

Salcef Group S.p.A.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

drafted pursuant to art. 123-*bis* of Legislative Decree no. 58 of 24 February 1998 relating to the financial
year 2020

(traditional management and control model)

Issuer: Salcef Group S.p.A.

Website: www.salcef.com

Financial year of reference: 2020

Report approval date: 24 March 2021

SALCEF GROUP S.p.A.

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GLOSSARY

In this Report, except in cases where the context indicates a different meaning, the following terms and expressions, where distinguished by a capital letter, will have the meaning indicated below:

AIM Italia	AIM Italia, multilateral trading system organized and managed by Borsa Italiana S.p.A.
Shareholders' Meeting	The Shareholders' Meeting of the Company.
Shares	The ordinary shares of the Company, without nominal value.
Code / Corporate Governance Code	The Corporate Governance Code for listed companies approved in July 2018, as subsequently amended and supplemented, by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
Civil Code	The Italian Civil Code.
Board / Board of Directors	The Board of Directors of Salcef Group S.p.A.
Board of Statutory Auditors:	The Board of Statutory Auditors of Salcef Group S.p.A.

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Date of the Report	The date of approval of this Report by the Issuer's Board of Directors.
Negotiations Start Date	The starting date of negotiations of ordinary shares and warrants on the Mercato Telematico Azionario, i.e., 22 December 2020.
Financial year	The Financial year that ended on 31 December 2020 to which the Report refers.
Salcef Group	Collectively, the Company and other Italian and foreign companies controlled by it pursuant to Article 2359 of the Civil Code and article 93 of the TUF.
Instructions to the Regulations of the Market	The Instructions to the Regulations of the Markets organized and managed by Borsa Italiana S.p.A.
Market Abuse Regulation or MAR	The EU Regulation no. 596/2014, as subsequently supplemented and implemented, relating to market abuse.
MTA - Mercato Telematico Azionario	Electronic Stock Market organized and managed by Borsa Italiana S.p.A.
Consob Issuers Regulation	The Regulation issued by Consob with resolution no. 11971 of 1999 regarding issuers, as subsequently amended and supplemented.
Consob Market Regulation	The Regulation issued by Consob with resolution no. 20249 of 2017 on markets, as subsequently amended and supplemented.
Consob Related Party Transactions Regulation or RPT Regulation	The Regulation issued by Consob with resolution no. 17221 of 12 March 2010 on related party transactions, as subsequently amended and supplemented.
Report	This report on corporate governance and ownership structures that the Company is required to draw up pursuant to art. 123- <i>bis</i> of the TUF and in compliance with the Corporate Governance Code.
Remuneration Report	The report on the remuneration policy and remuneration paid drawn up pursuant to art. 123- <i>ter</i>

	of the TUF and article 84- <i>quater</i> of the Consob Issuers Regulation.
Website	The Company's website: www.salcef.com .
Company or Issuer	Salcef Group S.p.A., with registered office in Rome, Via di Pietralata no. 140, 00158, registered in the Register of Companies of Rome, VAT number 01951301009 and Tax Code 08061650589, issuer of the securities to which the Report refers.
Bylaws	The Bylaws of Salcef Group S.p.A., published on the Company's website and in force on the Date of the Report.
Consolidated Law on Finance / TUF	The Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented.

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1. PROFILE OF THE ISSUER

Salcef Group S.p.A. is a company whose shares are traded - starting from 22 December 2020 - on the electronic stock market (*Mercato Telematico Azionario*, **MTA**) organized and managed by Borsa Italiana S.p.A. (the "**Listing**"). Starting from that date, the Company implemented the corporate governance structure described in this Report.

For the sake of completeness, it should be noted that the Company's shares were previously traded on AIM Italia and, therefore, the Company had adopted corporate governance measures appropriate to its characteristics and status as a company with shares traded on AIM Italia, as well as in line with the best practice of the issuers whose financial instruments are traded on this market. The Report illustrates the corporate governance structure as resulting pursuant to the Bylaws in force.

The Issuer is the head of the Salcef Group, which specializes in the design, construction and maintenance of systems for railway infrastructures, tramways and subways, in Italy and abroad. In these areas, the Group provides specialized and integrated services, with advanced skills on structural, civil and technological components. Within the Group, the Issuer is a holding company that provides subsidiaries with a series of services, mainly of a corporate nature.

Salcef's corporate governance system, which adopts the traditional administration and control system referred to in Articles 2380-*bis* and following of the Civil Code, is characterized by the presence of the following corporate bodies:

- (i) the Board of Directors, in charge of managing the social enterprise;
- (ii) the Board of Statutory Auditors, in charge of supervising (i) the compliance with the law and the Bylaws and compliance with the principles of correct administration; (ii) the adequacy of the internal control system and the administrative-accounting system, as well as the reliability of the latter in correctly representing management facts; (iii) the concrete implementation of the corporate governance rules provided for by the Corporate Governance Code; (iv) the adequacy of the instructions given to subsidiaries in relation to the disclosure obligations of privileged information, and (v) the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, the statutory audit of the annual and consolidated accounts, the independence of the statutory auditing company;
- (iii) the Shareholders' Meeting, competent to resolve on matters reserved to it by law, regulations and the Bylaws.

Salcef's governance also consists of the following subcommittees of the Board of Directors: the Audit and Risk Committee and the Remuneration and Appointments Committee, both with propositional and advisory functions in compliance with the recommendations of the Corporate Governance Code and the Related Parties Committee pursuant to and for the purposes of the RPT Regulation and the procedure for transactions with related parties.

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The audit activity is entrusted to an auditing company registered in the register of auditors, KPMG S.p.A., appointed by the Shareholders' Meeting, on the motivated proposal of the Board of Statutory Auditors.

The Company exercises management and coordination activities on the companies of the Group, pursuant to article 2497 and following of the Civil Code. For more information on management and coordination, please refer to paragraph 2 (l) of the Report.

Over the years, the Company has carried out projects and initiatives that demonstrate commitment and attention to various aspects of what is generally referred to as the theme of "social sustainability".

For more information, please refer to the Consolidated Non-Financial Statement ("**NFS**"), which reports, to the extent necessary to ensure understanding of the business activity, its performance, its results and the impact of the product itself, regarding the issues deemed relevant and encompassed by Article 3 of Legislative Decree 254/16, with reference to the financial year 2020 (from 1 January to 31 December). As required by Art. 5 of the Legislative Decree. 254/16, the NFS document constitutes a separate report marked with a specific wording in order to bring it back to the consolidated non-financial statement required by law. The data and information in the NFS refer to the companies included in the consolidation area used for the Consolidated Financial Statements at 31 December 2020.

Furthermore, the Company publishes the Consolidated Non-Financial Statement approved by the Board of Directors on 24 March 2021, which contains information relating to environmental, social, personnel, respect for human rights and the fight against corruption, useful to ensure an understanding of the activities carried out by Salcef Group, of its trend, its results and the impact produced by them.

The NFS was drawn up by reporting a selection of the "GRI Sustainability Reporting Standards" published by the Global Reporting Initiative (GRI), as indicated in the GRI Content Index, according to the "Referenced" reporting option.

KPMG S.p.A. will carry out the limited examination of the Consolidated Non-Financial Statement prepared for the purposes of art. 5 of the Legislative Decree 254/16.

It should be noted that pursuant to art. 1, paragraph 1, lett. *w-quarter* 1) of the TUF, "SMEs" mean: "*without prejudice to other legal provisions, small and medium-sized enterprises, issuing listed shares, which have a market capitalization of less than 500 million euros. Issuers of listed shares that have exceeded this limit for three consecutive years are not considered SMEs*". The market capitalization of the Issuer at 31 December 2020 was equal to 484,066,372.20 euros. In consideration of the above, the Issuer falls within the aforementioned definition of "SME" for all the purposes provided for by the current legislation.

Furthermore, the Board of Directors of the Company on 6 October 2020, pursuant to articles 70, paragraphs 8 and 71, paragraph 1-*bis*, of the Issuers' Regulation resolved to adhere to the opt-out regime provided for by the aforementioned articles, making use of the possibility to waive the obligations to publish the disclosure documents provided for in Annex 3B of the Issuers' Regulation on the occasion of significant mergers, demergers, capital increases through the transfer of assets in kind, acquisitions and sale.

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With this Report, Salcef provides the market with the information required by art. 123-*bis* of the TUF and the current regulatory provisions on the corporate governance system adopted by the Company, as well as on the ownership structures relating to it, in line with the recommendations of the Corporate Governance Code.

This Report - drawn up taking into account the indications published by Borsa Italiana - also contains accurate and exhaustive information on the methods of adherence, by the Company, to the principles and criteria laid down by the Corporate Governance Code itself. Any failure to adhere to certain specific provisions of the Corporate Governance Code is justified in the section of the Report that concerns the related governance practice and otherwise applied by the Company.

2. INFORMATION ON THE OWNERSHIP STRUCTURE

A. Structure of the share capital (pursuant to Article 123-*bis*, paragraph 1, letter a), TUF)

As of the Date of the Report, the subscribed and paid-up share capital of Salcef is equal to 98,534,630.20 euros. The subscribed share capital is divided into no. 45,552,479 Ordinary shares, no. 253,851 Performance Shares and no. 1,474,378 Special Shares. Furthermore, following the launch of the buy-back plan authorized by the Shareholders' Meeting on 24 April 2020, the first tranche of which was launched on 28 May 2020 and the second tranche on 28 January 2021, the Company holds no. 451,632 treasury shares.

The following table shows the details of the Company's share capital at the Date of the Report.

SHARE CAPITAL STRUCTURE				
	no. shares	% compared to the social capital	Listed (indicate markets) / unlisted	Rights and obligations
Ordinary shares	45,552,479	96.3%	MTA	<p>The Ordinary Shares are registered, indivisible and freely transferable by deed between living persons or succession mortis causa. Each share gives the right to one vote. The case of co-ownership is regulated by law.</p> <p>Notwithstanding the above - pursuant to art. 127-<i>quinquies</i> of the TUF - each share belonging to the same subject for a continuous period of at least 36 (thirty-six) months from the date of registration in the</p>

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				<p>specialy established list, is entitled no. 2 (two) votes.</p>
Multiple voting shares	-	-	-	-
Shares with limited voting rights	-	-	-	-
Shares with no voting right (Special Shares)	253,851	0.5%	Unlisted	<p>Pursuant to art. 7.5 of the Bylaws, the Special Shares (i) are freely transferable in accordance with the law; (ii) their holders do not have the right to vote in the ordinary and extraordinary Shareholders' Meetings of the Company; (iii) their holders are excluded from the right to receive profits which the Company resolves to distribute until 8 November 2022; however, their holders are entitled to participate in the distribution of available reserves; (iv) in the event of dissolution of the Company, their holders are entitled to have their share of liquidation net assets paid in a subordinate manner with respect to the holders of the Ordinary Shares; (v) they are automatically converted into Ordinary Shares under the terms and conditions set out in the Bylaws.</p>
Other (Performance Shares)	1,474,378	3.2%	Unlisted	<p>Pursuant to art. 7.4 of the Bylaws, the Performance Shares: (i) are freely transferable in accordance with the law; (ii) they give the relative holders the right to vote in the ordinary and extraordinary Shareholders' Meetings of the Company and (iii) are automatically converted into Ordinary Shares under the terms and conditions set forth in the Bylaws.</p>

On 10 July 2019, the Extraordinary Shareholders' Meeting resolved, among other things, to issue a

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maximum of no. 22,500,000 warrants, of which a maximum of no. 7,500,000 Salcef Group S.p.A. Warrants in Exchange, no. 7,500,000 Salcef Group S.p.A. Supplementary Warrants (jointly the “**SALCEF Group S.p.A. Warrants in Exchange and Supplementary Warrants**”) and no. 7,500,000 SALCEF Group S.p.A. New Warrants (together with the in SALCEF Group S.p.A. Warrants in Exchange and Supplementary Warrants, hereinafter referred to as the “**Warrants**”).

On 25 October 2019 the Board of Directors resolved to issue no. 7,500,000 Salcef Group S.p.A Warrants in Exchange, no. 5,268,637 Salcef Group S.p.A. Supplementary Warrants and no. 7,500,000 Salcef Group S.p.A. New Warrants. The Warrants are valid for the subscription of a maximum of no. 11,162,045 Conversion Shares without indication of the nominal value, of which a maximum of no. 3,662,045 Conversion Shares to service the exercise of the Salcef Warrants in Exchange and Supplementary Warrants and maximum no. 7,500,000 Conversion Shares to service the exercise of the Salcef New Warrants.

In particular, the “SALCEF Group S.p.A. in Exchange Warrants and Supplementary Warrants” grant their holder the right to subscribe for Shares at a price of 0.10 euros each, at any time starting from 3 January 2020, under the terms and conditions set forth in the Salcef Warrant in Exchange and Supplementary Warrant Regulation, by reason of the operating relationship to be determined by applying the formula provided for in art. 3.1 of the Warrant in Exchange and Supplementary Warrant Regulation. The “SALCEF Group S.p.A. New Warrants” give their holder the right to subscribe for 1 Share for every New Warrant exercised, at a price of 10.50 euros each, at any time starting from 3 January 2020 and by the following dates: (i) 30 April 2023 or (ii) the 30th (thirtieth) day following the “Notice of acceleration”, it being understood that if the aforementioned date is not a trading day, it will be understood as the first following trading day.

Below is a table showing the Warrants in circulation at the Date of the Report and the number of ordinary shares to service the possible exercise.

OTHER FINANCIAL INSTRUMENTS				
(granting the right to subscribe newly issued shares)				
	Listed (indicate markers) / unlisted	No. of instruments in circulation	Category of shares for conversion / exercise	No. of shares for conversion / exercise
Convertible shares	-	-	-	-
Salcef Group S.p.A. in Exchange Warrants and Supplementary Warrants	MTA	7,263,284	ordinary	2,083,110
Salcef Group S.p.A. New Warrants	MTA	3,839,754	ordinary	3,839,754

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In addition, it should be noted that on 5 October 2020 the Extraordinary Shareholders' Meeting resolved to grant the Board of Directors the faculty, pursuant to art. 2443 of the Civil Code, to increase the share capital against payment, in one or more times, also in a divisible way (in one or more tranches), with or without warrants and also to service the exercise of the warrants, no later than 4 October 2025, for a maximum of 50,000,000 euros including premium, with or without the option right pursuant to art. 2441 of the Civil Code.

As regards the incentive plan based on financial instruments called "2021-2024 Stock Grant Plan" which will be submitted for the approval of the Shareholders' Meeting on 29 April 2021, please refer to the remuneration report prepared pursuant to art. 84-*quater* of the Issuers' Regulation, as well as the information document drawn up pursuant to art. 84-*bis* of the Issuers' Regulations available on the Company's website [www.salcef.com/Investor Relations/Shareholders' Meeting](http://www.salcef.com/Investor%20Relations/Shareholders'%20Meeting).

B. Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1, letter b), TUF)

Without prejudice to the following, as of the Date of the Report there are no limitations on the free transferability of the shares, nor limits on their possession, nor are there any approval clauses for accessing the shareholder structure of Salcef, pursuant to the law or the Bylaws.

It should be noted that in the context of the admission to trading of the Company's financial instruments on the AIM Italia, first, and then on the MTA, some agreements were signed by the shareholders of the Company.

In particular, it should be noted that:

- on 30 October 2019 Valeriano Salciccia, Gilberto Salciccia, Fidia S.r.l., Titania S.r.l. and Ermes S.r.l. (the "**Previous Salcef Shareholders**") signed a lock-up agreement pursuant to which they are committed for the period of 24 months from the effective date of the merger by incorporation (the "**Merger**") of Industrial Stars of Italy 3 S.p.A. ("**INDSTARS 3**"), each to the extent of his / her responsibility, towards Spaclab 2 S.r.l., Spaclab 3 S.r.l. and Giober S.r.l. (the "**Promoting Companies**") and of Banca Akros S.p.A. to maintain their respective shares and therefore not to transfer Salcef or Finhold S.r.l. or the previous Salcef shareholders;
- on 11 November 2020, in the context of the Shareholders Agreement signed with the Promoting Companies (the "**Agreement**"), Finhold S.r.l. has undertaken for the six months following the Negotiations Start Date and in relation exclusively to a total of no. 22,500,000 Shares held by the same and conferred to the Agreement, not to carry out, directly or indirectly, sales transactions or in any case acts of disposal that have as their object, directly or indirectly, such shares, not to grant options, rights or options for the purchase or exchange of such shares, as well as not to enter into or in any case enter into swap contracts or other derivative contracts, which have the same effects, even if only economic, of the aforementioned transactions. Again in the context of the Agreement, the Promoting Companies have undertaken the commitment, each within its own jurisdiction and without bond of solidarity, for

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the six months following the Negotiations Start Date not to carry out, directly or indirectly, sales transactions or in any case acts of disposition that have as their object, directly or indirectly, no. 5,000 Shares held by Giober S.r.l., no. 2,000 Shares held by Spaclab 2 S.r.l. and no. 5,000 Shares held by Spaclab 3 S.r.l. (jointly the **“Shares Conferred by the Promoting Companies”**), not to grant options, rights or options for the purchase or exchange of the Shares Conferred by the Promoting Companies, as well as not to enter into or otherwise sign swap contracts or other derivative contracts, which have the same effects, even if only economic, of the aforementioned transactions.

For more information, see the Information Prospectus available on the website www.salcef.com / Investor Relations / Translisting MTA.

C. Significant equity investments in the share capital (pursuant to Article 123-bis, paragraph 1, letter c), TUF)

Based on the information received pursuant to the applicable legislation (and, in particular, pursuant to the provisions of Article 120 of the TUF also with reference to SMEs), as well as the results of the shareholders' register, the Shareholders who hold, directly or indirectly, equity investments exceeding 5% of the share capital with voting rights in Salcef are as follows.

SIGNIFICANT EQUITY INVESTMENTS IN THE SHARE CAPITAL			
Declarant	Direct shareholder	% share of ordinary capital	% share of voting capital
Finhold S.r.l.	Finhold S.r.l.	75,2%	72,8%

As of the Date of the Report, the Company holds no. 451,632 treasury shares, equal to 0.95% of the share capital.

D. Securities that confer special rights (pursuant to Article 123-bis, paragraph 1, letter d), TUF)

As of the Date of the Report, there are no securities that confer special control rights.

Notwithstanding the principle according to which each ordinary share gives the right to one vote, pursuant to Article 8 of the Bylaws, each share belonging to the same person by virtue of a right in rem legitimizing the exercise of the right to vote (meaning by this: full ownership, bare ownership with voting rights and usufruct with voting rights) for a continuous period of at least 36 months from the date of registration in a special list (the **“List”**) held by the Company, comes with the right to two votes. The shareholder who intends to register on the List requests it from the Company following the terms provided for in a specific regulation published on the Company's website.

Pursuant to Article 127-*quinquies*, paragraph 7, of the TUF, for the purposes of accruing the period of continuous possession necessary for the increase in the vote relating to the shares existing before the Negotiations Start Date, the possession accrued prior to this time and therefore before the date of registration in the List is also calculated. The increase in the vote relating to the shares existing before the day of the start of trading of the Company's shares on the MTA, and for which a continuous holding period of at least 36 (thirty-six) months has already elapsed starting from the annotations reported on the share certificates representing the shares of the Company and / or from the registrations resulting from the shareholders' register of the Company, will be deemed accrued starting from the first day of trading of the shares on the MTA, without prejudice to registration in the List upon request by the shareholder. Also, in this case, the increase in the vote can be waived.

The increase in the right to vote is also taken into account for the determination of the quorums for constituting and deliberating which refer to rates of share capital, but has no effect on the rights, other than voting, due by virtue of the possession of certain rates of share capital.

With the regulation adopted by the Board of Directors on 6 October 2020, the Company defined the rules for the registration, maintenance and updating of the List and the criteria for keeping the List, which was created at the same time.

As of the date of this Report, no shareholder has acquired the right to increase the voting rights referred to in Article 8 of the Bylaws.

In addition to the above, it should be noted that the Issuer has also issued Performance Shares and Special Shares which at the Date of the Report are not admitted to trading on the MTA.

Performance Shares

Except as specified below, the Performance Shares grant the same rights and obligations as the Ordinary Shares.

