

CORPORATE GOVERNANCE CODE
OF
SOGEFI S.P.A.



INTRODUCTION

Sogefi S.p.A. (hereinafter “SOGEFI” or the “Company”), a company listed on the Milan Stock Exchange in the STAR segment, has adopted its own Corporate Governance Code, which was subsequently amended and updated.

Further to the introduction, in January 2020, of the new Corporate Governance Code of listed companies by the Italian Corporate Governance Committee promoted by business associations, Borsa Italiana S.p.A., and Assogestioni, on 12 February 2021, the board of directors of the Company has updated the Company’s code.

SOGEFI’s Corporate Governance Code contains a description of the main tasks and functions of the Company’s bodies, their composition and operation, as well as the Company’s internal control and risk management system. All the principles and recommendations under this code comply with the Company’s Articles of Association.

At the date of approval of this Code, in accordance with the definitions given in the new Corporate Governance Code, Sogefi S.p.A. is a “company with concentrated ownership”, whose control is held by CIR S.p.A., a company listed on the Milan Stock Exchange on the FTSE Italia Mid Cap index, and does not fall into the category of “large” companies.

Art. 1 - Role of the board of directors

A) The board of directors leads the Company and the group, defining its strategy and monitoring its implementation, with a view to achieving sustainable success and thus creating value in the long term for the benefit of the shareholders, taking into account the interest of all stakeholders of relevance for the Company. The board of directors monitors implementation of the strategy defined.

In order to implement the above, the board of directors, adopting - where appropriate - relevant procedures:

- examines and approves the business plans of the Company and the group each year, assessing its consistency with the Company purposes, identifying the topics relevant for generation of value in the medium and long-term;
- monitors the implementation of the business plan and assesses the general course of the business of the Company and the group each quarter, comparing the results achieved with those planned and verifying that the business plans are being implemented;
- defines the nature and level of risk compatible with the Company's strategic objectives, including all the risks for the Company and the group that can be relevant for the sustainable success in the medium-long term;
- approves transactions of the Company and its subsidiaries that have a significant impact on the Company's strategy, having previously defined the criteria on the basis of which a corporate transaction becomes of significant strategic importance.

B) The board of directors defines the most effective corporate governance system of the Company and the group for running the business and pursuing its strategic objectives.

In particular, the board of directors:

- assesses the organisational, administrative and accounting structure of the Company, as well as the one of the strategic subsidiaries, with particular reference to the internal control and risk management system;
- develops specific proposals to be submitted to the shareholders meeting concerning the size of the board of directors and, if necessary, on the composition and length of its mandate;
- when deemed appropriate, it may elaborate proposals on the choice and characteristics of the corporate model.

C) The board of directors promotes dialogue with shareholders and other stakeholders which are relevant for the Company, in compliance with the prevailing regulations on “market abuse” and with the principles of the Guide to Market Data Services released by Borsa Italiana S.p.A.

In order to implement the above, the board of directors shall ensure that the Company:

- guarantees correct procedures for the internal and external management of documents and information concerning the Company and the group, adopting a special procedure upon proposal of the chairman in agreement with the chief executive officer;
- maintains an efficient dialogue with its shareholders and the market, promoting various channels of communication and adopting a special policy for managing dialogue with the generality of shareholders, upon proposal of the chair in agreement with the chief executive officer;
- appoints an officer responsible for the Investor Relations function to manage the flow of information to shareholders, financial analysts and institutional investors, in compliance with the rules established for the disclosure of the Company’s information and documents and with the relevant procedure adopted.

Furthermore, the board of directors monitors the progress and significant contents of the dialogue with market operators.

Article 2 - Composition of the corporate bodies

A) The board of directors must be composed of directors who all have adequate competence, professionalism and availability. In particular, the competences of non-executive directors must ensure that they have significant influence in the decision-making process and guarantee an effective monitoring of management.

