancement, on the one hand, of the parent company's audit procedures over subsidiaries and, on the other, of support to local management to improve the current control system. As for the previous year, also for the year in question checks were carried out directly by the Imola head office. The foreign company in any case provided all the information needed for the purposes of the aforementioned activity, above all in reference to the internal procedures to manage personnel and the treasury.

The outcomes of the Internal Audit activity are contained in the periodic report sent to the chairmen of the Board of Statutory Auditors, the Control and Risks Committee and the Board of Directors.

#### **9.4. Organisational Model pursuant to Italian Legislative Decree 231/2001**

In order to guarantee transparency and correctness in corporate operations, and to protect the expectations of shareholders and those that work for and with the company, IRCE S.p.A. has implemented, in compliance with corporate policies, the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001.

Such an action was also undertaken with the conviction that the adoption of the Organisational Model is a valid instrument to make those working for the company more sensitive to adopting, when carrying out and conducting their own activities, correct and standard behaviour aimed at preventing the risk of committing the crimes covered in Italian Legislative Decree 231/2001.

The company condemns behaviour contrary to current legal provisions and to the ethical principles also stated in the Code of Ethics adopted.

IRCE S.p.A. referred to the "Guidelines for the creation of organisation, management and control models" pursuant to Italian Legislative Decree No. 231 of 8 June 2001, issued by Confindustria (the general confederation of Italian industry). This document provides guidelines on interpreting and analysing the legal and organisational implications deriving from the introduction of Italian Legislative Decree 231/2001. On 15 March 2022 the Company adopted the update of its Code of Ethics and of the Organisation, Management and Control Model.

In its current version, the Organisational Model intends to specifically prevent the following types of predicate-offences, as referred to in the corresponding article of the Decree indicated within parentheses: Crimes against the Public Administration (art. 24 and art. 25), Corporate crimes (art. 25-ter), Market abuse offences (art. 25-sexies), Manslaughter and serious and very serious injuries caused in breach of laws on health and safety protection at the workplace (art. 25-septies), Crimes of receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-money laundering (art. 25-octies), Computer crimes and unlawful data processing (art. 24-bis), Crimes against public trust (art. 25-bis), Crimes against industry and commerce (art. 25-bis.1), Environmental crimes (art. 25-undecies), Crimes committed by employing illegally staying third-country nationals (art. 25-duodecies), Transnational crimes (Law 146/2006, art. 3 and art. 10), Tax crimes (art. 25-quinquiesdecies).

With reference to the changes in the list of predicate-offences, after the date of approval of the Model currently adopted, the methods for assessing the potential exposure of corporate activities to the risks of committing the aforementioned offences have been shared. As at the date of approval of this document, the activities planned for the assessment of such risks and for the consequent updating of the 231 Model adopted are being carried out by the consulting firm Soluzioni Srl, following its appointment by IRCE.

For issues regarding compliance with and interpretation of the Organisational Model, a Supervisory Body was set up when adopting the first version of the Organisational Model.

The current Supervisory Body, appointed by the Board of Directors on 28 April 2022, after corporate bodies were reappointed for the three-year period 2022- 2024, is composed of all three previously appointed members. The Supervisory Body is composed as follows:

Mr Francesco Bassi, professional;

Mr Gabriele Fanti, professional;

Mr Gianluca Piffanelli, company employee.

During the first meeting after the appointment, Mr Francesco Bassi was appointed as Chair of the Supervisory Body.

The Body will remain in office for three years; more specifically until 30 April 2024.

During 2022 the Supervisory Body met five times.

In regards to the option – provided for by the Corporate Governance Code – for issuers to evaluate the possibility of attributing the Board of Statutory Auditors with supervisory body duties pursuant to Italian Legislative Decree 231/2001, the Board of Directors has deemed it appropriate to define the composition of the Supervisory Body described above. No members of the Board of Statutory Auditors shall be appointed to the Supervisory Body and there shall be a prevalence of external professionals. This ensures

both the adequate segregation of duties, and the availability of skilled individuals within the Supervisory Body with specific skills enabling them to effectively carry out the tasks assigned.

### **9.5 Independent Auditors**

The Shareholders' Meeting of 10 June 2020, having noted the motivated proposal of the Board of Statutory Auditors to confer the engagement for the independent audit of the accounts pursuant to art. 13 and 17 of Legislative Decree no. 39 of 27 January 2010, conferred to Deloitte & Touche SpA the independent audit engagement for 2020 – 2028. In relation to the aforementioned year, the independent auditors did not send the administrative body any suggestions (the so-called management letter).

