



# REPORT ON CORPORATE GOVERNANCE AND SHAREHOLDER STRUCTURE

Pursuant to Article 123-*bis* of the Italian Consolidated Law on Finance

"Traditional" administration and control model

Issuer: DeA Capital S.p.A.

Website: [www.deacapital.com](http://www.deacapital.com)

Year to which the Report refers: 2021

Date of approval of the Report: 11/03/2022

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## GLOSSARY

**Shareholders' Meeting:** the issuer's shareholders' meeting.

**Code** or **CG Code:** the Corporate Governance code of listed companies approved in January 2020 by the Corporate Governance Committee.

**Italian Civil Code** or **C.C:** the Italian Civil Code.

**CG Committee** or **Committee for Corporate Governance:** the Italian Committee for Corporate Governance of listed companies, promoted not only by Borsa Italiana S.p.A., but also by ABI, Ania, Assogestioni, Assonime and Confindustria.

**Board** or Board of **Directors:** the Board of Directors of the Issuer.

**Issuer, DeA Capital** or **Company:** DeA Capital S.p.A., with registered office in Milan, at Via Brera 21, to which this Report refers.

**Fiscal year:** The fiscal year to which this report refers ended 31 December 2021.

**DeA Capital Group** or **Group:** DeA Capital and its subsidiaries.

**Instructions to the Stock Exchange Regulations:** the Instructions to the Regulation of Markets organised and managed by Borsa Italiana S.p.A.

**Stock Exchange Regulations:** the Regulations of the Markets organised and managed by Borsa Italiana S.p.A..

**Consob Issuers' Regulation:** the Regulation issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) in respect of issuers.

**Consob Market Regulations:** the Regulations issued by Consob with resolution No. 20249 of 2017 (as amended) in respect of markets.

**Consob Related Parties Regulation:** the Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as subsequently amended) in respect of transactions with related parties.

**Report:** this report on corporate governance and ownership structure drawn up pursuant to Article 123-bis of the Italian Consolidated Law on Finance.

**Remuneration Report:** the report on remuneration policy and remuneration paid, prepared pursuant to Article 123-ter of the Consolidated Law on Finance and in accordance with Article 84-*quater* of the Consob Issuers' Regulation, available on the Issuer's website ([www.deacapital.com](http://www.deacapital.com), *Corporate Governance/Shareholders' Meetings* section), which provides a breakdown of the items that make up the remuneration of the Directors, General Managers, Executives with strategic responsibilities and Auditors of DeA Capital.

**Articles** of Association: the articles of association of DeA Capital.

**TUF** or **Consolidated Law on Finance:** Italian Legislative Decree no. 58 of 24 February 1998 (as subsequently amended).

Unless otherwise indicated in the report, the following terms have the same meaning as those assigned to them in the CG Code: **directors, executive directors, independent directors, significant shareholder, chief executive officer (CEO), management body, supervisory body, industrial plan, concentrated ownership company, large company, sustainable success, top management.**

## 1. **ISSUER PROFILE**

### Description of the Issuer's activities

DeA Capital S.p.A., together with the other companies in the group, is the leading independent *Alternative Asset Management* platform in Italy, with *Combined Assets Under Management* <sup>(1)</sup> of approximately EUR 26,500 million and a wide range of products and services for institutional investors.

The platform – concentrated on the two subsidiaries, DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR, as well as on the indirect majority shareholding in Quaestio Capital SGR – is engaged in the promotion, management and development of real estate, credit and private equity investment funds, as well as multi-asset/multi-manager investment solutions.

To support the platform's activities, DeA Capital S.p.A. has built up, over time, a portfolio of alternative investments, mainly consisting of funds managed by the platform's asset management companies.

The ability, on the one hand, to execute investment initiatives of high structural complexity and, on the other, to raise funds through Asset Management Companies, demonstrates the validity of a business model that can create value in a way that is unique in Italy in the world of “alternative investments”.



<sup>(1)</sup> Please note that *Combined Assets Under Management* are defined as assets managed by the asset management companies in which the group holds an absolute or relative majority interest (not consolidated), as well as the corresponding amounts recorded by the foreign subsidiaries.

DeA Capital Platform				
Investment Solutions				
	Real Estate	Credit	Private Equity	Multi-Asset / Multi-Manager Solutions
	AUM (€)	AUM (€)	AUM (€)	AUM (€)
	Key Data	Key Data	Key Data	Key Data
Products	12.1 Bln	3.2 Bln	2.4 Bln	8.8 Bln
	55 Funds 760 Assets Rent ~340 M€	4 Funds 33 Companies GBV >30 Bn€	13 Funds >100 T-P Funds >1,000 Companies	15 Internal "Pools" 34 T-P "Pools" ~70 Clients
Products	<ul style="list-style-type: none"> <li>Core / Core+</li> <li>Value Added</li> <li>Pan-European</li> </ul>	<ul style="list-style-type: none"> <li>Turn-around</li> <li>Debtor-in-possession</li> <li>Shipping</li> <li>NPE</li> </ul>	<ul style="list-style-type: none"> <li>Global FoF</li> <li>Food &amp; Beverage</li> <li>Agri-business</li> <li>Sustainable Development</li> </ul>	<ul style="list-style-type: none"> <li>Multi-Asset / Multi-Manager Platform</li> <li>"Pool" strategies</li> <li>Overlay</li> </ul>

DeA Capital S.p.A. is an issuer listed on Milan Euronext – Euronext STAR segment – and is the lead company in the De Agostini Group in Alternative Asset Management.

### Sustainability policies

In line with best practices and the provisions in the CG Code, the Board of Directors guides the company in pursuit of its sustainable success. Among the numerous initiatives in this regard put in place by DeA Capital, we note the adoption by the Board of Directors of a *policy* on the subject of *ESG* (*Environmental, Social and Governance*) issues (the **ESG Policy**), whereby the board:

- (i) *On the one hand*, reiterated the company's commitment to the pursuit of sustainable success, promoting the integration of ESG issues within the business model and the activities of the company and the other companies in the DeA Capital Group; the ESG Policy is, in fact, an essential element for the implementation of the group's ESG framework aimed at ensuring a business approach - by the company and the group - that is responsible and aimed at creating long-term value and the pursuit of sustainable growth goals. For further information on this topic, please refer to Section 4.1 of this report; and
- (ii) *on the other hand*, defined the company's governance in the ESG field, *inter alia* by identifying the parties called to support the board in the implementation of the ESG principles. In this respect, the ESG Policy provides for: (a) the establishment of a special committee to support the ESG Council (the ESG Committee), (b) the identification of a member of the ESG Committee to be assigned the role of "ESG Group Manager" (*i.e.* a person



called to carry out a series of support activities for the ESG Committee, as accurately identified in the ESG Policy) and (c) the establishment of the ESG Team, composed of the individuals identified by the individual companies in the group as "ESG Managers". For more information on the role and authority of the ESG Committee, please refer to Section 6 of this report.

Finally, in line with the company's commitment to sustainability, with the ESG Policy (see point [i] *above*), the Board of Directors has launched a project to integrate ESG principles into the company's processes over the course of the fiscal year:

- the company is subject to an evaluation process by Sustainalytics (one of the leading independent providers of ESG assessments, research and analysis) for the assignment of an ESG rating. As a result of this process, Sustainalytics has awarded the company a "low risk" rating, placing the company (i) in the 5th percentile at the sub-industry "*Asset Management and Custody Services*" level (17th out of 390 companies globally) and (ii) in *the top quartile* globally, taking into account all sectors;
- DeA Capital has joined the United Nations "Global Compact", an initiative that encourages companies around the world to adopt sustainable policies with respect to corporate social responsibility and to make public the results of the actions undertaken; as part of this initiative, the DeA Capital Group has formally adhered to the Global Compact's "Ten Universal principles" on human rights, labour, the environment and the fight against corruption;
- DeA Capital has started a two-year partnership with the MIP Politecnico di Milano Graduate School of Business, aimed at mutual collaboration in relation to its "*International Master's in Sustainable Finance*";
- The company has started preparing an ESG report with the aim of finalising and making this document available to the public during 2022.

It should also be noted that the Board of Directors of DeA Capital has included the group's sustainability as one of the principles used for the establishment of the remuneration policy submitted for approval at the Shareholders' Meeting to be held on 21 April 2022. For further information on this, please refer to Section 8 of this report and to the Remuneration Report available on the issuer's website ([www.deacapital.com](http://www.deacapital.com), Governance/Shareholders' Meeting section).

With reference to the social responsibility policies adopted by the group, it should be noted that the company's subsidiaries, DeA Capital Real Estate AMC and DeA Capital Alternative Funds AMC, some time ago adopted the PRI (*Principles for Responsible Investment*), a United Nations initiative created to promote the integration of ESG (Environmental, Social and Governance) principles into asset management. In this context, the two group AMCs have started a process of implementing the ESG approach that has led, *inter alia*, to the transposition of ESG factors within its procedural *corpus*. Finally, in line with the provisions of Regulation (EU) 2019/2088, activities are under way to assess the degree of integration of sustainability issues

into the investment strategies and characteristics of the AIF managed by these AMCs, consistent with the provisions of Regulation (EU) 2019/2088.

Governance model adopted by the Issuer

In order to guarantee an effective and transparent division of roles and responsibilities in its corporate bodies and, in particular, a proper balance between the management and supervisory departments, the issuer has adopted a *corporate governance* system, in addition to being constantly in line with the continuous evolution of regulations and national and international best practices, inspired by the principles and recommendations of the code adopted by the company. Non-compliance or partial compliance with specific provisions of the code is explained in the section of this report covering the governance practice otherwise applied by the company on the “*comply or explain*” principle.

The issuer is organised in accordance with the traditional administration and control model set out in Article 2380-*bis et seq.* of the Italian Civil Code, characterised by the presence of the following boards: (i) the Shareholders’ Meeting <sup>(2)</sup>, (ii) the Board of Directors <sup>(3)</sup> and (iii) the Board of Statutory Auditors <sup>(4)</sup>. The statutory audit activity is carried out by the audit firm (external body) <sup>(5)</sup>.

The powers and operating rules for the corporate bodies are governed, in addition to the legal provisions in force and the *pro tempore* regulations, by the Articles of Association, the Rules of Procedure of the Shareholders' Meeting, the internal Board of Directors’ Regulations governing the board and its committees, as well as applicable corporate procedures.

During the fiscal year, the company carried out a review and adaptation of its governance structures and instruments to the new CG Code (applicable starting with the fiscal year).

In this context, the Board of Directors, in order to comply with the recommendations prescribed by the code:

- (i) on 10 November 2020, approved the amendments to the regulations of the intra-board committees necessary under the CG Code and, on 4 February 2021, adopted the Regulations for the Board of Directors, *i.e.* a regulation defining its own rules of operation, including procedures for meeting minutes and procedures for the management of information to directors (for more information on the Board of Directors regulations, please refer to Section 4.4 of this report, below); and
- (ii) on 11 November 2021, adopted a policy for the management of dialog with shareholders and their *stakeholders* (the “**Dialog Policy**”) (for more

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<sup>(2)</sup> See Section 13 of this report.

<sup>(3)</sup> See Section 4 of this report.

<sup>(4)</sup> See Section 11 of this report.

<sup>(5)</sup> See paragraph 9.5 of this report.

information on the expectations of the Dialog Policy, see Section 12, below, of this report).

In line with the relevant provisions of the CG code, during the fiscal year the company also set up a series of activities involving sustainable development, which involved – *inter alia* – the adoption of the ESG Policy and the establishment of the ESG Committee (for more information on the ESG Committee, please refer to Section 6 of this report).

Finally, it should be noted that the company has not prepared a non-financial declaration, since it is not subject to this obligation under Legislative Decree No. 254/2016. Nevertheless, with a view to ensuring that the market is more transparent than is normally expected and to pursuing its commitment to sustainability issues, DeA Capital began work on preparing an ESG report with the aim of finalising and making this document available to the public during 2022.

Statement on the nature of the Issuer's SMEs

The issuer's average market capitalisation during the FY was EUR 354 million and therefore the issuer falls within the definition of an SME pursuant to Article 1, paragraph 1, letter w-quater.1) of the Consolidated Law on Finance and Article 2-ter of the Consob Issuers' Regulation.

In particular, the above-mentioned provision of the Consolidated Law on Finance provides that an issuer qualifies as an SME if it has a market capitalisation of less than EUR 500 million. Issuers of listed shares that have exceeded this limit for three consecutive years are not considered SMEs. The above-mentioned provision of the Consob Issuers' Regulations specifies that "capitalisation is the simple average of the daily capitalisations calculated with reference to the official price, recorded during the year".

In light of the above, we note that the relevant threshold for disclosure obligations under Article 120 of the Consolidated Law on Finance is 5% of the share capital.

Statement on the nature of a non-large company and the issuer's concentrated ownership company

Please note that, at the date of this report:

- the company does not qualify as a "large company" according to the CG Code, since the market capitalisation of DeA Capital has been lower, in the last three calendar years, than the threshold laid down for "large companies" by the code (*i.e.* EUR 1 billion);
- The company qualifies as a "concentrated ownership company" under the CG Code, as it is subject to the control of De Agostini S.p.A. (**'De Agostini'**), which holds a total of about 66.7% of the voting rights exercised in the Shareholders' Meeting.

For information on the use of the flexibility options for the application of the code by the company due to its *status* as a non-large, concentrated ownership company, please refer to: (i) in 4.3 the "*Maximum accumulation of positions held in other companies*" section of this report; (ii) in paragraph 7.2, the "*Succession plans*" sub-section of this report.

**2. INFORMATION ON PROPRIETARY ASSETS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, OF THE CONSOLIDATED LAW ON FINANCE) AS AT 11 MARCH 2022**

**a) Share capital structure (pursuant to Article 123-bis, paragraph 1, letter a), of the Consolidated Law on Finance)**

As at the date of this report, the issuer's share capital, fully subscribed and paid up, amounts to EUR 266,612,100.00, divided into 266,612,100 ordinary shares with a nominal value of EUR 1.00 each, of which 5,734,546 are treasury shares.

DeA Capital's shares are indivisible, issued on a dematerialised basis and confer the rights and obligations provided for by law and the Articles of Association. As of today's date, of the 266,612,100 shares comprising the share capital of DeA Capital: (i) 264,979,899 grant a right to vote per share and (ii) 1,632,201 have fulfilled the requirements laid down in the Articles of Association for the granting of the increased voting rights to the relevant holders and, therefore, grant two voting rights per share.

For more details, see Table 1a annexed to this Report.

Regarding the equity-based incentive plans in effect during 2021, it should be noted that the following have been allocated <sup>(6)</sup>: (i) 942,500 *units* in accordance with the *2016-2018 performance share* plan, approved by the Shareholders' Meeting on 21 April 2016; (ii) 1,025,000 *units* in accordance with the *2017-2019 performance share* plan, approved by the Shareholders' Meeting on 20 April 2017; (iii) 1,300,000 *units* in accordance with the *2018-2020 performance share* plan approved by the Shareholders' Meeting on 19 April 2018; (iv) 1,000,000 *units* in accordance with the *2019-2021 performance share* plan approved by the Shareholders' Meeting on 18 April 2019; (v) 1,420,000 *units* in accordance with the *2020-2022 performance share* plan approved by the Shareholders' Meeting on 20 April 2020; and (vi) 1,385,000 *units* in accordance with the *2021-2023 performance share* plan approved by the Shareholders' Meeting on 20 April 2021. The beneficiaries of the *performance share* plans are certain employees and directors holding special offices with the issuer, its subsidiaries and the parent company De Agostini S.p.A. The *aforementioned performance share* plans require that the *units* assigned accrue when certain conditions are met. The beneficiaries of these plans are therefore entitled to receive, free of charge, an ordinary share from the issuer for each accrued *unit*.

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<sup>(6)</sup> It should be noted that the *performance share* plans in question were subsequently amended by the Board of Directors to take into account the effects related to the allocation of extraordinary dividends made during the *vesting* period of each plan.

Please also note that: (i) on 18 April 2019, the Shareholders' Meeting approved the plan for what is referred to as the business *stock grant* called "DeA Capital 2019-2021 Share Plan – for the CEO" in favour of the CEO, Dr Paolo Ceretti; this share plan grants the beneficiary the right to the allocation of DeA Capital shares subject to certain conditions; (ii) on 20 April 2021, the Shareholders' Meeting approved what is referred to as the *phantom stock grant* plan reserved for a company employee, Dr Flavio Valeri, to the benefit of the recognition in the latter's favour of variable compensation, directly related to (and equal to the counter-value of) the appreciation of the market value of DeA Capital's shares, in connection with the strategic consulting activity carried out by him beginning on 10 January 2021.

Finally, it should be noted that the share-based incentive plans adopted by the issuer do not entail increases of any type in share capital.

For further information on the share-based *performance* share plans, please refer to (i) the informational documents prepared by the issuer pursuant to Article 84-*bis* of the Consob Issuers' Regulation, and (ii) the Remuneration Report submitted annually for a vote at the Shareholders' Meeting. These documents are available at [www.deacapital.com](http://www.deacapital.com), in the Corporate Governance/Incentive *Plans*, and *Corporate Governance/Shareholders' Meetings* sections, respectively.

**b) Restrictions on the transfer of securities (as per Article 123-bis, paragraph 1, letter b), Consolidated Law on Finance)**

The Articles of Association of the Issuer do not provide for restrictions on the transfer of securities.

**c) Significant shareholdings (as per Article 123-bis, paragraph 1, letter c), Consolidated Law on Finance)**

DeA Capital shareholders holding more than 5% of the share capital with the issuer's right to vote, directly or indirectly, including through pyramid-shaped or cross-holding structures, as is apparent from communications made pursuant to Article 120 of the Consolidated Law on Finance, are indicated in Table 1b attached to this report ("**Relevant Shareholders**").

**d) Securities granting special rights (as per Article 123-bis(1) d) Consolidated Law on Finance)**

The Issuer has not issued securities conferring special rights of control.

On 17 April 2015, the Shareholders' Meeting amended Article 9 of the Articles of Association, introducing the mechanism of increased voting, as per Article 127-*quinquies* of the Consolidated Law on Finance. Specifically, pursuant to article 9 of the Articles of Association, two voting rights will be allocated for each ordinary DeA Capital share held by the same shareholder of the Company for a continuous period of at least 24 months, starting from the registration of the shareholder in a special list, established and maintained by the Company at its registered office.

As of the date of this report, no DeA Capital significant shareholder was included – nor had they applied to be included – in the list of shareholders who obtained the additional voting rights referred to in Article 127-*quinquies*, paragraph 2, of the Consob Issuers' Regulation. In any case, it should be noted that 1,632,201 shares in DeA Capital (held by shareholders other than the Significant Shareholders) have fulfilled the requirements laid down in the Articles of Association for granting increased voting rights to the relevant holders and, therefore, are granted two voting rights per share.

The relevant documentation is available on the issuer's institutional website ([www.deacapital.com](http://www.deacapital.com)), in the *Corporate Governance/Increased Vote* section.

**e) Employee shareholding: mechanism for exercising voting rights (as per Article 123-bis, paragraph 1, letter e), Consolidated Law on Finance)**

In the case of employee share ownership, there are no mechanisms for the exercise of voting rights by employees if they are not exercised directly by them.

**f) Restrictions on voting rights (as per Article 123-bis, paragraph 1, letter f), Consolidated Law on Finance)**

The issuer's Articles of Association do not provide for restrictions on the exercise of voting rights.

**g) Agreements between shareholders (as per Article 123-bis (1) g) Consolidated Law on Finance)**

At the date of this report, there are no agreements between shareholders made known under Art. 122 of the Consolidated Law on Finance related to the company's shares.

**h) Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h, of the Consolidated Law on Finance) and provisions of the Articles of Association on takeover bids (pursuant to Articles 104 [1-ter] and 104-bis [1])**

At the date of this Report, the Issuer has no significant agreements in place that include *change of control* clauses.

As far as the Issuer is aware, certain management regulations for funds managed by the Issuer's subsidiaries, DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR, contain clauses that allow investors to replace the AMC in the management of the fund in the event of a change of control concerning the Company, as well as in the event of a merger, spin-off, transfer of a company or business unit or an extraordinary transaction involving the transfer of fund management to another AMC.

In addition, it should be noted that certain loan agreements signed by the Issuer's subsidiary, DeA Capital Real Estate SGR, on behalf of funds managed by the latter,

provide for mandatory early repayment of the loan in the event of a change of control concerning the Company.

Finally, it should be noted that some of the advisory contracts relating to real estate development projects, signed by the foreign subsidiaries of the issuer through DeA Capital Partecipazioni S.p.A., provide contracting investors with discontinuance clauses in the event of a change of control.

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It should be noted that the Issuer's Articles of Association do not contain any provisions on takeover bids that derogate from the so-called "take-over" rules. "passivity rule" under Article 104 of the Consolidated Law on Finance, nor providing for the application of the so-called neutralisation rules under Article 104-bis, paragraphs 2 and 3 of the Consolidated Law on Finance.

**i) Powers to increase share capital and authorisations to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m), Consolidated Law on Finance)**

During the year, the Shareholders' Meeting did not grant the board any powers either to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, or to issue equity instruments.

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On 20 April 2021, the issuer's ordinary Shareholders' Meeting approved a new plan for the purchase and disposal of ordinary shares of the company <sup>(7)</sup> in order: (i) to intervene, in compliance with the provisions in force, including through authorised intermediaries, in order to support on the market, for a set period of time, the liquidity of the shares and other financial instruments issued by the issuer, so as to favour the regular course of trading and avoid price movements that are not in line with market trends; (ii) to offer shareholders an additional means of monetising their investment and remuneration as an alternative to the distribution of dividends; (iii) to acquire treasury shares to be used, where appropriate, to service existing and future share incentive plans, including long-term plans, reserved for the issuer's directors and/or employees and/or collaborators, the parent company, or other companies controlled by the issuer; (iv) to acquire treasury shares to be used, in accordance with the issuer's strategic guidelines, for capital transactions, allocation of dividends, or other transactions in relation to which it is appropriate to exchange or dispose of share packages by inter alia swaps, contributions or other acts of disposal; (v) to seize the opportunity to make a good investment, including in consideration of the risk and expected return of alternative investments; (vi) to

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<sup>(7)</sup> For the sake of completeness, it should be noted that, according to the Shareholders' Meeting resolutions, this plan replaces the previous plan for the purchase and disposal of treasury shares authorised by the Shareholders' Meeting on 20 April 2020 that expired with the approval of the company's financial statements for fiscal year 2020.



employ excess liquid resources; and (vii) to send a positive signal of confidence to the market.

In particular, at its meeting on 20 April 2021, the Shareholders' Meeting authorised, in accordance with and for the purposes of Article 2357 of the Italian Civil Code, the purchase, one or more times, of a maximum number, on a rotating basis, of 53,322,420 ordinary shares of DeA Capital or a different number representing 20% of its share capital, also taking into account the shares already owned by the issuer or its subsidiaries and, in any case, in compliance with the legal limits and for the pursuit of the above-mentioned aims. The purchase operations may be carried out:

- (i) until the date of the Shareholders' Meeting convened to approve the financial statements at 31 December 2021;
- (ii) The purchase may be made according to one of the methods provided for by the combined provisions of Article 132 of the Consolidated Law on Finance and Article 144-*bis* of the Consob Issuers' Regulation, taking into account the specific exemption provided for by paragraph 3 of Article 132 of the Consolidated Law on Finance and, in any case, by any other method allowed by the relevant legal or regulatory provisions; and
- (iii) the unit price for the sale of shares may not be 20% lower than the reference price recorded by the share on the stock trading session preceding each individual sale transaction.

The Shareholders' Meeting of 20 April 2021 also authorised, without time limits, in accordance with Article 2357-*ter* of the Italian Civil Code, the execution of acts of disposal, on one or more occasions, on the treasury shares acquired and those already held in the issuer's portfolio. Disposal operations may be carried out even before the purchases have been exhausted and may take place one or more stages:

- (i) by sale to be made on the market, including for *trading* activities, or outside the regulated market;
- (ii) by transfer to directors, employees and/or employees of the issuer and/or companies controlled by the issuer and/or the parent company De Agostini in implementation of the incentive plans;
- (iii) by another act of provision, in the context of transactions for which it is appropriate to exchange or transfer stock packages, including by means of swap or contribution; or, finally,
- (iv) in the event of capital transactions or other financial transactions involving the use, assignment or disposition of treasury shares (such as, but not limited to, mergers, divisions, the issuance of convertible or warrant bonds served by treasury shares, the assignment of guarantees or the creation of constraints on financial transactions), or in the event of distribution of dividends.