In order to facilitate the above, within the limits of its competence, the board of directors, as stated in article 1, letter B), may inform the shareholders, prior to the appointment of the new board, of its opinion on the optimal composition of the board and on the skills and professionalism whose presence on the board is deemed appropriate.

The directors accept their mandate when they deem they can dedicate sufficient time to the diligent execution of their duties, taking into account the commitments relating to their professional and working activities and, more specifically, the number of director or statutory auditor positions they

hold in other companies listed in regulated markets (including foreign markets), in financial companies, banks, insurance companies or companies having a significant size (“Significant Companies”).

On this subject, the board of directors, in agreement with the nomination and compensation committee, defined the maximum number of offices as director or statutory auditor that any Company director may have in Significant Companies, according to the following general criteria:

- executive directors may not hold other positions as executive director or statutory auditor in Significant Companies other than CIR S.p.A. and its subsidiaries and may hold a maximum of three positions as non-executive director in Significant Companies other than CIR S.p.A. and its subsidiaries;
- non-executive directors may hold a maximum of five other positions as director or statutory auditor in Significant Companies other than CIR S.p.A. and its subsidiaries, of which no more than two as executive director.

It should be noted that: (i) “significant (size) companies” means companies with a turnover of more than EUR 500 million and/or assets of more than EUR 1,000 million and/or a number of employees of more than 2,000; (ii) “financial companies” means only those companies that provide financial services to the public, subject to supervision; (iii) offices held in Significant Companies belonging to the same group shall be considered as a single office (and such single office shall be considered as one of executive director for the purposes of calculating the limits, if at least one of the offices held in the same group is of executive director).

The general criteria set out above may be waived with reference to one or more directors by reasoned resolution of the board of directors (also in light of the participation of the director concerned in SOGEFI’s board and committee meetings) and any waivers of the defined limits shall be disclosed in the annual report on corporate governance.

The chief executive officer cannot take on the position of director of another issuer other than CIR S.p.A. and its subsidiaries of which a director of the Company is chief executive officer (the so-called interlocking ban).

Directors may not carry out activities that are potentially in competition with the Company.

Directors are required to promptly inform the Company of any significant change in the positions they hold in other companies.

B) The board of directors defines the delegation of managerial powers and identifies the executive directors, i.e. the directors to whom powers are assigned, and specifies who among the executive directors shall hold the position of chief executive officer.

C) In compliance with the terms of the Market Regulation adopted by Consob, independent directors represent the majority of the members of the board of directors.

The board of directors assesses the independence of the directors immediately after their appointment. The assessment is renewed during the mandate upon the occurrence of circumstances relevant to their independence and in any case once a year. The Board shall disclose the outcome of its assessments through the timely issuance of a press release and shall give more details in the corporate governance report.

In line with the recommendations of the Corporate Governance Code and taking into account the provisions of article 147-ter, paragraph 4, of the Italian Consolidated Law on Finance (TUF), a director who falls into at least one of the following circumstances is not considered independent:

- a) he or she is a significant shareholder of the Company, which means the person who directly or indirectly (through subsidiaries, trustees or third parties) controls the Company or is able to exercise significant influence over it or who participates, directly or indirectly, in a shareholders agreement through which one or more persons may exercise control or significant influence over the Company;
- b) he or she is, or was in the previous three financial years, an executive director or an employee (i.e., bound by a subordinate employment relationship) of the Company, of a subsidiary or of a company subject to joint control, or of a significant shareholder of the Company;
- c) he or she receives, or received in the previous three financial years, from the Company, one of its subsidiaries, the parent company or a company subject to joint control or a significant shareholder, significant remuneration other than the fixed remuneration for the position of non-executive director of the Company and for the membership of the committees, including in the form of participation in incentive plans linked to Company performance, including share-based plans;
- d) he or she has, or had in the previous three financial years, directly or indirectly (for example through companies of which he or she is a significant shareholder or executive director, or as a partner of a professional or a consulting firm), a significant professional relationship (including as a contractor/freelancer), or any other economic relationship (deriving for instance from commercial or financial relationships) with the Company or its subsidiaries or a company subject

to joint control or a significant shareholder, or with their executive directors or their top management;