### **9.6 Manager responsible for preparing the corporate accounting documents**

The Board of Directors appointed Ms Elena Casadio, head of administration and finance of the company and director with proven professionalism and experience in financial and accounting issues, as "Manager responsible for preparing the corporate accounting documents".

In compliance with art. 24 of the Articles of Association: "Subject to the favourable opinion of the Board of Statutory Auditors, the Board of Directors appoints a manager, with proven professionalism and experience in finance and accounting, as Manager responsible for preparing the corporate accounting documents and fulfilling the duties provided for by current legal and regulatory provisions concerning periodic reporting".

The Manager responsible for preparing the corporate accounting documents defines the administrative-accounting procedures for drafting the periodic accounting documents and any other financial communication, certifying, together with the Chairman, the adequacy and effective implementation during the period to which the documents refer.

The control procedures on financial reporting are subject to evaluation and monitoring in order to check, over time, both its "design", i.e. the abstract suitability to mitigate identified risks in an acceptable manner, and the actual "operating powers", i.e. their actual functioning. The verification activities relating to the System adequacy and actual functioning are the responsibility of the Manager responsible for preparing the corporate accounting documents, through the manager's own structure and through the direct involvement of the managers responsible for the activities/processes, also through the support of the Internal Audit function.

### **9.7 Coordination among the parties involved in the internal control and risk management system**

In order to optimise the efficiency of the Internal Control and Risk Management System and to reduce duplicated activities, the Company has envisaged means of coordination between the various subjects involved in organising the Internal Control and Risk Management System:

- Board of Directors;
- Director with responsibility for setting up and maintaining the Internal Control and Risk Management System;
- Control and Risks Committee;
- Head of Internal Audit;
- Board of Statutory Auditors;
- Organisational Model pursuant to Italian Legislative Decree 231/2001;
- Other company functions involved in controls.

In particular, periodic meetings are held among the various bodies responsible for internal control and risk management regarding the identification of the action areas as well as analyses by each body to identify the respective action areas.



As specified in other sections of this report, regarding the coordination among the various departments, the following is noted: i) the meetings of the Control and Risks Committee are attended by the Board of Statutory Auditors, Internal Audit, the Manager responsible for preparing the corporate accounting documents and the director with responsibility for the internal control system as well as the Supervisory Body in relation to issues for which it is responsible; ii) the reports on the work undertaken by Internal Audit are normally sent to the Control and Risks Committee, the Board of Statutory Auditors and the Chairman of the Board of Directors (Chief Executive Officer); iii) on at least an annual basis information is exchanged between the subjects involved in managing the internal control system and the independent auditors regarding the separate and consolidated financial statements and the non-financial statement; iv) the meetings of the Board of Statutory Auditors are attended by the director with responsibility for the internal control system and the other heads of corporate departments identified as necessary, on the basis of the planning of the supervisory work.

## **10. Director interests and related-party transactions**

In compliance with art.4 of the Regulations on transactions with related parties adopted by Consob with resolution no.17221 of 12 March 2010, as subsequently integrated and modified with resolution no. 21624 of 10 December 2020, the Board of Directors has adopted a procedure to manage and approve transactions with related parties.

This procedure is available on the company website [www.irce.it](http://www.irce.it) in the section "Investor relations/Corporate governance". It makes a distinction between transactions of greater importance, transactions of lesser importance, and transactions of negligible amount (subject to different provisions).

The Board did not consider it necessary to find further operating solutions, in addition to the procedure, to facilitate the identification of situations in which a director holds an interest on his/her own behalf or on behalf of third parties.

