

Somec S.p.A.

**Report on the Entity's Corporate
Governance and Ownership Structure**

Pursuant to article 123-bis of the Consolidated Act on Finance (TUF)

Financial year 2021

Approved by the Board of Directors on March 23, 2022
Conventional Management and Control Model

The Report is published on the Company's website: <https://www.somecgruppo.com>

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GLOSSARY

Articles of Incorporation: The articles of Incorporation of the Entity as of the date hereof.

Board of Directors: The board of directors of Somec S.p.A.

Board of Statutory Auditors: The board of statutory auditors of Somec S.p.A.

Civil Code: The Italian Civil Code (approved by Royal Decree no. 262 of March 16, 1942).

Code of Ethics: The code of ethics of the listed companies approved in March 2006 by the Corporate Governance Committee, updated in 2018, and publicly circulated by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Consob Market Regulations: The regulations regarding markets approved by Consob's resolution no. 20249 of 2017.

Consob Related Parties Regulations: The regulations on transactions with related parties approved by Consob's resolution no. 17221 of March 12, 2010 (as subsequently amended).

Consolidated Act on Finance (in acronym **TUF**): Legislative Decree no. 58 of February 24, 1998 (as subsequently amended).

Corporate Governance Code: The corporate governance code approved in January 2020 by the Corporate Governance Committee, and publicly circulated by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Euronext Milan: The regulated market, organized and managed by Borsa Italiana S.p.A.

Financial year: The financial year closed on December 31, 2021.

General Shareholders' Meeting: The shareholders' meeting of Somec S.p.A.

Issuers' Regulations: The regulations regarding issuers approved by Consob's resolution no. 11971 of 1999 (as subsequently amended).

Report: This report on the entity's corporate governance and ownership structure, which the Issuer is required to prepare pursuant to article 123-bis of the TUF.

Somec / Issuer / Entity: Somec S.p.A.

Somec Group or 'Group': Somec S.p.A. and its subsidiaries, within the meaning of article 2359, paragraph 1, no. 1, of the Civil Code, which are included in the consolidation scope.

1. ISSUER PROFILE

Somec S.p.A. (“**Somec**”, the “**Issuer**” or the “**Entity**”) is an entity whose shares have been listed since July 27, 2020 (the “**Listing Date**”) on Euronext Milan of Borsa Italiana (“**Euronext Milan**”), formerly Mercato Telematico Azionario (“**MTA**”). Before that date, the Entity had since May 2018 been listed on the Alternative Capital Market - AIM Italia.

The Somec group (the “**Group**”) specializes in the design and construction of large turnkey projects in the marine and civil sectors relating to glazed enclosures, special architectural projects, the fitting out of public areas and professional kitchens; it operates globally through two divisions, i.e., *Seascope* for the marine sector and *Landscape* for the civil sector.

In the marine sector, the Group operates both in the construction yards of new cruise ships (*New Building* segment) and through the offer of services of conversion, modernization, replacement and repair of elements of glazed enclosures and public areas of cruise ships already in operation (*Refitting* segment). In particular, in the *New Building* and *Refitting* segments of *Seascope* division, the Somec Group is among the world’s leading operators in the design, bespoke production and installation of highly innovative, engineering and design intensive glazed enclosures for new cruise ships (*Marine Glazing* solutions). The Group is also active in the design, bespoke production and installation of cooking areas for cruise ships (*Marine Cooking Equipment* solutions), and in the fitting of public areas in the marine sector, including casinos, stores, theaters, restaurants, discos, bars, children’s areas, spas, swimming pools, solariums and lounges (*Marine Public Area* solutions).

In the civil sector, the *Landscape* division, through its subsidiary Fabbrica LLC, is active in the market of ad hoc design, bespoke production and installation of highly innovative and engineering intensive custom façades and exterior fittings in buildings used for a variety of purposes, mainly for executive, commercial, government and public use, in some major cities in the North-East of the United States (*Building Façade* solutions). Through the acquisition of Skillmax S.r.l., the Group has also become active in the design of public area interiors, such as halls, retail spaces, restaurants, offices (*Public Areas Interior* solutions). Finally, the Group operates in the production of professional cooking equipment (*Professional Cooking Equipment* solutions).

It should also be noted that, as of the date of the Report, the Issuer qualifies as an ‘SME’ pursuant to article 1, paragraph 1, point *w-quater.1* of the TUF and art. 2-*ter* of the Consob Issuers’ Regulations. In particular, the Issuer believes that it qualifies as an ‘SME’, pursuant to the above provisions, because, on the basis of the audit of the financial statements for the year ended December 31, 2021, the simple average of the daily capitalizations calculated with reference to the official price, as recorded during the annual reporting period, in line with art. 2-*ter*, point 1, subpoint (a) of the Issuers’ Regulations, turns out to be lower than the threshold of Euro 500 million, such capitalization being equal to Euro 186,766,288.87.

The governance system adopted by the Entity is based on the model generally known as ‘conventional management and control’ and consists of the following bodies:

- General Shareholders’ Meeting;
- Board of Directors; and
- Board of Statutory Auditors (its internal controlling body).

Moreover, the Entity’s governance structure is complemented by the following committees set up within the Board of Directors:

- Control and Risk Committee;
- Remuneration Committee; and

- Related Parties Committee.

Somec has contracted EY S.p.A. as its independent auditing company and also set up a Supervisory Body (*Organismo di Vigilanza*) pursuant to Legislative Decree 231/2001.

In addition, on June 8, 2020, pursuant to art. 70, para. 8 and art. 71, para. 1-*bis* of the Issuers' Regulations, the Entity's Board of Directors resolved to apply for the opt-out scheme provided for by the above articles and, therefore, exercise the power to derogate from the obligation to publish the information documents prescribed by Annex 3B to the Issuers' Regulations at the time of significant mergers, demergers or capital increases by contributions in kind, acquisitions and disposals.

The Entity's Board of Directors is pursuing the objective of a sustainable success of the Group. During 2021, the Entity adopted a Sustainability Policy. This document is available in a dedicated section of the Entity's website under *Governance > Governance documents*. For further information regarding the actions and objectives pursued by the Entity in the ESG area, and also in view of its sustainable success, it is worth noting that the Entity published a non-financial statement pursuant to Legislative Decree 254/2016, which provides details on such actions and objectives. The non-financial statement is available in the Entity's website under *Governance > Sustainability (ESG)*. The primary purpose of the Entity's Board of Directors is to attach even greater importance to ESG issues during 2022 by identifying and assessing a number of "material issues" in line with the new recommendations of the Corporate Sustainability Reporting Directive. This effort will also involve the strengthening and formalization of its ESG governance model and the preparation a Sustainability Plan.

The Entity does not fall within the definition of a 'large company' pursuant to the Corporate Governance Code (i.e., companies with capitalization of more than 1 billion in the previous three years) but does fall within the definition of a 'concentrated ownership company' (see 'Significant Shareholdings' in section 2(c) below).

2. INFORMATION ON THE OWNERSHIP STRUCTURE

(a) Share Capital Structure

As of the date of this Report (the "**Report**"), Somec's share capital (the "**Share Capital**"), subscribed and paid up is equal to Euro 6,900,000.00 (six million nine hundred thousand/00) and consists of 6,900,000 (six million nine hundred thousand) ordinary shares, with no par value. Each share confers the right to one vote.

Since the Listing Date, the ordinary shares of the Entity have been listed on Euronext Milan, formerly MTA.

On April 29, 2021, the General Shareholders' Meeting approved a 2021-2025 stock incentive scheme for two strategic managers of the Entity, with the further opportunity to open it up to new beneficiaries during the term of the scheme; for the details of this scheme, please refer to the Long-Term Variable Incentive Scheme 2021-2025 Information Document available on the Group's website (www.somecgruppo.com) under tab *Governance > Remuneration > Incentive Plans*.

(b) Restrictions on the Transfer of Shares

As of the date hereof, there are no restrictions on the transfer of shares.

(c) Significant Shareholdings

As at the date hereof, the major direct or indirect shareholdings - amounting to more than 5% of the share capital as duly notified pursuant to art. 120 of the TUF - are as follows:

SIGNIFICANT SHAREHOLDINGS			
Declarant	Direct Shareholder	Percentage of the ordinary share capital	Percentage of the voting capital
Oscar Marchetto	Venezia S.p.A.	74.860%	74.860%

As at the date hereof, Oscar Marchetto, through Venezia S.p.A., owns ordinary shares and has voting rights in the Entity amounting to 74.860% of its share capital and therefore has indirect control over the Entity.

(d) Securities Granting Special Rights

Pursuant to article 7 of Somec's current Articles of Incorporation (the "**Articles**"), the Entity may issue shares that confer rights other than those of outstanding shares.

As of the date hereof, Somec has only issued ordinary shares. There are no securities granting special powers or special rights of control.

(e) Employee Shareholding - Mechanism for Exercising Voting Rights

There are no employee shareholding schemes with a voting mechanism, so no voting rights are exercised by employees. In particular, with reference to the only existing employee shareholding system, i.e., the Long-Term Variable Incentive Plan 2021-2025 - for which reference should be made to the relevant Information Document prepared pursuant to art. 114-bis of the TUF (Consolidated Law on Finance) and art. 84-bis of the Consob Issuers' Regulations and available on the Entity's website www.somecgruppo.com - under *Governance > Remuneration* - it is worth noting that it does not provide for mechanisms to exclude or limit the direct exercise by the beneficiaries of the voting rights related to the ordinary shares that may be granted at the end of the relevant retention and performance periods..

(f) Restrictions to Voting Rights

As of the date hereof, there are no restrictions to the exercise of voting rights.

(g) Shareholders' Agreements

As of the date hereof, the Entity has not become aware of any agreements between its shareholders pursuant to article 122 of the TUF.

(h) Change-of-Control Clauses and Provisions in the Articles Regarding Takeover Bids

In the pursuit of its strategic goals, the Issuer and its subsidiaries have signed a number of financial agreements providing for restrictions on the change of control of the Issuer (change-of-control clauses), which give lenders the right to request advance payment of the amounts disbursed. The main loan agreements to which the Issuer is a party and which contain change-of-control clauses are listed below:

- Loan agreement between Oxin S.r.l. and Banca Nazionale del Lavoro S.p.A. for Euro 8,200,000 (eight million two hundred thousand) (expiring in 2022);

- Loan agreement between Somec and UniCredit S.p.A. for Euro 9,200,000 (nine million two hundred thousand) (expiring in 2023);
- Loan agreement between Somec and Unione di Banche Italiane S.p.A. for Euro 4,000,000 (four million) (expiring in 2023);
- Loan agreement between Somec and Unione di Banche Italiane S.p.A. for Euro 4,000,000 (four million) (expiring in 2024);
- Loan agreement between Somec and Unione di Banche Italiane S.p.A. for Euro 4,000,000 (four million) (expiring in 2022);
- Loan agreement between Somec and Banca Monte dei Paschi di Siena S.p.A. for Euro 5,000,000 (five million) (expiring in 2024);
- Loan agreement between Somec and UniCredit S.p.A. for Euro 10,000,000 (ten million) (expiring in 2024);
- Loan agreement between Somec and UniCredit S.p.A. for Euro 3,000,000 (three million) (expiring in 2021);
- Loan agreement between Somec and Banca Nazionale del Lavoro S.p.A. for Euro 5,000,000 (five million) (expiring in 2025);
- Loan agreements of Fabbrica LLC for a total amount of USD 7,750,000 (Euro 6,920,295.98 - six million nine hundred and twenty thousand two hundred and ninety-five/98) with Windsor Federal Savings and Loan Association.

The Entity's Articles of Incorporation do not contain any exceptions to the provisions regarding the 'passivity' (i.e., board neutrality) rule laid down in article 104, paragraphs 1 and 1-bis, of the TUF, nor do they provide for the application of the neutralization rules laid down in article 104-bis, paras. 2 and 3, of the TUF.

(i) Power to Increase the Share Capital and Authorization to Purchase Treasury Shares

On April 29, 2021, on the Board of Directors' proposal, the Entity's General Shareholders' Meeting (the "**General Shareholders' Meeting**") resolved to delegate to the Board of Directors pursuant to art. 2443 of the Italian Civil Code i) the power to increase the share capital by up to 10% by giving shareholders an option to purchase shares; and ii) the further power to increase the share capital by up to 10% maximum with no option right in two ways: a) by payments in cash pursuant to articles 2443 and 2441, paragraph 4, second sentence of the Civil Code and b) by contributions in kind in the form of 'share for share' increases pursuant to articles 2443 and 2441 paragraph 4, first sentence of the Civil Code, according to the terms and procedures described in greater detail in the Report on the Delegation of Powers pursuant to articles 2443 and 2441 para. 4 of the Civil Code, with the consequent amendment of the Articles of Incorporation. For further details, please refer to the Report on the Delegation of Powers of the Board of Directors of Somec S.p.A. and specifically to the only item of the extraordinary part of the agenda, and to the minutes of the General Shareholders' Meeting of April 29, 2021, which are available on the Group's website (www.somecgruppo.com) under *Investors > Shareholders meeting*.

After revoking their previous authorization of April 29, 2020, the General Shareholders' Meeting of April 29, 2021 also resolved to authorize the Board of Directors to implement a scheme for the purchase and disposal of treasury shares, pursuant to articles 2357 and 2357-ter of the Civil Code and article 132 of the TUF. The authorization has an expected duration of 18 months starting from April 29, 2021 and is intended to: (i) hold treasury shares to be used for any future incentive schemes in favor of members of the management or control bodies, employees or hired personnel of the Entity and/or the two subsidiaries of

Somec, which involve the disposal or allocation of shares or financial instruments convertible into shares; and (ii) create a securities portfolio (i.e. a 'share depository') that, consistently with Entity's strategic guidelines, will be instrumental in any extraordinary transactions and/or in the possible use of the shares as consideration in extraordinary transactions, including the exchange of equity investments, with other parties as part of transactions of interest to the Entity.

With the same resolution, the General Shareholders' Meeting established that the above authorization also entails the power to purchase - in one or more transactions and to an extent that can be freely determined from time to time and subject to resolution of the Board of Directors - a maximum number of ordinary shares of the Entity, with no par value, such as not to exceed the limit of 5% of the share capital, taking into account any treasury shares already held in the portfolio, or held by subsidiaries. Purchases may be made at a unit price that may not exceed or be less than 20% of the share closing price in the stock exchange session preceding each individual transaction, and, in any case, in compliance with the further applicable rules (including the further conditions set out in art. 3 of the Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016). The disposal of treasury shares (for purposes other than those pursued within the scope of industrial projects or extraordinary finance transactions) may take place at a unit sale price of no less than 20% of the share closing price during the stock exchange session preceding each individual transaction.

Purchases may be carried out once or more than once, in compliance with the principle of equal treatment of shareholders, pursuant to art. 132 of the TUF and the applicable legislation, on the basis of the following methods set out in art. 144-bis, paragraphs 1 and 1-bis of the Issuers' Regulation: (i) by purchases on the regulated market, in compliance with the operating methods set out in the regulations of the managing entity (Borsa Italiana S.p.A.), which do not permit the direct matching of offers to purchase with predetermined offers to sell (art. 144-bis, paragraph 1, point b of the Issuers' Regulation); (ii) in the manner established by market practices from time to time accepted by Consob, pursuant to article 13 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council known as Market Abuse Regulation ("**MAR**"); and (iii) under the conditions specified in art. 5 of the MAR and the related implementing regulations. Purchases shall be made within the limits of the distributable profits and/or available reserves resulting from the last duly approved financial statements at the time the transaction is carried out, and accounting entries shall comply with the legal requirements and limits, while considering that only fully paid-up shares may be purchased.

As a result of the above Shareholders' resolution, on October 12, 2021, the Entity launched a program for the purchase of a total number of 18,000 shares with no par value to be held for their subsequent allocation as part of the 2021- 2025 Long-Term Variable Incentive Scheme, with a forecast maximum outlay of Euro 600,000.00.

The program ended on November 8, 2021 with the purchase of a total of 17,804 treasury shares, equal to 0.26% of the share capital, for Euro 599,065.31 in total at the weighted average price of Euro 33.6478. At the end of the program and as of the date of this Report, Somec holds 17,804 treasury shares, equal to 0.26% of its share capital.

