

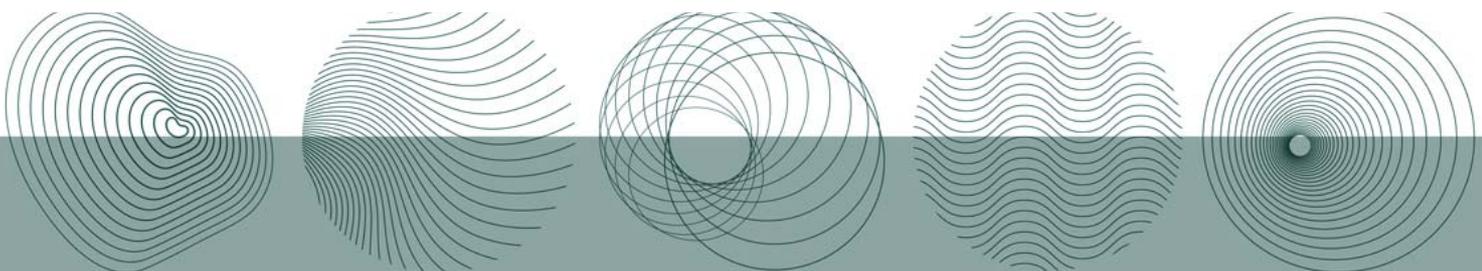
The logo for Falck Renewables is centered on the page. It features the word "Falck" in a dark green, sans-serif font. Below it, the word "Renewables" is written in a lighter green, sans-serif font, with the "Renew" part in a lighter shade and "ables" in a darker shade. The logo is set against a background of concentric, wavy lines that resemble a fingerprint or a topographic map, rendered in a light grey color.

# Falck Renewables

**PURE POWER TO GROW**

## **CORPORATE GOVERNANCE REGULATION**

Approved by the Board of Directors on 28 April 2016  
Amended by the Board of Directors on 27 April 2017  
Amended by the Board of Directors on 03 December 2020  
Amended by the Board of Directors on 15 April 2021  
**Amended by the Board of Directors on 10 March 2022**



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## **Introduction to the Corporate Governance Regulation**

The Corporate Governance Regulation constitutes the self-regulation document of the company Falck Renewables SpA, finalised at the best and most efficient management of the same and of the subsidiaries constituting the corporate Group.

The Regulation includes the Company's self-regulation rules, defined also in accordance with the provisions of the Corporate Governance Code approved by the Corporate Governance Committee, that is to say the system of provisions to which the behaviour and the actions of the corporate bodies of Falck Renewables SpA comply.

## Definitions

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**“Executive Directors”:**

- the Chairman of the Company or of a subsidiary with strategic significance, when he/she is assigned powers of management or development of company strategies;
- directors that are recipients of management powers and/or hold direction roles in the Company or in a subsidiary with strategic significance, or in the parent company when the task also relates to the Company;
- directors that are part of the Company’s executive committee.

**“Chief Executive Officer”:** executive director responsible for managing the Company.

**“Secretary of the Board of Directors”:** person who supports and assists the Board of Directors in conducting its business.

**“Significant Shareholder”:** the party which, directly or indirectly (through subsidiaries, trustees or intermediaries) controls the Company or is able to exercise a significant influence on it, or directly or indirectly participates in a shareholders’ agreement through which one or more parties exercise control or a significant influence on the Company.

**“Corporate Governance Code” or “Code”:** the Corporate Governance Code approved by the Corporate Governance Committee, which the Company follows.

**“Board” or “Board of Directors”:** the Board of Directors of Falck Renewables SpA.

**“Governance” or “Corporate Governance”:** self-regulation rules of the Company, also defined based on the provisions of the Corporate Governance Code.

**“Falck Renewables Group” or the “Group”:** the subsidiaries of Falck Renewables SpA.

**“Remuneration Policy”:** the Company’s policy on remuneration, drawn up pursuant to art. 123-ter of the Consolidated Law on Finance (TUF).

**“Regulation”:** this Corporate Governance Regulation.

**“Corporate Governance Report”:** the report on corporate governance and ownership structures, drawn up pursuant to art. 123-bis TUF.

**“Company”:** Falck Renewables SpA.

**“Articles of Association”:** the articles of association of Falck Renewables SpA.

**“Top Management”:** top managers that are not members of the Board of Directors, which have the power and responsibility for planning, management and control of the activities of the Company and the Group.

**“Consolidated Law on Finance” or “TUF”:** Italian Legislative Decree no. 58 of 24 February 1998, as amended.

## Foreword

This document has the main objective of clearly illustrating the Company's management and control model - intended as the set of rules suitable to drive and manage corporate activity and to define the responsibilities and tasks of the various corporate structures and bodies in an efficient and effective manner with the objective of pursuing sustainable success of the company, safeguarding and increasing value in the medium-long term, for shareholders and considering all relevant stakeholders of the Company and the Falck Renewables Group.

The Company's Governance is based on the provisions of the law and of the Articles of Association, supplemented by best practice principles, indicated in the Corporate Governance Code.

## 1. Competences of the Board of Directors

### 1.1 Role

The Company is guided by a Board of Directors, which meets at regular intervals and which is organised and acts in order to guarantee the effective performance of its functions, in particular in accordance with its own Code of Conduct and its own Organisation and Control Model, approved pursuant to Italian Legislative Decree no. 231 of 8 June 2001 (hereinafter also "Model 231"), the provisions of the Articles of Association as well as the principles of correct corporate and entrepreneurial management, expressed in this Regulation.

- 1.1.1. The Board steers the Company, pursuing its sustainable success. In line with the above, the Board defines the strategies of the Company and the Group and constantly monitors the implementation thereof.
- 1.1.2. The Board defines the corporate governance system most suitable to the performance of the company business and the pursuit of its strategies, taking account of the areas of autonomy offered by the law. If necessary, it evaluates and promotes appropriate changes, submitting them to the Shareholders' Meeting, where this falls under its competence.
- 1.1.3. The Board promotes the most suitable forms of dialogue with shareholders and the other relevant stakeholders for the Company and the Group.

### 1.2 Competencies and powers

- 1.2.1. Without prejudice to the exclusive competencies on matters pursuant to art. 2381 of the Italian Civil Code and to statutory provisions, the Board of Directors:
  - a) defines the corporate governance system of the Company and of the Group, as well as the corporate structure of the Group;
  - b) where deemed necessary to define a corporate governance system more suitable to the company's needs, draws up justified proposals to submit to the Shareholders' Meeting, regarding: the choice and characteristics of the corporate model; the size, composition and appointment of the management body and term of office of its members; structure of the administrative and equity rights of shares; and the percentages established for the exercise of prerogatives for the protection of minority interests;
  - c) examines and approves the business plan of the Company and the Group, also based on the analyses of relevant issues for the generation of value in the medium and long term;

- d) periodically monitors the implementation of the business plan and evaluates the general performance of operations, periodically comparing the results achieved with those planned
- e) availing itself of the preliminary investigations of the Control and Risk Committee (hereinafter, also the “**CRC**”) and through the proposals of the Chief Executive Officer, defines the nature and level of risk compatible with the strategic objectives of the Company and of the Group, including in its evaluations all the risks that might be relevant from the point of view of the successful sustainability of the Company and of the Group in the long term;
- f) defines the guidelines for the internal control and risk management system in line with the Company’s strategies, and annually evaluates their adequacy and effectiveness. With regard to the internal control and risk management system, it has the responsibilities and powers set out in art. 13.2;
- g) defines the assignment of management powers and identifies which of the Executive Directors shall hold the position of Chief Executive Officer
- h) also establishes the frequency, in any case no less than quarterly, with which the delegated bodies must report to the Board with regard to the activities carried out in the exercise of the powers delegated to them;
- i) periodically evaluates the adequacy of the organisational, administrative and accounting structure of the Company and of the Falck Renewables Group, prepared by the Chief Executive Director and, for the parts for which they are competent, by the Financial Reporting Officer, with particular reference to the internal control and risk management system, availing itself of the preliminary investigations of the Control and Risk Committee;
- l) having examined the proposals of the Remuneration Committee and after hearing the opinion of the Board of Statutory Auditors, determines the remuneration of the Chief Executive Officers and of other directors with special duties (in particular the Chairman and any Deputy Chairmen), and also determines, if the Shareholders’ Meeting has not already done so, the allocation of the overall remuneration due to the members of the Board;
- m) deliberates with regard to the operations of the Company and of its subsidiaries within the limits set out by law, when these operations have a significant strategic, economic, financial or assets relevance for the Company;
- n) carries out the evaluation of the independence of each non-executive director, see paragraph 3.2 below with regard to this, immediately after the appointment and, subsequently, on the occurrence of circumstances relevant to their independence, and in any case annually;
- o) annually carries out an evaluation of the size, composition and concrete operation of the Board and of its committees, also considering the role that it has played in defining the strategies and in monitoring the performance of operations and the adequacy of the internal control and risk management system;
- p) expresses its views to the shareholders, before the appointment of the new Board, on the managerial and professional figures whose presence on the Board is deemed to be opportune, taking into account the recommendations received by the Remuneration Committee;