## **11. Board of Statutory Auditors**

### **11.1 Appointment**

The appointment of members of the Board of Statutory Auditors is governed by art. 23 of the Articles of Association. The Shareholders' Meeting appoints a Board of Statutory Auditors consisting of 3 (three) Standing Statutory Auditors and 2 (two) Substitute Statutory Auditors. Minority shareholders have only the right to elect one Standing Statutory Auditor and one Substitute Statutory Auditors. The Board of Statutory Auditors is appointed on the basis of lists provided by the shareholders, in which the candidates must be listed using a progressive number. The list consists of two sections: one containing the three names of the candidates to the position of Standing Statutory Auditor and the other containing the two names of the candidates to the position of Substitute Statutory Auditor. Only shareholders who (together) hold an interest no lower than that laid down by the Consob Issuers' Regulations, and who have the obligation of proving ownership of the number of shares necessary for presenting the lists within the deadline laid down by the current pro-tempore regulations, have the right to present lists. In compliance with the Consob Issuers' Regulations, the notice of each Shareholders' Meeting convened to resolve on the appointment of Statutory Auditors shall include the interest necessary for presenting the relevant list. Each shareholder, as well as the shareholders belonging to the same group (as defined pursuant to the relevant legal provisions and regulations) or subscribing to a shareholder agreement regarding company shares, cannot present or vote for, directly, by third parties, or via trust companies, more than one list. Any candidate appearing on more than one list shall be disqualified; under penalty of ineligibility or disqualification, each Statutory Auditor shall meet the requirements of integrity and professionalism laid down by applicable legal provisions and regulations, shall hold offices of Standing Statutory Auditor in no more than five issuers (as defined pursuant to the relevant legal provisions and regulations) and administration and control offices in companies as per Book V, Title V, Chapters V, VI and VII of the Italian Civil Code within the maximum limit allowed by applicable legal provisions and/or regulations. Outgoing

Standing and Substitute Statutory Auditors can be re-elected. The lists must be lodged at the company registered office within the deadline provided for by the applicable pro-tempore provisions and this shall be mentioned in the relevant notice. Together with each list, within the presentation deadline, the shareholders that present it shall lodge: detailed information regarding the personal and professional characteristics of the candidates, declarations with which the individual candidates irrevocably accept the office, if appointed, and state, under their own responsibility, the non-existence of causes of ineligibility or incompatibility, as well as the meeting of the requirements prescribed by the law and by the Articles of Association for taking the office, where the conditions exist, the declaration stating the absence of any forms of association with shareholders who hold, also jointly, a controlling or majority interest. Lists that have been presented without observing the provisions of this article are considered as not having been presented.

The Statutory Auditors are elected as follows:

1. two standing statutory auditors and one substitute statutory auditor are selected from the list that obtained the highest number of votes in the Shareholders' Meeting, in the progressive order in which they are listed in the sections of the list;
  2. the remaining standing statutory auditor and the other substitute statutory auditor are selected from the list that obtained the highest number of votes in the Shareholders' Meeting after the first one and that is not connected, according to the law and regulations in force, with the shareholders that have presented or voted the list resulting first in terms of numbers of votes, in the progressive order in which they are listed in the sections of the list;
  3. if an equal number of votes are obtained from more than one list, crucial for the purposes of the election procedure, a second vote will be held between such lists by all the shareholders present in the meeting.
- The standing statutory auditor indicated as the first candidate in the list that has obtained the highest number of votes after the first in the Shareholders' Meeting will be appointed as Chair of the Board of Statutory Auditors. If only one list is presented, the candidates indicated in said list will be elected, by relative majority vote, and the first candidate will be appointed as chair. If the requirements provided for by law and/or by the Articles of Association cease to be met, the Statutory Auditor's term of office will end. In the case of the replacement of a Statutory Auditor, the Substitute Statutory Auditor belonging to the same list as the former will take over. The powers, duties and functions of the Board of Statutory Auditors and its members are governed by the relevant provisions.

The lists presented by the shareholders shall comply with the principles laid down by art. 148, paragraph 1-bis of the Consolidated Financial Act so as to ensure that the composition of the board ensures gender balance.

### **11.2 Composition and functioning (pursuant to art. 123-bis, paragraph 2, letter d) and d)-bis of the Consolidated Financial Act).**

The composition of the Board of Statutory Auditors in office at the end of the reporting period, as illustrated in Table 3 attached to this Report, is as follows:

- Chairman: Mr Fabio Senese;
- Standing Statutory Auditor: Mr Adalberto Costantini;
- Standing Statutory Auditor: Ms Donatella Vitanza;
- Substitute Statutory Auditor: Mr Gianfranco Zappi;
- Substitute Statutory Auditor: Ms Claudia Maresca.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 10 June 2020 on the basis of the statutory rules in force and will end its mandate with approval of the financial statements at 31/12/2022. The election for the three-year period 2020- 2021- 2022 took place according to the criterion of the list vote. The only list presented was that of the majority shareholder Aequafin S.p.A. and the candidates were elected unanimously.

