

Prysmian S.p.A.

# Corporate Governance Regulation



Approved by the Board of Directors on February 3<sup>rd</sup>, 2021

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## 1. Subject and purpose of the Regulation

- (a) This Corporate Governance Regulation (the “**Regulation**”) adopted by the Board of Directors of Prysmian S.p.A. (“**Prysmian**” or the “**Company**”) defines the duties and operational methods of the Board of Directors and committees it establishes, as well as any duties of the Chairman, the CEO and the Secretary. The Regulation also ensures adoption of the principles and recommendations of the Corporate Governance Code relative to the Board of Statutory Auditors.
- (b) The Regulation is aimed at guaranteeing observation of applicable provisions of law and by-laws, in addition, as far as possible, to the principles and recommendations of the Corporate Governance Code, to which the Company adheres.
- (c) The Board of Directors may resolve to waive application of one or more provisions of the Regulation, on the basis of specific circumstances and assessments, providing appropriate explanation in the Report on Corporate Governance.

## 2. Definitions

- (a) “**Shareholders’ Meeting**”: refers to the Shareholders’ Meeting of the Company.
- (b) “**Corporate Governance Code**” or “**Code**”: refers to the Corporate Governance Code approved by the Corporate Governance Committee established by Borsa Italiana S.p.A. and other industry associations, in its most recent version.
- (c) “**CEO**”: refers to the Company’s Chief Executive Officer, i.e. the primary role in management of the Company.
- (d) “**Board of Statutory Auditors**”: refers to the Company’s auditing body.
- (e) “**Board of Directors**”: refers to the Company’s management board.
- (f) “**Managers**”: refers to the senior managers of the Company or the Group that are not part of Top Management.
- (g) “**Group**”: refers to the Company and its subsidiaries as included within the scope of consolidated reporting.
- (h) “**Law**”: refers to any provision (legal or regulatory, national or international) or consolidated case-law guidelines as applicable in each case to the areas and activities dealt with in the Regulation.
- (i) “**Chairman**”: refers to the Chairman of the Company’s Board of Directors.
- (j) “**Prysmian**” or the “**Company**”: refers to Prysmian S.p.A.
- (k) “**Regulation**”: refers to this Corporate Governance Regulation adopted by the Company’s Board of Directors.
- (l) “**Internal Audit Manager**”: refers to the individual at the head of the organisational structure containing the Group Internal Audit Function, corresponding at the date of approval of the Regulation with the Company's Chief Audit & Compliance Officer.
- (m) “**Secretary**”: refers to the Secretary of the Company’s Board of Directors.
- (n) “**By-laws**”: refers to the currently applicable By-laws of Prysmian.
- (o) “**Top Management**”: refers to managers with powers and responsibility for planning, management and auditing of Company and Group business, including the Company’s executive directors.

### **3. Board of Directors**

#### **3.1 Duties**

- (a) The Board of Directors is charged with management of the Company, in compliance with the by-laws and the law.
- (b) The Board of Directors pursues the company's interests, with the aim of generating value in the long term to the benefit of shareholders, as well as considering the interests of the other stakeholders that are significant for the Company.
- (c) The members of the Board of Directors act and resolve with full knowledge of the facts and autonomous judgement, independent from the company shareholders that voted for them or the list from which they were drawn during appointment under the terms of the by-laws.
- (d) The Board of Directors is responsible, in addition to other matters laid out by law and the by-laws, for the following:
  - (i) definition of the strategies of the Company and the Group, as well as monitoring implementation,
  - (ii) definition of the corporate governance system that best serves performance of business activities and pursuit of the strategies of the Company and the Group, formulating proposals to the Shareholders' Meeting in this regard where applicable,
  - (iii) definition and delegation of administrative powers and identification of which of the executive directors shall hold the position of CEO,
  - (iv) where applicable, approval or examination of the business plan of the Company and the Group, with possible support from a committee appointed to analyse key topics for generation of value in the long term,
  - (v) periodic verification of the implementation of the business plan (as applicable) and assessment of the general performance of management, periodically comparing results achieved with targets set,
  - (vi) definition of the nature and level of risk compatible with the strategic objectives of the Company, including in its assessments all elements that may be significant in the context of generating value in the long term to the benefit of shareholders, taking into account the interests of the other stakeholders that are significant for the Company,

