



SALCEF

Salcef Group S.p.A.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

for the year 2021 drafted in accordance with article 123b of [*Italian*] legislative decree 58 of 24 February
1998

(traditional management and control model)

Issuer: Salcef Group S.p.A.

Issuer's website: www.salcef.com

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GLOSSARY	4
1. PROFILE OF THE ISSUER	6
2. INFORMATION ON THE OWNERSHIP STRUCTURE	8
A. Structure of the share capital (pursuant to art. 123-bis, paragraph 1, letter a), TUF)	8
B. Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1, letter b), TUF)	10
C. Significant equity investments in the share capital (pursuant to Art. 123-bis, paragraph 1, letter c), TUF)	11
D. Securities that confer special rights (pursuant to Art. 123-bis, paragraph 1, letter d), TUF) ...	11
E. Employee shareholding: mechanism for exercising voting rights (pursuant to Art. 123-bis, paragraph 1, letter e), TUF)	11
F. Restrictions on voting rights (pursuant to Art. 123-bis, paragraph 1, letter f), TUF)	12
G. Agreements between shareholders (pursuant to Art. 123-bis, paragraph 1, letter g), TUF) ...	12
H. Change of control clauses (pursuant to Art. 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)	12
I. Delegated powers to increase the share capital and authorization to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m) of the TUF)	12
J. Management and coordination activities (pursuant to Article 2497 and following articles of the Civil Code)	14
3. COMPLIANCE	14
4. BOARD OF DIRECTORS	15
4.1 Role of the Board	15
4.2 Appointment and replacement (pursuant to Article 123-bis, paragraph 1, letter l), TUF)	17
4.3 Composition (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis TUF)	20
4.4 Operation of the Board of Directors (pursuant to Art. 123-bis, paragraph 2, letter d), TUF) ...	23
4.5 Role of the Chairman of the Board of Directors	24
4.6 Executive Directors	26
4.7 Independent Directors and Lead Independent Directors	32
5. TREATMENT OF COMPANY INFORMATION	34
6. COMMITTEES WITHIN THE BOARD (pursuant to art. 123 bis, paragraph 2, letter d), TUF)	35
7. SELF-ASSESSMENT AND SUCCESSION OF THE DIRECTORS - APPOINTMENTS COMMITTEE 36	
7.1 SELF-ASSESSMENT AND SUCCESSION OF THE DIRECTORS	36
7.2 APPOINTMENTS COMMITTEE	37
8. REMUNERATION OF DIRECTORS - REMUNERATION COMMITTEE	39
8.1 REMUNERATION OF DIRECTORS	39
9. INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM - AUDIT AND RISK COMMITTEE	40
9.1 CHIEF EXECUTIVE OFFICER	43
9.2 AUDIT AND RISK COMMITTEE	44
9.3 HEAD OF THE INTERNAL AUDIT FUNCTION	47
9.4 ORGANIZATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001	48
9.5 AUDITING COMPANY	49

9.6 EXECUTIVE RESPONSIBLE FOR DRAWING UP THE COMPANY'S ACCOUNTING DOCUMENTS AND OTHER ROLES AND FUNCTIONS OF THE COMPANY	49
9.7 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM	51
10 DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES	51
11 BOARD OF STATUTORY AUDITORS	52
11.1 APPOINTMENT AND REPLACEMENT	52
11.2 COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis), TUF)	54
12 RELATIONS WITH SHAREHOLDERS	57
13 SHAREHOLDERS' MEETINGS	58
14 ADDITIONAL CORPORATE GOVERNANCE PRACTICES	59
15 CHANGES SINCE THE CLOSING OF THE REFERENCE FINANCIAL YEAR	59
16 CONSIDERATIONS ON THE LETTER OF 3 DECEMBER 2021 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE	59
Chart 1:	61
Chart 2:	62
Chart 3:	64
Chart 4:	66

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.

Director in Charge	the director in charge of the Company's internal audit and risk management system, appointed last on 6 October 2020.
Shareholders' Meeting	The Shareholders' Meeting of the Company.
Shares	The ordinary shares of the Company, without nominal value.
Borsa Italiana	Borsa Italiana S.p.A., located in Milan at Piazza degli Affari 6
Code / Corporate Governance Code	The Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. and also by ABI, Ania, Assogestioni, Assonime and Confindustria.
Civil Code / c.c.	The Italian Civil Code.
Committee/CG Governance Committee Committee/Corporate Governance Committee	The Italian Corporate Governance Committee of listed companies promoted by Borsa Italiana S.p.A., and also by ABI, Ania, Assogestioni, Assonime and Confindustria.
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.
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 Euronext Milan (formerly MTA) i.e., 22 December 2020.
Financial year	The Financial year that ended on 31 December 2021 to which the Report refers.
EXM	Euronext Milan (formerly MTA), regulated market organized and managed by Borsa Italiana S.p.A.
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 on 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.
Consob Issuers' Regulations	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 Regulations or RPT Regulations	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	Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented

Unless stated otherwise, the definitions of the CG Code apply to: directors, executive directors, independent directors, significant shareholder, the Chief Executive Officer (CEO), management body, control body, industrial plan, company with concentrated ownership, major company, sustainable success, top management.

1. PROFILE OF THE ISSUER

Mission

Salcef Group S.p.A. is a company whose shares are negotiated on Euronext STAR Milan, a segment of EXM, a regulated market organized and managed by Borsa Italiana S.p.A. (the "**Listing**").

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. The Group's core business consists of maintaining railway systems, electric traction systems, railway signalling systems and high, medium and low voltage supply networks. In this sector, in which the Group has been trading for over seventy years, the Group is one of the Italian leaders.

Further, the Group is active: (i) in manufacturing and supplying machines for constructing and maintaining railway infrastructure; (ii) manufacturing and supplying railway materials; (ii) implementing multidisciplinary railway projects (i.e. contracts requiring more than one category of specialization like for example laying track beds, constructing buildings, platforms, underpasses and other railway infrastructures) and (iv) in rolling-stock engineering and hiring services.

As part of the Group, the Issuer is a holding that provides the subsidiaries with a series of services, mainly services of a corporate nature, paying particular attention to achieving the goals of social responsibility also with regard to its stakeholders (employees, shareholders, customers, suppliers, communities, trade and financial partners, institutions, trade associations, trade union representatives, etc.).

The Salcef Group has adopted a sustainable development model, because it is an industrial reality that is integrated into the social and economic fabric in which it operates and is conscious of the importance to be assigned to the needs of customers, whilst respecting the expectations of its employees, the other businesses with which it works and the local community.

To this end, the Salcef Group has adopted in its business principles of sustainability, transparency and quality, also by taking on concrete commitments to people, the country and the environment, using an integrated management system that enables it to meet the applicable requirements and achieve the best results in the sector.

The Issuer also actively pursues the sustainability of the Company business and for this purpose publishes the Sustainability Report each year, which is the Consolidated Non-Financial Statement ("**NFS**").

Company organization

Salcef's corporate governance system, which adopts the traditional administrative 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 bookkeeping; (ii) the appropriacy of the internal audit system and the bookkeeping-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 appropriacy 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.

For a more complete description of the governance of Salcef, we report that on the date of this Report the following held office:

- the executive assigned to drawing up the company accounts, who was appointed by the Company on 6 October 2020 pursuant to article 154-bis of TUF and article 27 of the Bylaws (the "**Assigned Executive**");
- the committee for transactions with related parties (the "**Related Parties Committee**"), appointed on 6 October 2020 inside the Board of Directors in accordance with the Related Parties Regulations;
- The committee for the internal audit and risks (the "**Audit and Risk Committee**"), appointed on 6 October 2020 within the Board of Directors, pursuant to principle 6 of the CG Code;
- remuneration and appointments committee (the "**Remuneration and Appointments Committee**"), appointed on 6 October 2020 within the Board of Directors, pursuant to principles 4 and 5 of the CG Code;
- the director in charge of internal audit and risk management system, appointed on 6 October 2020 pursuant to principle 6 of the CG Code (the "**Director in Charge**");
- the head of the internal audit function who is appointed according to application criterion 6 of the CG Code (the "**Internal Audit Manager**");
- the supervisory body (the "**SB**") last appointed on 17 March 2020, pursuant to legislative decree 231/2001.

For 2020-2028 FYs, 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.

Sustainable success

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".

Further, as illustrated more fully in the Report, the commitment to development and innovation of the infrastructures for sustainable mobility has distinguished Salcef for over 70 years, which, pursuing sustainable development, has adopted policies and practices based on the corporate social responsibility, with the objective of creating value for customers, for people and for the community, whilst respecting the environment. The Group's sustainability strategy is based on 3 priorities: (i) innovation, through investments in more modern and efficient plant and machinery to reduce consumption and emissions, also through the use of renewable energy; (ii) ensuring the best working conditions in terms of safety and growth and development opportunities for its employees and collaborators and (iii) the adoption of governance and management systems in line with the best standards, moreover promoting a sustainability culture amongst all stakeholders.

For more information, please refer to the NFS, which reports, to the extent necessary to ensure understanding of the business activity, its performance, its results and impact, regarding the issues deemed relevant and encompassed by Article 3 of Legislative Decree 254/16, with reference to the financial year 2021 (from 1 January to 31 December). As specified by art. 5 of Legislative Decree 254/16, the NFS 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 2021. The Company publishes on a voluntary basis the Consolidated Non-Financial Statement approved by the Board of Directors on 16 March 2022, which contains information relating to environmental and social issues, personnel, respect for human rights and the fight against corruption, which is 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 "In accordance - Core" reporting option.



SALCEF

KPMG S.p.A. will carry out the limited examination of the Consolidated Non-Financial Statement prepared for the purposes of art. 5 of Legislative Decree 254/16. The DFN is available on the Issuer's website www.salcef.com, Governance/Shareholders' Meetings section.

SMEs, large companies and companies with concentrated ownership.

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 and at 31 December 2021 was equal to 484,096,855 euros and to 1,428,876,673 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.

As the capitalization of the Company did not exceed 1 billion euros on the last day of open market of each of the three preceding calendar years, the Issuer does not qualify as a "large company" pursuant to the GC Code.

The Issuer on the other hand belongs to the category of "companies with concentrated ownership" because one or more shareholders hold directly or indirectly (through subsidiaries, trustees or intermediaries) a majority of the votes that can be exercised in an Ordinary Shareholders' Meeting. For more information see section 2 of this Report.