The unit price for the disposal of shares may not be 20% lower than the reference price recorded by the share on the stock trading session preceding each individual disposal transaction. This price limit will not apply in the event of transfers to the issuer's directors, employees and/or collaborators and/or its subsidiaries and/or the parent company De Agostini in implementation of incentive plans, as well as in the event of disposals other than sales, such as swaps or contributions, or as part of capital transactions involving the allocation or disposal of treasury shares (including, by way of example, mergers, divisions, or the issuance of convertible bonds or warrants serviced by treasury shares).

On 11 May 2021, the Board of Directors conferred on the Chair and the Chief Executive Officer, severally, all the necessary powers to implement the plan for the purchase and disposal of treasury shares, as approved by the Shareholders' Meeting on 20 April 2021. It should be noted that, as of the date of this report, the plan has not been launched. For further details, please refer to the minutes of the aforesaid Shareholders' Meeting and to the illustrative report of the Board of Directors relating to the above-described buy-back plan, both of which are available on the issuer's corporate website ([www.deacapital.com](http://www.deacapital.com)) in *the Governance/Shareholders' Meeting* section.

The total number of treasury shares held by the Issuer at year-end amounts to 5,734,546 shares.

**I) Management and coordination activities (pursuant to Article 2497 et seq. of the Italian Civil Code)**

The Issuer is subject to the management and coordination of De Agostini pursuant to Articles 2497 et seq. of the Italian Civil Code.

Consistently with the requirements of Article 16 of the Markets Regulation, applicable to issuers subject to management and coordination, and in accordance with Recommendation 16 of the CG Code, the Board of Directors has set up a Control and Risk Committee and a Remuneration and Nomination Committee, both composed exclusively of independent directors (for more details on the composition, authority and functioning of the intra-board committees recommended by the CG Code, see the relevant paragraph in Section 6 of this report).

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It should be noted that:

- the information required by Article 123-*bis*, paragraph 1, letter i) of the Consolidated Law on Finance concerning agreements between the company and the directors providing compensation in the event of resignation or dismissal without just cause or termination of employment following a takeover bid is illustrated in Section 8.1 of this report, dedicated to the remuneration of directors, as well as in the Report on Remuneration for the fiscal year;

- the information required by Article 123-bis, paragraph 1, letter l) of the Consolidated Law on Finance concerning the appointment and replacement of directors is illustrated in Section 4, paragraph 4.2 of this report, dedicated to the board;
- the information required by Article 123-bis, paragraph 1, letter l), second part, of the Consolidated Law on Finance relating to the amendment of the Articles of Association are set out in section 13 of this report, dedicated to the Shareholders' Meeting.

**3. COMPLIANCE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), FIRST PART, OF THE CONSOLIDATED LAW ON FINANCE)**

The issuer has adopted the CG Code.

The CG Code is available to the public on the *website* of the *Corporate Governance Committee* of Borsa Italiana S.p.A. at <https://www.borsaitaliana.it/comitato-corporate-governance/documenti/format2022.pdf>.

With a view to a proportional application of the provisions of the new code, some recommendations are graded according to the size and ownership structure of the individual company, providing for: (i) a set of recommendations addressed only to "large companies" (*i.e.*, companies whose capitalisation exceeded EUR 1 billion on the last trading day of each of the three preceding calendar years); (ii) simplified modalities for the application of specific recommendations by companies other than "large" companies; and (iii) the adaptation of specific recommendations to "concentrated ownership companies" (*i.e.*, companies in which one or more shareholders participating in a voting agreement hold, directly or indirectly, a majority of the votes exercisable at an ordinary general meeting).

During the fiscal year, the company carried out activities to verify and adapt its governance structures and tools to the principles and recommendations of the Corporate Governance Code, with particular reference to the recommendations applicable to the category of "not large" and "concentrated ownership" companies to which the issuer belongs.

This report takes into account – in accordance with the "*comply or explain*" principle underlying the CG Code – *both* the measures and protections adopted by the company to ensure the effective implementation of the principles and recommendations in the code *and* the recommendations in the code that the company has not considered it necessary to adopt, in whole or in part, at this time, along with the motivation underpinning such deviations.

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Neither the Issuer nor its strategically significant subsidiaries are subject to non-Italian legal provisions that affect the Issuer's *corporate governance* structure.

#### **4. BOARD OF DIRECTORS**

##### **4.1 Role of the Board of Directors**

The board has the power and the duty to manage the issuer's activities, pursuing the ultimate and primary objective of creating value for the shareholders.

Pursuant to the Articles of Association, in fact, the board manages the company's business and is invested with all the administrative powers (ordinary and extraordinary) needed for this purpose, except as reserved by law and the Articles of Association for the Shareholders' Meeting.

Within the scope of the powers conferred on it by the Articles of Association and consistently with the recommendations in the CG Code, the board, during the fiscal year:

- (i) played its role in directing the issuer's activity, pursuing its sustainable success, including by defining the strategies of the issuer and the group in line with the pursuit of sustainable success and monitoring their implementation; for more information on the board's main sustainability activities during the fiscal year, see Section 1, 'Sustainability Policies' paragraph of this report;
- (ii) defined the corporate governance system considered to be more functional in the performance of the company's business and in the pursuit of its strategies; in this regard, in addition to the further activities to define *the company's corporate governance* carried out by the board during the fiscal year and described in greater detail in this report, It should be noted that, following the resignation of a member of the board, the Shareholders' Meeting held on 20 April 2021 was called upon to supplement the composition of the Board of Directors. On that occasion, the board exercised its prerogatives in the definition of the issuer's corporate governance system, identifying Dr Nicola Drago, already co-opted by the Board under the Articles of Association, as a candidate for the office of director in the Board of Directors of the company and submitting this application to the Shareholders' Meeting; the board's proposal was therefore approved at the Shareholders' Meeting held on 20 April 2021;
- (iii) promoted dialog with shareholders and other *stakeholders* relevant to the issuer, adopting its Dialog Policy on 11 November 2021 (for more information on the provisions of the Dialog Policy, see Section 12 of this report).

Within the scope of its powers, the board has the exclusive authority for:

- examination and approval of any strategic, industrial and financial plans of the issuer and of the group of which the issuer is the parent company, if any, defining the nature and level of risk compatible with the issuer's strategic objectives and

periodically monitoring their implementation based on the information received from the delegated bodies;

- examination and approval of the Issuer's corporate governance system and the Group structure of which the Issuer is the parent company, drafting and adopting the Company's *corporate governance* rules.

The Board, also in line with the recommendations of the Code, during the Year:

- assessed the adequacy of the issuer's organisational, administrative and accounting structure and its strategically important subsidiaries, with particular reference to the internal control system and risk management, in accordance with the procedures adopted by the issuer for this purpose; within the scope of this activity, the board availed itself of the support of the Control and Risk Committee, the Head of the Internal Audit Department and the Manager Responsible for Preparing the Company's Financial Reports, as well as of the procedures and audits also implemented pursuant to Law 262/2005. In this regard, it should be noted that during the financial year, and in particular at the meeting of 12 March 2021, the board, taking into account the reports of the company's competent departments, assessed the issuer's organisational, administrative and accounting structure and its strategically important subsidiaries, and expressed a positive opinion on the internal control system and more generally on the governance system of the company and the group (for more information on the company's internal control and risk management system, see Section 9 of this report);
- has not considered it necessary to develop criteria for the identification of subsidiaries with strategic importance, as the Issuer finds most of its subsidiaries to be strategic;
- assessed the general management performance at least quarterly, taking into account, in particular, the information received from the delegated bodies, periodically reviewing the results achieved.

The Board shall also be responsible for the examination and prior approval of:

- the issuer's transactions with significant strategic, economic, capital or financial significance. In this regard, without prejudice to matters that cannot be delegated under the law and the Articles of Association, the following transactions are considered of significant strategic, economic, capital or financial importance, whose examination and approval are reserved for the board: (i) acquisitions, contributions, disposals of shares, companies, business units or real estate, or joint venture agreements for an amount exceeding EUR 50,000,000; (ii) taking up loans for an amount exceeding EUR 50,000,000; (iii) other transactions with a significant economic, capital and financial impact (i.e. with a value exceeding, in terms of amount or consideration, EUR 50,000,000); (iv) "Major Transactions" with related parties as defined in the procedure for regulating transactions with related parties, adopted by the company, and in the Consob Related Parties

Regulation; and (v) any other transaction considered significant from time to time, including based on a report by the delegated bodies; and

- changes to the main *policies* adopted by the company, including the procedure for the processing of confidential information (for further information, please refer to the Section 5 of this report); and
- of the issuer's transactions in which the Chief Executive Officer has an interest on his own behalf or on behalf of third parties pursuant to Article 2391 of the Italian Civil Code.

With regard to the management of conflicts of interest and transactions with parties related to the issuer and the group headed by the issuer, please see the Section 10 in this report.

See below in this report for information on the composition of the board (paragraph 4.3), its operation (paragraph 4.4), appointments (paragraph 4.2) and self-assessment (paragraph 7.1), the role of the board in the definition of the remuneration policy (paragraph 8.1) and the company's internal control and risk management system (Section 9).

#### **4.2 Nomination and replacement (as per Article 123-bis, paragraph 1, letter I), first part of the Consolidated Law on Finance)**

The appointment and replacement of directors and amendments to the articles of association are governed by the legislation in force at the *time*.

The company is managed by a Board of Directors consisting of 3 to 21 members, who may or may not be shareholders, as approved by the Shareholders' Meeting at the time of their appointment.

In the composition of the Board, a balance between the male and female genders must be ensured in compliance with the applicable laws and regulations.

The Ordinary Shareholders' Meeting determines, at the time of appointment, the number of Board members within the limits mentioned above, as well as the duration of their office, which may not exceed three financial years; the directors' terms of office expire on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their office. Directors are eligible for reappointment. If the number of directors has been determined to be less than the maximum number provided for, the Shareholders' Meeting may increase this number during the board's term of office. The term of office of the newly appointed directors shall expire at the same time as those in office at the time of their appointment.

The Shareholders' Meeting determines the remuneration payable to the members of the Board of Directors.

The Directors must meet the requirements provided for by the legislation in force at the time; of these, a minimum number corresponding to the minimum provided for by the said legislation must meet the independence requirements outlined in Article

148, third paragraph, of the Consolidated Law on Finance (for the independence requirements for directors, please also refer to paragraph 4.7 below).

Failure to meet the requirements shall result in the disqualification of the director. If a director ceases to meet the independence requirement, he/she shall not be removed from office if the requirements continue to be met by the minimum number of directors who must meet this requirement according to current legislation.

The Board of Directors is appointed based on the lists submitted by the shareholders. The Articles of Association do not provide for the outgoing Board of Directors submitting a list.

The lists shall contain a number of candidates not exceeding the number of members to be elected, listed in sequential order. Each candidate may appear on only one list under penalty of ineligibility.

The lists with at least three candidates may not consist only of candidates of the same gender (male or female). The candidates of the least represented gender in these lists may not be less than the proportion that complies with the *pro tempore* regulations on gender balance.

Shareholders who, alone or jointly with others, hold shares representing at least 2.5% of the share capital with voting rights at the Ordinary Shareholders' Meeting or representing any lower percentage established by inviolable provisions of law or regulations have the right to submit lists. It should be noted that in its Resolution no. 60 of 28 January 2022, Consob set a minimum quota of 2.5% for DeA Capital for the submission of candidate lists for the election of management and supervisory bodies.

Any shareholder, shareholders belonging to the same group, shareholders who are party in a relevant shareholders' agreement pursuant to Article 122 of the Consolidated Law on Finance, they may not submit or participate in the submission, even through a third party or trust company, of more than one list, nor may they vote for different lists. Endorsements and votes cast in violation of this prohibition shall not be attributed to any list.

The lists submitted by shareholders, signed by those submitting them, must be filed at the Issuer's registered office, available to anyone requesting them, within the time limit laid down by current provisions and are subject to the other forms of advertising provided for by the legislation in force at the time.

Together with each list must be filed: (i) declarations in which each candidate accepts his/her candidacy and undertakes - if appointed - to accept the office and certifies, under his/her responsibility, that there are no causes of ineligibility (including pursuant to Article 2383 of the Italian Civil Code) and incompatibility, as well as that he/she possesses the requisites prescribed for the respective offices by the laws in force; (ii) a *curriculum vitae* containing detailed information on the personal and professional characteristics of each candidate, with an indication of whether he or she qualifies as independent; (iii) an indication of the identity of the shareholders

who have submitted lists and the total percentage of shares held. Those who have submitted lists must also deposit copies of the certifications issued by authorised intermediaries attesting to their ownership of the number of shares necessary for submitting the lists within the terms and according to the procedures indicated by the regulations in force. Lists submitted without complying with the above provisions shall be deemed not to have been submitted.

The appointment mechanism adopted for the selection of candidates for the various lists is as follows:

- a) the directors to be elected, except one, are taken from the list obtaining the highest number of votes, according to the sequential number with which they are listed in the list itself, without prejudice to the provisions of the Articles of Association to ensure a balance between genders in compliance with the applicable requirements of the law and regulations;
- b) the remaining director shall be drawn from the list obtaining the highest number of votes after the list bringing the highest number of votes, which is not connected in any way, even indirectly, with the shareholders who submitted or voted for the list referred to in letter a) above;
- c) if two lists obtain the same number of votes, the Shareholders' Meeting shall vote again, without prejudice to the provisions of the Articles of Association to ensure a balance between genders following the applicable provisions of the law and regulations.

If at the end of the vote the legal and regulatory requirements concerning the balance between the male and female genders are not met, the candidate of the most represented gender indicated as the last in progressive order on the list that obtained the highest number of votes is excluded and is replaced by the next candidate from the same list belonging to the other gender. This replacement shall take place until a number of candidates of the least represented gender equal to the measure consistent with the *pro tempore* rules on gender balance are elected.

The independent directors are taken from the list that obtained the highest number of votes. If, with the candidates elected in the manner set out above, the appointment is not ensured of a number of directors meeting the independence requirements established for Statutory Auditors in Article 148, third paragraph, of the Consolidated Law on Finance equal to the minimum number established by law concerning the total number of directors, the non-independent candidate(s) indicated as the last in sequential order in the list that received the highest number of votes, as per letter a) above, shall be replaced by the first independent candidate(s) not elected from the same list according to the sequential order in which the candidates are listed, or, failing that, by the first independent candidate(s) according to the sequential order in which the candidates are listed, according to the number of votes obtained by each, provided that the applicable provisions on gender balance (male and female) are respected.



Suppose an elected candidate is unable or unwilling to take office. In that case, he or she shall be replaced by the first of the non-elected candidates from the list to which that candidate belonged, provided that the applicable provisions on gender balance (male and female) are respected.

Lists that have not obtained a percentage of votes equal to at least half of that required by the Articles of Association for the presentation of lists shall not be considered.

If only one list is submitted or if no list at all is submitted, the Shareholders' Meeting shall pass resolutions with the majorities provided for by law, without complying with the above procedure, but in any case in compliance with the applicable provisions on gender balance (male and female).

If, during the financial year, one or more directors are missing, provided that the majority is always made up of directors appointed by the Shareholders' Meeting, the provisions of Article 2386 of the Italian Civil Code shall be adopted in accordance with the applicable provisions on gender balance (male and female), as follows:

- a) the Board of Directors shall replace the directors who have ceased to hold office, provided that those candidates are still eligible and willing to accept the office; the Shareholders' Meeting shall replace the directors who have ceased to hold office, with a resolution adopted by a legal majority, selecting, if possible, their replacements from among the candidates on the same list who have previously accepted the replacement;
- b) if there are no previously non-elected candidates or candidates with the required qualifications remaining on the list as mentioned above, or in any case when for any reason it is not possible to comply with the provisions of letter a) above, the Board of Directors shall replace them, and the Shareholders' Meeting shall subsequently do the same, with the majorities required by law without voting lists.

In any case, the board and the Shareholders' Meeting shall proceed with the appointment in such a way as to ensure the presence of the minimum total number of Independent Directors required by the legislation in force at the time and in such a way as to ensure compliance with the applicable provisions on gender balance (male and female).

Please refer to Section 7 of this report for information on the role of the Board of Directors and the intra-board committees in the processes of self-assessment, appointment and succession of directors.

#### **4.3 Composition (as per Article 123-bis, paragraph 2, letter d) and d-bis, of the Consolidated Law on Finance)**

The issuer's current Board of Directors consists of eleven members, was appointed at the ordinary Shareholders' Meeting of 18 April 2019 and will remain in office until



the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2021.

The board was appointed at the ordinary Shareholders' Meeting of 18 April 2019 according to the list voting system and based on the only list submitted by the shareholder De Agostini <sup>(8)</sup> consisting of: Lorenzo Pellicoli, Paolo Ceretti, Marco Drago, Dario Frigerio, Carlo Enrico Ferrari Ardicini, Marco Emilio Boroli, Davide Mereghetti, Francesca Golfetto, Donatella Busso, Daniela Toscani and Elena Vasco. The candidates were elected with a favourable vote of 69.80% of the voting share capital.

Following the resignation of Marco Drago, on 12 May 2020 the company's Board of Directors appointed Nicola Drago as a new non-executive and non-independent director of DeA Capital. On 21 April 2021, the Shareholders' Meeting, on a proposal from the Board of Directors, integrated the management body pursuant to Article 2386 of the Italian Civil Code, appointing Dr Nicola Drago as director of the company until the date of termination of the mandate of the board currently in office, that is, until the approval of the financial statements for the year.

The Board of Directors has verified that all directors meet the regulatory requirements provided for by Article 148, paragraph 3, of the Consolidated Law on Finance and by Article 2 of the CG Code, and that the directors Donatella Busso, Francesca Golfetto, Daniela Toscani, Davide Mereghetti and Elena Vasco meet the independence requirements.

The presence of 9 non-executive directors, of which 5 are independent, out of a total of 11 members ensures a significant weight of these directors in the comparison and dialog between all directors and, ultimately, in the decision-making process of the Board of Directors. This circumstance is considered to be a good *governance* device for the company, including in consideration of the skills and professional profiles of these directors.

The personal and professional characteristics of each director are illustrated in their *curricula* filed at the registered office and available on the issuer's institutional website ([www.deacapital.com](http://www.deacapital.com)) in the *Corporate Governance/Corporate Bodies* section.

It should also be noted that, since the company holds, directly and indirectly, the share capital of a number of asset management companies, the directors of DeA Capital must meet, in addition to the regulatory requirements set out in the Consolidated Law on Finance for directors of listed companies, the criteria of honourability and the criteria of propriety and professional competence required for directors of companies holding the capital of asset management companies under the current laws in the field.

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<sup>(8)</sup> On the date of submission of the list, De Agostini was the holder of 178,795,798 shares in the company, of which 89,397,899 have an increased vote under the Articles of Association and altogether representing, on that date, 58.313% of the voting rights exercised in the Shareholders' Meeting.

The Board encourages, as a matter of established practice, interaction with managers with strategic responsibilities through the active participation of the latter in Board meetings; this is deemed useful to allow the Board a greater understanding of the capabilities of the persons at the helm of the Company, of the sector in which the Issuer operates, of corporate dynamics and their evolution, of regulatory developments, as well as to receive further support in the decision-making process.

For further details, see Table 2a attached to this report, in which the names of each member of the Board of Directors in office are reported, specifying the position held, year of birth, length of service, the list from which he/she was taken, the position of Executive Director, Non-Executive Director and Independent Director, their attendance at the board and intra-board committee meetings during the fiscal year, as well as the number of management and supervisory positions currently held in other companies listed on regulated markets, in financial, banking or insurance companies or companies of significant size.

There were no changes in the composition of the Board of Directors between the end of the financial year and the date of this report.

*Criteria and diversity policies in the composition of the board and in the organization of the company*

In compliance with the provisions of the code and without prejudice to the provisions of the law and regulations in force at this time, as well as the additional requirements for the composition of internal board committees, the company's Board of Directors has identified the following diversity criteria for the structure of the board in the Board of Directors' Regulation.

*a) Gender diversity*

In relation to gender diversity, the legal provisions in force at the *time* apply.

In this regard, it should be noted that the 2020 Budget Law (Law No. 160 of 27 December 2019) has amended Article 147-ter, paragraph 1-ter, of the Consolidated Law on Finance, providing that the allotment of directors shall be made based on a criterion ensuring that at least two-fifths of the directors belong to the least represented gender (in place of the one-third proportion expected pursuant to the current regulations). This provision will be applicable from the first renewal of the issuer's management body after 1 January 2020, the date on which the aforementioned law comes into force. In light of this, it should be noted that:

- (i) the division criterion referred to in the previous wording of Article 147-ter, paragraph 1-ter, of the Consolidated Law on Finance, which provided that at least one third of the directors should be reserved for the less represented gender, continues to be applied with reference to the Board of Directors in office at the date of this report. This criterion is also consistent with the provisions of the CG Code; and

- (ii) the criterion of remedy referred to in the new wording of Article 147-ter of the Consolidated Law on Finance will be applied, with reference to the company, when the new Board of Directors is appointed by the Shareholders' Meeting called to approve the financial statements for the year. For the sake of completeness, it should be noted that on 10 March 2020 the board decided to amend the Articles of Association in order to transpose the provisions on gender quotas referred to in the new wording of Article 147-ter of the Consolidated Law on Finance.

At the date of this report and in compliance with the above-mentioned provisions, the company's Board of Directors includes four female directors out of eleven, i.e. a "pink quota" of 36% of the board members. Therefore, the current composition of the Board of Directors is in conformity with both current and applicable legislation on gender balance in the composition of the organs of listed companies and Recommendation 8 of the CG Code.

*b) Diversity of skills and professional experience*

The directors must guarantee the overall contribution, in a diversified and balanced manner, of proven skills and experience, gained through the exercise for at least three years of activities that are: i) professional; ii) administration, oversight or management in companies, public bodies or supervised/listed companies; or iii) university teaching - in one or more of the following areas:

- economic and financial sector;
- dynamics of the economic and financial system (e.g. national and international markets) and the reference market;
- methodologies for the management and control of strategic, financial and operational risks;
- corporate governance and/or corporate management processes (e.g. internal control system, legal, management control, conflicts of interest);
- accounting administration, financial reporting and taxation;
- human resources management and/or remuneration policies;
- business organisation and technologies;
- economic, social and environmental sustainability.

In relation to the role of the Chair of the Board of Directors, it is expected that he/she must be a person with sufficient authority to ensure the proper functioning of the board and has skills in the economic/financial or legal field or experience in the management of issues of strategic importance and business issues.

The Chief Executive Officer must be endowed with recognised *leadership* and significant managerial skills as well as authority and a recognised strategic orientation. In particular, the Chief Executive Officer must have a significant wealth

of skills and experience in the economic-financial field, or a distinctive professional *curriculum* obtained by holding senior positions in companies of a size comparable to the Company or belonging to groups comparable to the one to which the Company belongs.

c) *Age diversity*

In order to promote the creation of a balance between experience, continuity and innovation, the Board of Directors' Regulation recommends the presence of directors from different age and seniority brackets.

*Gender equality and opportunity policies*

During the year, the Issuer did not adopt specific measures aimed at promoting equal treatment and opportunities between genders within the company.

According to the Code of Ethics adopted by the Issuer's Board of Directors on 30 July 2007 and last amended on 9 May 2013, maintaining a peaceful working environment that respects the needs of all is one of the Company's fundamental principles. This is why DeA Capital, among other things, promotes a career development and internal progression policy based on proven merit, competence and professionalism. The opportunities offered are therefore based on the value of those contributions that have made the business successful, without any discrimination or attribution of unfair advantages; DeA Capital is also committed to combating discriminatory behaviour, unlawful pressure, discrimination, or harassment of any kind, so that everyone is allowed and guaranteed to be able to work effectively and with personal satisfaction.