A brief description follows of the personal and professional characteristics of each Standing Statutory Auditor (in compliance with art. 144-decies of Consob Issuers' Regulations) on the basis of the declarations provided by each one and attached to the lists as well as any subsequent updates notified by those

concerned.

### **Chairman of the Board of Statutory Auditors – Mr Fabio Senese**

He is registered in the Bologna Register of Accountants and Tax Advisors and in the Register of Auditors. He works as a freelance mainly in national and international tax consultancy and in the management of tax assessment, collection and litigation procedures. He has worked as a technical consultant in civil and criminal proceedings.

He has held and still holds the positions of Statutory Auditor and External Auditor in companies operating in various production and service sectors, including those of navigation, transports, construction, fashion, medical biology, industry and commerce.

### **Standing Statutory Auditor – Mr Adalberto Costantini**

He is an Accountant and Auditor registered in the Bologna Register of Accountants since 1993.

He has many years' experience in the auditing of important Italian groups and companies listed on the Stock Exchange in his capacity as senior manager of Ernst & Young Italia, audit division, at the Bologna office.

Since 2011 he has been working as a professional Accountant and Auditor in particular with regard to: corporate consultancy, corporate assistance in administrative and accounting issues, legal and voluntary auditing, corporate assessments, equity and economic due diligence, preparation of budgets and economic-financial outlook systems, support within the sphere of Italian Legislative Decree 231/2001.

During his professional career, he has held and currently holds numerous positions as Statutory Auditor and External Auditor in private companies and non-profit entities and he has also held the position of director in local utility companies subject to public control.

### **Standing Statutory Auditor – Ms Donatella Vitanza**

Accountant and Auditor, she has been registered in the Register of Accountants of Bologna since 1991. In 2016, she achieved her Master in Business Administration at the Bologna Business School.

She deals mainly with corporate, fiscal, company consultancy and legal auditing.

She held and still holds positions as Statutory Auditor and External Auditor in private companies and has been a standing Statutory Auditor at Irce S.p.A. (the only listed company) since 2014.

She has been a director of the Association of Accountants and Tax Advisors of Bologna since 2017.

During 2022, the Board of Statutory Auditors held 6 (six) meetings. The meetings lasted an average of two hours.

The Chairman of the Board of Directors reported to the Board of Statutory Auditors adequately and in a timely manner on the activities performed, the general business performance and outlook, and on the most significant transactions – for size and characteristics – carried out by the Issuer and its subsidiaries at least quarterly, as established by law and the Articles of Association.

It is expected that during 2023 the Board of Statutory Auditors will hold a number of meetings in line with those held during the previous year.

No changes have been made to the composition of the Board between the end of the reporting period and the date this document was approved.

The Board of Directors has verified that the requirements of integrity, professionalism and independence of the Statutory Auditors have been met.

On 14 October 2022, the Board of Statutory Auditors has also verified that its members are qualified to carry out the functions of the control body from the point of view of professionalism, availability of time

and independence.

While carrying out such a verification, it was confirmed that the members of the Board of Statutory Auditors are in possession of the requirements of independence according to the criteria laid down by the Corporate Governance Code and by art. 148, paragraph 3 of the Consolidated Financial Act. In carrying out such assessments, the Board applied the criteria laid down by the Code with reference to directors.

Adalberto Costantini and Fabio Senese noted the existence in their regard of the situation as set out in letter e) of Recommendation no. 7 of the Code of self-conduct. In particular, Fabio Senese held the role of independent director at the company from 2004 to 2013 and, subsequently, that of Chairman of the Board of Statutory Auditors, while Adalberto Costantini held the position of standing Auditor of the company as from 29/04/2011. During the self-assessment process, which was carried out through specific questionnaires given to its members, followed by an examination of the related results, the Board, noting that the Code recommends application with the prevalence of substance over form and applying its recommendations according to the "comply or explain" criterion, held that the situations of Mr Senese and Mr Costantini are not such as to compromise their independence, given their experience, reputation and professional approach demonstrated in carrying out their engagement.

The result of the yearly assessment was sent to the Board of Directors for further disclosure as provided for by the Issuers' Regulations.

In addition, the members of the Board of Statutory Auditors are not in any of the situations considered relevant for the purpose of assessing the independence of directors (quantitative and qualitative parameters) as set at point 4.7 above.