- q) approves the Group's Code of Conduct, Model 231 and the appointment of the Supervisory Board provided for therein;
- r) in order to ensure the correct management of corporate information, adopts, on the proposal of the Chairman, in agreement with the Chief Executive Officer, a procedure for the internal management and communication to the public of documents and information related to the Company and the Group, with particular reference to privileged information ("**Procedure for processing privileged information and communicating it to the public**");
- s) appoints and revokes the Financial Reporting Officer, with the prior opinion of the Board of Statutory Auditors, in accordance with the criteria established in art. 23 of the Articles of Association;
- t) adopts, with the support of the Remuneration Committee, a plan for the succession of the Chief Executive Officer and the Executive Directors. If the Board adopts such a plan, the Company will provide this information in the Corporate Governance Report;
- u) where deemed necessary to implement a corporate governance system ensuring higher protection of the Company's competitive capacity and safer processing of information relating to, in particular, investment opportunities, defines a specific procedure, by means of the adoption of a regulation, governing the management of information flows towards directors and the decision-making process in case of conflict of interest of one or more directors, in order to ensure broad protection for the Company, including protection of the so-called corporate opportunities of the Company;
- v) defines, through the adoption of a Regulation, the rules and procedures for its operation, specifically to ensure effective management of reporting to the director, providing suitable disclosure in the Corporate Governance Report on the main content of said Regulation and on the compliance with the procedures relating to the timeliness and adequacy of the disclosure provided to the directors;
- w) resolves, on proposal by the Chairman, the appointment and revocation of the Secretary of the Board of Directors and defines the requirements of professionalism and the powers;
- x) on proposal by the Chairman, formulated in agreement with the Chief Executive Officer, adopts and describes in the Corporate Governance Report a policy for managing dialogue with shareholders as a group, also taking into account the engagement policies adopted by institutional investors and asset managers.

The Chairman ensures that the Board of Directors is always informed, before the next meeting, on the development and significant content of the dialogue with the shareholders.

1.2.2. The following matters, reserved for the exclusive competence of the Board of Directors and qualified as "Commitments", are added to the tasks listed in art. 1.2.1.:

- a) agreement of and changes to new bank credit lines relating to medium and long term loan contracts;
- b) financial transactions in derivative instruments, or any other financial instrument, not linked to the Company's normal operations;
- c) approval of investments in plants and/or changes to existing plants for an amount equal to or over €70 million for individual investment;

- d) authorisation of the participation of direct and indirect subsidiaries, by virtue of the Business Plan and/or single projects subsequently approved, in tenders, bids and competitions for the supply of services or management of plants, as well as the development and/or construction of any type of industrial plant and/or the performance of any activity included in the corporate purpose, both Italian and foreign, where the total commitment for the Group is equal to or more than €70 million;
- e) authorisation of the transactions of direct and indirect subsidiaries aimed at finalising, underwriting, amending and resolving active and passive commercial contracts on the electricity free market and environmental securities linked to it, including transactions through derivative instruments with reference to electricity prices and environmental securities, for a unit value over €60 million;
- f) in general, transactions for amounts in excess of those established for the Chief Executive Officer and/or the Chairman of the Board of Directors and the Chief Executive Officer with joint signature.

### **1.3 Directors**

- 1.3.1. Each director ensures sufficient time to the diligent fulfilment of the tasks attributed to him/her.
- 1.3.2. The appointment of one or more Executive Officers and the circumstance that the business activity is exercised through a number of subsidiaries do not exclude the competence of the Board, which in any case retains a higher power of direction and control on the general activity of the company in its various components. In the performance of their tasks, directors examine the information received from the delegated bodies, also ensuring to ask the same for any clarification, more detailed or supplementary information necessary or opportune for the complete and correct evaluation of the facts brought to the Council for examination.
- 1.3.3. Each director, at the time of accepting the appointment, advises the Board of any activities carried out in competition with the Company and its subsidiaries and, subsequently, will be required to notify any significant change in this regard.

## **2. Appointment and Composition of the Board of Directors**

### **2.1 Appointment of directors**

- 2.1.1. The appointment of directors is made pursuant to art. 17 of the Articles of Association, in accordance with a transparent procedure. This guarantees, among other things, timely and accurate information on the personal and professional characteristics of the candidates to the office.
- 2.1.2. The Board ensures, where this falls under its competence, that the process of appointment and succession of directors is transparent and functional to achieving the optimum composition of the Board.
- 2.1.3. At least two-fifths, or a different amount set out in applicable regulations, of the Board of Directors are composed of members of the less represented gender. In compliance with applicable regulations, the Articles of Association set out suitable mechanisms for appointment in order to ensure compliance with the balance of genders in the Board of Directors.

- 2.1.4. The Board adopts a plan for the succession of the Chief Executive Officer and the Executive Directors which identifies the procedure to be followed in the event of early termination of office, and provides disclosure thereof in the Corporate Governance Report. The preliminary investigations on the preparation of the plan is carried out by the Remuneration Committee.

## **2.2 Composition**

- 2.2.1 Pursuant to art. 17 of the Articles of Association, the Company is administered by a Board of Directors composed of a minimum of seven and a maximum of 15 directors.
- 2.2.2 The Board of Directors is composed of Executive Directors and non-executive directors, all equipped of adequate experience, competence and professionalism. The management body shall include at least 50% Independent Directors.
- 2.2.3 Non-executive directors bring specific competences to board meeting discussions, contributing to responsible decision making and paying particular attention to those areas where conflicts of interests might arise.
- 2.2.4 The number and competence of non-executive directors are such as to ensure that they have a significant weight on the decisions taken by the board and to guarantee effective monitoring of management. A significant portion of non-executive directors, at least equal to 50% of the members of the Board of Directors, shall be independent.
- 2.2.5 The Board ensures adequate internal allocation of its functions and sets up internal board committees with steering, proposal and advisory functions.
- 2.2.6 When the Chairman has been granted the role of Chief Executive Officer or he/she has been delegated relevant management powers, the Board of Directors explains the reasons for that choice in the Corporate Governance Report.
- 2.2.7 The Company defines the criteria for diversity in the composition of the Board of Directors and identifies, also taking account of its ownership structures, the most suitable instrument for their implementation.
- 2.2.8 The Company adopts measures for equal treatment and opportunity of genders within the company structure, monitoring their concrete application.

## **2.3 Chairman of the Board of Directors**

- 2.3.1. The Chairman of the Board of Directors has the competences and the powers assigned to them by the law and by the Articles of Association, as well as any assignments possibly conferred by the Board of Directors.
- 2.3.2. The Chairman of the Board is delegated to carry out the following activities:
- coordination of the works of the Board of Directors;
  - active participation, with the Chief Executive Officer, to the definition of the annual budgets and the strategic, industrial and financial plans of the Company and of the Falck Renewables Group to be put forward for approval by the Board of Directors.
- 2.3.3. The Chairman may also exercise executive powers in alternative to the Chief Executive Officer in case the latter is incapacitated.

- 2.3.4. The Chairman, with the assistance of the Secretary of the Board of Directors, ensures:
- a) that the pre-meeting information and supplementary information provided during the meetings allows the directors to act in an informed manner in carrying out their roles;
  - b) that the activities of the board committees with steering, proposal and advisory functions are coordinated with the activities of the Board of Directors;
  - c) in agreement with the Chief Executive Officer, that the managers of the Company and those of the companies of the Group, in charge of the pertinent company functions depending on matter attend Board meetings, also on request of the individual directors, to provide suitable details on the issues on the agenda;
  - d) that all the members of the Board of Directors are able to participate, after appointment and during their time in office, in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Company operates, of the company's dynamics and their evolution, also with a view to the Company's sustainable success, as well as of the principles of correct management of risks and the as well as the reference legal and self-regulatory framework;
  - e) the adequacy and transparency of the self-assessment process of the management body, with the support of the Remuneration Committee.

The Chairman ensures that the management body is, in any event, informed during the next possible meeting, on the development and significant content of the dialogue occurring with all shareholders.

- 2.3.5. The Chairman is responsible for supervising the application of the Corporate Governance Regulation, approved by the Board of Directors, and for its periodical updating, taking into consideration the organisational needs of the Company and the developments within the regulatory environment. The Chairman, like the other Directors, may propose amendments to the Corporate Governance principles to be submitted for approval by the Board.
- 2.3.6. By specific delegation of the Board of Directors, the Chairman coordinates the evaluation activity on the operation of the Board of Directors referred to in art. 1.2.1., letter o). The Chairman is responsible for monitoring the implementation of any improvement actions defined following such evaluation.
- 2.3.7. As part of the procedures for succession and the structuring of the related powers, the Chairman is the subject designated by the Board of Directors to replace, also temporarily, the Chief Executive Officer, when he/she is unable to carry out his/her functions, or in case of resignation or revocation of the same.

### **3. Independent directors**

#### **3.1 Definition**

- 3.1.1. Independent directors (the "**Independent Directors**") are non-executive directors who do not have, nor have they recently had, not even indirectly, relationships with the Company or with subjects linked to it such as to condition the independence of their judgement.
- 3.1.2. The Board of Directors evaluates, after appointment and, subsequently, on the occurrence of circumstances relevant to their independence and in any case annually, the independence of each non-executive director qualified as independent, having regard more to the contents than to the form.