- e) he or she has served on the board of the Company for more than nine years, even if not consecutive, of the last twelve years;
- f) he or she holds the position of executive director in another company whereby an executive director of the Company holds the office of director;
- g) he or she is a shareholder, quota-holder or director of a company or other legal entity belonging to the network of the external auditor of the Company;
- h) he or she is a close relative (meaning the spouse, relatives and relatives by marriage up to the fourth degree) of other directors of the Company, of subsidiaries or companies subject to joint control or of companies which are significant shareholders, or of a person who is in any of the circumstances set forth in previous letters.

The board of directors defines the quantitative and qualitative criteria for assessing the significance of the situations set forth above in letters c) and d) and monitors them every year.

If the director is also a partner in a professional or a consulting firm, the board of directors assesses the significance of the professional relationships that may have an effect on his or her position and role within the professional or the consulting firm and in any event those pertaining to important transactions of the company and the group it heads, even regardless of the quantitative parameters.

The directors are required to provide complete and faithful information in relation to the above circumstances.

Without prejudice to the foregoing, the board of directors shall have the following powers:

- if none of the above circumstances apply, but other circumstances are identified that the board of directors considers to be such as to compromise independence, the board of directors may decide, by means of a reasoned resolution, not to classify the director as independent;
- if one or more of the above-mentioned circumstances occur, but the board of directors considers that they do not compromise independence, the board of directors may decide, by means of a reasoned resolution, to nevertheless classify the director as independent.

In both cases, the reasons for the choice shall be clearly stated in the annual report on corporate governance.

If, during the term of office, new circumstances arise that may compromise independence pursuant to the identified requirements, independent directors shall immediately notify the chair of the board of

directors, who shall submit the said circumstances to the board for evaluation. In the event that the board of directors considers that the director has lost his or her independent status, the director will be obliged to resign.

D) The control body's composition is appropriate for ensuring the competence and professionalism of its function, as well as the independence of its members.

All statutory auditors must meet the requirements under the law and must be independent pursuant to article 148, paragraph 3 of the Italian Consolidated Law on Finance (TUF) as well as according to the criteria set forth in this Code, as set out for directors in letter C) above. The board of statutory auditors assesses compliance with said criteria immediately after appointments are made. The assessment is renewed during the mandate on the occurrence of circumstances that could affect independence and at least once a year and the Company communicates this to the market and gives suitable disclosure in the annual report on corporate governance.

The statutory auditors accept the position when they feel that they can devote the necessary amount of time to carrying out their duties in a diligent way.

The compensation of the statutory auditors is commensurate with the commitment required of them, with the importance of the role they hold and with the characteristics of the Company in terms of size and business sector.

E) The company applies diversity criteria to the composition of the board of directors and the control body.

The board of directors, within the framework of its own analysis on the optimal composition of the board, shall assess the existence of an adequate diversity in its own composition and that of the control body, according to the different qualities considered relevant: age, gender, experience/seniority, professional skills, training and international dimension.

With particular reference to gender balance, at least two-fifths of the board of directors must consist of members of the less represented gender and at least one-third of the control body must consist of members of the less represented gender.

The Company adopts measures to monitor equal treatment and equal opportunities for both genders within the entire organisation.

Article 3 - Functioning of the board of directors

A) The board of directors defines the rules for its functioning and for the functioning of its committees and provides proper disclosure on the matter in the corporate governance report.

The regulations adopted by the board of directors specify, in particular, the deadlines for sending prior information, the methods for protecting the confidentiality of data and the methods for recording minutes of meetings.

The corporate governance report shall provide adequate information on the contents of the regulations and on the effective compliance with their provisions.

B) The chair of the board of directors plays a liaising role between executive and non-executive directors and supervises the functioning of the board.