The Code of Ethics is available on the issuer's website ([www.deacapital.com](http://www.deacapital.com)) in the *Governance/Company Documents* section.

Therefore, the Issuer's corporate organisation is oriented towards ensuring the achievement of the objectives of equal treatment and opportunities between genders within the Company. In this regard, it should be noted that, as of the end of the fiscal year, 48% of the issuer's employees are female and 52% are male.

*Maximum number of offices held in other companies*

Even taking into account the circumstance that the new code recommends that the Board of Directors of only "large companies" should express a guideline on the maximum number of positions on the boards of directors or auditors in other listed or large companies that can be considered compatible with effective performance as a company director, the board did not consider it necessary to define general criteria for its directors. It remains the duty of each director to assess the compatibility of the offices held in other companies with the diligent performance of the responsibilities undertaken as a director for the issuer.

During the fiscal year, at the meeting held on 12 March 2021, the Board of Directors, after verifying the positions currently held by its directors in other listed companies and in financial, banking, insurance companies or large companies, deemed that the

number and quality of the positions held did not interfere and was, therefore, compatible with functional performance as a director for the issuer.

Based on the information received from the directors and in line with the provisions of the code, Table 2b attached to this report shows the management and supervisory positions held by the directors in office in companies listed on regulated markets (including foreign markets), in financial, banking, insurance companies or companies of significant size (indicating whether or not the company in which the position is held is part of the group to which the issuer belongs or of which it is part).

#### **4.4 Function of the Board of Directors (as per Article 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance)**

##### *Regulations of the Board of Directors*

On 4 February 2021, the Board of Directors, in compliance with Recommendation 11 of the code <sup>(9)</sup>, adopted a regulation defining its rules of operation, including the procedures for taking minutes of meetings and the procedures for handling information for the directors, as well as the specific powers of the Chair of the Board of Directors, the Chief Executive Officer, as the primary person responsible for the management of the company (*Chief Executive Officer*), and the Secretary of the Board of Directors (the "**Board of Directors Regulation**"). The Regulations of the Board of Directors entered into force on 4 February 2021.

In compliance with the principles and recommendations of the Code, the Regulations of the Board of Directors, among other things:

- (i) provides for the board's competence to decide on "Significant Transactions", i.e. transactions of significant strategic, economic, equity or financial importance (see Paragraph 4.1 of this report);
- (ii) identifies the criteria of diversity, including gender diversity, for the composition of the Board of Directors and the Board of Statutory Auditors (see Section 4.3 of this report);
- (iii) regulates the process of assessing the independence and self-assessment of the directors (see Section 7 of this report);
- (iv) defines the responsibilities of the Chair of the Board of Directors, as well as the responsibilities of the Chief Executive Officer, the role of the Secretary of the Board of Directors and the Lead Independent Director;
- (v) regulates the procedures for holding the Board of Directors meetings, including the confidentiality obligations of the directors and the terms for the transmission of pre-board information; in this regard, the Board of Directors' Regulations provide that at least 2 calendar days before each meeting (or at

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<sup>(9)</sup> According to which "The Board of Directors shall adopt regulations establishing the rules for the operation of the board and of its committees, including how meeting minutes are taken and the procedures for handling information for the directors. These procedures identify the deadlines for the prior provision of information and how the confidentiality of the data and information provided is to be protected so as not to prejudice the timeliness and completeness of the information flows."

least 24 hours before in the event of urgency), the necessary documentation is made available to the directors to provide adequate information regarding the matters subject to the board's resolution. The transmission is carried out via sharing on a computer platform with reserved access that guarantees the protection of the confidentiality of the data and the information transmitted.

During the financial year, the provisions of the Board of Directors' Regulations were generally observed, including as regards the terms for making available the pre-board documents referred to in point (v) *above*.

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According to Article 14 of the Articles of Association, the Board also meets outside the registered office of the Company, in Italy or abroad, when called by the Chairman or his deputy, or, after notifying the Chairman of the Board, by the Board of Statutory Auditors or, even individually, by each of its members.

Meetings shall be convened by registered letter, fax transmission or e-mail, sent at least three days before the date set for the meeting, or, in urgent cases, by telegram, fax transmission or e-mail sent at least one day before. However, the Board may validly deliberate even in the absence of a formal call, if all its members and all the Statutory Auditors in office are present.

The procedures for holding Board of Directors meetings are governed by the Articles of Association and by the Board of Directors' Regulations. In particular, it is expected that the board meetings shall be presided over by the Chair or, in the event of his/her absence or impediment, by the person acting as the Chair or, failing that, by another administrator appointed by the board.

The Board of Directors' meetings may be held by teleconference, videoconference and/or other telecommunications means. All participants can be identified and can follow the discussion, intervene in real-time to debate the agenda items, and receive, view, and send documents.

The minutes, if not drawn up by a notary, shall be drawn up by the Secretary and signed by the Chairperson and the Secretary.

The Articles of Association do not provide for a minimum frequency of Board meetings. During the financial year, 7 board meetings were held on the following dates: 4 February 2021, 12 March 2021, 11 May 2021, 13 July 2021, 5 August 2021, 9 September 2021 and 11 November 2021.

The meetings were duly recorded.

The duration of board meetings averaged 1 hours and 54 minutes.

During the financial year, the General Manager and other executives of the Company attended the Board meetings to provide, where required, specific details on the items on the agenda.

In the course of the fiscal year, each director has ensured adequate time for the diligent performance of the duties assumed as a director for the issuer. For more information on the participation of each director in the board meetings during the fiscal year, see Table 2a attached to this report.

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The calendar of the leading corporate events for 2022 (already communicated to the market and Borsa Italiana S.p.A.) foresees 4 board meetings to approve the annual financial report, the half-yearly financial report and the additional periodical financial information. In 2022, one of the 4 meetings mentioned above was already held on 11 March 2022, in addition to a meeting on 3 February 2022.

The corporate events calendar is available, in Italian and English, on the Issuer's institutional website [www.deacapital.com](http://www.deacapital.com).

#### **4.5 Role of the Chair**

On April 18, 2019, the Shareholders' Meeting appointed Lorenzo Pellicioli as Chair of the Board of Directors.

The Board of Directors' Regulations define the role and responsibilities of the chair as the person responsible for coordinating and stimulating the board's activities. In particular, the Board of Directors' Regulations provide that the chair shall, *inter alia*: (a) define the timetable and convene the council meetings, and take care of the proper and effective functioning of the board's work, (b) serve as a link between executive directors and non-executive directors, and (c) ensure that the pre-board disclosure and additional information provided during the meetings is suitable to enable directors to act in an informed manner.

In carrying out this role, in accordance with the Board of Directors' Regulation and the CG Code, the Chair of the Board of Directors during the fiscal year:

- (i) took steps to ensure that the documents relating to the items on the agenda were brought to the attention of the directors and auditors in good time with respect to the date of the board meeting, in accordance with the Board of Directors' Regulation (see paragraph 4.4);
- (ii) took care that the work of the intra-board committees was coordinated with the work of the board, ensuring – together with the Chairs of the intra-board committees – a regular update to the Board of Directors on the activities of the committees;
- (iii) in agreement with the Chief Executive Officer, took care that the board meetings were held with the participation of company and group executives, managers of company departments or other competent persons according to the subject, in order to provide the directors with the appropriate insights on the topics on the agenda; in this regard, it should be noted that the company's General Manager participated in all the meetings of the board held during the fiscal year, in order to guarantee to the directors and auditors adequate information on the matters under their competence; and



- (iv) although it was not required under the CG Code because of the size of the company, with the support of the Remuneration and Appointments Committee and the Secretary of the Board, that the Board of Directors carried out the self-assessment process on an annual basis, ensuring its adequacy and transparency (for more information on the board's self-assessment, refer to the Section 7).

Finally, it should be noted that, in accordance with the regulations of the company's Board of Directors, the Chair of the Board of Directors ensures that the Board of Directors is informed, within the first useful meeting, of the development and significant contents of the dialog with all shareholders.

#### Induction Programme

In consideration of the many years of experience gained by almost all the directors in the business sector in which the issuer operates, as well as the extensive information provided by the Chair of the Board of Directors and the Chief Executive Officer during board meetings concerning any regulatory updates of interest to the company, which was also considered satisfactory by the directors during their self-assessment, the Chair of the Board of Directors did not deem it necessary to promote further *ad hoc* initiatives during the fiscal year aimed at increasing for directors and auditors knowledge of the company's business sector, its corporate dynamics and their evolution, or the regulatory framework of reference (known as the "*induction programme*").

#### Secretary of the Board

According to Article 13 of the Articles of Association, the Board of Directors has the right to appoint a "Secretary, even one chosen outside its members" (the "**Secretary of the Board**"). With the approval of the Board of Directors' Regulations and in line with the recommendations of the CG Code, the board has therefore specified the Board Secretary's requirements and tasks. In particular, according to the Board of Directors' Regulations, the Secretary must be a subject with at least five years of experience in the legal field, with particular reference to *corporate governance* issues. Also taking into account these requirements, during the fiscal year the function of Secretary of the Board was carried out by Luca Braulin, *Head of Legal and Corporate Affairs* of the company, who – consistently with the provisions of the CG Code and the Board of Directors Regulations – has:

- (i) supported the activities of the Chair of the Board of Directors in his duties and, in particular, in the preparation of the board meetings and the Shareholders' Meetings, in the preparation of the relevant resolutions, in setting the schedule for board meetings and in the related convocation, in the organisation and care of the adequacy and transparency of the self-assessment process, and in ensuring the timeliness and completeness of the pre-board information;
- (ii) took the minutes of the board meetings; and



- (iii) provided impartial advice and assistance to the board on all aspects relevant to the proper functioning of the corporate governance system; in particular, during the fiscal year, the Secretary assisted the board in adapting the company to the provisions of the CG Code and to the new rules set out in the Consob Related Parties Regulation, on *the one hand* providing the board with detailed information on the new developments and, *on the other hand*, overseeing the company's activities in adapting to these regulations.

#### **4.6 Executive Directors**

##### Chief Executive Officer

The Board of Directors carries out its activities, not only directly and collectively, but also by delegating part of its functions to the CEO, within the limits permitted by law and the Articles of Association.

During the year, the office of Chief Executive Officer was held by Paolo Ceretti, who was granted all powers of ordinary and extraordinary administration, with the power to sign (i) with a single signature, any deed, document or contract that implies a commitment of expenditure, even prospective, or is connected with an investment not exceeding Euro 20,000,000.00, and (ii) with a joint signature with the Chairman, any deed, document or contract implying a commitment of expenditure, even prospective, or connected with an investment not exceeding Euro 50,000,000.00.

The *Chief Executive Officer* is primarily responsible for the management of the Issuer.

It should be noted that, in compliance with the new provisions of the CG Code, the Chief Executive Officer has been assigned the specific powers provided for by the code in relation to the risk management and control system, for which please refer to Section 9 below.

##### Chairman of the Board of Directors

During the financial year, the Chair of the issuer's Board of Directors was Mr Lorenzo Pellicoli. He, in consideration of the structure of the group as well as the operational complexity of the company, was granted powers of ordinary and extraordinary administration for the management of the issuer, with the power to sign (i) with a single signature, any deed, document or contract that implies a commitment of expenditure, including future expenditure, or is connected with an investment not exceeding EUR 20,000,000.00, and (ii) with a joint signature with the Chief Executive Officer, any deed, document or contract implying a commitment of expenditure, including future expenditure, or connected with an investment not exceeding EUR 50,000,000.00.

The Chairman is not primarily responsible for the management of the Issuer and is not a controlling shareholder of the Issuer.

##### Executive Committee (as per Article 123-bis, paragraph 2 (d), Consolidated Law on Finance)

The Issuer has not deemed it necessary to set up an executive committee.

Information for the board from the directors/delegated bodies

During the Fiscal Year, the Chief Executive Officer reported to the Board of Directors on the activities carried out in the exercise of the powers delegated to him at least quarterly and in such a way as to enable the directors to express themselves in an informed manner on the matters submitted to their examination.

Other executive directors

At the date of this report, in addition to the Chief Executive Officer and the Chair of the Board of Directors, there are no other directors that can be considered executive.

**4.7 Independent Administrators and Lead Independent Directors**

Independent Directors

Pursuant to the combined provisions of Articles 147-ter, paragraph 4 and 148, paragraph 3 of the Consolidated Law on Finance in compliance with the provisions of Article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulations, and Article IA.2.10.6 of the Instructions for the Stock Exchange Regulations, and in compliance with Article 2 of the Code, the Board of Directors includes among its members 5 Independent Directors, in the persons of Davide Mereghetti, Donatella Busso, Francesca Golfetto, Daniela Toscani and Elena Vasco. It should be noted that the Chair of the Board of Directors does not qualify as an independent member.

The issuer considers that the number of independent directors (5 out of a total of 11 directors) and their skills and professional profiles are appropriate to the needs of the company and to the functioning of the board, and to the setting up of the intra-board committees which – in line with the provisions of Article 16 of the Consob Market Regulation – at the date of this report are composed exclusively of directors who fulfil the independence requirements of Article 2 of the CG Code, Article 148(3)(b) and (c) of the Consolidated Law on Finance, and Article 16 of the Consob Market Regulation.

The verification of the existence of the above requirements is done by the Board of Directors immediately after the appointment and during the course of its mandate in the event of circumstances relevant to independence and, in any case, on an annual basis. The Board of Statutory Auditors checks the correct application of the criteria and procedures for the assessment followed by the Board of Directors to assess the independence of its members.

The Board of Directors shall assess the existence and permanence of the above independence requirements, based on the information and statements regarding the existence of these requirements that the parties concerned are required to provide annually. Furthermore, according to the Board of Directors' Regulations, each director is required to communicate promptly to the Board of Directors about any situations that could lead to the breaking of the aforementioned independence requirements.

The results of the independence assessments will be made known to the market after

the appointment and, subsequently, in the Corporate Governance Report.

The Board of Directors, at its meeting of 12 March 2021, carried out annual audits on the maintenance of the independence requirements of Directors Davide Mereghetti, Donatella Busso, Francesca Golfetto, Daniela Toscani and Elena Vasco based on the information that the directors have a responsibility to provide and, in any case, any information available to the board. The Board of Statutory Auditors has also verified the proper application of the criteria and the assessment procedures followed. The positive outcome of these evaluations is disclosed through the publication of this report, consistently with the provisions of Recommendation 10 of the CG Code and the Board of Directors' Regulations.

The annual audits of the maintenance of the independence requirements of Directors Davide Mereghetti, Donatella Busso, Francesca Golfetto, Daniela Toscani and Elena Vasco were carried out again by the Board of Directors at its meeting of 11 March 2022 based on the information that the directors have a responsibility to provide and, in any case, any information available to the board. In this circumstance, the results of these evaluations were also positive and the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures followed.

It should be noted that, for the purpose of this assessment, at its meeting of 11 March 2022, the Board of Directors established the quantitative and qualitative criteria for assessing the "significance" of the reports referred to in points (c) and (d) of Recommendation 7 of the new CG Code:

- For the purposes of Recommendation 7(c) of the CG Code, the following should be considered "significant": a commercial, financial or professional relationship with DeA Capital and/or its subsidiaries and/or with De Agostini and/or with B&D Holding and/or with the respective directors or *top managers* whose annual compensation is provided in total for the DeA Capital administrator (or the companies controlled by the director of DeA Capital or of which the director of DeA Capital is the administrative executive or either the professional firm or consulting firm *of which* the director is a partner):
  - a) 15% or more of the total annual personal income of the director of DeA Capital; and/or
  - b) 5% or more of the total annual turnover of the enterprise or of the legal entity, firm or consulting firm over which the DeA Capital administrator has control or of which he/she is an executive director or *partner*.

It is understood that, even in the event of failure to exceed the quantitative parameters referred to in points (a) and (b), a commercial, financial or professional relationship is to be regarded as "significant" for the purposes of Recommendation 7(c) of the Corporate Governance Code if it is considered by the Board of Directors to be suitable to influence the autonomy of judgment and the independence of a DeA Capital administrator in carrying out his/her duties. Therefore, by way of example,

with a director who is partner of a professional firm or of a consultancy company, the Board of Directors, irrespective of the quantitative parameters indicated above, can consider “significant” a relationship that (i) might have an effect on the position and/or role of the director in the firm/consulting firm and/or (ii) is relevant to important DeA Capital and/or DeA Capital Group operations and therefore may have a relevance to the director in terms of reputation.

- For the purposes of Recommendation 7(d) of the Corporate Governance Code: any additional remuneration received by the administrator for positions in DeA Capital, De Agostini and/or B&D Holding or companies controlled by DeA Capital should be considered “significant” if it is, overall and on an annual basis, at least 100% higher than the annual fixed compensation received by that administrator for the position of DeA Capital director (including any compensation provided for participation in intra-board committees).

It is understood that for the purposes of the CG Code:

- a) “fixed compensation for the position” means: (i) the compensation determined by the shareholders' meeting for all directors or established by the management body for all non-executive directors within the total amount approved by the shareholders' meeting for the entire management body; and (ii) any compensation attributed on account of the particular position assumed by the individual non-executive director within the management body (Chair, Vice President, Lead Independent Director), defined according to *the best practices* provided for in Recommendation 25 of the CG Code;
- b) “Compensation for participation in the intra-board committees” means the compensation that the individual director receives on account of his/her participation in the intra-board committees provided for in the CG Code or in committees/bodies provided for in current legislation, with the exception of the remuneration deriving from participation in any executive committees.

It is also understood that, for the purposes of determining the “additional remuneration” received by a DeA Capital director, the “fixed compensation for the post” and the “compensation for participation in the intra-board committees” (as defined above under the CG Code) are recognised if any such director receives them from companies controlled by DeA Capital and/or De Agostini and/or B&D Holding.

It should be noted that it could compromise the independence of a director if he/she is a “family member” of a person who is in one of the above situations, where “close family members” mean, in a non-exhaustive way, parents, children, a spouse who is not legally separate, or cohabiting persons.

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In line with the provisions of the code, the Independent Directors met once during the Fiscal Year, in the absence of the other directors, at a meeting convened *ad hoc* on 9 March 2021, at the invitation of the Lead Independent Director (as identified below). In the above meeting, coordinated by that Lead Independent Director: (i) the Independent Directors received information on the process of mapping related parties to DeA Capital, as well as on the new regulations for transactions with related parties that came into force in 2021; (ii) the draft *corporate governance* report for 2020 was read; and (iii) the letter from the *Borsa Italiana* corporate governance committee of 22 December 2020 was read.

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The lists for the appointment of the board in which the Independent Directors have indicated their eligibility to qualify as independent do not contain any commitments to maintaining their independence during their term of office and, if applicable, to resign. In this regard, Article 11 of the issuer's Articles of Association provides that the loss of the prescribed requirements results in the director's removal from office. However, it should be noted that the fact that a director no longer meets the independence requirement does not lead to his or her disqualification from holding office if the minimum number of directors required to meet this requirement under current legislation is still being met.

#### Lead Independent Director

Recommendation 13 of the CG Code provides that a *lead independent director* should be appointed if the Chair of the Board of Directors is the CEO or if the Chair has significant managerial powers.

As the Chair of the Board of Directors has managerial powers, the Board, at its meeting of 18 April 2019, considered it appropriate to appoint the independent non-executive director Davide Mereghetti as *the lead independent director* in accordance with the Code (the "**Lead Independent Director**").

In accordance with the provisions of the CG Code and the Board of Directors' Regulations, the Lead Independent Director is entrusted with the task of acting as a point of reference for and coordinating the requests and the contributions of non-executive directors and, in particular, independent directors; this person also coordinates the meetings of independent directors only, a task that the Lead Independent Director performed during this fiscal year.

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For the sake of completeness, it is noted that on 12 May 2020 the Board of Directors appointed Dr Manolo Santilli (formerly *Chief Financial Officer*) as the issuer's Director-General, entrusting him with the task of supervising and guaranteeing, through the company's dedicated structures: (i) the administrative, fiscal and treasury management of the same; (ii) the preparation of economic and financial reports, also at a consolidated level, including budgets and strategic plans; (iii) the management

of legal and corporate affairs; (iv) the supervision of relations with investors and financial institutions, as well as with internal and external control bodies; (v) ordinary and extraordinary financial operations, also through the supervision and coordination of operations of strategic importance at Group level; and (vi) the management of information systems.

The General Manager reports directly to the Chief Executive Officer, supporting him in defining the group's strategic guidelines and carrying out any further tasks and powers assigned by the Chief Executive Officer from time to time.

In addition, Mr. Manolo Santilli also continues to perform the functions of Manager in charge of preparing the Company's accounting documents.

## **5. HANDLING OF CORPORATE INFORMATION**

### **5.1 Procedure for handling confidential information**

In order to monitor access to and circulation of inside information, before it is disclosed to the public, to ensure compliance with the confidentiality obligations provided for by law and regulations, as well as to regulate the internal management and external communication of such information, the Board has adopted a procedure for the handling of inside information.

The procedure was last amended on 13 March 2018 to incorporate the indications formulated in the guidelines adopted by Consob on 13 October 2017, including the mapping and monitoring of the so-called "relevant information" and the establishment of the register of persons having access to such information ("Relevant Information List").

According to the procedure, the external disclosure of inside information is made through press releases - or other suitable means under the law - the content of which is approved by the Chief Executive Officer, or, in the event of the Chief Executive Officer's absence or impediment, by the Chairman of the Board of Directors. Whenever possible, the texts of press releases, approved in draft form, are shared with Board members and Statutory Auditors at relevant Board meetings.

The texts of the press releases, once approved by the competent corporate bodies, shall be promptly disclosed by the Head of *Investor Relations* of the Issuer, in accordance with the provisions in force from time to time, also through timely publication on the Issuer's website, where they shall remain available for the minimum time provided for by the provisions as mentioned above. For the above purposes, the Head of *Investor Relations* of the Issuer may make use of third parties in accordance with the procedures set out in the applicable provisions.

Directors, Statutory Auditors, collaborators and all employees of the Issuer and its controlled entities are required to maintain the confidentiality of inside information acquired in the performance of their duties and notify the Head of *Investor Relations* of the Issuer immediately. The persons as mentioned above are also required to immediately notify the Head of *Investor Relations* of all information in respect of

which there are reasonable doubts as to its nature as inside information, and to comply with the same obligations of confidentiality indicated above, until the nature of inside information ceases to exist or is excluded.

The Chief Executive Officer assesses the relevance of the information received and, if he considers it to be Inside Information or has doubts about it, he immediately prepares, together with the Head of Investor Relations, one or more press releases.

The Issuer may delay the public disclosure of Inside Information, even concerning controlled entities, when all the following conditions are met: (i) immediate disclosure would probably prejudice the legitimate interests of the Issuer, (ii) delay in disclosure would probably not have the effect of misleading the public, (iii) the Issuer can guarantee the confidentiality of such information. The Chief Executive Officer is responsible for assessing whether these circumstances exist.

The procedure for the handling of inside information shall be brought to the attention of all Directors, Statutory Auditors, collaborators and employees of the Issuer and its controlled entities by appropriate means.

## **5.2 Register of persons with access to inside information**

With particular reference to the obligation for listed issuers to establish and manage a register of persons with access to Inside Information according to the provisions of Article 18 of Regulation (EU) No. 596/2014 and in the implementing regulations, the procedure for the handling of Inside Information adopted by the Issuer provides for the establishment of a register of persons with access to Inside Information (the "**Register**"), the management of which is entrusted to the Company's *Investor Relations* Department.

For each person having access, on a regular or occasional basis, to inside information under his or her working or professional activity or the functions performed on behalf of the Issuer, the Register shall contain the identification data and further information required by the legislation in force at the time referring to the Informed Persons entered in the Register.

The Register should be updated when the reason for the registration of an informed person changes, or when a new informed person must be registered, or when it should be noted that an informed person no longer has access to inside information.

The information contained in the Register must be kept for at least 5 (five) years after the circumstances that led to its registration or updating cease to exist.