Pursuant to art. 7 of the Bylaws, Performance Shares have the following characteristics:

- a. they are freely transferable in accordance with the law;
- b. they give the right to vote in the ordinary and extraordinary Shareholders' Meetings of the Company to the relative holders;
- c. they are automatically converted into Ordinary Shares under the following terms and conditions:
 - (i) no. 416,667 Performance Shares in no. 2,083,335 Ordinary Shares by 8 November 2024, in the event that for a period of at least 15 days out of 30 consecutive trading days ("**Stability Period**") the official price of the Ordinary Shares traded on the MTA is at least equal to 13.00 euros;
 - (ii) no. 416,667 Performance Shares in no. 2,083,335 Ordinary Shares by 8 November 2024, in the event that for at least one Stability Period the official price of the Ordinary Shares traded on the MTA is at least equal to 13.50 euros, in addition to the conversion of the Performance Shares referred to in the previous point (i) if the hypothesis of conversion foreseen therein has not

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already taken place due to failure to achieve the price objectives, and the condition referred to in this point (ii) has instead occurred;

it being understood that, if the Ordinary Share does not reach the aforementioned price targets, on the date coinciding with 8 November 2024, the Performance Shares referred to in points (i) and (ii) will in any case be converted into Ordinary Shares in the ratio of 1:1;

- (iii) no. 641,044 Performance Shares in a maximum number of 3,205,220 Ordinary Shares, it being understood that these Performance Shares will be automatically converted - at each of the deadlines indicated below in proportion to the number of Salcef New Warrants that will have been exercised from time to time by each deadline with respect to no. 5,000,000 Salcef New Warrants (out of a total of 7,500,000 Salcef New Warrants issued) (the "**Salcef New Reference Warrants**"), as follows:
- (b) on 15 January 2022, a number of Performance Shares will be converted proportional to the number of Salcef New Reference Warrants exercised from 1 January 2021 until 31 December 2021 ("**Second Period**");
- (c) on 15 January 2023, a number of Performance Shares will be converted proportional to the number of Salcef New Reference Warrants exercised from 1 January 2022 until 31 December 2022 ("**Third Period**");
- (d) at any time between 1 May 2023 and 15 May 2023, a number of Performance Shares will be converted proportional to the number of Salcef New Reference Warrants exercised from 1 January 2023 until 30 April 2023;

it being understood that, in any case, on 16 May 2023 the Performance Shares referred to in this point (iii) not already converted pursuant to the foregoing will be automatically converted into the measure of no. 1 Ordinary Share for each Performance Shares.

Therefore, the Performance Shares referred to in this point (iii) will be converted into Shares in proportion to the maximum no. 5,000,000 Salcef New Reference Warrants converted on the respective reference dates. To this end, the aforementioned no. 5,000,000 Salcef New Reference Warrants will be considered regardless of who is the owner and who has requested their conversion.

As a result of the above, the Shares to service the conversion of the Performance Shares will be issued free of charge and therefore without a corresponding increase in capital, by reducing the accounting par value of the Shares.

Special Shares

Except as specified below, the Special Shares grant the same rights and obligations as the Ordinary Shares.

Special Shares have the following characteristics:

- (a) are freely transferable in accordance with the law;

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- (b) they do not grant the right to vote in the ordinary and extraordinary Shareholders' Meetings of the Company;
- (c) they are excluded from the right to receive the profits which the Company resolves to distribute until 8 November 2022, while they grant their holders the right to participate to the distribution of available reserves;
- (d) in the event of dissolution of the Company, they grant their holders the right to have their share of liquidation net assets paid in a subordinate manner with respect to the holders of the Ordinary Shares;
- (e) are automatically converted into Ordinary Shares, in the conversion ratio of no. 7 Ordinary Shares for each no. 1 Special Action:
 - (i) with regard to no. 100,000 Special Shares, by 8 November 2024, in the event that for at least one Stability Period at any time starting from 10 July 2019, the official price of the Ordinary Shares traded on the MTA (Electronic Share Market), is at least equal to 13.50 euros

it being understood that if the Ordinary Share does not reach the aforementioned price target, on 9 November 2024 the Special Shares referred to in this point (i) will be automatically converted to the extent of no. 1 Ordinary Share for every no. 1 Special Action;

- (ii) with regard to no. 160,000 Special Shares, these will be automatically converted at each of the expiry dates below in proportion to the number of Salcef New Reference Warrants exercised from time to time, as follows:
 - (a) on 15 January 2021, a number of Special Shares proportional to the number of Salcef New Reference Warrants exercised in the First Period will be converted;
 - (b) on 15 January 2022, a number of Special Shares will be converted proportional to the number of Salcef New Reference Warrants exercised in the Second Period;
 - (c) on 15 January 2023, a number of Special Shares will be converted proportional to the number of Salcef New Reference Warrants exercised in the Third Period;
 - (d) at any time between 1 May 2023 and 15 May 2023, a number of Special Shares will be converted proportional to the number of Salcef New Reference Warrants exercised from 1 January 2023 and up to 30 April 2023;

it being understood that, in any case, on 16 May 2023 the Special Shares referred to in this point (ii) not already converted pursuant to the foregoing will be automatically converted to the extent of no. 1 Ordinary Share for each Special Share.

Therefore, the Special Shares referred to in this point (ii) will be converted into Shares in proportion to the maximum no. 5,000,000 Salcef New Reference Warrants converted on the respective reference dates. To this end, the aforementioned no. 5,000,000 Salcef New Reference Warrants will be considered regardless of who is the owner and who has requested their conversion.

The automatic conversion of Performance Shares and/or Special Shares into Ordinary Shares will take place without the need for any manifestation of will on the part of their holders and without any change in the size

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of the share capital and, for the hypotheses of conversion that do not have as their object 100% of their amount, proportionally between Performance Shares or Special Shares holders, depending on each case.

As a result of the above, the Shares serving the conversion of the Special Shares will be issued free of charge and therefore without a corresponding increase in capital, by reducing the accounting par value of the Shares.

E. Employee shareholding: mechanism for exercising voting rights (pursuant to Article 123-bis, paragraph 1, letter e), TUF)

As of the Date of the Report, there is no employee share ownership system that foresees voting mechanisms for which the voting right is not exercised by the employees.

Furthermore, it should be noted that on 24 March 2021 the Board of Directors, with the favorable opinion of the Remuneration and Appointments Committee, resolved to submit the 2021-2024 Stock Grant Plan for the approval of the Shareholders' Meeting, called for 29 April 2021. This plan provides for the right to receive, free of charge, up to a maximum of no. 40,000 ordinary shares of the Company with no par value, upon the occurrence of predetermined performance objectives in favor of certain executive directors - other than the Chief Executive Officer and the Chairman of the Board of Directors of the Company - employees, including managers with strategic responsibilities, of the Company and the companies of the Salcef Group as well as other beneficiaries who hold managerial roles deemed relevant within the Group and with a significant impact on the sustainable success for the Company. At the date of the Report, the Plan has not yet been approved by the Shareholders' Meeting.

For more information on the 2021-2024 Stock Grant Plan, please refer to the relevant Information Document prepared in accordance with Annex 3A, Scheme 7 of the Consob Issuers' Regulation made available to the public on the Company's website www.salcef.com, in the section "Investor Relations".

F. Restrictions on voting rights (pursuant to Article 123-bis, paragraph 1, letter f), TUF)

Pursuant to art. 7 of the Bylaws, the Special Shares do not grant the right to vote in the ordinary and extraordinary Shareholders' Meetings of the Company. That said, there are no further restrictions on voting rights.

G. Agreements between shareholders (pursuant to Article 123-bis, paragraph 1, letter g), TUF)

On 11 November 2020 Finhold S.r.l. and the Promoting Companies have signed a shareholders' agreement (the "**Agreement**") which governs the aspects described below. The Shareholders' Agreement takes effect from the Negotiations Start Date, and will automatically expire on the date of approval by the Company's meeting of the financial statements for the year that will close on 31 December 2021.

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The Shareholders' Agreement regulates certain aspects of the Issuer's governance, including the structure of the Board of Directors and the Board of Statutory Auditors at the date of approval of the Information Prospectus and at the Negotiations Start Date, as well as the appointment of the members of the Board of Directors and the Board of Statutory Auditors until the approval by the Company's shareholders' meeting of the financial statements for the year ending on 31 December 2021. The Agreement also provides for lock-up commitments, better described in paragraph B) above, to which reference should be made.

For more information on the Agreement, please refer to the legal documentation available on the website [www.salcef.com/Investor Relations/Business combination & IPO](http://www.salcef.com/Investor_Relations/Business_combination_&_IPO).

H. Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h), TUF) and statutory provisions on public tender offers (pursuant to Articles 104, paragraph 1-ter, and 104-bis, paragraph 1, TUF)

Neither the Company nor the other Group companies have entered into significant agreements which become effective, are modified or terminated in the event of a change of control, except as indicated below.

The Issuer has stipulated some significant loan agreements, the content of which is illustrated in a specific section of the financial statements at 31 December 2020, pursuant to which, in the event of a change in control of the contracting company, (i) obligations of disclosure to the related company financed and/or (ii) the forfeiture of the benefit of the term pursuant to art. 1186 of the Civil Code and/or (iii) the obligatory early repayment of the financed Group company and/or (iv) the right of withdrawal for the credit institutions are foreseen. For more information, please refer to the Information Prospectus published by the Company and available on the website [www.salcef.com/Investor Relations/Translisting MTA](http://www.salcef.com/Investor_Relations/Translisting_MTA).

Below is a summary table of the loans subject to change of control clauses in place at 31 December 2020.

(Thousands of Euros)	Residual capital as at 31 December 2020
Banca Nazionale del Lavoro S.p.A.	416,666.74
UniCredit S.p.A.	1,507,497.46
Deutsche Bank S.p.A.	7,500,000.01
UniCredit S.p.A.	22,714,500.00
UniCredit S.p.A.	836,700.18
Deutsche Bank S.p.A.	166,666.70

Furthermore, it should be noted that the 2021-2024 Stock Grant Plan which will be submitted for approval by the Shareholders' Meeting on 29 April 2021 provides that in the event of a change of control, direct or indirect, in the Company, the Board of Directors will establish, subject to the opinion of the Remuneration

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and Appointments Committee, conditions, methods and terms for the early exercise of the rights that will be assigned to the beneficiaries.

The Bylaws does not derogate from the provisions on the passivity rule pursuant to art. 104, paragraphs 1 and 1-*bis*, of the TUF and does not provide for the application of the neutralization rules contemplated by art. 104-*bis*, paragraphs 2 and 3, of the TUF.

I. Powers to increase the share capital and authorization to purchase treasury shares (pursuant to Article 123-*bis*, paragraph 1, letter m) of the TUF)

On 5 October 2020, the Extraordinary Shareholders' Meeting resolved to grant the Board of Directors the power, pursuant to art. 2443 of the Civil Code, to increase the share capital against payment, in one or more times, also in a divisible manner (in one or more tranches) with or without warrants and also to service the exercise of the warrants, no later than 4 October 2025, for a maximum of 50,000,000.00 euros inclusive of the premium, in compliance with the option right pursuant to art. 2441 of the Civil Code, or also with the exclusion of the option right pursuant to art. 2441, paragraph 4, of the Civil Code, with the transfer, by third parties, of company branches, companies or plants functionally organized for the performance of activities included in the corporate purpose of the Company, as well as credits, shareholdings, and/or of other assets deemed by the Board itself to be instrumental for the pursuit of the corporate purpose, and pursuant to 2441, paragraph 5, of the civil code, (and art. 2441, paragraph 4, second sentence, of the civil code, where applicable) as to be reserved for qualified investors and/or professional investors (including foreign ones), and/or operators who carry out activities that are similar, connected, synergistic and/or instrumental to those of the Company in such a way as to benefit from any strategic agreements and/or partnerships and/o co-investment with these subjects or in order to carry out capital and/or strategic strengthening operations by the Company, all in compliance with all provisions of the law applicable at the time of release of capital increase.

In addition, on 25 April 2020, in the ordinary session, the Shareholders' Meeting approved the program for the purchase and disposal of treasury shares pursuant to and for the purposes of articles 2357 and following of the Civil Code, as well as of art. 132 of the TUF and art. 144-*bis* of the Issuers' Regulation, as proposed by the Board of Directors on 6 April 2020.

The authorization is aimed at allowing the Company to purchase and dispose of the Company's ordinary shares, in compliance with the Community and national legislation in force and with the accepted market practices recognized by Consob, for the following purposes: (i) to encourage and retain employees, collaborators, directors of the Company, subsidiaries and/or other categories of subjects chosen at the discretion of the Board of Directors; (ii) carry out transactions such as the sale and/or exchange of treasury shares for the acquisition of shareholdings and/or properties and/or the conclusion of agreements with strategic partners; (iii) carrying out subsequent operations for the purchase and sale of shares, within the limits permitted by accepted market practices; (iv) establish a so-called "Securities warehouse", useful for any future extraordinary finance transactions; (v) take the opportunity to make a good investment, also in consideration of the risk and expected return of alternative investments; (vi) using excess liquid resources.

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The authorization was granted for a period of 18 months starting from the date of approval of the Shareholders' Meeting, while the authorization to dispose of any treasury shares purchased is without time limits due to the absence of time limits pursuant to current provisions and of the opportunity to allow the Board of Directors to make use of the maximum flexibility, also in terms of time, to carry out the actions to dispose of the shares.

The authorization was granted for the purchase, even in several tranches, of the Company's ordinary shares with no par value, up to a maximum number which, taking into account the Company's ordinary shares held from time to time in the Company's portfolio and by its subsidiaries, does not exceed 10% overall, equal to no. 4,226,101 ordinary shares of the Company's share capital, in accordance with the provisions of Article 2357, paragraph 3, of the Civil Code.

The authorization provides that the purchases of treasury shares must be carried out in compliance with the legislative and regulatory requirements, including the rules referred to in Regulation (EU) 596/2014 and the Delegated Regulation (EU) 2016/1052, as well as the pro tempore market procedures in force, where applicable. In any case, purchases must be made: (i) at a price per share that cannot deviate, neither decreasing nor increasing, by more than 10% with respect to the reference price recorded by the share in the trading session preceding each individual operation; (ii) at a consideration that is not higher than the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer present where the purchase is being made.

For more information, please refer to the Explanatory Report of the Board of Directors to the Shareholders' Meeting published on 6 April 2020 on the website [www.salcef.com/Investor Relation](http://www.salcef.com/Investor%20Relation).

The Board of Directors has been authorized pursuant to Article 2357-ter of the Civil Code, to dispose of treasury shares at the price - or in any case, according to criteria and conditions determined by the Board of Directors - established according to the implementation methods to be used in practice, as well as the trend in share prices in the period prior to the transaction and in the best interest of the Company, in any case in compliance with the terms, conditions and requirements established by applicable legislation, including Community law, and by accepted market practices.

On 22 May 2020, the Board of Directors resolved to carry out the authorization of the Assembly, starting the first tranche of the purchase of no. 300,000 treasury shares equal to 0.70% of the share capital at the date, for a maximum value of 4,000,000 euros, by granting a mandate to an independent intermediary to coordinate and execute the buy-back program in full independence and in compliance with constraints deriving from the applicable legislation as well as within the limits of the aforementioned resolutions.

Furthermore, on 28 January 2021, the Board of Directors resolved to launch the second tranche of the purchase and disposal program for a maximum of no. 200,000 treasury shares, for a maximum value of 3,000,000 euros.

At 31 December 2020 the Company held no. 299,451 treasury shares and as of the Date of the Report owns no. 451,632 treasury shares.

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J. Management and coordination activities (pursuant to Article 2497 and following of the Civil Code)

At the Date of the Report, the Company is not subject to management and coordination activities pursuant to art. 2497 and following of the Civil Code although it is controlled by law by Finhold Srl. The Company believes, in fact, that there is no activity typically proving the management and coordination pursuant to art. 2497 and following of the Civil Code, as, by way of simplification and not exhaustive:

- Finhold S.r.l. does not exercise any significant influence on the management choices and operational activities of the Issuer, but limits its relations with the same to the normal exercise of the administrative and property rights inherent in the status of holder of the right to vote;
- Finhold S.r.l. does not, in fact, exercise centralized functions at group level involving the Issuer (e.g., management control, group corporate and legal affairs, cash pooling management);
- the Company does not receive - and in any case is not subject in any way to - directives or instructions on financial or credit matters from Finhold S.r.l.;
- the Company has an organizational structure made up of experienced professionals who, on the basis of the powers granted and the positions held, operate independently in line with the indications of the Board of Directors;
- the Issuer independently prepares the strategic, industrial, financial and/or budget plans of the Issuer and the Group and independently carries out the same;
- the Company's Board of Directors operates in full management autonomy;
- the Issuer operates in full negotiation autonomy in relations with its customers and suppliers, without any external interference by Finhold Srl.

The Company exercises management and coordination activities pursuant to art. 2497 and following of the Civil Code on its subsidiaries.

* * *

Finally, it should be noted that:

- the information required by article 123-bis, first paragraph, letter i), of the TUF regarding *"the agreements between the company and the directors ... which provide for indemnities in the event of resignation or dismissal without just cause or if their relationship of employment ceases following a public tender offer"* are contained in the Remuneration Report prepared and published pursuant to art. 123-ter of the TUF;
- the information required by article 123-bis, first paragraph, letter l), of the TUF, regarding *"the rules applicable to the appointment and replacement of directors ... as well as the amendment of the Bylaws, if different from the supplementary applicable laws and regulations"* are illustrated in section 4.1 below of this Report dedicated to the Board of Directors.

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3. COMPLIANCE

The Company has adopted, starting from the Negotiations Start Date, the Corporate Governance Code accessible to the public on the website of the Corporate Governance Committee at the following web page: https://www.borsaitaliana.it/comitato-corporate-governance/codice_/2018clean.pdf, with the exception of what is indicated according to the comply or explain principle.

Furthermore, with reference to financial year 2021, the Company adhered to the Corporate Governance Code adopted by the Corporate Governance Committee applicable from the first financial year starting after 31 December 2020. The Company will provide the appropriate information in the corporate governance report to be published during 2022.

Neither the Company nor its subsidiaries are subject to non-Italian legal provisions that influence the Company's corporate governance structure.

4. BOARD OF DIRECTORS

4.1 Appointment and replacement (pursuant to Article 123-bis, paragraph 1, letter I), TUF)

The appointment and replacement of Directors are governed by current legislation, as implemented and supplemented, within the limits allowed, by the provisions of the Bylaws in compliance with the provisions of the Corporate Governance Code.

Pursuant to Article 21 of the Bylaws, the administration of the Company is entrusted to a Board of Directors consisting of 3 (three) to 11 (eleven) members appointed by the Shareholders' Meeting. The members of the Board of Directors, who may also be non-shareholders, remain in office for three financial years or for the shorter period established by the Shareholders' Meeting and can be re-elected. The Shareholders' Meeting, before proceeding with the appointment, determines the number of members of the Board of Directors and the duration of the mandate of the Directors within the aforementioned limits.

The appointment of the members of the Board of Directors is made on the basis of lists of candidates, according to the methods listed below: (i) the shareholders who, alone or together with other shareholders, represent at least the 2.5% (two point five percent) - of the share capital with voting rights in the shareholders' meeting resolutions concerning the appointment of the members of the administrative body - or the different percentage established by the applicable provisions. In this regard, it should be noted that at the Date of the Report, Consob set the shareholding required for the presentation of the lists for the appointment of the Board of Directors at 2.5% (see Executive Determination of the Head of the Corporate Governance Division no. 44 of 29 January 2021); (ii) each shareholder, as well as the shareholders belonging to the same group, the shareholders adhering to the same shareholders' agreement pursuant to art. 122 of the TUF, the controlling party, the subsidiaries and those subject to common control pursuant to art. 93 of the TUF, cannot present or participate in the presentation, not even through a third party or trust company, of more than one list, nor can they vote for different lists, and each candidate may appear on only one list on pain of ineligibility; (iii) adhesions given, and votes cast, in violation of this prohibition will not be attributed to any list. The lists contain a number of candidates not exceeding the number of

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members to be elected, listed by means of a progressive number. The directors must possess the requisites foreseen by the applicable legislation in force at the time and by the Bylaws. Furthermore, a number of directors not fewer than the minimum required by the applicable legal and regulatory provisions must possess the independence requisites referred to in Articles 147-ter, fourth paragraph and 148, third paragraph, of the TUF and the Corporate Governance Code.

Failure to meet the requisites required for the office entails forfeiture, specifying that the failure of a director to meet the independence requirements referred to above, without prejudice to the obligation to immediately notify the Board of Directors, does not result in forfeiture if the requisites remain in the hands of the minimum number of directors who, according to the legislation in force at the time, must possess these requisites.

The lists indicate which directors meet the independence requisites established by law, the Bylaws and the Corporate Governance Code. The lists that present a number of candidates equal to or greater than three must also include candidates of different genders, in accordance with the provisions of the notice calling the Shareholders' Meeting, in order to allow a structure of the Board of Directors in compliance with the provisions on balance between the genders referred to in the applicable pro tempore laws and regulations in force and in the Corporate Governance Code issued.