Any statutory auditor who, on his/her own behalf or on behalf of third parties, has an interest in a specific company transaction shall inform the other statutory auditors and the Chairman of the Board of Directors immediately and in detail about the nature, terms, origin and extent of his/her own interest.

The members of the Board of Statutory Auditors have adequate knowledge of the industry in which the Issuer operates, of the company dynamics and their development as well as the reference regulatory and self-regulatory framework.

Italian Legislative Decree 39/2010, "Implementation of Directive 2006/43/EC on statutory audit of annual and consolidated accounts, amending Directives 78/660/EEC and 83/349/EEC and repealing Directive 84/253/EEC", identified the Board of Statutory Auditors as the Control and Risks Committee and audit with supervisory functions on: i) financial disclosure process; ii) effectiveness of internal control systems; iii) statutory audit of annual and consolidated accounts; iv) independence of the independent auditor, in particular with respect to the provision of non-auditing services to the entity being audited.

In the light of the above, the Board of Statutory Auditors, while performing its activities, acquired information on the activities performed by the Internal Audit function, and the Control and Risks Committee, by taking part in the meetings held by the latter.

Furthermore, the Board of Statutory Auditors:

- acquired information on activities performed by the Supervisory Body set up pursuant to Italian Legislative Decree 231/2001 as part of the organisation model adopted;
- met periodically with the independent auditor also in order to receive information on the nature and extent of any services other than the audit of the accounts provided to the Issuer and its subsidiaries by the independent auditor and by entities belonging to the latter's network.

Pursuant to art.3, paragraph 10, of Leg. Decree 254/2016, the Board of Statutory Auditors also verifies the preparation by the directors of the non-financial statement and declares the conformity of the information provided compared to what is required by the Decree.

Fees paid to Statutory Auditors are consistent with the commitment required, the importance of their role and the company size and sector.

The Company has adopted policies on gender diversity, considering the company practice as consistent

with the criteria of adequate balance with the main objective of ensuring adequate levels of competence and professionalism of its members. At least one third of the Board of Statutory Auditors' members is of the less represented gender.

## **12. Relations with shareholders**

### **Access to information**

IRCE S.p.A. has set up a special section on its own website, easily identifiable and accessible under the heading "Investor Relations" of the menu located at the top of the home page, in which it provides information considered significant for shareholders, so as to allow shareholders to exercise their own rights consciously. The Board of Directors has appointed an *Investor Relations Manager* in the person of Mr Gianfranco Sepriano, phone no. +39-0382-77535, e-mail address: [gianfranco.sepriano@irce-group.com](mailto:gianfranco.sepriano@irce-group.com)

### **Relations with shareholders**

With reference to Recommendation no. 3 of the Code, the Board of Directors adopted, with its resolution of 16 September 2022, the "Policy for managing dialogue with all Shareholders". The aforementioned policy regulates the means of involving and communicating with current and potential Shareholders of the Company, in order to, among other things, enhance the exchange of information and improve the level of reciprocal understanding between investors and the Company by facilitating the stability of the Shareholders' investments and the sustainable success. The complete text of the "Policy for managing dialogue with all Shareholders" can be consulted on the Company's website [www.irce.it](http://www.irce.it).

## **13. Shareholders' Meetings** (pursuant to art. 123-bis, paragraph 2, letter c) of the Consolidated Financial Act)

The functioning of the Shareholders' Meeting is governed by art. 9 to 14 of the company Articles of Association.

The regularly convened Shareholders' Meeting represents all shareholders and its resolutions taken in compliance with the law and the Articles of Association are binding to all shareholders. It can be ordinary or extraordinary according to the law.

Both the ordinary and extraordinary Shareholders' Meeting shall be convened through a relevant notice to be published within the deadlines and with the procedures laid down by the law.

Representation in the Shareholders' Meeting is subject to the law. Shareholders who have sent to the company, at least two working days before the meeting, the communication made by the intermediary in compliance with its accounting entries, in favour of the person entitled to vote, may take part in the Shareholders' Meeting. Each shareholder who is entitled to take part in the Shareholders' Meeting may be represented by another person in compliance with the law, by means of a written proxy or a proxy sent by electronic means when provided by appropriate regulatory provisions and in the manner established therein. In the latter case, the electronic notification of the proxy shall be made through the specific section of the company website according to the procedures specified in the notice of call.