- (vii) the definition of the Company's corporate governance system and the Group structure, as well as assessment of the adequacy of the organisational, administrative and accounting system of the Company and subsidiaries with strategic importance (as identified in each instance by the Financial Reporting Manager(s), in agreement with the CFO, on the basis of the criteria established by the Board of Directors), with particular reference to the internal control and risk management system,
- (viii) resolutions regarding operations of the Company and its subsidiaries that have strategic, economic, equity or financial significance for the Company itself, to be identified according to the criteria defined in each instance by the Board of Directors,
- (ix) promotion, in the most appropriate forms, of dialogue with shareholders and other stakeholders that are significant for the Company,
- (x) adoption of regulations, procedures and internal policies considered necessary or advisable for management of the business or in observance of the law or alignment with the Code, including but not limited to: (A) a regulation that defines operational rules for the Board of Directors and its committees; (B) a procedure for the internal management and external communication of inside information pursuant to law; (C) a policy, adopted on proposal of the Chairman, prepared in agreement with the CEO, for the management of dialogue with shareholders collectively, also considering the engagement policies adopted by institutional investors and asset managers,
- (xi) definition, at least at the start of the appointment period, of quantitative and qualitative criteria for assessment of the level of significance of commercial, financial or professional relationships, as well as remuneration, which pursuant to the Code, may compromise the independence of a director,
- (xii) assessment of the independence, also according to the recommendations of the Code, of each non-executive director, immediately after appointment and during the course of the appointment in the event of significant circumstances relative to independence and, in any case, at least annually,
- (xiii) expression of guidelines regarding the maximum number of positions of directors on the boards of directors or boards of auditors of other listed companies or companies of a significant size that can be considered compatible with effective performance of

the position of director of the Company, considering the commitment deriving from the role held,

- (xiv) identification of diversity criteria for the composition of the Board of Directors and the Board of Statutory Auditors, as well as identification, also taking into account the ownership structures of the Company, of the most suitable tool for their application,
- (xv) adoption of measures aimed at promoting equal treatment and equal opportunities in terms of gender within the corporate structure, monitoring their actual application,
- (xvi) suitable internal division assignment of functions and establishment of board committees with procedural, advisory and propositional functions, as laid out in Article 4 below,
- (xvii) on proposal of the Chairman, appointment and withdrawal of the Secretary,
- (xviii) where applicable, determination of the budgets of the committees established by the Board of Directors and of the Secretary, as well as criteria for their use, according to the indications of paragraphs 3.5(g) and 4.1(d) below,
- (xix) definition of succession plans for the CEO, the other executive directors and Top Management, as well as verification of the existence of adequate procedures for the succession of Managers,
- (xx) periodic assessment of the efficacy of its activities and the contribution of its individual components, according to the contents of article 3.7 below,
- (xxi) regarding remuneration:
  - (1) preparation and approval of a policy for the remuneration of directors, members of the Board of Statutory Auditors Top Management and Managers, that supports the generation of value in the long term for shareholders, considering the interests of other stakeholders that are significant for the Company, and considering the need to have, hold onto and motivate individuals with the expertise and professional skills required by the role they hold within the Company. In preparation of the policy, the Board of Directors takes into account common remuneration practices in the sectors which Prysmian operates in and for companies of equivalent dimensions, also

- considering comparable foreign experience, engaging an independent consultant where appropriate,
- (2) monitoring of implementation and observance of the remuneration policy, ensuring in particular that remuneration issued and accrued is aligned with the principles and criteria defined in the policy, in light of the results achieved and other factors significant to its application,
  - (3) preparation and approval or presentation to the Shareholders' Meeting of remuneration plans based on financial or monetary instruments, with a short- or long-term scope, for directors, Top Management, Managers and other Group employees,
- (xxii) regarding the internal control and risk management system:
- (1) definition of guidelines for the internal control and risk management system in line with Company strategies,
  - (2) assessment, at least annually, of adequacy relative to the characteristics of the business and the risk profile adopted, and efficacy,
  - (3) definition of principles regarding coordination and information streams between different parties involved in the internal control and risk management system, in order to maximise efficiency of the system, reducing overlap of activities and guaranteeing effective performance of the duties assigned to the Board of Statutory Auditors,
  - (4) appointment and withdrawal of the Internal Audit Manager, along with definition of his/her duties, in line with the Code, and his/her remuneration in line with company policies, as well as assignment to the former of adequate resources for performance of the relevant duties,
  - (5) approval, at least annually, of the work plan prepared by the Internal Audit Manager,
  - (6) assessment of the opportunity to adopt measures to guarantee the efficacy and impartiality of judgement of corporate functions involved in the control and risk management system (separate from internal audit), verifying that they are equipped with sufficient professional expertise and resources,
  - (7) assignment to the Board of Statutory Auditors or a specially established body of supervisory functions,

pursuant to Art. 6, paragraph 1, letter b) of Italian Legislative Decree no. 231/2001. If this body is not the same as the auditing body, the management board assesses the option to appoint within the body at least one non-executive director and/or a member of the auditing body and/or the head of legal or auditing functions of the company, to ensure coordination between the various parties involved in the internal control and risk management system,