Together with each list, (a) information relating to the identity of the shareholders who presented the list and the percentage of the share capital held by them must be deposited; (b) the professional curriculum vitae of each candidate, containing exhaustive information on the personal (including gender) and professional characteristics of each candidate with indication of the management and control positions held; (c) the declarations with which the candidates can accept the candidacy and certify, under their own responsibility, the non-existence of causes of incompatibility and ineligibility as well as the existence of the requisites prescribed by current legislation to hold the office of director and (d) the declarations of independence issued pursuant to applicable laws and regulations.

Lists presented without observing the above provisions are considered as not presented. Each shareholder has the right to vote for one list only.

The election of the Board of Directors will proceed as follows:

a) from the list that obtained the highest number of votes ("**Majority List**"), all the directors to be elected except one will be taken in the progressive order in which they are listed in the list itself; and

b) the remaining director will be taken from the minority list that obtained the highest number of votes and that was presented by shareholders who are not connected in any way, not even indirectly, with the shareholders who presented or voted for the list that came first by number of votes. For the purpose of dividing the directors to be elected, lists that have not obtained a percentage of votes equal to at least half of that required by these Bylaws for the presentation of the lists will not be taken into account.

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If no list, other than the Majority List, has obtained this percentage of votes, the director referred to in this point b) will be taken from the same Majority List. In case of a tie between two or more lists, a new ballot is held between these lists by all those entitled to attend the meeting, and the candidates from the list that obtains the majority of votes are elected, excluding the abstentions. If only one list is presented, the Board of Directors will be composed of all the candidates of the single list. If the candidates elected in the manner indicated above do not ensure the appointment of the necessary number of directors belonging to the less represented gender or the minimum number of Independent Directors required by law, depending on the number of members the Board of Directors, in compliance with the pro tempore regulation currently in force, will replace the candidate elected last in progressive order in the list that received the highest number of votes with the first candidate, depending on the case, of the less represented gender, and/or independent in the progressive order not elected of the same list, or, failing that, with the candidate, depending on the case, of the less represented and/or independent gender not elected from the other lists according to the progressive order in which they are presented, according to the number of votes obtained by each.

This replacement procedure will take place until the structure of the Board of Directors is in line with the regulations in force at the time. Finally, if this procedure does not ensure the result indicated above, the replacement will take place with a resolution passed by the Shareholders' Meeting with a relative majority, subject to the presentation of candidates in possession of the necessary requisites. In the event that no list is presented or admitted, the Shareholders' Meeting resolves with the legal majorities, without observing the above procedure, in order to ensure the presence of the necessary number of directors possessing the independence requirements established by law and compliance with the pro tempore regulations in force concerning the balance between genders. The list voting procedure applies only in the event of the appointment of the entire Board of Directors.

If during the year, for any reason, one or more directors are absent, provided that the majority is always made up of directors appointed by the Shareholders' Meeting, the Board of Directors will proceed to replace them by co-opting candidates with equal requirements, appointing, according to the progressive order, candidates belonging to the list from which the directors who left office were taken, provided that such candidates are still eligible and willing to accept the office. In any case, the replacement of directors who have left office is carried out by the Board of Directors (i) ensuring the presence of the necessary number of directors in possession of the requisites of independence established by law and (ii) compliance with the pro tempore regulations currently in force on the balance between genders. If, for any reason, the majority of the directors appointed by the Shareholders are missing, the entire Board will be deemed to have resigned and the Shareholders' Meeting must be called without delay by the directors remaining in office for the reconstitution of the same.

In the event that no list is presented or admitted, the Shareholders' Meeting resolves with the legal majorities, without complying with the above procedure, in order to ensure the presence of the necessary number of directors in possession of the requisites of independence established by law and in compliance with the pro tempore regulations in force concerning the balance between genders. The list voting procedure applies only in the event of the appointment of the entire Board of Directors.

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If during the year, for any reason, one or more directors are absent, provided that the majority is always made up of directors appointed by the Shareholders' Meeting, the Board of Directors will replace them by co-opting candidates with equal requirements, appointing, according to the progressive order, candidates belonging to the list from which the directors who left office were taken, provided that such candidates are still eligible and willing to accept the office. In any case, the replacement of directors who have left office is carried out by the Board of Directors ensuring (i) the presence of the necessary number of directors in possession of the requisites of independence established by law and (ii) the compliance with the pro tempore regulations currently in force on the balance between genders. If, for any reason, the majority of the directors appointed by the Shareholders are missing, the entire Board will be deemed to have resigned and the Shareholders' Meeting must be called without delay by the directors remaining in office for the reconstitution of the same.

The Company is not subject to further provisions on the composition of the Board of Directors with respect to the provisions established by the Corporate Governance Code.

Succession plans

At the Date of the Report, the Company decided not to adopt a succession plan for executive directors, also in consideration of the fact that the structure of the professional skills present in the Board of Directors and in the management allow the Company to continue its operational management.

4.2 Structure (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis TUF)

The Board of Directors in office as of the Date of the Report was appointed on 14 October 2019, as subsequently integrated on 5 October 2020 and will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ended on 31 December 2021.

Name and Surname	Position	Place and date of birth	Date of appointment
Gilberto Salciccia (*)	Chairman of the Board of Directors	Avezzano (AQ), 16 October 1967	14 October 2019
Valeriano Salciccia (*)	Chief Executive Officer ⁽¹⁾	Avezzano (AQ), 19 December 1971	14 October 2019
Alessandro Di Paolo (*)	Director	Tagliacozzo (AQ), 16 July 1978	14 October 2019
Giovanni Cavallini (**)	Director	Milan, 28 December 1950	14 October 2019
Attilio Francesco Arietti (**)	Director	Turin, 2 June 1950	14 October 2019
Germano Maiolini (**)	Director	Tagliacozzo (AQ), 17 September 1956	14 October 2019

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Name and Surname	Position	Place and date of birth	Date of appointment
Bruno Pavesi ^(***)	Director	Milan, 5 May 1941	14 October 2019
Valeria Conti ^(***)	Director	Rome, 13 December 1971	5 October 2020
Emilia Piselli ^(***)	Director	Camerino (MC), 7 June 1963	5 October 2020

^(*) Executive director.

^(**) Non-executive and non-independent director.

^(***) Independent director pursuant to art. 148 of the TUF and art. 3 of the Corporate Governance Code.

⁽¹⁾ The Shareholders' Agreement provides that the director Valeriano Salsiccia is appointed as Chief Executive Officer of the Company.

It should be noted that the directors Valeria Conti and Emilia Piselli were appointed by the Shareholders' Meeting on 5 October, with effect suspensively conditional on the Negotiations Start Date, which took place on 22 December 2020. As of the end of the financial year and up to the Date of the Report, no member of the Board of Directors has ceased to hold their office, nor has there been any change in the composition of the Board of Directors.

The following table illustrates the composition of the Board of Directors and participation in the related committees in the financial year 2020.

SALCEF GROUP S.p.A.

Registered office

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VAT no. IT01951301009 – Tax Code 08061650589

Board of Directors													Audit and Risk Committee		Remuneration and Appointments Committee		Related Parties Committee	
Position	Member	Year of birth	Date of first appointment *	In office since	In office until	List **	Executive.	Non-executive	Independent code	Indep. TUF	No. of other positions ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Salciccia Gilberto	1967	4.5.1995	14.10.2019	Approval of the Financial Statem. 31.12.2021	--	x					8/8						
Director ♦	Salciccia Valeriano	1971	15.10.2018	14.10.2019	Approval of the Financial Statem. 31.12.2021	--	x					8/8						
Director	Di Paolo Alessandro	1978	19.4.2013	14.10.2019	Approval of the Financial Statem. 31.12.2021	--	x					8/8		M				
Director	Giovanni Cavallini	1950	14.10.2019	14.10.2019	Approval of the Financial Statem. 31.12.2021	--		x			1	8/8						
Director	Attilio Francesco Arietti	1950	14.10.2019	14.10.2019	Approval of the Financial Statem. 31.12.2021	--		x				8/8				M		
Director	Germano Maiolini	1956	4.5.1995	14.10.2019	Approval of the Financial Statem. 31.12.2021	--		x				8/8						

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Board of Directors													Audit and Risk Committee		Remuneration and Appointments Committee		Related Parties Committee		
Position	Member	Year of birth	Date of first appointment *	In office since	In office until	List **	Executive.	Non-executive	Independent code	Indep. TUF	No. of other positions ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	
Director	Bruno Pavesi	1941	14.10.2019	14.10.2019	Approval of the Financial Statem. 31.12.2021	--		x	x	x		8/8						M	C
Director	Valeria Conti	1971	5.10.2020	5.10.2020	Approval of the Financial Statem. 31.12.2021	--		x	x	x		0/8		C					M
Director	Emilia Piselli	1963	5.10.2020	5.10.2020	Approval of the Financial Statem. 31.12.2021	--		x	x	x		0/8		M				C	M
DIRECTORS WHO CEASED OFFICE DURING THE REFERENCE FINANCIAL YEAR																			
Director	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
No. of meetings held during the reference year							Board of Directors: 8				Audit and Risk Committee: 0		Remuneration Committee: 0				Related Parties Committee: 0		
Indicate the quorum required for the submission of lists by minorities for the election of one or more members (pursuant to art. 147-ter TUF): 2.5%																			

NOTES

The symbols indicated below must be placed in the "Position" column:

• This symbol indicates the director in charge of the internal audit and risk management system.

◊ This symbol indicates the main person responsible for the management of the Company (Chief Executive Officer or CEO)

* The date of first appointment of each director means the date on which the director was appointed for the first time (ever) in the Board of Directors of the Issuer.

** This column indicates the list from which each director was taken ("M": majority list; "m": minority list; "BoD": list presented by the BoD).

*** This column indicates the number of offices as director or statutory auditor held by the interested party in other companies listed on regulated markets, including foreign ones, in financial, banking, insurance or large companies. The offices are indicated in detail in the Corporate Governance Report.

(*) This column indicates the attendance of the directors in the meetings respectively of the Board of Directors. and the committees (indicate the number of meetings he attended compared to the total number of meetings he could have attended; e.g., 6/8; 8/8 etc.).

(**) This column indicates the position of the director within the Committee: "C": chairman; "M": member.

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At the date of the Report, the Board is composed for the majority of non-executive members (in particular 6 members out of a total of 9 members). On 5 October 2020 and on 28 January 2021, the Board of Directors assessed the compliance with the independence requirements pursuant to art. 147-ter, paragraph 4 (which refers to art. 148, paragraph 3, of the TUF) and art. 3 of the Code for the directors Bruno Pavesi, Emilia Piselli and Valeria Conti.

Except as indicated below, none of the members of the Board of Directors are related to the members of the Board of Statutory Auditors and the Senior Executives of the Company. Valeriano Salciccia and Gilberto Salciccia, respectively, Chief Executive Officer and Chairman of the Board of Directors are brothers and are collateral relatives with Alessandro Di Paolo (cousins).

Below is a brief profile of each Director in office with an indication of their main personal and professional characteristics.

Gilberto Salciccia, after obtaining the scientific high school diploma, since 1986 has covered and holds several roles within the companies of the Group, having gained experience in operational sites and acquired a vast knowledge of operational and production dynamics, and in particular of the operational characteristics and maintenance needs of the main machinery. Within the Group companies, he fulfils several roles in the functional organization chart, however always falling within the specific skills of the Head of Operational Activities, both in Italy and abroad. Starting from October 2018, he has held the role of Chairman of the Company's Board of Directors and has overseen the operating activities of the subsidiaries.

Valeriano Salciccia, graduated with honors in Economics and Commerce from the "La Sapienza" University of Rome, and from 1993 to the Date of the Information Prospectus has fulfilled and holds several roles within the Group companies, mainly focused on the management of commercial and business development. In particular, he has held several operational roles, including that of Commercial and Development Manager and, starting from October 2018, he has held the role of Director and Chief Executive Officer of the Company. Furthermore, again within the Group, he oversaw the implementation of the procedures and operating systems aimed at guaranteeing the analysis and assessment of the risks associated with the acquisition of orders in Italy and abroad, and followed the commercial and legal activities preparatory to obtaining the necessary qualifications issued by public clients for participation in tenders.

Alessandro Di Paolo, graduated in human sciences, from 1998 to 2003 was responsible for tourism and congress activities in a number of hotels located in Riccione. In particular, he carried out promotional and commercial activities and was Head of the congress office, with responsibility for organizing events for important companies such as, among many, Ferrero S.p.A., Sysco System S.p.A., Pfizer S.p.A., Banca IMI, CGIL, CISL, UIL and Assiom Italian Association of Capital Operators. From March 1998 to October 2001, he was CEO of the company Giva Travel S.r.l. From 2013 to October 2018, he was sole director of the Company. Since April 2020 he has been the sole director of SF.

Giovanni Cavallini, graduated with honors in civil engineering from the Politecnico di Milano in July 1974, and from September 1976 to June 1978 attended the Master in Business Administration (MBA) course at the Harvard Business School. From September 1978 he began working at the Paris office of The Boston Consulting Group, dealing with important strategic projects for different types of industries in different

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countries. In 1984 he was appointed deputy president and partner of the company worldwide and opened the Italian office in Milan in 1985. In 1988 he founded the Commercial Initiatives Company (S.I.C.) and Commercial Development Company (S.S.C.), active in the large-scale distribution sector, being CEO and sole director, respectively. From 1994 to 1996 he was chairman of OBI Italia, from 1996 to 2005 he was CEO of Interpump Group and from 2005 to 2013 chairman of the board of directors. In 2013 he was promoter of Industrial Stars of Italy S.p.A. which, following the listing on the AIM, merged with Lu-Ve Group S.p.A. and in 2016 he was the promoter of Industrial Stars of Italy 2, a SPAC merged by incorporation in July 2017 with SIT S.p.A. Eng. Giovanni Cavallini, held the position of independent director of Brembo S.p.A. in Italy and of Ansaldo STS. From April 2016 to April 2019, he held the role of independent director of Davide Campari-Milano S.p.A. In Turkey he was an independent director of Migros T.A.S., the most important large-scale distribution company listed on the Istanbul Stock Exchange. Eng. Giovanni Cavallini is also a member of the Italian association of Harvard Business School Alumni and in June 2012 he was named Cavaliere del Lavoro by the President of the Italian Republic.

Attilio Francesco Arietti, graduated with honors in 1974 in Economics and Commerce from the University of Turin, and in 1978 obtained a Master's in Business Administration (MBA) from the Harvard Business School. Since 1975 he has been enrolled in the Register of Chartered Accountants of Turin. In 1980 he founded Baker Tilly Consulaudit S.p.A. (today Baker Tilly Revisa) of which he was managing director until 2009, when he completely disposed of his controlling stake. From 1980 to 2013 he was also CEO of Dr. Arietti e Associati, a company operating in the field of tax and corporate consultancy. In 1999 he founded Arietti & Partners-M & A International (now Oaklins Arietti S.r.l.) a consulting company in the field of mergers and acquisitions with offices in Turin and Milan, of which he is still the sole director. Attilio Arietti was promoter and executive director of the SPAC Industrial Stars of Italy 1 and 2 which respectively led to the listing of LU-Ve S.p.A. and SIT S.p.A. He was the promoter and executive director of SPAC INDSTARS 3 whose meeting approved the merger with the Company.

Germano Maiolini, graduated surveyor, held operational and administrative roles, from 1979 until 1986 in Samplast S.p.A., belonging to the Sangemini S.p.A. Group, in particular at the production plant in Tagliacozzo, where boxes and other plastic products are produced. In 1986 he began to collaborate with the Salcef Group, in which he held several operational roles, until he was appointed sole director of the Company from 1995 to 2003. Since the end of his mandate, he continues to hold, always in the Salcef Group, roles of an operational nature, in particular for the management of orders relating to regional railways. Since December 2016 he has been a manager of SF with duties aimed at developing activities in the field of urban transport, mainly tramways and underground, as well as for local and regional railways.

Bruno Pavesi, graduated with honors in Economics and Commerce from the Luigi Bocconi University, completed the Business Training Course at General Electric and participated in the Harvard Executive Program (USA), the Exeter Executive Program (USA) and the ISTUD Varese. He is enrolled in the register of official auditors. From 1977 to 1981 he was Director of Planning Honeywell Information Systems Group in Minneapolis, Minnesota. From 1981 to 1985 he was CFO of Honeywell Information Systems. From 1985 to 1989 he held the position of managing director and general manager of Honeywell Inf.Systems, while from 1989 - 1997 he was managing director and general manager of BULL Inf.Systems. From 1997 to 2007 he held the position of managing director and general manager of Bticino-Legrand. From 2008 to 2018 he

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held the position of managing director of Bocconi University. From 2012 to 2018 he was President of the ITLS Mumbai International School of Business. In addition, Dr. Pavesi has held and holds positions in various joint-stock companies.

Valeria Conti, graduated with honors in Economics and Commerce from the University of Rome "La Sapienza", is a chartered accountant and auditor. She has a master's degree in tax law from LUISS Management in Rome and a highly specialized master's degree from Assonime in the field of tax profiles of the IAS-IFRS (international accounting standards). She has acquired extensive experience in the field of tax consultancy having worked for more than 10 years at the Tax and Corporate Firm belonging to the Deloitte network. After a ten-year collaboration with Studio Gianni & Origoni, she is currently the head of the CDTax Studio in Rome, an expert in tax and accounting matters. She is specialized in tax law and an expert in corporate matters, and with her professional activity she covers various business sectors related to extraordinary transactions and tax planning both nationally and internationally. She assists a number of listed and non-listed companies in ordinary and extraordinary transactions and has acquired extensive experience in the field of supervisory activities, holding positions for many years as a member of boards of statutory auditors and supervisory bodies pursuant to Legislative Decree 231/2001. She was an independent director and chairman of internal board committees of Nova Re SIIQ S.p.A., a company listed on the Italian Stock Exchange.

Emilia Piselli, graduated with honors in Law from the University of Camerino, she is enrolled in the Bar Association of Rome. From 1988 to 1990 she worked in the legal office of Girola S.p.A. (company incorporated by Impregilo S.p.A.). From 1990 to 2015 she collaborated with the Cancrini-Piselli law firm dealing with out-of-court consultancy in the field of tenders and public procurement and judicial consultancy in the civil and administrative field having particular regard to issues relating to public contracts for works, services and supplies. She is currently a partner of the Piselli&Partners associated law firm, coordinating the civil department and dealing with public contracts, with regard to judicial and extra-judicial aspects, ethics and anti-corruption, as well as temporary groupings of companies, project financing and administrative and accounting liability. She is also a speaker in numerous seminars and courses in the public procurement sector.

Diversity criteria and policies

It should be noted that the rules that provide that the allocation of the members of the Board of Directors to be elected is carried out on the basis of a criterion that ensures the balance between genders, pursuant to the provisions of Article 147-ter, paragraph 1-ter, of the TUF, have been incorporated into the Bylaws and will be applicable from the first renewal of the administrative body following the Negotiations Start Date. As of the Date of the Report, the composition of the Board of Directors does not yet comply with the aforementioned provisions and application criterion 2.C.3. of the Corporate Governance Code on gender balance.

Taking into account the structure and size of the Company, the qualitative and quantitative composition of the Board of Directors (which ensures sufficient diversification in terms of skills, age, including international and gender experience), the related ownership structure and the list-voting mechanism provided for in the Bylaws (which ensure a transparent appointment procedure and a balanced composition of the

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administrative body), and also the recent Listing, the Board of Directors has not adopted policies and/or practices regarding diversity for the composition of the administrative, management and control bodies with respect to quality aspects, gender composition, training or professional pathways.

However, the Board of Directors reserves the right to adopt these policies and/or practices at a later date.

Maximum number of offices held in other companies

The list of offices held by the Directors of the Company in other companies listed on regulated markets (including foreign ones), in financial, banking, insurance or large companies is described in the table above in this paragraph 4.2.

Without prejudice to the fact that in accordance with the recommendations of Principle 1.C.2 of the Code, directors are required to accept the office when they believe they can dedicate the necessary time to the diligent performance of their duties, each member of the Board of Directors is required to make decisions - independently and with knowledge of the facts - pursuing the objective of creating value for the Shareholders in the medium-long term and undertake to dedicate the necessary time to the position held in the Company to ensure diligent performance of its functions, regardless of the offices held outside the Salcef Group, with full awareness of the responsibilities inherent in the position held.

To this end, each candidate for the office of Director must evaluate in advance, upon acceptance of the office in the Company and regardless of the limits established by the law and regulations relating to the accumulation of offices, the ability to perform with due care and effectiveness the tasks assigned to him, taking into particular consideration the overall commitment required by the positions held outside the Salcef Group.