The Issuer took advantage of some specific simplification options recognized by the Corporate Governance Code in compliance with the principle of proportionality introduced by the Corporate Governance Code, with particular reference to the period of self-assessment of the Board of Directors and the formulation of orientations on the quantitative and qualitative formulation deemed to be optimum for the administrative body, as specified in paragraph 7 below of this Report.

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.

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 art. 123-*bis*, paragraph 1, letter a), TUF)

As of the Date of the Report, the subscribed and paid-up share capital of Salcef amounted to 141,544,532,20 euros divided into 62,399,906 ordinary shares. As of the Date of the Report, the Company holds 498,243 treasury shares, equal to 0.7985% of the share capital with voting rights. There are no shares with limited voting rights. All the ordinary shares of the Issuer give the holders the same rights that can be exercised without any limit, except for what is envisaged for shares carrying more votes. For more information, see paragraph 3(d) of the report.

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

SHARE CAPITAL STRUCTURE

	Number of shares	Number of shares with voting rights	Listed (indicate markets) / unlisted	Rights and obligations
Ordinary shares	62,399,906	62,399,906 ¹	Euronext Star Milan	The Ordinary Shares are registered, indivisible and freely transferable by deed between living persons or succession because of death. Each share gives the right to one vote. The case of co-ownership is regulated by law. 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 specially established list, is entitled to 2 (two) votes.
Preference shares	-	-	-	-
Multiple voting shares	-	-	-	-
Other categories of shares with voting rights	-	-	-	-
Savings shares	-	-	-	-
Convertible savings shares	-	-	-	-
Other categories of share without voting rights	-	-	-	-
Other	-	-	-	-

At 31 December 2021, the Company's share capital amounted to Euro 141,544,532.20 and was divided into 58,117,729 ordinary shares, 153,851 performance shares and 641,044 special shares. It is pointed out that on 15 January 2022, all the special shares and performance shares in circulation during the year were converted into ordinary shares and accordingly, as of the Date of the Report, the Issuer's share capital consisted only of ordinary shares.

Moreover, during the year, all the exchange and supplementary warrants of SALCEF Group S.p.A. and new warrants of Salcef Group S.p.A. issued by it and not used expired and lost all rights and validity.

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

¹ This amount includes the 498,243 treasury shares

maximum of 50,000,000 euros including premium, with or without the option right pursuant to art. 2441 of the Civil Code (the "**Proxy**"). In order to perform the aforesaid proxy, the Board of Directors, in the meeting of 30 September 2021, resolved to increase the share capital, in a divisible way, against payment, excluding option rights pursuant to art. 2441, paragraph 4, second sentence, of the Civil Code, up to a maximum of 50,000,000.00 euros (including premium), by issuing a number of ordinary shares not exceeding 10% of the total number of shares in circulation and in all cases a maximum number of 2,000,000 ordinary shares with no indication of face value, regular dividend, to be offered for subscription to qualified investors (as defined pursuant to art. 2, paragraph 1, letter e), of the Prospectus Regulation) in Italy and institutional investors abroad (except for the USA, Australia, Canada, South Africa, Japan and any other country or jurisdiction in which share offers are forbidden by law or in the absence of exemptions). In accordance with the second paragraph of article 2439 of the Civil Code, the capital increase was intended to be limited to the amount resulting from the subscriptions made by 31 October 2021, it remaining understood that the Proxy would remain valid and the residual part can be used according to the terms and conditions specified therein. It is pointed out that in order to implement the above, on 5 October 2021, share capital amounting to 32,000,000, including premium, was subscribed by issuing 2,000,000 ordinary shares with no indication of face value.

On 16 March 2022, the Board of Directors resolved, *inter alia*, to propose to the Shareholders' Meeting granting the Board of Directors, subject to revocation of the Proxy for the non-executed part, 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 28 April 2027, for a maximum of 100,000,000.00 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 (within the limits of ten per cent of the existing share capital), 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, synergic so as to take advantage of strategic agreements and/or partnerships and/or 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 (the "**Proxy Proposal**").

The Company has an incentive plan based on financial instruments known as the "Stock Grant Plan 2021-2024" approved by the Shareholders' Meeting on 29 April 2021 (the "**Plan 2021**"). For greater details, see the Remuneration Report prepared and published pursuant to article 123-ter of the TUF and article 84-*quater* of the Consob Issuers' Regulations and the Information Document prepared in accordance with Annex 3A, Scheme 7 of the Consob Issuers' Regulations, available on the website www.salcef.com, Governance/Shareholders' Meetings section. Moreover, during the meeting held on 16 March 2022 the Board of Directors approved, based on the proposal of the Remuneration and Appointments Committee, the incentive system based on financial instruments known as the "Stock Grant Plan 2022-2025" (the "**Plan 2022**" and, together with Plan 2022, the "**Stock Grant Plans**") and the "Performance Shares Plan 2022-2023" which have not yet been approved by the Shareholders' Meeting. For more information on Plan 2022 and the Performance Shares Plan 2022-2023, see the Remuneration Report set up pursuant to art. 84-*quater* of the Issuers' Regulations, and the disclosure documents drawn up pursuant to art. 84-*bis* and to Annex 3A, Scheme 7 of the Issuers' Regulations available on the Company website www.salcef.com, Governance/Shareholders' Meetings section.

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

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.

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

The direct or indirect significant equity investments in the share capital of Salcef according to the communications reaching the Company, pursuant to article 120 TUF, as of the date of this Report, are set out in appended Table 1.

D. Securities that confer special rights (pursuant to Art. 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 wishes to join the list makes a request to the Company in the manner and on the terms specified in regulations 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 Euronext Milan (formerly 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 Euronext Milan (formerly 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 voting rights is also calculated by determining the constituent and deliberative quorums that refer to quotas of the share capital, but has no effect on rights other than voting rights arising from the possession of given quotas of the 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.

At 31 December 2021, only a few shareholders were listed on the Special List for entitlement to the benefit of the increased vote; on the date of approval of this Report, none of them had matured the right to an increase in the vote pursuant to article 8 of the Bylaws.

It is pointed out that on 15 January 2022, all the special shares and performance shares in circulation during the year were converted into ordinary shares and accordingly, as of the Date of the Report, the Issuer's share capital consisted only of ordinary shares.

E. Employee shareholding: mechanism for exercising voting rights (pursuant to Art. 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.

Moreover, it is pointed out that there is no mechanism that excludes or limits the direct right to vote of the beneficiaries of the Stock Grant Plan 2021-2024 approved by the Shareholders' Meeting on 29 April 2021, or by the Stock Grant Plan 2022-2025 and by the Performance Shares Plan approved by the Board of Directors of the Company, subject to the opinion of the Remuneration and Appointments Committee that will be subject to the approval of the Shareholders' Meeting on 29 April 2022.

For further information on the plans, please refer to the relevant Information Document prepared in accordance with Annex 3A, Scheme 7 of the Consob Issuers Regulation, available on the Company's website www.salcef.com, in the section Governance/Shareholders' Meeting.

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

On the date of the Report, the Bylaws do not contain restrictions on voting rights.

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

On the date of the Report, there are no agreements between shareholders pursuant to art. 122 TUF.

H. Change of control clauses (pursuant to Art. 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 2021, 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.

Below is a summary table of the loans subject to change of control clauses in place at 30 December 2021.

<i>(in thousands of euros)</i>	Residual capital as at 31 December 2021
Deutsche Bank S.p.A.	4,166,666.63
UniCredit S.p.A.	17,932,500.00
UniCredit S.p.A.	836,700.18
Intesa Sanpaolo S.p.A.	27,000,000.00
Cassa Depositi e Prestiti	25,000,000.00

Furthermore, it should be noted that the 2021 Plan approved on 29 April 2021 by the Shareholders' Meeting and the 2022 Plan and the Shares Performance Plan 2022-2023 that will be submitted for approval by the Shareholders' Meeting on 29 April 2022 provide 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 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. Delegated powers to increase the share capital and authorization to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m) of the TUF)

For information on the Proxy and the Proxy Proposal, see Section 2 a) above.

In addition, on 29 April 2021, in the ordinary session, the Shareholders' Meeting resolved to revoke with effect from the date of the aforesaid resolution, the resolution to approve the purchase and disposal of treasury shares adopted by the Ordinary Shareholders' Meeting of 24 April 2020 and approved the program of 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,



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as proposed by the Board of Directors on 16 March 2022. For more information, please refer to the Explanatory Report of the Board of Directors to the Shareholders' Meeting published on 08 April 2021 on the website www.salcef.com, Governance/Shareholders' Meeting section.

On 13 May 2021, the Board of Directors resolved to carry out the authorization of the Assembly, starting the first tranche of the purchase of 200,000 treasury shares equal to 0.20% of the share capital at the date, for a maximum value of 18.00 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.

On 16 March 2022, the Board of Directors moreover resolved to propose to the Shareholders' Meeting convened for 29 April 2022 authorizing the Board of Directors, after revocation of the authorization to purchase treasury shares granted by the Shareholders' Meeting of 29 April 2021 for the missing period, pursuant to and for the purposes of article 2357 of the Civil Code, to purchase, also in several tranches, also on a revolving basis, ordinary shares of the Company without a face value, up to a maximum number that, taking account of the ordinary shares of the Company held each time in the Company's portfolio and by the Company's subsidiary companies, is not altogether greater than 10% of the share capital of the Company, pursuant to article 2357, paragraph 3, of the Civil Code for a period of 18 months from the date of the resolution of Shareholder's Meeting, by any means envisaged by the combined provisions of articles 132 of the TUF and 144-*bis* of the Issuers' Regulations and, anyway, by any means permitted by the relevant current national and Community legal and regulatory provisions, also governing market abuse, with the sole exception of means of purchase specified by article 144- *bis*, letter c) of the Issuers' Regulations.