- (8) assessment, having consulted the Board of Statutory Auditors, of the results presented by the independent auditors in the letter of suggestions (where present) and in the additional report to the auditing body,
- (9) description, in the report on corporate governance, of the primary characteristics of the internal control and risk management system, based on the COSO framework, international standards for the professional practice of internal auditing, and ISO 31000 for risk management and in implementation of the provisions of the Corporate Governance Code, as well as the methods of coordination between parties involved therein, the proper overall evaluation of adequacy of the system itself and the choices made regarding composition of the supervisory board described in point (7) above.

## **3.2 Chairman**

### *3.2.1 Duties*

In addition to the powers that may be assigned by the Board of Directors, the Chairman, with support of the Secretary, performs the following activities:

- (a) ensures the correct and effective performance of board activities,
- (b) acts as a bridge between executive directors and non-executive directors,
- (c) defines, following consultation with the CEO, the proposed calendar for board meetings,
- (d) calls board meetings, setting the date and time, as well as the location, the agenda (on agreement with the CEO) and the methods for participation in the meeting, as well as any involvement of parties from outside the Board of Directors,
- (e) ensures the availability of documentation reasonably required to guarantee that the directors are sufficiently informed of the matters on the

agenda, allowing directors to act in an informed way in the performance of their role,

- (f) ensures that the activities of board committees with procedural, advisory and propositional functions are aligned with the activities of the Board of Directors, having the power, for example, to request and exchange information with the chairmen of the committees, as well as with the corporate structures in charge, view the opinions and proposals of committees prior to the board meetings, and be informed in advance of the calendar of committee meetings,
- (g) ensure, on agreement with the CEO, that Group managers, heads of corporate functions for the relevant area, are involved in committee meetings, also on request of individual directors, to provide appropriate detailed analysis of items on the agenda,
- (h) organises induction sessions for members of the Board of Directors and/or of the Board of Statutory Auditors, at the start of and where necessary also during the appointment, aimed at providing them with adequate knowledge of the sectors of business in which the Company operates, corporate dynamics and their development in the context of generating value in the long term, as well as relative to principles of correct risk management, of law and of the Code,
- (i) ensures the adequacy and transparency of the self-assessment process of the management body, with support of the nominations committee,
- (j) formulates, on agreement with the CEO, proposals for adoption or changes to a policy for the management of dialogue with shareholders collectively, as well as with institutional investors and asset managers, also considering the engagement policies adopted by the latter,
- (k) in the context of organisation of board activities, ensures that the Board of Directors is informed, by the first available meeting, on the development and any significant content of exchanges with the parties indicated in the previous point,
- (l) manages minutes and written records of board activities.

### 3.2.2 *Independence*

- (a) The Chairman is considered independent only in the absence of any of the facts that, under the terms of the Code, compromise the independence of a director.
- (b) If a Chairman considered as independent participates in a committee recommended by the Code, the majority of the members of the committee shall be other independent directors.

- (c) A Chairman considered independent does not preside over the remuneration committee and the control and risk committee.
- (d) A Chairman to whom powers are delegated is an executive director and cannot be considered independent.

### **3.3 CEO**

- (a) The CEO is appointed by the Board of Directors pursuant to the law and by-laws and represents the executive director in the primary role in management of the Company.
- (b) The powers of the CEO are defined by the Board of Directors, and these include the following duties regarding the control and risk management system:
  - (i) identification of the main company risks, taking into account the characteristics of the activities performed by the Company and its subsidiaries, and the periodic presentation of these to the Board of Directors,
  - (ii) implementation of the guidelines defined by the Board of Directors, ensuring the planning, application and management of the internal control and risk management system and constantly verifying its adequacy and efficacy, as well as ensuring adaptation to the dynamics of operating conditions and the legal context,
  - (iii) assignment to the internal audit function, where applicable, of performance of checks on specific operating areas and observance of internal rules and procedures in execution of company operations, with parallel notification to the Chairman, the chairman of the control and risk committee and the chairman of the Board of Statutory Auditors,
  - (iv) prompt notification to the control and risk committee regarding problems and critical issues that arise in performance of his/her own activities or which he/she has been informed of, so that the committee can take the appropriate measures.