Each member of the Board of Directors is also required to promptly notify the Board of any possible appointment as director or statutory auditor in other companies, in order to allow the fulfillment of the disclosure obligations pursuant to the applicable laws and regulations.

As a result of the above, the Company has decided not to define general criteria regarding the maximum number of administration and control offices in other companies compatible with an effective performance of the role of director of Salcef, considering it is not necessary to establish any limitations in this regard.

Induction Program

During the year, also in consideration of the recent listing, no specific induction program was developed. However, the Board of Directors believes that during the Financial Year the Board's communication of information, due to its content and frequency, allowed the directors to obtain adequate knowledge of the business sector in which the Group operates, of the business dynamics and their evolutions, the principles of correct risk management, as well as the relative regulatory framework of reference. In particular, during the meetings of the Board of Directors that took place during the Financial Year, the directors received constant in-depth information on each specific sector in which the Salcef Group carries out its business in order to better understand the business dynamics underlying the business and related developments that took place during the year.

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4.3 Role of the Board of Directors (pursuant to Article 123-bis, paragraph 2, letter d), TUF)

In compliance with the provisions of Principles 1.P.1 and 1.P.2. of the Corporate Governance Code, the Company is led by a Board of Directors which plays a central role in its corporate governance system, in particular in organizing, directing and leading the company in order to pursue the corporate purpose, maximize the value for shareholders in the medium-long term and ensure compliance with the expectations of other stakeholders.

Furthermore, pursuant to the Corporate Governance Code, the Board of Directors meets on a regular basis and operates in such a way as to ensure the effective performance of its functions.

Pursuant to Article 26 of the Bylaws, the Board of Directors has all the powers for the management of the social enterprise without distinction and/or limitation for acts of so-called ordinary and extraordinary administration. The following are the responsibility of the Board of Directors, subject to the limits of the law and without the power to delegate:

- a) merger and demerger, in the cases referred to in articles 2505 and 2505-bis of the Civil Code, also as referred to in Article 2506-ter of the Civil Code;
- b) the establishment and closing of secondary offices;
- c) indicating which directors represent the Company;
- d) any reduction in capital in the event of the withdrawal of one or more shareholders;
- e) the adaptations of the Bylaws to regulatory provisions;
- f) the transfer of the registered office within the national territory;
- g) resolutions concerning the issue of bonds (including convertible ones) within the limits set by the pro tempore legislation in force.

The Board of Directors has the power to establish and/or close, in accordance with the law, both in Italy and abroad, secondary offices, branches, agencies, representative offices, administrative offices as well as, pursuant to article 2365, according to paragraph of the Civil Code, to transfer the registered office within the national territory. The Board of Directors may also resolve on the allocation of assets to a specific business pursuant to articles 2447-bis and following of the Civil Code.

The Board of Directors, within the limits and with the criteria set out in Article 2381 of the Civil Code, may delegate its powers in whole or in part to one or more of its members, including the Chairman, establishing the limits of the delegation and powers attributed.

The Directors with powers, if appointed, provide the Board of Directors, at least quarterly, with adequate information on the general management trend and its foreseeable evolution as well as, in the exercise of their respective powers, on the most significant transactions, by size and characteristics, carried out by the

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Company and its subsidiaries. In any case, the Board of Directors has the power to control and to carry out transactions falling within the mandate, as well as the power to revoke the proxies.

The Board is vested with the broadest powers for the ordinary and extraordinary management of the Company for the pursuit of the corporate purpose. In particular, in application of the Application Criterion 1.C.1. of the Corporate Governance Code, the Board of Directors:

- (1) examines and approves the strategic, industrial and financial plans of the Company and the Salcef Group it leads, also based on the analysis of the issues relevant to the generation of long-term value, periodically monitoring their implementation;
- (2) defines the nature and level of risk compatible with the strategic objectives of the Company, including in its assessments all the risks that may be relevant in view of the Company's sustainable success;
- (3) defines the corporate governance system of the Company and the structure of the Salcef Group and assesses the adequacy of the organizational, administrative and accounting structure of the Company and of its subsidiaries, having strategic importance, with particular reference to the internal audit and risk management system;
- (4) assigns and revokes the powers of the directors, defining the limits and methods of exercise, establishing the frequency, in any case not exceeding a quarter, with which the delegated bodies must report to the Board of Directors on the activity carried out in the exercise of the powers conferred on them;
- (5) determines, having examined the proposals of the Remuneration and Appointments Committee and having heard the Board of Statutory Auditors, the remuneration of the managing directors and those who hold particular offices, also pursuant to Article 2389, paragraph 3, of the Civil Code;
- (6) evaluates the general performance of operations and periodically compares the results achieved with those planned;
- (7) examines and approves the operations of the Company and its subsidiaries in advance, if said transactions are of significant strategic, economic, equity or financial importance for the Company.

For the above purposes, transactions of significant importance are considered:

1. transactions of significant strategic, economic, equity or financial importance for the Salcef Group, of any nature, whose value exceeds the amount of 5 million euros or which, regardless of the value, could have a significant impact on the market or on the completeness and correctness of information, including accounting information, relating to the Salcef Group. In any case, the following are to be considered significant operations:
 - entering into a new business sector or withdrawing from a business sector;
 - the acquisition and disposal of equity investments/shares;

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- the acquisition and disposal of companies or company branches;
 - the purchase or sale of real estate;
 - transactions with related parties of greater importance also carried out through the subsidiaries;
 - the appointment or replacement of the general manager or the Chief Financial Officer of the Company;
 - atypical or unusual transactions, meaning those in which the nature or object of the transaction, although it can be considered included in the corporate purpose, presents aspects of novelty and/or criticality with respect to the normal course of business
2. In any case, typical and/or usual transactions subject to the ordinary management of corporate affairs and which do not present particular critical elements are excluded from the definition of significant transactions, or transactions having characteristics and/or conditions not different from those of the market and/or usually practiced.
- (8) periodically expresses an assessment of the size, composition and functioning of the Board itself and its Committees, also taking into account elements such as the professional, experience, managerial and gender characteristics of its members as well as seniority in office;
- (9) provides information, in the Corporate Governance Report, on the methods of application of the criteria established by the Corporate Governance Code on the role, functioning and composition of the Board;
- (10) assesses the independence of each non-executive director immediately after their appointment as well as during the course of their mandate in the event of circumstances relevant to independence and in any case on at least an annual basis and defines, at least at the beginning of their mandate, the quantitative and qualitative criteria for assessing the significance of the independence criteria identified by the Corporate Governance Code;
- (11) reports to the Board of Statutory Auditors, at least quarterly, on the activities carried out and on the most significant transactions.

Furthermore, pursuant to art. 150 of the TUF, the Directors report promptly and at least quarterly to the Board of Statutory Auditors verbally, or when the Chairman deems it appropriate, with a written report, on the activity carried out and on the most significant economic, financial and equity transactions carried out by the Company or by subsidiaries. In particular, they report on transactions in which they have an interest, on their own behalf or on behalf of third parties, or which are influenced by the person who exercises management and coordination.

During the Financial Year and before the Negotiations Start Date, which took place on 22 December 2020, the Company's Board of Directors met 8 times (with an average duration of approximately 1.5 hours). Within the terms indicated in the Stock Exchange Regulations and following publication on their website, Borsa

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Italiana S.p.A. has received notice of the annual calendar of corporate events for the financial year, which specifies the dates established for the meetings to approve the results for the year and for the period.

For the current year, 6 meetings of the Board of Directors are scheduled for the approval of the accounting data for the period, 2 of which have already been held, respectively, on 28 January 2021 and 24 March 2021 concerning, among other things, the approval of the draft financial statements and consolidated financial statements.

The actual participation of each Director in Board meetings is reported as a percentage in the table above. Overall, the average attendance of directors at the aforementioned meetings was approximately 100%.

The timeliness and completeness of the pre-meeting information are guaranteed through the involvement of the competent corporate structures, which look after and coordinate the preparation of the documentation necessary from time to time for the specific items on the agenda. In cases where it is not possible to provide the necessary information sufficiently in advance, the Chairman of the Board of Directors ensures that adequate and timely investigations are carried out during the board meetings.

The transmission of the documentation to the Directors and the Statutory Auditors is handled by the Chief Executive Officer who proceeds in coordination with the Chairman well in advance of the date of the meetings, usually at least by the date the meeting is called, adequately taking into account any confidentiality requirements and price sensitivity related to certain topics (such as projects of particular strategic importance for the Company's business and to which the Chairman and Chief Executive Officer reports directly to the Board, starting the consequent process of examination and collective assessment), as well as any urgency related to certain topics.

The Chairman and the Chief Executive Officer ensure that the necessary time is dedicated to the items on the agenda, encouraging constructive debate during the meetings and the intervention of the directors in the discussion.

The meetings of the Board of Directors are attended, upon invitation by the Chairman, by the officer in charge of preparing the corporate accounting documents (the "**Financial Reporting Officer**"), the directors with strategic responsibilities, as well as the other directors of the Company and the Salcef Group responsible for the functions to which the matters subject to discussion by the Board refer, so that they can provide the most appropriate and timely information and clarifications during the meetings to the Directors and Statutory Auditors.

In compliance with the recommendations contained in art. 1.C.1., lett. e) of the Corporate Governance Code and the provisions of art. 27 of the Bylaws, the Chief Executive Officer reported to the Board of Directors and the Board of Statutory Auditors about the general performance of the management, during all meetings of the Board of Directors held during the year. The Board of Directors therefore assessed and constantly monitored the general management performance, taking into account the information provided by the Chief Executive Officer and periodically comparing the results achieved with those planned on the basis of the Company's strategic, industrial and financial plans.

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With reference to the Financial Year, at the meeting of 24 March 2021, the Board assessed the adequacy of the organizational, administrative and accounting structure and, in particular, the internal audit and risk management systems of the Company and its subsidiaries.

In the evaluation process, the Board took into account the information and opinion received from the Audit and Risk Committee, and assessed that the organizational, administrative and accounting structure of the Company and its subsidiaries, with particular reference to the internal audit and risk management system, is adequate to the current size as well as to the nature and methods of pursuing the corporate purpose and to positively assess the adequacy of the internal audit and risk management system with respect to the characteristics of the Company and the risk profile assumed, as well as its effectiveness.

The Board of Directors also assessed the general management performance at least quarterly, taking into account the information received from the CEO and periodically comparing the results achieved with those planned.

Pursuant to Application criterion 1.C.1 lett. g) of the Corporate Governance Code, the Board, based on a specific questionnaire divided into different areas of investigation and with the possibility of expressing comments and proposals, carried out a self-assessment process on the size, composition (including number and role of independent directors) and on the functioning of the Board itself and its committees, the results of which were presented during the meeting held on 24 March 2021. This questionnaire was sent and filled in by all the Directors. Upon completion of the aforementioned self-assessment, the Board deemed the administrative body suitable to perform the functions assigned to it by the current legislation and that the size, composition and functioning of the Board itself and its committees are adequate with respect to the management and organizational needs of the Company, also taking into account the professional characteristics, experience, including managerial, of its members, their seniority in office as well as the presence, out of a total of 9 (nine) members, of 6 (six) non-executive Directors, of which 3 (three) independent non-executive Directors, who also guarantee a suitable composition of the Committees set up within the Board.

The self-assessment process was coordinated by the Chairman of the Remuneration and Appointments Committee and, among other things, considered the recommendations contained in the annual communication of the Chairman of the Corporate Governance Committee, as well as the provisions of the Code.

The Assembly has not authorized exceptions to the prohibition of competition provided for by art. 2390 of the Civil Code.

4.4 Delegated bodies

Chief Executive Officer

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Pursuant to Article 27 of the Bylaws, the Board of Directors, within the limits and with the criteria set out in Article 2381 of the Civil Code, may delegate its powers to one or more of its members, including the Chairman, establishing the limits of the delegation and the powers attributed.

The powers conferred on the CEO are not such as to deprive the Board of its prerogatives (see Code of Conduct, comment on art. 1).

Furthermore, in line with principle 2.P.5 of the Corporate Governance Code, pursuant to which it is appropriate to avoid the concentration of corporate offices in a single person, the offices of Chairman and Chief Executive Officer are held by different parties.

On 8 November 2019 the Board of Directors appointed Valeriano Salciccia as Chief Executive Officer.

In particular, Mr. Salciccia has been given the following powers with legal representation of the Company, to be exercised in accordance with and within the limits indicated by the law, the Bylaws, the directives and resolutions of the Board of Directors:

GENERIC REPRESENTATION

- a) signing the correspondence of the company;
- b) carrying out the corporate obligations required by law, relations with any administrative authority, court or office (including the Register of Companies), relations with the shareholders of the company, consultants, certification and auditing companies (where appointed);
- c) carrying out all the paperwork at the competent chambers of commerce for variation and modification of corporate deeds, especially with regard to assignments and revocations of mandates to the persons in charge of individual sales outlets or warehouses;
- d) representing the company in any operation or act of normal administration, with signature powers;
- e) authorizing and arranging any payment of corporate debts.

REPRESENTATION IN COURT

- f) representing the company before any judicial, administrative, fiscal, ordinary or special authority, at any degree and location and therefore also before the Council of State, the Supreme Court and revocation, as well as before the supervisory bodies, Guarantors Authority and International Bodies, with the power to sign petitions and appeals for any purpose, proposing and supporting actions - both administrative and judicial - of knowledge, execution and also bankruptcy, arrangement and moratorium procedures, reaching the related formalities and therefore also issuing powers of attorney and special mandates to lawyers, general and special attorneys for disputes and electing domicile, as well as appointing special attorneys to represent the company at the hearing;
- g) settling any dispute, accepting or rejecting any proposed settlement, defining and

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compromising any dispute in arbitrators, including friendly settlers, both on the basis of an arbitration clause and on the basis of separate compromise deeds, appointing arbitrators and providing for all the inherent and related formalities to the consequent arbitration judgments;

- h) deferring and reporting oaths, deferring and responding to interrogations or requests also in the matter of false civil, being a civil party in criminal proceedings, electing domicile.

STAFF MANAGEMENT AND EMPLOYMENT RELATIONS

- i) defining and modifying the functional organization chart of the company, defining roles, powers and responsibilities with the assignment of tasks to the employees of the company;
- j) hiring, suspending, promoting and dismissing staff, including managers, with both permanent and fixed-term employment contracts and with temporary contracts, apprenticeships and traineeships and varying the conditions relating to the employment relationship of the staff employee;
- k) stipulating, modifying and terminating collaboration contracts in the name and on behalf of the company, including on a project-based and occasional basis;
- l) carrying out, also by conferring the most appropriate delegations for the functions and responsibilities of the employer, all the activities that can be delegated pursuant to art. 16 of Legislative Decree 81/2008 and subsequent amendments and additions, which the entrepreneur is required to carry out in the field of safety, prevention and hygiene at work, as well as environmental protection in compliance with mandatory rules, provisions in any form issued by the authorities competent, suitable for preventing the risk of damage to people, things and the environment, with particular reference to art. 2087 of the Civil Code and the aforementioned Legislative Decree 81/2008 and subsequent amendments and additions. Organizing the activities indicated above, in order to ensure timely and correct completion, the possibility of recurring and unplanned and/or announced audits, as well as the selection, instruction and control of managers and employees to carry out individual activities. The subjects delegated by the Chief Executive Officer may in turn delegate specific functions in the health and safety sectors in compliance with the provisions of Article 16 of Legislative Decree 81/2008 and subsequent amendments and additions, such as the representatives and those in charge of the management of the health and safety management system in the workplace in compliance with the provisions of Article 30 of Legislative Decree 81/2008 and the rules referred to by them also for the purposes of the Bylaws of limitation and protection referred to in the current Legislative Decree 231/2001. The management delegation referred to in this point includes the powers of deliberation and spending and includes granting spending powers to the persons delegated and designated as above;
- m) issuing extracts from payrolls and certificates and declarations regarding personnel, both for social security, insurance or mutual aid entities, and for other entities or individuals; ensuring compliance with the obligations to which the company is required as withholding agent, with the option, among other things, to sign, for the purposes of such obligations, declarations,

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certificates or any deed or certificate provided for by the relevant legislation in force;

- n) representing the company before trade associations and unions and in the meetings of entities, consortia and companies in which the company owns interests or shareholdings, with the exercise of the related rights;
- o) signing tax returns in the name and on behalf of the company, as well as those to be submitted to the competent authorities and social security, welfare and administrative bodies;
- p) issuing, within the limits of the powers conferred above, to employees of the company and also to third parties, powers of attorney and special mandates that enable them to carry out in the name and on behalf of the company certain operations or categories of operations using the company signature for them.

ADMINISTRATIVE MANAGEMENT

- q) executing the resolutions of Salcef's Board of Directors and supervising the management of the company;
- r) identifying the lines of development and strategic direction of the company, its subsidiaries, associates and investee companies, to be submitted to the Board of Directors of Salcef;
- s) supervising and directing the administration, finance and control functions, internal control activities and legal and corporate support activities for corporate activities, including the definition of corporate governance and compliance policies;
- t) defining the actions aimed at exercising management and coordination activities on the subsidiaries for which the current situation exists, structuring the company and group procedures, as well as developing the management and operating systems to which the subsidiaries must submit.

CONTRACTS

- u) establishing, modifying, varying the shares, terminating and dissolving consortia, consortium companies, temporary groupings of companies, joint ventures and other forms of association existing in Italy and abroad for the purpose of participating in tenders or public negotiations and private individuals for the execution of work orders and supply of services and products, assuming or conferring powers as an agent or leader and signing the related public deeds and necessary declarations with notaries and/or other administrations and bodies concerned, as well as all shareholder agreements, internal agreements between the merged companies and anything else deemed necessary or useful for the purpose;
- v) signing requests for invitations to tender of any type issued by Italian and foreign public administrations and private entities; signing and submitting offers in tenders, both as a single company and as an associated company in consortia, temporary groupings of companies, joint ventures and other forms of association envisaged, determining the economic, technical and administrative offer, providing and signing all the necessary declarations and required

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documentation. Requesting the issuance of the necessary insurance policies as well as bank and/or insurance guarantees required for participation in tenders, as well as after the award, for the execution of the works, such as, by way of example: tender, performance, retention, advance bonds. Intervening in all phases of the tender procedure to represent the company, submitting offers and any changes, submitting complaints and reservations, questions and declarations, as well as representing the company in the subsequent phases up to the award of the order and signature of the related contract or supply contract of products or provision of services;

- w) representing the company vis-à-vis all public and private clients, in the execution phases of the contracted works, as well as the supply of services and products, with the power to sign the related contracts and orders, documents of a technical, administrative and economic nature for the relations with clients, any associated companies, other authorities and administrations that may be interested; the signing of any accounting document, reports of delivery, suspension, extension, completion of works, amending and supplementary deeds, variants, test reports, presentation of discussion and definition of reserves also by amicable agreement, minutes of execution agreements of the works, and of any other contradictory act or in any case necessary for the correct management of the order;
- x) appointing and removing representatives, sales agents in general and dealers/operators/licensees; granting and revoking mandates *ad negotia* for the sale, as well as for participation in tenders or public and private procedures aimed at acquiring orders for the execution of works as well as supply of products and services;
- y) stipulating, modifying and terminating in the name and on behalf of the company, contracts and orders relating to the purchase of goods and materials, procurement contracts, subcontracting and subsupplying, service provision contracts, lease agreements, including financial and operational ones, leasing, rental, consultancy and intellectual and non-intellectual work contracts, posting, transport and delivery, insurance, mediation and business procurement, agency, mandate, commission, concession of sale, deposit, processing for third parties, free loan, administration, publishing and printing, agricultural, advertising, as well as all other applicable typical and atypical contractual forms, concerning goods and services necessary for the carrying out the business activity, engaging the company for all the rights and obligations that may derive from it;
- z) stipulating, modifying, terminating in the name and on behalf of the company any contract or convention concerning intellectual property, trademarks, designs, patents, models and other similar works;
- aa) stipulating, modifying and terminating in the name and on behalf of the company, contracts aimed at making investments, through contracts for the purchase, exchange, sale, rental, financial leasing, of tangible assets, machinery, plants, equipment and in general any another contract also involving registered movable property, committing the company for all the rights and obligations that may derive from it, for individual transactions not exceeding 5,000,000.00

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euros (five million euros/00);

- bb) stipulating, modifying and terminating in the name and on behalf of the company, contracts relating to rights on real estate, such as purchase, exchange, sale, rental, leasing, lease contracts as well as all other applicable typical and atypical contractual forms, committing the company for all the rights and obligations that may derive from them, for individual transactions not exceeding 5,000,000.00 euros (five million euros/00);
- cc) acquiring and selling equity investments and shares in other companies, including consortia and consortium companies, both existing and newly established, also by exercising or renouncing option rights, conferment, usufruct, pledging and any other disposition, or of being subject to restrictions on the investments themselves, for individual transactions not exceeding 5,000,000.00 euros (five million euros/00);
- dd) assigning, conferring, renting, granting in usufruct as well as stipulating any other deed of disposal or subjection to constraints of the company in the ownership of the company, or of branches thereof, for individual transactions not exceeding 5,000,000.00 euros (five million euros/00);
- ee) purchasing, renting, taking on usufruct as well as stipulating any other deed relating to the use of companies or branches of companies owned and/or available to third parties, for individual transactions not exceeding 5,000,000.00 euros (five million euros/00);
- ff) signing in the name and on behalf of the company "non-disclosure agreements" (NDA), "memorandum of understanding" (MOU), "confidential agreements" (CA) and other forms of contractual or commercial or negotiation agreement with other necessary subjects or useful for achieving the corporate purpose;
- gg) establishing, registering and renewing mortgages and privileges borne by third parties and for the benefit of the company, consenting to the cancellation and restrictions of mortgages borne by third parties and for the benefit of the company by extinction and reduction of obligations; renouncing mortgages or mortgage subrogations, including legal ones and carry out any other mortgage transaction, always at the expense of third parties and for the benefit of the company and therefore active, relieving the competent registrars of the real estate registers from any and all liability;
- hh) collecting valuables, parcels, packages, letters, including registered and insured letters, as well as ordinary and telegraphic postal orders from post and telegraph offices, and appointing special agents when necessary;
- ii) stipulating with all the appropriate clauses, including the arbitration clause, modifying and terminating the contracts for the supply of utilities of any kind, rental or purchase contracts for the relative plants and equipment;
- jj) requesting personal and corporate certificates;
- kk) issuing declarations and certifications for calls for tender and/or qualification in the supplier

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- register, submitting any application aimed at recognizing a particular legal status or registration in supplier registers or other lists with any public administration or private body;
- ll) carrying out any act and operation at the railway, customs, postal and telegraphic offices and in general at any public and private transport office, with the right to issue the due release receipts, unloading declarations and permits with terms and conditions;
 - mm) representing the company in carrying out all the practices relating to import, export, temporary import, temporary export, re-import, re-export operations;
 - nn) carrying out every act and taking every initiative, with every broader power, to ensure full compliance of the activities with the requirements of the law, regulations, ordinances, orders and provisions of every international, community, national, local authority and, in particular, without this listing constituting a limitation of the power attributed here, in matters of hygiene, health and safety at work, environmental protection, urban planning, construction, exercise of industrial activities, as well as in the field of employment relationships, placement, mandatory social security obligations and insurance, exports, imports and transit of materials, including high technology, technologies and services, as well as regarding the processing of personal data pursuant to current legislation, as the representative of the company "owner" of the processing of personal data; all with the right to delegate to third parties for one or more of the matters referred to in this point.