3.1.3. Moreover, in principle, in the context of this evaluation, normally tends to consider a director as non-independent in the case of the following hypotheses, which are not in any case exhaustive:

- a) if the director is a Significant Shareholder of the Company;
- b) if the director is or was during the previous three years, an Executive Director or an employee of the Company, of one of its subsidiaries with strategic significance or a Significant Shareholder of the Company;
- c) if, directly or indirectly (for example through subsidiaries or companies in which they hold the office as Executive Director, or in the role of partner in a professional study or in a consultancy company), the director has, or had in the previous three financial years, a significant commercial, financial or professional relationship:
  - I. with the Company or its subsidiaries or their relevant Executive Directors or the Top Management;
  - II. with a subject that, also with others through a shareholder pact, controls the Company, or, if the parent is a company or entity, with the relative Executive Directors or the Top Management;
- d) if they receive, or received in the previous three financial years, from the Company or one of its subsidiaries or the parent company a significant remuneration in addition to the "fixed" remuneration for the position of non-executive director of the Company envisaged for participating in the Committees recommended by the Code or envisaged by regulations in force, also in the forms of participation to incentive plans linked to the company's performance, also based on shares;
- e) if they have been a director of the Company for more than nine financial years, even non-consecutive, in the last 12 financial years;
- f) if they have the role of Executive Director in another company in which an executive director of the Company is a director;
- g) if they are shareholders or directors of a company, or of an entity which is part of the network to which the company tasked to carry out the Company's audit belongs;
- h) if they are a close relative (intended as the non-legally separated spouse, dependent children, also the spouse's children, and, if cohabiting for at least one year, parents, and relatives up to the 4th degree) of a person who is in one of the situations described in one of the points above.

Based on the available information, in its evaluation, the Board will examine all the circumstances that impact or may appear to potentially impact the independence of the director.

3.1.4. The Board of Directors defines, at least at the beginning of its term, the quantitative and qualitative criteria to evaluate the significance pursuant to letters c) and d) of paragraph 3.1.3. above.

Where a director is also a partner in a professional firm or consulting company, the Board of Directors shall evaluate the significance of the professional relationships that could have an effect on the director's position and on his/her role in the firm or the consulting company or which, in any event, relate to important operations of the Company and the Group, also independent of quantitative parameters.

- 3.1.5. The Chairman, who has been indicated as a candidate for such role, may be assessed as independent where none of the above circumstances applies. If the Chairman assessed as independent participates in the committees recommended by the Code, the majority of the committee members shall be composed of other Independent Directors. The Chairman assessed as independent does not chair the Remuneration Committee or the CRC.

### **3.2. Evaluation**

- 3.2.1. Each non-executive director shall provide all the information necessary or useful for the Board's evaluation.

The Independent Directors commit to promptly communicate to the Board any event deemed to be likely to alter their "independence" status.

- 3.2.2. The independence of directors and the relationships that may be or appear to be such as to compromise the autonomy of judgement of a director are evaluated annually by the Board of Directors, taking into account the information provided by individual interested parties or in any case available to the Company.

- 3.2.3. The outcome of the Board's evaluation is promptly communicated to the market (after appointment), as well as, annually, in the Corporate Governance Report:

- a) providing, where a director has been deemed independent despite the occurrence of the situations set out in point 3.1.3., a clear, reasoned justification for that choice in relation to the position and the individual characteristics of the party evaluated;
- b) indicating the quantitative and/or qualitative criteria used to evaluate the significance of the relationships possibly subject to evaluation.

- 3.2.4. The Board of Statutory Auditors, in the context of the tasks attributed to it by the law, checks the correct application of the criteria and the verification procedures adopted by the Board to evaluate the independence of its non-executive members. The outcome of these checks is made known to the market, as part of the Corporate Governance Report or the Report of the Board of Statutory Auditors, to the shareholders' meeting for the approval of the financial statements.

### **3.3. Meetings**

Independent Directors meet periodically and, in any event, at least once a year in the absence of other directors, where this is deemed to be opportune, to evaluate the issues deemed of interest in relation to the operation of the Board of Directors and company management. The meetings may be held informally, also through audio or video conference, and the minutes of the meetings are recorded and kept in the Company's records. The meetings of the Independent Directors are convened by the lead independent director with the assistance of the Secretary.

### **3.4. Lead Independent Director**

The Board of Directors appoints an Independent Director as lead independent director:

The lead independent director:

- represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, of Independent Directors;
- coordinates the meetings of only the Independent Directors.

#### **4. Chief Executive Officer**

The Board of Directors of the Company appoints one or more Chief Executive Officers, assigning them powers in relation to the organisation and management of the Company, save for the acts that are the exclusive responsibility of the Board of Directors pursuant to the applicable laws or this Regulation.

#### **5. Secretary of the Board of Directors**

##### **5.1 Meetings**

For the convening, organising and conduct of the meetings of the Board of Directors, and for drawing up and collecting the pertinent documentation, the Chairman is assisted by the Secretary.

##### **5.2 Appointment**

The Secretary is appointed by the Board of Directors upon proposal of the Chairman and may even be someone from outside the Company.

##### **5.3 Requirements**

The Secretary must meet appropriate requirements of professionalism and experience. The Board of Directors assesses whether these requirements are met at the time of appointment.

##### **5.4 Activity**

5.4.1 The Secretary assists the Chairman in preparing the notice of convocation of the Board of Directors and in defining the items on the agenda. The Secretary sends the notice of convocation of the Board of Directors meetings to the participants by email, ensuring that the notice and any attachments are properly received by each addressee.

5.4.2 Generally speaking, the Secretary supports the Chairman in all his activities and provides assistance and impartial advice to the Board of Directors on all relevant issues pertaining to the proper functioning of the corporate governance system.

5.4.3 The Secretary specifically assists the Chairman in ensuring:

- a) that the pre-meeting information and the supplementary information provided during meetings is sufficient to enable the directors to act in an informed manner when carrying out their role;
- b) that the activity of board committees entrusted with conducting investigations, making proposals and providing advice is coordinated with the activity of the Board of Directors;
- c) in agreement with the Chief Executive Officer, that the Company's managers and those of Group companies responsible for the company functions with competence over various areas, take part in board meetings, also at the request of individual directors, to provide appropriate details on the items on the agenda;
- d) that all the members of the Board of Directors are able to participate, following their appointment and during their time in office, in initiatives designed to provide them with appropriate knowledge of the business sectors in which the Company operates, the corporate dynamics and their evolution, with a view to ensuring the sustainability of Company's success, as well as the principles governing correct management of risks and legislative and self-regulatory framework of reference;

- e) the adequacy and transparency of the self-assessment process of the management body, with the support of the Remuneration Committee.

## **6. Processing of corporate information**

### **6.1 Procedure for the processing and disclosure of privileged information to the public**

In order to ensure the correct management of company information, the Board of Directors adopts a procedure for the internal management and external disclosure of documents and privileged information relating to the Company and the Group and has also set up a Register of persons who have access to privileged information (Insider Register).

The above procedure defines internal roles and responsibilities, with specific regard to the assessment of whether information is privileged, the formalities to be adopted in the event of delaying communication to the public, where permitted, the methods of communication to third parties and the public of privileged information, as well as competences and responsibilities on keeping the Register mentioned above.

On proposal of the Chief Executive Officer, the Board makes any amendments and/or additions considered to be necessary or opportune, following legislative, regulatory or organisation changes.

### **6.2 Internal Dealing Procedure**

In relation to the notification obligations of operations carried out by persons exercising administration, control or management functions, as well as persons closely associated with them, set out in art. 19 of the MAR, the Board of Directors also adopts a procedure governing information flows from the obliged parties, identified by the regulations in force at all times, as well as in the procedure, to the Company, to CONSOB and to the public.

Any changes and/or additions to the procedure must be approved by the Board of Directors, save for changes that are mere adjustments to changes in legal and regulatory provisions, which may be made by the Chief Executive Officer, who shall provide disclosure thereof to the Board of Directors at the next possible meeting.

## **7. Institution and operation of the committees within the Board of Directors**

The Board of Directors sets up one or more internal Committees with investigation, proposal and consultation powers.

The institution and the operation of the Committees within the Board of Directors must meet the following criteria:

- a) the Committees are composed of no less than three members and their work is coordinated by a chairman;
- b) the tasks of the individual Committees, if not already disciplined by this Regulation and/or the Regulation of the Board of Directors, are established with the resolution that constituted them and can be added to or amended with subsequent Board's resolutions.
- c) the meetings of each Committee are minuted and the chairman of the Committee reports on them at the next meeting of the Board of Directors; the minutes are made available to each member of the Committee;

- d) in the performance of its functions, each Committee has the option to access the company information and functions necessary for the performance of its tasks, as well as avail itself of external consultants, within the terms established by the Board. The Company makes available adequate financial resources to the Committees for the fulfilment of their tasks;
- e) the Chairman of each Committee may invite to single meetings the Chairman of the Board, the Chief Executive Officer, the other directors and, informing the Chief Executive Officer, the representatives of the competent company functions on the matter;
- f) the members of the Board of Statutory Auditors may attend the meetings of each committee.
- g) the results of the preliminary investigation activities carried out by the Committees are submitted to the Board of Directors;
- h) the Committees report to the Board on their activities at each Board meeting.