Regulatory provisions shall apply to convening both ordinary and extraordinary Shareholders' Meetings and to the validity of their resolutions.

The Board of Directors takes part in the Shareholders' Meetings and reports on the activity carried out and scheduled and ensures that the shareholders receive adequate information on the relevant issues so that they can take informed decisions.

During the Shareholders' Meeting held to approve the financial statements, the Chair of the Remuneration Committee reported to the shareholders on how the committee performs its functions.

As for the functioning of the Shareholders' Meeting, the Rules for Shareholders' Meetings were approved as required by art. 12.4 of the Corporate Governance Code; this document is available on the company's

website in the Investor relations/corporate governance section.

During the financial year there were no significant changes in the market capitalisation of company shares and in the ownership structure.

During 2022, the shareholders took part in the shareholders' meeting by means of a proxy conferred on the Representative Appointed by the Company pursuant to art.135-undecies, of the Consolidated Financial Act, as allowed by art.106 of Leg. Decree no. 18 of 17 March 2020.

#### **14. Further corporate governance procedures** (pursuant to art. 123-bis, paragraph 2, letter a) of the Consolidated Financial Act)

No Committees in addition to those described in the previous Sections were appointed, while adoption of the Organisational Model in compliance with Italian Legislative Decree 231/2001 is discussed in paragraph three of Section 11.

#### **15. Changes since the end of the reporting period**

No changes have made to the corporate governance structure since the end of the reporting period up to the date of approval of this document.

#### **16. Considerations on the letter of the Chair of the Corporate Governance Committee dated 25 January 2023**

At the meeting of the Board of Directors held on 17 February 2023, the recommendations contained in the letter in question were discussed, which were previously brought to the attention of all the Directors and members of the Board of Statutory Auditors, as requested in the communication sent by the Chairman of the Corporate Governance Committee.

- As regards the dialogue with shareholders and with other relevant stakeholders, as indicated in Recommendation 3 of the Code of self-conduct, the Company's Board of Directors approved on 16 September 2022 the policy for the management of dialogue with all shareholders which envisages the possibility that the dialogue is started at the initiative of investors. The Policy aims to facilitate dialogue with shareholders, potential investors, financial analysts, financial market operators and the business press to favour understanding of the activities undertaken by the Company and by the Group it heads, guaranteeing that the dialogue is inspired by the principles of correctness, transparency and equality in information and guarantees a flow of clear information and news that are complete and up to date and, in any case, conform with the provisions of EU Regulation no. 596/2014 (known as MAR) and with the related implementing provisions on market abuse and the "Procedure for the management of price sensitive information" adopted by the Company. The procedure is available on the website [www.irce.it](http://www.irce.it). During 2022 no requests were received by the Company for dialogue from shareholders and investors. The Board of Directors is also assessing the formalisation of the "policy to promote dialogue with other relevant stakeholders".
- The Committee invited the Companies in which the Chairman is assigned significant operational delegated powers to provide adequate grounds for that in the Report on Corporate Governance. In the specific case, the Board of Directors, in conferring the powers, considered it opportune to attribute wide delegated powers to Filippo Casadio on his appointment since the specific responsibilities and the particular experience he has gained in the business sector are of significant relevance for the purposes of undertaking the company's business and the pursuit of its strategies, also in consideration of the fact that the company has a "concentrated ownership".
- As regards the issue of pre-Board information, on 16 March 2021 the Board approved the

Regulation of the Board of Directors, which was last modified on 17/02/2023, in which are defined, among other things, the terms and means with which the documentation must be made available to the Directors. In addition, the Regulation envisages the possibility that the executive of the Company and those of the Group companies may take part in the meetings of the Board and Committees. During 2022 the Manager responsible for preparing the corporate accounting documents, the Management Control Manager and the Administrative Director took part in all the meetings of the Board of Directors and the Control and Risks Committee. The Board of Directors, in reference to Recommendation no. 11 relating to art. 3 of the Code of self-conduct, approved on 17 February 2023 the Regulations aimed at regulating the work of the sub-committees, such as the Control and Risks Committee, Remuneration Committee and the Related Party Committee.