In particular, the chairman of the board of directors, with the assistance of the board secretary, ensures that:

- the information provided is suitable to allow directors to act in an informed manner in carrying out their duties;
- the pre-meeting information is provided at least 3 days prior to the date of the board meeting, except in situations of necessity and urgency, in which case the chairman shall ensure that adequate and timely information is provided during the board sessions;
- the number of meetings and the respective agendas allow for sufficient time to be devoted to each issue, encouraging debate and contributions from all directors;
- the activity of the board committees is coordinated with the activity of the board of directors;
- directors and statutory auditors can take part, after the appointment and during the mandate (in the most appropriate forms), in initiatives aimed at providing them with adequate knowledge of the business sector in which the issuer operates, the company dynamics and their evolution, also in relation to the Company's sustainable success. Such initiatives also cover the principles of correct risk management as well as the regulatory and self-regulatory framework;
- in agreement with the chief executive officer, even at the request of one or more directors, the managers of the Company and those of the companies of the group it heads participate in board meetings in order to provide appropriate insight;
- the board of directors is informed of any significant content that emerges in the discussion with the market and shareholders;

- the self-assessment process is adequate and transparent.

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

The Lead Independent Director

The board of directors appoints a lead independent director from among its independent directors. The lead independent director, who is a point of reference and collects and coordinates the requests and contributions of non-executive directors, particularly those of the independent directors, and coordinates the meetings of just the independent directors. The lead independent director has the power to convene such meetings, either autonomously or at the request of other directors, for the discussion of matters considered of interest with respect to the functioning of the board of directors or the management of the Company.

The Committees

The board of directors sets up three internal committees with preliminary, propositional and consultative functions regarding (i) appointments and remuneration, (ii) internal control, risks and sustainability, and (iii) related-party transactions, defining their tasks and their regulations. The board of directors may decide to set up other committees, should it deem it appropriate.

The committees shall be composed of a minimum of three non-executive directors, the majority of whom shall be independent, including the chairman of the committee, appointed by the board of directors, having particular regard for their specific skills.

The committees shall operate in accordance with the relevant regulations, defined by the board of directors, which provide, in brief, for the following:

- each committee shall meet when convened by their respective chairman, when the latter deems it appropriate or at the request of the chairman of the board of directors;
- the board of statutory auditors attends the meetings;
- the committee chairman coordinates the proceedings of the meetings;
- when deemed necessary, the chairman of each committee may invite executive and non-executive directors, and, by previously informing the chief executive officer, the managers of the Company or of companies of the group it heads, that are competent on the matters to be discussed;
- no director or manager takes part in the meetings of the appointments and compensation committee in which proposals relating to his or her remuneration are made;

- the meetings of each committee are minuted;
- board committees have the right to access the information and the corporate functions that are necessary for the performance of their duties;
- the Company gives board committees the financial resources necessary to carry out their tasks;
- the chairman of each committee shall inform the board of directors about the committee's activities at the first convenient board meeting.

The appointment and compensation committee advises, makes proposals and monitors the appointment of directors, the self-evaluation of the board and compensation. The composition of the committee ensures the presence of expertise and/or experience in financial matters and/or compensation policies.

With regard to the composition of the board of directors, the appointment of directors and the self-assessment of the board of directors, the committee provides support to the board of directors in the following areas:

- definition of the optimal composition of the board and its committees (size, managerial and professional profiles and skills deemed necessary, diversity criteria), taking into account the outcomes of the self-assessment process;
- formulation of recommendations on the composition of the board of directors, in view of each renewal of the board;
- identification of candidates for the office of Director, in the event of co-opting pursuant to art. 2386, first paragraph of the Civil Code;
- definition of the maximum number of positions of director or statutory auditor that the directors of the Company can hold in other Significant Companies, taking into account whether or not the directors concerned sit on the board's internal committees;
- preparing and reviewing the succession plan in the event of early replacement of the chief executive officer and performing the preliminary functions provided therein to identify the replacement;
- carrying out the self-assessment process of the board of directors and its committees.