## **8. Rules on the internal workings of the Board of Directors**

The rules contained in this article are to be considered to prevail and replace the provisions of articles 11 and 13 below, in the event of conflicts.

### **8.1 Meetings**

- 8.1.1. In compliance with the provisions of the Articles of Association, the Board of Directors is convened by the Chairman (or his deputy) usually at the Company's registered office on the scheduled dates, or on his initiative, whenever considered advisable, or when requested in writing by at least three Directors.
- 8.1.2. The notice of convocation of the meetings of the Board of Directors is usually drawn up in Italian and in English and may state that the meetings are to be held by audio/video conference, provided that all the participants can be identified and that they are able to follow the discussion, engage in real time exchanges on the business handled, obtain full information and cast their vote.
- 8.1.3. Meetings of the Board of Directors are considered to take place at the venue stated in the notice of convocation, regardless of the location and arrangements for participation of the Chairman, Secretary, Directors and Statutory Auditors.
- 8.1.4. Board meetings are usually held at company premises and, in the event of remote connection from third party premises, it is the responsibility of those connected by audio and/or video link to ensure the devices used continue to function properly and to guarantee the confidentiality of the communication.
- 8.1.5. Without prejudice to the provisions on pre-meeting information and more generally on the handling of corporate information set out in these Regulations, the Chairman, acting through and with the assistance of the Secretary, ensures that appropriate and comprehensive information is made available on the matters to be examined and discussed at the board meetings. This documentation is provided on the same day as the meeting is convened, as soon as it is available and in accordance with the "Operating instructions for reporting to the Board of Directors and the Board of Statutory Auditors" adopted by the Company. The documentation made available is supplemented (and when necessary replaced) by other

material provided during the board meeting, or by additional information gathered and/or drawn up in preliminary meetings held formally or informally.

- 8.1.6. The Chairman, on his own initiative or at the Directors' request and always in agreement with the Chief Executive Officer, invites the Company and/or Group managers and/or the heads of the company functions with competence over the various matters to be discussed, to attend the meetings to provide appropriate details on the items on the agenda, or exceptionally and where there are specific grounds, even persons from outside the Company and/or the Group who shall be required to comply with the confidentiality obligations established for board meetings. The Chief Financial Officer usually takes part in all the meetings of the Board of Directors.
- 8.1.7. The order of discussion of the items on the agenda is established by the Chairman, who may change the order if there are important matters that need to be examined first. However the Chairman ensures that sufficient time for a full discussion is dedicated to each item on the agenda.
- 8.1.8. Resolutions of the Board of Directors are passed collectively and – as a rule – at the proposal of the Chairman, but each Director is entitled to suggest different formulations. Any disagreement expressed during the discussion or at the voting stage is duly recorded in the minutes together with the reasons provided.
- 8.1.9. The meetings of the Board of Directors are held, at the discretion of the Chairman, either in Italian or in English, with a simultaneous translation service if deemed necessary by the Chairman. As far as possible, the Company provides non-Italian speaking Directors with an English translation of the informative material drawn up in Italian.
- 8.1.10. In accordance with provisions of the law, the Articles of Association and the "Transactions with Related Parties" procedure adopted by the Company, each Director must inform the other Directors and the Board of Statutory Auditors of any interest that may have, account their own behalf or on that of any third parties, in specific Company transaction, specifying the nature, origin, terms and extent of the interest.
- 8.1.11. Each Director contributes to ensuring that the meetings of the Board of Directors are held in a smooth and orderly manner, acting with the good faith required by the nature of the office held.
- 8.1.12. Meetings of the Board of Directors are recorded on audio tape to facilitate minute taking and the recordings are destroyed once the minutes have been submitted to the Board.

## **8.2 Calendar of board events**

The annual calendar of the meetings of the Board of Directors and of its internal Committees is drawn up in the 4<sup>th</sup> quarter for the subsequent year and – as a rule – schedules at least one meeting a month for both the Board of Directors and the Control and Risk Committee.

## **8.3 Pre-meeting information**

- 8.3.1. With the help of the Secretary, the Chairman ensures that Directors are constantly provided with appropriate information on the items on the agenda, as well as on subsequent developments and on the Company's management performance, so that every Director can act in an informed manner when carrying out their role.
- 8.3.2. As a rule this information is provided ahead of the meetings of the Board of Directors, by

forwarding additional documentation or holding preliminary meetings with individual Directors, managers and heads of the Company's functions and/or external consultants in the run up to the meeting.

- 8.3.3. It is the duty of Directors who believe that the pre-meeting information received is insufficient or incomplete to request supplementary information and clarification from the Chairman and/or the Secretary ahead of the meetings, so that they can act in an informed manner when carrying out their role.
- 8.3.4. Requests for the forwarding of data, documents and information, made outside the meetings of the Board of Directors, may only be submitted by Directors or Statutory Auditors entitled to request additional documents and information on account of their role, and are addressed to the Chairman of the Board of Directors, who in agreement with the Secretary and, if necessary, also with the Financial Reporting Officer, assesses how best to deal with the requests to ensure compliance with the corporate procedures adopted.
- 8.3.5. The supporting documentation relating to the Board of Directors' activities is drawn up by the competent corporate function and then brought to the attention of each Director and Statutory Auditor with the coordination of the Secretary and through the "CDA ON BOARD" portal, as described in greater detail in paragraph 8.6.1 below.

#### **8.4 Board Induction**

The Chairman and the Chief Executive Officer, with the help of the Secretary, prepare and draw up – usually at the end of the 4<sup>th</sup> quarter – an induction programme for the following year concerning various issues to be developed and business considerations. This programme takes the form of sessions that are usually held to coincide with the meetings of the Board of Directors scheduled throughout the year.

#### **8.5 Minutes**

- 8.5.1. The matters discussed and decided during meetings of the Board of Directors are recorded in minutes drawn up in Italian, signed by the Chairman and the Secretary of the meeting (or by the Notary Public when required by law) and copied into the company registers with any attachments.
- 8.5.2. The company registers are stored at the Company's headquarters in Via Alberto Falck 4 -16, Sesto San Giovanni (MI).
- 8.5.3. As soon as they are available, the preliminary drafts of the minutes of the meetings of the Board of Directors are sent to the Directors and Statutory Auditors who are entitled to make observations to be addressed to the Secretary in good time to allow for the preparation of the draft that shall be submitted to the Board of Directors at the next meeting.

#### **8.6 Confidentiality**

- 8.6.1. All the pre-meeting documentation and in general documentation on the matters handled during the meetings of the Board of Directors is made available to the Directors and Statutory Auditors on a dedicated document platform that guarantees its security by avoiding direct transmission of hardcopy documents or emails ("CDA on Board" portal) with confidential

access provided to those entitled by forwarding special access credentials. To ensure confidentiality and avoid insider trading and market abuse in particular, the documentation cannot be printed, downloaded, amended or sent by email or any other means.

- 8.6.2. Directors and Statutory Auditors must comply with the obligation to respect the confidentiality of the confidential documents and information obtained in the performance of their office and they are strictly forbidden from using them improperly or for purposes other than company purposes. Directors and Statutory Auditors must treat the information acquired on account of their role as private and confidential and shall take every necessary or even merely advisable precaution to ensure compliance with current legislation that applies to them directly.
- 8.6.3. Only the Chairman and the Chief Executive Officer may manage the Company's external relations. The remaining Directors and Statutory Auditors are forbidden from disclosing any information on the activities and decisions adopted by the Board of Directors, the Committees and all the Company's other bodies outside the Company.

## **9. Remuneration**

### **9.1 General Principles**

- 9.1.1 The Remuneration Policy of the directors, members of the Board of Statutory Auditors and the Top Management of the Company is important for the pursuit of the Company's sustainable success and takes account of the need to obtain, retain and motivate persons with the expertise and professionalism required by the role held in the Company.
- 9.1.2 The Remuneration Policy is drawn up by the Board of Directors in line with the recommendations of the Corporate Governance Code, through a transparent procedure.
- 9.1.3 The Board of Directors ensures that the remuneration provided and accrued is consistent with the principles and criteria defined in the Remuneration Policy, in light of the results achieved and the other relevant circumstances for the Board's attention.

### **9.2 Remuneration of directors**

- 9.2.1 The remuneration of Executive Directors and Top Management is defined so as to align their interests with the pursuit of the primary objective to create value for shareholders in the long term. For directors who are to be assigned management powers or who carry out, also only in practice, functions relating to the management of the company as well as for Top Management, a significant part of remuneration is linked to the achievement of specific performance objectives, also of a non-economic nature, previously indicated and determined in accordance with the guidelines in the Remuneration Policy. The remuneration of non-executive directors is proportional to the commitment required of each of them, also taking into account the possible participation to one or more Committees.
- 9.2.2 The Board, on occasion of the end of the mandate and/or termination of the relationship with an Executive Director (or general director), makes available, on the outcome of internal processes that lead to the assignment or recognition of any indemnity and/or other benefits, detailed information at this regard, through a communication made available to the market. The communication to the market includes the information relating to Recommendation 31 of the Corporate Governance Code.