The *Investor Relations* Manager promptly notifies the Informed Parties of their addition to the Register and any updates of the information concerning them, as well as the obligations deriving from having access to inside information and sanctions relating (i) to the offences of insider trading and market manipulation and, more generally, (ii) to the unauthorised disclosure of inside information.



### 5.3 Internal Dealing

In the implementation of the rules contained in Article 114, paragraph seven of the Consolidated Law on Finance, as well as in Article 19 of Regulation (EU) No. 596/2014 and the relevant implementing regulations, the Issuer has adopted a specific "*Code of Conduct on Internal Dealing*" (hereinafter, the "**Internal Dealing Code**"), concerning the regulation of disclosure obligations relating to transactions in financial instruments issued by the Issuer or other financial instruments linked to them carried out by so-called "relevant persons" and/or persons closely associated with them, in order to ensure the necessary transparency and consistency of information to the market. The *Internal Dealing Code* was last amended on 13 March 2018.

The above-mentioned *Internal Dealing Code* is available on the Issuer's website ([www.deacapital.com](http://www.deacapital.com)) in the *Corporate Governance – Internal Dealing* section.

The *Internal Dealing Code*, in addition to identifying the so called "relevant persons", defining their behavioural and information obligations and the "person in charge" of receiving, managing and disseminating such information, prohibited the performance of the transactions as mentioned above during the following periods in the 30 (thirty) days prior to the date set for approval of the draft financial statements; in the 30 (thirty) days prior to the date set for approval of the half-yearly financial report; in the 30 (thirty) days prior to the date set for approval of the periodic additional financial information as at 31 March; in the 30 (thirty) days prior to the date set for approval of the periodic additional financial information as at 30 September.

Notifications of relevant transactions pursuant to the *Internal Dealing* regulations made during the fiscal year were disclosed to the market in compliance with the *Internal Dealing Code* and are available on the issuer's institutional website ([www.deacapital.com](http://www.deacapital.com)) in the *Corporate Governance/Internal Dealing* section.

### **6. INTERNAL BOARD COMMITTEES (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), OF THE CONSOLIDATED LAW ON FINANCE)**

#### Committees provided for by law or recommended by the CG Code

At its meeting on 18 April 2019, following the board's appointment meeting, the board decided to set up the following committees:

- (i) The Remuneration and Nomination Committee, appointing as members the independent directors Davide Mereghetti, Francesca Golfetto and Elena Vasco, the latter with the position of Chair (for more information on this committee as the company's Remuneration and Nomination Committee, see, respectively, paragraphs 7.2 and 8.2) below; and
- (ii) the Control and Risk Committee, appointing as members the independent directors Daniela Toscani, Elena Vasco and Donatella Busso, the latter as Chair (for more information on the functioning of the committee and its responsibilities, as well as compliance with the conditions laid down in the



CG Code for the composition of the Control and Risk Committee, see paragraph 9.2 below).

The powers and composition of each committee have been set by the board in accordance with the principles and recommendations of the code.

With reference to Recommendation 16 of the code, it should be noted that the functions of remuneration and appointment have been merged into a single committee (the Remuneration and Appointments Committee), subject to compliance with the conditions of the code for the composition of committees as specified in paragraphs 7.2 and 8.2 below. Moreover, the company has not availed itself of the right provided for in Recommendation 16, which provides for the possibility for companies other than "large companies" to assign the functions of the Control and Risk Committee to the board.

With reference to Recommendation 17 of the code, the issuer considers the composition of the committees appropriate, taking into account on *the one hand* the competences and professional profiles of the members of the committees and, on *the other hand*, the fact that, at the date of this report, there is no excessive concentration of posts resulting from the composition of the committees. In this respect, it should be noted that as of the date of this report only Dr Vasco is a member of the Control and Risk Committee and the Remuneration and Appointments Committee.

Each committee has adopted its own operating rules, which have been set out in specific internal regulations subsequently submitted to the board for approval. Lastly, it should be noted that the internal regulations of the committees as mentioned above were recently amended by the Board of Directors on 10 November 2020 in compliance with the new provisions of the code, following the examination and approval of the relevant amendments by the respective committees at their meetings held on 6 November 2020.

In accordance with the principles and recommendations of the code, the regulations of the intra-board committees, *inter alia*:

- (i) regulate the rules on the composition of committees, providing, in particular, that (a) the Appointments and Remuneration Committee be composed of independent directors, at least one of whom has adequate knowledge and experience in financial matters or pay policies, (b) the Control and Risk Committee is composed of independent directors, at least one of whom has adequate knowledge and experience in accounting, financial issues or risk management;
- (ii) rule on the powers of the committees; for more information on the functioning and responsibilities of the Appointments and Remuneration Committee, see paragraph 8.2 below; for more information on the functioning and competences of the Control and Risk Committee, see paragraph 9.2 below;

- (iii) regulate the arrangements for holding meetings of the intra-board committees, including:
    - a. the terms and time limits for convening committees; in this respect, the chairman of the committee shall convene the meeting with a notice to be sent at least three days before the meeting; in the event of an emergency, the meeting may be convened at least 24 hours before the time set for the meeting;
    - b. the deadlines for the transmission of information in preparation for the meeting; in this respect, the committee regulations provide that at least 2 calendar days before each meeting the documentation necessary to provide adequate information on the matters on the agenda shall be made available to the members of the committees. The transmission is carried out via sharing on a computer platform with reserved access that guarantees the protection of the confidentiality of the data and the information transmitted. In any case, the possibility is foreseen, in the presence of particular needs, to provide the information within a shorter period or during the meeting or in different ways than those indicated above; during the course of the fiscal year, the above period has generally been respected;
    - c. the ability of the chair of each committee to invite to individual meetings the Chair of the Board of Directors and the Chief Executive Officer, the other directors and the representatives of the company departments competent for the subject matter or company consultants or other persons whose presence may contribute to the better performance of the committee's functions with reference to all or individual items on the agenda;
    - d. rules for the constitution and taking of decisions by committees; in this respect, each committee shall be regularly set up with the presence of a majority of its members and decisions shall be adopted in accordance with a majority of the members present; in the event of a tie, the vote of the Chair of the Committee shall prevail;
  - (iv) provide that the chair of each committee shall inform the Board of Directors of the activities carried out by the committee at the first appropriate meeting;
  - (v) regulate the manner in which the meetings of the committees are recorded; and
  - (vi) govern the confidentiality obligations of the members of the committees.
- For the sake of completeness, it should be noted that the company has not appointed:
- (i) an executive committee; nor

- (ii) a committee for transactions with related parties, since, depending on the related parties involved from time to time in the individual transactions and the type of transaction, they will be involved as a committee for transactions with related parties: (i) the Remuneration and Appointments Committee for transactions concerning the allocation of remuneration and economic benefits to members of the management and control bodies and directors with strategic responsibilities; (ii) the Control and Risk Committee for transactions with related parties of another nature (for more information in this regard see Section 10 below).

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*Additional committees (other than those required by the legislation or recommended by the code)*

*Advisory Board*

On 11 February 2021, a committee was set up to advise *management* on the activities of the *Alternative Asset Management* platform (the “**Advisory Board**”). The Advisory Board is made up of Flavio Valeri as Chair, Dario Frigerio, already a director for the issuer, and Gianluca Muzzi, individuals with proven experience, expertise and interpersonal skills who can assist DeA Capital in evaluating strategic issues considered relevant for the group.

The role, composition and functioning of the Advisory Board are governed by a special regulation approved by the Board of Directors at its meeting of 11 November 2021.

The Advisory Board has the task of carrying out strategic advisory functions for the company on some of the issues in the *Alternative Asset Management industry*. In the performance of these functions, the Advisory Board expresses itself by transmitting periodic information (at least on a half-yearly basis) to the company’s Chief Executive Officer, as well as through the formulation of research and/or opinions at the request of the Chief Executive Officer and, more generally, through the provision of a support activity according to specific requirements of the company’s *management* in the field of:

- (i) periodic monitoring of key *trends* in the *Alternative Asset Management industry*;
- (ii) establishment of *business development* strategies; and
- (iii) establishment of *so-called go-to-market* strategies.

The Advisory Board Regulation also provides that the board shall assign the role of Chair of the Advisory Board to one of the Board members. The Chair of the Advisory Board shall be entrusted with the functions of coordinating the meetings of such body.

During the fiscal year, 26 Advisory Board meetings were held. The average duration of the meetings was about 60 minutes.

In the course of these meetings, the Advisory Board has generally carried out activities in line with the functions assigned to it.

During fiscal year 2022, 2 meetings of the Advisory Board were held and, on the date of this report, another 9 meetings are planned for the current fiscal year.

#### *ESG Committee*

Among the initiatives put in place by the Board of Directors in order to pursue the sustainable success of the company and consistently with the provisions of the ESG Policy, on 3 February 2022 the board established the ESG Committee, an advisory committee to support the board on ESG issues. The role of the ESG Committee is governed by the ESG Policy, under which the committee:

- (i) identifies the general lines of the Group's ESG policies and strategies (the "**ESG Guidelines**"), submitting them to the various group entities as far as they are concerned;
- (ii) supports the board in defining the degree of relevance of ESG factors that may have an impact on ordinary activities;
- (iii) supports the board in identifying and defining medium-term ESG *targets* and priorities by defining a specific action plan (the "**ESG Action Plan**");
- (iv) monitoring the effective implementation of and compliance with the ESG Policy, as well as monitoring the progress of the ESG Action Plan;
- (v) identifying and collecting information and reporting streams between the Group ESG Manager and the ESG Team, identifying the aspects necessary for implementing the ESG Guidelines.

In setting up the ESG Committee, the Board of Directors at its meeting of 2 February 2022 appointed as members of the committee: (i) Enrico Testa (acting as Chair), a professional with proven experience and competence in the ESG sector, (ii) the General Manager of DeA Capital, Manolo Santilli, (iii) the Managing Director of DeA Capital Real Estate AMC S.p.A. Emanuele Caniggia, (iv) the Managing Director of DeA Capital Alternative Funds AMC S.p.A. Gianandrea Perco and (iv) Alessandra Patera, as Group ESG Manager.

In view of the fact that the ESG Committee was set up in February 2022, information on (i) the meetings of the ESG Committee to be held during fiscal year 2022 and (ii) the work to be carried out by the ESG Committee will be included in the corporate governance report for this fiscal year.

## **7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS – REMUNERATION AND APPOINTMENTS COMMITTEE**

### **7.1 Self-assessment and succession of directors**

#### *Self-assessment*

According to Recommendation 22 of the code, the issuer is required to carry out the self-assessment process with regard to the size, composition and concrete functioning of the board and its committees on a three-year basis, with a view to the renewal of the board. Due to the qualification of DeA Capital as a “concentrated-ownership” company and since the company does not qualify as a “large company” under the CG Code, the issuer is not required to carry out this self-assessment process on an annual basis. Nevertheless, the Board of Directors in office at the date of this report has voluntarily conducted self-assessment on an annual basis, considering it to be a useful tool in order to guarantee the good *governance* of the company.

Therefore, at its meeting of 11 March 2022, the Board of Directors, with the support of the Remuneration and Appointments Committee, carried out its annual assessment of the proper functioning of the board itself and its committees, as well as their size and composition. The Chair of the Board of Directors, with the support of the Secretary of the Board, took care of the adequacy and transparency of the self-assessment process.

The self-assessment process, which took place in February and March 2022, covered the fiscal year and was carried out through the distribution to individual directors of a questionnaire with the aim, inter alia, of assessing:

- the size, composition - also taking into account the professional characteristics, experience, managerial as well, and gender characteristics of its members with reference to diversity criteria - as well as the functioning of the board itself and its committees;
- the participation, the knowledge of the company, the knowledge of regulatory developments and the autonomy of judgement of the Executive Directors, Non-Executive Directors and Independent Directors;
- on the identification of elements that can improve the functionality and efficiency of the Board;
- the level of satisfaction of the directors; and
- consideration of the letter of 3 December 2021 from the Chair of the *Corporate Governance* Committee.

In view of the forthcoming expiry of the board's mandate, the directors were also invited to make their assessments taking into account this circumstance and, therefore, the next appointment of the board by the Shareholders' Meeting.

The directors were given the opportunity to express three degrees of judgment and to make their comments.

All the directors participated in the board's self-assessment process; moreover - taking a suggestion made by some of the directors during the self-assessment process referring to fiscal year 2020 - the self-assessment questionnaire was also sent to the General Manager and the Secretary of the Board of Directors.

The Remuneration and Nomination Committee reviewed the latest self-assessment process at its meeting held on 9 March 2022 and presented it to the Board of Directors, which reviewed and confirmed them at its meeting held on 11 March 2022 with an overall positive assessment.

The Board's self-assessment process revealed positive results regarding the composition, size and functioning of the Board itself and its committees, which were assessed as adequate concerning the Issuer's management and organisational needs. In particular, it emerged that the directors considered that the various components (executive, non-executive, independent) and the professional and managerial skills of the directors themselves were, overall, adequately represented.

With regard to the committees set up under the Board of Directors, there is agreement on the adequacy of their composition, their role and the effectiveness of the activity performed. The directors also assessed the information streams to the Board of Directors as substantially adequate for taking informed decisions.

The company did not use the work of external consultants for the purposes of the board's self-assessment process.

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#### Succession Plans

At the date of this report, no succession plans for the *chief executive officer* and executive directors have been adopted.

In particular, also taking into account the circumstance that the new code recommends the establishment of a succession plan only for "large companies", the company's Board of Directors, sharing the opinion expressed by the Remuneration and Appointments Committee, confirmed the assessment made in the previous fiscal year not to adopt a succession plan for executive directors. The reasons for this decision also lie, *inter alia*, in the fact that the current allocation of proxies within the Board of Directors between the Chair and the Chief Executive Officer is suitable to allow for the continuity, at least temporarily, of the management of the company in the event of the loss of one of these figures, as well as the need to spare the company procedures for the replacement of executive directors, also considering the presence of a controlling shareholder who, until now, has allowed timely intervention in their identification.

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#### Guidelines on the quantitative and qualitative composition of the board

Following the outcome of the Board Review for fiscal year 2018, in March 2019 the Board of Directors due to approve the 2018 financial statements provided the shareholders of DeA Capital with its guidelines on the optimal qualitative and quantitative composition of the Board of Directors. These are reported in the explanatory report on the appointment of the corporate bodies that was published

promptly on the company's website in view of the holding of the meeting called to renew the same board.

It is also noted that the mandate of the board in office on the date of this report will cease with the approval of the 2021 financial statements. In view of the issuer's status as a 'concentrated-ownership company', the Board of Directors is not required under Recommendation 23 of the CG Code, ahead of the next Shareholders' Meeting (i) to express its orientation on the optimum qualitative and quantitative composition of the board or (ii) to request the person presenting a list containing more than half of the members to be elected to provide information, in the documentation submitted for the filing of the list, concerning the compliance of that list with the direction expressed by the management body and to indicate its candidate for the position of chair of the management body. Nevertheless, and in continuity with the previous renewal of administrative bodies (see *above*), in the explanatory report on the appointment of administrative bodies, which was published promptly on the company's website ahead of the next Shareholders' Meeting, the board gave the shareholders its guidelines on the qualitative composition of the board, based on the results of the self-assessment process.

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## **7.2 Appointments Committee**

Considering the size, organisational structure and ownership structure of the Company, the Issuer considered that the functions of the nomination committee were not such as to require the establishment of an *ad hoc* committee for nominations and could, instead, be easily performed by the members of the remuneration committee. Therefore, for the reasons set out above and to ensure more significant streamlining and flexibility of the committees set up within the Board, the Issuer has decided to assign the functions of the nomination committee to the remuneration committee, combining the relevant tasks in a single committee called the "Remuneration and Nomination Committee" under the provisions of the Code.

For information on the composition, operation and competences of the Remuneration and Appointments Committee, see paragraph 8.2 below.

## **8. REMUNERATION OF DIRECTORS – REMUNERATION COMMITTEE**

### **8.1 Remuneration of directors**

#### Remuneration policy

The board, on the proposal of the Remuneration and Appointments Committee, establishes a policy for the remuneration of directors, members of the supervisory body and *top management* (the "**Remuneration Policy**") in accordance with the recommendations in Article 5 of the new code. In accordance with the provisions of Article 123-ter of the Consolidated Law on Finance, the Remuneration Policy is therefore submitted to the binding vote of the Shareholders' Meeting.



In this respect, it is hereby announced that on 11 March 2022 the board, acting on a proposal from the Remuneration and Appointments Committee, approved the report on remuneration, the first section of which describes the company's Remuneration Policy for fiscal year 2022, which will be submitted to the vote of the Shareholders' Meeting, the first call of which is scheduled for 21 April 2022.

For further details on (i) the procedure by which the board has drawn up the Remuneration Policy, (ii) the way in which the Remuneration Policy is functional to the pursuit of the issuer's sustainable success and takes into account the need to have available, retain and motivate persons with the competence and professionalism required by the role held in the issuer and (iii) in general, the provisions of the Remuneration Policy, refer to the first section of the Remuneration Report published on the issuer's website ([www.deacapital.com](http://www.deacapital.com)) in *the Governance/Shareholders' Meeting* section.

#### Remuneration of executive directors and top management

For information on the remuneration of executive directors and executives with strategic responsibilities (known as "*Top management*"), refer to the Remuneration Report, available on the issuer's website ([www.deacapital.com](http://www.deacapital.com)), *Governance/Shareholders' meetings* section.

#### Share-based remuneration plans

Remuneration plans are planned on a share basis reserved for certain directors, managers and employees of the issuer, its subsidiaries and the parent company De Agostini, identified by the Board of Directors among the persons vested with the strategically important functions with reference to the activity carried out by the issuer. The incentive plans currently in place are (i) called "*performance shares*" plans, which provide for the free allocation to the beneficiaries of *units* which, where accrued, grant holders the right to convert them into DeA Capital shares and (ii) a plan for the so-called "*Stock grant*", which provides for the free assignment of DeA Capital shares to the Chief Executive Officer.

With a view to aligning the interests of directors with those of shareholders in a long-term perspective, the incentive plans in place as of the date of this report provide that the shares (for *the stock grant* plan) are allocated and the *units* (for the *performance shares* plans) accrue at the end of a three-year vesting period. At the end of this period, the number of shares allocated and *units* accrued, respectively, will be determined on the basis of the actual achievement of *the performance* objectives set out in the respective plans.

In addition to the three-year *vesting* period, a further protection to align the interest of the directors with those of the shareholders in the long term is the forecast of a *lock-up period* on a part of the shares allocated and/or deriving from the conversion of *units*. For beneficiaries of the above plans who are also executive directors, the *lock-up* period extends until the end of their term of office as a director, while for



other beneficiaries the *lock-up* period is 2 years from the date of exercise of the options and/or the conversion of *units*.

It is considered that the provision of a three-year *vesting* period, together with the *lock-up* periods described above (provided for by each plan in place, in particular for executive directors) and the other provisions of the incentive plans in place, are sufficient to ensure that the interests of management are properly aligned with those of shareholders in the long term.

For more information on share-based compensation plans, see the relevant sections of the remuneration report available on the issuer's website ([www.deacapital.com](http://www.deacapital.com), *Governance/Shareholders' Meeting* section), as well as the respective informational documents prepared in accordance with Article 114-bis of the Consolidated Law on Finance and 84-bis of the Consob Issuers' Regulations, which can be consulted on the issuer's website ([www.deacapital.com](http://www.deacapital.com)), *Governance/Incentive Plans* section.

#### Remuneration of non-executive directors

For information on the remuneration of non-executive directors, please refer to the Remuneration Report, available on the issuer's website ([www.deacapital.com](http://www.deacapital.com), *Corporate Governance* section).

#### Accrual and payment of remuneration

For information on the activities carried out by the board in relation to the verification of actual accrual and the consequent payment of remuneration to executive directors and managers with strategic responsibilities, please refer to the report on remuneration available on the issuer's website ([www.deacapital.com](http://www.deacapital.com), *Governance/Assemblies* section).

#### Directors' compensation in the event of resignation or dismissal, or in the event of termination of their employment following a takeover bid (as per Article 123-bis, paragraph 1, letter i), Consolidated Law on Finance)

During the fiscal year, no agreements were entered into between the issuer and the directors providing for compensation in the event of resignation or dismissal/termination without a legitimate cause or if the employment relationship ceases as a result of a takeover bid, except as indicated below.

The Board of Directors' meeting of 9 May 2019, subject to the favourable opinion of the Remuneration Committee of 6 May 2019 and the Board of Statutory Auditors, approved the terms and conditions of the economic relationship between the Chief Executive Officer and the Company which provides, *inter alia*, in the event of termination of the relationship before its natural expiry date:

- (i) in the event of a *good leaver* (and therefore, by way of example, in cases of termination of the relationship at the Company's initiative in the absence of a legitimate cause or following the resignation of the Chief Executive Officer for a legitimate cause), the right of the Chief Executive Officer to receive from the Company, subject to the completion of the relevant governance

procedures and without prejudice to the provisions of the Company's pro-tempore remuneration policies in force, a gross, lump-sum and all-inclusive amount equal to the sum of the fixed remuneration and the MBO (calculated at the target value) that the Chief Executive Officer would have received until the approval of the financial statements as at 31 December 2021; and

- (ii) in the event of a *bad leaver* (and therefore, by way of example, in cases of termination of the relationship at the initiative of the company in the presence of a legitimate cause or following the resignation of the manager without a legitimate cause), the Chief Executive Officer shall not be entitled to receive the treatment referred to in point (i) above, nor any other remuneration and/or indemnity in respect of and on termination of the relationship.

For information on the possible effects of the termination of the administrative relationship on incentive plans based on actions for which the directors of the company are beneficiaries, see the respective informational documents prepared in accordance with Article 114-bis of the Consolidated Law on Finance and 84-bis of the Consob Issuers' Regulations, which can be consulted on the issuer's website ([www.deacapital.com](http://www.deacapital.com), *Governance/Incentive Plans* section).

During the fiscal year, there were no other events such as termination of office and/or dissolution of the relationship with an executive director or general manager that would require disclosure to the market.

## **8.2 Remuneration Committee**

The board has set up an internal Remuneration and Appointments Committee.

Based on the stricter approach recommended by the code, the Remuneration and Appointments Committee is composed of three Independent Directors, currently in the persons of: Elena Vasco, acting as Chairperson, Davide Mereghetti and Francesca Golfetto <sup>(10)</sup>. At least one of the Committee members shall have adequate knowledge and experience in financial matters or remuneration policies, to be assessed by the Board of Directors at the time of appointment.

The composition of the Remuneration and Appointments Committee therefore complies with the conditions laid down in the CG Code for the composition of the Appointments Committee and the Remuneration Committee <sup>(11)</sup>.

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<sup>(10)</sup> Please note that the Remuneration and Nomination Committee reflects the composition criteria required by Article 13, paragraph 3, letter b, point ii) of the Consob Related Parties Regulation to apply the exemption contained therein.

<sup>(11)</sup> In accordance with Recommendation 20 of the CG Code: "*The Appointments Committee is composed of a majority of independent directors*". In accordance with Recommendation 26, first part, of the CG Code: "*The Remuneration Committee consists of non-executive directors only, mostly independents, and is chaired by an independent director. At least one of the committee members shall have adequate knowledge and experience in financial matters or remuneration policies, to be assessed by the Board of Directors at the time of appointment*".

The role, composition and functioning of the Remuneration and Appointments Committee are governed by a special regulation approved by the Board of Directors and last amended on 10 November 2020 (the “**RNC Regulation**”).

According to the Committee's Regulation, the chair is responsible for coordinating and planning the Remuneration and Appointments Committee's activities, convening its meetings, guiding the proceedings and presenting proposals, opinions, recommendations and, in general, the results of the committee's work to the board. For more information on the operating rules of the Remuneration and Appointments Committee provided for in the Committee's Regulation, see Section 6 of this report.

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During the Financial Year, four meetings of the Remuneration and Nomination Committee were held on 9 March 2021, 15 April 2021, 07 May 2021 and 8 November 2021.