On the subject of remuneration, the committee also has the following duties:

- it assists the board of directors in drafting the remuneration policy and monitors its implementation;
- it makes proposals or expresses opinions on the remuneration of the Company's directors holding particular offices, executive directors and top management;

- it makes proposals or expresses opinions on the criteria and objectives for the application of the variable component of remuneration and for the vesting of rights linked to share-based incentive plans for executive directors and top management, verifying whether such objectives are actually achieved.

The control, risk and sustainability committee advises, makes proposals and monitors the internal control and risk management system of the Company and the group it heads and the sustainability strategies, and supports the board of directors in defining guidelines for the internal control and risk management system of the Company and its group and in assessing its adequacy on an annual basis. The composition of the committee ensures the presence of expertise and/or experience in financial and/or risk management matters.

In particular, the committee carries out analyses and formulates opinions, reporting back to the board of directors, on the following matters:

- definition of the guidelines of the internal control system and annual verification of its adequacy;
- correct use of the accounting standards and their uniformity for the purposes of preparing the statutory and consolidated financial statements after a consultation with the executive responsible for preparing the Company's financial reports, the external auditor and the board of statutory auditors;
- correct use of the standards adopted for the purpose of preparing non-financial reports, after consulting the competent group function, the external auditor and the board of statutory auditors;
- suitability of the periodic financial and non-financial reporting to correctly represent the business, the strategies and the performance of the Company and the group, including non-financial parameters;
- assessment of the results presented by the legal auditor in any letter of suggestions and in the additional report addressed to the control body;
- identification of the main corporate risks and management of risks arising from prejudicial events of which the board of directors and/or the committee become aware;
- appointment and removal of the head of the internal audit function and remuneration of the same;
- monitoring the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- the annual internal audit plan of the Company and the group;
- significant outcomes of the audit activities carried out, as resulting from the periodical reports prepared by the function: in this regard, the committee, in addition to expressing its assessment

of the plan, may ask the internal audit function to carry out checks on specific operating areas, simultaneously notifying the chairman of the board of statutory auditors and the board of directors.

In addition to informing the board of directors on the results of its activities at the first convenient board meeting, every six months at the time of approval of the annual and half-yearly financial reports, the committee produces a report on the activities carried out in the previous six months and expresses its opinion on the adequacy of the internal control and risk management system.

The committee for related-party transactions advises, makes proposals, monitors and supports the board of directors as far as transactions with related parties are concerned, pursuant to the procedure for transactions with related parties adopted by the Company.

The Secretary

The board of directors, upon proposal of the chairman, appoints and dismisses the board secretary and defines his or her professional requirements and attributes in the board's internal rules.

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

Article 4 - Appointment of directors and self-assessment of the board of directors

A) The board of directors ensures, to the extent of its competence, that the process of appointment and succession of directors is transparent and functional to achieve the optimal composition of the board.

In order to implement the above, with the assistance of the appointments and compensations committee (referred to in article 3, point C above), the board of directors:

- defines the optimal composition of the board of directors and its committees, in terms of size, professional profiles and diversity, also on the basis of the results of the self-assessment activity of the board itself and of the committees;
- can express to the shareholders, before the appointment of the new board, its opinions on the optimal composition of the board of directors and on the professional functions that are deemed to be necessary inside the board;
- appoints, through a transparent procedure, candidates for the position of director, if a director is to be replaced pursuant to art. 2386, first paragraph of the Civil Code;

- adopts and updates the succession plan for the chief executive officer in the event of early termination of office.

B) The board of directors periodically evaluates the effectiveness of its activities through formalised procedures, supervising the implementation of the same.