FINANCIAL MANAGEMENT

- oo) providing on behalf of, in the name and in the interest of the company, to the collection, release and withdrawal of all sums and all values that are for any reason or title due to it by anyone, as well as by the state administrations, by the Regions, Municipalities and Provinces, by the Cassa Depositi e Prestiti, by the Provincial State Treasuries, by the Revenue Agencies, by the consortia and credit institutions, always including the issuing one, and therefore collecting the mandates that have already been issued or which will be issued in the future, without time limit, in favor of the company, for any sum of capital or interest that is due to it by the aforementioned administrations, by the aforementioned offices and institutes, both in liquidation of the deposits made by the company itself, both for any other reason or title. Issuing in the name of the company the corresponding declarations of receipt and discharge and in general all those declarations that may be requested when carrying out the individual practices, including that of exemption of the aforementioned offices, administrations and institutes from any responsibility in this regard;
- pp) opening and closing current account with banks, post offices and financial institutions, also in foreign currency. Carrying out transactions on the company's current accounts with credit institutions and post offices in any form and without any limitation;
- qq) taking over bank credit lines and short credit lines;
- rr) issuing and assuming any kind of bills of exchange;

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- ss) carrying out any active and passive financial transaction, in the short term, including discounts on bills of exchange signed by the same company, carry-over operations with any banking institution, including the issuing institution, assuming the commitments and fulfilling the necessary formalities, as requested; carry out exchange risk hedging operations relating to contracts;
- tt) carrying out bills of exchange discounts for bills signed by third parties, endorsing and receiving bank checks, promissory notes, credit lines, bills of exchange, postal orders payable at credit companies, post offices and telegraphs and in general with any natural and legal person;
- uu) issuing bank and postal checks on current accounts in the name of the company, as well as requesting the issuance of bank drafts;
- wv) carrying out any active and passive financial operation, medium and long term, including unsecured and mortgage loan contracts, including operations to hedge exchange rate risks and interest fluctuations and issue guarantees for the same operations carried out by subsidiaries or investee companies;
- ww) taking on financing from third parties, including state administrations, banks and credit institutions, in any form, relating to company receivables arising from exports of goods and services and from the execution of works abroad;
- xx) signing letters of credit and debit on current account;
- yy) granting guarantees, including sureties and mortgages to banks, financial institutions and third parties in general, in order to guarantee operations and obligations of the company as well as of subsidiaries or investee companies, for commercial and financial transactions, in order to achieve the corporate purposes;
- zz) granting sureties and counter-guarantees in favor of banks, insurance companies, public administrations, customers, suppliers and third parties in general, for customs operations, for participation in tenders, to guarantee the obligations inherent in the correct execution of the services arising from contracts acquired by the company or by subsidiaries or investee companies, for works, as well as for the supply of products and services, in Italy or abroad;
- aaa) enter into contracts for the assignment of credits, including future and without recourse, with banks and other financial institutions, factoring companies and commercial and financial partners, relating to receivables from clients, from the tax authorities for reimbursements due to tax credit as well as for any other reason, for financial and commercial credits, defining the related contractual and operational aspects;
- bbb) stipulating factoring contracts, including reverse, issuing letters of credit, as well as all other banking and financial instruments aimed at the better collection of receivables or deferred payments, on behalf of the company or by subsidiaries or investee companies.

In relation to the powers as conferred above, the matters concerning:

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- (i) the definition of corporate strategic and organizational lines, including the approval of plans, programs, business plans and budgets;
- (ii) the stipulation, modification and termination of contracts aimed at making investments, through contracts for the purchase, exchange, sale, rental, financial lease, of tangible assets, machinery, equipment and plants, and in general any other contract having as a subject so-called registered movable asset, for transactions individually exceeding 5,000,000.00 euros (five million euros/00);
- (iii) the stipulation, modification and termination of contracts relating to rights on real estate, such as purchase, exchange, sale, rental, leasing, leasing contracts as well as all other applicable typical and atypical contractual forms, for transactions individually exceeding 5,000,000.00 euros (five million euros/00);
- (iv) the acquisition or sale of shareholdings and shares in other companies, including consortiums, both existing and newly established, also through the exercise or waiver of option rights, conferment, usufruct, pledge and any other deed of disposition or of being subjected to constraints of the investments themselves, for transactions individually exceeding 5,000,000.00 euros (five million euros/00);
- (v) the assignment, conferment, lease, concession in usufruct as well as the stipulation of any other deed of disposal or subjecting to constraints of the company in the ownership of the company or branches thereof, for operations individually exceeding 5,000,000.00 euros (five million euros/00);
- (vi) the purchase, rental, usufruct as well as the stipulation of any other deed relating to the use, of companies or branches of companies owned and/or available to third parties, for operations individually exceeding 5,000,000.00 euros (five million euros/00);
- (vii) share capital transactions, constitution, transformation, listing on the stock exchange, merger, demerger, liquidation, signing of shareholders' agreements relating to direct subsidiaries;
- (viii) the designation of directors and statutory auditors in directly controlled companies;
- (ix) the appointment and dismissal of the general managers of the company, as well as of financial directors, where present in the company organization chart.

The Managing Director Valeriano Salciccia also qualifies as Chief Executive Officer and does not hold the position of Director in another listed issuer of which a Director of the Company is Chief Executive Officer.

Chairman of the Board of Directors

Pursuant to the Bylaws, the Chairman of the Board of Directors (i) verifies the regular constitution of the Shareholders' Meeting, ascertains the right to attend and vote of the shareholders, ascertains the regularity of the proxies, directs and regulates the discussion and the conduct of the meeting (articles 18 and 19 of the Bylaws); (ii) convenes the Board of Directors (article 22); (iv) has the legal representation of the Company and the corporate signature (article 30).

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The Assembly is chaired by the Chairman of the Board of Directors or, failing that, by the Deputy Chairman, if one is appointed. In the absence of the Chairman and Deputy Chairman, the Assembly is chaired by the oldest of the directors present.

The meetings of the Board of Directors are chaired by the Chairman or, in his absence, by the Deputy Chairman if appointed. In case of simultaneous absence of the Chairman and the Deputy Chairman, the person entitled to chair the Board meetings is appointed by the directors present.

On 8 November 2019, the Board of Directors delegated the organization and management of corporate structures to the Chairman of the Board of Directors Gilberto Salciccia as well as the definition of the guidelines and operational strategies of the other Salcef Group companies, in relation to:

- a) the definition of the strategic guidelines relating to new investments and activities aimed at maintaining the efficiency of company assets.
- b) the definition of the operational plan of the investments of the Salcef Group in relation to operational fixed assets, having defined the aspects relating to the Issuer, as well as coordinating the plans of the other companies of the Salcef Group.
- c) research and development as well as other activities which, in the medium and long term, are aimed at increasing and diversifying the offer of products and services of the companies of the Salcef Group, including the implementation of the design and study of new patents and production systems.

At the Date of the Report, the share capital of Finhold S.r.l., which controls the Company, is indirectly and wholly owned by Valeriano Salciccia and Gilberto Salciccia in equal parts.

Executive committee

As of the Date of the Report, no Executive Committee has been set up.

Reporting to the Board

Pursuant to art. 27.2 of the Bylaws and in compliance with best practices, the Chief Executive Officer, at least quarterly, provides adequate information on the general management trend and its foreseeable evolution as well as, in the exercise of the respective powers, on the most significant transactions, by size and characteristics, carried out by the Company and its subsidiaries. For more information on the reporting provided by the Chief Executive Officer to the Board during the year, see the previous paragraph 4.3.

4.5 Other executive directors

In addition to the Chief Executive Officer and the Chairman of the Board of Directors at the Date of the Report, the director Alessandro Di Paolo is an executive director pursuant to art. 2 of the Corporate Governance Code as he holds the position of sole director of Salcef S.p.A., a strategic subsidiary of the

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Company. The director Mr. Alessandro Di Paolo is also an employee of the Issuer with a managerial qualification and with the duties of Risk Manager.

In addition, on 6 October 2020 the Board of Directors appointed, with effect suspensively conditional on the Negotiations Start Date, Alessandro Di Paolo as Director in charge of the internal audit and risk management system (the "**Director in Charge**").

In particular, the Director in Charge:

- identifies the main business risks, taking into account the characteristics of the activities carried out by the Company and its Subsidiaries, and submits them for examination by the Board of Directors;
- implements the guidelines defined by the Board of Directors, taking care of the design, implementation and management of the internal audit and risk management system, constantly verifying its adequacy and effectiveness;
- deals with the adaptation of this system to the dynamics of operating conditions and the legislative and regulatory landscape;
- may ask the internal audit function to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of company operations, simultaneously notifying the Chairman of the Board of Directors, the Chairman of the Board of Directors Committee and to the Chairman of the Board of Statutory Auditors;
- promptly reports to the Audit and Risk Committee (or to the Board of Directors) on problems and criticalities that emerged in the performance of its business or of which it was in any case aware, so that the Committee (or the Board) can take appropriate initiatives.

4.6 Independent directors

Pursuant to Principles 3.P.1 and 3.P.2 of the Corporate Governance Code, an adequate number of non-executive directors are independent in the sense that they do not have or have recently had, even indirectly - with the issuer or with subjects linked to the same - relations such as to condition the autonomy of judgment. The independence of the directors is assessed by the board of directors after the appointment and, subsequently, annually and the outcome of the assessments is communicated to the market.

It should also be noted that the Corporate Governance Code, in the comment to art. 3, specifies that in issuers with concentrated ownership or where a controlling group is still identifiable, there is a need for some directors to be independent even from the controlling shareholders or in any case able to exercise significant influence.

As regards the number of independent directors (without prejudice to the provisions of the TUF), the Corporate Governance Code - Application criterion 3.C.3 - requires that the number and skills of independent directors be adequate in relation to the size of the board and the activities carried out by the issuer, and be such as to allow the establishment of committees within the board, according to the indications contained in the Corporate Governance Code itself, and in any case there are at least two.

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As of the Date of the Report, the Company has identified, in accordance with art. 3 of the Corporate Governance Code, an adequate number of independent directors, equal to 3: Bruno Pavesi, Valeria Conti and Emilia Piselli who also possess the independence requirements prescribed by the combined provisions of articles 147-ter, paragraph 4 and 148, paragraph 3, of the TUF.

On 6 October 2020, the Board of Directors verified compliance with the independence requirements of the aforementioned directors.

The annual verification of the existence of the independence requirements for each of the non-executive Directors in compliance with the recommendations contained in art. 3.C.4 of the Corporate Governance Code was completed by the Board on 28 January 2021. The Board of Statutory Auditors, on 28 February 2021, verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members. With regard to 2021, the Board of Statutory Auditors will report the outcome of its verification in the report to the Shareholders' Meeting.

At the date of the report, no meetings of the independent directors had been held.

Finally, it should be noted that the Directors Bruno Pavesi, Valeria Conti and Emilia Piselli, in the declaration of acceptance of the office of Directors of the Company and attestation of the requirements for taking up the office, indicated the eligibility to qualify as independent and, at the same time, have undertaken to promptly notify the Board of Directors and the Board of Statutory Auditors of any changes in the requirements, including those of independence, as well as any unexpected causes for forfeiture.

4.7 Lead independent director

By resolution of the Board of Directors of 6 October 2020, with effect from the Negotiations Start Date (22 December 2020), in compliance with the recommendations referred to in articles 2.C.4. and 2.C.5 of the Corporate Governance Code, the Company has appointed the independent director Bruno Pavesi as lead independent director, granting him the powers and functions established by the Corporate Governance Code.

Non-executive directors (and, in particular, the independents) therefore refer to this figure for a better contribution to the activity and functioning of the Board of Directors.

The lead independent director also collaborates with the Chairman of the Board of Directors in order to ensure that the directors are recipients of complete and timely information flows and, among other things, he is granted the right to call, independently or upon request of other directors, specific meetings of independent directors only for the discussion of issues deemed to be of interest with respect to the functioning of the Board of Directors or the management of the company.

5. TREATMENT OF COMPANY INFORMATION

The Board of Directors, on 6 October 2020, resolved to adopt, with effect from the Negotiations Start Date, a regulation for the internal management and external communication of documents and information

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concerning the Company and/or companies controlled by the same, with particular reference to the privileged information that listed companies are required to disclose to the public pursuant to Article 114, paragraph 1, of the TUF and Article 17 of the MAR Regulation and in compliance, more generally, with legal and regulatory provisions in force from time to time regarding market disclosure and prevention and repression of market abuse. This regulation also has as its object the establishment and management of the register of persons who, due to their work or professional activity or the functions performed, have access to relevant information (i.e. information that does not have the characteristics to qualify as privileged) and the establishment and management of the register of persons who, due to their work or professional activity or the functions performed, have access to the privileged information indicated in Article 114, paragraph 1, of the TUF, in compliance with the provisions contained in art. 18 of the MAR Regulation and related implementing provisions.

On 6 October 2020, the Board of Directors also resolved to adopt, always with effect from the Negotiations Start Date, a procedure concerning the obligations of disclosure to the public and the limitations on the completion of purchase, sale, subscription and exchange carried out by, or on behalf of: (i) the members of the Issuer's administrative or control bodies; (ii) senior executives who, although not a member of such bodies, have regular access to inside information directly or indirectly concerning the Company and have the power to take management decisions that may affect the future development and prospects of this entity ; (iii) whoever holds a shareholding, calculated pursuant to Article 118 of the Issuers' Regulation, equal to at least 10% of the Company's share capital, represented by shares with voting rights (the "Relevant Shareholder"), as well as any other person who controls the Company; as well as (iv) persons closely related to the preceding subjects. Pursuant to the internal dealing procedure adopted by the Issuer, the following are not disclosed: (a) transactions whose total amount does not reach 20,000 euros by the end of the year; (b) transactions carried out between the Relevant Shareholder and the persons closely associated with him; (c) transactions carried out by the Issuer and its subsidiaries; as well as (d) further transactions for which the current legislation does not require notification.

The procedures described are available on the Company's website www.salcef.com

6. INTERNAL BOARD COMMITTEES

Principle 4.P.1. of the Corporate Governance Code suggests that the Board of Directors establish one or more committees within itself with proposing and consultative functions as indicated in the following articles, providing for the right to group or distribute the functions assigned to the committees provided for by the Code in the most appropriate way, in compliance with the rules relating to the composition of each committee.

The Company's Board of Directors, which met on 6 October 2020, resolved to establish, with effect suspensively conditional on the Negotiations Start Date:

- (i) a Remuneration and Appointments Committee pursuant to articles 5 and 6 of the Corporate Governance Code;
- (ii) an Audit and Risk Committee pursuant to Article 7 of the Corporate Governance Code;

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(iii) a Related Parties Committee pursuant to the RPT Regulation.

The term of office of the members of the Committees is equivalent to that of the Board of Directors.

In order to carry out their duties effectively and responsibly, the aforementioned committees have sufficient financial resources to ensure their operational independence.

The aforementioned committees have the right to access the information and company functions necessary for the performance of their duties and may make use, within the limits established by the Board of Directors, of external consultants.

At the Date of the Report, no committees have been set up other than those recommended by the Corporate Governance Code.

7. APPOINTMENTS COMMITTEE

The Board of Directors resolved to assign the functions of the Appointments Committee and the Remuneration Committee (the "**Remuneration and Appointments Committee**") to a committee made up of directors, the majority of which are independent, with the Chairman chosen from among the independents.

Composition and functioning of the appointments committee (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)

At 31 December 2020 and at the Date of the Report, the Remuneration and Appointments Committee, appointed by the Board of Directors on 6 October 2020, with effect from the Negotiations Start Date (22 December 2020), is composed of three members: the independent director Emilia Piselli (Chairman), the independent director Bruno Pavesi and the non-executive and non-independent director Attilio Francesco Arietti for a duration, unless in the event of revocation, forfeiture or resignation, equivalent to that of the Board of Directors in office, or until the date required to approve the financial statements for the year that will close on 31 December 2021.

The meetings of the Remuneration and Appointments Committee are held in a collective form and the work is coordinated by the Chairman Emilia Piselli. The Chairman of the Board of Statutory Auditors also participated in the Committee's work. Minutes of the meetings are taken; the Chairman of the Committee regularly reports to the Board of Directors on the activities carried out and makes the minutes of the meetings available to all the directors.

Having been established with effect from the Negotiations Start Date, which took place on 22 December 2020, the Remuneration and Appointments Committee did not meet during the year. For the year 2021 The Committee has already met 3 times: on 15 January 2021, 17 March 2021 and on 19 March 2021 and will meet with an adequate frequency for the proper performance of its functions and, in any case, at least quarterly. Each meeting lasted about 1 hour on average. The average attendance of directors at the meetings was 100%. During these meetings, the Committee coordinated the self-assessment process of the Board of Directors, expressing a **favorable opinion on the suitability and adequacy of the Board in**

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carrying out its functions in accordance with the provisions of art. 123-bis, paragraph 2, letter d), TUF and the Corporate Governance Code of listed companies. The meetings of the Remuneration and Appointments Committee may be attended, where previously invited, by representatives of corporate functions (the Chief Executive Officer, Chief Financial Officer, Compliance, Human Resources, Corporate and Legal Affairs) and independent experts and/or other subjects whose participation is deemed useful in relation to the topics under discussion.

Further information on the participation of the members of the Remuneration and Appointments Committee in the meetings is contained in the Table reported in paragraph 4.1 of this Report.

Functioning of the Remuneration and Appointments Committee

Pursuant to the Corporate Governance Code, the Remuneration and Appointments Committee is a body with preliminary, consultative and propositional functions with the main task, in terms of appointments, of identifying the optimal size and composition of the Board of Directors and its Committees, indicating the professional figures whose presence can favor a correct and effective functioning and, with regard to remuneration, to formulate proposals to the Board of Directors for the definition of the remuneration policy for directors and executives with strategic responsibilities.