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) disposing of treasury shares intended to service the "Stock Grant Plan 2021-2024", the "Stock Grant Plan 2022-2025", the "Performance Shares Plan 2022-2023", and any future incentive plans in order to motivate and retain employees, collaborators, directors of the Company, subsidiaries and/or other categories of parties chosen at the discretion of the Board of Directors; (ii) conducting operations like the sale and/or swap of treasury shares to acquire direct or indirect holdings and/or real estate and/or reach agreements with strategic partners and/or engage in industrial projects or extraordinary financial operations that are part of the expansion objectives of the Company and of the Group; (iii) performing successive operations of purchasing and selling shares within the limits set by permitted market practice; (iv) performing directly or through intermediaries any operations to stabilize and/or support the liquidity of the Company security in compliance with permitted market practice; (v) establishing a so-called "Securities warehouse", useful for any future extraordinary finance transactions; (vi) medium and long-term investments or in order to take the opportunity to make a good investment, also in consideration of the risk and expected return of alternative investments and the purchase and reselling of shares whenever deemed opportune; (vi) using excess liquid resources.

The authorization proposal 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: (i) at a price per share that cannot deviate, neither decreasing nor increasing, by more than 15% with respect to the reference price recorded by the share in the trading session preceding each individual transaction; (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.

In accordance with the proposal submitted to the Shareholders' Meeting, 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 compliance with the terms, conditions and requirements established by applicable legislation, including Community law, and/or by *pro tempore* accepted market practices.

At 31 December 2021 and at the date of the Report the Company held 498,243 treasury shares.

J. Management and coordination activities (pursuant to Article 2497 and following articles 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 (8.1);
- the information required by article 123-bis, first paragraph, letter l), first part of the TUF, regarding *"the rules applicable to the appointment and replacement of directors ... if different from the supplementary applicable laws and regulations"* are illustrated in the section of the Report dedicated to the Board of Directors (Section 4.2);
- the information required by article 123-bis, first paragraph, letter l), first part, of the TUF, regarding *"the rules applicable to ... the amendment of the Bylaws, if different from the supplementary applicable laws and regulations"* are illustrated in the section of the Report dedicated to the Shareholders' Meeting (Section 13).

3. COMPLIANCE

The Company adheres to the Corporate Governance Code in force at the date of the Report and which became applicable on 1 January 2021, which is accessible to the public on the website of the Committee for Corporate Governance on the following page: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

In conformity to article 123-ter of TUF and article 5 of the CG Code, the Company has adopted a remuneration policy that is available at the registered office, the eMarket Storage storage mechanism and on the website www.salcef.com, Governance/Shareholders' Meetings section.

The Issuer's corporate governance system conforms to the principles contained in the Code, in the belief that they contribute decisively to laying the cornerstones of Company governance policy, namely:

- defining clearly roles, responsibilities and significance parameters of company operations;
- Increasing the protection and trust of stakeholders and maximizing value for shareholders and for the other stakeholders by continuing sustainable success;
- improving the transparency of financial communications with the market;
- improving the remuneration and incentive system in order to continue the sustainable success and dispose, retain and motivate people with the skills and professionalism required by their position in the Company;
- ensuring actual and effective internal audit and risk management systems that are consistent with the strategies of the Company.

The Issuer's fundamental corporate governance documents are:

- bylaws;
- the procedure for the internal management and external communication of documents and information concerning the Company with particular reference to privileged information;
- the internal dealing procedure;
- the procedure governing Related Party Transactions in compliance with the provisions of Consob RPT Regulation adopted in resolution 17221 of 12 March 2010 and subsequent amendments;
- the Organizational Model, including the Code of Ethics and Behavior pursuant to legislative decree 231 of 8 June 2001;
- the report on the remuneration policy and remuneration paid drawn up pursuant to art. 123-ter of the TUF and article 84-*quater* of the Consob Issuers Regulation.
- the Regulations of the Board of Directors and of the Committees.

The Company's corporate governance system is based on the principles contained in the CG Code and more in general on the best international practice adapted to take into account the specific characteristics of the business performed by the Company. 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 Role of the Board

In compliance with current regulations governing listed companies in regulated markets and in compliance with the recommendations of the CG Code, the Board of Directors plays a central role in the Company's system of governance, in particular in organizing, guiding and directing the business in order to continue sustainable success and ensure that the expectations of the other stakeholders are met.

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: (i) 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; (ii) the establishment and closing of secondary offices; (iii) the indication of which directors represent the Company; (iv) any reduction in capital in the event of the withdrawal of one or more shareholders; (v) the adaptations of the Bylaws to regulatory provisions; (vi) the transfer of the registered office within the national territory; (vii) the resolutions concerning the issue of bonds (including convertible ones) within the limits set by the *pro tempore* regulatory 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, second 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 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. 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.

In particular, in compliance with the provisions of the Operating Regulations approved on 24 January 2021 and in line with the provisions of the CG Code, over the year, the Board of Directors:

- a) examined and approved on 13 May 2021 the industrial plan of the Company and the Salcef Group also based on the analysis of the issues relevant to the generation of long-term value;
- b) periodically monitored the implementation of the industrial plan and evaluated at least quarterly and specifically at the meetings of 5 August 2021, 11 November 2021, and 16 March 2022, the general management trend, comparing periodically the results obtained with the programmed results;
- c) Defined on 21 June 2021 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 to the Company's sustainable success;
- d) defined the corporate governance system of the Company and the structure of the Salcef Group and on 18 March 2022 assessed 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. 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.
- e) examined and approved 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 purposes of this letter e) the Board of Directors established on 24 March 2021 transactions of considerable significance are considered to be :

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;
 - 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 practised;

- f) In order to ensure correct management of company information, it adopted on 6 October 2020, at the suggestion of the Chairman in agreement with the Chief Executive Officer, a procedure for the internal management and external communication of documents and information concerning the Company with particular reference to privileged information;
- g) it defined on 19 November 2019 the delegation of management powers and identified the executive directors appointed as Chief Executive Officers;
- h) assessed 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 defined, 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;

Over the year, the Board also guided the actions of the Company aimed at structuring and improving reporting on and communicating the Group's non-financial performance, to the benefit of all stakeholders and the assessment of sustainability assigned to the Company by the parties with the greatest interest (e.g. ESG rating agencies, institutional investors with ESG focus).

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

Over the course of the year, the Board of Directors did not deem it necessary and appropriate to:

- draw up motivated proposals to be submitted to the Shareholders' Meeting to define a system of company governance that more closely matches business needs (see Section 13);
- adopt a policy to define diversity criteria for the composition of the administrative and control bodies (see Section 4.3)
- adopt a policy for managing dialogue with shareholders (see Section 12).

With reference to powers of the Board of Directors regarding composition, operation, appointment, self-assessment; remuneration policy; internal audit and risk management system, see the relevant Sections of this Report

4.2 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, - are entitled to submit a list of candidates. 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 Board of Directors at 1% (see Executive Determination of the Head of the Corporate Governance Division no. 60 of 28 January 2022); (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. At the date of the Report, the Bylaws do not envisage the possibility of the Board of Directors presenting a list.

The lists contain a number of candidates not exceeding the number of 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.

In terms of balance between genders, pursuant to the provisions of Article 147-ter, paragraph 1-ter and 148, paragraph 1-bis of the TUF, in the composition of the Board of Directors and of the Board of Statutory Auditors, the less represented gender must obtain at least two fifths of the elected directors or elected statutory auditors and this distribution criterion applies for six consecutive mandates (the sanctions already specified by the cited articles still apply).

The distribution criterion of at least two fifths applies from the first renewal of the administrative and control bodies of the companies listed on regulated markets following the date on which the law came into effect (without prejudice to the distribution criterion of at least a fifth specified by article 2 of law 120 of 12 July 2011, for the first renewal after the negotiations start date).

Pursuant to art. 144-undecies.1, of the Issuer Regulations: (i) the criterion for calculating the positions in the corporate bodies to be reserved for the less represented gender is - as a general rule and consistently with the previous arrangement - to round up; (ii) rounding down occurs only if the corporate bodies consist of three members, taking account of the arithmetical impossibility of ensuring a gender balance by rounding up; (iii) reinforcing the representation desired by the legislator to protect the less represented gender applies for six consecutive mandates from the first renewal of the corporate bodies after the financial statements law came into effect, i.e. from first January 2020.

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.

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 all cases, directors who have ceased office are replaced by the Board of Directors, (i) which ensures the necessary number of directors in possession of the independence requisites required by law and (ii) compliance with the *pro tempore* regulations in force concerning 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.

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.

With reference to the information on the role of the Board of Directors and the Board Committees in the self-assessment, appointment and director succession processes, see Section 7.

4.3 Composition (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis TUF)

The Board of Directors in office during the year 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.

First name and surname	Office	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	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
Bruno Pavesi (***)	Director	Milan, 05 May 1941	14 October 2019
Valeria Conti (***)	Director	Rome, 13 December 1971	05 October 2020
Emilia Piselli (***)	Director	Camerino (MC), 7 June 1963	05 October 2020

(*) Executive director.

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

(***) Independent non-executive Director pursuant to art. 148 of the TUF and art. 2 of the Corporate Governance Code.

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.

Table 2 appended to this Report provides the relevant information on each member of the Board of Directors in office on the date of this Report.

The Board in office during the year consists of executive and non-executive directors, all bestowed with professionalism and with the skills appropriate to the tasks assigned to them and mostly consists of non-executive members (namely 6 members out of a total of 9 members). In particular, the number and skills of the non-executive directors are such as to ensure that they have a significant weight in passing Board resolutions and which is such as to ensure effective monitoring of management; and whether a significant number of the non-executive directors is independent.

On 28 January 2021 and on 24 January 2022, 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. The Board of Statutory Auditors, on 04 February 2022, verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members.

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



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of Chairman of the Company's Board of Directors and has overseen the operating activities of the subsidiaries.

Valeriano Salciccia, graduated with top marks in Economics and Commerce from the "La Sapienza" University of Rome, and from 1993 to the Date of the Report has held 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 top marks 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 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. He has become CEO of S.I.C. and was a director at S.S.C.. 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. The engineer Dr Giovanni Cavallini, held the positions of independent director of Brembo S.p.A 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. The engineer Dr 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 top marks 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 an executive 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. Since February 2022, he has been the Sole Director of the subsidiary Euro Ferroviaria S.r.l.



SALCEF

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

Valeria Conti, graduated with top marks 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 has been and is still a director on the Boards of Directors and a member of Supervisory Boards of companies listed on Euronext Growth Milan and Euronext Milan.

Emilia Piselli graduated with top marks in Law from the University of Camerino, she is a member of 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

The Board of Directors in office was appointed before the admission to negotiations of the Issuer's shares on Milan's Euronext Star market.