- As regards the criteria to assess the relevance of a commercial, financial or professional dealing which compromises the independence of a director or auditor pursuant to art. 2, Rec. 7, letter c) of the Code of self-conduct, the Board of Directors, at the meeting held on 17 February 2023, defined as relevant quantitative criteria, economic or professional dealings if they have entailed, considered cumulatively, annual economic recognition over 10% of the annual turnover of the professional studio or association and/or company of which the Director/ Auditor is partner or executive director. As for the qualitative parameters, the commercial/financial or professional dealing is considered relevant when it (i) is strategic for the Company and/or its subsidiaries and/or parent company, (ii) regards strategic consultancy (in favour of the Company and/or its subsidiaries and/or the parent company) and/or the assistance and consultancy is in relation to an operation of strategic importance for the Company and/or its subsidiaries and/or the parent company. With regard to professional relations, should the director/auditor be a partner of a professional studio or of a consulting company, the relevance of the dealing is assessed also with regard to the effect that it might have on the position and role of the Director in the professional studio or consulting company, also regardless of whether the quantitative parameters have been exceeded.
- Transparency of remuneration policies in terms of the weighting of the variable components: The Committee invites companies to include in the remuneration policy of the CEO and the other executive directors an executive summary, in a table form, which shows the composition of the pay package, indicating the characteristics and weighting of the fixed components and the short and long term variable components in regard to the total remuneration, at least with reference to achieving the target for the variable components. This requirement is already envisaged in the Remuneration report prepared by the company;
- Long time horizon in remuneration policies: The Committee invites companies to include in remuneration policies a variable component with a multi-year horizon, in line with the company's strategic objectives and with the pursuit of sustainable success. The remuneration policy adopted by the company and in force for 2022/2024 envisages a variable medium-term component linked to improving the ROCE realised in the current three-year period compared to the previous three years;
- ESG parameters for directors' remuneration: The Committee invites companies which envisage incentive mechanisms for the CEO and other executive directors linked to sustainability goals to provide a clear indication of the specific performance goals to be achieved. The Board, at the meeting held on 17/02/2023. proposed to introduce, as from 2023, as a long-term incentive (LTI) for the variable remuneration of executive directors, a new indicator to monitor the reduction in CO2 per ton of product sold to be calculated as the ratio between the tons of CO2 emitted during the year and the tons of finished products sold in the same period.

Imola, 15 March 2023

**TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE**

<b>SHARE CAPITAL STRUCTURE</b>				
	<b>No. of shares</b>	<b>No. of voting rights</b>	<b>Listed/ Unlisted</b>	<b>Rights and obligations</b>
Ordinary shares	28.128.000	28.128.000	MTA	Each share gives the right to one vote. The rights and obligations of the shareholders are those laid down by articles 2346 et seq. of the Italian Civil Code.

<b>SIGNIFICANT EQUITY INVESTMENTS</b>			
<b>Declaring party</b>	<b>Direct shareholder</b>	<b>% on ordinary capital</b>	<b>% on voting capital</b>
AEQUAFIN S.p.A.	AEQUAFIN S.p.A.	50,027%	50,045%
ANNA MARIA MONGARDI	ANNA MARIA MONGARDI	4,828%	4,828%



**TABLE 2: COMPOSITION OF THE BOARD OF DIRECTORS AT THE END OF THE REPORTING PERIOD**

BOARD OF DIRECTORS													
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List (submitters) **	List (M/m) **	Executive	Non-executive	Independent as per the Code	Independent as per the Consolidated Financial Act	No. of other offices ****	Equity investments *****
Chairman .	Filippo Casadio	1948	1987	28/04/2022	2024	Shareholders	M	X				0	8/8
Director	Francesco Gandolfi Colleoni	1947	1990	28/04/2022	2024	Shareholders	M	X				0	8/8
Director	Gianfranco Sepriano	1946	1990	28/04/2022	2024	Shareholders	M		X			0	8/8
Director	Orfeo Dallago	1964	2009	28/04/2022	2024	Shareholders	M		X			0	8/8
Director	Francesca Pischredda	1975	2013	28/04/2022	2024	Shareholders	M		X			0	8/8
Director °	Gigliola Di Chiara	1968	2016	28/04/2022	2024	Shareholders	M			X	X	1	8/8
Director	Claudia Peri	1977	2022	28/04/2022	2024	Shareholders	M			X	X	0	6/8
<b>DIRECTORS WHOSE OFFICE ENDED DURING THE YEAR</b>													
<b>Number of meetings held during the year:</b>												<b>8</b>	

Quorum for presenting lists by non-controlling interests for the election of one or more members (pursuant to art. 147-ter Cons. Fin. Act): 2.5%

## NOTES

\* By first date of nomination of each director we mean the date on which such director was nominated for the first time (ever) in the Issuer's Board of Directors.