In particular, at its meeting on 9 March 2021, the Committee approved the Remuneration Report for the Year and resolved to submit it to the Board for approval on 12 March 2021. In addition, during the fiscal year, the committee carried out a number of further activities in the field of remuneration, including: (I) the examination of the guidelines and objectives of a new *performance shares* plan aimed at *the management* of the company (known as the “PPS plan 2021-2023”), as well as a *phantom stock option plan* in favour of the chair of the company's *Advisory Board* (for information on these plans, please refer to the Remuneration Report as well as to the respective informational documents prepared in accordance with Article 114-bis of the Consolidated Law on Finance and 84-bis of the Consob Issuers' Regulations, which can be consulted on the issuer's website ([www.deacapital.com](http://www.deacapital.com), Governance/Incentive Plans section)), (ii) the formulation of an opinion to the board concerning the finalisation of the Chief Executive Officer's MBO plan for fiscal year 2020 and the MBO objectives for the financial year (contained in what is known as the “MBO 2021” sheet), (iii) the verification of the objectives provided for in *the 2018-2020 performance share* plan, the final statement of this plan and the second *tranche of the 2017-2019 share performance* plan; and (iv) the proposal concerning the identification of beneficiaries and the determination of the number of *units* to be allocated to each of them in relation to *the share performance* plans for 2021-2023.

With regard to appointment responsibilities, the committee carried out a number of important activities during the fiscal year, including: (I) the examination of the results of the board's self-assessment process for fiscal year 2020; (ii) the assessment of the need for the Board of Directors to define general criteria for the maximum number of positions in other companies to be considered compatible with the position of company director; (iii) conducting assessments of whether the company should adopt a succession plan for executive directors; and (iv) verifying the completeness of the documentation in support of the Board of Directors for the purposes of the board's assessment of the independence of its members, the observance of the prohibition of *interlocking* and the possession of Dr Nicola Drago (appointed at the Shareholders'

Meeting during the fiscal year) of the requirements required by the applicable law for the office of director.

For information on the attendance of members of the Remuneration and Appointments Committee at meetings held during the fiscal year, see Table 2a attached to this report.

The meetings lasted about 31 minutes on average and were duly recorded. The Chairman of the Remuneration and Nomination Committee informed the Board of what was discussed in the Committee meetings at the first available meeting.

In carrying out its functions, the Remuneration and Nomination Committee has the right to access the information and company departments necessary for the performance of its duties and use external consultants under the terms established by the Board.

During the fiscal year, the committee did not use financial resources, as it used the issuer's resources and corporate structures to perform its duties.

In accordance with the provisions of the Code, no director takes part in the meetings of the Remuneration and Nomination Committee at which proposals are made to the Board regarding his own remuneration. During the Financial Year, the Remuneration and Nomination Committee did not take any resolutions in relation to which its members needed to abstain.

The participation of non-members in the meetings of the Remuneration and Appointments Committee took place at the invitation of the Chair of the committee and with reference to individual items on the agenda; on such occasions, the CEO was informed thereof.

The entire Board of Statutory Auditors has always been invited to each meeting and the meetings have always seen the participation of at least one member of the Board of Statutory Auditors.

Four meetings of the Remuneration and Appointments Committee were planned for 2022, one of which was held on 9 March 2022.

#### *Functions of the Remuneration and Appointments Committee*

The Remuneration and Appointments Committee assists the Board of Directors in matters relating to the remuneration of directors, auditors and *top management* (i.e. senior managers who are not members of the Board of Directors and who have the power and responsibility for planning, directing and controlling the activities of the Company and the group it heads), by issuing opinions, recommendations and proposals.

In particular, the committee, in accordance with the recommendations in the code and the provisions of the law and regulations, performs the following tasks:

A) On the subject of remuneration:

- (i) supports the Board of Directors in working out the remuneration policy;
  - (ii) submit proposals or express opinions on the remuneration of executive directors and other directors holding particular offices, as well as on the setting of *performance* targets related to the variable component of such remuneration;
  - (iii) monitors the concrete application of the remuneration policy and verifies, in particular, the actual achievement of *performance* targets;
  - (iv) periodically assesses the adequacy and overall consistency of the policy for the remuneration of directors and *top management*;
  - (v) supports the Board of Directors: (i) in the preparation of the *stock option* plans and other long-term plans adopted by the Company from time to time; (ii) in the definition of the relevant technical aspects related to the formulation and application of the plans referred to in (i) above, and (iii) in the assessments regarding the incentive system deemed most appropriate (*stock option* plans, other share-based plans);
  - (vi) supervises the application of the incentive systems, *stock option* plans, and other long-term plans adopted by the Company from time to time, the methods for selecting participants in the plans, the identification of the objectives and the determination of the bonuses as better described in the respective plans;
  - (vii) verifies the achievement of results under the various annual and long-term incentive plans and approves the payment of incentives;
  - (viii) expresses a prior reasoned opinion on the Company's interest in carrying out transactions with related parties concerning the allocation or increase of remuneration and economic benefits, in any form, to a member of an administrative or control body or a manager with strategic responsibilities, according to the Procedure for Transactions with Related Parties, as well as on the appropriateness and substantial correctness of the relevant conditions;
  - (ix) at the request of *management*, is available to discuss remuneration issues.
- B) On the subject of appointments and the composition of the Board of Directors, it is responsible for:
- (i) the self-assessment process of the Board of Directors and its committees;
  - (ii) the definition of criteria and recommendations for the optimal composition of the Board of Directors and its committees;
  - (iii) the identification of candidates for the office of director in the event of co-option under the law, ensuring compliance with the provisions on the minimum number of independent directors and the quotas reserved for the least represented gender;

- (iv) the possible submission of a list by the outgoing Board of Directors, to be implemented in accordance with the procedures adopted in this respect by the Company that ensure its transparent formation and presentation;
- (v) the preparation, updating and implementation of any succession plan for the Chief Executive Officer and the other executive directors;
- (vi) the management of the preliminary activity relating to the periodic checks on (i) the requirements of independence and integrity of the directors and (ii) the absence of causes of incompatibility and ineligibility of the directors themselves.

C) In general, the Committee: (i) assess the adequacy of its entire regulation; and (ii) perform any further duties assigned to it by the Board of Directors.

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For further information on the Remuneration and Nomination Committee, please refer to the Remuneration Report available on the Issuer's website ([www.deacapital.com](http://www.deacapital.com), "Corporate Governance" section).

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No change in the composition of the Remuneration and Appointments Committee took place between the end of the fiscal year and the date of this report.

## **9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE**

### *Internal Control and Risk Management System*

The Board of Directors shall define the guidelines of the internal control and risk management system, as a set of rules, procedures and organizational structures aimed at effective and effective identification, measurement, management and monitoring of the main risks, in order to contribute to the issuer's sustainable success in line with the issuer's strategies. Specifically, the board has adopted a set of procedures aimed at correctly identifying and managing the main risks in various areas of activity, including the preparation of accounting documents, the management of privileged information, *internal* dealing, transactions with related parties, the security of the informational infrastructure, workplace safety, investment activity and valuation of investments (*impairment*).

In the exercise of these functions and in accordance with the new provisions of the code, the Board of Directors is assisted by the Control and Risk Committee, established under the board and having the functions indicated below (*in* Section 9.2 of this report), and by the Chief Executive Officer in charge of the internal control and risk management system (the "**Managing Director**") with the tasks indicated in Section 9.1 below. The Board also takes into consideration the organisation and management models adopted by the Issuer and the Group companies of which the Issuer is the parent company pursuant to Italian Legislative Decree 231/2001.

*Risk Management and Internal Control System in relation to the financial reporting process (as per Article 123-bis, paragraph 2, letter b), of the Consolidated Law on Finance)*

The Issuer has established a system of risk management and internal control concerning the financial reporting process defined based on the "COSO Report," which identifies internal control as a process aimed at providing reasonable assurance regarding the achievement of:

- the effectiveness and efficiency of operational activities;
- the credibility <sup>(12)</sup>, accuracy <sup>(13)</sup>, reliability <sup>(14)</sup> and timeliness <sup>(15)</sup> of financial reporting, in order to ensure that it provides a genuine and fair view of the balance sheet, financial and profit and loss situation, in accordance with applicable accounting standards; and
- compliance with applicable laws and regulations.

In this context, it is therefore clear that the risk management and internal control system concerning the financial reporting process cannot be understood as an isolated system, but rather as part of a more complex risk assessment and management system, as more fully described in the Report on Operations attached to the Consolidated Financial Statements as at 31 December 2021 and available on the issuer's website ([www.deacapital.com](http://www.deacapital.com), "*Investor Relations/Financial Statements and Relations*").

The control system as a whole is inspired by the principles dictated by the COSO *Framework* Report, which provides that the achievement of the corporate objectives described in the first paragraph is based on the following 5 structural components of the control system:

- control environment,
- risk assessment;
- control activities;
- information and communication;
- monitoring.

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<sup>(12)</sup> To be understood as correctness and compliance with generally accepted accounting policies and applicable laws and regulations.

<sup>(13)</sup> To be understood as neutrality and precision. The information is considered neutral if it is free from preconceived distortions intended to influence the decision-making process of its users in order to obtain a predetermined result

<sup>(14)</sup> To be understood as clarity and completeness of the information that would lead to informed investment decisions by investors. The informative statement is considered clear if it facilitates the understanding of complex aspects of the company's situation without, however, becoming excessive and superfluous.

<sup>(15)</sup> To be understood as respecting the deadlines for the publication of the information.



The periodic assessment of the system of internal control over the financial reporting process is designed to ensure that these components work together to achieve the above objectives.

Description of main features

Existing risk management and internal control system phases in relation to the financial reporting process.

The issuer has implemented and maintains a set of administrative and accounting procedures to ensure that the internal control system on financial reporting ensures the reliability, accuracy, reliability and timeliness of its financial reporting.

This system provides:

- a set of procedures through which the Issuer ensures an efficient data exchange system with its subsidiaries and carries out the necessary coordination for financial reporting purposes. The key elements of this system are:
  - the Group's IAS/IFRS Accounting Principles Manual distributed among all DeA Capital Group companies;
  - the procedure for closing the periodic accounts and preparing the consolidated and separate financial statements of the Issuer;
  - a system of procedures drawn up by the Issuer relating to the main corporate accounting processes and disseminated, as a model, to all DeA Capital Group companies.

All these procedures are subject to a periodic evaluation process aimed at identifying and implementing any aspects that can be improved and incorporating the effects of issuing new accounting standards or amending existing ones.

The approach adopted by DeA Capital to assessing, monitoring and continuous updating of the Internal Control System for *Financial Reporting* is based on a process defined in accordance with the COSO *Framework* model and is *top-down-risk based*.

It allows for assessments to be made following an approach that focuses on the areas of most significant risk <sup>(16)</sup> and/or materiality, i.e. the risks of material misstatement <sup>(17)</sup> in the components of the financial statements and related disclosure documents. To this end, we proceed to:

- identify and assess the origin and likelihood of material misstatements in the elements of financial reporting;
- assess whether the existing key controls are adequately defined to detect, in advance or afterwards, possible errors in the elements of financial reporting;

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<sup>(16)</sup> "Risk" means the potential event that may affect the achievement of the objectives of the internal control system, namely the accuracy, reliability, credibility and timeliness of financial information.

<sup>(17)</sup> "Error" means any unintended act or omission that resolves into a misleading statement in the disclosure.



- testing the operation of controls based on an assessment of the risk of error in financial reporting, focusing testing activities on the highest risk areas.

The identification and assessment of risks of error that could have a material impact on financial reporting are carried out through a risk assessment process carried out at least once a year and, in any case, whenever there is a material change in the structure of the Group.

This risk assessment process identifies, through a top-down approach, the organisational entities, processes and related accounting entries that are generated, as well as the specific activities that could potentially cause material errors.

Subsequently, risks and related controls are associated with the accounts and business processes that underlie the formation of accounting data.

Once the processes and their significant associated risks have been identified, specific controls (so-called 'key controls') are identified and assessed, the application of which is capable of limiting the risk of a potential material misstatement in the *Financial Reporting*.

This process also allows the maintenance of a virtuous cycle of updating the internal control system on financial reporting through the structuring of specific controls for risks previously not monitored and the consequent updating of internal procedures.

On the basis of international *best practices*, the controls in place within the Group can be divided into two main categories:

1. controls operating at company levels such as assignment of responsibilities, powers and delegations, segregation of duties, *four eyes review* and selection of privileges and access rights to IT applications;
2. controls operating at a process level, such as issuing authorisations, carrying out reconciliations, performing consistency checks, etc. These controls may be of the "preventive" type to prevent the occurrence of anomalies or fraud that could lead to errors in financial reporting or of the "detective" type to detect anomalies or fraud that have already occurred. These controls may have a 'manual' or 'automatic' connotation, such as application controls that refer to the technical and parameterisation characteristics of the information systems supporting the *business*.

#### Roles and functions involved

Preparing the consolidated financial statements involves the submission of several reporting packages by the subsidiaries to the Issuer. For each *reporting package*, a person is identified who is required to certify that the data transmitted has been prepared in such a way as to allow the director responsible for preparing the company's financial reports to issue his or her certification according to Article 154-*bis* of the Consolidated Law on Finance.

While respecting the autonomy and responsibilities of each Group company, the structure headed by the Director responsible for preparing the Company's financial reports provides a constant point of reference for all subsidiaries to ensure that accounting processes are managed according to the highest quality standards. In particular, it verifies, together with the administrative departments of each Company and in coordination with those responsible for reporting packages, the adequacy of the control systems that monitor risks of error that could have a material impact on financial reporting, as identified during the risk assessment process described in the previous paragraph.

In addition, in compliance with the autonomy as mentioned above and responsibility, the Director in charge of preparing the Company's financial reports carries out testing activities throughout the year, aimed at verifying the practical application both in the Issuer and in the subsidiaries of the procedures governing the controls on the main corporate processes. This activity was carried out with the support of the Internal Audit Department, assisted by the external consultant chosen by the Director in Charge of Financial Reporting to carry out tests of the effectiveness of the controls, according to the scope and in the areas determined by the Director in Charge of Financial Reporting himself.

The results of this activity are presented to the function managers, and improvement plans are agreed upon with the reporting package directors to put in place corrective actions or improvement plans.

The Director responsible for preparing the Company's financial reports submits reports at least once a year to the Control and Risk Committee on the activities carried out, and the same report is submitted to the Board of Directors on the occasion of the approval of the Issuer's Half-Yearly Financial Report and Consolidated and Annual Financial Statements.

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The Control and Risk Committee supported the Board of Directors in defining the guidelines of the internal control and risk management system so that the main risks affecting the Group are correctly identified and adequately measured, managed, and monitored.

During the fiscal year, the Control and Risk Committee reported to the Board of Directors on the committee's work, the results of the monitoring carried out and the functioning of the internal control and risk management system, highlighting that the latter was substantially consistent with the issuer's size and organisational and operational structure.

On 11 March 2022, the issuer's Board of Directors, while taking into account the guidelines provided by the Control and Risk Committee, was able to express, with reference to the fiscal year, a positive evaluation on the adequacy, effectiveness and efficient operation of the issuer's internal control and risk management system,

considering the company's characteristics and the risk profile assumed. At the same meeting, the board approved *the* 2022 internal audit plan.

### **9.1 CEO**

In accordance with the provisions of the CG Code, the Board of Directors has entrusted the Chief Executive Officer (CEO) of the company with the role of Managing Director responsible for the establishment and maintenance of the internal control and risk management system (the "**Managing Director**").

In particular, the Chief Executive Officer has been assigned the following responsibilities with specific reference to the risk management and control system:

- (i) identification of the leading corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries;
- (ii) implementation of the guidelines defined by the Board of Directors, taking care of the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness, as well as adapting it to the dynamics of the operating conditions and the legal framework;
- (iii) entrusting the internal audit department, if deemed appropriate, with the task of carrying out checks on specific operational areas and compliance with internal rules and procedures in the execution of corporate transactions, while simultaneously notifying the Chairman, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- (iv) promptly updating the Control and Risk Committee on problems and critical issues that have emerged in the performance of its activities or of which it has otherwise become aware so that the committee can take the appropriate initiatives.

In carrying out the activities related to the internal control and risk management responsibilities identified above, during the fiscal year the Managing Director, with the support of *the Internal Audit* Department, helped to identify the main business risks, considering the characteristics of the activities carried out by the issuer and its subsidiaries, in particular by promoting the implementation of company procedures, with particular reference to the activities required for the transposition of the provisions of the new code and of the amendments to the Consob regulations regarding transactions with related parties. The operating conditions and the legislative and regulatory framework did not require any significant interventions on the internal control and risk management system during the fiscal year. Furthermore, during the course of the Financial Year, no issues or problems came to his attention that needed to be reported to the other parties involved in the internal control and risk management system.

## 9.2 Control and Risk Committee

The Board of Directors has set up an internal Control and Risk Committee (the “**CRC**”) made up of three Independent Directors, currently in the persons of: Donatella Busso, acting as Chairperson, Daniela Toscani and Elena Vasco.

The role, composition and operation of the Control and Risk Committee is governed by a specific regulation approved by the Board of Directors and last amended on 10 November 2020 (the “**CRC Regulation**”).

Pursuant to the CRC Regulation, the Chair is responsible for coordinating and planning the Control and Risk Committee's activities, convening its meetings, guiding the proceedings and presenting proposals, opinions, recommendations and, in general, the results of the committee's work to the board. For more information on the operating rules of the Control and Risk Committee provided for in the CRC Regulation, see Section 6 of this report.

As a whole, the Committee has adequate expertise in the business sector in which the Company operates to assess the relevant risks. At least one of the members of the Committee shall have adequate knowledge and experience in accounting and finance or risk management, to be assessed by the Board of Directors at the time of appointment.

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During the Financial Year, five meetings of the Control and Risk Committee were held on 27 January 2021, 10 March 2021, 07 May 2021, 8 September 2021 and 9 November 2021.

The duration of the meetings of the Control and Risk Committee during 2021 was on average about two hours and the meetings were regularly recorded. The Chair of the Control and Risk Committee informed the board of what was discussed at the committee meetings at the first useful meeting in the event of matters of relevance to the Board of Directors; in addition, at least every six months, the Control and Risk Committee reported to the board on the activities carried out by the committee during the reference period.

For information on the attendance of members of the committee at the meetings of the Control and Risk Committee during the fiscal year, see Table 2a attached to this report.

In carrying out its functions, the Control and Risk Committee has the right to access the information and company departments necessary for the performance of its duties and make use of external consultants under the terms established by the Board.

During the year, the Control and Risk Committee had at its disposal a budget of EUR 50,000, which, in addition to the services rendered by the issuer's resources and corporate structures, was sufficient to ensure the performance of its duties.

The participation of non-members in the Control and Risk Committee meetings took place with reference to individual items on the agenda and at the invitation of the Committee Chairperson. The CEO was promptly informed on each occasion.

The entire Board of Statutory Auditors has always been invited to each meeting. They were always attended by the Chairman of the Board of Statutory Auditors or an auditor delegated by him.

Five Control and Risk Committee meetings are scheduled for 2022, two of which have already been held.

#### Functions of the Control and Risk Committee

The Control and Risk Committee has the task of supporting the assessments and decisions of the Board of Directors relating to the internal control and risk management system and the approval of periodic financial and non-financial reports (the latter, when prepared by the Company).

In particular, the committee, in accordance with the CRC Regulation and in compliance with the recommendations of the code and the provisions of the law and regulations, performs the following tasks:

- (i) supports the Board of Directors in carrying out, *inter alia*, the following activities:
  - 1) the definition of the guidelines of the internal control and risk management system in line with the Company's strategies to allow the Board of Directors to assess the adequacy of the organisational, administrative and accounting structure of the Company and its strategically important subsidiaries;
  - 2) evaluating, at least once a year, the adequacy of the internal control and risk management system concerning the characteristics of the Company and the risk profile assumed, as well as its effectiveness;
  - 3) the appointment and dismissal of the head of the *internal audit* department, as well as the definition of his/her competences and remuneration in line with corporate policies, and the allocation of adequate resources to him/her for the performance of his/her tasks;
  - 4) approval, at least once a year, of the work plan prepared by the head of the *internal audit* department;
  - 5) the assignment to the Board of Statutory Auditors or to a specially constituted body of supervisory functions pursuant to Article 6(1)(b) of Italian Legislative Decree no. 231/2001;
  - 6) the assessment of the findings set out by the statutory auditor in any letter of recommendations and in the additional report addressed to the supervisory body;

- 7) the description, in the report on corporate governance, of the main features of the internal control and risk management system and the methods of coordination between the persons involved in it, their overall assessment of the adequacy of the system itself and the choices made regarding the composition of the supervisory body *under* no. 5);
- (ii) after consulting the manager responsible for preparing the company's financial reports, the statutory auditor and the Board of Statutory Auditors, it assesses the correct use of accounting standards and, in the case of groups, their homogeneity for the purposes of preparing the consolidated financial statements;
  - (iii) assesses the suitability of periodic financial and non-financial information (the latter where prepared by the Company), to correctly represent the Company's *business* model, strategies, the impact of its activities and the *performance* achieved;
  - (iv) examines the content of periodic non-financial information relevant to the internal control and risk management system (if prepared by the Company);
  - (v) expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the assessments and decisions of the Board of Directors relating to the management of risks deriving from harmful events of which they have become aware;
  - (vi) examines periodic and particularly significant reports prepared by the *internal audit* department;
  - (vii) monitors the independence, adequacy, effectiveness and efficiency of the *internal audit* department;
  - (viii) may entrust the Internal Audit Department with the performance of monitoring of specific operational areas, simultaneously notifying the Chair of the Board of Statutory Auditors and, where deemed appropriate, the Chief Executive Officer as well;
  - (ix) expresses prior opinions on the approval by the competent body of certain transactions entered into by the Company, or its subsidiaries, with related parties, pursuant to the Procedure for Transactions with Related Parties.

During the fiscal year, the Control and Risk Committee carried out constant verification activities regarding the internal control and risk management system, focusing its work on the following activities: (i) assessment of the annual Audit Plan of the Internal Audit Department and analysis of the risk assessment functional to its construction; (ii) assessment of the activities carried out by the Head of the Internal Audit Department and the progress of the work plan referred to in the previous point, carrying out the in-depth analyses deemed necessary from time to time; (iii) assessment of the adequacy of the Internal Audit Department, also given the new tasks entrusted to it from time to time; (iv) analysis of the controls carried out by

the Executive in Charge of Preparing the Company's Financial Reports to issue the certifications provided for by Article 154-*bis* of the Consolidated Law on Finance; (v) analysis of the methods used to value certain significant items of the assets in the financial statements, including through meetings with the Executive in Charge of Preparing the Company's Accounting Documents; (vi) analysis of the adequacy of the periodic financial disclosure in properly representing the company's activities and performance; (vii) exchanges of information with the Board of Auditors; (viii) exchanges of information with the Supervisory Body according to Italian Legislative Decree No. 231/2001 and analysis of the proposed modifications to the company's Organisation, Management and Control Model under Legislative Decree No. 231/2001; (ix) analysis of the streams of information coming from *the internal audit* departments of the group's subsidiaries, analysing in particular the events that could have been an index of criticality in the internal control and risk management system of those companies; (x) monitoring the proper execution of *the internal audit* services provided by the parent company to the group companies that have requested it; (xi) exchanges of information streams with the company responsible for auditing the issuer's financial situation; (xii) meetings with the Managing Directors of the main subsidiaries in order to understand and assess how the main risks related to these companies are identified, measured, managed and monitored; (xiii) analysis of quarterly streams of information on transactions with related parties excluded from the scope of the procedure; (xiv) monitoring the progress of activities aimed at improving the company's internal control system, identified from time to time; (xv) monitoring the progress of the activities undertaken by the company in the face of recent regulatory innovations (e.g. legislation on related parties) and the forecasts of the new code (e.g. how to manage the dialog with shareholders and other stakeholders).

### **9.3 Head of the Internal Audit Department**

On 13 November 2009, the Board of Directors appointed Dr Davide Bossi as Head of *the Internal Audit* Department, and he was also appointed member of the Supervisory Body under Legislative Decree No. 231/2001.