### **3.4 Lead independent director and independent directors**

- (a) The Board of Directors may appoint a lead independent director. This appointment is necessary when the situations described in the Code arise or where there is a request in this regard from the majority of independent directors.
- (b) The lead independent director:

- (i) represents a point of reference and coordination for requests and contributions of non-executive directors and, in particular, independent directors,
  - (ii) coordinates, with support of the Secretary, meetings of independent directors only, for example, defining the calendar and agenda, as well as coordinating business.
- (c) The independent directors meet, in the absence of the other directors, periodically and at least once a year for the approval of the draft annual financial report, to assess the matters considered to be of interest operationally for the Board of Directors and management of the company. Where a lead independent director has not been appointed, the activity described in the previous point is performed by the Chairman, if independent, or by the independent director with the more senior role.

### **3.5 Secretary**

- (a) The Secretary is appointed by the Board of Directors on proposal of the Chairman and remains in office until withdrawal of the appointment by the Board of Directors or resignation.
- (b) In the event of absence or inability to participate in a meeting of the Secretary, the Board of Directors may appoint another secretary for the meeting in question, chosen from among the members of the Board of Directors and also in derogation from the provisions of Paragraph (c) below.
- (c) The Secretary must be a party with at least five years of experience in the legal field, with particular reference to corporate governance and/or corporate secretarial activities of listed companies.
- (d) The secretary supports the activities of the Chairman, particularly regarding the activities indicated in the previous article 3.2.1(c)–(l).
- (e) Generally speaking, the Secretary provides impartial assistance and consultation to the Board of Directors regarding all aspects that are significant for the correct functioning of the corporate governance system, pursuant to law, the by-laws and this Regulation.
- (f) For the performance of the functions laid out in the Regulation, the Secretary reports to the Chairman.
- (g) In performance of his/her role, where necessary, the Secretary has a specific structure or, in any case, adequate resources, as defined by the Board of Directors. Furthermore, the Secretary has access to the corporate information and functions required for performance of his/her duties, has

financial resources and uses external consultants, within the terms established by the Board of Directors.

### **3.6 Carrying out the work by the Board of Directors**

- (a) The calendar of board meetings is defined by the Board of Directors on proposal of the Chairman, having consulted the CEO. In any case, the meetings of the Board of Directors, including those not included in the calendar, all called by the Chairman, having consulted the CEO, in line with the law and by-laws.
- (b) Before each meeting, the Secretary, or the corporate secretary's office, provides directors and statutory auditors with the documentation reasonably required to provide adequate information on the items on the agenda. This documentation, as prepared by the relevant corporate functions, is made available by the Secretary as soon as it is accessible and at least two calendar days prior to the date of the meeting, except in cases of urgent calls. This documentation is made available by sharing on an IT platform with reserved access that guarantees adequate safeguarding of the confidentiality of data and information. If imposed by any particular confidentiality requirements, the information may be provided within a shorter time frame or during the meeting and may be made using different methods from those indicated above (e.g. making information available in paper format during the meeting).
- (c) The information provided under the terms of the previous paragraph is subject to confidentiality obligations applicable to directors and statutory auditors, just as all information accessed by them on the basis of their role is generally considered confidential.
- (d) During each meeting:
  - (i) the Chairman ensures that business is conducted in an ordered fashion, observing the agenda or altering the agenda and specifying the reasons for this to the directors, that the opportunity is given for adequate presentation of proposals, as well as posing of questions and requests for clarifications or further information in a reasonable and useful manner, that replies are adequately provided, and that there is the opportunity to actively participate in discussions. All of the above is ensured whilst retaining adequate time to deal with every item on the agenda,
  - (ii) the directors called to present a proposal shall ensure that adequate information is provided and must be ready to respond to the questions of the other directors,

- (iii) each director shall participate proactively, reserve adequate time for the performance of board activities, promptly declare any interests held directly or held by third parties regarding any item on the agenda, pursuant to law, as well as any relationships pursuant to the regulation on related-party transactions. Every director may request, during a meeting, that additional information be provided beyond the pre-meeting information provided or that provided during the meeting, so that their actions are fully informed.
- (e) Proposed resolutions formulated and resolutions passed during the meeting are officially recorded in minutes written in a special book, along with a summary of any discussions that took place. The minutes are signed by whoever chaired the meeting and by whoever performed the role of secretary. These minutes are submitted to directors for any comments, before being filed. They are stored by the Secretary's Office of the Board of Directors and remain available for consultation on request of any of the directors or statutory auditors, or other supervisory board. The Chairman or the secretary may issue statements regarding the resolutions passed in meetings of the Board of Directors when the minutes of these meetings have not yet been filed.