As of the date of the Report, the Issuer had not adopted diversity policies in relation to the composition of the administrative and management bodies regarding matters such as age, gender, and educational and professional career. As regards gender diversity, the Issuer applies the provisions of articles 147-ter and 148 of TUF according to which the less represented gender must obtain at least one fifth of the elected directors and statutory auditors of the Board of Statutory Auditors.

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, 22 December 2020. Pursuant to article 2 of law 120 of 12 July 2011, for the first renewal after the negotiations start date the criterion of distribution of at least one fifth has applied. As of the date of the Report, two members of the 9 members of the Board of Directors belonged to the less represented gender. As of the Date of the Report, the composition of the Board of Directors does not yet comply with the recommendation of article 2 of the Corporate Governance Code on gender balance.

As of the Date of the Report, 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 in turn ensure a transparent appointment procedure and a balanced composition of the administrative body, the Board of Directors deems that it has met diversity criteria regarding the composition of the administrative, and control bodies although it has not adopted a specific policy.

However, the Board of Directors reserves the right to adopt these policies and/or practices following renewal of the administrative body scheduled for the Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2021.

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 appended Table 2.

Without prejudice to the fact that in accordance with the recommendations of Principle XII of the CG Code, all directors assure that 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 fulfilment of the disclosure obligations pursuant to the applicable laws and regulations.

As a result of the above, the Company did not define general criteria regarding the maximum number of administrative 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.

4.4 Operation of the Board of Directors (pursuant to Art. 123-bis, paragraph 2, letter d), TUF)

In compliance with principle IX of the CG Code, the Board of Directors defines the rules and procedures for its functioning, in particular in order to ensure efficient management of the Board's communication of information.

For this purpose, on 24 January 2021, it adopted a regulation governing the functioning of the Board (the "**Regulation**") that governs the role, composition, organization and functioning methods of the Board of Directors of the Issuer and the main organizational profiles of the model of corporate governance, in compliance with the principles and recommendations of the CG Code.

In accordance with the Regulation, the Board meets in practice at least 4 times a year on the calendar dates approved each year or at the initiative of the Chairman whenever he deems fit or when a written request is made by at least two of its members or by a Chief Executive Officer or by at least one member of the Board of Statutory Auditors.

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 particular, in order to ensure that the Directors make informed decisions pursuant to article 2381 of the Civil Code, the Chairman ensures the proper functioning of the Board. More in particular, when drawing up the agenda: a) he sets out in detail the content of the topics that will be addressed; b) explains on which topics the Directors have to pass resolutions and which they on the other hand have to take note of.

In view of each meeting of the Board, the Chairman, with the support of the Secretary, ensures that the Directors and Statutory Auditors are provided with all the information necessary for expressing an

informed opinion on the topics to be addressed. In particular, if the topics under discussion relate to routine initiatives, the relative documents, where available, are as a rule transmitted at least by the date on which the meeting is convened. Where for special reasons this is not possible, the Chairman ensures that the Directors are informed very promptly of the content of possible proposals on the agenda regarding transactions of a certain significance. The support documentation is drawn up by the competent company Function so as to enable each member of the Board to become familiar with the topic on which a resolution is to be passed. During the year, the schedules have been adhered to and the appropriate information has been supplied to the directors, even when emergency meetings have been convened, on which occasions the documentation that was relevant to the meetings was conveyed together with the notice of meeting.

The confidentiality of the documentation that was relevant to the Board meetings is assured by sending the documentation only by email to the addresses given by the members of the Board of Directors and of the Board of Statutory Auditors, who ensure that access to the email addresses communicated to the Company is protected and subjected to their full control.

During the Financial Year the Company's Board of Directors met 8 times (with an average duration of approximately 2 hours). Within the terms indicated in the Stock Exchange Regulations and following publication on their website, Borsa 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, 3 meetings of the Board of Directors are scheduled for the approval of the accounting data for the period, in addition to the 3 which have already been held, respectively, on 24 January 2022, 4 February 2022 and 16 March 2022 concerning, among other things, the approval of the financial statements and consolidated financial statements. In compliance with the Bylaws and the Regulations, the meetings were held in the registered office and via an audio-video connection.

The actual attendance of each Director at Board meetings is reported as a percentage in the appended table 2. Overall, the average attendance of directors at the aforementioned meetings was approximately 100%.

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 executives 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. Following the meeting, a draft of the minutes is sent to all Directors and Statutory Auditors for possible comments. The definitive version of the minutes is then drafted by the Secretary of the Board of Directors, shared with the Chairman and submitted to the approval of the Board of Directors in the subsequent Board meeting (except for cases of resolutions passed that have to be implemented immediately, in which case the minutes of the Board meeting are approved simultaneously).

4.5 Role of the Chairman of the Board of Directors

The Chairman of the Board of Directors liaises between the executive directors and the non-executive directors and ensures the effective functioning of Board work.

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).

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.

In compliance with the provisions of the Regulations, over the year, the Chairman of the Board of Directors ensured:

- a) the suitability of the of the pre-meeting information and of the complementary information supplied during the meetings to ensure that they act in an informed manner when playing their role;
- b) coordination of Board committee activities with the activity of the Board of Directors;
- c) in agreement with the Chief Executive Officer, also at the request of the individual directors, the intervention of the directors of the Company and the directors of the companies of the Salcef Group, and the intervention of the heads of the competent company functions according to the items on the agenda to provide the in-depth information on the topics to be discussed and deliberated upon;
- d) that all the members of the administrative and control bodies can participate, after the appointment and during their term of office, in initiatives aimed to provide them with suitable knowledge of the sectors in which the Company operates, the company dynamics and their evolution also in terms of the sustainable success of the Company and the principles of correct management of risks and the regulatory self-assessment framework of reference. However, 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, 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.

On 30 September 2021, a specific induction session was held that was coordinated by the Chairman the subject of which was the business of the Company and the Group and the evolution of the market in question.

The Company will develop a specific induction programme in 2022 following the renewal of the administrative and control body specified by the shareholders' meeting that will approve financial statements for the year ended 31 December 2021 also on the basis of suggestions coming from the directors and statutory auditors within and not after 60 days of the renewal of the bodies;

- e) the adequacy and transparency of the self-assessment process of the Board of Directors, with the support of the Remuneration and Appointments Committee.

The Chairman also ensures that the Board of Directors, also through the periodic information provided by the Chief Executive Officer, is informed, by the first possible meeting, of the development and significant content of the dialogue with all the shareholders.

Secretary of the Board of Directors

In accordance with the Regulation, the Board appoints a Secretary, who needs not be a Board member, who possesses adequate skill and experience in managing the steps envisaged for this role by the Regulation.

On 24 March 2021, the Board of Directors appointed a secretary of the Board of Directors in the person of the Chief Financial Officer, to whom the functions specified in the CG Code are assigned.

The Secretary acts as the secretary taking the minutes of the meetings of the Board of Directors; in his absence, his functions are performed by a member of the Board.

The Secretary supports the activities of the Chairman, assisting the Chairman in the functions assigned to the latter, and provides assistance and acts as a consultant to the Directors with impartial judgement and in autonomy in all significant aspect for the correct functioning of the system of corporate governance and in relation to rights, powers, duties and their execution, in order to ensure the proper exercise of the respective attributions. In particular, the Secretary - without prejudice to the competencies assigned to the Chairman of the Board of Directors - has the following functions:

- a) coordinating and collecting the proposals and documentation to be submitted to the Board;
- b) assisting the Chairman in running the meeting;
- c) writing the minutes of the meetings and signing them;
- d) conserving the ledgers containing the minutes and the documentation of the documents of the Board meetings.

During the year, the Secretary assisted the Chairman of the Board of Directors in performing his duties pursuant to article 12 of the CG Code, by providing with impartial judgement assistance and consultancy to the Board about any aspect relevant to the correct functioning of the corporate governance system, including drawing up notices of meeting and forwarding the relevant documentation to those attending the meeting.

4.6 Executive Directors

Chief Executive Officer

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.

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 transaction 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 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 judgements;
- 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 executives, 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) 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 limitation and protection prescriptions 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, 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 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 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 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.

- 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 favour 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;
- 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;
- vv) carrying out any active and passive financial transaction, 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 favour 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, in addition to the provisions set out by the law and by the Bylaws, the Board of Directors has exclusive responsibility of the matters concerning:

- (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 transactions 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 transactions 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

On 14 October 2019 the Shareholders' Meeting elected and appointed Gilberto Salciccia Chairman of the Board of Directors until approval of the financial statements for the year ended 31 December 2021.

On 8 November 2019, the Board of Directors, in order to ensure the best operational management of the Company, 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 by the directors / delegated bodies

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 at least once a quarter by the Chief Executive Officer to the Board during the year, see section 4, paragraph 4.1 of the Report.

Other executive directors

In addition to the Chief Executive Officer and the Chairman of the Board of Directors, at the end of the reporting period and at the Date of the Report, the director Alessandro Di Paolo is an executive director pursuant to the definitions contained in the Corporate Governance Code as he holds the position of sole director of Salcef S.p.A., a strategic subsidiary of the Company. The director Mr Alessandro Di Paolo is also an employee of the Issuer with a managerial qualification. 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**"). For more information, see section 9, paragraph 9.1 of the Report.

As of the date of the Report, the Director Germano Maiolini is an executive director pursuant to the definitions of the Corporate Governance Code as he holds the position of sole director of Euro Ferroviaria S.r.l., which has been a strategic subsidiary of the Company since February 2022. The Director Mr Germano Maiolini is also employed by the Issuer as an executive.

4.7 Independent Directors and Lead Independent Directors

Independent directors

Pursuant to Principle VI, a significant number of non-executive directors are independent in the sense that they do not have or have not recently had, even indirectly - with the issuer or with subjects linked to the same - relations such as to condition the autonomy of judgement. 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.

As regards the number of independent directors (without prejudice to the provisions of the TUF), recommendation 5 of the Corporate Governance Code requires that the number and skills of independent directors be appropriate to the needs of the Company and the operation of the management body and to the establishment of committees within the board, according to the indications contained in the Corporate Governance Code itself, and in any case requires there to be at least two.