It should be noted that the General Shareholders' Meeting convened for the approval of the financial statements as at December 31, 2021 will be called, among other things, to once again resolve on the

authorization to purchase treasury shares and subsequently dispose of them. Acceptance of the proposal would also entail revocation of the previous authorization granted on April 29, 2021.¹

(j) Management and Coordination Activities

Although it is indirectly controlled by Oscar Marchetto, through Venezia S.p.A., the Entity is not subject to management and coordination activities pursuant to art. 2497 ff. of the Civil Code, because: (i) the Entity operates with full corporate and business autonomy, and, more specifically, with an autonomous negotiating power in relations with customers and suppliers and in the definition of its own strategic and development goals without any interference from parties outside the Entity; (ii) the shareholder Venezia S.p.A. does not, in fact, exercise centralized functions at group level involving Somec (e.g., strategic planning, control, corporate and legal affairs of the group); and (iii) the Board of Directors operates with full management autonomy.

With regard to the agreements between the Entity and the Directors concerning the benefits to be awarded in the event of resignation or dismissal without just cause or in the event of termination of employment following a takeover bid and, in general, for all information relating to the remuneration of directors and executives with strategic responsibilities, please refer to the Remuneration Report prepared pursuant to article 123-*ter* of the TUF and available on the group's website (www.somecgruppo.com) under *Governance > Remuneration*.

The appointment and replacement of directors and statutory auditors are governed by articles 21 and 29, respectively, of the Articles of Incorporation, available on the website www.somecgruppo.com, under *Governance > Corporate Governance*, as described in the 'Board of Directors' section to which reference is hereby made (section 4.2). With regard to anything not expressly provided for in the Articles of Incorporation, the provisions of the laws and regulations in force shall apply.

Any amendments to the Articles of Incorporation are approved by the General Shareholders' Meeting in compliance with the law and the clauses of the Articles. However, pursuant to art. 25 of the Articles of Incorporation, the Board of Directors is vested with the power to resolve on any adaptation of the Articles to the current mandatory legislation.

3. COMPLIANCE

Somec applies the Code of Corporate Governance approved in January 2020 by the Corporate Governance Committee and publicly circulated by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, which can be freely accessed on <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm> (the "**Corporate Governance Code**"). The Entity and its strategically important subsidiaries are not subject to non-Italian legal provisions that may affect the Entity's corporate governance structure.

4. BOARD OF DIRECTORS

4.1 Role of the Board of Directors

The corporate governance model establishes a central role for the Board of Directors, in line with the Principles of the Corporate Governance Code. In particular, the Board of Directors provides strategic

¹ For further details on this subject, please refer to the Explanatory Report of the Board of Directors of Somec S.p.A. on the fifth item of the agenda dated March 23, 2022, available on the Group's website (www.somecgruppo.com) under *Investors > Shareholders Meeting*.

guidance and has also a supervisory function while pursuing the priority objective of creating value for shareholders over the medium-to-long term.

The Entity has adopted a 'conventional management and control system' pursuant to articles 2380-*bis* ff. of the Civil Code.

Pursuant to art. 25 of the Articles of Incorporation, the Board of Directors has full powers of management and disposition of the Entity (i.e., 'ordinary and extraordinary management'), with the exclusion of the powers which are expressly reserved for the General Shareholders' Meeting by law or by the Entity's Articles of Incorporation. Moreover, pursuant to the Articles of Incorporation and in compliance with art. 2365, paragraph 2, of the Civil Code, the Board of Directors has the power to pass resolutions concerning (a) a merger within the meaning of art. 2505 (merger of wholly-owned subsidiaries) and art. 2505-*bis* of the Civil Code (merger of 90%-owned subsidiaries); (b) the setting up or closure of branch offices; (c) the choice of the directors on whom the power to represent Entity is conferred; (d) the reduction of the share capital in case of withdrawal of a shareholder; (e) the adaptation of the Articles of Incorporation to the applicable laws; (f) the relocation of the registered office within the national territory.

Moreover, pursuant to art. 27 of the Articles of Incorporation, the Board of Directors may delegate its powers to an Executive Committee or to one or more directors, within the limits of, and according to the criteria set out in art. 2381 of the Civil Code, and to determine the limits of their delegated powers and authority.

In any case, the Board of Directors has the power to supervise and, if need be, take over any actions or transactions falling under its delegated powers, as well as the power to revoke any delegated powers.

As no management powers are delegated to executive bodies, the Board of Directors exercises the following powers on an exclusive basis:

- examination and approval of the Issuer's and the Group's business plan;
- periodic monitoring of the implementation of the business plan and assessment of the general performance of operations;
- defining the nature and level of risk compatible with the Issuer's strategic objectives, in view of, *inter alia*, the objective of sustainable success;
- defining the Issuer's corporate governance system;
- assessing the compliance of the internal control and risk management system;
- transactions of the Issuer and its subsidiaries having a significant impact on the Issuer's strategies, performance, assets or financial position.

During financial year 2021 and in the first meetings of 2022, the Board of Directors examined multiple issues among those falling under its responsibilities as stated above including, in particular, the approval of the Group's 2021-2025 business plan and the semi-annual assessment of compliance of the internal control and risk management system adopted by the Entity.

As part of an ongoing and continuous monitoring process, the Board assessed the compliance of the Managing Directors' preparation of the organizational, management and accounting models of the Issuer and its strategically significant subsidiaries, with a special focus on the internal control and risk management system.

Moreover, the Board of Directors assessed the general performance of operations with due account taken of the information received from the delegated bodies. Such assessment also involved a comparison of the results achieved with those planned.

As the current system was found compliant by the Board of Directors, during financial year 2021, it did not submit any proposal to the General Shareholders' Meeting concerning the definition of a different corporate governance system.

The Board of Directors planned to adopt, in 2022, a policy for managing dialogue with the Entity's stakeholders, including its shareholders.

An illustration of the Board of Directors' additional powers, including its composition, functioning, appointment, self-assessment and remuneration policy, and on the internal control and risk management system is given in the following sections of this Report.

4.2 Appointment and Replacement

Pursuant to art. 21 of the Articles of Incorporation, the Board of Directors consists of a minimum of 3 (three) and a maximum of 9 (nine) members. It is up to the ordinary session of a General Shareholders' Meeting to determine the number of directors and the duration of their term of office, subject to a maximum duration of three financial years with the possibility of re-election.

The directors are appointed by the General Shareholders' Meeting on the basis of lists submitted by the shareholders. Listed candidates are numbered consecutively. The power to submit a list for the appointment of the directors is vested in (i) the shareholders who, at the time of submitting the list, own - either alone or jointly - a number of shares at least equal to that determined by Consob pursuant to the applicable legal and regulatory requirements; and (ii) the Board of Directors. The ownership of the minimum number of shares is determined by taking into account the shares that are registered in the name of the shareholder on the day on which the list is filed with the Entity, it being understood that a relevant certificate can also be produced after shares have been deposited, provided that this is done before the deadline for the publication of the list.

Each candidate can be included in one list only, under penalty of ineligibility. Each shareholder as well as the shareholders belonging to the same group (i.e., subsidiaries, parent companies and companies under common control pursuant to art. 2359, paragraph 1, points 1 and 2 of the Civil Code), and the shareholders belonging to the same shareholders' agreement within the meaning of art. 122 of the TUF cannot submit or take part in the submission of more than one list, including through a third party or trusted person, let alone vote for different lists. Any preference or vote cast in breach of this prohibition may not be attributed to any list.

The lists shall be signed by those who submit them and filed with the Entity within the term envisaged by the legislation and regulations from time to time applicable (reference to which is made in the call notice posted at Entity's registered office) or notified by remote means of communication specified in the relevant call notice; in addition, the lists shall also be made available to the public within the term and according to the procedures set out in the legislation and regulations in force from time to time. Each list shall:

- contain 9 (nine) candidates or less, numbered consecutively;
- include and expressly name at least one director who meets the independence requirements; for more than 7 (seven) candidates, include and expressly name at least 2 (two) directors who meet these requirements;
- for a number of candidates equal to or higher than 3 (three), name candidates belonging to both genders, in compliance with the legislation and regulations in force from time to time, without prejudice to the application of the legislation and regulations in force from time to time concerning rounding;

- include the following attachments: (i) the candidates' resumes; (ii) declarations whereby candidates accept their candidacies and certify, under their responsibility, that no circumstance of ineligibility or incompatibility of offices applies and, further, that they meet the requirements prescribed by the legislation in force from time to time to hold the office of director of the Entity; if need be, a declaration attesting that the independence requirement is also met shall also be attached; (iii) the personal details of the shareholders having submitted the lists and the total shareholding percentage held; (iv) any other or different statement, information and/or document required by the applicable laws and regulations. Moreover, the shareholders other than those holding - either jointly or separately - a controlling or relative majority interest are required to submit a statement certifying that they are not related, within the meaning of the applicable laws, to said class of shareholders.

Any list submitted by the Board of Directors shall (i) be filed and made public, according to the procedures provided for by the legislation from time to time applicable to the lists submitted by the shareholders, by the thirtieth day prior to the date of the first or single call of a General Shareholders' Meeting, without prejudice to the term legally prescribed for the filing of lists prior to calls subsequent to the first one, and (ii) comply, *mutatis mutandis*, with the requirements set out for the submission of lists by the shareholders.

Each person entitled to vote may only vote for one list. The vote of each shareholder shall refer to such list and therefore to all candidates included in it, with no possibility of changes or exclusions. Votes cast in breach of this prohibition shall not be attributed to any list. Lists submitted without complying with the above provisions shall be considered as not submitted. The candidates numbered consecutively in the list that obtains the highest number of votes (the "**Majority List**") shall be elected as members of the Board of Directors. Their number shall equal to the total number of members of the governing body to be elected minus one.

If the Majority List contains a higher number of candidates than the total number of members of the governing body to be elected, then only the candidates listed with a lower consecutive number as compared to the total number of members of the governing body to be elected minus one shall be elected. In addition, the director listed as number one in the second most voted list - provided that, in line with the applicable provisions this list is not directly or indirectly connected to the shareholders who submitted or voted for the majority list - shall also be elected.

If no minimum number of directors, who meet the independence requirements and/or belong to the less represented gender, is appointed among the available candidates according to the above procedures, the candidates who do not meet those requirements and rank low in the list that obtained the highest number of votes shall be replaced by the subsequent unelected candidates who meet the said requirements (based on the consecutive order of the unelected candidates on the same list) or, if these are unavailable, by the unelected candidates numbered in consecutive order in the other lists, depending on the number of votes obtained by each of these lists. This replacement procedure shall be applied until the appointment of the minimum number of directors meeting the independence requirements and/or of directors belonging to the less represented gender. Finally, if this procedure does not lead to the expected result, the replacement shall be carried out by means of a resolution approved by the Shareholders' Meeting by simple majority, subject to the presentation of candidates who comply with the said requirements.

In any case, lists that do not obtain a percentage of votes equal to at least half of the percentage required for their submission shall not be taken into account. If more than one list obtains the same number of votes, a new runoff vote shall take place among those lists, and the candidates of the list that obtains the simple majority of votes shall be elected.

If only one list has been submitted, the General Shareholders' Meeting shall vote on it and, if the list obtains the majority of votes, all members of the Board of Directors shall be taken from that list, in compliance with the legislation and regulations in force from time to time, as well as the provisions on gender balance set out above.

If no list is submitted, or if only one list is submitted and it does not obtain the majority of votes, or if the number of directors elected on the basis of the lists submitted is lower than the number of members to be elected, or if the whole Board of Directors has to be renewed, or if it is not possible for any reason to appoint the Board of Directors according to the procedures provided for in this article, the members of the Board of Directors shall be appointed by the General Shareholders' Meeting according to the ordinary procedures and majorities, without applying the list voting mechanism, and without prejudice to the minimum number of directors who meet the independence requirements and the requirement of gender balance set out above. The Chair of the Board of Directors shall be a candidate that is identified as such in the list that has obtained the highest number of votes or in the only list submitted. If this is not the case, the Chair shall be appointed by the General Shareholders' Meeting with the ordinary legal majorities.

If, during a financial year, one or more directors cease to hold office, the others shall replace them by a resolution approved by the Entity's Board of Statutory Auditors (the "Board of Statutory Auditors"), by co-opting the first person belonging to the same list to which the outgoing director belonged, if he/she complies with the requirements for holding office - including gender and independence - and is available, and provided that the majority still consists of directors appointed by the General Shareholders' Meeting. Directors so appointed shall remain in office until the following General Shareholders' Meeting convened to appoint a director previously appointed by co-optation, with the majorities required by law. If the list to which the outgoing director belonged does not include candidates who comply with the requirements set out by the legislation and regulations in force from time to time for taking office, then the following General Shareholders' Meeting shall replace them according to the majorities required by law, unless such Meeting has been convened to reappoint the whole Board of Directors, in which case the procedure described in this article shall apply.

If the majority of the directors appointed by the General Shareholders' Meeting (or in the Memorandum of Incorporation) leave office, those remaining in office shall call a General Shareholders' Meeting in order to replace the missing directors. If all directors leave office, a General Shareholders' Meeting for the appointment of the whole Board of Directors shall be urgently convened by the Board of Statutory Auditors, which can in the meantime perform ordinary management activities.

If the legal requirements for a director are no longer met, the director in question shall be removed from office. The removal from office of directors following the expiry of their term of office shall take effect at the time of constituting a new Board of Directors.

Pursuant to art. 22 of the Articles of Incorporation, the Board of Directors shall elect its Chair from among its members, if the General Shareholders' Meeting has not already done so, and may appoint a Vice Chair. In case of absence or impediment of the Chair, his or her functions may be exercised by the Vice Chair. The corporate signature and the representation of the Entity before third parties and in legal proceedings, pursuant to art. 26 of the Articles of Incorporation, shall be vested in:

- the Chair and, in the event of his or her absence or impediment, the Vice Chair of the Board of Directors, if appointed;
- the Chair of the Executive Committee in those matters delegated by the Board of Directors to this body;

- the managing directors within the limits and under the conditions for the exercise of the powers conferred on them by the Board of Directors, and any attorneys-in-fact appointed for specific deeds or categories of deeds within the limits of the delegated powers.

4.3 Composition

The Board of Directors is made up of 5 (five) members, appointed by the General Shareholders' Meeting resolution of May 14, 2020, which provides for a term of office of three financial years, i.e., expiring upon approval of the financial statements for the financial year ending on December 31, 2022. Following the resignation submitted by Mr. Michele Graziani, the director Stefano Campoccia was co-opted by the Board of Directors' resolution of July 16, 2020. This appointment was confirmed by the General Shareholders' Meeting of April 29, 2021.

The members of the Board of Directors were selected on the basis of the only list submitted by the shareholder Venezia S.p.A. (as of May 14, 2020), which holds 5,176,900 ordinary shares in Somec, corresponding to approximately 75.03% of the Entity's share capital. Since only one list was submitted for the renewal of corporate offices, the members of the Board of Directors were elected by means of a resolution adopted on the basis of the legal majorities without complying with the list voting procedure, as provided for by the Articles of Incorporation.

Pursuant to the Articles of Incorporation, the Directors shall meet the following requirements:

- all Directors shall meet the requirements of eligibility, integrity and any other requirement provided for by the legislation and regulations in force from time to time;
- at least 1 (one) director, for a Board of Directors with up to 7 (seven) members, or 2 (two) directors, for a Board of Directors with more than 7 (seven) members, shall also comply with the requirement of independence pursuant to art. 148, paragraph 3 of the TUF, as referred to in art. 147-ter, paragraph 4 of the TUF.

The members of the Board of Directors as at the date hereof are as follows:

Name and Surname	Title
Oscar Marchetto ^(e)	Board Chairman and Chief Executive Officer
Alessandro Zanchetta ^(e)	Managing Director
Giancarlo Corazza ^(e)	Managing Director
Gianna Adami ^{(a)(b)(c)(d)(f)}	Director
Stefano Campoccia ^{(a)(b)(c)(d)}	Director

(a) Director who meets the requirement of independence pursuant to the Corporate Governance Code and the TUF.

(b) Member of the Remuneration Committee.

(c) Member of the Control and Risk Committee.

(d) Member of the Related Parties Committee.

(e) Executive Director.

(f) Director appointed as Lead Independent Director.

For further details on the composition of the Board of Directors and its committees, as well as the main features relating to, e.g., seniority in office calculated from the first appointment of each director, reference should be made to **TABLE 1** attached hereto.