In particular, the board of directors, with the support of the appointments and compensation committee:

- every year assesses (i) the size and composition of the board and its committees, also with regard to the professional profiles, diversity and length of service of its members, as well as (ii) their functioning, also taking into account their role in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system;
- in order to guarantee independence in the assessment of results, in carrying out the process, it relies on external consultants of primary standing at least once every three years;
- gives information in the annual report on corporate governance on its composition and on the times and procedures for holding its meetings and on the self-assessment process.

Art. 5 - Remuneration of Directors

A) The board of directors defines the remuneration policy for directors, members of the control body and the top management. Said policy is directed towards the pursuit of the sustainable success of the Company and its group and takes into account the need to ensure the competitiveness of the Company and the group on the labour market and hence the ability to have, retain and motivate people with the adequate competence and professionalism.

In order to fulfil its role in the field of remuneration, the board of directors appoints from among its members the appointments and compensation committee, which performs the consultative, propositional and monitoring functions described in article 3, letter C).

Assisted by the appointments and compensation committee, the board of directors:

- defines the policy for the remuneration of directors, statutory auditors and top management and periodically monitors its adequacy;
- establishes the remuneration of non-executive directors for sitting on one or more committees;
- determines the remuneration of directors holding special positions and top management, including the setting of criteria and targets for the implementation of variable remuneration and the vesting of rights linked to share-based incentive plans.

In defining the above, the board of directors shall take into account the recommendations of the

Corporate Governance Code, and in particular shall ensure that:

- the remuneration of executive directors and top management meets reward criteria, making sure that the variable part has a significant weighting on the overall remuneration, that the targets to which the payment of the same is linked are predetermined, measurable and consistent with the strategic objectives of the company and the group it heads, and that caps are defined;
- the share-based remuneration plans for management promote alignment with the interests of the shareholders over a medium to long-term horizon;
- the remuneration of non-executive directors and members of control body is adequate for the competence, professionalism and commitment required by the duties assigned to them;
- the conditions for terminating the directorships of executive directors are clear and predetermined with the possibility of identifying limit to amount payable as termination indemnity.

B) The remuneration policy is developed through a transparent procedure.

On an annual basis and by means of a specific report, the Company submits the policy adopted on the remuneration of the members of the board of directors, the board of statutory auditors and the top management to the shareholders meeting for approval.

In the event of the termination of office and/or dissolution of the relationship with an executive director or a general manager, a press release is published giving detailed information on the terms of such termination and their compliance with what is set out in the remuneration policy, also specifying, when there is even a partial difference, the reasons for this and the decision-making procedures followed.

C) The board of directors ensures that the remuneration vested and paid out is consistent with the principles and criteria defined in the remuneration policy, in the light of the results achieved.

The board of directors monitors the actual achievement of the targets and then consequently determines the vesting and payment of the variable components.

Art. 6 - Internal Control and Risk Management System

A) The Company and the group are equipped with an internal control and risk management system.

The internal control and risk management system consists of a set of rules, procedures and organisational structures designed to provide an adequate process for identifying, measuring and monitoring the main risks, aimed at contributing to an aware and healthy business management, in line

with the goals of sustainable success for the Company and the group.

B) The board of directors i) defines the guidelines of the internal control and risk management system in accordance with the Company's profile; ii) annually assesses the adequacy and effectiveness of the internal control and risk management system; iii) defines the principles concerning the coordination and the flow of information among the parties involved in the internal control and risk management system.

In order to fulfil the above, the board of directors appoints from among its members the control and risk committee, which performs the consultative, propositional and monitoring functions on the risk management and control system described in article 3, letter C).