### 9.3 Remuneration policy

- 9.3.1 The Board of Directors, on the proposal of the Remuneration Committee, defines a Remuneration Policy for the directors, including the Executive Directors and any other directors with specific responsibilities, Top Management and the Board of Statutory Auditors. The Board submits to the Shareholders' Meeting a report describing that policy, at least every three years or each time it is necessary to make changes to the Remuneration Policy.
- 9.3.2 The Remuneration Policy of Executive Directors and Top Management is defined by the Board in accordance with the following criteria:
- a) the fixed component and the variable component are suitably balanced in function of the strategic objectives and the risk management policy of the Company, also taking into account the business sector in which it operates and the characteristics of the business activity actually carried out, envisaging, in any event, that the variable portion represents a significant portion of overall remuneration;
  - b) maximum limits are established for the variable components;
  - c) the performance objectives – or the economic results and the other specific objectives to which the payment of the variable components is linked (including the objectives defined for remuneration plans based on shares) – are predetermined, measurable and linked to the creation of value for shareholders in the medium-long term. These are consistent with the Company's strategic objectives, and aim to promote its sustainable success, also including non-financial parameters, where relevant;
  - d) there are contractual agreements that allow the Company to request restitution, in total or in part, of variable components of the remunerations paid (or to withhold sums for deferred payments), determined on the basis of data that proves subsequently to have been incorrect and the other circumstances identified by the Company in the contractual agreements;
  - e) the indemnity possibly expected for the termination of the directorship is established with clear, predetermined rules, which define the maximum limit of the total amount which may be disbursed, linking it to a determined amount or a determined number of years of remuneration.
- 9.3.3. The remuneration of both Executive Directors and non-executive directors is defined taking account of the remuneration practices common in the reference sectors for companies of equivalent size, availing of an independent advisor, where necessary
- 9.3.4 The remuneration plans based on shares for Executive Directors and the Top Management incentivise the alignment with shareholders' interests over a long-term time horizon. To that end, in drawing up the above plans, the Board ensures that:
- a) the shares, options and any other right assigned to directors to purchase shares or to be remunerated on the basis of the performance of the share price have an average vesting period of at least three years;
  - b) the vesting element referred to at point a) is subject to predetermined and measurable performance objectives.
- 9.3.5 The Remuneration Policy of non-executive directors envisages compensation suited to the competence, professionalism and commitment required by the duties assigned to them on the Board and in the Committees. That remuneration is not – other than for an insignificant portion – linked to Company financial performance targets. Non-executive directors are not

included in remuneration plans based on shares, unless on the basis of a justified resolution of the shareholders' meeting.

- 9.3.6 Without prejudice to the provisions of art. 2402 of the Italian Civil Code, the remuneration of members of the Board of Statutory Auditors envisages compensation suited to the competence, professionalism and commitment required by the importance of the role held in the Company, also taking account of the business sector in which it operates and the characteristics of the company business concretely conducted.
- 9.3.7 The incentive mechanisms for the Internal Audit manager and of the Financial Reporting Officer are appropriate to the tasks assigned to them.

## **10. Remuneration Committee**

- 10.1. The Board of Directors establishes a Remuneration Committee, composed only of non-executive, independent directors, chaired by an Independent Director.
- 10.2. At least one member of the Committee shall have adequate knowledge and experience in financial matters or remuneration policies, to be evaluated by the Board at the time of appointment.
- 10.3. The Remuneration Committee performs a role of analysis, proposal and advice in relation to aspects that regard the organisational structure, remuneration policies and development of human resources of the Group, as well as the appointment of the directors and the succession plans for directors and Top Management. It has the following main duties:
- a) it assists the Board in drawing up the Remuneration Policy;
  - b) it puts forward proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors and other directors with special responsibilities, as well as on the determination of performance objectives linked to the short- and long-term variable component of such remuneration;
  - c) it monitors the application of the Remuneration Policy verifying, in particular, the effective achievement of the performance objectives;
  - d) it periodically evaluates the adequacy and the overall coherence Remuneration Policy, availing itself at this regard of the information provided by the Chief Executive Officer;
  - e) it evaluates annually the development and succession plans for Top Management proposed by the Chief Executive Officer, providing recommendations and opinions to the Board of Directors;
  - f) it supports the Board of Directors in its self-assessment process and that of its Committees, conducting a preliminary analysis for the possible assignment to an external advisor.
- 10.4. No director takes part in the meeting of the Remuneration Committee where proposals to the Board are formulated relative to their remuneration.
- 10.5. The Remuneration Committee – which may avail itself of external consultants in the performance of their function – meets whenever its Chairman deems it to be necessary or a request is made by another member or by the Chief Executive Officer.

10.6 The Board of Statutory Auditors, as well as – when deemed to be necessary and upon invitation of the Chairman of the Remuneration Committee – the HR, Organization & IT Management Manager or other heads of the structures or representatives of the Company and/or of the Group, are invited to attend the meetings of the Remuneration Committee in relation to the needs linked to individual agenda points.

## **11. Rules on the internal workings of the Remuneration Committee**

11.1 The Committee meets whenever the Chairman of the Committee considers it appropriate or when requested by another member of the Committee, and in any case at least four times a year.

11.2 Committee meetings are convened by the Chairman of the Committee, directly or through the secretary of the Committee, if appointed, by means of a notice stating the date, venue and time of the meeting and the meeting's agenda.

11.3 The notice of convocation must be sent to all the members of the Committee and of the Board of Statutory Auditors, even by email, at least three days prior to the date set for the meeting or, in urgent circumstances, at least one day beforehand.

11.4 Meetings attended by all the Committee members are considered validly constituted, even without formal convocation.

11.5 In the event of absence or incapacity of the Chairman of the Committee, the functions of chairman of the meeting shall be performed by the oldest member.

11.6 At the proposal of its Chairman, the Committee appoints a secretary until expiry of the three year term of office of the Board of Directors, who may even be chosen from outside its members, who shall be entrusted with drawing up the minutes of the meetings.

11.7 In order to be valid, Committee meetings must be attended by the majority of incumbent members. The Committee's resolutions are passed by an absolute majority of those present; in the event of a tie, the person chairing the meeting shall have the casting vote.

11.8 Committee meetings may also be held by audio or video conference.

11.9 The content of the meetings and of the decisions adopted are recorded in minutes. The minutes are drawn up by the Secretary of the Committee, signed by the Chairman of the Committee and the Secretary of the Committee and copied into the special Register of Minutes of Committee Meetings. The Committee archive, where the Register of Minutes of Committee Meetings is kept, is set up at the Legal & Corporate Affairs department. Documentation concerning the Committee's activity, when not attached to the minutes of the meetings, is stored in electronic format and filed on the site where the documentation of the Board of Directors is shared.

11.10 The Committee is entitled to access the information and the corporate structures it deems necessary in order to carry out its duties and may use the services of external consultants at the Company's expense, within the limits of the budget approved by the Board of Directors, after having ascertained that the consultants are not affected by situations that might compromise the independence of their judgement.

11.11 No Director or manager may take part in Committee meetings where proposals to be submitted to the Board of Directors regarding their remuneration are to be discussed.

11.12 The Committee provides a written report on the activities performed which is forwarded to the next meeting of the Board of Directors.

## **12. Statutory Auditors**

12.1 The appointment of auditors takes place according to a transparent procedure, in compliance with current regulations and pursuant to art. 24 of the Articles of Association. This guarantees, among other things, accurate information on the personal and professional characteristics of the candidates to the office.

12.2 At least two fifths (or a different amount set out in applicable regulations) of the Board of Statutory Auditors are composed of members of the less represented gender. In compliance with applicable regulations, the Articles of Association set out suitable mechanisms for appointment in order to ensure compliance with the balance of genders in the Board of Statutory Auditors.

12.3 The auditors act autonomously and independently also with respect to the shareholders who have elected them.

12.4 The Company arranges the measures suitable to guarantee the effective performance of the tasks of the Board of Statutory Auditors.

12.5 In addition to the requirements determined by the applicable laws, all members of the Board of Statutory Auditors of the Company are chosen among people who may be qualified as independent, also on the basis of the criteria provided by the Code, with reference to directors, with a focus on substance over form.

The evaluation of auditors' independence is conducted by the Board of Statutory Auditors, based on the information provided by each interested party, in accordance with the time frames and methods set out in articles 3.1.2. and 3.1.3.

The evaluation is sent to the Board in the forms and in suitable time to allow the Board to examine it prior to the publication of the press release following the appointment or inclusion of the related disclosure in the Corporate Governance Report.

12.6 The Board supervises the procedures for the actual implementation of corporate governance rules and checks the correct application of the verification criteria and procedures adopted by the Board to evaluate the independence of its members, after appointment and subsequently on an annual basis, giving communication of this to the Board of Directors in good time for the preparation of the Corporate Governance Report.