Below is a brief resume of each member of the Board of Directors showing the skills and experience gained in corporate management.

Oscar Marchetto - Born in Ponte di Piave (TV) on June 11, 1964, Chairman of the Board of Directors and Chief Executive Officer of the Entity, and holder of an indirect majority interest in the Entity; he co-founded Fabbrica in 2016. In the early 1990s, he also co-founded and was R&D Manager and Director (since 1998) of Nice S.p.A., an international reference company in the field of home automation and building automation.

Alessandro Zanchetta - Born in Oderzo (TV) on May 13, 1969, he has been Managing Director, Chief Financial Officer and Human Resources Manager of the Entity since 2008. He was a member of the Board of Directors of Permasteelisa Interiors from 2005 to 2008 and Chief Financial Officer at Openlab S.r.l. from 2001 to 2005. Mr Zanchetta also has a 4-year experience as financial controller at Sky Company S.p.A., a branch of the Stefanel Group.

Giancarlo Corazza - Born in San Vito al Tagliamento (PN) on July 1, 1963; he has been Managing Director and Chief Operating Officer of the Entity since 2008, with more than 100 ships delivered in 20 years of activity. He is also a founding partner and Chief Executive Officer of Navaltech and Tecnomontaggi S.r.l.; Mr Corazza has 20 years of experience in the design and construction of marine glazing projects.

Gianna Adami - Born in Cittadella on June 17, 1957, she graduated with honors in Economics and Business at Ca' Foscari University of Venice. She is a member of the Padua Association of Chartered Accountants and the National Register of Auditors. From 1993 to 2008, she was a member of the National Commission for the Establishment of Auditing Standards. She collaborates with the Training School of the Association of Chartered Accountants. She joined Arthur Andersen in 1982 and became a partner in 1994. From 2003 to 2019, she served as a partner in Deloitte & Touche S.p.A. She audited Italian and international companies and groups operating in different business sectors, including Carraro Group, Hera Group, SIT Group, Stefanel Group, Morellato Group, Lotto Sport Italia Group, Lundbeck Group, Monti Group, Isoclima Group, Sioen Group, and DMO Group. She gained experience in the auditing of listed companies required to prepare separate and consolidated financial statements in accordance with the International Accounting and Financial Reporting Standards (IAS/IFRS) and coped with a number of technical issues arising from the application of the new standards issued by the IASB. She was involved in limited audit assignments regarding the Consolidated Non-Financial Statement reports prepared by listed companies pursuant to Legislative Decree 254 of 2016. She also served in the context of extraordinary finance transactions implemented by listed companies in Italian and international markets. She coordinated projects for the conversion of national accounts to International Financial Reporting Standards (IFRS) and US GAAP for the purpose of listing in the American market. She also served in contexts of business crises and coped with issues arising from the existence of uncertainties about business continuity. She coordinated due diligence activities and analyses aimed at investigating specific situations in the context of non-recurring transactions, or when information was required to support strategic decisions.

Stefano Campoccia - Born in Conegliano (TV) on October 29, 1960, he graduated in Law and obtained a Master's Degree in Business Law from the Bocconi University in Milan and a Diploma in English for Lawyers from the International Business School in London. He is listed in the Register of Supreme Court Layers and has been practicing as lawyer since 1986, first at the Milan Bar and then at the Treviso Bar. He owns the law firm SLC - Studio Legale Campoccia. He carried out and continues to carry out consultancy activities as an expert in contract and corporate law on behalf of major commercial and financial corporations and has gained extensive experience in transactions involving the acquisition and sale of equity stakes and the conclusion and management of shareholders' agreements. He was a member of the Board of Directors of companies listed on official regulated markets (SNAI S.p.A. and BIM S.p.A.). He has gained expertise in internal control systems by taking part in the audit of integrated control systems. He

participated and continues to participate in meetings of Boards of Directors and Investment committees in family offices, and financial and investment companies. He has gained extensive experience in the legal field with specific regard to the marketing of audiovisual rights of 'Serie A' (i.e., Italian first division) soccer as a member of the Audiovisual Rights Commission and the Soccer League Council. He has gained considerable experience in assisting commercial companies in the structuring of loans and bonds.

The Board of Directors consists of 5 members, 3 of whom are executive and 2 are independent pursuant to the TUF and the Corporate Governance Code.

The Directors in office at the end of the year and as at the date hereof have adequate expertise and professionalism and the composition of the Board's internal Committees ensures the participation of Directors with the specific skills required by the Code.

The independent Directors bring their specific expertise to the Board's discussions, so as to favor an analysis of the issues under discussion according to different perspectives and the adoption of well-informed and conscious decisions that are in line with corporate interests.

4.3.1 Diversity Rules and Member Distribution Policy in the Board of Directors' Composition and the Entity's Organization

For the appointment of the Board of Directors, the Entity's Articles of Incorporation makes reference to the current regulatory provisions requiring a minimum number of members chosen from the less represented gender. In particular, art. 21 of the Articles provides that the composition of the Board of Directors shall ensure a gender balance as required by the applicable legislation and regulations.

Law no. 160 of December 27, 2019 ("**Budget Law 2020**") amended the provisions of articles 147-*ter* and 148 of the TUF and replaced paragraph 1, article 1 of Law 120/2011 on gender balance in the bodies of listed companies, with effect as from January 1, 2020. Previously, article 147-*ter*, paragraph 1-*ter*, and article 148, paragraph 1-*bis* of the TUF required listed companies to comply with a gender composition criterion on the basis of which the less represented gender was entitled to at least one third of the members of the management and control bodies. This distribution criterion has been applied for three consecutive terms since admission to listing (after the entry into force of the above law). In addition, in order to gradually apply the rules, it was established that, for the first renewal, the portion to be reserved to the less represented gender should be at least equal to one fifth of the total number of members of each corporate body. The Budget Law 2020 provided for a different portion of members to be reserved for the less represented gender equal to "at least two fifths" and established that this distribution criterion applies for "six consecutive terms of office". Moreover, limited to newly listed companies, it was provided that "for the first renewal following the date of commencement of trading", the percentage to be reserved for the less represented gender should be equal to "at least one fifth" of the members. This new provision, the law says, should apply "as from the first renewal of the management and control bodies of companies listed on regulated markets following the date on which this law comes into force", which is January 1, 2020. As a result, for the Entity, this means that "for the first renewal following the date of commencement of trading" the percentage to be reserved to the less represented gender is equal to "at least one fifth" of the members.

Moreover, it is worth noting that the Entity has already voluntarily complied with the gender balance rules, since, as at the date of this Report, one fifth of the Directors belong to the less represented gender.

With due account taken of the structure and size of the Entity, the composition of the Board of Directors is adequately diversified in terms of gender and educational and professional background, as can be seen from the directors' resumes. In light of the above, the Board of Directors did not consider it necessary to approve specific members distribution policies in relation to the composition of the governing bodies, also in view of the recent listing.

4.3.2 Maximum Number of Offices that can be held in other Companies

To date, the Issuer has not yet assessed the opportunity to adopt a policy on the number of offices held elsewhere by the members of the Board of Directors. To date, none of the Directors holds similar offices in companies listed on regulated markets, financial companies, banks, insurance companies or large companies.

4.4 Functioning of the Board of Directors

Pursuant to art. 24 of the Articles of Incorporation, the majority of the Directors in office shall be in attendance for the resolutions of the Board to be valid. Resolutions are passed by an absolute majority of the votes of persons in attendance.

Pursuant to art. 26 of the Articles of Incorporation, the legal representation of the Entity is vested in:

- the Chair, and in case of his absence or impediment, the Vice Chair of the Board of Directors, if appointed;
- the Chair of the Executive Committee, limited to the powers delegated by the Board of Directors to that body;
- the Managing Directors, within the limits and under the conditions for the exercise of the powers conferred on them by the Board of Directors, and any attorneys-in-fact appointed for specific deeds or categories of deeds within the limits of the delegated powers.

Pursuant to art. 23 of the Articles of Incorporation, the Board of Directors meets at the registered office, or elsewhere as long as the place of the meeting is in Italy and in the European Union, the United Kingdom of Great Britain and Northern Ireland and the United States of America, whenever the Chairman deems it appropriate or when a written request is made to that effect by at least 2 (two) Directors.

As a rule, the Board of Directors shall be convened by the Chair by registered letter, telegram, telefax, email or any other equivalent means, at least 5 (five) days prior to the date scheduled for the meeting; in cases of urgency, the term may be shorter but, in any case, not less than 24 (twenty-four) hours. Notice of the meeting shall be given to the regular statutory auditors within the same term.

The Board is chaired by the Chair and, in case of his or her absence or impediment, the Vice-Chair or, if absent, the person appointed by the Board with the absolute majority of votes of persons in attendance.

During financial year 2021, a total of 10 Board of Directors meetings were held and lasted 1.5 hours each on average.

The percentage attendance at the meetings of each member of the Board of Directors in office as at the date hereof was respectively: (i) 100% for Oscar Marchetto; (ii) 100% for Alessandro Zanchetta; (iii) 100% for Giancarlo Corazza; (iv) 100% for Gianna Adami; and (v) 100% for Stefano Campoccia.

The timeliness and completeness of the pre-meeting information are ensured by involving the competent corporate functions, which take care of and coordinate the preparation of the documents required from time to time in order to provide adequate information on the specific topics on the agenda.

In compliance with article 3 of the Corporate Governance Code, the Chair of the Board of Directors ensures that directors and statutory auditors are informed in good time before meetings, and provides the relevant documentation well in advance.

Minutes of Board of Directors and Committee meetings are prepared in Italian and signed by the Chair and the secretary of the meeting. As a rule, minutes are distributed in a preliminary draft as soon as they are available, with an invitation to report any remarks in due time in order to prepare a final draft, which is submitted for approval during the meeting.

On accepting the appointment, each director undertakes to ensure his or her professional contribution to the plenum and/or Committees of the Board of Directors, by means of adequate prior preparation and active participation in the proceedings.

At least 8 BoD meetings were scheduled for 2022, 2 of which were already held on February 11th and March 8th.

Finally, it should be noted that the General Shareholders' Meeting did not authorize any exception to the non-competition clause pursuant to art. 2390 of the Civil Code.

4.5 Role of the Chair of the Board of Directors

In line with the institutional duties regarding the organization of the Board of Directors' proceedings and the circulation of information laid down in art. 2381 of the Italian Civil Code, the Chair promotes the smooth running of this governing body and the overall corporate governance system, encourages the participation of the directors, promotes internal discussion and debate between executive and independent directors, ensures the balance of powers between the Board of Directors and the top management, and acts as a contact point for the controlling bodies (the Board of Statutory Auditors and the Supervisory Body pursuant to Legislative Decree 231) and for the Committees of the Board of Directors.

The Chair has ensured the delivery in due time of pre-meeting information, coordinated with the top management and the departments responsible for producing the required documentation, as well as with the Legal and Corporate Affairs department responsible for managing document flows.

The coordination of the activities of the Board of Directors' Committees is always carried out with the support of the top management and the Legal and Corporate Affairs department.

The executives of the Issuer or of the Group companies to which the Issuer belongs have sometimes taken part in the meetings as invited guests, in order to provide the necessary details on the agenda items. On specific occasions, consultants from outside the Entity may also be invited for the same purposes.

Information to the Board of Directors on the development and significant contents of the dialogue with shareholders (and the market in general) is usually provided by a Managing Director as part of regular reports on the stock price performance and/or operations.

Induction Program

The Chair of the Board of Directors has not prepared any initiative specifically and individually aimed at fostering the directors' knowledge of the Issuer's business, given the directors' extensive knowledge of this subject and the information they receive on an ongoing and timely basis at Board of Directors meetings.

Secretary of the Board of Directors

At each meeting, the Board of Directors appoints a secretary. As provided for by art. 22 of the Articles of Incorporation, if the General Shareholders' Meeting has not already done so, the Board of Directors appoints a secretary from among its members, who may not be a member of the Board. The secretary's activities are described in great detail in the Articles of Incorporation; in general, the Legal and Corporate Affairs department impartially supports the Chair of the Board of Directors and makes suggestions on what should be done by the Chair to ensure the efficient functioning of the Board of Directors and the corporate governance system in general.

4.6 Executive Directors

4.6.1 Managing Directors

Pursuant to art. 27 of the Articles of Incorporation, the Board of Directors, within the limits and according to the criteria set out in art. 2381 of the Civil Code, may delegate all or part of its powers, insofar as they can be delegated, to an Executive Committee or to one or more directors, and specify the limits within which those powers can be exercised. In any case, the Board of Directors may control and take over functions falling within the scope of any delegated powers, and also revoke such powers.

In addition, the Managing Directors (within the limits and under the conditions of the exercise of the powers conferred on them by the Board of Directors) and any attorneys-in-fact appointed for specific deeds or categories of deeds (within the limits defined by their respective powers of attorney) are entitled to sign and legally represent the Entity before third parties and in court.

On May 14, 2020, the Board of Directors of the Entity granted:

- the Chairman and Chief Executive Officer Oscar Marchetto all the powers of representation that can be exercised in the performance of his respective duties pursuant to the law and the Articles of Incorporation, as well as the task of supervising and coordinating the governance of the Entity, and to ensure the internal functioning of the Board of Directors. Moreover, the Chairman and Chief Executive Officer is responsible for the organization and management of the information-system, R&D and marketing functions;
- the Managing Director Alessandro Zanchetta the power to supervise and coordinate the Administration, Finance, HR and General Services areas; and
- The Managing Director Giancarlo Corazza the power to supervise the Entity's organization and, in particular, the Sales, Operations and Worksite Management areas, and to ensure the coordination of the individual functions.

The decision to grant operational powers to the Chairman of the Board of Directors is justified by the experience and special skills acquired by the Director Oscar Marchetto, as well as by his proven ability to contribute to Somec's growth, visibility and development targets during his term of office.

4.6.2 The Chair and Chief Executive Officer and his Duties

By resolution of the Shareholders' Meeting of May 14, 2020, the position of Chair and Chief Executive Officer of Somec was entrusted to the director Oscar Marchetto, who chairs the Board of Directors and exercises all powers of representation in compliance with the applicable legislation (art. 2381 of the Civil Code) and the Entity's Articles of Incorporation.

Moreover, as Chief Executive Officer, the director Oscar Marchetto was entrusted with the task of supervising and coordinating the Entity's governance and ensure the internal functioning of the Board of Directors; moreover, the Chairman and Chief Executive Officer is responsible for the organization and management of the (i) Information-System, (ii) Research & Development, and (iii) Marketing areas.