\*\* This column indicates if the list from which each director was selected was submitted by shareholders (Shareholders) or by the BoD (BoD).

\*\*\* This column indicates if the list from which each director was selected was a majority list (M) or a minority list (m) .

\*\*\*\* This column indicates the number of offices held as director or statutory auditor at other listed companies or companies of significant sizes. In the Corporate Governance Report, offices are listed in full.

\*\*\*\*\* This column indicates the Directors' attendance at BoD's meetings.

. Director responsible for the internal control and risk management system

**TABLE 3: COMPOSITION OF THE BOARD COMMITTEES AT THE END OF THE REPORTING PERIOD**

BoD		Related-party Transaction Committee		Control and Risks Committee		Remuneration Committee	
Office/Role	Members	(*)	(**)	(*)	(**)	(*)	(**)
<b>BoD chairman, executive director – non-independent</b>	Filippo Casadio						
<b>Executive director – non-independent</b>	Francesco Gandolfi Colleoni						
<b>Non-executive director – non-independent</b>	Gianfranco Sepriano			6/6	M	1/1	M
<b>Non-executive director – non-independent</b>	Orfeo Dallago						
<b>Non-executive director – independent</b>	Francesca Pischedda	5/5	C				
<b>Non-executive director – independent</b>	Gigliola Di Chiara	5/5	M	6/6	C	1/1	C
<b>Non-executive director – independent</b>	Claudia Peri	3/5	M	3/6	M	0/1	M
<b>DIRECTORS WHOSE OFFICE ENDED DURING THE YEAR</b>							
<b>MEMBERS OTHER THAN DIRECTORS, IF ANY</b>							
<b>Number of meetings held during the year:</b>							
		<b>5</b>		<b>6</b>		<b>1</b>	

## NOTES

(\*) Directors' attendance at Committees' meetings.

(\*) Director's role within the Committee (C, M).

**TABLE 4: COMPOSITION OF THE BOARD OF STATUTORY AUDITORS AT THE END OF THE REPORTING PERIOD**

BOARD OF STATUTORY AUDITORS									
Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until	List (M/m) (**)	Independent as per the Code	Board meetings attended (***)	No. of other offices (****)
<b>Chairman</b>	Fabio Senese	1961	2014	30/06/2020	2022	M	X	7/7	8
<b>Standing Statutory</b>	Donatella Vitanza	1966	2014	30/06/2020	2022	M	X	7/7	11
<b>Standing Statutory</b>	Adalberto Costantini	1965	2011	30/06/2020	2022	M	X	7/7	12
<b>Alternate Statutory</b>	Gianfranco Zappi	1938	2014	30/06/2020	2022	M	X	0	9
<b>Alternate Statutory</b>	Claudia Maresca	1982	2014	30/06/2020	2022	M	X	0	3
<b>STATUTORY AUDITORS WHOSE OFFICE ENDED DURING THE YEAR</b>									
-									
<b>Number of meetings held during the year:</b> 7									
<b>Quorum for presenting lists by non-controlling interests for the election of one or more members (pursuant to art. 148-ter Cons. Fin. Act): 2.5%</b>									

## NOTES:

(\*) By date of first nomination of each statutory auditor we mean the date on which the statutory auditor was nominated for the first time (ever) in the Issuer's Board of Statutory Auditors.

(\*\*) This column indicates the list from which each statutory auditor was selected (M: majority list; m: minority list).

(\*\*\*) This column indicates the attendance of the statutory auditors at the meetings of the Board of Statutory Auditors (indicate the number of meetings they attended compared with the overall number of meetings they should have attended; e.g. 6/8 etc.).

(\*\*\*\*) This column indicates the number of offices held as director or statutory auditor by the person concerned in compliance with art. 148-bis of the Consolidated Financial Act and the relevant implementation provisions contained in the Consob Issuers' Regulations.

The complete list of offices is published by Consob on its own website in compliance with art. 144-quinquiesdecies of Consob Issuers' Regulations.

Those holding office as members of the control body of only one Issuer are excluded from such disclosure obligation.

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