12.7 Auditors accept their mandate when they consider to be able to dedicate the time necessary for the diligent performance of their tasks.

12.8 The auditor who, on their own account or on behalf of third parties, has an interest in a specific Company transaction, promptly and fully informs the other auditors and the Chairman of the Board of Directors with regard to the nature, term, origin and extent of their interest.

12.9 The Board of Statutory Auditors, in the context of the tasks assigned to it by the law and the Articles of Association:

- a) supervises the independence of the independent auditing company, checking both the compliance to applicable regulatory provisions and the nature and extent of services other than the audit control provided to the Company and its subsidiaries by the same independent auditing company and by entities belonging to the same network;

- b) evaluates the proposals formulated by independent auditing companies in order to be assigned the relative mandate, as well as the work arranged for the audit and the results presented in the report and in the possible suggestions letter, expressing the reasoned proposal to the shareholders' meeting, pursuant to the law;
  - c) supervises the effectiveness of the audit process.
- 12.10 Board of Statutory Auditors supervises the effectiveness of the internal control and risk management system. As part of their work, the auditors may ask the Internal Audit structure for reports on particularly significant events.
- 12.11 The Board of Statutory Auditors and the Control and Risk Committee promptly exchange relevant information for carrying out their respective duties, including the duties assigned to the Board by art. 19 of Italian Legislative Decree no. 39 of 27 January 2010.

The Board of Statutory Auditors is invited to participate in all the internal Board committees.

### **13. Internal control and risk management system**

#### **13.1 Definition**

- 13.1.1. The internal control and risk management system (hereinafter also "**Control System**") of the Company is the set of rules, procedures and organisational structures aimed at allowing the actual and effective identification, measurement, management and monitoring of the main risks of the Group, in order to contribute the sustainable success of the Company and the Group.
- 13.1.2 The Control System is integral to the more general organisational structure and the corporate governance adopted by the Company.
- 13.1.3 The Control System must be effective and contribute to the management of the company coherent with the corporate strategies and objectives defined by the Board, promoting responsible decision-making. It must contribute to ensuring the safeguard of corporate assets, the efficiency and effectiveness of corporate processes, the reliability of information provided to the corporate bodies and to the market, the compliance with laws and regulations as well as with the Articles of Association and internal procedures.
- 13.1.4 In particular the Control System, defined taking into account the reference models and existing national and international best practices is divided into three control levels:
- a) 1st level: Divisions/Structures carry out the line controls in the operational processes, identify and evaluate the risks identified and implement defined management actions;
  - b) 2nd level: Divisions/Structures supervising the risk evaluation and control process, define the procedures and the instruments for the management of risks, guaranteeing their coherence with corporate objectives;
  - c) 3rd level: the Internal Audit structure carries out independent verification activities on the overall Control System.

#### **13.2 Board of Directors**

- 13.2.1 The Control System involves the following subjects, each for their own part:

- a) the Board of Directors, which carries out a strategic role and evaluates the adequacy of the Control System;
- b) the Chief Executive Officer, who takes care of the institution and maintenance of the Control System;
- c) the Control and Risk Committee, with the task to support with adequate preliminary activities the evaluations and the decisions of the Board relative to the Control System, as well as those relative to the approval of the periodical financial and non-financial reports and checks their correct implementation;
- d) the Internal Audit manager, tasked to check that the Control System works, is adequate and consistent with the guidelines defined by the Board (3rd level control);
- e) the Divisions/Structures in which the organisational structure is divided, with specific tasks in relation to the management and monitoring of the Control System (2nd level control);
- f) the Board of Statutory Auditors, which supervises the effectiveness of the Control System.

13.2.2 The Board of Directors defines and implements coordination procedures and information flows among the above-mentioned subjects in order to maximise the efficiency of the Control System, avoiding duplication of activities and to guarantee effective performance of the specific duties of the Board of Statutory Auditors.

13.2.3 The Board ensures that its evaluations and decisions relative to the Control System and the approval of the periodical financial reports are supported by adequate preparatory activities. To this end, the Board of Directors set up a Control and Risk Committee composed of only non-executive independent directors chaired by an Independent Director. As a whole, the CRC shall possess adequate competence in the business sector in which the Company operates, important to evaluate the related risks, and at least one member of the CRC has an adequate experience of accounting, financial or risk management matters, to be evaluated by the Board of Directors at the time of appointment.

13.2.4 The Board of Directors, with the support of the CRC:

- a) defines the Control System guidelines, in line with the Company strategies;
- b) evaluates, at least annually, the adequacy and effectiveness of the Control System with respect to the characteristics of the company and the risk profile assumed;
- c) at least annually approves the Audit Plan prepared by the Internal Audit manager, having consulted the Board of Statutory Auditors and the Chief Executive Officer, on which the CRC expresses its opinion;
- d) evaluates, having consulted the Board of Statutory Auditors, the results reported by the independent auditor in any letter of suggestions and in the additional report targeted to the Board of Statutory Auditors
- e) describes, in the Corporate Governance Report, the main characteristics of the Control System and the methods of coordination among the parties involved in it, indicating the reference models and national and international best practices, expressing its overall evaluation of the adequacy thereof and also reporting on the choices made regarding the composition of the supervisory body pursuant to art. 13.8.2 below;
- f) on the proposal of the Control an Risk Committee:

- appoints and revokes the Internal Audit Manager;
- ensures that the same is provided with adequate resources for the fulfilment of their responsibilities;
- defines their remuneration in accordance with the Group's policies.

Where the Board decides to assign the Internal Audit function as a whole, or only segments of its operations, to a party external to the Company, it ensures that this party suitably meets the requirements of professionalism, independence and organisation, providing adequate justification of that choice in the Corporate Governance Report.

### **13.3 Chief Executive Officer**

The Chief Executive Officer, identified by the Board of Directors as the Director in charge of the Control System:

- a) identifies the main corporate risks, taking into consideration the characteristics of the activities carried out by the Company and its subsidiaries, and submits them periodically to the examination of the Board of Directors, with the prior preliminary activities of the CRC;
- b) executes the guidelines defined by the Board of Directors, taking care of the planning, implementation and management of the Control System, constantly verifying its adequacy and effectiveness, as well as adapting it to the dynamics of the operating conditions and to the legislative and regulatory framework;
- c) may request the Internal Audit structure to carry out verifications on specific operational areas and on the compliance with internal regulations and procedures in the execution of corporate transactions, with simultaneous communication to the Chairmen of the Board of Directors, the CRC and the Board of Statutory Auditors;
- d) timely reports to the CRC with regard to the issues and critical areas identified in the performance of their activities or of which they have become aware, in order for the committee to take the necessary initiatives.

### **13.4 Control and Risk Committee**

13.4.1 In addition to supporting the Board of Directors in fulfilling the tasks indicated in article 13.2.4, the CRC carries out the following main tasks:

- a) evaluates, having consulted the Financial Reporting Officer, the independent auditor and the Board of Statutory Auditors, the correct use of the accounting standards adopted and their consistency in the preparation of the consolidated financial statements;
- b) evaluates the suitability of the periodic financial and non-financial disclosure, to correctly represent the business model, Company strategies, impact of its business and the performance achieved, coordinating with the Sustainable Strategy Committee;
- c) revises the Consolidated non-financial Statement governed by Legislative Decree no. 254 of December 30, 2016, expressing its opinion in relation to the adequacy of the measurement system and compliance with the reporting standards of reference to support the Board of Directors called to approve such documents;

- d) expresses opinions on specific aspects relating to the identification of the main corporate risks, including those related to the Sustainability Framework, supporting the evaluations and the decisions of the Board of Directors relative to the management of risks deriving from prejudicial events the Board becomes aware of;
- e) examines the periodical reports and those of particular relevance prepared by the Internal Audit function;
- f) monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function;
- g) may appoint the Internal Audit structure to carry out verifications on specific operational areas, with simultaneous communication to the Chairmen of the Board of Statutory Auditors and of the Board of Directors as well as to the Chief Executive Officer;
- h) assists, for the part of its competence, the Remuneration Committee in the evaluation of the adequacy of the remuneration policy and its implementation in relation to the organisational structure, with particular reference to the Control System;
- i) reports to the Board of Directors, at least upon approval of the annual and half-yearly financial reports, on the activities carried out and the adequacy of the internal control system and risk management system;
- j) carries out further tasks assigned to it by the Board of Directors.

13.4.2 The CRC is made up of three members, all of whom are non-executive directors that meet the independence requirements laid down by the Code of Corporate Governance and the law.

13.4.3 The members of the CRC and its Chairman are appointed and revoked by a resolution of the Board of Directors.

13.4.4 The members of the CRC must have experience appropriate to the duties they are required to fulfil, as assessed by the Board of Directors at the time of their appointment. More specifically, at least one member of the CRC must have appropriate experience in accounting and financial matters and in risk management, while at least one other member of the Committee must have appropriate experience in the corporate governance of listed companies.