The powers and duties entrusted to the director Oscar Marchetto as sole signatory are listed below:

- to represent the Entity in the pursuit or defense of any claim before any ordinary or special governmental, judicial, administrative or tax authority, or trade-union association both in and outside Italy, in any jurisdiction and at whatever stage or level of proceedings; in the event of enforcement proceedings, to issue a statement as garnishee (third-party debtor);
- to represent the Entity before the competent social-security and occupational-accident institutions, employment offices and any other institution or department in charge of labor

- regulations and affairs; to represent the Entity in relations with trade-union and professional associations and representatives;
- to represent the Entity before any governmental, municipal, provincial, regional or administrative authority, and before official boards and commissions at all levels; to represent the Entity before tax authorities, with the right to sign applications or requests (including by way of settlement or conciliation), returns for annual or periodic direct and indirect tax or as the withholding agent of employees or third parties; to file claims, petitions, pleadings and to represent the Entity before tax commissions at any stage or level, with the further right to sub-delegate his powers, or to appoint or remove any attorneys-in-fact, attorneys-at-law and experts;
 - to represent the Entity in pending or future legal proceedings against both private individuals and public bodies, before any ordinary, administrative, national or supranational judicial authority, as plaintiff or defendant. in any jurisdiction and at any stage or level, as well as before arbitrators, also in the event of special, interim or urgent procedures, with the full power to support or defend the Entity's case, to file or refer complaints to a court, to join proceedings as civil plaintiff, and the further power to file lawsuits in the interest of the Entity, to choose an address for service, to initiate enforcement proceedings with regard to movable or immovable property and request the issuance of a precautionary measure, to submit or refer disputes to arbitration or agree to an amicable settlement, to settle any disputes (including labor disputes) both in court and out of court, to appoint lawyers, attorneys *ad litem* (litigation lawyers) and arbitrators, experts and notaries with specific missions, with the further power to remove and replace them, and, in general, to carry out any and all acts that are useful and necessary for the judicial and administrative defense and protection of the Entity;
 - to carry out any transactions with the public administration, the *Cassa Depositi e Prestiti* (Deposit and Loan Fund), the *Intendenze di Finanza* (Local Tax Offices), the Mail Service, the State Treasury Offices, the Customs Offices, the *Ferrovie dello Stato* (State Railways), any carriers, any shipping or insurance companies and any public or private offices in Italy or abroad, as well as any institutions or bodies that are assimilated, or have similar characteristics to that of a public authority or agency or are subject to a special regulatory framework;
 - to bring and/or take part in any legal action, whether ordinary or special, as both plaintiff or defendant, and at all stages or level and before courts of any jurisdiction including the Supreme Court of Cassation and, to this end, appoint or remove attorneys, lawyers and experts;
 - to collect from post offices, shipping and airline companies, and any other transport companies, letters, parcels and envelopes sent by ordinary, registered or insured mail or courier service; to collect postal and wire money transfers, vouchers, and checks of any kind and for any amount; to request and receive sums, securities, goods, documents and valuables, and to sign the relevant receipts, acquittances and disclaimers, with any authority, body, agency, office, and public or private bank;
 - to develop, in association with the other Managing Directors of the Entity, all corporate strategies instrumental in the Entity's business activities, and submit them to the Board of Directors for their approval and the definition of the methods of implementation;
 - to implement all acts of disposition (i.e., 'extraordinary management actions') resolved upon by the Board of Directors;
 - to develop and propose to the Board of Directors, in association with the other Managing Directors of the Entity, all initiatives deemed useful in the interest of Entity;

- to enter into joint ventures, consortia and, in general, collaboration agreements with other entities active in the industry, other national and international companies or groups of strategic importance, and to sign contracts and subcontracts either as contracting entity or as contractor;
- to participate, on behalf of the Entity, in any tender, contract and/or procedure for entering into contractual relations (as contracting entity and/or as contractor) with private individuals or the public administration, such as, for example, without limitation, public auctions, private bids, private negotiations, competitive tenders and to execute contracts with the public administration for any types of supplies and by any of the above procedures; in this regard, by way of example and without limitation, the following powers may be exercised:
 - (a) to submit requests, bids, statements and documents (including those required by the applicable anti-terrorism laws);
 - (b) to request the issue of such certificates and/or documents as may be necessary;
 - (c) to sign an award report, *ad-hoc* specifications and any and all documents required to execute a contract with the public administration, including the Ministry of Production Activities, the Ministry of Health, and the Ministry of Labor and Social Policies, local health corporations, hospitals, healthcare establishments and universities;
 - (d) to fulfill all other formalities required as a result of or in connection with the execution of the above contracts and do whatever else should be necessary for the performance of said contracts;
- to file applications for trademarks and patents, grant or take licenses for industrial property rights, and appoint agents for this purpose;
- to file applications for licenses, permits, authorizations and administrative concessions of any kind;
- to represent the Entity at the meetings of all of its subsidiary and investee companies, and of any other body or association in which it is entitled to take part in any capacity;
- to appoint and remove, within the limits of the powers granted above, special attorneys and attorneys *ad negotia* (business attorneys) for individual deeds or categories of deeds;
- to grant other persons and, within the limits of the powers conferred above, the heads of the individual functions, powers of attorney and authorizations for the performance of individual deeds or categories of deeds among those mentioned above, and to specify their powers;
- to conclude and execute, with the appropriate clauses, including an arbitration clause, instruments and contracts for the purchase, sale, exchange, lease, hire and gratuitous loan of movable registered or unregistered property and of immovable property (real estate), sign the related documents, receive the relevant price, determine and pay the agreed consideration, issue and receive all related receipts, and allow any document transcription and registration with the competent authorities, while exempting the competent offices and their officials from any and all responsibilities in this regard, it being understood that any such powers are approved and ratified in advance, so that no one may ever claim their insufficiency or indefiniteness;
- to transfer ownership of the Entity's vehicles and execute all related documents;
- to order transactions on the current accounts opened with credit institutions in the name of the Entity, either by letter or by issuing checks; to endorse at banks - both for discounting and for

collection purposes - bills of exchange, bank checks and other commercial papers and, more generally, to perform any bank transactions - it being understood that "to perform any bank transactions" means, without limitation:

- (a) to open giro accounts;
 - (b) to deposit and withdraw sums from giro accounts, including by means of bank checks on behalf of third parties, in relation to cash on hand or credit facilities or, in any case, overdrafts within the limits of the readily available cash of an existing credit line;
 - (c) to endorse bills of exchange, checks, promissory notes and documents for discounting and collection;
 - (d) to request overdraft facilities and loans in general, also in the form of loans on securities;
 - (e) to obtain advances and loans secured by collaterals on securities, valuables, goods, bills of exchange and documents;
 - (f) to provide security deposits;
 - (g) to assign claims;
 - (h) to perform transactions associated with the execution, amendment or revocation of bank loans worth up to Euro 10,000,000.00 (ten million/00);
 - (i) to request the issue of bank guarantees to secure the full performance by the Entity of its obligations arising from transactions linked to its business such as, without limitation, advance bonds, performance bonds and guaranty bonds, as well as guarantees to be provided to the Inland Revenue and against VAT claims whose recovery is requested;
 - (j) to hire, use or terminate the hiring of safe deposit boxes, cabinets and compartments of safes, including for the deposit and withdrawal of sealed packets;
 - (k) to transfer funds between bank accounts of the Entity, even if such accounts have been opened at different banks, or to order transactions between the Entity and its subsidiaries and/or investees, both directly and indirectly, without any ceiling being applied to each transaction;
 - (l) to pay the corporate income tax (IRES), the tax on income from employment (IRPEF) and the regional tax on business activities (IRAP) to the Inland Revenue, and to pay social security and occupational accident contributions to INPS and INAIL respectively;
- to arrange and therefore negotiate, sign, amend or terminate insurance contracts, policies, including surety policies and bonds, for the most appropriate coverage of all risks related to the conduct of the Entity's business;
 - to order the payment of taxes, employees' wages and directors' fees, within the limits decided by the General Shareholders' Meeting, with no limitation on their amount;
 - to request the issue of guarantees, surety policies and/or bonds from insurance companies, such as, by way of example and without limitation, advance bonds, performance bonds and guaranty bonds, in order to secure the fulfillment by the Entity and its subsidiary and/or

- associated companies, both directly and indirectly, of obligations arising from current transactions linked to its business;
- to grant loans to the Entity's subsidiary and/or associated companies up to a maximum of Euro 2,000,000 (two million/00);
 - to hire human resources on a fixed- or open-term basis in any position, determine their wages, and suspend or dismiss them; to execute temporary employment contracts;
 - more generally, to carry out any ordinary management activity within the limits of the powers conferred above, even if not expressly listed, and to do whatever else is appropriate in the interest of the Entity, except for the powers expressly attributed to the Board of Directors or to the General Shareholders' Meeting, in view of the successful fulfillment of his duties, it being understood that the above list of powers is provided by way of example and without limitation.

It is worth recalling that Oscar Marchetto is the Chairman of the Board of Directors, the Entity's controlling shareholder and its Chief Executive Officer.

The Chairman and Chief Executive Officer of the Entity holds no other positions with other issuers.

4.6.3 Executive Committee

As of the date hereof, the Board of Directors has not appointed an Executive Committee.

4.6.4 Reporting to the Board of Directors by the Directors/Delegated Bodies

Pursuant to art. 25 of the Articles of Incorporation, the delegated bodies shall report to the Board of Directors and the Board of Statutory Auditors on the activities carried out and on the most important economic, financial and asset transactions executed by the Entity or its subsidiaries; in particular, they shall report on the transactions where the directors have an interest, on their own account or on behalf of third parties. This reporting activity, provided for by art. 2381 of the Civil Code and art. 150 of the TUF, shall be carried out promptly and, in any case, at least every three months either during the meetings of the Board of Directors or in writing.

4.6.5 Director in charge of the Administration, Finance, Human Resources and General Services Areas

By a resolution passed by the General Shareholders' Meeting on May 14, 2020, the director Alessandro Zanchetta was entrusted with the duty of supervising and coordinating the Administration, Finance (as Chief Financial Officer), Human Resources and General Services areas.

In particular, the following powers and responsibilities were entrusted to the director Alessandro Zanchetta as sole signatory:

- to represent to Entity before the competent social-security and occupational-accidents insurance institutions, the employment offices and at any other body or department in charge of labor regulations and affairs, and to represent the Entity in talks with trade-union or professional associations and representatives, with the exclusion of any employment contracts with executive staff;
- to the extent that such powers relate to the Administration, Finance, Human Resources and General Services areas, to represent the Entity before any governmental, municipal, provincial, regional or administrative authority, and before official boards and commissions at all levels; to represent the Entity before tax authorities, with the right to sign applications or requests (including by way of settlement or conciliation), returns for annual or periodic direct and indirect tax or

as the withholding agent of employees (with the exclusion of executive staff) or third parties, to file claims, petitions, pleadings and to represent the Entity before tax commissions at any stage or level, with the further right to sub-delegate his powers, or to appoint or remove any attorneys-in-fact, attorneys-at-law and experts;

- to the extent that such powers relate to the Administration, Finance, Human Resources and General Services areas, to represent the Entity in pending or future legal proceedings against both private individuals and public bodies, before any ordinary, administrative, national or supranational judicial authority, as plaintiff or defendant, in any jurisdiction and at any stage or level, as well as before arbitrators, also in the event of special, interim or urgent procedures, with the full power to support or defend the Entity's case, to file or refer complaints to a court, to join proceedings as civil plaintiff, and the further power to file lawsuits in the interest of the Entity, to choose an address for service, to initiate enforcement proceedings with regard to movable or immovable property and request the issuance of a precautionary measure, to submit or refer disputes to arbitration or agree to an amicable settlement, to settle any disputes (including labor disputes) both in court and out of court, to appoint lawyers, attorneys *ad litem* (litigation lawyers) and arbitrators, experts and notaries with specific missions, with the further power to remove and replace them, and, in general, to carry out any and all acts that are useful and necessary for the judicial and administrative defense and protection of the Entity;
- to file reports, claims, notices or complaints in order to defend the Entity's rights and interests with any public authority or private organization; to notify protests against checks and bills of exchange, to send defaulting customers and other defaulting debtors injunctions or orders to pay, and, to that end, request preventive seizures or precautionary seizures to protect the Entity's interests; to join bankruptcy proceedings as creditor and take part in creditors' meetings;
- to carry out - at public and private offices, railway and customs offices, transport and shipping companies, and post offices - any action or transaction for the clearance and/or withdrawal of goods, deposits, parcels, envelopes, valuables, letters, including insured and registered letters, and letters containing valuables, and to issue a receipt or disclaimer therefor with full powers to that end;
- to keep accounting records, including those required to ensure the fulfillment of tax/Inland Revenue formalities, the regularity of cashflows and the reliability of current data on operations;
- to oversee and ensure the fulfillment of all tax formalities with regard to the Entity's activities, which shall include the signature of all related documents, particularly as regards relations with the Inland Revenue Office and, more generally, with the competent tax authorities; he is therefore under the obligation to comply with all the applicable laws and/or regulations governing the administrative management of a joint-stock company;
- to represent the Entity with third parties, public authorities and agencies (and sign the relevant correspondence) and, more specifically, any other institution or department in charge of labor regulations and affairs, as well as in relations with trade-union and professional associations and representatives;

- to hire white-collar and blue-collar staff on a fixed- or open-term basis, determine their wages, and suspend or dismiss them; to execute temporary employment contracts;
- to inflict on all employees the disciplinary sanctions provided for by the applicable national collective labor agreement, in compliance with all current legal and regulatory or industrial-relation requirements relating to such measures;
- to take part in trade union negotiations and execute company agreements, and to represent the Entity in talks with trade-union associations and representatives to discuss issues concerning relations with employees, with an express authorization to reconcile such disputes where appropriate, sign the relate conciliation report, and settle any disputes with the Entity's employees;
- to ensure compliance with all EU legal and/or regulatory requirements and statutes regarding employees, any prohibitions on the contracting out of labor and, more generally, all regulations regarding employment contracts, in order to ensure that human-resource management is carried out in full compliance with individual employment contracts and current civil, tax and social security regulations, including those regarding compulsory hiring and contributions; he is therefore responsible for the correct enforcement of all the relevant regulations and of the regularity of any deeds and acts carried out in the performance of the powers conferred on him;
- to the extent that such powers relate to the Administration, Finance, Human Resources and General Services areas, to conclude and execute, with the appropriate clauses, including an arbitration clause, instruments and contracts for the purchase, sale, exchange, lease, hire and gratuitous loan of movable registered or unregistered property and of immovable property (real estate), sign the related documents, receive the relevant price, determine and pay the agreed consideration, issue and receive all related receipts, and allow any document transcription and registration with the competent authorities, while exempting the competent offices and their officials from any and all responsibilities in this regard, it being understood that any such powers are approved and ratified in advance, so that no one may ever claim their insufficiency or indefiniteness;
- to negotiate, sign, amend, terminate, settle and reconcile any disputes with reference to procurement contracts and subcontracts for both goods and services, for a unit amount not exceeding Euro 2,000,000.00 (two million/00);
- for projects awarded outside Italy, to open permanent business establishments for tax purposes; to that end, he shall be vested with full powers as required for all the activities of any such business establishment to be carried out in a state-of-the-art manner and for the execution of all the project documentation required to that end as well as for the signature, in the name and on behalf of the Entity, of any contracts and instruments, with the authority to negotiate clauses, terms, conditions and anything else required;
- to order transactions on the current accounts opened with credit institutions in the name of the Entity, either by letter or by issuing checks; to endorse at banks - both for discounting and for collection purposes - bills of exchange, bank checks and other commercial papers and, more generally, to perform any bank transactions - it being understood that "to perform any bank transactions" means, without limitation:

- (a) to open giro accounts;
 - (b) to deposit and withdraw sums from giro accounts, including by means of bank checks on behalf of third parties, in relation to cash on hand or credit facilities or, in any case, overdrafts within the limits of the readily available cash of an existing credit line;
 - (c) to endorse bills of exchange, checks, promissory notes and documents for discounting and collection;
 - (d) to request overdraft facilities and loans in general, also in the form of loans on securities;
 - (e) to obtain advances and loans secured by collaterals on securities, valuables, goods, bills of exchange and documents;
 - (f) to provide security deposits;
 - (g) to assign claims including VAT claims;
 - (h) to negotiate and execute lines of credit and/or amend existing credit facilities; to request loans from credit institutions of any type and kind, as well as guarantees in the interest of the Entity and/or its subsidiaries or investees;
 - (i) to perform any transaction associated with the execution, amendment or revocation of loans;
 - (j) to request the issue of bank guarantees to secure the full performance by the Entity of its obligations arising from transactions linked to its business such as, without limitation, advance bonds, performance bonds and guaranty bonds, as well as guarantees to be provided to the Inland Revenue and against VAT claims whose recovery is requested;
 - (k) to hire, use or terminate the hiring of safe deposit boxes, cabinets and compartments of safes, including for the deposit and withdrawal of sealed packets;
 - (l) to transfer funds between bank accounts of the Entity, even if such accounts have been opened at different banks, or to order transactions between the Entity and its subsidiaries and/or investees, both directly and indirectly, without any ceiling being applied to each transaction;
 - (m) to pay the corporate income tax (IRES), the tax on income from employment (IRPEF) and the regional tax on business activities (IRAP) to the Inland Revenue, and to pay social security and occupational accident contributions to INPS and INAIL respectively;
- to the extent that such powers relate to the Administration, Finance, Human Resources and General Services areas, to arrange and therefore negotiate, sign, amend or terminate insurance contracts, policies, including surety policies and bonds, for the most appropriate coverage of all risks related to the conduct of the Entity's business;
 - to request, within the limits of a unit amount not exceeding Euro 1,500,000.00 (one million five hundred thousand/00), the issue of guarantees, surety policies and/or bonds from insurance companies, such as, by way of example and without limitation, advance bonds, performance bonds and guaranty bonds, in order to

secure the fulfillment by the Entity and its subsidiary and/or associated companies, both directly and indirectly, of obligations arising from current transactions linked to its business;

- to represent the Entity at the Shareholders' Meetings of all subsidiary and investee companies and of any other body or association in which the Entity is entitled to take part in any capacity;
- to arrange for the payment of taxes, employees' wages and directors' fees, to the extent decided by the General Shareholders' Meeting, with no limitation on the amount;
- to execute all factoring transactions, both as a factor and as a client, to assign receivables, carry out discounting operations, issue collection orders and provide security, always within the scope of the Entity's activities;
- to grant other persons and, insofar as it pertains to individual functions, the heads of those functions, powers of attorney and authorizations for the performance of individual deeds or categories of deeds among those mentioned above, and to specify their powers;
- to grant loans to the Entity's subsidiary and/or associated companies within the limits of Euro 1,000,000.00 (one million/00)
- more generally, to carry out any ordinary management activity with regard to the Administration, Finance, Human Resources and General Services areas within the limits of the powers conferred above, even if not expressly listed, and to do whatever else is appropriate in the interest of the Entity, except for the powers expressly attributed to the Board of Directors or to the General Shareholders' Meeting, in view of the successful fulfillment of his duties, it being understood that the above list of powers is provided by way of example and without limitation;
- furthermore, the Managing Director Alessandro Zanchetta is exclusively vested with any and all powers (including the necessary and appropriate managerial and spending powers) and duties to fully implement the applicable legislative and regulatory framework regarding the protection of personal data, which shall be carried out within the scope of Somec's business activities. Therefore, Mr Alessandro Zanchetta shall have full autonomy and discretion to take any initiative that is necessary or appropriate for personal data to be processed in strict compliance with the provisions of EU Regulation 679/2016 (GDPR), Legislative Decree 196/2003 (as amended by Legislative Decree 101/2018) and any further amendments and additions to such provisions to be made in the future, as well as with the measures issued by the Italian Privacy Commissioner. In addition, the Managing Director Alessandro Zanchetta, may represent the Entity before third parties with the right to delegate, in whole or in part, any and all powers conferred on him in relation to the protection of personal data.