In particular, the Remuneration and Appointments Committee carries out the following tasks in relation to appointments:

- a) formulates opinions for the Board of Directors regarding the size and composition of the same and its committees and make recommendations regarding the professional figures whose presence within the Board of Directors or its committees is deemed appropriate. In particular, the Committee plays an advisory role to the Board of Directors in relation to the self-assessment process and instructs the board review procedure - relating to the functioning of the Board of Directors and the committees established within it, as well as their size and composition;
- b) proposes to the Board of Directors candidates for the office of director in cases of co-optation; And
- c) carries out the investigation of the preparation of a plan for the succession of the CEO and executive directors of the Company, and, if the Board of Directors decides to adopt this plan, the Committee is responsible for its oversight and correct implementation;
- d) carries out any additional duties assigned to it by the Board of Directors.

The Remuneration and Appointments Committee is also entrusted with the following duties, in relation to remuneration:

- assisting the Board of Directors in defining the remuneration policy for directors and Managers with Strategic Responsibilities;
- periodically assessing the adequacy, overall consistency and concrete application of the policy for the remuneration of directors and managers with strategic responsibilities; formulating proposals on the matter to the Board of Directors;

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- submitting proposals or expressing opinions to the Board of Directors on the remuneration of executive directors and other directors who hold particular offices, as well as on the setting of performance objectives related to the variable component of this remuneration;
- monitoring the application of the decisions adopted by the Board itself, verifying, in particular, the actual achievement of the performance objectives;
- carrying out any additional tasks assigned to it by the Board of Directors;
- assisting the Board of Directors in defining the criteria for identifying Executives with strategic responsibilities and suggesting to the Board the changes that the relevant regulatory evolution may make necessary.

The Committee is convened by the Chairman whenever he deems it appropriate or when a joint request is made by the other members or by the Chairman of the Board of Directors and/or by the Chief Executive Officer.

The Committee is convened by means of a special notice sent by e-mail, indicating the date, place and agenda, to all its members at least 3 days before the date set for the meeting. In case of urgency, the deadline can be shortened, providing notice is given by e-mail or other suitable instrument to guarantee a certain and immediate communication.

The Chairman of the Committee may invite the Chairman of the Board of Directors, the Chief Executive Officer, the other directors and, by informing the Chief Executive Officer, the representatives of the company's functions competent in the matter relevant to individual meetings; the members of the Board of Statutory Auditors can attend the meetings of the Committee. In such cases, the notice of meeting is also sent to the aforementioned subjects.

In carrying out its functions, the Remuneration and Appointments Committee had the opportunity to access the information and company functions necessary for the performance of its duties and did not consider it had the financial budget at its disposal, equal to 10,000 euros, as the support of the internal structures of the company has ensured the effectiveness required for the fulfillment of its duties.

8. REMUNERATION COMMITTEE

As regards the composition and functioning of the Remuneration and Appointments Committee, please refer to the contents of paragraph 7 above.

For information on the activities carried out by the Remuneration Committee during the year, please refer to the relevant parts of the Remuneration Report prepared and published pursuant to article 123-ter of the TUF and article 84-*quater* of the Consob Issuers' Regulation ("**Remuneration Report**"), available on the Company's website www.salcef.com in the Investor Relations section.

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9. REMUNERATION OF DIRECTORS

For all information regarding the remuneration of directors, please refer to the Remuneration Report prepared pursuant to art. 123-ter of the TUF, available at the registered office and on the website www.salcef.com, Investor Relations section.

10. AUDIT AND RISK COMMITTEE

The internal audit and risk management committee (the "**Audit and Risk Committee**") was established with a resolution of the Board of Directors of 6 October 2020, with effectiveness subject to the Negotiations Start Date (22 December 2020).

Composition and functioning of the Audit and Risk Committee (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF

At 31 December 2020 and at the Date of the Report, the Audit and Risk Committee is composed of three members: the independent director Valeria Conti (Chairman), the independent director Emilia Piselli and the executive and non-independent director Alessandro di Paolo for a duration, unless in the event of revocation, forfeiture or resignation, equivalent to that of the Board of Directors in office, or until the date of approval of the financial statements for the year which will end on 31 December 2021.

With reference to the composition of the Audit and Risk Committee, it should be noted that, in the opinion of the Company, it is the one deemed most suitable for guaranteeing the correct balance between knowledge of risk audit and management and the functioning of the Salcef Group, together with the necessary independence of judgment. In fact, the presence of Alessandro Di Paolo, who at the Date of the Report is a non-executive director of the Issuer and legal representative of the strategic subsidiary Salcef S.p.A. is aimed at guaranteeing a high level of knowledge of the Group, of its functioning and of the typical risks of the business, as he is responsible for the audit and management of the risks of the Salcef Group. At the same time, the presence of Valeria Conti and Emilia Piselli guarantees the necessary independence of judgment combined with accounting and financial knowledge as well as with the functioning of public contracts and tenders.

The meetings of the Audit and Risk Committee are collective and the work is coordinated by the Chairman Valeria Conti. The Chairman of the Board of Statutory Auditors also participated in the Committee's work. Minutes of the meetings are regularly taken and the Chairman of the Committee regularly reports to the Board of Directors in the first useful meeting on the activities carried out and makes the minutes of the meetings held available to all the directors.

Having been established with effect from the Negotiations Start Date, which took place on 22 December 2020, the Audit and Risk Committee did not meet during the year. During the financial year 2021, the Committee has already met 4 times: on 15 January 2021, 9 March 2021, 11 March 2021 and 18 March 2021 and will meet with an appropriate frequency for the proper performance of its functions and in any case at

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least quarterly. Each meeting lasted about 1 hour on average. The average attendance of directors at the meetings was 100%.

During these meetings, the Committee:

- prepared the Operating Regulations to be submitted for approval by the Board of Directors;
- assessed the correct use of the accounting principles and, with reference to the subsidiaries, their uniformity for the purposes of preparing the financial statements, together with the Manager in charge of preparing the accounting and corporate documents consolidated;
- assessed the suitability of periodic financial and non-financial information to correctly represent the business model, the company's strategies, the impact of its business and the performance achieved;
- initiated the analysis of the non-financial reporting process by speaking with the Chief Knowledge Officer;
- examined the activities carried out by the Director in Charge, providing first guidelines on the criteria for assessing corporate risks;
- examined the periodic reports prepared in 2020 by the Internal Audit and Compliance function, and invited the head of the function to report on the matter;
- examined, expressing a favorable opinion, the procedure carried out for the definition of the proposal of the three-year Audit Plan for the financial years 2021-2023, prepared by the Internal Audit function on the basis of the results of the interventions carried out in 2020, of the Company's risk assessment integrated both for the purposes of Legislative Decree 231/01 and ISO 37001 as well as certain needs represented by the Group's Supervisory Bodies and by the Director in Charge. It did not consider it necessary to request further supplementary activities or in-depth studies in specific areas;
- took note of the report issued by the Supervisory Body, on the activity carried out during the second half of 2020;
- contributed to the drafting of the corporate governance report with reference to the internal audit and risk management system.
- got timely updating regarding the absence of problems and criticalities that could have required the taking of appropriate initiatives by the Committee itself;
- was able to monitor the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function, in compliance with the provisions of the Corporate Governance Code;
- suggested to formally adopt the guidelines in this regard, pursuant to art. 6 of the Corporate Governance Code.

The meetings of the Audit and Risk Committee may be attended, where previously invited, by representatives of corporate functions (the Chief Executive Officer, Chief Financial Officer, Compliance,

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Human Resources, Corporate and Legal Affairs) and independent experts and/or other subjects whose participation is deemed useful in relation to the topics under discussion.

Further information on the participation of the members of the Audit and Risk Committee in the meetings is contained in the Table reported in paragraph 4.1 of this Report.

Functions attributed to the Audit and Risk Committee

The Audit and Risk Committee has the task of supporting, with adequate preliminary activity, the assessments and decisions of the Board of Directors relating to the internal audit and risk management system, as well as those relating to the approval of periodic financial reports.

In particular, the Audit and Risk Committee, in accordance with the provisions of the Corporate Governance Code, in assisting the Board of Directors:

- evaluates, together with the manager responsible for preparing the corporate accounting documents referred to in Article 154-bis of the TUF and after consulting the Independent Auditors and the Board of Statutory Auditors, the correct use of the accounting principles and their consistency for the purposes of preparing the consolidated financial statements;
- assesses the suitability of periodic financial and non-financial information to correctly represent the business model, the company's strategies, the impact of its business and the performance achieved;
- expresses opinions on specific aspects relating to the identification of the main corporate risks;
- examines the periodic reports concerning the assessment of the internal audit and risk management system, and those of particular importance prepared by the Internal Audit function;
- monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function;
- may ask the Internal Audit function, if it deems it necessary or appropriate, to carry out checks on specific operational areas, giving simultaneous communication to the Chairman of the Board of Statutory Auditors;
- reports to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-yearly financial report, on the activity carried out as well as on the adequacy of the internal audit and risk management system;
- supports, with adequate preliminary activities, the assessments and decisions of the Board of Directors relating to the management of risks deriving from prejudicial facts of which the Board of Directors has become aware;
- carries out any additional duties that may be assigned to it by the Board of Directors.

In addition, the Audit and Risk Committee expresses, in accordance with the provisions of art. 7, application criterion 7.C.1, of the Corporate Governance Code, its prior opinion to the Board of Directors with regard to:

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- the definition of the guidelines of the internal audit and risk management system, so that the main risks affecting the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, and the determination of the degree of compatibility of these risks with a management of the company consistent with the strategic objectives identified;
- the assessment, at least annually, of the adequacy of the internal audit and risk management system with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness;
- the approval, at least annually, of the work plan prepared by the head of the Internal Audit function, after consulting the Board of Statutory Auditors and the director in charge of the internal audit and risk management system;
- the description, within the report on corporate governance, of the main characteristics of the internal audit and risk management system and the methods of coordination between the subjects involved in it, expressing its assessment on the adequacy of the same;
- the evaluation, after consulting the Board of Statutory Auditors, of the results presented by the statutory auditor in any letter of suggestions and in the report on the fundamental issues that emerged during the statutory audit;
- the appointment, dismissal and remuneration of the head of the Internal Audit, as well as the adequacy of the resources with which the latter is provided with respect to the fulfillment of their responsibilities.

The Committee is convened by the Chairman whenever he deems it appropriate or when a joint request is made to him by the other members or by the Chairman of the Board of Directors and/or by the Chief Executive Officer.

The Committee is convened by means of a special notice sent by e-mail, indicating the date, place and agenda, to all its members at least 3 days before the date set for the meeting. In case of urgency, the deadline can be shortened, provided that the decision is conveyed by e-mail or other suitable tool to guarantee certain and immediate communication.

In carrying out its functions, the Audit and Risk Committee had the opportunity to access the information and company functions necessary for the performance of its duties and did not deem it necessary to use the financial budget at its disposal, equal to 10,000 euros, as the support of the internal structures of the company has ensured the effectiveness required for the fulfillment of its duties.

11. INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

The internal audit and risk management system ("ICRMS") is the set of rules, procedures and organizational structures of the Company and the Salcef Group aimed at allowing the identification, measurement, management and monitoring of main risks, the adequacy of which is subject to the supervision of the Internal Audit Manager. The internal control system in relation to the financial reporting process is an integral part of it, and it is also part of the broader context of the internal audit and risk management system.

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Main characteristics of the existing risk management and internal control systems in relation to the financial reporting process pursuant to art. 123-bis, paragraph 2, lett. b), TUF

The internal audit and risk management system also responds to the need to guarantee the protection of corporate assets, the efficiency and effectiveness of company operations, the reliability of financial reporting, compliance with laws and regulations, as well as the Bylaws and internal procedures, to protect sound and efficient management.

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

The internal audit and risk management system involves, each for their own responsibilities:

- the Board of Directors which defines the guidelines and assesses the adequacy of the internal audit and risk management system;
- the Chief Executive Officer, in charge of establishing and maintaining the internal audit and risk management system;
- the Audit and Risk Committee with the duties, described in paragraph 10 above, to support, with adequate preliminary and propositional activity, the assessments and decisions of the Board of Directors relating to the system, as well as those relating to the approval of periodic financial reports;
- the Director in charge of the internal audit and risk management system, Alessandro Di Paolo, with the tasks, detailed in paragraph 11.1 below, of identifying the main business risks and implementing the guidelines defined by the Board of Directors;
- the Head of Internal Audit, Michele Mariella, in charge of verifying that the internal audit and risk management system is functioning and adequate, according to the detailed tasks indicated in paragraph 11.2 below;
- the other company functions involved in the controls;
- the Board of Statutory Auditors which, also in its capacity as internal audit and audit committee pursuant to art. 19 of Legislative Decree no. 39/2010, supervises the effectiveness of the internal audit and risk management system.

The ICRMS, in compliance with the applicable reference legislation, the Corporate Governance Code and in line with the internal reference framework and the national and international best practices in the sector, is based on the following principles:

- Consistency with strategies and objectives: the ICRMS contributes to the management of the company aimed at sustainable development, maximizing value in line with corporate objectives, assisting the management in making informed decisions in which the main risks are identified, assessed, managed and monitored;

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- Risk & Control Based approach: the ICRMS is based on an anticipatory methodology of risks, contributing to the making of informed decisions, as well as the search for any competitive opportunities and advantages;
- Integration: the components of the ICRMS are coordinated and interdependent and the system, as a whole, is in turn integrated into the general organizational, administrative and accounting structure, in compliance with the autonomy and corporate responsibility of the controlled legal entities;
- Compliance: the ICRMS is defined in compliance with the applicable regulations, the Corporate Governance Code and in coherence with the general reference framework consisting, for example, of: Company By-laws, Code of Ethics and Behavior, Organization, management and control model pursuant to of the Legislative Decree 231/01, organizational system, system of powers and delegations and national and international best practices, including Enterprise Risk Management ("ERM");
- Process approach: the ICRMS is inspired by a logic based on processes, regardless of the location of the related activities in the organizational and corporate structure of the Company.

The Risk Management (RM) system is a component of the ICRMS and is implemented by the Board of Directors and top management, in order to identify, measure, manage and monitor the main risks of the Group, and which also makes it possible to establish the degree of compatibility of these risks with a company management that is consistent with the strategic objectives identified.

In this context, the Company has defined the foundations for the implementation and development of a unitary Risk Management system integrated with the Group's business processes, for the systematic analysis, assessment, management and monitoring of risk within the organization.

The main objectives of the Risk Management system are:

- defining and appropriately updating the roles and responsibilities, the risk model and the Risk Management methodology and tools necessary to ensure effective and timely risk management over time;
- identifying all the types of risk that may by their nature have an impact on the companies of the Group;
- identifying specific containment plans for the risks assessed by the Risk Owners;
- ensuring the correct management and continuous monitoring of risk by the Risk Owners, directing the implementation of solutions necessary for risk mitigation.

As part of the process of detecting and analyzing the Group's risk areas, significant importance is assumed by the internal control system implemented in relation to the financial reporting process.

This system constitutes the set of internal procedures and tools adopted in order to allow the achievement of the objectives of authenticity, accuracy, reliability and timeliness of financial reporting. Particularly:

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- Authenticity: the information is correct and complies with accounting principles as well as the requirements of applicable national and international laws and regulations.
- Accuracy: the information is neutral and precise as it is free of preconceived distortions aimed at influencing the decision-making process of its users in order to obtain a predetermined result.
- Reliability: the information is clear and complete in order to allow investors to make informed and consistent investment decisions.
- Timeliness: the information respects the deadlines set for its publication.

On 6 October 2020, the Board of Directors appointed, with effect suspensively conditional on the Negotiations Start Date, Fabio De Masi, in possession of the requisites provided for by the law and the Bylaws, as the executive in charge of preparing the corporate accounting documents pursuant to art. 154-*bis* of the TUF, meaning the assignment granted for an indefinite period and revocable at any time by the Board of Directors.

In this context, the Manager in charge of preparing the accounting documents has prepared, in compliance with the applicable international accounting standards, administrative and accounting procedures for the preparation of the separate and consolidated financial statements and has also provided the subsidiaries with the rules and principles necessary for correct performance of the assessment activities of its risk management and internal control system in relation to the financial reporting process.

On 19 November 2020, the MCS Memorandum was approved to describe the current Management Control System (hereinafter also "**MCS**") of the Salcef Group and in particular to:

- illustrate the Management Control System the Group is currently equipped with and in particular the elements composing it, namely the planning and control model, a set of technical-accounting tools, the planning system, the reporting system and a connected information system.
- provide a summary picture of the main Critical Success and Risk Factors relating to the Group which, together, identify the critical management areas and activities and determine the training of the Group;
- define the roles and responsibilities related to the MCS.

With regard to the adequacy of the internal audit and risk management system with respect to the characteristics of the company, on 17 March 2020 the Board of Directors approved the work plan prepared by the head of the Internal Audit function and during the year monitored - with the involvement of the Board of Statutory Auditors - the progress of the activities with respect to the Plan prepared and the results of the interventions carried out, promoting the adoption of specific action and improvement plans.

During 2021, the Board will formalize the guidelines defined for the internal audit and risk management system.

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11.1 DIRECTOR IN CHARGE OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

On 6 October 2020, the Board of Directors appointed Alessandro Di Paolo as Director in charge of the internal audit and risk management system (the “**Director in Charge**”), with effect suspensively conditional on the Negotiations Start Date.

In particular, the Director in Charge:

- identifies the main business risks, taking into account the characteristics of the activities carried out by the Company and its Subsidiaries, and submits them for examination by the Board of Directors;
- implements the guidelines defined by the Board of Directors, taking care of the design, implementation and management of the internal audit and risk management system, constantly verifying its adequacy and effectiveness;
- deals with the adaptation of this system to the dynamics of operating conditions and the legislative and regulatory landscape;
- may ask the internal audit function to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of company operations, simultaneously notifying the Chairman of the Board of Directors, the Chairman of the Board of Directors Committee and to the Chairman of the Board of Statutory Auditors;
- promptly reports to the Audit and Risk Committee (or to the Board of Directors) on problems and criticalities that emerged in the performance of its business or of which it was in any case aware, so that the Committee (or the Board) can take appropriate actions.

Following the listing of the Company, which took place on 22 December 2020, the Appointed Director actually took office and on the same date began his activities aimed at fully exercising the functions assigned to him.

From the Negotiations Start Date until the Report Date, the Director in Charge has initiated the following activities:

- (i) the implementation of an internal audit and risk management system in accordance with the provisions of art. 7 of the self-discipline code, following the Enterprise Risk Management (ERM) guidelines.
- (ii) the introduction of a company procedure applied to all the companies of the Salcef Group, in order to indicate the guidelines for the identification, evaluation and possible treatment of the relevant risks and opportunities, with the aim of:
 - promoting the dissemination of risk management in company processes, to ensure consistency in the methods and tools for managing and controlling risks;
 - developing a common language and disseminating an adequate risk management culture;
 - providing a homogeneous approach for identifying events that may affect the company's business;
 - ensuring the performance of activities by coordinating the risk owners and the other actors involved in the process.

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- (iii) the performance of risk assessment activities which confirmed the methodological framework of the corporate procedure and the adopted Risk Model which, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, identifies the risks in four macro categories:
- strategic risks, related to corporate strategies aimed at obtaining a competitive advantage consistent with the objectives set out in the business plan;
 - operational risks, related to the organizational structure, control processes and information systems of the Group.
 - financial risks, connected to the sector to which it belongs and to the business model with which the Company operates to achieve the objectives of the industrial plan;
 - compliance risks, linked to the possibility of incurring judicial or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory provisions (of law or regulations) or of self-regulation.
- (iv) the identification, within the aforementioned macro-categories, by each Risk Owner of the Salcef Group, with the support of the Chief Risk and Assurance Officer, for the areas of its competence, inherent risks and treatment strategies for the mitigation of identified risks. Through this process, corporate risks were identified, assessed and prioritized according to the risk matrix defined in the Enterprise Risk Management (ERM) procedure.

The company procedure, containing the Risk Model and the risk assessment matrix, was approved by the Chief Executive Officer of the Company and shared with the Audit and Risk Committee.

- (v) sharing with the Internal Audit function the report on the verification activities carried out in 2020 as per the Audit Plan approved by the Board of Directors of the Company on 17 March 2020 and the in-depth activities to be started for the year 2021.
- (vi) carrying out, for the purposes of the Enterprise Risk Management process, a series of meetings with the identified risk owners, in order to highlight the strengths and weaknesses and the improvement actions to be implemented.