On 24 January 2021, the Board of Directors established that the following circumstances compromise or appear to compromise the independence of a director:

- 1) if the director is a significant shareholder of the Company;
- 2) if the director is, or has been in the previous three years, an executive director or an employee:
 - of the Company, or of a company controlled by the Company and which has strategic importance or of a company subject to common control;
 - of a significant shareholder of the Company;
- 3) if, directly or indirectly (for example through subsidiaries or of which he is an executive director, or because he is a partner of a professional studio or of a consultancy firm), he has, or had, in the three preceding years, significant commercial, financial or professional dealings:
 - with the Company or its subsidiaries, or with the relative executive directors or top management;

- with a subject who, also together with others through a shareholders' agreement controls the Company or, if the controlling party is a company or body, with the relative executive directors or top management;
- 4) if he receives or has received in the previous three years, from the Company, from a subsidiary of the Company or from the controlling company, significant additional remuneration on top of the fixed remuneration for the office and on top of the remuneration set for sitting on committees within the Board of Directors;
- 5) if he was a director of the Company for more than nine, also non-consecutive, years in the last twelve years;
- 6) if he was an executive director of another company in which an executive director of the Company is a director;
- 7) if he is a shareholder or director of a company or a body belonging to the network of the company entrusted with the statutory audit of the Company;
- 8) if he is a close relative of a person who is in one of the situations specified in the preceding points.

The following quantitative and qualitative parameters must be applied to assess the dealings specified in points 3) and 4) above:

- dealings of a commercial or financial nature: (i) 5% of the annual turnover of the business or body of which the Director has the control of which he is an executive director; and/or (ii) 5% of the annual costs incurred by the Salcef Group that arise from the same type of contractual relationship
- professional services; (i) 5% of the annual turnover of the business or of the body of which the Director has the control or of which he is an executive director or of the professional studio or consultancy firm of which he is a partner, and/or (ii) 5% of the annual costs incurred by the Salcef Group that arise from appointments of a similar nature;
- in the case of the director who is also a partner of a professional studio or of a consultancy firm, the significance of the professional relationships that may have an effect on his position and his role inside the studio or consultancy firm or that anyway be connected to important transactions of the Company and of the Salcef Group, also regardless of the quantitative parameters;
- additional remuneration on top of the fixed remuneration for the office and on top of the remuneration set for sitting on committees within the Board of Directors above 150,000 euros per year,

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 of the Date of the Report, the Company has identified, in accordance with art. 2 of the Corporate Governance Code and the identified criteria, 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. As of the Date of the Report, the Chairman of the Board of Directors was not qualified as independent.

After the appointment, 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 6 of the Corporate Governance Code was completed by the Board on 24 January 2022 and the findings were communicated to the market on the same date. The Board of Statutory Auditors, on 4 February 2022, verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members. With regard to 2022, the Board of Statutory Auditors will report the outcome of its verification in the report to the Shareholders' Meeting. In making the above assessments, the Board considered all available information (in particular the information provided by the directors being assessed), assessing all the circumstances that appear to compromise the independence identified by the TUF and by the CG Code and applied (amongst all the others), all the criteria established by the Code for the independence of directors.

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. During the year, 1 meeting was held of the independent directors that was coordinated by Director Bruno Pavesi and the object of which was an update on trends.

Lead Independent Director

By resolution of the Board of Directors of 6 October 2020, with effect from the Negotiations Start Date, in compliance with the recommendations referred to in articles 13 and 14 of the Corporate Governance Code, the Company has appointed the lead independent director Bruno Pavesi, 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 concerning the Company and/or companies controlled by the same, with particular reference to 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 Regulations 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 described procedures are available on the Company website www.salcef.com in the section Governance/Company Documents.

6. COMMITTEES WITHIN THE BOARD (pursuant to art. 123 bis, paragraph 2, letter d), TUF)

Recommendation 16 of the CG Code recommends that the Board of Directors set up subcommittees of the Board of Directors with investigative, proposal-making and consultative functions regarding appointments, remuneration and audits and risks, ensuring that the functions assigned by the Code to the committees can be distributed in to different committees or also be assigned to a single committee provided that adequate information is provided on the tasks and activities engaged in for each of the assigned functions and that the recommendations of the Code for the composition of the relative committees are abided by.

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 4 and 5 of the Corporate Governance CG Code (see sections 7.2. and 9)
- (ii) an Audit and Risk Committee pursuant to Article 6 of the Corporate Governance CG Code (see section 9.2)
- (iii) a Related Parties Committee pursuant to the RPT Regulation (see Section 10), together, the **"Committees"**.

In consideration of the organizational needs of the Company, the operating methods and the size of the Board of Directors of the Company and practice, the Company has set up a single committee for appointments and remuneration and at the Date of the Report the conditions were met that are set by the Code for the composition of the relative Committees and no function of the aforesaid Committees was assigned to the Board of Directors. When determining the composition of the Committees, the Board prioritized the competence and experience of the relative members, trying to avoid excess concentrations of offices.

On 24 January 2021, as amended subsequently, the Board of Directors as proposed by each Committee, approved (i) the Regulations of the Remuneration and Appointments Committee; (ii) the Regulations of the Audit and Risk Committee and (iii) the Regulations of the Related Parties Committee (the **"Regulations"**).

In particular, the Regulations regulate the functions of the Committees in conformity to the provisions of the CG Code and specify the composition of the Committees and that the respective members meet requirements. Regulations state that the term of office of the members of the Committees is equivalent to that of the Board of Directors.

With regard to the role of the members of the Committees that have been set up, the Regulations state that each Committee is chaired by the Chairman, who directs, coordinates and moderates discussions; the Chairman reports to the Board of Directors in the name of the Committee and represents the Committee in dealings with the other corporate bodies, the Chairman also being able to sign in the name of the Committee reports and opinions to be submitted to the Board of Directors.

The Chairman of each Committee reports to the Board of Directors on the meetings held by the Committee at least once every six months and whenever he deems it to be necessary or opportune.

The Committees meet as often as required to perform their functions correctly, normally on the dates set in the annual calendar of meetings approved by the Committee and communicated to the Board of Directors.

The Committees are convened by the Chairman whenever he deems this opportune or is requested to do so in a joint request from other members or by the Chairman of the Board of Directors and/or by the Chief Executive Officer, by a notice of meeting sent by email indicating the date and venue and the agenda to all members at least 3 days before the date set for the meeting. In emergencies, the period of notice can be shortened provided that the notice is sent by email or another suitable instrument that ensures that the notification is certain and immediate.

The Chairmen of the Committees may invite the Chairman of the Board of Directors, the Chief Executive Officer and the other directors to the individual meetings 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 Committees. In such cases, the notice of meeting is also sent to the aforementioned subjects. For each upcoming Committee

meeting, the Chairman, with the support of the Secretary, shall ensure that the Committee members are provided with all the information necessary to express an informed opinion on the matters to be discussed. In particular, if the documents on the matters under discussion are available they will as a rule be sent by the date of convening of the meeting. If this is not possible, the Chairman ensures that the Committee members are informed as promptly and completely as possible of the content of any proposals on the agenda. The support documentation is drawn up by the company function with responsibility for the matter that is an item on the agenda in order to enable each Committee member to acquire the knowledge required to pass a resolution.

The confidentiality of the support documentation at the Committee meetings is ensured by sending the documentation only by email to the addresses communicated by the Committee members, who ensure that access to the email addresses communicated to the Company is protected and subject to their complete control.

The Committee members are bound to treat in strictest confidence the documents and information acquired in the course of their respective duties and to abide by the rules adopted by the Company governing the dissemination of the aforesaid documents and information according to the methods prescribed by the specific internal procedures relating to the handling and processing of privileged and confidential information and the relative *pro tempore* regulations.

The functions of Committee Secretary are performed by the party indicated in the Company procedures or by the party chosen each time by the Chairman. The Committee Secretary needs not be a Committee member.

The Committees are quorate if at least the majority of members in office is in attendance and motions are passed by an absolute majority of those present. Meetings will nevertheless be deemed to be valid, even if they have not been convened formally, if all Committee members have intervened and all those entitled to attend have been given notice of the meeting even if the required formalities ordinarily required for convening have not been followed and they have declared that they are not opposed to discussion of the points on the agenda. In the event of tied votes, the Chairman has the casting vote.

The minutes of each meeting are written, signed by the Chairman of the meeting and by the Secretary. The draft of the minutes is submitted to the Chairman of the Committee and to the other members for possible comments; normally, after 10 calendar days have elapsed from the dispatch of the draft without any comments having been received, the minutes are deemed to have been approved. The minutes signed by the Chairman and by the Secretary are transcribed into the appropriate register kept for that purpose and transmitted to the Committee members and to the secretary of the Board of Directors.

It is permitted for meetings to be held by teleconference and by video conference, provided that all the participants can be identified by the Chairman and those attending the meeting can follow the discussion and intervene in real time in the discussion of the topics addressed; if these conditions have been established, the meeting is deemed to be held in the place in which the Chairman or the Secretary are located.

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.

Further Committees

As of the date of the Report, no committees have been set up other than those recommended by the Corporate Governance Code, and no specific committee has been set up with the task of supporting the Board in the analysis of themes that are relevant to the generation of long-term value.

7. SELF-ASSESSMENT AND SUCCESSION OF THE DIRECTORS - APPOINTMENTS COMMITTEE

7.1 SELF-ASSESSMENT AND SUCCESSION OF THE DIRECTORS

Self-assessment

The Board of Directors assesses periodically - at least every three years in view of the renewal - the efficacy of its work and the contribution of its individual members.

The object of the self-assessment is the size, composition and actual functioning of the Board of Directors and of its Committees, also considering the role that it played in defining the strategies and in monitoring the management and adequacy of the internal audit and risk management system.

Pursuant to Principle XIV 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 14 March 2022. 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 Issuer, 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 CG Code. The Issuer has not resorted to entrusting an outside and independent party with the self-assessment process of the administrative body, starting from the assumption that the Code suggests this step as an option and not as an obligation, considering his peculiarities in terms of size and turnover and, lastly because of the small size of the administrative body. Upon completion of the aforementioned self-assessment, the Committee deemed 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 Issuer, 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) are independent non-executive Directors, who also guarantee a suitable composition of the Committees set up within the Board.

In compliance with the principle of proportionality specified in the Corporate Governance Code that in Recommendation 23 requests this step only from companies that are different from companies with concentrated ownership (and thus different from Salcef), the Board of Directors whose term of office ends in the year did not decide to formulate any orientation regarding the qualitative and quantitative composition deemed to be optimum for the Board to be appointed.