The Board of Directors meeting, held on 17 April 2015, confirmed, subject to the favourable opinion of the Control and Risk Committee, which assessed it during the meeting held on the same date, that the remuneration of the Head of the Internal Audit Department is consistent with current company policies and ensured that it be adequately resourced to carry out its responsibilities. The *Internal Audit* Department has an annual *budget* of EUR 60,000.

The Head of the *Internal Audit* Department is not responsible for any operational area and does not report hierarchically to any manager of operational areas, including the administration and finance area. It reports hierarchically to the Board of Directors, through its Chairman, and functionally to the Control and Risk Committee.

The activities of the Internal Audit Department are carried out based on an annual work plan approved by the Board of Directors, after consulting the Board of Statutory



Auditors and the Director in charge of supervising the functionality of the internal control and risk management system. The working plan of the *Internal Audit* Department for the fiscal year was approved by the board on 12 March 2021.

The Head of the Internal Audit Department proposed the above work plans, who draws them up based on a structured process of risk analysis and prioritisation.

THE Head of the *Internal Audit* Department is responsible for:

- constantly verifying, examining and evaluating the adequacy and effectiveness of the internal control and risk management systems, processes, procedures and mechanisms prepared and/or implemented by the company's management, in line with the applicable legislation and the corporate policies, as defined from time to time by the Board of Directors;
- proposing to management the most appropriate preventive/corrective measures to remedy any shortcomings that may have emerged during the audit and verification activities;
- supporting other corporate functions in the definition and subsequent implementation of policies, procedures, behavioural rules and working methods of both an operational and an administrative-accounting nature;
- coordinating effectively with the external auditors to avoid duplication and failure to monitor certain areas relevant to both;
- submitting periodic reports on internal audit matters to the relevant corporate bodies;
- responding adequately to any requests from supervisory authorities, to the extent of its competence;
- cooperating with the several *Internal Audit* Department that may exist within the Group;
- reporting, at least every six months, to the Board of Directors, the Control and Risk Committee, the Director in charge and the Board of Auditors on the activities carried out and providing an assessment of the suitability of the internal control and risk management system;
- maintaining relations and carrying out secretarial activities in support of the Parent Company's Supervisory Board and, where required, the Company's Control and Risk Committee;
- ensuring the cooperation with the Parent Company's Board of Auditors.

The activities of the *Internal Audit* Department are carried out based on an annual work plan approved by the Board of Directors, after consulting the Board of Statutory Auditors and the Managing Director in charge.

The Head of the Internal Audit Department proposed the above work plans, who draws them up based on a structured process of risk analysis and prioritisation.



Extraordinary *audit* activities may be required:

- a) by the Control and Risk Committee, which must simultaneously notify the Chairman of the Board of Statutory Auditors;
- b) by the Managing Director, who must simultaneously notify the Chairman of the Control and Risk Committee, the Chairman of the Board of Statutory Auditors and the Chairman of the Board of Directors;
- c) by the Board of Statutory Auditors, which has the power to request the *Internal Audit* Department to carry out checks on specific operational areas or corporate transactions, simultaneously notifying the Chairman of the Control and Risk Committee, the Chairman of the Board of Directors and, from 2021, the Chief Executive Officer;
- d) by the SB, which shall at the same time notify the Chairman of the Control and Risk Committee, the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors and the Chief Executive Officer, unless the specific control activities directly concern those bodies.

It should also be noted that on 4 February 2021, the board approved, after a favourable opinion on the issue by the Control and Risk Committee, an update of the guidelines for *the internal audit* of DeA Capital (the "**IA Guidelines**"). The changes were aimed at:

- (i) aligning the content of the IA Guidelines with the new provisions of the code, providing for the new tasks assigned to the CEO in the structuring of the internal control and risk management system; in this context, the flows between *the Internal Audit* Department and the various parties involved in the structuring of an appropriate internal control and risk management system have also been identified;
- (ii) also introducing ESG sustainability principles in the context of internal auditing activities;
- (iii) specifying the roles and responsibilities of the various departments of Group Internal Audit, identifying the minimum flows of information to be used by the parent company, including to allow the Control and Risk Committee to carry out its tasks;
- (iv) identifying standard operating clauses for the assignment of tasks to *the Internal Audit* Department of the parent company by other group companies;
- (v) identifying operational instruments that can give greater evidence of the criteria followed by *the Internal Audit* Department in the formulation of the assessments that are relevant to it;
- (vi) aligning the mandate of the Internal Audit Department in accordance with the above.

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During 2021, *the Internal Audit* Department:

- verified, both on an ongoing basis and concerning specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system, through an audit plan approved by the Board of Directors at its meeting on 12 March 2021, based on a structured process of analysis and prioritisation of the main risks;
- had direct access, on a case-by-case basis, to all information relevant to the performance of their duties;
- verified the reliability of the information systems, also with particular regard to the AMCs controlled by the Issuer, DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR;
- prepared periodic reports containing adequate information on its activities, on how risk management is carried out and on compliance with the plans defined for their containment, as well as an assessment of the suitability of the internal control and risk management system and forwarded them to the Chairman of the Board of Statutory Auditors, the Control and Risk Committee, the Board of Directors and the Appointed Director. Since no particularly significant events occurred, it was not necessary to prepare periodic reports on these events to be sent to the Chairman of the Board of Statutory Auditors, the Control and Risk Committee, the Board of Directors and the Appointed Director;
- fulfilled the obligations assumed by the issuer towards the subsidiaries that have entrusted it with the execution of the activities of the Internal Audit Department.

In 2021, therefore , (i) the outsourcing contracts for the internal auditing functions of DeA Capital Real Estate AMC and DeA Capital alternative Funds AMC were properly implemented, (ii) the audit activities of the parent company were carried out, in accordance with the priorities agreed with the relevant corporate bodies (see above in relation to the preparation of the Internal Audit work plans and the approval by the board of *the Internal Audit* Plan for the year), (iii) the outsourcing contracts for the receipt, examination and evaluation of reports relating to DeA Capital Real Estate AMC and DeA Capital alternative Funds AMC were properly implemented and, finally, (iv) the new responsibilities assigned to the Internal Audit Department by the companies belonging to the group, in particular the responsibility for the Internal Audit Department of Quaestio Capital Management AMC S.p.A., were taken charge of.

With regard to point (i) above, the Internal Audit Department, with reference to the outsourcing contracts signed by DeA Capital Real Estate AMC and DeA Capital Alternative Funds AMC, carried out the audits agreed on an annual basis with the

respective Boards of Directors and summarised in the audit plans. By way of example, it should be noted that analyses were done of: (a) processes for the development of new products in the real estate sector; (b) the progress of the activities agreed upon with respect to extraordinary corporate transactions; (c) the proper functioning of some of the committees provided for in the governance of some of the managed securities; (d) the planning and budget processes of the real estate AMC (i.e. DeA Capital Real Estate AMC); (e) the adequacy of the AML compliance processes; (f) the adequacy of the remuneration policies adopted by the two AMCs; (g) the adequacy of the second level control functions; (h) the soundness of computer security protection measures on the data stored in some of the company's archives; (i) the progress of the activities agreed upon regarding previous audits.

With reference to point (ii) above, the Internal Audit Department maintained, in continuity with the previous year, the verification of the operation and suitability of the issuer's internal control and risk management system. In particular, the activity of the Head of the *Internal Audit* Department, in accordance with the priorities agreed with the Control and Risk Committee, was essentially aimed at implementing the *Internal Audit* plan, as amended in order to take into account the effects derived from the spread of the COVID-19 pandemic. In this context, specific *audit* actions were performed concerning, for example: the adequacy of the existing assets to cope with the spread of the COVID-19 pandemic and the verification of the implementation of the agreed-upon actions regarding previous audits or the *risk assessment* activities carried out.

With reference to point (iii) above, the Internal Audit Manager, as the person responsible for receiving, reviewing and evaluating reports, supported the Head of the internal reporting systems of DeA Capital Real Estate AMC and DeA Capital Alternative Funds AMC, by carrying out appropriate verifications in evaluations concerning the correct functioning of the internal signalling system adopted by the aforementioned AMCs.

In addition, in implementing the annual activity plan, the *Internal Audit* Department provided support to the Director in Charge of Preparation of the Company's Financial Reports to check the evidence of the controls provided for in the accounting procedures and gave support to internal departments in drafting or updating procedures.

#### **9.4 Organisational Model according to Italian Legislative Decree No. 231/2001**

On 30 July 2007, the Issuer adopted the organisation, management and control model for the prevention of offences under Legislative Decree 231/2001, as amended ("**Model**").

The model was last updated on 10 November 2020 to take account of regulatory changes since the previous revision, dating from 10 May 2018.

The Model consists of the following sections:

- "General Section" which explains the contents of the Italian Legislative Decree 231/2001, the function of the organisation, management and control model, the tasks of the Supervisory Board, the disciplinary system and, in general, the principles, logic and structure of the Model itself;
- "Special Sections" which refer to the specific types of crimes analysed and the sensitive activities identified to prevent the crimes provided for by the Italian Legislative Decree 231/2001; these special sections concern in particular: crimes involving government agencies; crimes relating to health and safety at work; corporate crimes; corruption crimes between private individuals; crimes of market abuse and manipulation; crimes of receiving, laundering and using money from illegal activities; computer-related crimes; tax crimes;
- Code of Ethics;
- the annexes referred to in the individual sections.

The rules contained in the Model apply to all those who perform, including de facto, management, administration, direction or control departments in DeA Capital, to their subordinates, both employees and collaborators, as well as to all consultants, agents, proxies and, more generally, third parties who act, including de facto, on behalf of Group companies, within the limits of the powers delegated to them and in relation to the scope of the activities identified as "at-risk".

The Model was sent to all DeA Capital managers, published on the corporate intranet and is available on the Issuer's institutional website ([www.deacapital.com](http://www.deacapital.com)) in the Corporate Governance/Organisational Model section (webpage: <https://www.deacapital.com/corporate-governance/modello-organizzativo/>).

The Board of Directors has also appointed a Supervisory Board with autonomous powers of initiative and control to oversee the effectiveness and updating of the model and/or its constituent elements. This activity consists of analysing the adequacy of the model for the reasonable prevention of the crimes provided for in the Italian Legislative Decree 231/2001.

In particular, the Supervisory Body must:

- check the effectiveness, consistency and adequacy of the model adopted, proposing any necessary changes and additions to the relevant company departments;
- periodically report to the Board of Directors, the Managing Director and the Board of Auditors on the state of implementation and operation of the model;
- promote, in concert with the relevant corporate functions, training/information and internal communication programmes, regarding the model, the standards of conduct and the procedures adopted according to the Italian Legislative Decree 231/2001;
- provide for internal reporting mechanisms that systematically make available to

the several corporate departments valuable information for carrying out the function of monitoring the validity of the model;

- respond adequately to instances of misconduct by proposing to the relevant corporate departments the application of internal disciplinary systems.

At the date of this Report, the Supervisory Body, appointed by the Board of Directors at the meeting of 18 April 2019, is in office for FY 2019-2020-2021 and is composed of the Chairman of the Board of Statutory Auditors, Cesare Grifoni (Chairman), Donatella Busso and the Head of the *Internal Audit* Department, Davide Bossi.

The Issuer has not used the option to assign the functions of the Supervisory Board to the Board of Statutory Auditors. In particular, also given the current system of controls implemented by DeA Capital and the best practices in this area, it is believed that the tasks assigned by law to the Supervisory Board can be pursued more effectively through an ad hoc multi-subjective supervisory body that combines different skills and professionalism, thus making the body's activities more effective and far-reaching.

The companies controlled by DeA Capital with an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 are: DeA Capital Partecipazioni S.p.A.; DeA Capital Alternative Funds SGR S.p.A. and DeA Capital Real Estate SGR S.p.A..

### **9.5 Auditing company**

PricewaterhouseCoopers S.p.A., with registered office at Via Monte Rosa 91, Milan, is responsible for the legal audit of the Company and is registered in the register of auditing companies according to Article 161 of the Consolidated Law on Finance. The appointment was made, according to Italian Legislative Decree no. 39/2010, by the Shareholders' Meeting of 17 April 2015, for fiscal years 2015-2023, on a reasoned proposal from the Board of Statutory Auditors, and expires on the date of the Shareholders' Meeting convened for the approval of the financial statements for the fiscal year ending 31 December 2023.

### **9.6 Manager Responsible for Preparing the Company's Accounts and other company roles and departments**

The Board, subject to the mandatory opinion of the Board of Statutory Auditors, appoints the Director responsible for preparing the Company's financial reports according to Article 154-bis of the Consolidated Law on Finance, determining his remuneration and granting him adequate means and powers to perform the tasks assigned to him.

Under Article 13 of the Articles of Association, the Director in charge of preparing the Company's financial reports must have, in addition to the requirements of integrity prescribed by current legislation for those who perform administrative and management functions, standards of professionalism characterised by specific expertise in administration, finance and control in companies of significant size. To

be ascertained by the Board itself, this competence must be acquired through work experience in a position of appropriate responsibility for a reasonable period. If the requisites of integrity are no longer met during the term of office, the office is revoked, and, in this case, the revoked Director in Charge of Preparation of the Company's Financial Reports shall be promptly replaced.

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On 26 June 2007, the Board, with the favourable opinion of the Board of Statutory Auditors, appointed Mr Manolo Santilli, the current General Manager of the Issuer, as the Managing Director responsible for preparing the Issuer's Corporate Accounting Documents. At the time of the appointment, the Board verified the requisites required by law and by the Articles of Association for assuming the said office. The COO's curriculum vitae is available on the issuer's institutional website ([www.deacapital.com](http://www.deacapital.com)) in the "Company/Management" section.

At the time of his appointment, the Board of Directors granted the Director responsible for preparing the Company's financial reports all the powers and means necessary to perform the tasks assigned to him under Article 154-bis et seq. of the Consolidated Law on Finance.

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#### **9.7 Coordination between parties involved in the internal control and risk management system.**

Coordination between the parties involved in the internal control and risk management system occurs through exchanges of information flows during regular meetings.

Specifically:

- with regard to the Board of Statutory Auditors, it is invited to all meetings of the Board of Directors and of the Control and Risk Committee and participates in all meetings of the latter (through the Chair or other executive designated by the latter); the Board of Statutory Auditors and the Control and Risk Committee shall promptly exchange information relevant to the performance of their respective tasks. Furthermore, one of the Issuer's auditors is also a member of the Supervisory Body pursuant to Italian Legislative Decree 231/2001 and, at each meeting of the latter, updates colleagues on any situations detected during the Board's periodic audits that might be relevant under Italian Legislative Decree 231/2001; the Board of Statutory Auditors also invites the Head of the *Internal Audit* Department to each meeting, from whom he receives updates on the activities carried out and on what was found during the activity itself;
- with regard to the Board of Directors and the Director in charge of the internal control and risk management system, receives periodic reports from the Head of the Internal Audit Department, the Chairman of the Control and Risk

Committee and the Chairman of the Supervisory Body according to Legislative Decree 231/2001. In addition, the Board of Directors meets the Board of Statutory Auditors at each of its meetings;

- with regard to the Head of the Internal Audit Department, he is invited to all the meetings of the Control and Risk Committee and the Board of Statutory Auditors, to which he reports on the activity carried out and on what was found during the activity itself; he is also a member of the Supervisory Body according to Legislative Decree 231/2001;
- with regard to the Control and Risk Committee, they meet, at each of their meetings, with the Board of Statutory Auditors (or at least their Chairman or their delegate) and with the Head of the Internal Audit Department, who reports on the activities carried out during the period and submits periodic reports thereon. In addition, a member of the Committee is also a member of the Supervisory Body pursuant to Italian Legislative Decree 231/2001.

#### **10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS**

On 11 November 2010, in conformity with the Consob Related Parties Regulation, the issuer's board adopted the procedure on related party transactions, as last amended on 3 February 2021, subject to the favourable opinion of the Control and Risk Committee (the "**RPT Procedure**"). The RPT Procedure can be consulted on the issuer's internet site ([www.deacapital.com](http://www.deacapital.com)) in the *Governance/Organizational Model* section, to which reference is made for information on the content of the same.

It should be noted that the company has not appointed a committee for transactions with related parties. In fact, in accordance with the CRC Procedure on account of the related parties involved in the individual operations and the type of operation, the following will be involved as a committee for transactions with related parties: (i) the Remuneration and Appointments Committee for transactions concerning the allocation of remuneration and economic benefits to members of the management and control bodies and directors with strategic responsibilities; (ii) the Control and Risk Committee for transactions with related parties of other kinds.

In this regard, It should be noted that during the fiscal year the Control and Risk Committee and the Remuneration and Appointments Committee did not meet as a committee for transactions with related parties, since in 2021 the company did not set up transactions with related parties "of greater relevance" or "of lesser relevance" (as defined in the CFC Procedure) to be submitted to the committee for transactions with related parties.

According to Article 7.3 of the RPT Procedure, Directors who have an interest, even potential and indirect, in a transaction must promptly and thoroughly inform the board of the interest's existence, nature, terms, origin, and extent. The Board is required to assess, on a case-by-case basis, the appropriateness of requesting the director with the conflict of interest to leave the Board meeting before the start of the discussion and until the resolution has been adopted and to abstain from voting.



If the transaction falls within the competence of a delegated administrator (i.e. the Chair of the Board of Directors or the Chief Executive Officer), the latter shall refrain from carrying out the transaction, entrusting it to the Board of Directors.

Without prejudice to the foregoing, within the meaning of Articles 4.1(h) and 4.2(e) of the CRC procedure, where an operation falls within the competence of the Board of Directors, directors who have an interest in the transaction, on their own behalf or on behalf of third parties, in conflict with that of the company, shall abstain from voting on the transaction.

## **11. BOARD OF STATUTORY AUDITORS**

### **11.1 Appointment and replacement**

The appointment and replacement of statutory auditors shall be governed by the laws and regulations in force *at the time* and by Article 18 of the Articles of Association.

Article 18 of the Issuer's Articles of Association establishes that the Board of Statutory Auditors comprises three statutory auditors and three alternate auditors who remain in office for three financial years and may be re-elected.

At least one of the Statutory Auditors must be female, if the majority of the Statutory Auditors is male or male, if the majority of the Statutory Auditors is female. The remuneration of the Statutory Auditors is established by the Shareholders' Meeting.

The Statutory Auditors must meet the requirements of integrity, professionalism and independence established by the applicable legislation and must not exceed the limits on the accumulation of offices provided for by the applicable legislation in force.

According to Article 18 of the Articles of Association, the Board of Statutory Auditors is appointed based on lists presented by the shareholders and the minority shareholders are entitled to elect one statutory auditor and one alternate auditor. Shareholders who, individually or jointly with others, own shares representing at least 2.5% of the share capital with voting rights at the ordinary Shareholders' Meeting or representing any lower percentage established or referred to by binding legal or regulatory provisions have the right to submit lists. It should be noted that in its Resolution no. 60 of 28 January 2022, Consob set a minimum quota of 2.5% for DeA Capital for the submission of candidate lists for the election of management and supervisory bodies.

Each shareholder, as well as shareholders belonging to the same group and shareholders who are party to a shareholders' agreement according to Article 122 of the Consolidated Law on Finance, may not submit, not even through a third party or trust company, more than one list or vote for different lists. Endorsements and votes cast in violation of this prohibition shall not be attributed to any list. Each candidate may stand for election on only one list, under the penalty of ineligibility.

Together with each list must be filed: (i) information on the identity of the shareholders who have submitted the lists, with an indication of the total percentage of share capital held; (ii) a declaration by the shareholders other than those who



hold, even jointly, a controlling or relative majority interest, certifying the absence of any relationship of connection with the latter, as provided for by Article 144-*quinquies* of the Consob Issuers' Regulations (iii) a *curriculum vitae* containing exhaustive information on the personal and professional characteristics of each candidate, highlighting any administration and control positions held in other companies, as well as declarations in which the individual candidates accept the nomination, undertake - if appointed - to accept the position and certify, under their responsibility, that there are no grounds for ineligibility or incompatibility, and that they meet the regulatory and statutory requirements for their respective offices. Those who have submitted lists must also deposit copies of the certifications issued by authorised intermediaries attesting to their ownership of the number of shares necessary for submitting the lists within the terms and according to the procedures indicated by the regulations in force. Lists submitted without complying with the above provisions shall be deemed not to have been submitted.

The election of Statutory Auditors proceeds as follows:

- a) two standing members and two alternate members are taken from the list that has obtained the highest number of votes at the Shareholders' Meeting, based on the sequential number with which they are listed in the sections of the list, without prejudice to the provisions of the Articles of Association to ensure gender balance (male and female) in compliance with the applicable provisions of the law and regulations;
- b) the remaining standing member and the other alternate member are taken from the second list that has obtained the highest number of votes at the Shareholders' Meeting and which, according to the applicable rules and regulations, is not connected, even indirectly, with the shareholders who submitted or voted for the list that obtained the highest number of votes, based on the sequential number with which they are listed in the sections of the list.

The Chairman of the Board of Statutory Auditors is the Statutory Auditor drawn from the second list that obtained the highest number of votes at the Shareholders' Meeting.

If at the end of the vote, the legal and regulatory provisions concerning the balance between male and female genders are not respected, the candidate for Statutory Auditor of the most represented gender indicated as the last in progressive order on the list obtaining the highest number of votes shall be excluded and shall be replaced by the next candidate, drawn from the same list, belonging to the other gender.

If the first two lists obtain the same number of votes, a new vote shall be held in accordance with the applicable provisions on gender balance (male and female). In the event of a tie between two or more lists other than the one that obtained the highest number of votes, the eldest candidates shall be elected Auditors until all the posts are filled.

Pursuant to Article 144-*sexies*, paragraph 5, of the Consob Issuers' Regulation, at

the expiry date of the deadline for submitting lists, only one list is submitted, or only lists that are interconnected according to the applicable rules and regulations, lists may be submitted up to the third day following that date. In that case, the 2.5% threshold is reduced by half.

If only one list is submitted, the entire Board of Statutory Auditors shall be appointed from that list, and the first candidate on that list shall be appointed Chairman of the Board; it is understood in any event that at least one standing auditor must belong to the gender (male or female) least represented. If no list is submitted, the Shareholders' Meeting shall decide by a majority of those voting, excluding abstainers from the calculation, in compliance with the applicable provisions on gender balance (male and female).

In the event of failure to meet the requirements of the law and the articles of association, the statutory auditor ceases to hold office.

If a Statutory Auditor is replaced, he or she is replaced by the alternate belonging to the same list as the outgoing Statutory Auditor, provided that the applicable provisions on gender balance (male and female) are respected. It is understood that the chairmanship of the Board of Statutory Auditors will remain with the minority auditor.

When the Shareholders' Meeting has to appoint the standing and/or alternate auditors necessary to complete the Board of Statutory Auditors, the following procedure is followed if it is required to replace auditors elected in the majority list, the appointment is made by relative majority vote without list constraints and in compliance with the applicable provisions on gender balance (male and female); if, on the other hand, it is necessary to replace auditors elected in the minority list, the Shareholders' Meeting replaces them by relative majority vote, choosing them from among the candidates indicated in the list to which the auditor to be replaced belonged, provided that the applicable provisions on gender balance (male and female) are respected.

If the application of these procedures does not allow, for any reason, the replacement of the auditors designated by the minority, the Shareholders' Meeting shall proceed with a relative majority vote, in compliance with the applicable provisions on gender balance (male and female); however, in ascertaining the results of this last vote, the votes of shareholders who, according to the communications made according to current regulations, hold, even indirectly or even jointly with other shareholders who are party to a relevant shareholders' agreement according to Article 122 of the Consolidated Law on Finance, a relative majority of the votes may be cast in the shareholders' meeting, and shareholders who control are controlled by or subject to joint control.

#### **11.2 Composition and operation (as per Article 123-bis, paragraph 2, letters d) and d-bis of the Consolidated Law on Finance)**

The Issuer's Board of Statutory Auditors in office at the end of the Financial Year is

composed of 3 standing members and 3 alternate members appointed by the Ordinary Shareholders' Meeting of 18 April 2019.

The Board thus constituted will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2021.