In the exercise of his duties, the Director in charge of the internal audit and risk management system has not so far encountered any critical issues requiring the attention of the Board of Directors and the Audit and Risk Committee of which he is a member and which he updates about activity on the pertinent areas of developments.

11.2 HEAD OF THE INTERNAL AUDIT FUNCTION

On 1 November 2017, the Company appointed Michele Mariella as head of the internal audit function (the “**Internal Audit Manager**”), in charge of verifying that the internal control system is functioning and adequate, with the requisites of professionalism, independence and organization, as well as adequate resources for the purpose of carrying out their responsibilities. It should be noted that the appointment did not take place on the proposal of the director in charge of the internal audit and risk management system,

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subject to the favorable opinion of the audit and risk committee and having heard the board of statutory auditors, as it was prior to the listing and the establishment of the Committees.

The Internal Audit function is independent and the remuneration of the Internal Audit Manager has been determined by the Company on the basis of market standards.

The Internal Audit Manager is not responsible for any operational area and hierarchically reports to the Board of Directors.

In accordance with Article 7.C.5 of the Corporate Governance Code, the Internal Audit Manager:

- a) verified, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal audit and risk management system, through an audit plan, approved by the board administration, based on a structured process of analysis and priority identification of the main risks;
- b) had direct access to all information useful for carrying out the assignment;
- c) prepared periodic reports containing adequate information on its activities, on the ways in which risk management is conducted as well as on compliance with the plans defined for their containment. The periodic reports contain an assessment of the suitability of the internal audit and risk management system;
- d) promptly prepared reports on particularly significant events;
- e) sent the reports referred to in points c) and d) to the chairmen of the Board of Statutory Auditors, the Audit and Risk Committee and the Board of Directors as well as to the director in charge of the internal audit and risk management system;
- f) verified, as part of the audit plan, the reliability of the information systems including the accounting systems;
- g) carried out training and information activities for company employees on the issues of internal audit and the organization and management model pursuant to Legislative Decree no. 231/01 adopted by the Company.

In carrying out its activities, the Internal Audit Department is authorized to have direct access to all functions and information useful for the performance of its duties, and prepares periodic reports containing information on its activities; these reports are sent to the Audit and Risk Committee, as well as to the Director in charge of the Internal Audit and Risk Management System and to the other parties involved.

During the year, the Internal Audit function operated and was involved in the following activities:

- verification activity in line with the Audit Plan, presented and approved by the Board of Directors on 17 March 2020;

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- activities on behalf of the Supervisory Body, based on the provisions of the Organizational and Management Model pursuant to and for the purposes of Legislative Decree 231/2001 of the Company.

The head of the Internal Audit Department reported on the activity carried out during the Financial Year to the Board of Directors on 17 March 2020 and 28 January 2021, as well as to the Board of Statutory Auditors on the occasion of various periodic meetings.

During 2020, the head of the Internal Audit Function was able to use adequate financial resources to carry out his duties, as well as to carry out the planned interventions, also to update the Organization and Management Model pursuant to ex Legislative Decree 231/2001.

11.3 ORGANIZATIONAL MODEL EX LEGISLATIVE DECREE 231/2001

The Issuer has adopted an organization model pursuant to Legislative Decree 231/2001 (the “**Model**”) and, in accordance with the provisions of Legislative Decree 231/2001, established the Supervisory Body, responsible for supervising the functioning and compliance with the Model, as well as its possible updating and revision. The Model is available on the website www.salcef.com.

The Model - periodically updated by the Company also in light of legislative changes - is made up of a General Section and Special Sections. The General Section illustrates the essential components of the Model, with particular reference to the Supervisory Body, staff training and dissemination of the Model within the company and outside the company, the disciplinary system and the measures to be adopted in the event of non-compliance with the requirements of the same. The Special Sections are dedicated to the various types of crimes and administrative offenses considered to be of possible risk for the Salcef Group. To this end, each Special Section contains the reference to the individual crimes referred to by Legislative Decree 231/2001, the general principles of conduct which must direct conduct in all areas potentially at risk of crime and areas identified at risk of crime. Within each area at risk of crime, sensitive activities are identified, the possible methods of committing crimes or conducts instrumental to the commission of the same, as well as the principles of preventive control.

Pursuant to the Model, the members of the Supervisory Body are identified among professionals with proven competence and experience in legal, financial, internal audit and compliance matters, as well as with adequate and proven experience in the field of application of Legislative Decree 231/2001.

In application of this legislation, on 17 March 2020, the Company appointed the Supervisory Body composed of: (i) Mr. Stefano Crociata, external professional with extensive experience in the field of auditing, internal control systems, Corporate Governance and Compliance, as Chairman of the Supervisory Body; (ii) Attorney Fabrizio De Paolis, external professional with proven experience in legal and corporate matters, as a member of the Supervisory Body and (iii) Mr. Roberto D'Amico, external professional with proven experience in corporate and accounting matters, as a member of the Body of Supervision.

The Supervisory Body is responsible for verifying and supervising the adequacy and effective observance of the Model and its updating. More specifically, it is the task of the Supervisory Body to: (i) verify the

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effectiveness of the Model in relation to the corporate structure and the effective ability to prevent the commission of the offenses referred to in Legislative Decree 231/2001, proposing - where deemed necessary - any updates to the Model, with particular reference to the evolution and changes in the organizational structure or company operations and/or current legislation; (ii) monitor and evaluate the validity of the Model and procedures over time, promoting, even after consulting the company departments concerned, all the necessary actions in order to ensure their effectiveness; (iii) carry out, on the basis of its business plan, or also through unscheduled and surprise audits, checks of the company functions involved in the risk areas, to ascertain whether the activity is carried out in accordance with the adopted Model; (iv) verify the implementation and actual functionality of the proposed solutions, through a follow-up activity; (v) periodically check - with the support of the competent corporate functions - the system of powers in force, in order to ascertain its consistency with the organizational and managerial responsibilities defined, recommending changes in the event that the management power and/or qualification does not correspond to the powers of representation conferred on the internal manager or sub-managers; (vi) carry out, on the basis of its business plan, a verification of the acts carried out by persons with powers (proxies, authorization powers and proxies); (vii) conducting the appropriate analyses to ascertain any violations of the Model; (viii) implement, in accordance with the Model, an effective flow of information to the competent corporate bodies that allows the Body to report to them on the effectiveness and compliance with the Model; (ix) promote an adequate personnel training process through suitable initiatives for the dissemination of knowledge and understanding of the Model and (x) communicate any violations of the Model to the competent bodies, in accordance with the provisions of the disciplinary system adopted by the Company, for the purposes of adoption of any sanctions.

11.4 AUDITING COMPANY

On 5 October 2020, the Shareholders' Meeting resolved, on the proposal of the Board of Statutory Auditors, to grant the nine-year audit mandate pursuant to art. 17 Legislative Decree. 39/2010 to KPMG S.p.A., to take effect subject to the commencement of the negotiations of the Shares on the MTA by 30 June 2021 and in the context of the consensual termination of the three-year assignment previously conferred on 5 April 2019.

This audit assignment concerns the statutory audit of the separate and consolidated financial statements (including the activity of verifying the regular keeping of the accounts and the correct recording of management facts in the accounting records) for the nine-year period 2020-2028, as well as the limited review of the Company's half-yearly financial report for the semesters ending 30 June of the financial years 2021-2028.

11.5 MANAGER RESPONSIBLE FOR DRAWING UP THE COMPANY'S ACCOUNTING DOCUMENTS AND OTHER ROLES AND FUNCTIONS OF THE COMPANY

Pursuant to art. 27 of the Bylaws, the Board of Directors appoints the manager responsible for preparing the corporate accounting documents pursuant to art. 154-*bis* of the TUF, subject to the opinion of the Board of Statutory Auditors. Unless revoked for just cause, having heard the opinion of the Board of Statutory

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Auditors, the mandate of the executive in charge of preparing the corporate accounting documents expires together with the one of the Board of Directors who appointed him.

The executive in charge of preparing the corporate accounting documents must be an expert in administration, finance and control and possess the integrity requirements established for directors. The loss of the requisites entails forfeiture of the office, which must be declared by the Board of Directors within thirty days from knowledge of the defect. On 6 October 2020, the Board of Directors, having heard the opinion of the Board of Statutory Auditors, resolved to appoint Mr. Fabio De Masi, in possession of the requisites required by law and the Bylaws, manager responsible for preparing the corporate accounting documents pursuant to art. 154-*bis* of the TUF, meaning the assignment granted for an indefinite period and revocable at any time by the Board of Directors.

At the time of appointment, the Board attributed to the Officer in Charge all the powers and means necessary for the exercise of the tasks assigned to him.

The Financial Reporting Manager is assigned the following duties:

(A) certifying in writing that the documents, books and accounting records of the Company's deeds are consistent with its communications disclosed to the market relating to the accounting information, including interim reports, of the same Company;

(B) preparing adequate administrative and accounting procedures for the preparation of the annual financial statements, the condensed half-yearly financial statements and the consolidated financial statements, as well as any other communication of a financial nature;

(C) certifying, together with the delegated administrative bodies, with a specific report on the annual financial statements, on the condensed interim financial statements and, where drafted, on the consolidated financial statements, (i) the adequacy and effective application of the aforementioned procedures; (ii) that the documents have been prepared in compliance with the applicable international accounting standards recognized in the European Community, pursuant to EC Regulation no. 1606/2002; (iii) the correspondence of the documents with the results of the accounting books and records; (iv) the suitability of the documents to provide a true and fair view of the equity, economic and financial situation of the Company and of the companies included in the consolidation; (v) with reference to the separate and consolidated financial statements, that the report on operations includes a reliable analysis of the performance and results of operations, as well as of the situation of the Company and of the group of companies included in the consolidation, together with the description of the main risks and uncertainties to which they are exposed; as well as (vi) for the condensed financial statements, that the interim management report contains a reliable analysis of the important events that occurred in the first six months of the financial year and their impact on the condensed interim financial statements, as well as the main risks and uncertainties for the remaining six months of the year and of the significant transactions with related parties.

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As of the Date of the Report, the Board of Directors of the Company has not appointed new heads of internal audit and risk management other than those described up to now.

11.6 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

In order to optimize the effectiveness of the internal audit and risk management system, as well as to limit any duplication of activities and consequent losses of operational and strategic efficiency of the same, specific coordination methods are foreseen between the actors involved in the system itself. Specifically, it is envisaged that:

- the Chairman of the Board of Statutory Auditors or his designee participates in the work of the Committee and that the Chief Executive Officer and the Manager in charge of preparing the corporate accounting documents may be invited to the meetings. Any other person whose presence the Committee requests may also be invited, in relation to the issues to be addressed;
- the Head of the Internal Audit Function periodically reports to the Audit and Risk Committee about his activities, so that the latter can report to the Board of Directors;
- the Head of the Internal Audit Function sends the reports containing the results of the audit interventions to all interested parties of the ICRMS in order to allow them to promptly activate the corrective actions identified and aimed at mitigating the risks that have emerged;
- there be regular sharing between the Head of the Legal Department, the Head of the Internal Audit Function and the Executive in Charge to ensure the coordination of the activities within his competence, and also the sharing of results and related action plans;
- appropriate information flows are provided to achieve regular alignment of the actors involved in the ICRMS for issues relevant to their area of competence.

12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

On 6 October 2020, the Issuer adopted, with effect suspensively conditional on the Negotiations Start Date, the draft of the Procedure for transactions with related parties (the "**RPT Procedure**"), which was submitted for the opinion of the Related Parties Committee (appointed with effect suspensively conditional upon the start of negotiations on the MTA) and a new approval by the Board of Directors on 28 January 2021 pursuant to Article 4 of the RPT Regulation.

The RPT Procedure is aimed: (i) to regulate the methods of identifying related parties, defining methods and timelines for the preparation and updating of the list of Related Parties and identifying the competent corporate functions; (ii) to establish the rules for identifying transactions with Related Parties in advance of their conclusion; (iii) to regulate the procedures for carrying out transactions with related parties carried out by the Company, including through subsidiaries pursuant to art. 93 TUF or in any case subject to management and coordination activities; and (iv) to establish the methods and timing for the fulfillment of

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the disclosure obligations towards the corporate bodies and towards the market. The RPT Procedure is available on the website www.salcef.com, Governance/Procedures and Regulations section.

On 6 October 2020, the Board of Directors appointed, with effect suspensively conditional on the Negotiations Start Date, a committee for transactions with related parties (the “**Related Parties Committee**”) composed of three independent directors: Bruno Pavesi (Chairman), Emilia Piselli and Valeria Conti.

The Related Parties Committee has consultative and propositional functions towards the Board of Directors on Related Party Transactions in accordance with the procedure for the Related Party Transactions Regulation, adopted in implementation of the provisions of art. 2391-*bis* of the Civil Code and the RPT Regulation.

In particular, this Committee:

- a) formulates preemptive opinions on the procedures governing the identification and management of transactions with related parties carried out by the Company and/or Group companies, as well as on the related amendments;
- b) formulates opinions expressing the potential benefits and risks, in the cases expressly provided, on the Company's interest in carrying out the transaction with related parties put in place, as well as on the convenience and substantial correctness of the related conditions;
- c) in the case of transactions of greater importance with related parties, the Committee is involved in the negotiation phase and in the preliminary phase by receiving a complete and timely information flow, with the right to request information and formulate observations to the persons in charge of the conduction of negotiations or preliminary investigation.

At the Date of the Report, the Board of Directors did not deem it necessary to adopt, in addition to the RPT Procedure and the disclosure obligations provided for by art. 2391 of the Civil Code, a specific procedure for identifying and managing situations in which an administrator has an interest on his own or on behalf of third parties.

13. APPOINTMENT OF STATUTORY AUDITORS

The Board of Statutory Auditors is made up of 3 (three) standing members and 2 (two) alternate members, appointed by the Shareholders' Meeting. The Statutory Auditors must possess the requisites provided for by the law, the Bylaws and other applicable provisions. The Board of Statutory Auditors remains in office for three years and its mandate expires on the date of the Shareholders' Meeting convened to approve the financial statements relating to the third year of office. The appointment of the Statutory Auditors is carried out, in compliance with the pro tempore regulations in force concerning the balance between genders, on the basis of lists presented by the shareholders, in which the candidates are indicated with a progressive number.

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The lists presented by the shareholders are made up of two sections, one for candidates for the office of standing auditor, the other for candidates for the office of alternate auditor. The list must indicate at least one candidate for the office of standing auditor and one candidate for the office of alternate auditor, and may contain up to a maximum of three candidates for the office of standing auditor and two candidates for the office of alternate auditor.

Shareholders who, alone or together with other shareholders, at the time of presentation of the list, collectively own the shareholding required for the presentation of lists regarding the election of the members of the Company's Board of Directors have the right to submit a list.

In this regard, it should be noted that at the Date of the Report, Consob set the shareholding required for the presentation of the lists for the election of the administration and control bodies at 2.5% (see Executive Determination of the Head of the Corporate Governance Division no. 44 of 29 January 2021).

Each shareholder as well as the shareholders belonging to the same group, the shareholders adhering to the same shareholders' agreement pursuant to art. 122 of the TUF, the controlling party, the subsidiaries and those subject to common control pursuant to Article 93 of the TUF, cannot present or participate in the presentation, not even through a third party or trust company, more than one list, nor can they vote for different lists. Each candidate may appear on only one list under penalty of ineligibility. Candidates cannot be included in the lists for which there are causes of ineligibility or incompatibility or who do not possess the requisites of independence, integrity and professionalism established by the applicable legislation or who exceed the limits to the accumulation of offices established by the provisions of law and regulations in force. Outgoing auditors are eligible for re-election.

The lists that present a total number of candidates equal to or greater than three must also include candidates of different genders, in accordance with the provisions of the notice calling the Shareholders' Meeting, in order to allow a composition of the Board of Statutory Auditors in compliance with the provisions on balance between the genders referred to in the laws and pro tempore applicable regulations in force and the Corporate Governance Code.

In the event that on the expiry date of the deadline for submitting the lists, only one list has been filed, or only lists presented by shareholders who are connected to each other pursuant to art. 144-*quinquies* of CONSOB Regulation 11971/1999, other lists may be presented up to the third day following that date, without prejudice to the provisions of art. 147-ter, paragraph 1-*bis*, last sentence, of the TUF. In this case, the threshold for the presentation of the lists is reduced by half.

The election of the Statutory Auditors proceeds as follows:

- two standing members and one alternate are taken from the list that obtained the highest number of votes, on the basis of the progressive order in which they are listed in the sections of the list;
- from the second list that obtained the highest number of votes and that was presented by shareholders who are not connected, even indirectly, with the shareholders who presented or voted the list with the

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highest number of votes, are drawn - on the basis of progressive order in which are listed in the sections of the list - the remaining effective member and the other alternate member.

The election of statutory auditors will in any case be subject to the provisions of the law and regulations in force from time to time. In the event of a tie between two or more lists, a new ballot will be held between these lists by all those entitled to attend the meeting, and the candidates from the list that obtains the majority of the votes are elected, excluding abstentions from the calculation.

If the composition of the Board of Statutory Auditors, in its effective members, is not ensured in the manner indicated above, in compliance with the pro tempore regulations in force concerning the balance between genders, the candidates for the office of standing statutory auditor will be obtained through the necessary replacements following the highest number of votes, according to the progressive order in which the candidates are listed.

The standing auditor taken from the minority list is appointed to the office of Chairman of the Board of Statutory Auditors. If the regulatory and statutory requirements are no longer valid, including those of integrity pursuant to Article 148, paragraph 4 of the TUF, the Statutory Auditor forfeits his office.

In the event of replacement of a standing auditor, the alternate auditor belonging to the same list as the replaced auditor takes over until the next Shareholders' Meeting. In cases in which, in addition to the standing auditor elected from the minority list, the alternate auditor representing this list is no longer present, the candidate placed subsequently belonging to the same list or, failing that, the first candidate of the minority list ranked second in number of votes. It is understood that the replacement procedures referred to in the preceding paragraph must in any case ensure that the composition of the Board of Statutory Auditors complies with the pro tempore regulations in force concerning the balance between genders.

The previous statutory provisions regarding the elections of statutory auditors do not apply in the Meetings for which only one list is presented, or no lists are presented, or in the Meetings which must, in accordance with the law, appoint the standing and/or alternate auditors necessary to the integration of the Board of Statutory Auditors following replacement, forfeiture or renunciation. For the appointment of Statutory Auditors not appointed for any reason with the list voting procedure, the Shareholders' Meeting resolves with the legal majorities, subject to compliance with the principle of necessary representation of minorities and the pro tempore regulations in force concerning the balance between genders. The Shareholders' Meeting determines the remuneration due to the statutory auditors, in addition to the reimbursement of the expenses incurred for the performance of the office.

For the purposes of the provisions of art. 1 paragraph 2 letters b) and c) and paragraph 3 of the Ministerial Decree no. 162, matters strictly related to the activities carried out by the Company encompass commercial law, company law, business administration, accounting, finance science, statistics, as well as disciplines having a similar concern. Similarly, sectors of activity strictly related to the sectors of activity in which the Company operates encompass the maintenance and railway construction sectors.

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14. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis), TUF)

The Board of Statutory Auditors in office as of the Date of the Report was appointed by the Shareholders' Meeting on 5 April 2019 and subsequently integrated on 14 October 2019 and on 5 October 2020 and will remain in office until the date of the Shareholders Meeting called to approve the financial statements for financial year as at 31 December 2021.

On 5 October 2020, following the resignation of the President Gianluca Gagliardi, the Ordinary Shareholders Meeting supplemented the composition of the control body, appointing Mrs. Daniela Lambardi as President of the Board of Statutory Auditors and Mr. Giovanni Bacicalupi as Statutory Auditor.

As of 31 December 2020, and at the Date of the Report, the members of the Board of Statutory Auditors are indicated in the following table.

Name and Surname	Position	Place and date of birth
Daniela Lambardi	<i>Chairman of the Board of Statutory Auditors</i>	Rome, 26 April 1959
Giovanni Bacicalupi	<i>Statutory auditor</i>	Rome, 12 January 1966
Roberto Schiesari	<i>Statutory auditor</i>	Alessandria, 27 April 1959
Ivano Pelassa	<i>Alternate auditor</i>	Chieri (TO), 2 July 1974
Federico Ragnini	<i>Alternate auditor</i>	Rome, 11 August 1965

The Board was appointed by the aforementioned ordinary shareholders meeting before the Negotiations Start Date and therefore without application of the provisions on list voting, which will be applied on the occasion of the first renewal of the Board of Statutory Auditors.