13.4.5 In the performance of its functions, members of the CRC have the option to question corporate structures to acquire the information necessary for the performance of their tasks, as well as avail itself of external consultants.

13.4.6 The CRC meets whenever its Chairman deems it to be necessary or at the request of another member or of the Chief Executive Officer.

13.4.7 The Board of Statutory Auditors, as well as other representatives of the Company and/or of the Group and the Independent Auditor, are invited to the meetings of the CRC when this is deemed to be opportune and upon invitation of the Chairman of the CRC.

13.4.8 The procedures for convening the CRC are set out below:

- a) the CRC meets whenever the Chairman of the CRC considers it appropriate or when requested by another member of the Committee, and in any case at least four times a year;

- b) CRC meetings are convened by the Chairman of the CRC, directly or through the secretary of the CRC by means of a notice stating the date, venue and time of the meeting and the meeting's agenda;
- c) the notice of convocation must be sent to all the members of the CRC and of the Board of Statutory Auditors, even by email, at least three days prior to the date set for the meeting or, in urgent circumstances, at least one day beforehand;
- d) meetings attended by all CRC members are considered validly constituted, even without formal convocation;
- e) in the event of absence or incapacity of the Chairman of the CRC, the functions of chairman of the meeting shall be performed by the oldest member.

13.4.9 The procedures governing the functioning of the CRC are set out below:

- a) the head of the Internal Audit structure is appointed secretary of the CRC for the three year term of office of the Board of Directors;
- b) in order to be valid, CRC meetings must be attended by the majority of incumbent members. The CRC's resolutions are passed by an absolute majority of those present; in the event of a tie, the person chairing the meeting shall have the casting vote;
- c) the Board of Statutory Auditors and – when deemed appropriate and decided by the Chairman of the CRC – the heads of the Company and/or Group structures are also invited to CRC meetings, which may even be held by audio or video conference;
- d) the content of the meetings and of the decisions adopted by the CRC are recorded in minutes. The minutes are drawn up by the Secretary of the CRC, signed by the Chairman of the CRC and the Secretary of the CRC and copied into the special Register of Minutes of CRC Meetings. The CRC archive, where the Register of Minutes of CRC Meetings is kept, is set up at the Legal & Corporate Affairs department. Documentation concerning the CRC's activity, when not attached to the minutes of the meetings, is stored in electronic format and filed on the site where the documentation of the Board of Directors is shared;
- e) the CRC is entitled to access the information and the corporate structures that it deems necessary in order to carry out its duties and may use the services of external consultants at the Company's expense, within the limits of the budget approved by the Board of Directors, after having ascertaining that the consultants are not affected by situations that might compromise their independence of judgement;
- f) the CRC provides a written report on the activity performed that is forwarded to the next meeting of the Board of Directors.

## 13.5 Internal Audit

13.5.1 The Internal Audit manager is not responsible for any operational area and hierarchically reports to the Board of Directors. He/she has direct access to all the information useful for the performance of the office.

The Internal Audit Manager has direct access to all the information useful for the performance of the office.

13.5.2 The Internal Audit Manager:

- a) verifies, both on a continuous basis and in relation to specific needs and in compliance with international standards, the functioning and suitability of the Control System, through an Audit Plan, based on a structured process for the analysis and prioritization of the main risks. The Audit Plan is approved by the Board of Directors, with the prior opinion of the CRC and having consulted the Board of Statutory Auditors and the Chief Executive Officer;
- b) prepares periodical reports including adequate information on their activity, on the manner in which risk management is carried out, as well as on the compliance with the plans defined for their containment. Periodical reports include an evaluation on the suitability of the Control System;
- c) also on request by the Board of Statutory Auditors or the Chief Executive Officer, timely prepares specific reports on events of particular relevance;
- d) sends the reports referred to at points b and c) to the Chairmen of the Board of Directors, the CRC and the Board of Statutory Auditors, and to the Chief Executive Officer, save for the cases where those reports specifically regard the activities of those parties;
- e) checks, in the context of the Audit Plan, the reliability of information systems, including accounting recording systems;

13.5.3 The Internal Audit structure is placed within the Company and carries out its activity for the Company and for the companies of the Falck Renewables Group.

## **13.6 Risk Management**

13.6.1 A Risk Management structure is operational, reporting to the Chief Executive Officer, with the role of supporting the Company and the Group in the identification, evaluation and prioritisation of risks, taking into account corporate objectives and the characteristics of the activities carried out by the Group; the function also supports the organisation in identifying and developing appropriate actions for the mitigation of the main corporate risks identified.

13.6.2 The Risk Management structure periodically reports with regard to the Group's risk profile and on its development to the Chief Executive Officer, the CRC and the Board of Statutory Auditors, as well as the Internal Audit manager.

The Risk Management structure, overall or for segments of its operations, may be outsourced to subjects outside of the Company as long as they meet adequate professionalism requirements. The adoption of such organisational choices, suitable motivated, is communicated to the shareholders and to the market in the context of the Corporate Governance Report.

## **13.7 Financial Reporting Officer**

13.7.1 The Company appoints a Financial Reporting Officer pursuant to art. 154-bis of the TUF (the "Officer in charge").

13.7.2 Art. 23 of the Company's Articles of Association establishes the professionalism requirements and the appointment procedure used by the Board of Directors, with the prior opinion of the Board of Statutory Auditors, for the Officer in charge, who must meet the integrity and professionalism criteria required by the applicable laws and regulations.

13.7.3 The Officer in charge must have administrative, financial and management control competences. The Board of Directors may designate its Chief Financial Officer as the Chief Executive Officer.

13.7.4 The Officer in charge has the responsibility to:

- a) certify with written declaration that the filings and communications of the Company to the market and relative to accounting information, also interim, correspond to the documents, books and accounting records (art. 154-bis, paragraph 2, TUF);
- b) establish administrative and accounting procedures for the preparation of the statutory financial statements and the consolidated financial statements, as well as of any other financial documents (art. 154-bis, paragraph 3, Consolidated Law on Finance);
- c) certify, jointly with the Chief Executive Officer, with specific report annexed to the financial statements for the year, the interim financial statements and the consolidated financial statements (art. 154-bis, paragraph 5, TUF):
  - the adequacy and effective application of administrative and accounting procedures prepared by the same, for the period the documents refer to;
  - the compliance of documents with the international accounting standards recognised by the European Union pursuant to European Parliament and Council Regulation No. 1606/2002/EC of 19 July 2002;
  - the correspondence of the documents to which the report is annexed to the books and accounting records;
  - the suitability of the financial statements, of the condensed interim financial statements and the consolidated financial statements to provide a true and fair representation of the capital, economic and financial situation of the Company and group of companies included within the scope of consolidation.
  - for the financial statements and the consolidated financial statements, that the Report on Operations includes a reliable analysis of the trends and results of operations as well as of the position of the Company and of all entities included within the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to;
  - for the interim financial statements, that the interim report on operations includes a reliable analysis of the information pursuant to paragraph 4 of article 154-ter of the TUF.

The Company's Officer in charge:

- a) occupies a managerial position, at a hierarchical level reporting directly at the highest level
- b) has the direct responsibility of the organisational structure necessary to adequately guarantee the performance of their own activities;
- c) has access to the Company's information and documents relevant for the fulfilment of their tasks, including contracts with third parties;
- d) may participate *ad audiendum*, on invitation from the Board of Directors, to meetings of the same dealing with issues pertinent to the tasks of the Officer in charge;

- e) has the option to engage with every administration and control body;
- f) has the powers to supervise existing corporate procedures and authorise new ones when they have an impact on the accounting information, also interim, subject to certification;
- g) must be able to rely on corporate information systems in order to provide an accounting system suitable to ensure the adequacy of procedures and controls; consequently, they have the option to participate to a process for the definition and implementation of information systems that have an impact on the economic, financial and capital situation.
- h) may rely, where necessary and/or opportune, on the cooperation of the other corporate organisational units, other than those organised by the same as executive of the Company, for the performance of the task according to procedures that will be agreed with the same;
- i) within the limits of the competences and functions assigned, the Officer in charge has powers of inspection and control and may request information, data and processing of the same, from other corporate organisational Units and other companies of the Falck Renewables Group;
- j) the company's organisational units involved must respond promptly to the Officer in charge without the necessity for further authorisations;
- k) proposes the annual budget relative to their structure and the tasks assigned to them by the Board of Directors.

13.7.5 Furthermore, the Officer in charge identifies an adequate dedicated organisational structure (in terms of numbers and level of resources) and is provided with a dedicated budget appropriate to the functions and duties assigned to him/her, approved from year to year by the Board of Directors. In the context of the powers conferred to them, the Officer in charge may also make use of external consultancies, within the limits of the budget approved by the Board of Directors.

For the purposes of traceability and transparency, the Officer in charge arranges the most opportune procedures for the archiving of documents with an impact on the company's accounting information.

13.7.6 The Officer in charge has the option to carry out checks on any corporate procedure or process that may have an impact on the economic, financial and capital situation both of the Company and the Group. The Officer in charge may also propose structural changes to the components of the internal control system considered to be inadequate and, in case these are not implemented, be given the power to adopt countermeasures and to promptly notify the Board of Directors.