The personal and professional characteristics of each member of the Board of Statutory Auditors, pursuant to articles 144-*octies* and 144-*decies* of the Consob Issuers' Regulation, are illustrated in the *curriculum* filed at the company's registered office and available on the issuer's institutional website ([www.deacapital.com](http://www.deacapital.com)) in the *Corporate Governance/Corporate Bodies* section.

It should be noted that the Board of Statutory Auditors currently in office was appointed based on the single list submitted by the shareholder De Agostini, which contained the following names: Cesare Andrea Grifoni, Fabio Facchini and Annalisa Raffaella Donesana, as candidates for the office of Statutory Auditor, and Andrea Augusto Bonafè, Michele Maranò and Marco Sguazzini Viscontini, as candidates for the office of Alternate Auditor. The minority, which, according to the Articles of Association, would be entitled to appoint one statutory auditor and one alternate auditor, did not submit any list. The candidates on this list were elected with a favourable vote of 69.91% of the voting share capital.

See Table 3a attached to this Report for details of the current Board.

Table 3b attached to this Report shows the administrative and control positions currently held in joint-stock companies by the members of the Board of Statutory Auditors at the date of this Report.

It should be noted that at the date of this Report, no Statutory Auditor in office has communicated that he has exceeded the limits on the accumulation of administrative and control positions provided for in Article 144-*terdecies* of the Consob Issuers' Regulations.

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During the fiscal year, 5 meetings of the Board of Directors were held, on 11 January 2021, 1 April 2021, 29 June 2021, 21 September 2021 and 14 December 2021.

All members of the Board of Statutory Auditors were present at all meetings held during the financial year.

The duration of the meetings of the Board of Statutory Auditors averaged 70 minutes.

As of the date of this report, 1 meeting of the Board of Statutory Auditors was held in FY 2022.

\* \* \*

The composition of the current Board of Statutory Auditors is adequate to ensure, in compliance with the principles of the code, the independence and professionalism of

its function. As far as independence is concerned, as better specified in the following paragraph on "Independence", all the members of the Board of Statutory Auditors are in possession of the independence requirements laid down in Recommendation 7 of the code, as last verified during the fiscal year by the board itself in compliance with Recommendation 9 of the code. As far as professionalism is concerned, the Articles of Association provide that statutory auditors must be in possession of the requirements laid down by the applicable law, including those of professionalism. Fulfilment of the above professional requirements emerges from *the curricula* of the candidate auditors filed by the shareholders when presenting the nomination list for the members of the Board of Statutory Auditors.

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It should be noted that Legislative Decree no. 39/2010 ("Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Directives 78/660/EEC and 83/349/EEC and repealing Directive 84/253/EEC") assigned to the Board of Statutory Auditors the functions of an internal control and audit committee (the "Internal Control and Audit Committee") and, in particular, the supervisory functions over: (i) the financial reporting process; (ii) the effectiveness of the internal control, internal audit, if applicable, and risk management systems; (iii) the statutory audit of the annual and consolidated accounts; (iv) the independence of the statutory auditor or the statutory audit firm, in particular with regard to the provision of non-audit services to the audited entity.

For the activities carried out during the year by the Board of Statutory Auditors in its capacity as Internal Control and Audit Committee, please refer to the report on the supervisory activities of the Board of Statutory Auditors.

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#### Diversity criteria and policies

In compliance with the provisions of the Code and without prejudice to the provisions of the law and regulations in force at the *time*, the Board of Directors has identified for the composition of the Board of Statutory Auditors the same criteria of diversity, including gender diversity, as provided for the Board of Directors in Section 4 above, except as indicated below for the Chairman of the Board of Statutory Auditors.

In particular, the Chairman of the Board of Statutory Auditors must have the authority to ensure the proper functioning of the body, coordinating activities and checks (including individual reviews), encouraging internal discussion and the active participation of all members of the Board of Statutory Auditors, and acting as the primary contact for the Board of Directors, the Chief Executive Officer, the heads of the corporate control departments, the auditing firm and the Company's supervisory body set up according to Italian Legislative Decree no. 231 of 8 June 2001 and subsequent amendments and additions. The Board of Statutory Auditors, in carrying out its activities during the year, has regularly coordinated with the *Internal Audit* Department and with the Control and Risk Committee, in consultation with the Head

of the *Internal Audit* Department. In particular, the Board of Statutory Auditors, the Control and Risk Committee and the *Internal Audit* Department promptly exchange information relevant to the performance of their respective tasks.

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### Independence

Following the appointment of the Board of Statutory Auditors by the Shareholders' Meeting of 18 April 2019, the board, on the same date, verified the existence of the independence requirements of its members based on the criteria provided for by the code in Recommendation 7 concerning the independence of directors, and the results of this assessment were disclosed to the market through a press release dated 18 April 2019.

It should be noted that 4.7, as already indicated in the previous paragraph, subparagraph "*Independent Directors*" (to which reference should be made for more information), on 11 March 2022 the Board of Directors defined the quantitative and qualitative criteria for assessing the significance referred to in points c) and d) of Recommendation 7 of the new CG Code, which are also applicable to the Board of Statutory Auditors.

Lastly, the Board of Statutory Auditors verified that the Statutory Auditors continued to meet the independence requirements at the meeting held on 21 September 2021. In carrying out these evaluations, the Board of Statutory Auditors considered all the information made available by each member of the board, assessing all the circumstances that appear to compromise their independence identified by the Consolidated Law on Finance and the CG Code and applying (among others) all the criteria provided for in the code with reference to the independence of the directors.

\* \* \*

The Board of Statutory Auditors periodically monitors the independence of the auditing firm, verifying both compliance with the relevant regulatory provisions and the nature and extent of services other than auditing provided to the issuer and its subsidiaries by the same auditing firm and the entities belonging to its networks, expressing its opinion annually in the report to the Shareholders' Meeting.

\* \* \*

In consideration of the many years of experience acquired by all the Statutory Auditors in the business sector in which the Issuer operates, the Chairman of the Board of Directors did not deem it necessary to promote further *ad hoc* initiatives during the financial year aimed at increasing the knowledge of the Statutory Auditors of the Company's business sector, company dynamics and their evolution, as well as the reference regulatory framework (the so-called "*induction programme*").

### *Remuneration*

Under the Code, the remuneration of Statutory Auditors is commensurate with the commitment required, the importance of the role covered and the size and sector characteristics of the Company.

For further information on the Remuneration and Appointments Committee, please refer to the Remuneration Report available on the issuer's website ([www.deacapital.com](http://www.deacapital.com), *Corporate Governance* section).

#### *Interest management*

Any Auditor who, on his/her behalf or on behalf of third parties, has an interest in a specific transaction of the Issuer, shall promptly and thoroughly inform the other Statutory Auditors and the Chairman of the Board of Directors about the nature, terms, origin and extent of his/her interest.

## **12. RELATIONS WITH SHAREHOLDERS**

### Access to information

The issuer has deemed it in its own specific interest – as well as a duty to the market – to establish from the time of listing (dating to 2007) an ongoing dialog, based on a mutual understanding of roles, with all shareholders, as well as with institutional investors; a relationship destined in any event to take place in compliance with the procedure for handling inside information described in Section 5.1 above.

In this regard, it has been assessed that this relationship with the general public of shareholders and institutional investors can be facilitated by establishing dedicated corporate structures equipped with adequate personnel and organisational means.

Since the company's incorporation, the *Investor Relations* department has been established, the presence of which is mandatory for companies listed on the STAR segment. The role of *investor rapporteur* responds to a need for complete and transparent communication between the company and the outside world. In particular, it aims to ensure the correct positioning and attractiveness of the financial instrument in the market, developing a liquid and stable market for the security itself, ensuring that the Company can easily place subsequent capital increases and promote a solid and diversified shareholder base. In carrying out its function, the *investor rapporteur* makes use of support tools such as: dissemination and publication of press releases, presentations, financial statements and reports; sending of mailings to stakeholders; periodic contacts with institutional investors and analysts; and the organisation of roadshows with domestic and international institutional investors.

Informational activities in investor relations are also ensured through the management of the company's institutional *website*, [www.deacapital.com](http://www.deacapital.com), with a special section dedicated to investors, the "*Investor Relations*" section, where the most relevant corporate documentation is made available in a timely and continuous manner.

In particular, on this website, investors may freely consult, in Italian and English, all press releases issued to the market, the issuer's periodic accounting documents approved by the competent corporate bodies (annual and consolidated financial statements, half-yearly report and interim management reports), as well as the documents distributed at meetings with professional investors, analysts and the financial community.

In addition, the Issuer's *website* contains the Articles of Association, the documents prepared for Shareholders' Meetings, *Internal Dealing* notices, this Report on the *corporate governance* system, and any other document whose publication on the Issuer's *website* is required by applicable regulations.

The Investor Relations function also carries out specific tasks in the management of price-sensitive information and in relations with Consob and Borsa Italiana S.p.A..

As of the date of this report, the head of *the Investor Relations* department is Dr Manolo Santilli, General Manager and the director responsible for drawing up the issuer's accounting documents.

In accordance with the procedure for the treatment of confidential information adopted by the company, the Investor Relations department is responsible for maintaining and updating the mapping of the relevant information and the Relevant Information List, maintaining and updating of the Insider List, managing the procedure for the delay in the communication of confidential information and its subsequent communication to the competent authorities, communicating confidential information to the public, managing relations with investors, managing the processing of non-privileged information and monitoring market *rumours*, contributing to the drafting of press releases, as well as coordinating communications to the financial community, in order to ensure full compliance with both current legislation and confidentiality requirements.

#### Dialog with shareholders

On a proposal from the Chair of the Board of Directors, formulated in agreement with the Chief Executive Officer, the Board of Directors meeting on 11 November 2021 adopted the Dialog Policy, the terms of which are briefly described below.

The Dialog Policy aims to (a) ensure a constant and open relationship, based on mutual understanding of roles, with current institutional investors, potential investors, asset managers, financial market operators, the economic press, rating agencies and proxy advisors, as well as with the general nature of its shareholders and holders or carriers of other financial instruments issued by DeA Capital (the "**stakeholders**"), in order to increase their understanding of the company's and the group's activities, its economic and financial performance and strategies for sustainable success in line with the recommendations of principle 1 of the code, and (b) maintain an adequate channel of information with these parties inspired by principles of correctness and equal treatment and in compliance with the law.



The Dialog Policy applies to dialog with stakeholders on matters and topics within the competence of the Board of Directors, including through its own intra-board committees, including, but not limited to: the trends in management, financial statements and periodic results, as well as company strategies, dividend policy, buy-back programs, the performance of shares and other financial instruments issued by the company, extraordinary transactions of particular strategic importance for the company and/or the group, corporate governance, social and environmental sustainability, the remuneration policies of the members of the Board of Directors and of the Board of Statutory Auditors, as well as of managers with strategic responsibility, the internal control and risk management system and transactions with related parties.

The care and management of the dialog with the interested parties is entrusted to:

- the Board of Directors. In general, it: (i) promotes dialog with stakeholders and delegates their operational management to the CEO, who is assisted by the COO, each within their respective spheres of authority; (ii) maintains a role of guidance, supervision and monitoring of the application of the Dialog Policy and, in general, of the progress of dialog with the parties concerned and of compliance with the law in relation to this activity; (iii) decides on any question concerning dialog with the interested parties submitted for its examination; (iv) receives periodic information from the Chair and, on the basis of the information received, verifies that the dialog takes place in accordance with the manner set out in the policy; and (v) monitors the application of the policy and is responsible for changes to it.
- Chair of the Board of Directors. In general: (i) this position shall provide information, by the first useful meeting, on the development and significant content of the dialog with interested parties, co-ordinating to this end with the CEO; (ii) it may participate in the dialog, depending on the subject matter covered or at the specific request of the CEO or stakeholders.
- the CEO. In general: this position has the task of managing dialog with the interested parties, taking care that the dialog takes place in the interests of the company and the group. To do this: (i) it evaluates whether: (a) to accept or refuse a request from an interested party for the establishment of a dialog with the company, or (b) to initiate a dialog with an interested party, taking into account various factors and according to the best interest of the company in the medium to long term and the sustainable development of the group; (ii) takes steps to allow or facilitate dialog with stakeholders; (iii) defines the modalities in which dialog with stakeholders takes place; (iv) examines requests for information from stakeholders and, with the support of the COO, identifies the information functional to the dialog to be disclosed to the interested parties, coordinates its collection and/or preparation (where necessary) and defines the modalities of its dissemination in the context of the dialog with the interested parties; (v) identifies the participants in the

dialogs with the interested parties; and (VI) co-ordinates with the Chair of the Board of Directors, assisted by the COO, on the information and updates to be provided to the board.

- the COO. In general, with the help of the Investor Rapporteur Manager and the IR Department (i), this position supports the CEO operationally in managing the dialog with the interested parties; and (ii) interacts on a continuous basis with the interested parties and acts as the first contact for them.

As far as the dialog modes are concerned, the following modes are to be implemented, including in combination with each other: (i) meetings referred to as “one-way”, in which only the interested party exposes to the company its vision on specific issues, or so-called “two-way” meetings, in which there is an exchange of information between the interested party and the company, or (ii) meetings in the so-called “bilateral” form, in which only one interested party participates, or the so-called “collective” form, in which there is the simultaneous participation of several interested parties.

The dialog may be established by the company: (i) upon written request of one or more interested parties (referred to as “reactive” engagement) addressed to the IR Department, which must include the information indicated in the Dialog Policy; or (ii) on the initiative of the company (referred to as “proactive” engagement), through the organization of collective or bilateral meetings with interested parties.

The information given to the interested parties in the dialog is respectful of the obligations of the law, including with reference to the prohibitions on selective communication of inside information and to the equal treatment of the bearers of listed financial instruments referred to in Article 92 of the Consolidated Law on Finance and, in general, to the legislation on the prevention of market abuse and the dissemination of inside information, as well as applicable company procedures, including the procedure for the treatment of inside information and relevant information adopted by the company.

The Dialog Policy is available on the issuer’s website ([www.deacapital.com](http://www.deacapital.com), the “*Governance/Corporate Documents*” section), to which reference should be made for further details.

**13. SHAREHOLDERS’ MEETINGS (AS PER ARTICLE 123-BIS, PARAGRAPH 1, LETTER L, AND PARAGRAPH 2, LETTER C, OF THE CONSOLIDATED LAW ON FINANCE)**

The Shareholders’ Meeting has the right to amend the Articles of Association in accordance with the *current* regulations.

The operation of the Shareholders’ Meeting, its main powers, shareholders’ rights and the procedures for exercising them are governed by the applicable legislation in force.

Under Article 9 of the Articles of Association, *"Persons entitled to vote who have obtained from the authorised intermediary certification of their entitlement, communicated to the Company in accordance with the applicable legislation, may attend the Shareholders' Meeting"*.

Those persons who, based on a communication from the intermediary to the company, prove to be entitled to attend and exercise their voting rights at the end of the accounting day on the seventh trading day prior to the date set for the Shareholders' Meeting in first or only call, shall have the right to participate in the meeting and exercise their voting rights.

Credit and debit entries made to the accounts after this time limit shall not affect entitlement to exercise voting rights at the Shareholders' Meeting.

Those entitled to vote may be represented by written proxy or by proxy conferred electronically in accordance with the applicable legislation. The proxy may also be notified to the Company by electronic means using one of the following methods indicated from time to time in the call notice: (a) sending the proxy to the e-mail address – possibly certified if so required by the applicable regulations – indicated in the notice of call; (b) using the specific section of the Company's website indicated in the notice of call. The call notice may also indicate, in compliance with applicable law, additional methods of electronic notification of the proxy that may be used in the specific meeting to which the notice refers. It is up to the Chairman of the Meeting to ascertain the regularity of the proxies and the right of those present to participate in the Meeting.

The Shareholders' Meeting is ordinary and extraordinary and is constituted and resolved in accordance with the law. The Ordinary Shareholders' Meeting is convened at least once a year within one hundred and twenty days of the end of the financial year to discuss the topics provided for by law. When the legal conditions are met, the Ordinary Shareholders' Meeting may be convened within the wider term of one hundred and eighty days from the end of the financial year. The Extraordinary Shareholders' Meeting is convened to deal with the matters laid down for it by law or by the Articles of Association.

The Shareholders' Meeting is convened at the registered office or elsewhere in the national territory through a notice to be published in the manner and within the terms established by the applicable legislation. The call notice may also indicate the dates of any subsequent call notices.

Under Article 10 of the Articles of Association, the Shareholders' Meeting is chaired by the Chairman of the Board of Directors, or in the event of his absence or impediment, by the Deputy Chairman or by the Chief Executive Officer; in the event of the absence or obstruction of the latter, by another person designated by the Shareholders' Meeting. The Chair is assisted by a Secretary, who is the Secretary of the Board if appointed, or in that person's absence, by a person designated by the

Shareholders' Meeting. The Secretary's assistance is not necessary when the minutes are drawn up by a notary.

In particular, the Chairman of the Meeting: (i) ascertains the right to attend, including by proxy; (ii) ascertains whether the Shareholders' Meeting is duly constituted and has the quorum to pass resolutions; (iii) directs and regulates the proceedings of the Shareholders' Meeting; (iv) establishes the procedures, in any case open, for voting and proclaims the results thereof.

It should be noted that pursuant to Article 2365(2) of the Italian Civil Code, Article 12 of the Articles of Association gives the Board the power to: (i) decide on the reduction of the share capital in the event of withdrawal by shareholders; (ii) adapt the Articles of Association to regulatory provisions; (iii) transfer the registered office within Italy; and (iv) decide on the merger by incorporation of a wholly-owned or 90%-owned company, in compliance with the provisions of Articles 2505 and 2505-bis of the Italian Civil Code.

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In order to reduce the constraints and formalities that make it burdensome and difficult for Shareholders to attend the Shareholders' Meeting and exercise their voting rights, the Articles of Association provide that the Shareholders' Meeting may be held through telecommunications in the manner indicated in the call notice.

In order to facilitate and facilitate shareholders' participation in the Shareholders' Meetings, the issuer's Shareholders' Meeting has adopted specific regulations governing the orderly and functional proceedings of ordinary and extraordinary Shareholders' Meetings, guaranteeing the right of each shareholder to speak on the matters under discussion (the "**Regulation**").

In short, these Regulations, the approval and amendment of which is reserved for the Ordinary Shareholders' Meeting, regulate the proceedings of the Shareholders' Meeting and, in particular:

- attendance at meetings by experts, financial analysts, journalists, representatives of the auditing firm and – where deemed useful – employees of the Issuer or its subsidiaries;
- access to the premises where the Shareholders' Meeting is held;
- the procedures for verifying entitlement to participate in the Shareholders' Meeting, constituting of the same and opening the proceedings;
- cases of suspension of the proceedings;
- the conduct of the debate, with a maximum duration for speeches and replies;
- the voting procedure and the declaration of results.

The rules can be found on the issuer's institutional website in *the Governance/Meetings* section, which can be referred to for further details.

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On 17 April 2015, the Shareholders' Meeting amended Article 9 of the Articles of Association, introducing the mechanism of increased voting, as per Article 127-*quinqües* of the Consolidated Law on Finance. Specifically, pursuant to article 9 of the Articles of Association, two voting rights will be allocated for each ordinary DeA Capital share held by the same shareholder of the Company for a continuous period of at least 24 months, starting from the registration of the shareholder in a special list, established and maintained by the Company at its registered office.

The relevant documentation can be consulted on the issuer's institutional website ([www.deacapital.com](http://www.deacapital.com)), in the *Corporate Governance/Increased Vote* section.

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With regard to Shareholders' rights, please refer to the applicable *pro tempore* laws and regulations, except as indicated below. The procedures for Shareholders to attend the Shareholders' Meeting are governed by the Shareholders' Meeting Regulations adopted by the Issuer.

The right of withdrawal may be exercised by the shareholder in the cases and according to the procedures provided for by law pursuant to Article 8 of the Articles of Association, and is in any case excluded in the following cases:

- a) extension of the term of the Issuer;
- (b) introduction/removal of restrictions on the floating of shares.

Pursuant to Article 22 of the Articles of Association, dividends are paid in the manner and within the time limits set by the shareholders' meeting resolution ordering the distribution of profits to shareholders. Dividends not collected within five years following the day on which they became payable, are prescribed in favour of the Issuer, with allocation to the extraordinary reserve. In compliance with Article 2433-*bis* of the Italian Civil Code, interim dividends may be distributed in accordance with the procedures set out in the aforementioned regulation.

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In relation to the epidemiological emergency from COVID-19, the Shareholders' Meeting of 20 April 2021 was held in accordance with the procedures permitted by the exceptional rules contained in Decree Law No. 18 of 17 March 2020. Participation in the meeting took place exclusively through the representative appointed pursuant to Article 135-*undecies* of the Consolidated Law on Finance (identified as Computershare S.p.A.). The methods of managing the shareholders' meetings applied in 2021 will be replicated at the Shareholders' Meeting of 21 April 2022, given the continuation of the health emergency and the confirmation of the exceptional regulatory regime mentioned above.

The Chair of the Board of Directors, Lorenzo Pellicoli, the Chief Executive Officer Paolo Ceretti and the directors, Marco Boroli, Donatella Busso, Francesca Golfetto,

Dario Frigerio, Daniela Toscani, Davide Mereghetti and Carlo Enrico Ferrari Ardicini attended the meeting on 20 April 2021 on behalf of the Board of Directors.

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It should be noted that during the fiscal year there were no significant changes in the issuer's market capitalisation or the composition of its corporate structure compared to the previous year, such as to make it necessary to propose amendments to the Articles of Association to the Shareholders' Meeting concerning the percentages established for the exercise of the prerogatives to protect minorities, since - in the application of Article 144-*quater* of the Consob Issuers' Regulations for the submission of lists for the appointment of members of the Board of Directors and the Board of Statutory Auditors - Articles 11 and 18 of the Articles of Association require a percentage threshold of 2.5% of the voting capital or any other percentage established or referred to by mandatory provisions of laws or regulations.

\*\*\*

It should be noted that during the fiscal year the board exercised its prerogatives in terms of defining the issuer's corporate governance system, presenting to the Shareholders' Meeting the proposal for the appointment of Dr Nicola Drago, already co-opted by the board under the Articles of Association, as a member of the company's Board of Directors; the board proposal was therefore approved by the Shareholders' Meeting on 20 April 2021.

**14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A, SECOND PART, OF THE CONSOLIDATED LAW ON FINANCE)**

The Issuer, in addition to the Organisational Model pursuant to Legislative Decree 231/2001 and the auditing procedures outlined in Section 9 of this report, does not adopt any corporate governance practices other than those required by laws and regulations.

**15. CHANGES SINCE THE END OF THE REPORTING PERIOD**

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

**16. CONSIDERATION OF THE LETTER OF 03 DECEMBER 2021 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

During the meeting of 11 March 2022, the letter dated 3 December 2021 sent by the Chair of the *Corporate Governance* Committee to the Chair of the Board of Directors, the company's Chief Executive Officer and the Chair of the Board of Statutory Auditors, was brought to the attention of the Board of Directors.

The recommendations made by the Chair of the Corporate Governance Committee were also considered in the board's self-assessment.

The following are the company's considerations and the initiatives taken with regard to the above recommendations, including taking into account the results of the self-assessment process.

The letter of 3 December 2021 sent by the Chair of the Corporate *Governance* Committee to the company's Chair of the Board of Directors, Chief Executive Officer and Chair of the Board of Statutory Auditors, was brought to the attention of (i) the company's independent directors during the meeting of independent directors convened – at the invitation of *the Lead Independent Director* – on 11 March 2022 and (ii) the Board of Directors at its meeting of 11 March 2022 in order to address possible developments in governance or to fill any gaps in the implementation or explanations provided. The recommendations were submitted, as far as they were concerned, to the Chair of the Board of Statutory Auditors.

The recommendations made by the Chair of the Corporate Governance Committee were also considered in the board's self-assessment, as represented in Section 7.1 of the report.

The following are the company's considerations and the initiatives taken with regard to the above recommendations, including taking into account the results of the self-assessment process.

#### Sustainable success

The issue of the sustainability of business activity in the definition of strategies, the internal control and risk management system and the remuneration policy, including based on a relevance analysis of the factors that may affect value generation in the long term, was considered in the meetings of the Board of Directors during the fiscal year.