### **3.7 Self-assessment and guidelines on qualitative and quantitative composition of the Board of Directors**

#### *3.7.1 Self-assessment process*

- (a) Each year, the Board of Directors performs a self-assessment process regarding, in particular, the size, composition and actual operations of the Board of Directors and its committees, also considering the role that it has played in definition of strategies and monitoring the performance of management and adequacy of the internal control and risk management system.
- (b) When performed according to internal procedures and without the support of external consultants, the self-assessment activity is performed according to the methods indicated in point (e) below, with the Board of Directors overseeing implementation.
- (c) The Board of Directors is supported, in this activity and in definition of related procedures, by the nominations committee.
- (d) The Board of Directors assesses the opportunity to engage an external consultant for the self-assessment process at least once during the three-year appointment period.

- (e) The self-assessment, when performed according to the methods indicated under point (b) and unless otherwise established by the Board, may be performed through:
  - (1) sending to each director of a questionnaire containing several questions requiring them to provide an opinion on the size, composition and operation of the Board of Directors and its committees, with the option to provide suggestions or proposals for actions,
  - (2) sending of the completed questionnaires to the Secretary, who drafts a document summarising the opinions and suggestions provided, in a collective and anonymous format,
  - (3) submission of this summary document for analysis, first by the nominations committee, allowing them to take it into account in performance of their duties and formulate comments or suggestions in this regard for the Board of Directors, and then to the latter for the appropriate assessments and decisions.

*3.7.2 Guidelines on qualitative and quantitative composition of the Board of Directors*

- (a) On renewal of the entire management body, the exiting Board of Directors publishes a document containing its own guidelines on the qualitative and quantitative composition considered optimal for the incoming Board of Directors, considering the findings of the self-assessment described in the previous article 3.7.1. Specifically, these guidelines identify the managerial and professional profiles and expertise considered necessary, also on the basis of the sectors in which the Company operates, observing the diversity criteria identified by the Board of Directors, as well as guidelines expressed on the maximum number of roles.
- (b) These guidelines are published on the Company website a suitable period of time prior to publication of the call for the shareholders' meeting to renew the Board of Directors.
- (c) The Board of Directors, within the call notice indicated under point (b) above, requests that any party submitting a list containing a number of candidates that is greater than half of the directors to be elected, to provide adequate information, in the documentation presented for submission of the list, regarding correspondence of the list to the guidelines under point (a) above, also with reference to observance of the diversity criteria, and to indicate their candidate for the role of Chairman, the appointment of which is made via the methods identified in the by-laws.

## 4. Internal committees of the Board of Directors

### 4.1 Establishment

- (a) According to the recommendations of the Code, the Board of Directors establishes committees within it with procedural, advisory and propositional functions, regarding appointments, remuneration and control and risks. The Board of Directors may consider establishment of one or more committees, again with procedural, advisory and propositional functions, for other matters, e.g. regarding related-party transactions or corporate social responsibility, of a permanent or temporary nature, and it may also assign further duties to the committees established in line with the Code, in addition to those defined by the Code. The duties regarding nominations and remuneration may be incorporated in a single committee, and in this case the stricter composition requirements apply.
- (b) The Board of Directors defines the duties of committees, prioritising the expertise and experience of the respective members and, while it remains possible for a director to be a member of multiple committees, avoiding excessive concentration of roles.
- (c) The committees are composed of at least three directors. The members of committees remain in office for the entire duration of their appointment as director, although the Board of Directors retains the power to change the composition of committees at any time.
- (d) The Board of Directors may establish an annual budget for one or more committees, in relation to any external consulting that may be required, while it remains the case that the relative roles are agreed by the committee having consulted with the relevant corporate structures and are formally assigned by the Company in the interests of the committee. Where applicable, the Board of Directors, the committee and the responsible corporate structures may define specific rules for transmission of information, in order to guarantee the confidentiality of the activities of external consultants and/or the committee.