The Officer in charge provides periodical information to the Supervisory Board instituted pursuant to art. 6, letter b) of Italian Legislative Decree no. 231 of 8 June 2001, and to the CRC.

## **13.8 Organisation and Management Model pursuant to Italian Legislative Decree no. 231 of 8 June 2001**

13.8.1 The Company adopts and keeps constantly updated, through specific Board of Directors resolutions, the Organisation and Management Model pursuant to Italian Legislative Decree

no. 231 of 8 June 2001 ("Model") for the prevention of crimes committed in the interest or to the benefit of the Company. The Model defines rules of conduct and identifies oversight measure, based on the ethical principles set out in the Code of Ethics adopted by the Company and the guidelines of trade associations:

- 13.8.2 The Board of Directors assigns to a body specifically established the supervisory functions pursuant to art. 6, paragraph 1, letter b) of Italian Legislative Decree no. 231/2001 ("Supervisory Body"). The Board decides whether to appoint in the Supervisory Body at least one non-executive director and/or a member of the Board of Statutory Auditors and/or the holder of legal functions or control over the Company, in order to ensure coordination among the various parties involved in the Control System.
- 13.8.3 The Company communicates the Model to its Italian subsidiaries, which take action to adopt their own and appoint a Supervisory Body, complying with the principles and content of the Company's Model, save for their own specifications. The Company also requests that subsidiaries abroad, in managing activities that entail a risk of commission of crimes of the same type as those set out in the Decree, adopt a document that refers to the principles of conduct defined in the general section of the prevention protocols set out in the Model, in compliance with the law applicable in their specific countries or where those companies operate.

#### **14. Sustainable Strategy Committee**

- 14.1 The Board of Directors shall set up a Committee whose mission is to ensure that the strategy of the Company is based on the analysis of issuers relevant to the generation of long-term value with a view to sustainable success.
- 14.2 The Committee is composed of six members, two executive and four non-executive.
- 14.3 The Committee members shall have adequate competence in relation to the duties they are required to carry out, evaluated by the Board of Directors at the time of appointment.
- 14.4 In relation to its mission, the Committee performs the following main duties:
  - a) assists the Board of Directors, with analysis and advisory functions, in its evaluations and decisions connected with creating sustainable value in the long term for all stakeholders of the Company;
  - b) identifies and analyses, with the support of the Sustainability function and the Managing Director, the best practices relating to ESG indexes, both national and international;
  - c) evaluates the suitability of the Sustainability Report to correctly represent the Company's business model, strategies, the impact of its activities and the performance achieved, in coordination with the CRC;
  - d) coordinates with the Managing Director and the CRC in defining and developing the Sustainability Framework adopted by the Company to be approved by the Board of Directors;
  - e) monitors the implementation of the decisions of the Board of Directors relating to the sustainable success of the Company and evaluates the progress in value creation for all stakeholders in the Group;

- f) periodically evaluates the reference economic scenarios that are fundamental for the Group's strategy and the opportunities for value creation over the long term for all stakeholders proposed by the Managing Director;
  - g) identifies the social and macroeconomic projections, innovative processes, technological changes and market parameters which could impact the Company's sustainable strategy in the medium-long term.
- 14.5. The Committee meets whenever the Chairman of the Committee considers it appropriate or when requested by another member of the Committee, and in any case at least four times a year.
  - 14.6. Committee meetings are convened by the Chairman of the Committee, directly or through the secretary of the Committee, by means of a notice stating the date, venue and time of the meeting and the meeting's agenda.
  - 14.7. The notice of convocation must be sent to all the members of the Committee and of the Board of Statutory Auditors, even by email, at least three days prior to the date set for the meeting or, in urgent circumstances, at least one day beforehand.
  - 14.8. All the members of the Board of Directors are invited as observers on the points specified in the convocation.
  - 14.9. Meetings attended by all the Committee members are considered validly constituted, even without formal convocation.
  - 14.10. In the event of absence or incapacity of the Chairman of the Committee, the functions of chairman of the meeting shall be performed by the oldest member.
  - 14.11. The Group General Counsel is appointed secretary of the Committee until the end of the three year term of office of the Board of Directors.
  - 14.12. In order to be valid, Committee meetings must be attended by the majority of incumbent members. The Committee's resolutions are passed by an absolute majority of those present; in the event of a tie, the person chairing the meeting shall have the casting vote.
  - 14.13. The Board of Statutory Auditors and – when deemed appropriate and decided by the Chairman of the Committee – the heads of the Company and/or Group structures are also invited to Committee meetings, which may even be held by audio or video conference.
  - 14.14. The content of the meetings and of the decisions adopted are recorded in minutes. The minutes are drawn up by the Secretary of the Committee, signed by the Chairman of the Committee and the Secretary of the Committee and copied into the special Register of Minutes of Committee Meetings. The Committee archive, where the Register of Minutes of the Sustainable Strategy Committee Meetings is kept, is set up at the Legal & Corporate Affairs department. Documentation concerning the Committee's activity, when not attached to the minutes of the meetings, is stored in electronic format and filed on the site where the documentation of the Board of Directors is shared.
  - 14.15. The Committee is entitled to access the information and the corporate structures that it deems necessary in order to carry out its duties and may use the services of external consultants at the Company's expense, within the limits of the budget approved by the Board of Directors, after having ascertained that the consultants are not affected by situations that might compromise their independence of judgement.

14.16. The Committee provides a written report on the activity performed to be forwarded to the next meeting of the Board of Directors.

## **15. Interests of directors and transactions with related parties**

15.1 The Board of Directors adopts a specific procedure relative to transactions with related parties, in compliance with the provisions of the current legal and regulatory provisions in force. This provision includes measures aimed at ensuring that both the transactions in which a director has an interest, on their own account or on behalf of third parties, and those put in place with parties related to the Company, are carried out in a transparent manner and respecting the criteria of essential and procedural correctness. The procedure is constantly updated to take account of any legal and regulatory changes, as well as applied experience and national and international best practices.

15.2 The procedure relative to transactions with related parties establishes the procedures for the approval and execution of transactions put in place by the Company, or its subsidiaries, with related parties.

15.3 The Board of Directors adopts operational procedures suitable for facilitating i) the identification and adequate management of situations in which a director has an interest in their own right or on behalf of third parties; ii) the traceability of decisions; iii) their correct operational and accounting processing by the Company.

## **16. Shareholders' Meetings**

16.1 The Board of Director use its best efforts for reducing the restrictions and fulfilments, which make it difficult and burdensome for the shareholders to participate in shareholders' meeting and exercise their voting right.

16.2 The Chairman and the executive officer encourage and use their best efforts to facilitate the widest possible participation by shareholders to shareholders' meetings, as an effective time for engagement and exchange between the Company and shareholders. Normally all directors participate to shareholders' meetings.

16.3 In particular, the Board of Directors reports to the shareholder's meeting on activities carried out and planned and ensures adequate information is provided to shareholders with regard to the elements necessary for taking the decisions pertaining to the shareholders' meeting with full knowledge of the facts.

16.4 The Board of Directors may propose for approval by the shareholders' meeting a regulation indicating the procedures to follow in order to ensure the orderly and functional operation of shareholders' meetings, guaranteeing at the same time the right of each shareholder to speak on the issues under discussion.

## **17. Independent Auditors**

Pursuant to applicable laws, the audit of financial statements must be to be carried out by an independent auditing company, registered in the appropriate register.

Where applicable, the subsidiaries assign the independent audit mandate to the Independent Auditor appointed by the shareholders' meeting of the Company.

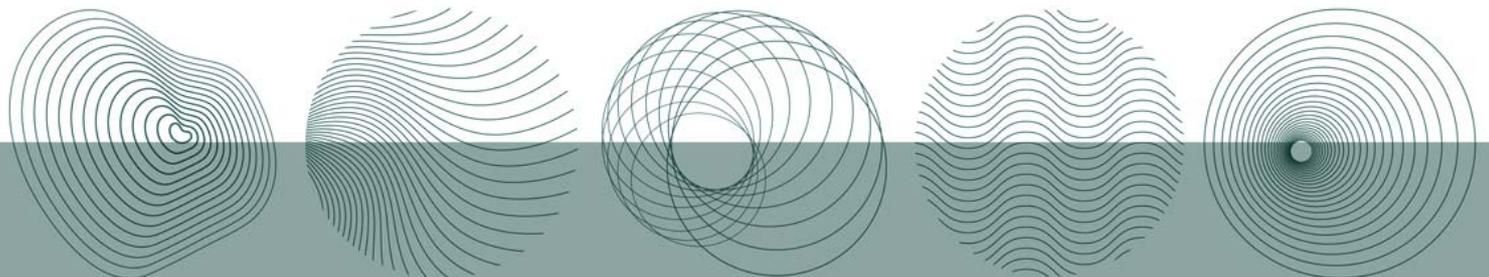
**18. Amendments and additions to the regulation**

The Board of Directors of the Company reserves the right to update and add to the current Regulation also taking into account the reference legislative and self-regulatory developments, the practical experience gained and market practice in this area.



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