4.6.6 Director in charge of the Sales, Operations and Worksite Management areas

By a resolution passed by the General Shareholders' Meeting on May 14, 2020, the director Giancarlo Corazza was entrusted with duties related to the corporate organization, with special reference to the Sales, Operations and Worksite Management areas, and the further task of coordinating individual functions.

In particular, the following powers and responsibilities were entrusted to the director Giancarlo Corazza as sole signatory:

- to the extent that such powers relate to the Sales, Operations and Worksite Management areas, to represent the Entity in the pursuit or defense of any claim before any ordinary or special, national, supranational or foreign governmental, judicial, administrative or tax authority, or trade-union association, in any jurisdiction and at whatever stage or level of proceedings; in the event of enforcement proceedings, to issue a statement as garnishee (third-party debtor);
- to the extent that such powers relate to the Sales, Operations and Worksite Management areas, to file reports, claims, notices or complaints in order to defend the Entity's rights and interests with any public authority or private organization; to notify protests against checks and bills of exchange, to send defaulting customers and other defaulting debtors injunctions or orders to pay, and, to that end, request preventive seizures or precautionary seizures to protect the Entity's interests; to join bankruptcy proceedings as creditor and take part in creditors' meetings;
- to the extent that such powers relate to the Sales, Operations and Worksite Management areas, to carry out - at public and private offices, railway and customs offices, transport and shipping companies, and post offices - any action or transaction for the clearance and/or withdrawal of goods, deposits, parcels, envelopes, valuables, letters, including insured and registered letters, and letters containing valuables, and to issue a receipt or disclaimer therefor with full powers to that end;
- to carry out all transactions for the export and import of products and materials pertaining to the Entity's business, with the further power to submit and sign all applications and documents required, sign invoices, receipts, certificates of origin and movement certificates, documents and declarations relating to clearance through customs and currency transactions and, more generally, any document required for the conduct of the Entity's business both in and outside Italy;
- to negotiate, sign and amend any supply contracts designed to obtain purchase orders and project awards, and to terminate them; to settle and reconcile any disputes related to such contracts;
- to enter into joint ventures designed to obtain purchase orders and project awards;
- to negotiate, sign, amend, terminate, settle and reconcile any disputes with reference to procurement contracts and subcontracts for both goods and services, even when they are unnecessary for performing work contracted to the Entity and, more generally, for implementing projects awarded to it, such as, without limitation, raw materials, semi-finished products, assembly services, outsourced or subcontracted work consisting in installations and/or contracts for the coordination of worksites, etc., for a unit amount not exceeding Euro 2,000,000.00 (two million/00);
- to the extent that such powers relate to the Sales, Operations and Worksite Management areas, to collect sums and anything else due to the Entity from any party, and to issue receipts and disclaimers in the required forms, to collect postal and wire money transfers, vouchers, and checks of any kind and for any amount and issue receipts therefor, and sign any related settlement and conciliation agreements;
- to the extent that such powers relate to the Sales, Operations and Worksite Management areas, to collect claims of any kind and amount from private individuals and any public authority or agency and issue receipts therefor;
- to the extent that such powers relate to the Sales, Operations and Worksite Management areas, to deposit or withdraw cash and securities held at the *Cassa Depositi e Prestiti* (Deposit and Loan Fund) and if need be, in the escrow accounts of the *Direzione Generale del Tesoro* (General

Directorate of the Treasury), to collect interest accrued on the Entity's deposits held at any of the offices or branches of the *Cassa Depositi e Prestiti*, to issue receipts on behalf of the Entity and to carry out any and all transactions that may be necessary;

- to represent the Entity at the Shareholders' Meetings of all subsidiary and investee companies and of any other body or association in which the Entity is entitled to take part in any capacity;
- to the extent that such powers relate to the Sales, Operations and Worksite Management areas, to sign agreements for the transfer of ownership of the Entity's vehicles and execute all related documents;
- out of his own initiative and subject to a spending limit of Euro 100,000.00 (one hundred thousand/00) per annum, to oversee that environmental, accident-prevention and hygiene-at-work regulations as well as any related regulations, orders and instructions issued by public authorities are effectively applied and observed, with the power to consult legal and technical advisors inside and outside the Entity, suspend works either entirely or partially in the event of serious and immediate danger to the safety and health of employees and simultaneously inform the Entity's Chairman of the Board of Directors thereof and report to him any accidents or harmful events that may occur during works, and the further power to represent the Entity before any public authority, including the judiciary;
- within the limits of the powers delegated to him, to appoint, on behalf of the Entity, technical directors and give other persons powers of attorneys and authorizations, as either sole or joint signatories, for the performance of individual deeds or categories of deeds, to the extent that such powers relate to their respective scope of responsibilities, and to specify their powers;
- more generally, to carry out any ordinary management activity related to the Sales, Operations and Worksite Management area, within the limits of the powers conferred above, even if not expressly listed, and to do whatever else is appropriate in the interest of the Entity, except for the powers expressly attributed to the Board of Directors or to the General Shareholders' Meeting, in view of the successful fulfillment of his duties, it being understood that the above list of powers is provided by way of example and without limitation.

4.7 Independent Directors and Lead Independent Director

Somec's Board of Directors includes 2 (two) independent directors. This independence was assessed by the Board of Directors (pursuant to the TUF and the Corporate Governance Code) on the basis of the information available and the documentation produced by the persons concerned and with the abstention of the latter with respect to the assessment concerning them. The assessment of compliance with the independence requirements of the TUF and all the requirements of the Corporate Governance Code was carried out following the appointment the persons concerned by the Shareholders' Meeting or concurrently with the co-option of such persons and is repeated annually. In particular, the Entity has adopted the criteria of the Corporate Governance Code for qualifying directors as independent.

At the Board of Directors' meeting of March 8, 2022, the Board of Directors further assessed - under the supervision of Board of Statutory Auditors, who confirmed that the assessment procedure was correctly conducted - that the directors Gianna Adami and Stefano Campoccia satisfied the independence requirements. Each director provided the necessary evidence for the assessment.

All independent directors comply with the independence requirements pursuant to art. 148, paragraph 3 of the TUF, as referred to in art. 147-*ter* of the TUF, as well as pursuant to art. 2 of the Corporate Governance Code.

The independent directors meet periodically during the meetings of the Committees they chair and in which they participate. On these occasions, they systematically discuss the Company's dynamics and activities and identify areas and actions on which they can focus and act.

The independent directors are committed to maintaining their independence during their term of office.

4.8 Lead Independent Director

By a resolution of the Board of Directors dated May 14, 2020, which came into effect on the trading commencement date, the Entity appointed the independent director Gianna Adami Lead Independent Director and granted her the powers and functions established by the Code. In particular, this appointment was required given the position held within the Entity by the director Oscar Marchetto, who is at the same time Chairman of the Board of Directors and Chief Executive Officer, as well as the person who indirectly controls the Entity through the company Venezia S.p.A.

The non-executive directors (and the independent directors in particular) refer to this Lead Independent Director in order to better contribute to the activity and functioning of the Board of Directors. Furthermore, the Lead Independent Director collaborates with the Chairman of the Board of Directors in order to ensure that the directors receive complete and timely information flows and is given, among other things, the power to convene - either out of her own initiative or upon request of other directors - special meetings exclusively reserved for the independent directors, for the discussion of topics judged to be of interest for the functioning of the Board of Directors or the Entity's management.

5. HANDLING OF THE ENTITY'S INFORMATION

At its meeting of June 8, 2020, the Entity's Board of Directors approved, with effect as of the trading commencement date, a procedure governing the internal management and the external disclosure of inside information regarding Somec and other Group companies, in compliance with the provisions of art. 17 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse and the related implementation measures ("**Inside Information Procedure**").

For any further details regarding the Inside Information Procedure, please refer to the specific document published under *Governance > Governance documents* of Somec's website www.somecgruppo.com.

6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

In accordance with the recommendations given in the Corporate Governance Code, the Entity's Board of Directors has established:

- a remuneration committee (the "**Remuneration Committee**"); and
- an internal control and risk management committee (the "**Internal Control and Risk Committee**").

and approved their respective Regulations on March 17, 2021.

The Regulations of all Committees envisage that any documentation relating to the items on the agenda be notified in good time to the members by the Secretary, so that the meetings are always held in an informed manner.

The above Committees are made up of two independent directors pursuant to the Corporate Governance Code.

In compliance with the “Related Party Transactions” Regulations issued by Consob with Resolution no. 17221 of March 12, 2010 (as subsequently supplemented and amended), and in light of the provisions of articles 2391 and 2391-*bis* of the Civil Code and the internal procedure for related party transactions, at its meeting of May 14, 2020, the Entity’s Board of Directors established a related party committee (the “Related Party Committee”). As at the date hereof, the Related Parties Committee is made up of two independent directors, specifically Mr Stefano Campoccia and Ms Gianna Adami.

Given the organizational structure and size of the Entity as well as its ownership structure, as at the date hereof, the Board of Directors has not deemed it necessary to set up a committee for the appointment of directors pursuant to art. 4 of the Corporate Governance Code.

The functions of the committee for the appointment of directors are reserved to the entire Board, which performs these functions under the coordination of the Chairman of the Board of Directors. On this point, it should be noted that, when independent directors are co-opted, the appointment is proposed to the Board by the independent directors.

No additional committees have been set up.

7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

The Entity falls within the definition of a “concentrated ownership company” and is therefore not a “large company” within the meaning of the Corporate Governance Code. As a result, it may take advantage of the flexibility options provided in such Code (e.g., no succession plan for executive directors and no annual self-assessment by the Board of Directors are required). The Entity will however carry out an assessment in view of the reappointment of the current members of the Board of Directors.

The Entity believes that the process for the appointment and succession of the directors is the primary responsibilities of anyone exercising his or her power to submit a list of candidates, as required by law and the Articles of Incorporation. For its part, unless it takes an active part by submitting its own list, the Board of Directors undertakes to ensure the best conditions for an informed and effective choice by providing the information deemed most useful for the exercise of the right to submit candidates.

By reason of, *inter alia*, its listing on Euronext Milan, (formerly MTA), the Entity deemed that there was no ground for the adoption of a succession plan for its Managing Directors, given the composition of its top management, who are all knowledgeable persons with professional and technical expertise in the sectors where the Entity is active.

8. DIRECTORS’ REMUNERATION - REMUNERATION COMMITTEE

8.1 REMUNERATION COMMITTEE

For information on the Remuneration Committee, reference should be made to the Remuneration Report prepared pursuant to art. 123-*ter* of the TUF and published on the Entity’s website www.somecgruppo.com, under *Governance > Remuneration*.

8.2 DIRECTORS’ REMUNERATION

For information on the directors’ remuneration, reference should be made to the Remuneration Report prepared pursuant to art. 123-*ter* of the TUF on Finance and published on the Entity’s website www.somecgruppo.com, under *Governance > Remuneration*.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system is a set of rules, procedures and organizational structures ensuring an adequate process of risk identification, measurement, management and monitoring for the proper management of the Entity in line with the targets set.

An effective internal control and risk management system is instrumental in the safeguarding of corporate assets, the efficiency and effectiveness of corporate operations, the reliability of financial information, and the Entity's compliance with the applicable laws and regulations.

In 2020, the Board of Directors resolved to adopt an internal control and risk management system.

This system enables managers to have a sufficiently comprehensive picture of the economic and financial situation and the risks to which the Entity and the main Group companies are exposed on a regular and timely basis, and includes: (i) the monitoring of the main key performance indicators and risk factors pertaining to the Entity and the main Group companies to which it belongs; (ii) the production of data and information with special regard to financial information, based on an investigation scope commensurate with the type of business, organizational complexity and the specific information requirements of the Management; (iii) the processing of prospective financial data for a business plan and budget and the assessment of progress in the achievement of corporate targets by means of an analysis of deviations.

During 2021, after hearing the Control and Risk Committee, the Board of Directors:

- defined the guidelines of the internal control and risk management system, for the main risks relating to the Issuer and its subsidiaries (including the relevant risks for the medium/long-term sustainability of the Entity's business) to be correctly identified, adequately measured, managed and monitored, and for the business to be consistently run, in accordance with the identified strategic targets;
- assessed the suitability of the internal control and risk management system in relation to the characteristics of the business, as well as its effectiveness;
- approved a work plan prepared by the Head of Internal Audit, after hearing the Director in Charge (as defined below);
- described, in the Report on the Entity's Corporate Governance and Ownership Structure, the main features of the internal audit and risk management system, and assessed its suitability;
- after hearing the Board of Statutory Auditors, assessed the results presented by the independent auditing company.

In the fulfillment of these functions, the Board of Directors was supported by the Director in Charge (as defined below) and by the Control and Risk Committee.

During 2021, the Issuer updated and/or formally approved corporate procedures aimed at ensuring compliance with the applicable regulations.

As of the date of this Report, the Entity has:

- updated its Code of Ethics and Organizational Model (as defined below) at the Board of Directors' meeting of June 28, 2021 by adding the new tax and smuggling offenses;
- adopted a Whistleblowing Procedure;
- adopted the rules of procedure of the Control and Risk Committee at the Board of Directors' meeting of March 17, 2021;
- adopted the rules of procedure of the Remuneration Committee at the Board of Directors' meeting

of March 17, 2021.

During 2021, the Manager in charge of preparing the financial reports of the Somec Group carried out an analysis of the companies and corporate processes in order to update the scoping out of the organizational-accounting model established pursuant to Law 262/05 (hereinafter also referred to as “**262 Scoping**”). Both risk assessment and 262 Scoping contributed to identify the Group companies that are significant and material for financial reporting purposes together with their respective processes. This analysis was conducted by examining the following aspects:

- scope of the Somec Group’s consolidated financial statements;
- business model and activities carried out by the Group companies;
- identification of materiality thresholds;
- identification of significant processes through the use of qualitative and quantitative criteria;
- existing corporate processes relating to the preparation of the data and information on financial position and performance and of the consolidated financial statements.

The Issuer also updated and improved the corporate procedures relating to financial reporting processes. This activity has enabled the Entity to improve and supplement the descriptions of the system of controls aimed at mitigating the risks of error and fraud. As part of this project, the Manager in charge of financial reporting also prepared a Risk Control Matrix, which was attached the documentation of the accounting control model.