The board of directors, with the support of the committee:

- defines the guidelines of the internal control and risk management system consistently with the Company's profile;
- assesses once a year the adequacy of this system and its effectiveness;
- appoints and dismisses the head of the internal audit function, defining his or her remuneration which is consistent with the company policies, and ensuring that he or she has adequate resources to carry out his or her duties;
- approves, at least on an annual basis, the work plan prepared by the head of the internal audit function, after hearing the control body and the chief executive officer;
- assigns the supervisory functions under article 6, para. 1, letter b) of Italian Legislative Decree no. 231/2001 to a supervisory body, the majority of whose members are external and independent of the board;
- evaluates, after consultation with the control body, the results presented by the legal auditor in a letter of suggestions and in the additional report addressed to the control body;
- describes, in the corporate governance report, the main characteristics of the internal control and risk management system and the methods of coordination among the individuals involved, indicating national and international models and best practices in the sector. The report gives the board's overall assessment of the adequacy of the system itself and explains the decisions made regarding the composition of the supervisory body.

C) Without prejudice to the competences of the board of directors, and on its behalf, of the control, risk and sustainability committee, the main corporate bodies and players responsible for the internal control and risk management system are: the chief executive officer, the head of the

internal audit function, the risk management function, and the control body. The board of directors defines the principles concerning information flows and their coordination between the different players involved.

The chief executive officer

The chief executive officer is in charge of establishing and maintaining an efficient internal control and risk management system; more specifically, he or she:

- ensures that the main risks of the company are identified, taking into account the characteristics of the business carried out by the Company and its subsidiaries, and periodically submit them to the examination of the board of directors;
- implements the guidelines defined by the board of directors, providing for the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness, as well as adapting it to the dynamics of the operating conditions and the legislative and regulatory environment;
- can give the internal audit function the task of carrying out checks on specific operating areas and verifying compliance with internal rules and procedures in the implementation of company transactions, informing at the same time the chairman of the board of directors, the chairman of the control and risk committee and the chairman of the control body;
- reports promptly to the control and risk committee on problems and critical issues that emerged in the performance of his or her activity or of which he or she has in case been made aware so that the committee can take appropriate actions.

The head of the internal audit function

The head of the internal audit function has adequate expertise and professionalism in internal control and risk management, is not responsible for any operational area and reports in the hierarchy to the board of directors. He or she has direct access to all information that is useful for carrying out his or her duty.

The head of the internal audit function has the following duties:

- he or she verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the functioning and the suitability of the internal control and risk management system of the Company and the group, according to the audit plan proposed by the same and approved by the board of directors, which is based on a structured process of analysis and prioritisation of the main risks;

- he or she prepares periodic reports containing adequate information on its activity, on the ways in which risk management is conducted, on compliance with the plans defined for the containment of risks and an assessment of the suitability of the internal control and risk management system;
- he or she prepares promptly, even at the request of the control body, reports on events of particular relevance;
- he or she submits the reports referred to in the previous indents to the chairs of the control body, of the control and risk committee and of the board of directors, as well as to the chief executive officer, except in cases where the matter of these reports specifically concerns the activity of these individuals;
- he or she verifies, as part of the audit plan, the reliability of the information systems, including the accounting systems.

The risk management function

The head of the risk management function has adequate expertise and professionalism in risk management.

The function has the following duties:

- defining, implementing and maintaining suitable risk management processes, instruments and methods within the Company and the group;
- facilitating the process of identification, assessment and management of the main business risks;
- ensuring regular reporting on the Company and the group risk management activity to the risk management committee, the chief executive officer, the control, risk and sustainability committee and the board of directors;
- monitoring, on a regular basis, the evolution of the risk profile of the Company and the group, as well as the implementation of the mitigation plans defined.

The control body

The board of statutory auditors monitors the effectiveness of the risk management and control system.

In the performance of its functions, it can ask to the head of the internal audit function to carry out checks on specific operating domains or corporate transactions, informing the chairman of the board of directors.

The chairman of the board of statutory auditors and the chairman of the control, risk and sustainability committee ensure an effective flow of information between the various entities with regard to

information relevant to the performance of their duties.

The member of the control body who, on his or her own behalf or on behalf of third parties, has an interest in a specific transaction of the Company, must give prompt and exhaustive information thereof to the other members of the same body and to the chairman of the board of directors explaining the nature, terms, origin and extent of his or her interest.