### 4.2 Operational methods of committees

- (a) Each committee is coordinated by a chairman, appointed by the Board of Directors on establishment of the committee or by the committee itself by majority decision of its members. The chairman, with the support of the secretary of the committee, performs the following functions:
  - (i) sets the calendar of committee meetings and, in any case, calls meetings of the committee whenever this is deemed appropriate, or requested by the majority of members of the committee or the Chairman of the Board of Directors, setting the date and time,

- as well as the location for the call and defining the items on the agenda,
- (ii) ensures the availability of documentation reasonably required to guarantee that the committee members are sufficiently informed of the matters on the agenda, allowing them to act in an informed way in the performance of their role on the committee. For this purpose, the chairman of the committee has access to functions and corporate data in order to acquire the information reasonably necessary for the performance of his/her duties, as well as for fulfilment of the functions assigned to the committee,
  - (iii) may invite the Chairman, CEO, other directors and, having informed the CEO, members of responsible corporate functions for the relevant area or consultants of the Company or committee, to individual meetings,
  - (iv) informs the Board of Directors of the activities performed by the committee at the first available meeting.
- (b) In the event of inability of the appointed chairman to participate in the committee, the meeting is chaired by the most senior member present at the meeting.
  - (c) The committee chairman is assisted by the committee secretary, designated by the committee itself by majority decision from members of the responsible corporate structures for the relevant area, or in the event of absence or inability of the secretary to participate, by the party designated in replacement by whoever is chairing the meeting.
  - (d) The call notice for the committee meeting must indicate the matters to be discussed during the meeting, the date, the time and the meeting location. The call notice may establish that for the specific meeting participation is also possible via telecommunications, using methods that allow identification of all participants and allow them to follow discussions and interact in real time in the dialogue.
  - (e) The documentation described in paragraph (a)(ii) is made available to the committee at least 2 calendar days prior to the date of the meeting. This documentation is made available by sharing on an IT platform with reserved access that guarantees adequate safeguarding of the confidentiality of data and information. If imposed by any particular confidentiality requirements, the information may be provided within a shorter time frame or during the meeting and may be made using different methods from those indicated above (e.g. making information available in paper format during the meeting).

- (f) Meetings of each committee are properly established if the majority of members are present and resolutions are passed if approved by the majority of those present. In the event of equal votes, the vote of the committee chairman prevails.
- (g) Committee meetings take place according to the rules indicated in the previous paragraph 3.6(d) *mutatis mutandis*.
- (h) Without prejudice to the indications of the subsequent article 5.3, members of the Board of Statutory Auditors may participate in meetings of each committee and the parties indicated in the previous paragraph (a)(iii) may also be called to participate for specific items on the agenda.
- (i) For the decisions reached by each committee, under the responsibility of the party indicated under point (b) above, a summary report is compiled, recording amongst other aspects the reasons for any disapproval expressed by members of the committee. These reports are stored by the secretary of the committee for the purposes of possible consultation by members of the committee, as well as by the other directors and statutory auditors.
- (j) The members of a committee, apart from the chairman of the committee itself, do not have access to corporate structures in order to acquire information but may formulate requests to the chairman of the committee in the context of a meeting, in order to acquire the information reasonably considered necessary for performance of their duties.
- (k) The committees meet, in any case, prior to each meeting of the Board of Directors where the agenda involves matters within the remit of the committee's duties or where it is necessary that the committee provide an opinion or formulate a proposal. If, for whatever reason, in the above cases, at least three meetings of the committee are abandoned before the meeting of the Board of Directors, the latter may decide in any case to resolve on the matters for which a proposal or opinion of the committee was requested.

#### **4.3 Nominations committee**

- (a) The Board of Directors establishes a nominations committee to support the board itself with reference, amongst other matters, to the following activities:
  - (i) the self-assessment process of the Board of Directors and its committees,
  - (ii) definition of criteria and recommendations for optimal composition of the Board of Directors and its committees, including

- criteria on diversity and guidelines on the maximum number of roles of directors,
- (iii) identification of candidates for the role of director in the event of co-opting pursuant to law,
  - (iv) presentation of a list by the exiting Board of Directors, to be implemented according to the procedures and board skills matrix adopted in this regard by the Company,
  - (v) preparation, updating and implementation of the plan for succession of the CEO, of other executive directors and of Top Management,
  - (vi) formulation of opinions supporting self-assessment by the board of specific problems in the presence of a general and preventive authorisation of derogations to non-competition provisions pursuant to Art. 2390 of the Italian Civil Code.
- (b) The nominations committee is composed by majority of independent directors.
- (c) Without prejudice to the indications of the previous paragraphs 4.2(a)(i) and 4.2(k), the nominations committee meets at least once per year.