9.1 Director in Charge of the Internal Control and Risk Management System

On May 14, 2020, Somec’s Board of Directors appointed the Managing Director Alessandro Zanchetta director in charge of maintaining an effective control and risk management system with effect from the trading commencement date (the “**Director in Charge**”).

The Director in Charge was entrusted with the tasks of supervising the functionality of the internal control and risk management system, implementing the relevant policies defined by the Board of Directors, and ensuring that all necessary actions are taken to implement the system. In particular, in compliance with art. 6, Recommendation 34 of the Corporate Governance Code, the Director in Charge of Somec’s internal control and risk management system:

- helped identify the main corporate risks - in light of the characteristics of the activities carried out by the Entity and its subsidiaries - to be periodically notified to the Board of Directors for its review;
- implemented the guidelines defined by the Board of Directors, dealing with the design, implementation and management of the internal control and risk management system and constantly checking its suitability and effectiveness;
- assisted in the adaptation of this system to the dynamics of the operating conditions and the legislative and regulatory framework;
- requested the internal audit function to carry out checks on specific operational areas and on the degree of compliance with the internal rules and procedures for carrying out company transactions, informed the Chairman of the Board of Directors, the Chairman of the Risk and Related Party Transactions Committee and the Chairman of the Board of Statutory Auditors accordingly;
- promptly reported to the Control and Risk Committee (or the Board of Directors) on problems and critical issues that had emerged during the performance of his activities or of which he had become aware, so that the above Committee (or the Board of Directors) could take the appropriate actions.

9.2 Control and Risk Committee

The Entity's Board of Directors has appointed the independent directors Stefano Campoccia and Gianna Adami members of the Control and Risk Committee. Pursuant to art. 6, Recommendation 35 of the Corporate Governance Code, the BoD also assessed that both members of the Control and Risk Committee had adequate knowledge and experience in accounting, financial and risk-management matters.

In particular, pursuant to art. 6, Recommendation 32 of the Corporate Governance Code, in providing its assistance to the Board of Directors the Control and Risk Committee has the following tasks:

- together with the manager who prepares financial reports and after hearing the independent auditor and the Board of Statutory Auditors, to assess that those documents correctly apply the reference accounting standards and, in the case of groups, that they are consistent for the purpose of preparing a set of consolidated financial statements;
- to assess the suitability of the periodic financial and non-financial statements to correctly present the business model, the Entity's strategies, the impact of its activities and the performance level achieved;
- to assess the content of the non-financial statement, which is relevant for the purposes of the internal control and risk management system;
- to express opinions on specific aspects concerning the identification of the main corporate risks;
- to examine the periodic reports concerning the assessment of the internal control and risk management system, as well as the reports of particular significance prepared by the internal audit function;
- to check that the internal audit function acts autonomously and in a suitable, effective and efficient manner;
- to request the internal control function, if need be, to carry out checks on specific operational areas, and concurrently inform the Chair of the Board of Statutory Auditors thereof;
- when the annual and semi-annual financial reports are approved and at least every six months, to report to the Board of Directors on the activities carried out and on the suitability of the internal control and risk management system;
- to give his support, by means of an appropriate preliminary review, in any assessments and decisions of the Board of Directors concerning the management of risks arising from prejudicial facts of which the Board of Directors has become aware.

The Control and Risk Committee also gives its opinion to the Board of Directors with respect to the provisions of Recommendation 33 of the Corporate Governance Code.

At the meeting of February 24, 2022, the Control and Risk Committee reviewed the results of the risk analysis carried out by Somec with the support of the internal auditing function (the company Key Advisory S.r.l.) during the 2021 financial year, whose purpose was to identify and assess the risks that could hinder the achievement of the strategic objectives and the development of the business plan. The Chairman of the Board of Statutory Auditors attended the meeting. This document was prepared in compliance with the provisions set out in the Corporate Governance Code and on the basis of methodologies that are in line with national and international best practices. These methodologies were developed by various institutions and, in particular, the Committee of Sponsoring Organizations of the Treadway Commission (COSO report framework). The risks to which the Group is exposed were identified and assessed by Somec through the following activities:

- identification of key value drivers, i.e., targets, development plans and strategic initiatives;
- definition of a methodology for identifying and assessing risks and opportunities;
- a document review through special checklists and the selection of the relevant information to be analyzed;
- interviews with process risk owners;
- identification of top risks and, for each of them, determination of their impact and probability of occurrence;
- preliminary considerations on possible management / governance mechanisms and strategies for top risks.

Proceedings are moderated by the chair and the meetings of the Control and Risk Committee are regularly minuted. Below is some information on the actual functioning of Somec's Control and Risk Committee:

- The Audit and Risk Committee entered into operation on the trading commencement date and, during the financial year, met 9 times on the following dates, i.e., February 3, 2021; February 25, 2021; March 2, 2021; March 24, 2021; April 7, 2021; July 28, 2021; September 24, 2021; October 21, 2021; and December 6, 2021;
- the average length of its meetings was 1.5 hours;
- at least 5 meetings are planned for 2022;
- depending on the subjects to be discussed, the meeting is attended, in addition to the Committee members, by Mr Campoccia and Ms Adami, the Chair of the Board of Statutory Auditors and, upon request, the other supervisory functions.

The main activities and topics discussed by the Entity's Control and Risk Committee pertain to the respective scopes of responsibility, as described in the Corporate Governance Code, of the individual listed companies. The Risk and Control Committee always supports the governing body in the ordinary management activities of the Issuer according to a corporate compliance timeline. In the period under review, its proceedings were attended by the Chair of the Board of Statutory Auditors.

On the proposal of the Control and Risk Committee, the Board of Directors approves the budget required to provide the Committee with adequate financial resources to carry out its activities.

In carrying out its activities, the Control and Risk Committee has the right to access the information and company departments necessary for the performance of its duties.

9.3 Head of Internal Audit

By a resolution dated May 14, 2020, on the proposal of the Director in Charge of the internal control and risk management system, subject to the favorable opinion of the Control and Risk Committee, after consulting the Board of Statutory Auditors, the Entity's Board of Directors resolved to carry out a general internal audit on the structure and functionality of internal controls. To that end, it established an internal audit function, with effect from the trading commencement date, which was outsourced to Key Advisory S.r.l., in the person of Mr Massimiliano Rigo as head of this function for a period of three years (2020 - 2022). Mr Rigo met the professionalism, independence and organization requirements for the carrying out this task.

During 2021, the head of the internal audit function did the following:

- audited - on an ongoing basis or in relation to specific needs, in compliance with international standards - the functioning and suitability of the internal control and risk management system by

means of an audit plan approved by the Board of Directors, based on a structured process of analysis and prioritization of the main risks;

- planned and carried out, in line with the audit plan, direct and specific control activities at the Issuer's premises in order to identify any shortcomings in the internal control and risk management system in the various risk areas, in compliance with international standards.
- checked, as part of the audit plan, the reliability of the information systems including the accounting systems;
- prepared periodic reports that contained adequate information on its own activities, on the methods with which risk management was carried out, as well as on compliance with the plans defined for risk containment, in order to assess the suitability of the internal control and risk management system;
- sent such reports to the Director in Charge, the Chair of the Board of Statutory Auditors, the Chair of the Control Committee and, when needed with regard to the events to be reviewed, to the Chairman of the Board.

In particular, in the period under review, the head of the internal audit function audited the internal control and risk management system in accordance with the audit plan, by following up the relevant activities.

In addition, during the reporting period, the results of the audit activities carried out were analyzed, discussed and shared between the internal audit function, the heads of the processes/functions from time to time concerned and the Entity's management in order to agree on and implement preventive/corrective measures: the progress of implementation was constantly monitored until their completion. Then, the head of the internal audit department periodically submitted the audit reports to the Director in Charge, the Chairman of the Board of Directors, the Chair of the Control and Risk Committee and the Chair of the Board of Auditors, as well as to the Supervisory Body and the Manager in charge, with regard to the issues falling under their respective scope of responsibility.

In addition, during the year under review, the Board of Directors approved the work plan prepared by the head of the internal audit function, after consulting the Board of Statutory Auditors and the Director in Charge of the internal control and risk management system.

In the fulfillment of his duties, the head of the internal audit function accessed all the information that was useful for carrying out the task entrusted to him.

The remuneration of the head of the internal audit function was determined in line with corporate policies. The BoD has the task of ensuring that the head of the internal audit department is given adequate resources to fulfill his duties.

During the reporting period, the Entity also entrusted the Key Advisory function, in the person of Mr Massimiliano Rigo, with the task of overseeing compliance with Law 262/05 in order to ensure the improvement of the existing procedures and prepare a risk control matrix (RCM) of the Entity, and to update the scoping document required by the above law.

9.4 Organizational Model pursuant to Legislative Decree 231/2001

As of the date hereof, Somec S.p.A. has brought its internal control system into line with the provisions of Legislative Decree no. 231/2001 governing the administrative liability of entities in the event of perpetration of certain types of offenses by top managers and persons under their management or supervision.

At its meeting of August 1, 2014, the Board of Directors approved the Entity's Organizational Model, which provides, *inter alia*: (i) the application of the regulatory framework of Legislative Decree no. 231/2001 that places a direct liability on entities (which may be excluded if they have effectively adopted and implemented an Organizational Model and the offense consisted in the fraudulent circumvention of the same) in the event of the perpetration of certain types of offenses in the interest or to the advantage of the entities themselves by any of the top managers fulfilling representation, administration or management duties within the entity, or by persons subject to the management or supervision of any such top managers; (ii) a description of the Entity's organizational structure and any activities carried out for the adoption of the Organizational Model; (iii) the methods of appointment, structure and functions of its supervisory body (the "**Supervisory Body**"); and (iv) the disciplinary system and sanctions against those who breach the rules of conduct provided for by the Organizational Model.

On June 28, 2021, the Board of Directors approved an update of the Entity's Model. The purpose of this update was not only to include the new categories and types of offenses introduced since the date of the last approval, but also to review, and possibly implement any previously identified 'sensitive activities' - i.e., activities in the context of which offenses may be committed - and to subject them to an assessment of intrinsic risk so as to ensure their preventive management within the internal control system commensurate with their degree of risk.

The inherent risk assessment of various sensitive activities was therefore updated. The risk assessment of each sensitive activity is considered essential insofar as it is intended to guide the preparation of the individual Special Parts of the Model and, in particular, to identify sensitive activities that should undergo preventive management within the internal control system commensurately with their level of risk. This control can be achieved through protocols that are more rigorous and pervasive where the risk of committing an offense is perceived to be greater and, conversely, through appropriate behavioral principles to be followed in situations of lesser risk.

In short, the update of the Model consisted in the addition, and consequent implementation, of two new special parts, namely a Special Part on tax offenses and a Special Part on smuggling offenses, as well as a change in the description of certain types of offenses.

As of the date hereof, the Model consists of a General Part, which 'maps out' the internal composition of the Entity, illustrates its corporate structure, and describes its organization in terms of delegated powers, decision-making power distribution, and system of internal controls, as well as:

- Sixteen Special Parts, one for each category of offense considered relevant for the Entity - which describe offenses, the specific activities that are defined as 'sensitive', the consequent behavioral principles to be complied with, and - depending on the inherent risk that has emerged - the control protocols and the information flows directed to the Supervisory Body, more specifically:
 - SPECIAL PART A - Offences against public administration (articles 24 and 25 of Legislative Decree 231/01);
 - SPECIAL PART B – Cybercrime (art. 24-*bis* of Legislative Decree 231/01);
 - SPECIAL PART C – Organized-crime and transnational offences (art. 24-*ter* of Legislative Decree 231/01);
 - SPECIAL PART D - Forgery of money, public credit cards, revenue stamps and identification documents or distinctive signs (art. 25 *bis* of Legislative Decree 231/01);
 - SPECIAL PART E - Offences against industry and commerce (art. 25-*bis*.1 of Legislative Decree 231/01);
 - SPECIAL PART F - Corporate offences (art. 25-*ter* of Legislative Decree 231/01);

- SPECIAL PART L - Market abuse offences (art. 25-*sexies* of Legislative Decree 231/2001);
 - SPECIAL PART M - Offences committed in breach of the regulations on the protection of health and safety at work (art. 25-*septies* of Legislative Decree 231/01);
 - SPECIAL PART N – Offences consisting in receiving stolen goods, money laundering and use of money, property and other goods or benefits of illicit origin, and self-laundering (art. 25-*octies* of Legislative Decree 231/01);
 - SPECIAL PART O – Offences consisting in copyright infringement (art. 25-*novies* of Legislative Decree 231/01);
 - SPECIAL PART P - Incitement not to make statements or to make false statements to judicial authorities (art. 25-*decies* of Legislative Decree 231/01);
 - SPECIAL PART Q – Environmental offences (art. 25-*decies* of Legislative Decree 231/01);
 - SPECIAL PART R - Employment of third-country nationals staying unlawfully in the country (art. 25-*duodecies* of Legislative Decree 231/01);
 - SPECIAL PART S - Transnational offences (Law 146/2006);
 - SPECIAL PART V - Tax offences (art. 25-*quinqüesdecies* of Legislative Decree 231/01);
 - SPECIAL PART W - Smuggling offences (art. 25-*sexdecies* of Legislative Decree 231/01).
- Plus a Special Part on “*activities that are instrumental in the perpetration of offences*”, i.e., activities within whose scope the conditions or the means for perpetrating various types of criminal offences could be created (including solicitation offences such as, without limitation, gifts, purchases, personnel selection, or expense account management).

The Entity’s Supervisory Body is comprised of three members, Messrs Marco Pierobon, Vittorio Gennaro and Gabriele Ambrogetti, as Chairman, appointed by the Board of Directors on May 14, 2020. The Supervisory Body shall remain in office until the approval of the financial statements for the year ending December 31, 2022. It has the authority and powers to independently supervise the operation of and compliance with the Organizational Model, ensure the effectiveness and rationality of the Organizational Model, and assess its suitability. Moreover, the Supervisory Body receives an annual allocation of financial resources from the Board of Directors in order to fulfill its functions independently. The Entity did not consider it necessary to appoint a statutory auditor and/or a non-executive director as a member of the Supervisory Body, given the constant flow of information between that Body and the Control and Risk Committee and the work of the Internal Audit function, which constantly collaborates with the Supervisory Body.

The Organization, Management and Control Model, in its General Part, and the Code of Ethics, adopted pursuant to Legislative Decree 231/2001, are available on the Entity’s website (www.somecgruppo.com) under *Governance > Internal controls*.

9.5 Independent Auditing Company

EY S.p.A. (“**EY**”) was contracted to audit the Issuer’s accounts. On April 29, 2020, on the proposal of the Issuer’s Board of Statutory Auditors (as of the trading commencement date), the General Shareholders’ Meeting approved an audit assignment awarded to EY pursuant to articles 14 and 16 of Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, for the financial years (ending on December 31st) 2020 to 2028 (including audits to establish the Entity’s adoption of bookkeeping practices and reflection of underlying transactions in the accounting records as appropriate); the assignment also included a limited audit of the sets of condensed consolidated semi-annual financial statements for the half-yearly periods (ending on June 30th) 2020 to 2028.

It should be noted that, on December 23, 2020, the fee for this audit assignment was adjusted by partially amending the proposal for the audit services approved by the General Shareholders' Meeting on April 29, 2020 following the change in EY's auditing of the Somec Group's consolidation scope and, in particular, the decision to (i) entrust the audit of the reporting package of the Group's American companies to a third party auditor and to limit EY's audit activity to the consolidated financial statements, and (ii) also include, in the scope of equity investments that are relevant for consolidated financial statements, the stake in Primax S.r.l., for which EY had received a separate audit assignment from the shareholders' meeting of that subsidiary.

This change is governed by the Somec 2020-2028 audit proposal, which was in turn the subject of a reasoned proposal from the Board of -Statutory Auditors and, specifically, its section V titled "Criteria for adjusting fees during the term of the audit". The Board of Statutory Auditors considered that the revision of the proposal for the audits was adequately justified and, above all, in line with the criteria of the proposal submitted at the General Shareholders' Meeting for approval and that, therefore, it did not need to be subject to a further specific resolution by the General Shareholders' Meeting.