Succession plans

At the Date of the Report, the Company decided not to adopt a succession plan for the Chief Executive Officer and the executive directors in the event of early relinquishment of office and had not adopted procedures for the succession of top management.

7.2 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 2021 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 (Chairwoman), 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 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. The meetings of the Board of Directors were attended, upon invitation by the Chairman, by the directors and the members of the Company functions who are not members, the Chief Executive Officer being informed thereof. The members of the Board of Statutory Auditors were able to attend the meetings of the Committee, attending in particular 4 of the 5 meetings held in 2021.

Over the year, the Remuneration and Appointments Committee met 5 times, namely on 15 January 2021, 19 March 2021, 11 May 2021, 11 November 2021 and 11 November 2021; each meeting lasted about 2 hours. The average attendance of directors at the meetings was 100%. For 2022, at least 4 meetings of the Remuneration and Appointments Committee are scheduled, 2 of which had already been held as of the Date of the Report on 1 and 8 March. During these meetings, the Committee coordinated the self-assessment process of the Board of Directors, expressing a favourable opinion on the suitability and adequacy of the Board in carrying out its functions in accordance with the provisions of art. 123-bis, paragraph 2, letter d), TUF and the Corporate Governance Code, it examined and expressed a favourable opinion on the remuneration policy for executive directors and executives with strategic responsibilities, and on the remuneration report of art. 123-ter of legislative decree 58/1998 and subsequent amendments and additions. It further expressed a favourable opinion regarding the definition of the performance objectives as a variable part of the remuneration of the Chairman and of the Chief Executive Officer of the Company and of the Executives with Strategic Responsibilities, deeming this definition to be consistent with the approved remuneration policy. Lastly, it prepared the Operating Regulations to be submitted for approval by the Board of Directors.

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 attendance of the members of the Remuneration and Appointments Committee at the meetings is contained in the appended Table 3.

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 favour 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 Executives with Strategic Responsibilities;
- periodically assessing the adequacy, overall consistency and concrete application of the policy for the remuneration of directors and executives with strategic responsibilities; formulating proposals on the matter to the Board of Directors;
- 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, in formulating its proposals and making its assessments, takes into account the provisions of the Code and the best practices followed by listed companies.

In order to perform its duties, the Committee can use external experts.

The above opinions and proposals are expressed on the basis of an assessment that takes into account, *inter alia*, the following parameters:

- the importance of the responsibilities in the corporate organizational structure;
- the achievement of specific goals previously set by the Board of Directors;
- any legal requirements.

The Committee is convened by the Chairman whenever the latter deems opportune or this is requested jointly by other members or by the Chairman of the Board of Directors.

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 fulfilment of its duties. The Remuneration and Appointments Committee was able to access the information and company functions necessary for the performance of its duties and to make use of financial resources and external consultants within the terms established by the Board.

8. REMUNERATION OF DIRECTORS - REMUNERATION COMMITTEE

8.1 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, which is available at the registered office and on the website www.salcef.com, Governance/Shareholders' Meeting section.

REMUNERATION COMMITTEE

As regards the composition and functioning of the Remuneration and Appointments Committee, please refer to the contents of paragraph 7.2 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, Governance/Shareholders' Meetings section.

9 INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM - AUDIT AND RISK COMMITTEE

The risk management system must not be considered separately from the internal audit system in relation to the financial reporting process; both constitute elements of the same System and it is designed to ensure the authenticity, accuracy, reliability and timeliness of the financial reporting.

The Company adopted, through a resolution of the Board of Directors of 25 June 2021, the guidelines of the internal audit and risk management system (known hereinafter also as "**IARMS**"). The document, which was adopted with a favourable opinion of the Audit and Risk Committee, sets out essential principles and features of the internal audit and risk management system, identifying the company and corporate players involved and defining their roles, responsibilities and method of interaction in line with what is established by legislative decree 58/1998 and by the Corporate Governance Code for listed companies.

The IARMS of the Issuer and the Issuer's subsidiaries consists of a set of organizational rules, procedures and structures aiming at actual and effective identification, measurement, management and monitoring of the main risks that may compromise the ability to implement the strategies and achieve the company objectives. The head of the Internal Audit function is delegated the task of monitoring the function, adequacy and consistency of the IARMS with the direction lines.

The IARMS also responds to the need to safeguard the company's assets, guarantee 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.

The IARMS also comprises:

- the specific Bylaw provisions and internal regulations governing the division of competencies and delegation of responsibilities;
- The system of delegation of powers, procedures and areas of risk mapped out in the organizational model pursuant to Legislative Decree 231/2001 ("**Model 231**");
- risk assessment objectives and methods and provisions of the administrative, accounting and financial system;
- The Risk Management (RM) system is designed 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.

The IARMS of Salcef is based on the following references:

- Corporate Governance Code;
- Enterprise Risk Management (ERM);
- COSO Framework;
- UNI EN ISO 37001:2016;
- UNI EN ISO 9001:2015;
- UNI EN ISO 14001:2015;
- UNI ISO 45001:2018.

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 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 9.1 below, of identifying the main business risks and submitting them periodically to examination by the Board of Directors. The Director has to implement the direction lines defined by the Board of Directors with regard to risks by alerting the Audit and Risk

Committee to problems and critical points that have emerged during his work or which have come to his notice;

- the Head of Internal Audit, Michele Mariella, in charge of verifying that the internal audit and risk management system is functioning and adequate, and consistent with the guidelines, according to the detailed tasks indicated in paragraph 11.2 below;
- the other corporate functions involved in the audits (e.g. Chief Risk Officer, HSE, Quality);
- the Board of Statutory Auditors that supervises the effectiveness of the internal audit and risk management system.

The IARMS, 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 IARMS 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;
- Risk & Control Based approach: the IARMS 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 IARMS 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 IARMS is defined in compliance with the applicable regulations, the Corporate Governance Code and in compliance with the general reference framework consisting, for example, of: the Bylaws, the Code of Ethics and Behaviour, Organization, Management and Control Model pursuant to legislative decree 231/01, organizational system, system of powers and proxies and best national and international practice, including Enterprise Risk Management ("ERM");
- Process approach: the IARMS 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 IARMS and is implemented by the Board of Directors, by top management, by the assigned IARMS Director and by the Chief Risk Officer (CRO) in order to identify, measure, manage and monitor the main risks of the Group, and 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.

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

The objective of the *Enterprise Risk Management* ("**ERM**") adopted by the Salcef Group is to integrate risk management activities into the processes and the culture of the organization by following an approach of gradual implementation and continuous improvement of the process. This approach permits both effective learning of the topics of risk management by the administrative body and management and adaptation of the risk management process to the organizational structure that is in itself evolving constantly.

From the operational point of view, Salcef, in line with the principles indicated by the CoSoErm Framework, manages the Risk management process through four phases:

- phase 1 "*Risk Assessment*": identification, assessment and classification of the risk;
- phase 2 "*Treatment*": identification of the responses to the risks and implementation of the treatment actions;
- phase 3 "*Monitoring*": constant monitoring of the risk trends, state of implementation of the treatment actions, identification of the changes and of emerging risks and review of the risk model;
- phase 4 "*Reporting*": reporting of quantitative and qualitative information on the controlled risks for Management and the Administrative Body, sharing information on risk management with internal and external stakeholders.

As part of the process of analyzing the Group's risk areas, significant importance is assumed by the internal audit 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. All objectives that are necessary for defining and characterizing financial reporting like:

- **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.

The internal audit and risk management system devised for the financial reporting process concerns the Financial area and its internal structures dedicated to the administrative and financial aspects and the main sector managers because they constitute the company areas in which the data are gathered and processed that are required for the financial reporting.

Over the year, as part of the administrative and financial functions, two assessments were completed in distinct periods (first six-month period and second six-month period) in which the successive phases of the risk management process occurred. The data analysis enabled the risks connected to the examined areas to be identified and assessed and the risks to be prioritized. The latter task enabled a financial risk to be added to the Key Risk List for which measuring instruments known as key risk indicators have been devised.

As part of the process of detecting and analyzing the Group's risk areas, significant importance is assumed by the internal audit 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. In particular:

- **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 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.

In addition, on 28 December 2021, the Company adopted the manual of international accounting standards of the Salcef Group in order to promote the development and application of standard criteria for detecting, classifying and measuring economic facts regarding Group companies in order to draw up consolidated financial statements for the Group that comply with IFRS reporting principles. With regard to the adequacy of the internal audit and risk management system with respect to the characteristics of the company, on 24 March 2021 the Board of Directors approved the 2021-2023 three-year 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. The Committee evaluated positively over the year 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. This assessment involved examining the development of the organizational and accounting system in relation to the growth of the Group, and on the basis of the evidence from the internal audits and the analyses of the Chief Risk Officer.

9.1 CHIEF EXECUTIVE OFFICER

On 8 November 2019 the Board of Directors appointed Valeriano Salciccia as Chief Executive Officer. For more information on the powers delegated to the Chief Executive Officer, see Section 4.6 of the Report.

Nevertheless, in preparation for the listing on EXM in December 2020, on 6 October 2020 the Board of Directors appointed, with effect suspensively conditional on the start date of the negotiations, the Director Alessandro Di Paolo as director in charge, because of his competence and expertise in risk management and in order provide continuity from the previous year.

During the year, the director in charge, with the assistance of the Chief Executive Officer,

- identified the main business risks, taking into account the characteristics of the activities carried out by the Company and its Subsidiaries, and submitted them for examination by the Board of Directors;
- implemented 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;
- dealt with the adaptation of this system to the dynamics of operating conditions and the legislative and regulatory landscape;
- asked 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 the Chairman of the Board of Statutory Auditors;
- reported punctually to the Audit and Risk Committee (or to the Board of Directors) on problems and critical aspects that he detected through his work or which were brought to his notice so that the Committee (or the Board) could take the appropriate steps.

During the year, the director in charge launched the following activities:

- (i) the implementation of an internal audit and risk management system in accordance with the provisions of art. 6 of the CG 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.
- (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 2021 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 2022.
- (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.

9.2 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.