As described in more detail in the report (see paragraph 1), the board, among other things, adopted the ESG Policy, which is an essential element for the implementation of a group's *ESG framework* aimed at ensuring a responsible approach to *business* - by the company and the group - and aimed at creating long-term value and pursuing sustainable growth objectives with a view to increasing its integration into business strategies. The ESG Policy also defines the *governance* of the company in the ESG field, identifying the parties to support the Board in implementing the ESG principles (including the ESG Committee). The company has also submitted to the evaluation process by Sustainalytics (one of the leading independent *providers* of ESG assessments, research and analysis) for the assignment of an ESG *rating*. The Board of Directors included the group's sustainability as one of the principles used for the definition of the remuneration policy submitted for the approval of the Shareholders' Meeting called for 21 April 2022, which provides for the objectives of the variable remuneration component consistently with the company's strategic objectives, and long-term incentive plans linked exclusively to medium/long-term performance objectives.



In the process of self-assessment, the directors expressed themselves favourably on the issue of implementing business activity sustainability issues in establishing business strategies.

In accordance with the recommendations of the code, on 11 November 2021 the board also adopted a Dialog Policy with the shareholders and their *stakeholders* (published on the company's website and briefly described in this report in Section 12).

In the context of self-assessment, the Board of Directors positively assessed the Board of Directors' initiatives to promote dialog with shareholders and other stakeholders relevant to the company.

Among the initiatives in terms of sustainability planned for fiscal year 2022, we note the preparation of an ESG report, which the company plans to finalise and publish during 2022.

#### Proportionality

According to the code, the issuer is not classified as a "large company" (since the market capitalization of DeA Capital has been lower, in the last three calendar years, than the threshold for 'large companies' in the code [i.e. EUR 1 billion]), while it does qualify as a 'concentrated ownership company', as it is subject to the control of De Agostini, which holds, in total, about 66,7% of the voting rights that can be exercised in the Shareholders' Meeting.

The issuer has therefore made use of the flexibility and proportionality options when applying the code and, in particular, the board:

- (i) did not consider it necessary to give guidance on the maximum number of posts in the administrative or control bodies in other listed or large companies that could be considered compatible with the effective performance of the role as a company director; in any event, the duty of each director to assess the compatibility of the positions held in other companies with the diligent performance of the duties assumed as a director of the issuer is still in place. The board therefore assessed the number of positions currently held by its directors in other listed companies, financial, banking, insurance or large companies, as well as the quality of the positions, and considered them compatible with the effective performance of the office of director for the issuer;
- (ii) confirmed the assessment performed during the previous year of not adopting a succession plan for the executives as the current allocation of delegated powers among the Chair and the Chief Executive Officer is suitable to allow at least short-term continuity of company management in the event of the loss of one of these figures, as well as the need to spare the company procedures for the replacement of executive directors, also considering the presence of a

controlling shareholder who, so far, has allowed timely intervention in the identification of those figures.

In the context of self-assessment, the board considered the simplification options appropriate for companies not qualifying as “large companies” under the code.

During fiscal year 2022, the board will in any event monitor the possibility of adopting a different approach to the flexibility and proportionality options in the code where the conditions are met.

#### Evaluation of independence and criteria of significance

In order to comply with the recommendations of the code, the Board of Directors at its meeting of 11 March 2022 defined (and described in this report in paragraph 4.7) the quantitative and qualitative criteria for the evaluation of the “significance” of the relationships referred to in points c) and d) of Recommendation 7 of the new CG Code. These criteria have been applied in the audit on the maintenance of independence requirements of independent directors carried out on the same date and will be applied in the next audit on the maintenance of independence requirements, as required by the code.

#### Pre-Board Policy

The Board of Directors’ Regulation, adopted on 4 February 2021, provides that at least 2 calendar days before each meeting (or at least 24 hours before the meeting in the event of urgency), the necessary documentation is made available to the directors to provide adequate information regarding the matters subject to the board’s deliberation. The transmission is carried out via sharing on a computer platform with reserved access that guarantees the protection of the confidentiality of the data and the information transmitted. The same provision is included in the regulations of the board committees, as last amended by the board on 10 November 2020.

The subject of pre-board information has been specifically evaluated in the board's self-assessment. The advisers expressed their view that the pre-board information and the additional information provided during the board meetings was appropriate. The directors also evaluated the company’s work in order to comply with the 2-day deadline for making documentation available ahead of the Board of Directors meeting. In the course of the fiscal year, this period was generally observed.

#### Measures to promote equal treatment and gender opportunities throughout the company’s organization

As shown in this report (see Paragraph 4.3), during the fiscal year the issuer did not adopt specific measures aimed at promoting equal treatment and opportunities between genders within the company. According to the issuer’s Code of Ethics, maintaining a peaceful working environment that respects the needs of all is one of the company's fundamental principles. This is why DeA Capital, among other things, promotes a career development and internal progression policy based on proven merit, competence and professionalism. The opportunities offered are therefore based

on the value of those contributions that have made the business successful, without any discrimination or attribution of unfair advantages; DeA Capital is also committed to combating discriminatory behaviour, unlawful pressure, discrimination, or harassment of any kind, so that everyone is allowed and guaranteed to be able to work effectively and with personal satisfaction.

Therefore, the Issuer's corporate organisation is oriented towards ensuring the achievement of the objectives of equal treatment and opportunities between genders within the Company. In this regard, it should be noted that, as of the end of the fiscal year, 48% of the issuer's employees are female and 52% are male.

The Board of Directors monitors the concrete implementation of these measures and periodically assesses the advisability of introducing any supplementary measures in the pursuit of equal treatment and gender opportunities within the company organization.

#### Remuneration policies

As stated in the Remuneration Policy, the company shall ensure that the variable component of the remuneration of its directors and managers with strategic responsibilities is defined in accordance with the definition of associated performance, quantitative and qualitative objectives (where appropriate, taking into account criteria inspired by ESG issues) and which contribute, year by year and in the medium to long term, to the realization of the strategic objectives from time to time defined by the company, including with a view to the sustainability of the business in light of the risks assumed.

In particular, for the variable short-term component, the company objectives are determined using specific performance objectives such as net operating income, increase in operating masses and operating costs, while individual quantitative or qualitative objectives are based on business development and organisational rationalisation parameters/projects defined from time to time on the basis of the company's strategic objectives. In identifying specific performance objectives and related parameters, account is taken of the need to ensure precise, clear and objectively measurable targets and coordination with the company's and group's objectives.

Likewise, the company has defined, in compliance with the applicable statutory and/or time-by-time contract provisions, clear and measurable rules for the recognition and payment of any office termination benefits, providing that no amount is recognised in the event of a fair cause for revocation or dismissal.

For further details, please refer to Section I of the Compensation Policy (for fiscal year 2022) and Section II of the same (final amounts, including of the variable remuneration components, for fiscal year 2021).

In the context of self-assessment, the board assessed the appropriate remuneration policies in relation to pursuing the objectives of the sustainability of the long-term

business, to the need to count on, retain and motivate persons with the competence and professionalism required by the role held in the company, and to align their interests with the pursuit of the priority objective of value creation in the medium to long term.

**TABLES**
**Table 1: Information on the ownership structure as of the date of this report**
**Table 1a**

Share Capital Structure				
	No. of shares	% of share capital	Listed (indicate markets) / unlisted	Rights and obligations
<b>Ordinary shares*</b>	266,612,100	100	Euronext/Star Segment	<p>The rights and obligations of shareholders are those provided for by law and the articles of association.</p> <p>Each share gives the right to one vote, except for shares in relation to which the right to an increased vote provided for in Article 9 of the Articles of Association has accrued.</p> <p>The documentation relating to the increased voting mechanism is available on the Issuer's website (<a href="http://www.deacapital.com">www.deacapital.com</a>), in the Corporate Governance/Increased Vote.</p>

\* ISIN Code IT0001431805

**Table 1b**

<b>Significant shareholdings</b>				
<b>Declarant</b>	<b>Direct shareholder</b>		<b>% of ordinary share capital</b>	<b>% of voting share capital</b>
	<b>Name</b>	<b>Title of ownership</b>		
<b>B&amp;D Holding S.p.A.</b>	De Agostini S.p.A.	Properties	67.1	66.7
	<b>Total</b>		<b>67.1</b>	<b>66.7</b>
<b>DeA Capital S.p.A.</b>	DeA Capital S.p.A.	Properties	2.6	2.6
	<b>Total</b>		<b>2.6</b>	<b>2.6</b>

Note: The data reported in Table 1b derives from the communications made pursuant to Article 120 of the Consolidated Law on Finance by Shareholders, updated with the data available to the company as at 31 December 2021 and the provision of treasury shares.

**Table 2a: Structure of the Board of Directors and intra-board committees**

Board of Directors													
Office	Members	Year of birth	Date of first nomination *	In office since	In office until	List (presenters) **	List ***	Exec.	Non Exec.	Indep Code	Indep Consolidated Law on Finance	No. of other offices ****	Participation *****
Chair	<b>Lorenzo Pelliccioli</b>	29/07/1951	30/01/2007	18/04/2019	Financial statements as at 12/31/2021	Shareholders	M	X				11	7/7
Chief Executive Officer ♦	<b>Paolo Ceretti</b>	21/02/1955	30/01/2007	18/04/2019	Financial statements as at 12/31/2021	Shareholders	M	X				7	7/7
Director	<b>Dario Frigerio</b>	24/06/1962	18/04/2019	18/04/2019	Financial statements as at 12/31/2021	Shareholders	M		X			5	7/7
Director	<b>Marco Boroli</b>	25/08/1947	26/04/2010	18/04/2019	Financial statements as at 12/31/2021	Shareholders	M		X			2	7/7
Independent Director	<b>Donatella Busso</b>	30/06/1973	17/04/2015	18/04/2019	Financial statements as at 12/31/2021	Shareholders	M		X	X	X	3	7/7
Director	<b>Nicola Drago</b>	28/12/1978	12/05/2020	12/05/2020	Financial statements as at 12/31/2021	Co-option	Co-option		X			9	6/7
Director	<b>Carlo Enrico Ferrari Ardicini</b>	25/07/1964	21/04/2016	18/04/2019	Financial statements as at 12/31/2021	Shareholders	M		X			6	5/7
Independent Director	<b>Francesca Golfetto</b>	04/10/1950	19/04/2013	18/04/2019	Financial statements	Shareholders	M		X	X	X	2	7/7



					as at 12/31/2021								
Independent Director ◊	<b>Davide Mereghetti</b>	30/04/1966	18/04/2019	18/04/2019	Financial statements as at 12/31/2021	Shareholders	M		X	X	X	3	7/7
Independent Director	<b>Daniela Toscani</b>	12/09/1963	21/04/2016	18/04/2019	Financial statements as at 12/31/2021	Shareholders	M		x	x	x	1	6/7
Independent Director	<b>Elena Vasco</b>	31/12/1964	21/04/2016	18/04/2019	Financial statements as at 12/31/2021	Shareholders	M		x	x	x	2	6/7
<b>Number of meetings held during the fiscal year: 7</b>													

## NOTES

◊ This symbol indicates the person primarily responsible for the management of the issuer (Chief Executive Officer or CEO).

◊ 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 the issuer.

\*\* This column indicates whether the list from which each director was drawn has been submitted by shareholders (indicating "Shareholders") or by the Board of Directors (indicating "BoD").

\*\*\* This column indicates whether the list from which each director has been drawn is "majority" ("M") or "minority" ("m").

\*\*\*\* This column shows the number of positions as director or statutory auditor held by the person in other companies listed on regulated markets, including international ones, in financial, banking, insurance or large companies. Their offices are described in full in the Corporate Governance Report.

\*\*\*\*\* This column indicates the participation of directors in the Board of Directors' Meetings (indicate the number of meetings attended out of the total number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).

Intra-board committees					
B.o.D.		Control and Risk Committee		Remuneration and Nomination Committee	
Office	Members	(*)	(**)	(*)	(**)
Independent Director	<b>Donatella Busso</b>	5/5	P		
Independent Director	<b>Francesca Golfetto</b>			4/4	M
Independent Director	<b>Davide Mereghetti</b>			4/4	M
Independent Director	<b>Daniela Toscani</b>	5/5	M		
Independent Director	<b>Elena Vasco</b>	5/5	M	4/4	P
<b>Number of meetings held during the fiscal year: (i) with regard to the Control and Risk Committee: 5; (ii) as regards the Remuneration and Appointments Committee: 4</b>					

## NOTES

(\*) This column indicates the participation of the directors in the meetings of committees (shows the number of meetings attended out of the total number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).

(\*\*) This column shows the director's position in the committee: "P": chairman; "M": member.

**Table 2b - Offices held by directors in other companies**

<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Lorenzo Pellicoli</b>	B&D Holding S.p.A.*	Director
	De Agostini S.p.A. *	Chief Executive Officer
	FLAVUS S.r.l.	Sole Director
	Xantos SASU	Chair
	Assicurazioni Generali S.p.A.	Director, Member of the Investment and Strategic Operations Committee and Member of the Nomination and Remuneration Committee
	International Game Technology plc *	Chairman until 24/01/2022, then Director
	BANIJAY GROUP S.a.s.	Member of the Supervisory Board
	Yellow Properties S.r.l.	Sole Director
	Investendo Due S.r.l.	Sole Director
	LDH S.a.s.	Director
	Palamon Capital Partners	Member of the Board of Advisors

<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Paolo Ceretti</b>	De Agostini S.p.A. *	General Manager
	DeA Capital Alternative Funds AMC S.p.A.*	Chair
	DeA Communications S.A. *	Director
	DeA Capital Holdings S.p.A. *	Chairman and Chief Executive Officer
	Quaestio Capital Management SGR S.p.A. *	Director
	Quaestio Holding S.A. *	Director
	Cerfin S.r.l.	Sole Director

<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Dario Frigerio</b>	Leonardo S.p.A.	Director
	Atlantia S.p.A.	Director
	Business Innovation Lab S.p.A.	Director
	Quaestio Holding S.A. *	Chief Executive Officer
	Fondazione Fiera Milano	Deputy Chair

<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Marco Boroli</b>	B&D Holding S.p.A.*	Director and Executive Committee Member
	Assonime	Member of the Board of Directors and Executive Committee

<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Donatella Busso</b>	Prima Industrie S.p.A.	Independent Director
	Banca 5 S.p.A.	Independent Director
	Umbra Group S.p.A.	Independent Director

<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Nicola Drago</b>	De Agostini S.p.A. *	Deputy Chair
	De Agostini Editore S.p.A.*	Chief Executive Officer
	De Agostini Publishing S.p.A.*	Chief Executive Officer
	DeA Planeta Libri S.r.l. *	Chief Executive Officer
	DeA Planeta SL*	Director
	Grupo Planeta - De Agostini SL	Director
	Editorial Planeta De Agostini SA*	Director ( <i>joint director</i> )
	De Agostini Japan KK *	Director
	De Agostini UK Ltd *	Director

<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Carlo Enrico Ferrari Ardolini</b>	DeA Factor S.p.A. *	Director
	B&D Finance S.p.A. *	Director
	Camperio S.p.A. SIM	Director
	Controfidia (Suisse) S.A.	Chair
	Controfidia Management Ltd	Director
	Dalghren S.r.l.	Sole Director

<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Francesca Golfetto</b>	Fiera Milano S.p.A.	Director
	Pininfarina S.p.A.	Statutory Auditor

<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Davide Mereghetti</b>	Fincantieri Infrastrutture Sociali S.p.A.	Chief Executive Officer
	Centuri Capital S.r.l.	Sole Director

	Logistica Digitale S.p.A.	Director
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<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Daniela Toscani</b>	Sabaf S.p.A.	Director

<b>Name and surname</b>	<b>Company</b>	<b>Administrative and control positions held</b>
<b>Elena Vasco</b>	Fiera Milano S.p.A.	Director
	Cattolica Assicurazioni	Director

**NOTES**

\*: indicates whether or not the company in which the office is held is part of the Group to which the Issuer belongs or of which the Issuer is a member.

**Table 3a: Structure of the Board of Statutory Auditors**

<b>Board of Statutory Auditors</b>									
<b>Office</b>	<b>Members</b>	<b>Year of birth</b>	<b>Date of first appointment *</b>	<b>In office since</b>	<b>In office until</b>	<b>List **</b>	<b>Indep Code</b>	<b>Participation in Board meetings ***</b>	<b>No. of other offices ****</b>
Chair	<b>Cesare Andrea Grifoni</b>	03/02/1959	21/04/2016	18/04/2019	Financial statements as at 12/31/2021	M	X	5/5	18
Statutory Auditor	<b>Annalisa Raffaella Donesana</b>	09/06/1966	19/04/2013	18/04/2019	Financial statements as at 12/31/2021	M	X	5/5	8
Statutory Auditor	<b>Fabio Facchini</b>	26/02/1955	21/04/2016	18/04/2019	Financial statements as at 12/31/2021	M	X	5/5	15
Alternate Auditors	<b>Andrea Augusto Bonafè</b>	15/02/1960	21/04/2016	18/04/2019	Financial statements as at 12/31/2021	M	X	-	13
Alternate Auditors	<b>Michele Maranò</b>	08/08/1973	21/04/2016	18/04/2019	Financial statements as at 12/31/2021	M	X	-	4
Alternate Auditors	<b>Marco Sguazzini Viscontini</b>	25/01/1956	21/04/2016	18/04/2019	Financial statements as at 12/31/2021	M	X	-	19
<b>----- AUDITORS LEAVING OFFICE DURING THE YEAR -----</b>									
n/a									
<b>Number of meetings held during the reporting year: 5</b>									
<b>Quorum required for the submission of lists by minorities for the election of one or more members (pursuant to Article 148 of the Consolidated Law on Finance): 2.5%</b>									

## NOTES

\* The date of first appointment of each Statutory Auditors means the date on which the Statutory Auditors was appointed for the first time (ever) to the issuer's board of statutory auditors. With reference to Dr Grifoni, it should be noted for completeness that – in addition to the period in which he held the office of auditor with the issuer on a continuous basis (i.e. from 21 April 2016 to the date of this report) – he was also an auditor with the issuer in the 2007-2013 period.

\*\* This column indicates the list from which each Statutory Auditors was drawn ("M": majority list; "m": minority list).

\*\*\* This column indicates the participation of the Statutory Auditors in the Board of Statutory Auditors' Meetings (indicate the number of meetings attended out of the total number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).

\*\*\*\* This column shows the number of offices as director or statutory auditor positions held by the person concerned pursuant to Article 148-bis of the Consolidated Law on Finance and the relevant implementing provisions contained in the Consob Issuers' Regulations.

The complete list of appointments is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Issuers' Regulations.



**Table 3b - Offices held in other companies by Auditors**

First name	Company	Office
<b>Cesare Andrea Grifoni</b>	Ambria Holding S.r.l.	Auditor
	Antelao S.p.A.	Chairman of the Board of Statutory Auditors
	Bomi Italia S.p.A.	Chairman of the Board of Statutory Auditors
	Bootes S.r.l.	Auditor
	Camperio S.p.A.	Auditor
	DeA Capital Holdings S.p.A. *	Chairman of the Board of Statutory Auditors
	Denti e Salute S.r.l.	Auditor
	Es Shared Service Center S.p.A.	Chairman of the Board of Statutory Auditors
	Finarte S.p.A.	Auditor
	Galvanica Formelli S.r.l.	Auditor
	IMC S.r.l.	Chairman of the Board of Statutory Auditors
	Movibus S.r.l.	Chairman of the Board of Statutory Auditors
	Oranfrizer S.r.l.	Auditor
	Oranfrizer Juice S.r.l.	Auditor
	Poliambulatorio Odontostomatologico S.Apollonia S.p.A.	Chairman of the Board of Statutory Auditors
	Victoria Ceramiche Holdco S.r.l.	Sole Director
	Victoria Ceramiche Holdco 2 S.r.l.	Sole Director
	Zeta Catene S.r.l.	Auditor

First name	Company	Office
<b>Annalisa Raffaella Donesana</b>	A2A Security S.C.p.A.	Statutory Auditor
	ACSM-AGAM S.p.A.	Alternate Auditors
	DeA Capital Holdings S.p.A. *	Statutory Auditor
	Tangenziale Esterna S.p.A.	Statutory Auditor
	RAI CINEMA S.p.A.	Alternate Auditors
	RAI WAY S.p.A.	Independent Director
	A2A Recycling S.r.l.	Statutory Auditor
	Miller & Acta Advisory Stp r.l.	Director

First name	Company	Office
<b>Fabio Facchini</b>	Ali Holding S.r.l.	Chairman of the Board of Statutory Auditors
	Ali Group S.r.l.	Statutory Auditor
	Aliaslab S.r.l.	Statutory Auditor and member of the SB
	Camparino S.r.l.	Statutory Auditor
	Davide Campari - Milano N.V.	Independent Director and Chair of the SB

DILS S.p.A.	Chairman of the Board of Statutory Auditors
DILS Living S.p.A.	Chairman of the Board of Statutory Auditors
Ecolombardia 4 S.p.A.	Chairman of the Board of Statutory Auditors
Fondazione Silvio Tronchetti Provera	Statutory Auditor
Minetti S.p.A. (now Rubix S.p.A.)	Statutory Auditor
Mundipharma Pharmaceuticals S.r.l.	Statutory Auditor
Massimo Zanetti Beverage Group S.p.A.	Chairman of the Board of Statutory Auditors
Prysmian Cavi e Sistemi Italia S.r.l.	Statutory Auditor
Prysmian Power Link S.r.l.	Statutory Auditor
Rancilio Group S.p.A.	Statutory Auditor

First name	Company	Office
<b>Andrea Augusto Bonafè</b>	Accounting Partners S.p.A.	Chairman of the Board of Statutory Auditors
	Autotrade & Logistics S.p.A.	Auditor
	Antelao S.p.A.	Alternate Auditors
	DAB Italia s.c.p.a.	Chairman of the Board of Statutory Auditors
	Koelliker S.p.A.	Auditor
	M.M. Automobili Italia S.p.A.	Auditor
	Laterlite S.p.A.	Auditor
	Konki S.p.A.	Auditor
	Poliambulatorio Odontostomatologico S.Apollonia S.p.A.	Alternate Auditors
	Prestipay S.p.A.	Chairman of the Board of Statutory Auditors
	Rock Springs S.r.l.	Sole Director
	Rodevita S.p.A.	Auditor
	Symi S.p.A.	Auditor

First name	Company	Office
<b>Marco Sguazzini Viscontini</b>	Amaranto Investment SIM S.p.A.	Chairman of the Board of Statutory Auditors
	San Giulio S.c.r.l.	Chairman of the Board of Statutory Auditors
	De Agostini Scuola S.p.A. * (until 16/12/21)	Statutory Auditor
	De Agostini Publishing S.p.A. *	Statutory Auditor
	B&D Holding S.p.A. *	Statutory Auditor
	Comoli Ferrari & C S.p.A.	Chairman of the Board of Statutory Auditors
	Servizi Industriali Novara S.r.l.	Statutory Auditor
	REI S.p.A.	Chairman of the Board of Statutory Auditors
	Erredi Invest S.p.A.	Statutory Auditor
	DeA Capital Alternative Funds SGR S.p.A. *	Statutory Auditor
	Redai Holding S.r.l. (as at 16/06/21)	Sole Auditor

ELFIN S.p.A.	Sole Auditor
AS S S.r.l.	Sole Auditor
Fondazione De Agostini *	Auditor
DeA Factor S.p.A. *	Alternate Auditors
M-Dis Distribuzione Media S.p.A. (until 28/04/21)	Alternate Auditors
Unione Professionale per il Trust S.p.A.	Alternate Auditors
De Agostini Editore S.p.A. *	Alternate Auditors
Immobiliare Golf Castel Conturbia S.p.A.	Alternate Auditors

First name	Company	Office
<b>Michele Maranò</b>	Antelao S.p.A.	Alternate Auditors
	Bomi Italia S.p.A.	Auditor
	Es Shared Service Center S.p.A.	Auditor
	I.M.C. S.r.l.	Alternate Auditors