9.6 Manager in Charge of Preparing the Entity's Financial Reports

On September 22, 2020, as part of a process aimed at optimizing the governance structure, the Board of Directors appointed Mr Federico Puppini Manager in Charge of preparing the Entity's financial reports, pursuant to art. 154-*bis* of the TUF and art. 27 of the Articles of Incorporation, after having heard the opinion of the Board of Statutory Auditors. With the resolution for the above appointment, the Board of Directors ratified the resignation from that position by the Managing Director Alessandro Zanchetta, who therefore ceased to hold office on September 22, 2020. This new appointment was carried out in compliance with the procedure set out in art. 154-*bis* of the TUF and art. 27 of the Articles of Incorporation with regard to the requirements of integrity and professionalism.

The Manager in Charge of preparing the Entity's financial reports was therefore given all powers and authority necessary to fulfill the duties entrusted to him pursuant to the applicable provisions of the TUF and the related implementing regulations.

9.7 Coordination between the Parties Involved in the Internal Control and Risk Management System

As established by the Corporate Governance Code, subject to a favorable opinion of the Control, Risk and Corporate Governance Committee, the Board of Directors defines the methods of coordination between the parties involved in the Internal Control System.

In this regard, the coordination methods established by Issuer between the different parties involved in the Internal Control and Risk Management System ensure an effective and efficient coordination and sharing of information between the bodies fulfilling such duties. In particular:

- the head of the internal audit function, Mr. Massimiliano Rigo, maintains periodic communication flows with the other corporate bodies and offices with supervisory or monitoring functions in the internal control and risk management system, such as the Manager in Charge, the Supervisory Body pursuant to Legislative Decree no. 231/2001 and the independent auditor, each within their own scope of responsibilities and duties;
- the participation of the head of the internal audit function in the meetings of the Control Committee allows the internal audit function to adequately expose all possible corporate risks to be managed within the Group and any problems that have emerged and been brought to the attention of the various supervisory and control bodies;

- the Board of Statutory Auditors maintains regular communication flows with the Board of Directors and the Control and Risk Committee. In particular, at least one member of the Board of Statutory Auditors always attends the meetings of the Control and Risk Committee;
- whenever it is invited, the independent auditor attends the meetings of the Control and Risk Committee in order to be constantly updated on the activities and on the decisions approved by such Committee, as well as to report on the planning and the results of the auditing activity.

10. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

During the meeting held on June 8, 2020, after obtaining a favorable opinion from the independent directors, the Board of Directors of the Entity approved the "Procedure for transactions with Related Parties" (or the "**RPT Procedure**") in order to ensure that any transaction with related parties would be carried out in compliance with criteria of procedural and substantial fairness, with effect from the trading commencement date, in compliance with the "Related Party Transactions" Regulations issued by Consob with resolution no. 17221 of March 12, 2010 as subsequently supplemented and amended, (the "**RPT Regulations**") and in consideration of the provisions of articles 2391 and 2391-*bis* of the Civil Code. On June 28, 2021, the Board of Directors approved the adjustment of the RPT Procedure to the new provisions of the RPT Regulations effective as of July 1, 2021.

In particular, the RPT Procedure provides that, in transactions with related parties, all Directors who have even a potential or indirect interest in such transactions shall promptly and fully inform the BoD of the existence of such interest and its circumstances and consider, on a case-by-case basis, the possibility of leaving the BoD meeting at the time of approving a resolution or abstaining from voting.

Moreover, if the nature, value or other characteristics of the transactions require so, in order to avoid that different conditions are agreed for a transaction than those that would have been likely to be negotiated between unrelated parties, the Related Parties Committee may rely on the assistance of independent experts in order to assess the assets from a financial, legal and technical standpoint.

In short, the RPT Procedure:

- defines and identifies 'related parties' as defined as such by the international accounting standards adopted in accordance with the procedure set out in art. 6 of EC Regulation no. 1606/2002, as referred to in the RPT Regulations, defines and identifies 'transactions with related parties', as defined as such by the international accounting standards adopted in accordance with the procedure set out in art. 6 of the above EC Regulation, and defines and identifies transactions to be concluded under standard conditions, in line with the provisions of the relevant Consob regulations;
- establishes principles for the approval of resolutions on transactions with related parties that envisage, among other things, reserving for the Board of Directors the power to pass resolutions on the approval of transactions based on off-market terms, subject to a non-binding opinion from the Related Parties Committee;
- requires the preparation of a Disclosure Document pursuant to art. 114, paragraph 5 of the TUF, in accordance with the terms and conditions set out in art. 5 of the RPT Regulations and the related Annex 4, if a transaction with a related party qualifies as being of greater importance. For identification of the requirements for qualifying a transaction as being of greater importance, reference should be made to the RPT Procedure published on the Entity's website under *Governance > Governance documents*.
- provides for the Board of Directors to adopt the relevant resolutions after making reference to and examining adequate information concerning the nature of the relationship, the methods for carrying

out the transaction in question, the conditions (including economic conditions) for its implementation, the assessment procedure adopted, the rationale for the transaction, the underlying interests and any risks for the Entity;

- provides for a procedure for the Managing Director to report - on an at least quarterly basis – to the Board of Directors and the Board of Statutory Auditors on any significant transactions pursuant to the RPT Regulations as well as exempt transactions (at least with reference to particularly significant exempt transactions approved in the reference quarter). This reporting activity also relates to transactions with related parties carried out through subsidiaries and which have been previously been examined and approved by the Board of Directors and for which a non-binding opinion of Somec's Related Parties Committee has been given; as well as to the progress made in the implementation of any framework resolutions.

Transactions with related parties are approved by the competent person according to the governance rules of the Entity, subject to the reasoned and non-binding opinion of the Related Parties Committee. To this end, in view of the approval and/or performance of a transaction, the competent person shall give prior notice of any relevant information to the Related Parties Committee. The information to be reported shall at least concern:

- the nature of the relationship, with express reference made to the related party concerned;
- the subject of the transaction and how it will be carried out;
- the economic conditions of the transaction, including any consideration;
- the interests and rationale underlying the transaction, as well as any critical elements and any risks that could arise from its implementation, in view of, *inter alia*, the possible exercise of management and coordination powers over the counterparty by the Entity;
- any other transactions concluded with the same related party or with parties related to it.

If the conditions of a transaction are defined as equivalent to market or standard conditions, the documentation prepared shall contain objective elements for verification.

In reaching its opinion, the Related Parties Committee also makes substantial considerations on Somec's interest in carrying out the transaction as well as on the appropriateness and substantial correctness of the related conditions.

For further information on Somec's RPT Procedure, reference should be made to the document containing its detailed rules available on the Entity's website (www.somecgruppo.com) under *Investor Relations > Corporate Governance*.

11. APPOINTMENT OF STATUTORY AUDITORS

Pursuant to art. 29 of the Articles of Incorporation, the Board of Statutory Auditors is made up of 3 (three) regular auditors and 2 (two) alternate auditors. The statutory auditors shall remain in office for three financial years until the date of the General Shareholders' Meeting called to approve the financial statements for their third year of office and may be re-elected.

Pursuant to art. 14 of the Articles of Incorporation, the members and the Chair of the Board of Statutory Auditors are appointed by a resolution of an ordinary General Shareholders' Meeting, which also determines their remuneration.

To be appointed, statutory auditors shall meet the requirements of eligibility, integrity, professionalism, independence and the envisaged limits on the number of offices held, as set out in the legislation and regulations in force at the time of their appointment. As regards professional requirements

they are required to be knowledgeable in specific subjects that are related to the Entity's field of activity (as described in art. 3 of the Articles of Incorporation). Art. 1 of Ministerial Decree no. 162 of March 30, 2000 lists a number of subjects in which statutory auditors should be skilled, such as commercial law, corporate law, tax law, business economics, corporate finance, and all related subjects. The powers, duties and functions of the statutory auditors are established by law.

Pursuant to art. 29 of the Articles of Incorporation, statutory auditors are appointed on the basis of lists in which candidates are assigned a consecutive number. A list for the appointment of statutory auditors can be submitted by the shareholders who, at the time of submitting the list, own – either alone or jointly - a number of shares equal to at least that set out by Consob, in line with the applicable legal and regulatory provisions for the submission of lists for the appointment of the Board of Directors of companies with shares traded on regulated markets (articles 144-*quater* and 144-*sexies* of Consob Resolution no. 11971 of May 14, 1999). The ownership of a minimum number of shares is determined by taking into account the shares that are registered in the name of the shareholder on the day on which the list is filed with the Entity, it being understood that the relevant share certificate can be produced also after the filing of the list, provided this is done before the end of the term for its publication.

Each shareholder and the shareholders belonging to the same group (i.e., subsidiaries, parent companies and companies under common control pursuant to art. 2359, paragraph 1, points 1 and 2 of the Civil Code), and the shareholders belonging to the same shareholders' agreement within the meaning of art. 122 of the TUF cannot submit or take part in the submission of more than one list, including through a third party or trusted person, let alone vote for different lists. Any preference or vote cast in breach of this prohibition may not be attributed to any list.

The lists shall be signed by those who submit them and filed with the Entity within the term envisaged by the legislation and regulations from time to time applicable (reference to which is made in the call notice posted at Entity's registered office) or notified by remote means of communication specified in the relevant call notice; in addition, the lists shall also be made available to the public within the term and according to the procedures set out in the legislation and regulations in force from time to time. Each list shall:

- contain the names of one or more candidates for the office of regular auditor and one or more candidates for the office of alternate auditor, identified in each section (i.e., section "regular auditors" and section "alternate auditors") by a consecutive number; their number shall not exceed the number of members of the body to be elected;
- for a number of candidates equal to or higher than 3 (three), a list of candidates is necessary in both sections so as to ensure that the composition of the Board of Statutory Auditors, as regards both the regular and the alternate members, complies with the legal and regulatory requirements in force from time to time concerning the male-female gender balance, without prejudice to the application of the legislation and regulations in force from time to time concerning rounding;
- contain the following attachments: (i) information on the identity of the shareholders who submitted it, with an indication of the total percentage of equity investment held; (ii) a declaration by shareholders other than those having, either alone or jointly, a controlling or relative majority interest, which will certify that there are no relationships with this latter category of shareholders in accordance with the regulatory provisions in force from time to time; (iii) exhaustive information on the personal and professional characteristics of the candidates, and a declaration where the candidates confirm that they comply with the requirements set out by law, and that they accept the candidature, together with an annexed list of management and control offices held by them in other companies; (iv) any other or different statement, information and/or document required by the applicable laws and regulations.

If, at the time of expiry of the term for filing lists and documents at the registered office, only one list has been filed, or if the lists files are just those of shareholders who, based on the above provisions, are connected with each other pursuant to the applicable legislation, the term for filing lists shall be extended until the third day following such expiry date. In this case, the quorum for filing lists is reduced by half.

Each candidate can be included in one list only, otherwise he/she will be ineligible. Each person entitled to vote may only vote for one list.

Lists submitted without complying with the above provisions shall be considered as not filed. The first 2 (two) candidates of the list that obtained the highest number of votes and the first candidate of the list that obtained the second highest number of votes and that was submitted by the shareholders who are not connected, not even indirectly, with the shareholders who submitted or voted for the list that obtained the highest number of votes, shall be elected as regular auditors, it being understood that the first candidate of the second most voted list shall also be appointed Chair of the Board of Statutory Auditors.

When appointing the statutory auditors, the General Shareholders' Meeting shall determine their remuneration for their whole term of office. The first alternate auditor of the list that obtained the highest number of votes and the first alternate auditor of the list that obtained the second highest number of votes and that was submitted by the shareholders who are not connected, not even indirectly, with the shareholders who submitted or voted for the list that obtained the highest number of votes, shall be elected as alternate auditors. If multiple lists receive an equal number of votes, a new runoff vote shall be held among those lists; the candidates of the list that obtains the simple majority of votes shall be elected.

If, upon completion of the voting, the Board of Statutory Auditors does not include the minimum number of auditors of the less represented gender set out by law, the candidate of the most represented gender - who was elected last in numerical order in the list that obtained the highest number of votes - shall be replaced by the first candidate in numerical order of the same list belonging to the less represented gender that was not elected pursuant to the above provisions; if the minimum number of auditors of the less represented gender required by law is not elected, the above method of replacement shall also apply to the candidates of the list that obtained the second highest number of votes.

If only one list is submitted, the General Shareholders' Meeting shall vote on it and, if it obtains the majority of votes, 3 (three) regular auditors and 2 (two) alternate auditors shall be elected, as shown in the list as candidates for these offices, in compliance with the legal and regulatory provisions in force from time to time, also with regard to the gender balance.

For the appointment of those statutory auditors who, for any reason, could not be elected according to the procedure described in the paragraphs above, or if no list was submitted, the General Shareholders' meeting shall resolve according to the majorities required by law, in compliance with the legal and regulatory provisions in force from time to time, also with regard to the gender balance.

The list voting procedure only applies in case of renewal of the whole Board of Statutory Auditors. In case of early termination of office of a regular auditor for any reason, the first alternate auditor belonging to the same list as the replaced auditor shall take over until the following General Shareholders' Meeting.

In case of replacement of the Chair, the chairmanship shall be held until the following General Shareholders' Meeting by the alternate member taken from the list that obtained the second highest number of votes.

If only one list is filed, the first regular auditor belonging to the list of the outgoing Chair shall replace the latter until the following General Shareholders' Meeting. If the Board of Statutory Auditors is not completed with the alternate auditors, a General Shareholders' Meeting shall be convened to resolve on such completion with the majorities required by law.

In all cases of replacement provided for above, if the replacement does not allow compliance with current legislation on gender balance, a General Shareholders' Meeting shall be convened as soon as possible in order to ensure compliance with such legislation.

12. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors of the Entity is comprised of 5 (five) members, including 3 (three) regular auditors and 2 (two) alternate auditors appointed by a resolution of the General Shareholders' Meeting of May 14, 2020, and shall remain in office for 3 (three) financial years, until the date of the General Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2022.

All members of the Board of Statutory Auditors were taken from the only list submitted by Venezia S.p.A., which as at May 14, 2020 held a total of 5,176,900 ordinary shares, corresponding to approximately 75.03% of the share capital. It is worth noting that, since only one list was filed for the renewal of corporate offices, the members of the Board of Statutory Auditors were elected by a resolution passed according to the legal majorities without applying the list voting procedure, as set out in the Articles of Incorporation.

As of the date of this Report, the members of the Board of Statutory Auditors are as follows:

Nome and Surname	Title
Michele Furlanetto	Chairman
Luciano Francini	Regular Auditor
Annarita Fava	Regular Auditor
Aldo Gusti	Alternate Auditor
Lorenzo Boer	Alternate Auditor

For details on the composition of the Board of Statutory Auditors, see the attached **TABLE 2**.

A brief resume of each member of the Board of Statutory Auditors is given below.

Michele Furlanetto - Born in San Donà di Piave (VE) on December 27, 1967, he graduated in Economics and Business at the University of Venice. He is a member of Association of Chartered Accountants of Treviso and is listed in the Register of Auditors. In 2008 he obtained a Master Degree in Business Administration (MBA) at the Fondazione Cuoa in Altavilla Vicentina (VI) and a Certificate in Global Management at the University of Michigan, Dearborn School of Management. From 1994 to 1997, he served as auditor at the auditing company Coopers Lybrand S.p.A. Since 1997, he has practiced as a Certified Public Accountant, first as a founding member of the professional association Cortellazzo-Wiel Zardet & Associati of Treviso and, since May 2016, as a member of the professional association Boer Toso ed Associati, specialized in corporate, tax, accounting, contractual, pre-contractual and insolvency matters. As a consultant on behalf of national and international companies, he has provided the following services: administrative and fiscal consultancy, business valuation, and assistance in non-recurring restructuring and corporate-crisis transactions. He has been contracted as liquidator by the Ministry of Economic Development. He has taught accounting and corporate finance at various institutions and schools and at Ca' Foscari University of Venice. He is the author of more than ten publications on accounting, control systems and Legislative Decree 231/2001 in regional and national journals. He currently serves, *inter alia*, as member and/or chairman of the board of statutory auditors of leading national and multinational companies (including SGR and Sicaf). He has held and still holds the position of external member of the supervisory body pursuant to Legislative Decree 231/2001 in listed and unlisted companies. He was secretary of the Accounting, Finance and Control Commission set up by the Association of Chartered

Accountants of Treviso, as well as a member of the Technical-Scientific Committee of the National Foundation of Chartered Accountants for the development of guidelines for the certification of organizational models pursuant to Legislative Decree 231/2001.