The following table illustrates the composition of the Board of Statutory Auditors and the meetings attendance.

Board of Statutory Auditors									
Position	Member	Year of birth	Date of first appointment *	In office since	In office until	List **	Indep. Code	Meetings attendance ***	No. of other positions held ****
President	Daniela Lambardi	1959	4.5.1995	5.4.2019	Approv. of the FS. 31.12.2021	-	x	9/9	0
Statutory Auditor	Giovanni Bacicalupi	1966	28.6.2018	5.10.2020	Approv. of the FS. 31.12.2021	-	x	9/9	0

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Statutory Auditor	Roberto Schiesari	1959	14.10.2019	14.10.2019	Approv. of the FS. 31.12.2021	-	x	9/9	1
Alternate Auditor	Ivano Pelassa	1974	14.10.2019	14.10.2019	Approv. of the FS. 31.12.2021	-	x	0/9	0
Alternate Auditor	Federico Ragnini	1965	7.9.2016	5.4.2019	Approv. of the FS. 31.12.2021	-	x	0/9	0
STATUTORY AUDITORS WHOSE MANDATE TERMINATED DURING THE REFERENCE FINANCIAL YEAR									
Auditor	Gianluca Gagliardi	1968	28.9.2004	5.4.2019	Approv. of the FS. 31.12.2021	-	-	7/9	0
Number of meetings held during the reference period: 9									
Indicate the quorum required for the submission of lists by minorities for the election of one or more members (pursuant to Article 148 of the TUF): 2.5%									

Below is the personal and professional information of the individual members of the Board of Statutory Auditors.

Daniela Lambardi, a graduate in Economics and Commerce from the University of Rome "La Sapienza", completed a specialization course in Economics and Commerce at the University of Berkeley, in California. She is enrolled in the register of Chartered Accountants and Auditors. Since 1998 she has been carrying out specific consultancy activities in the theatrical and artistic sector, collaborating with the most important Italian theaters and with companies, associations and actors that deal with film activities. Since 2000, she has also been consulting for private clients in the luxury goods and fashion sector. In addition, she is a Court-appointed expert witness, she holds and has held positions on boards of directors and boards of auditors, both in joint-stock companies and in limited liability associations and cooperatives.

Giovanni Bacicalupi, graduated in Economics and Commerce from the University of Rome "La Sapienza" in 1992, is enrolled in the Register of Chartered Accountants. He began his professional career at the Chiaron Casoni Accounting Firm in Rome and was a member of the Commission set up for the activity of Office Technical Consultants at the Civil and Criminal Court of Rome and was appointed as an expert in order to carry out appraisals, among other things, of the company assets in some insolvency procedures and as the technical consultant of some bankruptcies. In addition, he has intervened on several occasions as a lecturer at the Order of Chartered Accountants of Rome and at the La Sapienza University in training courses on the subject of "judicial custodies". He has also held the office of statutory auditor in some joint stock companies. As of the Date of the Report, he is a member of the Rome Order of the Commission in judicial matters.

Roberto Schiesari, graduated with honors in Economics and Commerce at the University of Turin in 1984. In 1986 he obtained the qualification of the profession of Chartered Accountant at the University of Turin and he has worked as an auditor accountant since the establishment of the role in 1994. From 1984 to 1990 he worked at the Turin office of a leading consultancy firm belonging to an international network. In 1990 he founded with other professionals an associated consultancy firm made up of chartered accountants and university professors. Within the firm, of which he is the managing partner, in addition to taking on positions

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in the corporate bodies as an independent director, auditor and member of supervisory bodies of companies, asset management companies and even listed groups, he mainly deals with consultancy on corporate matters, corporate governance, and company valuation for leading private equity groups and funds. Roberto Schiesari is also Professor in charge of company evaluation and business financial strategy and aggregate professor of Economics and Business Management at the School of Management and Economics (formerly the Faculty of Economics) of the University of Turin and in the Master of Management. He is the author of numerous books and articles in specialized magazines on management and corporate finance. He was also a visiting professor at the National University of Cordoba (Argentina).

Ivano Pelassa, who graduated in Economics and Commerce in 1999 at the University of Turin, has been enrolled in the Register of Chartered Accountants and Accounting Experts of Turin since 2003 as well as in the Register of Auditors. As of the Date of the Information Prospectus he works at Mazars Tax & Advisory S.r.l. S.T.P as Carl Partner. During his professional experience, Ivano Pelassa has achieved professional skills in national and international taxation as well as specializations in tax due diligence, transfer pricing and corporate reorganization processes for national and foreign entities (some of which are listed on regulated markets abroad) operating in the industrial, commercial and service sectors. Ivano Pelassa also gained international experience in a primary tax firm in Dublin and in the tax department of an international network in London. As of the Date of the Report he holds the position of member of the board of statutory auditors of various companies operating in the industrial and commercial sector, including companies whose securities are listed on the Milan Stock Exchange (MTA and AIM Italia).

Federico Ragnini, graduated in Economics and Commerce from the University of Rome "La Sapienza", obtained a two-year Master's in Business Management from A.N.I.C.A. and is registered in the Register of Chartered Accountants. From 1995 to 2002 he worked at the Thomson SA Group, at first in the Administration, Finance and Control division, as manager in the Credit division and, subsequently, as Head of Foreign Customers within the Commercial and Marketing division with temporary secondment to the North Hollywood office - Los Angeles, United States. From 2003 to 2013 he worked as a Chartered Accountant at the Blasio Tax Law Firm and previously at the Silvestri e Associati Tax Firm. At the Date of the Report, he mainly deals with consultancy and assistance in tax matters to companies, entities, individuals (also pursuant to Legislative Decree 231/01), tax litigation, statutory auditor and financial analysis.

All members of the Board of Statutory Auditors have the independence requirements provided for by art. 148, paragraph 3, of the TUF as well as, as indicated in the respective CV and in the additional information contained in this paragraph, of the integrity and professionalism requirements required by art. 148 of the TUF and the Implementing Regulation adopted by decree of the Ministry of Grace and Justice no. 162/2000.

During the year, the Board of Statutory Auditors met 9 times, with an average duration of approximately 4 hours per meeting. The average attendance of statutory auditors at the meetings was 100%. The Board of Statutory Auditors carried out its self-assessment, the results of which were transmitted to the Board of Directors and prepared the plan of activities for the 2021 financial year. For the current financial year, the

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Board of Statutory Auditors has scheduled 11 meetings, of which 3 meetings have already been held (on 25 January 2021, 26 February 2021, and 11 March 2021).

Diversity criteria and policies

Salcef applies diversity criteria, including gender, in the composition of the Board of Statutory Auditors, in compliance with the priority objective of ensuring adequate competence and professionalism of its members. In this regard, it should be noted that the Bylaws provide rules for the composition of lists and supplementary voting mechanisms aimed at ensuring the presence on the Board of Statutory Auditors of the minimum number of members belonging to the less represented gender.

It should be noted that the rules that provide that the division of the members of the Board of Statutory Auditors to be elected is carried out on the basis of a criterion that ensures the balance between genders, pursuant to the provisions of Article 147-ter, paragraph 1-ter, of TUF, have been incorporated into the Bylaws and will be applicable from the first renewal of the administrative body following the Negotiations Start Date. As of the Date of the Report, one third of the standing members of the Board of Statutory Auditors complies with the provisions on gender balance, while the composition of the alternate auditors does not comply with these regulations.

At present Salcef has not adopted a specific diversity policy pursuant to article 123-*bis* co. 2, lett. d-*bis* of the TUF, given in any case that the training processes of the management and control bodies of the Company already widely take into account relevant aspects such as age, gender composition and the training and professional path of the respective members as above indicated.

The Board of Statutory Auditors has successfully verified the independence of its members on the basis of the criteria provided for by art. 3 and art. 8 of the Corporate Governance Code. In particular, during the meeting of 26 February 2021 - as prescribed by Application Criterion 8.C.1. of the Code - it proceeded, applying all the criteria provided for administrators by the Code, to the verification of the independence of its members, confirming respectively the existence and permanence of these requirements for each of them.

In accordance with the provisions of Standard Q.1.1. "Self-assessment of the Board of Statutory Auditors" of the Rules of Conduct of the Board of Statutory Auditors of listed companies, from art. 8 of the Corporate Governance Code and current legislation, the Board of Statutory Auditors assessed the suitability of the members and the adequate composition of the body, with reference to the requirements of professionalism, competence, integrity and independence required by law.

In addition, in the declaration of candidacy and acceptance of the position of Statutory Auditors of the Company, all the Statutory Auditors certified (i) the non-existence of causes of ineligibility, forfeiture or incompatibility, (ii) that they possess all the requisites of integrity, independence and professionalism, required by law and by the Bylaws for the office of statutory auditor as a listed company; (iii) not to hold

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positions of director and control to an extent equal to or greater than the limits established by current legislation; and (iv) to undertake to promptly notify the Company and, on its behalf, the Board of Directors and other members of the Board of Statutory Auditors of any changes to the declaration and any unexpected causes of forfeiture.

As regards the initiatives promoted by the Chairman of the Board of Directors aimed at providing the Statutory Auditors with adequate knowledge of the sector of activity in which the Issuer operates, please refer to what has already been illustrated in the previous paragraph 4.2.

As illustrated in paragraph 11 above, the Board of Statutory Auditors, in carrying out its functions, has coordinated and coordinates regularly with the Internal Audit Manager, with the Audit and Risk Committee, with the Director in charge of the internal audit and risk management system, with the Financial Reporting Manager and with the Independent Auditors.

The Issuer provides that the Statutory Auditor who, on his own behalf or on behalf of third parties, has an interest in a specific transaction of the Issuer, shall promptly and comprehensively inform the other Statutory Auditors and the Chairman of the Board of the nature, terms, origin and extent of his interest.

As regards the remuneration paid during the year to the supervisory bodies in any capacity and in any form, please refer to what is illustrated in Section II of the Remuneration Report published pursuant to art. 123-ter of the TUF.

15. RELATIONS WITH SHAREHOLDERS

The Company considers it essential and of strategic interest and duty to establish and maintain a constant and open dialogue with its shareholders, with investors, in particular with institutional ones, and more generally with all stakeholders interested in Salcef and the Salcef Group.

In this regard, it was assessed that this relationship with the shareholders, as well as with institutional investors, can be facilitated by the establishment of dedicated company structures, equipped with adequate personnel and organizational means. The Company has set up a special section within its website in which information concerning the Issuer that is relevant to its shareholders has been made available.

The Issuer has created a corporate function to manage investor relations and appointed an Investor Relations Manager in the person of Mr. Diego Paniccia.

Information activity in relation to investors is also ensured by making the most relevant corporate documentation available, in a timely and continuous manner, on the Company's website www.salcef.com.

In particular, on this website, investors can freely access, in Italian and English, all the press releases disseminated to the market, the periodic accounting documentation of the Company approved by the competent corporate bodies (annual and consolidated financial statements; half-yearly reports; management intermediary reports), as well as presentations distributed on the occasion of participation in public events with institutional investors, analysts and the financial community.

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Furthermore, the Bylaws, the documentation prepared for the Shareholders' Meetings, the communications on internal dealing, this Report on the corporate governance system and any other document whose publication on the website is required by law are available on the Company's website.

For the dissemination of regulated information to the public, the Issuer uses the "eMarket SDIR" circuit and the centralized storage mechanism called "eMarket STORAGE", accessible at www.emarketstorage.com, both managed by Spafid Connect S.p.A., with registered office in Foro Buonaparte 10, Milan.

16. MEETINGS

Pursuant to art. 13 of the Bylaws, the ordinary Assembly must be convened at least once a year; within 120 (one hundred and twenty) days from the end of the financial year or within 180 (one hundred and eighty days), if the legal conditions are met.

The Shareholders' Meeting is convened in both ordinary and extraordinary sessions whenever the administrative body deems it appropriate as well as in the cases provided for by the legislation applicable from time to time.

Without prejudice to the convocation powers provided for by specific legal provisions, the Shareholders' Meeting is convened by the Board of Directors by means of a notice to be published according to and within the terms of the law and regulations, at the registered office or in another venue indicated in the notice of the meeting, at the choice of the administrative body, provided that it is in Italy.

Shareholders who represent at least 1/40 (one fortieth) of the share capital with voting rights in the ordinary Shareholders' Meeting may request, within 10 (ten) days of the publication of the notice of call of the Shareholders' Meeting, unless otherwise provided for by law, the inclusion of matters to be discussed, indicating, in the application, the additional topics proposed, within the limits of and in the manner prescribed by the applicable legal and regulatory provisions.

The ordinary and extraordinary sessions of the Shareholders' Meeting are convened on the same occasion by a single notice, unless the Board of Directors, for a specific meeting, has resolved to indicate the date for a subsequent session, giving notice of this in the initial notice of call.

The ordinary Shareholders' Meeting resolves on the matters reserved to it by law. In any case, the resolutions relating to the acquisition of shareholdings involving unlimited liability for the obligations of the investee company are the responsibility of the ordinary Shareholders' Meeting.

The Extraordinary Shareholders' Meeting resolves on amendments to the Bylaws, on the appointment, replacement and powers of liquidators and on any other matter expressly attributed by law to its competence. In concurrence with the competence of the shareholders' meeting, the resolutions concerning the items indicated in articles 2365, second paragraph, and 2446, last paragraph, of the Civil Code fall within the competence of the administrative body.

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Pursuant to art. 26 of the Bylaws are the responsibility of the Board of Directors, without prejudice to the limits of the law and without the power to delegate, the resolutions relating to: a) mergers and demergers, in the cases referred to in articles 2505 and 2505-bis of the Civil Code, also as referred to in article 2506-ter of the Civil Code; b) the establishment and closing of secondary offices; c) the indication of which directors represent the Company; d) any reduction in capital in the event of the withdrawal of one or more shareholders; e) the adaptations of the Bylaws to regulatory provisions; f) the transfer of the registered office within the national territory; g) the resolutions concerning the issue of bonds (including convertible ones) within the limits set by the pro tempore regulatory legislation in force.

Notwithstanding the principle according to which each ordinary share gives the right to one vote, pursuant to Article 8 of the Bylaws, each share belonging to the same person by virtue of a right in rem legitimizing the exercise of the right to vote (meaning by this: full ownership, bare ownership with voting rights and usufruct with voting rights) for a continuous period of at least 36 months starting from the date of registration in a special List kept by the Company, gives the right to two votes. The shareholder who intends to register on the List requests it from the Company in the manner and within the terms provided for in a specific regulation published on the Company's website.

The Shareholders' Meeting, both ordinary and extraordinary, is constituted and validly passes resolutions according to the law. The increase in the right to vote is also taken into account for the determination of the quorums for constituting and deliberating which refer to rates of share capital, but has no effect on the rights, other than voting, conferred by virtue of the possession of certain rates of share capital.

Pursuant to art. 18 of the Bylaws, the legitimacy to participate in the Shareholders' Meeting and to exercise the right to vote are governed by current legislation. Those who have the right to vote can be represented at the Shareholders' Meeting in accordance with the law, by means of a written proxy issued following the procedures established by the current legislation. Where expressly provided for in the notice of convocation, the meeting may take place with the attendees located in several places, nearby or distant, connected via audio/video, provided that the collegial method and the principles of good faith and the equal treatment of the shareholders are observed.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, failing that, if appointed, by the Deputy Chairman. In case of absence of the Chairman and Deputy Chairman, the Assembly is chaired by the most senior in age of the directors present. The Chairman is assisted by a secretary appointed by the assembly on the proposal of the President. In cases of law or when deemed appropriate by the Chairman, the minutes are drawn up by a notary chosen by the Chairman.

The resolutions of the Assembly must be recorded in minutes signed by the President and the Secretary or by a notary.

As of the Date of the Report, the Company has not adopted a regulation governing the functioning of the Shareholders' meetings.

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As regards the rights of the shareholders, reference should be made to the laws and regulations applicable pro tempore; in addition to what has already been indicated in the previous paragraphs of the Report.

During the financial year, the Board reported to the Shareholders' Meeting on the activities carried out and planned and made every effort to provide shareholders adequate information on the elements necessary for them to be able to take, with full knowledge of the facts, the decisions within the competence of the meeting.

The Board, pursuant to Application Criterion 9.C.4 of the Corporate Governance Code, did not see the need to propose amendments to the Bylaws at the Shareholders' Meeting in relation to the percentages established for the exercise of the prerogatives set to protect minorities, because - in application of art. 144-*quater* of the Consob Issuers' Regulations for the presentation of the lists for the appointment of the members of the Board and the Board of Statutory Auditors - the Issuer's Bylaws require the percentage threshold of 2.5% of the capital with voting rights or a different percentage that may be established or referred to by legal or regulatory provisions.

Two meetings of the Company's Shareholders' Meeting were held during the year. The first meeting and was held on 24 April 2020 and was both ordinary for the approval of the financial statements at 31 December 2019 and the allocation of the profit for the year, the authorization for the purchase and disposal of treasury shares; and extraordinary for the authorization to modify the regulations of the Warrants. All the members of the Board of Directors and the Board of Statutory Auditors in office took part in the aforementioned meeting.

The second meeting was held on 5 October 2020: an ordinary session for (i) the approval of the project for admission to listing on the MTA, (ii) the re-determination of the number of directors and the appointment of the same with effect suspensively conditional on the Beginning of negotiations, with consequent attribution of the remuneration, (iii) the integration of the Board of Statutory Auditors following the resignation of Mr. Gianluca Gagliardi; (iv) the conferment of the nine-year audit engagement to the auditing company; as well an extraordinary session for the approval of the Bylaws in force from the Negotiations Start Date and the conferment of the power to the Board of Directors to increase the share capital pursuant to art. 2443 of the Civil Code. The Chairman of the Board of Directors Gilberto Salciccia and the Directors Valeriano Salciccia, Alessandro Di Paolo, Bruno Pavesi and Attilio Francesco Arietti were present at the Shareholders' Meeting of 5 October 2020, while the directors Giovanni Cavallini and Germano Maiolini were absent with apologies. All the statutory auditors in office were present for the Board of Statutory Auditors.

During the aforementioned Shareholders' Meetings, the Board of Directors, through the Chairman of the Board of Directors and the Chief Executive Officer, reported on the activities carried out and planned, providing the shareholders with adequate information useful for taking, with full knowledge of the facts, the decisions within the competence of the Shareholders' meeting, making available to them all the documentation prepared in relation to the individual items on the agenda. The Remuneration Committee reports to shareholders on the exercise of its functions through the information contained in this Report and in the Remuneration Report.

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During the year, there were no changes in the capitalization of the Company's shares, substantially linked to new developments and business developments or in the composition of the shareholder structure.

17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

The Issuer does not adopt corporate governance practices other than those required by the laws or regulations and described in this Report.

18. CHANGES SINCE THE CLOSING OF THE REFERENCE FINANCIAL YEAR

Since the end of the financial year there have been no changes in the corporate governance structure other than those reported in the specific sections of the Report.

19. CONSIDERATIONS ON THE LETTER OF 22 DECEMBER 2020 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

With regard to the letter of 22 December 2020 from the Chairman of the Corporate Governance Committee addressed to the Chairman of the Boards of Directors of Italian listed companies, Salcef's Board of Directors considered the recommendations contained in the annual communication of the Chairman of the Corporate Governance Committee, as well as the provisions of the Code.

In particular, the Board of Directors with regard to pre-board information, further consolidated the indications relating to adequate management of information flows to the Board of Directors, ensuring that confidentiality requirements are protected without compromising completeness, usability and timeliness of the information, in accordance with the provisions of the Regulation most recently adopted by the Board.

As regards the application of the independence criteria, the Board of Directors has defined the qualitative and quantitative criteria for the purpose of verifying the possession of the aforementioned requirements, without prejudice to the discretion of the Board of Directors in assessing the specific situation, taking into account the best interests of the Company, the significance of the relationship and its suitability to affect the independence of the director holding the relationship.

As for the remuneration policies, the Company has worked to structure a remuneration policy in line with the best practices that have been found on the market, with particular focus on companies with comparable business sizes, to ensure the overall balance of remuneration packages and sustainable success, as required by the Corporate Governance Code.

With reference to the issue of sustainability, the Company approved the first Sustainability Report which confirms a process already started in the implementation of ESG principles aimed at creating value for all stakeholders. The Group has identified three main ESG objectives to be pursued for sustainable development thanks to continuous technological innovation, namely: (i) Sustainable mobility and technological innovation for transport infrastructures; (ii) Climate transition and (iii) Sustainable cities and communities.

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Finally, with reference to the self-assessment and appointment of the Board of Directors, the Company has duly taken into account the recommendations represented by the Committee, in compliance with the principle of proportionality.

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