#### **4.4 Remuneration committee**

- (a) The Board of Directors establishes a remuneration committee to support the board itself with reference, amongst other matters, to the following activities:
- (i) support to the Board of Directors in preparation of the remuneration policy,
  - (ii) assessment and formulation of any proposals to the Board of Directors regarding share incentive plans, stock options, broad share ownership and similar plans for incentivisation and increasing loyalty of management and employees of the Group, also with reference to suitability to pursue the goals of these plans, the methods of actual implementation of them by members of the corporate bodies and any changes or additions to them,
  - (iii) formulation of proposals or provision of opinions to the Board of Directors, in the absence of those directly involved, on the remuneration of executive directors, directors with specific roles and Top Management, and, on instruction of the Chairman and the CEO, for the definition of criteria for remuneration of Managers, according to methods appropriate to attract, maintain and motivate individuals with a suitable level of experience for the

requirements of the Company and in line with the remuneration policy. The committee may also formulate proposals and provide opinions on the portion of remuneration of executive directors, directors with specific roles and Top Management previously indicated by the Board of Directors linked to economic results achieved by the Company and by the Group and/or, where applicable, to achievement of specific targets previously identified by the Board of Directors, as well as on setting these performance targets. In such cases, the criteria for definition of the amounts of remuneration are set year by year in relation to the strategic objectives identified by the Board of Directors in each instance,

- (iv) monitoring of the correct application of the remuneration policy and verification, in particular, of the effective achievement of performance targets,
  - (v) periodic assessment of the adequacy and overall coherence of the policy for remuneration of directors, Top Management and Managers,
  - (vi) if identified by the Board of Directors as the committee responsible for certain functions defined by applicable regulations governing related-party transactions, provision of initial opinions for approval by the responsible body of specific related-party transactions that fall within the scope of remuneration.
- (b) The remuneration committee is composed only of non-executive directors, the majority of whom are independent, and is chaired by an independent director.
  - (c) At least one member of the remuneration committee shall possess suitable knowledge and experience in finance or remuneration policy, to be assessed by the management body at the time of appointment.
  - (d) No director shall take part in meetings of the remuneration committee where proposals regarding his/her own remuneration are formulated.
  - (e) Without prejudice to the indications of the previous paragraphs 4.2(a)(i) and 4.2(k), the remuneration committee meets at least once per year.

#### **4.5 Control and risk committee**

- (a) The Board of Directors establishes a control and risk committee that has propositional and advisory functions for the Board itself, supporting with appropriate procedural activity decisions regarding the internal control and risk management system, as well as those regarding approval of periodic financial reporting.

- (b) The control and risk committee supports the Board, through performance of the following activities (amongst others):
- (i) provision of initial, non-binding opinions on specific aspects of the identification of the main company risks and support in assessments and decisions of the Board of Directors regarding management of risks deriving from adverse facts which the latter has become aware of,
  - (ii) provision of initial, non-binding opinions with reference to the matters described in the previous paragraph 3.1(d)(xxii),
  - (iii) assessment, having consulted the financial reporting manager, independent auditors and auditing body, of the correct use of accounting principles and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements,
  - (iv) assessment of the suitability of periodic reporting, both financial and non-financial, in correct representation of the business model, Company strategies, the impact of its activities and its performance,
  - (v) analysis of the contents of non-financial periodic reporting relevant for the internal control and risk management system,
  - (vi) analysis of the annual Audit Plan, analysis of periodic reports and those of particular relevance prepared by the internal audit function,
  - (vii) monitoring of the independence, adequacy, effectiveness and efficiency of the internal audit function,
  - (viii) assignment to the internal audit function, where appropriate, of the performance of check on specific operational areas, notifying the Chairman and the Board of Statutory Auditors,
  - (ix) provision of opinions on the proposals formulated by the Director in charge of the internal control and risk management system in agreement with the Chairman, to the Board of Directors, (a) regarding the appointment, withdrawal and remuneration of the Internal Audit Manager, in line with the remuneration policies of the Company and (b) aimed at ensuring that this individual equipped with suitable resources for the performance of his/her duties,
  - (x) provision of opinions of the Board of Directors on assessment (a) of the management of risks also in the medium and long term, in order that the main risks - including, through co-ordination

with the sustainability committee, risks that are of significance in the context of sustainability, also for the purposes of preparing the non-financial disclosure - regarding the Company and its subsidiaries are correctly identified, as well as being appropriately measured, managed and monitored and (b) of the definition of the degree of compatibility of these risks with management that is coherent with the strategic objectives identified,