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

At 31 December 2021 and at the Date of the Report, and following the resignation of the member Alessandro Di Paolo, the Audit and Risk Committee consisted of three members: the independent

director Valeria Conti (Chairwoman), the independent director Emilia Piselli and the independent director Bruno Pavesi 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. The Audit and Risk Committee possesses overall adequate competence in the sector in which the Issuer operates and is able to assess the relative risks and at least one member of Committee has appropriate knowledge and experience of accounting and financial matters and/or risk management.

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. The Committee meetings were attended by directors or members of company functions at the invitation of the Committee Chairman, who informed the Chief Executive Officer.

During the year, the Audit and Risk Committee met 10 times, namely on 15 January 2021, 9 March 2021, 11 March 2021, 18 March 2021, 7 May 2021, 9 June 2021, 22 June 2021, 28 July 2021, 30 September 2021, 11 November 2021; each meeting lasted about two hours. The average attendance of directors at the meetings was 100%. At least 6 meetings of the Audit and Risk Committee are scheduled for 2022. As of the Date of the Report, 3 meetings had already been held on: 22 February 2022, 1 March 2022 and 8 March 2022. Meetings will be held as often as required to ensure that the Audit and Risk Committee performs its functions correctly and at least once every quarter.

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, Human Resources, General Counsel, Chief Risk Officer) and independent experts and/or other subjects whose participation is deemed useful in relation to the topics under discussion.

Further information on the attendance of the members of the Audit and Risk Committee at the meetings is contained in the appended Table 3.

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 executive 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 standards 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.

Further, the Audit and Risk Committee expresses its prior opinion to the Board of Directors regarding:

- 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 fulfilment of their responsibilities.

During the year, the Committee:

- prepared the Operating Regulations to be submitted for approval by the Board of Directors;
- assessed, together with the Executive assigned to drawing up the accounting and corporate documents, after consulting the Independent Auditor and the Board of Statutory Auditors, the correct use of the accounting standards and, with reference to the subsidiaries, their uniformity for the purposes of preparing the consolidated financial statements;
- 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 and with the Investor Relator & Sustainability Manager;
- 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 2021 by the Internal Audit and Compliance function, and invited the head of the function to report on the matter;
- examined, expressing a favourable 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;
- examined, expressing a favourable opinion, the guidelines for the internal audit and risk management system (IARMS);
- provided orientation and input and monitored progress on the implementation of Salcef Group's Enterprise Risk Management (ERM) model;

- deemed that the Corporate Governance Code complied with market practice for appointing and the composition of the Supervisory Body;
- took note of the report issued by the Supervisory Body, on the activity carried out during the second half of 2021;
- 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 formally adopting the guidelines in this regard, pursuant to art. 6 of the Corporate Governance Code.

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 fulfilment of its duties.

9.3 HEAD OF THE INTERNAL AUDIT FUNCTION

The Company, with the support of the Audit and Risk Committee, appointed Michele Mariella as head of the internal audit function (the "**Internal Audit Manager**"), in charge of verifying that the internal audit system is functioning and adequate and that it has the requisites of professionalism, independence and organization, as well as adequate resources for the purpose of carrying out its responsibilities.

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 and in accordance with Company policies.

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

In accordance with recommendation 36 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 and CEO 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) joined with a consultant function the task force set up to monitor the actions to contain the risk of contagion from Covid-19;
- h) 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 activities in line with the Audit Plan, presented and approved by the Board of Directors on 24 March 2021. These activities relate to the most significant company processes for the Group such as handling orders, financial disclosures, procurement, sales and ICT policies:
- 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 16 March 2022 as well as to the Board of Statutory Auditors on the occasion of various periodic meetings.

During 2021, 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 Legislative Decree 231/2001.

9.4 ORGANIZATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

The Issuer adopted a organizational model pursuant to legislative decree 231/2001 (the “**Model**”) and, pursuant to the provisions of legislative decree 231/2001, set up the Supervisory Body, instructed to supervise the functioning and compliance of the Model and to update and review it if necessary. The model is available on the website www.salcef.com, Governance/Company Documents section.

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 offences 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 as being at 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 appropriate and proven experience in the field of application of Legislative Decree 231/2001.

In accordance with these legal provisions, on 17 March 2020 the Company appointed the Supervisory Body consisting of: (i) Dr Stefano Crociata, external professional with great experience in the sector of audits, of internal audit systems, Corporate Governance and Compliance, as Chairman of the Supervisory Body; (ii) the attorney Fabrizio De Paolis, an external professional with proven experience in legal and corporate matters, as a member of the Supervisory Body and (iii) Dr Roberto D’Amico, external professional with proven experience in corporate and accounting matters, as a member of the Supervisory Body. It should be noted that the appointment was not made after the favourable opinion of the Audit and Risk Committee had been obtained because the appointment was made before the listing and before the Committees were set up and accordingly, on 30 September 2021, the Audit and Risk Committee ascertained that the appointment to the Supervisory Body complied with the Corporate Governance Code and the current composition was in line with market practice and that, as the Supervisory Body consisted of members with proven experience in the matter, it is not necessary today to propose to the Board a possible appointment to the Supervisory Body of at least one non-executive director and/or member of the control body and/or the owner of legal or control functions of the Company, as there is also the systematic exchange of information with the Board of Statutory Auditors and the Board of Directors, as well as with the Audit and Risk Committee.

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

effectiveness of the Model in relation to the corporate structure and the effective ability to prevent the commission of the offences 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); (vi) conducting the appropriate analyses to ascertain any violations of the Model; (vii) 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; (vii) promote an adequate personnel training process through suitable initiatives for the dissemination of knowledge and understanding of the Model and (ix) 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.

9.5 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.

During the year, the Board evaluated, on the basis of findings of the Board of Statutory Auditors, the results set out by the statutory auditor in the additional report submitted to the Board of Statutory Auditors, from which no critical points emerged.

9.6 EXECUTIVE 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 executive 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 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 appointed, after consulting the Board of Statutory Auditors, with effect suspensively conditional on the Negotiations Start Date, the Chief Financial Officer, Dr Fabio De Masi, who is in possession of the requisites required 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.

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 Executive is assigned the following powers:

- obtaining promptly, namely within the indicated time limits, from any person within the Company or the Group's subsidiaries, any information of an accounting or bookkeeping nature that is useful for drawing up the separate financial statements and consolidated financial statements;
- obtaining from within the Company or the Group's subsidiaries management information linked to events that may in any way significantly affect the performance of the Company and the Group;
- accessing all the documents of the resolutions of the corporate bodies that reflect the company's equity, economic and financial situation;
- proposing to the Board of Directors of the Company the adoption of guidelines for Group companies regarding the administrative and control structure;
- activating the process for modifying corporate procedures of which the Assigned Executive is not the process owner, including IT processes, that have an indirect impact on the drafting of the separate financial statements and consolidated financial statements relating to the equity, economic and financial situation of the Company and Group;
- receiving advanced warning of any proposed modification to any company procedures;
- performing checks on any company process that has a direct or indirect impact on the drafting of the separate financial statements and consolidated financial statements;
- making changes to the internal audit system (meaning all the people, instruments, information, and rules for mitigating corporate risks) of the Company and Group subsidiaries;
- using any corporate function to perform assigned tasks, and using external consultants;
- requesting, using the forms provided by the Assigned Executive, attestations from the other functions of the Company and from those of the other companies of the Group, or possibly from external subjects, regarding the data provided by them for bookkeeping records and for drawing up the company communications;
- setting up reporting mechanisms setting specific obligations in terms of complete data and strict deadlines that entail the imposition of penalties in the event of noncompliance.

The Financial Reporting Officer 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.

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.

It is pointed out that as of the Date of the Report, the Group's organization chart includes the figure of Chief Risk Officer, in the person of Diego Paniccia, who had the task of:

- managing or developing strategies, processes and systems for managing and monitoring risks to defend corporate continuity;
- supporting Management in assessing governance, risk management and audit processes in order to improve them through independent and objective assurance activities;
- collaborating with the risk owners to activate an effective risk management process in their areas of competence.

Moreover, the General Counsel, in the figure of Saul Guerra, works with all the company structures to assure compliance aspects in order to ensure that procedures are correct and regulations are complied with. Michele Mariella is the head of Internal Audit & Compliance.

9.7 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 players involved in the system itself.

On 25 June 2021, the Board of Directors of Salcef Group approved the guidelines for the internal audit and risk management system and defined *inter alia* the principles for coordination and information flows between the different parties involved in the internal audit and risk management system in order to maximize the efficiency of the system and reduce duplication of activities.

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 IARMS 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 IARMS for issues relevant to their area of competence.
- there be regular sharing between the Functions assigned to second and third level checks (Chief Risk Officer, Quality, HSE), also in order to ensure that the findings and relative action plans are shared.

Sharing information aims to encourage in particular the reporting of possible critical aspects detected in audits conducted with reference to specific operating areas so that escalation mechanisms towards top management can be promptly activated, with particular reference to situations of significant gravity.

10 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 (now EXM) and a new approval by the Board of

Directors on 28 January 2021 pursuant to Article 4 of the RPT Regulation, subject to the favourable opinion of the Related Parties Committee.

The RPT Procedure aims: (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 fulfilment of 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**") consisting 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 appropriacy 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 negotiations or preliminary investigation.

The meetings of the RPT Committee are held in collective form and the work is coordinated by the Chairman Bruno Pavesi. Minutes of the meetings are 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.

Over the year, the RPT Committee met 6 times, namely on 15 January 2021, 17 March 2021, 19 March 2021, 7 May 2021, 22 June 2021, 11 November 2021; each meeting lasted about an hour on average. The average attendance of directors at the meetings was 100%. For 2022, 4 meetings of the RPT Committee are programmed, one of which was already held on 8 March 2022, the date of the Report.

Further information on the attendance of the members of the Remuneration and Appointments Committee at the meetings is contained in the appended Table 3.

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 a director has an interest on his own or on behalf of third parties.

11 BOARD OF STATUTORY AUDITORS

11.1 APPOINTMENT AND REPLACEMENT

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.

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 substitute auditor. The list must indicate at least one candidate for the office of standing auditor and one candidate for the office of substitute auditor, and may contain up to a maximum of three candidates for the office of standing auditor and two candidates for the office of substitute 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 administrative and control bodies at 1% (see Executive Determination of the Head of the Corporate Governance Division 60 of 28 January 2022).

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 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 substitute 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 substitute 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 substitute 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 railway maintenance and construction sectors.