- (xi) updating the Board of Directors, at least on approval of the annual and half-year financial report, on the activities and suitability of the internal control and risk management system,
  - (xii) if identified by the Board of Directors as the committee responsible for certain functions defined by applicable regulations governing related-party transactions, provision of initial opinions for approval by the responsible body of specific related-party transactions performed by the Company or by its subsidiaries, with related parties, pursuant to the regulation governing related-party transactions adopted by the Company,
  - (xiii) provision of opinions to the Board of Directors on assessment of the results presented by the independent auditors in the letter of suggestions (where present) and in the report on the key points that emerged during independent auditing,
  - (xiv) meetings with the Supervisory Board, together with the Board of Statutory Auditors, for analysis of the half-year report of the Supervisory Board itself,
  - (xv) monitoring of the observance of the Code of Ethics adopted by the Company.
- (c) The Committee receives periodic reports from the Internal Audit Manager containing adequate information on his/her activities, the methods with which risk management is conducted and observance of the plans defined for risk mitigation. These reports contain an assessment of the suitability of the internal control and risk management system.
- (d) On a three-monthly basis, the committee receives the relevant information from the Internal Audit, Risk Management and Compliance control functions regarding checks performed and any weaknesses or critical issues or anomalies identified.
- (e) The control and risk committee is composed only of non-executive directors, the majority of whom are independent, and is chaired by an independent director.

- (f) The control and risk committee is equipped, as a collective body, with sufficient expertise in the sector of activity in which the Company operates, which serves for the assessment of relevant risks. At least one member of the committee has appropriate knowledge and experience in accounting and finance or risk management.
- (g) Without prejudice to the indications of the previous paragraphs 4.2(a)(i) and 4.2(k), the control and risk committee meets at least on a three-monthly basis, allowing sufficient time for the preparation and approval by the Board of Directors of the accounts prepared for disclosure to the market.

#### **4.6 Sustainability committee**

- (a) The Board of Directors has established a sustainability committee with the task of supervising sustainability matters associated with business activities and the dynamics of its interactions with all stakeholders. In particular, the sustainability committee deals with:
  - (i) the promotion of guidelines to be submitted to the Board of Directors that integrate sustainability in business processes in order to ensure the creation of sustainable value over time for shareholders and all other stakeholders,
  - (ii) the diffusion of the culture of sustainability among employees, shareholders, customers and, in general, stakeholders,
  - (iii) the assessment of the environmental, economic and social impacts deriving from business activities,
  - (iv) provide opinions on the annual and long-term sustainability objectives to be achieved with specific reference to the management of associated medium and long-term risks for the Company and its subsidiaries, ensuring that these objectives are correctly identified and appropriately managed and monitored,
  - (v) monitor the Company's ranking in the main sustainability indexes,
  - (vi) provide opinions on actions and programmes promoted by the Company or by its subsidiaries on Corporate Social Responsibility (CSR) issues,
  - (vii) check, before approval by the Board of Directors, the annual sustainability report containing non-financial information pursuant to European Directive 2014/95/EU, as prepared by the assigned Company functions,

- (viii) upon instruction given by the Board of Directors, provide opinions and proposals in relation to specific CSR issues.
- (b) The sustainability committee is composed of independent auditors or of non-executive auditors the majority of whom are independent, in the latter case the chairman is an independent auditor.
- (c) Without prejudice to the indications of the previous paragraphs 4.2(a)(i) and 4.2(k), the sustainability committee meets at least once per year.

## **5. Board of Statutory Auditors**

### **5.1 Composition**

- (a) All members of the Board of Statutory Auditors meet the independence requirements recommended by the Code for directors.
- (b) Assessment of independence is carried out, with the time frames and methods defined in the previous paragraph 3.1(d)(xii), by the Board of Statutory Auditors, on the basis of the information provided by each member of the auditing body.

### **5.2 Interests of auditors**

- (a) A statutory auditor who, on their own behalf or on behalf of third parties, has an interest in a particular transaction performed by the Company promptly and comprehensively informs the other components of the Board of Statutory Auditors and the chairman regarding the nature, terms, origin and extent of their interest.
- (b) All information accessed by auditors on the basis of their role are subject to confidentiality obligations.

### **5.3 Interaction with committees**

- (a) The Board of Statutory Auditors and the control and risk committee promptly exchange information relevant to the performance of their respective duties. The chairman of the Board of Statutory Auditors and/or another member designated by him/her participates in the activities of the control and risk committee.
- (b) The Chairman of the Board of Statutory Auditors and/or another member designated by him/her may be invited to participate in the activities of other committees established by the Board of Directors.