It is pointed out that the Issuer is not subject to further regulations (for example sector regulations) governing the composition of the Board of Statutory Auditors, in addition to TUF provisions.

11.2 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 Chairman of the Board of Statutory Auditors and Mr. Giovanni Bacicalupi as Statutory Auditor.

As of 31 December 2021, and at the Date of the Report, the members of the Board of Statutory Auditors are indicated in the following table.

First name and surname	Office	Place and date of birth
Daniela Lambardi	<i>Chairman of the Board of Statutory Auditors</i>	Rome, 26 April 1959
Giovanni Bacicalupi	<i>Standing auditor</i>	Rome, 12 January 1966
Roberto Schiesari	<i>Standing auditor</i>	Alessandria, 27 April 1959
Ivano Pelassa	<i>Substitute auditor</i>	Chieri (TO), 2 July 1974
Federico Ragnini	<i>Substitute 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.

For more information on the composition of the Board of Statutory Auditors and attendance at meetings, see Table 4, appended to the report.



SALCEF

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 theatres 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 top marks 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 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 (Euronext Milan and Euronext Growth Milan).

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 12 times, with an average duration of approximately 3 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. For the current financial year, the Board of Statutory Auditors has scheduled 12 meetings, of which 3 meetings have already been held (on 31 January 2022, 21 February 2022, and 28 February 2022).

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 substitute auditors does not comply with these regulations.

At present Salcef has not adopted a specific diversity policy pursuant to article 123-bis paragraph 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 2 of the Corporate Governance Code. In particular, during the meeting of 31 January 2022, applying all the criteria specified for directors by the CG Code and approved by the Board of Directors, it proceeded to verify 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 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 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.

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 Officer 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.

Remuneration

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.

Managing interests

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.

12 RELATIONS WITH SHAREHOLDERS

Access to information

The Company considers it essential and of strategic interest 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.

Since 1 July 2021, Dr Alessio Crosa has been responsible for managing relations with investors ("**Investor Relator**"). Information on relations with 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, Investor Relations section.

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.

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.

In the context of transactions with shareholders, the Board of Directors promotes initiatives to promote maximum possible attendance at Shareholders' Meetings in order to facilitate shareholders' voting rights.

Dialogue with shareholders

As of the date of the Report, the Board of Directors has not approved a specific policy for dialogue with shareholders.

Over the year, despite the severe restrictions imposed by the COVID-19 pandemic, the Company confirmed its commitment to continuous and effective interaction with the financial community (shareholders, institutional investors and sell-side analysts) through the Investor Reports & Sustainability function. Mainly by exploiting digital communication channels, the activities of engagement with the

financial community have included, in addition to the normal conference calls to present quarterly, half yearly and yearly results, participation in 19 conferences/roadshows organized by leading Italian and European institutions of the sector and individual and group conference calls with sell-side investors and analysts. The Company has undertaken to adopt a policy for dialogue with shareholders within the year 2022.

13 SHAREHOLDERS' 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.

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 wishes to join the list makes a request to the Company in the manner and on the terms specified in regulations 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 voting rights is also calculated by determining the constituent and deliberative quorums that refer to quotas of the share capital, but has no effect on rights other than voting rights arising from the possession of given quotas of the 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 Chairman. 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 Chairman 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.

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 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.

All the directors attend the Shareholders' Meeting and on these occasions the Board of Directors in particular reports on the activities carried out and planned and makes every effort to provide shareholders with 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.

14 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.

15 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.

16 CONSIDERATIONS ON THE LETTER OF 3 DECEMBER 2021 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

With regard to the letter of 3 December 2021 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:

- The Board has undertaken to adopt a policy for dialogue with shareholders within the year 2022 in view of the advisability of adopting such a policy;
- with regard to the recommendation regarding the independence of directors that suggests providing in the corporate governance report the criteria used to evaluate the significance of the professional, commercial or financial relations and the additional remuneration, also with reference to the Chairman of the Board of Directors, if the latter has been classified as independent pursuant to the Corporate Governance Code, the Board resolved to determine the independence criteria of the members of the Board of Directors on 24 January 2021 (see Section 4.1);
- with regard to the recommendation regarding drawing up Board Regulations and pre-meeting information, the Board resolved to adopt Regulations governing the Board of Directors and Committees and the confidentiality of information on 24 January 2021, as amended subsequently (see Sections 4.4 and 6);
- with regard to the succession plans for the Board relating to companies with non-concentrated ownership, the Issuer is one of the companies with concentrated ownership that is not asked to draw up a detailed succession plan, which has accordingly not been adopted;
- with regard to the process of appointing a Board relating to companies with non-concentrated ownership, the Issuer is one of the companies with concentrated ownership that is not asked to draw up an orientation on optimum composition, and the Board is not asked to submit a list;
- with regard to remuneration policies, the Board has passed a resolution on the new remuneration policy linked to the strategic objectives of a financial and non-financial character also linked to sustainability objectives.

The recommendations set out in the letter were submitted also to the Issuer's Board of Statutory Auditors as being of interest to it.

Chart 1:

Significant equity investments in the share capital

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.	64.77%	64.77%

As of the Date of the Report, the Company holds 498,243 treasury shares, equal to 0.8778% of the share capital bestowing voting rights.

**Chart 2:
STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

Board of Directors													
Office	Member	Year of birth	Date of first appointment *	In office since	In office until	List (presenters) (**)	List (M/m) (***)	Exec.	Non exec.	Indep. Code	Indep. TUF	No. of other positions (****)	Shareholding (*****)
Chairman	Salciccia Gilberto	1,967	4.5.1995	14.10.2019	Approv. Financial Statements 31.12.2021	--	--	x	--	--	--	0	8/8
Chief Executive Officer (CEO)	Salciccia Valeriano	1,971	15.10.2018	14.10.2019	Approv. Financial Statements 31.12.2021	--	--	x	--	--	--	0	8/8
Director	Di Paolo Alessandro	1,978	19.4.2013	14.10.2019	Approv. Financial Statements 31.12.2021	--	--	x	--	--	--	0	8/8
Director	Giovanni Cavallini	1,950	14.10.2019	14.10.2019	Approv. Financial Statements 31.12.2021	--	--	--	x	--	--	1	8/8
Director	Attilio Francesco Arietti	1,950	14.10.2019	14.10.2019	Approv. Financial Statements 31.12.2021	--	--	--	x	--	--	2	8/8
Director	Germano Maiolini	1,956	4.5.1995	14.10.2019	Approv. Financial Statements 31.12.2021	--	--	--	x	--	--	0	8/8
Director	Bruno Pavesi	1,941	14.10.2019	14.10.2019	Approv. Financial Statements 31.12.2021	--	--	--	x	x	x	0	8/8
Director	Valeria Conti	1,971	5.10.2020	5.10.2020	Approv. Financial Statements 31.12.2021	--	--	--	x	x	x	0	8/8
Director	Emilia Piselli	1,963	5.10.2020	5.10.2020	Approv. Financial Statements 31.12.2021	--	--	--	x	x	x	0	8/8



SALCEF

Board of Directors													
Office	Member	Year of birth	Date of first appointment *	In office since	In office until	List (presenters) (**)	List (M/m) (***)	Exec.	Non exec.	Indep. Code	Indep. TUF	No. of other positions (****)	Shareholding (*****)
DIRECTORS WHO CEASED OFFICE DURING THE FINANCIAL YEAR													
Director	--	--	--	--	--	--	--	--	--	--	--	--	--
Number of meetings held during the reference year 8													
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): 1%													

NOTES

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

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

○ This symbol indicates the Lead Independent Director (LID).

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

(**) This column shows whether the list from which each director has been taken was presented by shareholders (indicated as "Shareholders") or by the Board of Directors (indicated as "BoD").

(***) This column shows whether the director has been taken from the "majority" list (indicated as "M") or from the "minority" list (indicated as "m").

(****) This column indicates the number of offices as director or statutory auditor held by the interested party in other listed companies or large companies. The offices are indicated in detail in the Corporate Governance Report.

(*****) This column indicates the attendance of the directors at the meetings of the Board of Directors. (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.).



SALCEF

Issuer/Other	and Surname												
No. of meetings held during the reference year		-	-	6	-	10	-	5	-	-	-	-	-

NOTES

(*) This column indicates the attendance of the directors at the meetings of 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.

**Chart 4:
STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE END OF THE FINANCIAL YEAR**

Board of Statutory Auditors									
Office	Member	Year of birth	Date of first appointment (*)	In office since	In office until	List (**)	Indep. Code	Attendance at meetings of Board of Statutory Auditor (***)	No. of other positions held (****)
Chairman	Daniela Lambardi	1,959	4.5.1995	5.4.2019	Approv. Financial Statements 31.12.2021	-	x	12/12	0
Standing auditor	Giovanni Bacicalupi	1,966	28.6.2018	5.10.2020	Approv. Financial Statements 31.12.2021	-	x	12/12	0
Standing auditor	Roberto Schiesari	1,959	14.10.2019	14.10.2019	Approv. Financial Statements 31.12.2021	-	x	12/12	0
Substitute auditor	Ivano Pelassa	1,974	14.10.2019	14.10.2019	Approv. Financial Statements 31.12.2021	-	x	0/12	0
Substitute auditor	Federico Ragnini	1,965	7.9.2016	5.4.2019	Approv. Financial Statements 31.12.2021	-	x	0/12	0
STATUTORY AUDITORS WHOSE MANDATE TERMINATED DURING THE REFERENCE FINANCIAL YEAR									
Auditor	-	-	-	-	-	-	-	-	-
Number of meetings held during the reference period: 12									
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): 1%									
(* The date of first appointment of each auditor means the date on which the auditor was appointed for the first time (ever) to the Board of Statutory Auditors of the Issuer. (**) This column shows whether the auditor was taken from the "majority" list (shown by "M") or from the "minority" list (indicated by "m"). (***) This column indicates the attendance of the auditors at the meetings of the Board of Statutory Auditors and the number of meetings attended by the auditor out of the total number of meetings that he could have attended; e.g., 6/8; 8/8 etc.). (****) This column indicates the number of offices as director or statutory auditor held by the interested party pursuant to article 148-bis TUF and the related implementing provisions contained in the Consob Issuers' Regulations. The complete list of the offices is published by Consob on its internet website pursuant to article 144- <i>quinqüesdecies</i> of the Consob Issuers' Regulations									