Luciano Francini - Born in San Fior (TV) on June 22, 1959, he graduated in Economics and Business at Ca' Foscari University of Venice. He is a chartered accountant listed in the Register of Chartered Accountants and Accounting Experts of Treviso since September 9, 1985 under no. A0258 and, since April 21, 1995, in the Register of Auditors under no. 24.887. He is also in the List of Auditors of Local Authorities for levels 1, 2 and 3. Mr Francini has a firm in Treviso and provides support and consultancy on corporate, tax and administrative matters to a number of profit-making and non-profit making companies and organizations, particularly in non-recurring financial transactions. Mr Francini has also provided services to publicly owned or government investee companies. He also serves as statutory auditor and independent auditor in corporations and public bodies. From 2008 to 2017, Mr Francini was a member of the Commission on the Study Civil and Commercial Law at the Association of Chartered Accountants of Treviso, of which he was secretary from 2014 onwards. From 2017 to 2022, he was a director of the Association of Chartered Accountants and Accounting Experts of Treviso.

Annarita Fava - Born in Treviso (TV) on March 29, 1968, she graduated in business economics at Ca' Foscari University of Venice. She is a chartered accountant listed in the Register of Chartered Accountants and Accounting Experts of Treviso since December 10, 1998 under no. 746 and., since June 8, 1999, in the Register of Auditors under no. 71374. Ms Fava has a firm in Treviso and works as an accounting, tax and legal advisor and has been contracted by the Court of Treviso as liquidator, receiver and court-appointed receiver (*commissario*) in bankruptcy proceedings. She has also gained experience as statutory auditor of a listed company and as statutory auditor with an independent auditing assignment. She serves as statutory auditor and independent auditor in corporations and public bodies.

Aldo Giusti - Born in Godega di Sant'Urbano (TV) on April 19, 1958, he graduated in Economics and is a chartered accountant with membership in the Association of Chartered Accountants and Accounting Experts of Treviso since 1994. He has also been listed in the Register of Auditors since 2000. Mr Giusti was administrative manager at a public limited company under Italian law (S.p.A.) operating in the field of contracts for the construction of power lines, and in the restoration of the environmental and architectural heritage from 1980 to 1982; from 1983 to 1993, he was a partner in a data processing company. From 1994 to 2015, Mr Giusti was the owner of an accountancy firm in Godega di Sant'Urbano (TV), in association with other professionals and, since 2015, he has been an associate in an accountancy firm in Godega di Sant'Urbano (TV) specialized in consulting services such as tax consulting, administrative consulting, corporate consulting and business administration. During his professional activity, Mr Giusti received assignments related to non-recurring transactions, as liquidator of companies and participated in professional networks, where he also received training assignments. Mr Giusti also serves as statutory auditor and as sole independent auditor in corporations and cooperatives.

Lorenzo Boer - Born in Treviso (TV) on March 13, 1973, he graduated in Economics and Business, *cum laude*, at University of Bologna in 1997 and in Law at University of Modena. He has been a member of the Association of Chartered Accountants of Treviso since 2003 and, since the same year, he has been listed in the Register of Auditors. Since 2005, he has been a member of the professional association Boer, Toso e Associati. He is a member of the Board of Statutory Auditors of leading companies (including the asset management companies). He also serves in courts as receiver, court-appointed receiver (*commissario giudiziale*) and liquidator in several bankruptcy procedures. He also provides corporate consultancy, and various types of consultancy services in non-recurring transactions and debt restructuring. He is a member of the National and International Law Commission of the Association of Chartered Accountants and Accounting Experts, and has participated as speaker at numerous conferences and seminars.

The Board of Statutory Auditors met 16 times during the year and its meetings lasted 4.20 hours on average. It has planned to meet at least 12 times for financial year 2022. As at the date of this Report, the Board of Statutory Auditors has met 5 times since the beginning of the financial year 2022.

The Board of Statutory Auditors performs its duties with professionalism and independence in compliance with the law, the Articles of Incorporation and the regulations adopted by the Entity pursuant to the Corporate Governance Code.

The Board of Statutory Auditors maintains an ongoing exchange of information with the independent auditing company and monitors both the continued existence of its independence requirements, as at the time of its appointment, and the nature and extent of any services other than auditing provided to the Entity and its subsidiaries.

The Chair of the Board of Statutory Auditors has taken part in all the meetings of the Risk Control Committee, the Related Parties Committee and the Remuneration Committee, and has coordinated with the Head of Internal Audit by means of an exchange of information and news in the fulfillment of his supervisory duties. There was also a constant exchange of information with the Supervisory Body.

In its capacity as "Internal Control and Audit Committee", the Board of Statutory Auditors has carried out the supervisory function provided for by art. 19 of Legislative Decree no. 39/2010.

Upon its appointment, the Board of Statutory Auditors verified compliance with the independence requirements set out in art. 148, paragraph 3 of the TUF, with due account taken of, *inter alia*, the criteria set out in the combined provisions of articles 3 and 8 of the Code of Conduct.

For the sake of complete disclosure, some relationships maintained, directly or indirectly, by some members of the Board of Statutory Auditors are reported below, even though they are not considered relevant, pursuant to the provisions of the applicable laws and the recommendations contained in the Corporate Governance Code:

- in relation to Mr Michele Furlanetto, partner of the firm Boer Toso & Associati, it should be noted that another partner of the same firm, Mr Mario Toso, drafted, in 2019, a letter of opinion on the fairness of the price to be paid by the Issuer to acquire an equity investment in Sinertech S.r.l., whose acquisition was subsequently not finalized, with 50% of the price invoiced to the Issuer and the other 50% invoiced to Sinertech S.r.l. The amount charged to each of them, and consequently also to the Issuer, amounted to € 2,000 plus other fees and ancillary costs required by law. In this regard, it is noted that Mr Boer (alternate auditor of Issuer) is also a partner of the firm Boer Toso & Associati.
- with regard to Mr Luciano Francini, regular auditor, below is the description of some relationships indirectly maintained by the 15% investee of Mr Luciano Francini, Profassociati S.t.p. a r.l., in which he ceased to hold said interest in July 2021: (i) assistance, consultancy and representation in tax matters in relation to Venezia (services for € 3,830 completed in 2017); (ii) sworn expert reports for revaluing shares, pursuant to the capital gains legislation, for the benefit of Inoxtrend and Inoxtrend Product (services for € 20,000 completed in 2017); (iii) drafting - on behalf of Oxin - of an application for a private-letter ruling by the tax authority (€ 1,500 fee for services rendered in 2017).

For the sake of complete disclosure, it should also be noted that Mr Luciano Francini was a director (without delegated powers) of the parent company Venezia in the period between February 25, 2014 and June 13, 2014. In this case too, it is deemed that the relationship does not affect the independence requirement since it was a temporary, unpaid assignment accepted during the transition phase from the previous ownership and dating back more than five years.

The Board of Statutory Auditors established that the individual auditors met the independence requirements, as of March 17, 2021, at its meeting of May 14, 2020 and, for 2022, at its meeting of March 08, 2022. Each statutory auditor provided the necessary elements for such assessment.

Considering the structure and size of the Entity, the composition of the Board of Statutory Auditors is adequately diversified in terms of gender and educational and professional background, as shown in the resumes of the members. In light of the above, the Board of Directors did not consider it necessary to formalize the approval of diversity policies in relation to the composition of the controlling bodies, also in view of the recent listing.

Moreover, it is worth noting that the Entity has already voluntarily complied with the gender balance rules, since, as at the date hereof, one fifth of its statutory auditors belong to the less represented gender.

All members of the Board of Statutory Auditors meet the independence requirements pursuant to art. 148, paragraph 3 of the TUF and art. 2, Recommendation 9, of the Corporate Governance Code.

The Chairman of the Board of Directors has not prepared any specific initiative aimed at providing the statutory auditors with information on the issuer's field of activity, given their knowledge of the subject matter and the information promptly and accurately received on Entity activities during BoD meetings.

The remuneration of the statutory auditors is commensurate with the commitment required, the importance of the role covered as well as the size and sectoral characteristics of the Entity. On March 8, 2022, the Board of Statutory Auditors carried out its periodic self-assessment, as provided for by the regulations for listed companies (specifically art. 148 of the TUF and MEF Regulation no. 162/2000 with regard to integrity and professionalism; art. 144-*novies*, paragraph 1-*ter* of the Issuers' Regulations with regard to independence; and art. 148-*bis* of the TUF and articles 144-*duodecies* to 144-*quinquiesdecies* of the Issuers' Regulations with regard to the limits on the number of offices held) and by Rule Q.11. contained in the Rules of Conduct for the Board of Statutory Auditors of listed companies (published by the CNDCEC - National Council for Chartered Accountants and Accounting Experts - in April 2018). In particular, it verified the proper and effective functioning of the Board of Statutory Auditors itself and its adequate composition in accordance with the CNDCEC Document of May 20, 2019 entitled "The Self-Assessment of the Board of Statutory Auditors". In this regard, it should be noted that each member of the Board of Statutory Auditors issued a statement attesting to the existence of the requirements for acting in that capacity.

12.1 Interests of Statutory Auditors

All statutory auditors who have an interest in a given transaction of the Entity, either personally or on behalf of third parties, shall promptly and fully inform the other statutory auditors and the Chair of the Board of Directors.

In carrying out its activities, the Board of Statutory Auditors coordinated its activities with the internal audit function, the Supervisory Body, the Control and Risk Committee, the Related Parties Committee and the Remuneration Committee, as well as with the management and control bodies of the Group's most significant subsidiaries.

13. RELATIONS WITH SHAREHOLDERS

13.1 Access to Information

The Entity has set up a specific section in its website where information concerning Somec that is important for its shareholders is made available, so as to allow them to exercise their rights in an informed manner. For more detailed information, please refer to the Entity's website (www.somecgruppo.com) under *Investors > Information for Shareholders*.

Moreover, by a resolution of the General Shareholders' Meeting of May 14, 2020, the Board of Directors appointed Mr Alessandro Violante 'investor relator' (i.e., person in charge of managing relations with shareholders).

13.2 Dialogue with the Shareholders

Somec's Board of Directors has planned to adopt a policy for dialogue with the Entity's stakeholders, including all of its shareholders, in 2022. In any case, the investor relator is in charge of overseeing this stakeholder dialogue activity.

14. GENERAL SHAREHOLDERS' MEETINGS

Below is a summary of the main provisions of the Articles of Incorporation concerning the ordinary and extraordinary General Shareholders' Meetings of the Entity.

Pursuant to art. 16 of the Articles of Incorporation, the Shareholders' Meeting is called at least once a year, within one hundred and twenty days of the end of the financial year, or within one hundred and eighty days of the end of the financial year, if the Entity is required to prepare consolidated financial statements, or if particular requirements relating to the structure and purpose of the Entity so require. The Board of Directors has the power to call the General Shareholders' Meeting, without prejudice to the power of the Board of Statutory Auditors or at least 2 (two) members thereof to do so, pursuant to art. 151 of the TUF and in compliance with the other applicable legal and regulatory provisions.

The General Shareholders' Meeting is convened within the time limits set out by the legal and regulatory provisions in force from time to time by means of a notice published on the Entity's website, as well as according to the other procedures set out by the applicable laws and the regulations, which contain the information required by the current legal and regulatory provisions, including those concerning the topics to be discussed. Both the ordinary and the extraordinary General Shareholders' Meetings are held in a single call, pursuant to article 2369, paragraph 1, of the Civil Code.

If it deems it appropriate and by an express mention in the notice of call, the Board of Directors may provide for the (ordinary and/or extraordinary) General Shareholders' Meeting to be held in more than one call, in which case the majorities required by law for Meetings in more than one call of companies with shares traded on regulated markets shall apply. The General Shareholders' Meeting may also be convened outside the municipality where the registered office is located, provided that it is in Italy, as shown in the notice of call. Even in the absence of a formal call, the Meeting shall be validly constituted when the applicable legal requirements are met.

Pursuant to art. 17 of the Articles of Incorporation, all entitlements to attend a General Shareholders' Meeting and exercise voting rights are governed by the law and regulations in force from time to time.

Those who are entitled to attend the Shareholders' Meeting can be represented by a legally valid power of attorney. This power of attorney can be notified by electronic means of communication according to the methods indicated in the notice of call – i.e., either by a message sent to the certified electronic mail box written in the same notice, or by other means of communication indicated therein.

For each General Shareholders' Meeting, the Entity may appoint a person on whom shareholders may confer powers of attorney with voting instructions on all or some of the proposals on the agenda, in accordance with the terms and procedures provided for by law.

Unless otherwise provided for by the applicable laws or regulations, the costs relating to a request for identification of shareholders holding more than 0.5% of the share capital with voting rights, made by shareholders representing at least half of the quorum set by Consob pursuant to art. 147-ter, paragraph 1

of the TUF, will be shared equally between the Entity and the requesting shareholders (except for the costs for updating the shareholders' register, which shall be borne by the Entity).

The General Shareholders' Meeting is chaired by the Chair of the Board of Directors or, in case of his or her absence or impediment, by a person appointed by the General Shareholders' Meeting by absolute majority of the share capital attending. Upon proposal of the Chair and with the same majority specified in the first paragraph, the General Shareholders' Meeting shall appoint a secretary who may or may not be a shareholder. The minutes of extraordinary General Shareholders' Meetings shall be taken by a Notary appointed by the Chair of the Meeting. The Chair of the Meeting shall verify the identity and legitimacy of the persons in attendance, and further verify that the Meeting has been properly constituted. The Chair shall also regulate its proceedings, establish the voting procedures in compliance with the law and acknowledge the results of votes; the results of these checks shall be reported in the Meeting's minutes.

Both ordinary and extraordinary Meetings can be held with participants located in different places that are either adjacent or distant, with audio-video or audio-only connections, provided that the conditions of collective decision-making and discussions and the principles of good faith and equal treatment of members are met. In particular, the following requirements shall be satisfied:

- the Chair of the General Meeting, either directly or through his or her bureau, shall be allowed to check the identity and legitimacy of the persons in attendance, to regulate the proceedings, and to acknowledge and announce the results of voting;
- the minute taker shall be able to properly understand the Meeting events that are being recorded;
 - the persons in attendance shall be able to take part in the discussions and vote simultaneously on the items on the agenda;
- the call notice shall mention the locations connected via audio and video or audio-only conferencing systems by the Entity, where participants may gather, it being understood that the Meeting shall be deemed to be held at the location where the Chair and the minute taker are present.

If there is more than one category of shares or financial instruments with voting rights, each holder of these shares or instruments has the right to participate in the Special Meeting to which such holder belongs. A resolution by an extraordinary General Shareholders' Meeting passed to approve the issue of special categories of shares or financial instruments with voting rights shall also define the operating rules and the powers of each Special Meeting.

As of the date hereof, the Board of Directors has not deemed it necessary to prepare proposals to the General Shareholders' Meeting to define a corporate governance system that better caters for the Entity's needs.

14.1 Rules of Procedure for the General Shareholders' Meeting

The General Shareholders' Meeting adopted a set of rules governing, *inter alia*, the procedures by which the right of each shareholder to take the floor on the subjects under discussion is guaranteed, in line with the best practices aimed at ensuring an orderly and effective conduct of the Meetings, while satisfying the efficiency requirements of the decision-making process in order to protect the interest of all shareholders.

The rules of procedure are made available to shareholders at the registered office and at the places where the General Shareholders' Meetings are held, and can be downloaded from Somec's website (www.somecgruppo.com) under tab *Governance > Corporate Governance*.

15. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

There is nothing else to report in addition to the information given herein.

16. CHANGES OCCURRED SINCE THE END OF THE REPORTING PERIOD

As of today's date, no significant events have occurred since the end of the reporting period.

17. CONSIDERATIONS ON THE LETTER DATED DECEMBER 3, 2021 FROM THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE

The letter in question, which contains recommendations of the Chair of the Corporate Governance Committee, was promptly forwarded, as requested, to the Chair of the governing body, and copied for information purposes to the Issuer's Chief Executive Officer and the Chair of its controlling body.

The Board of Directors' meeting of March 23, 2022 acknowledged receipt of the letter and undertook to examine it and make express use of it in its meetings and in those of the BoD's Committees.

TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board of Directors												Control and Risk Committee			Remuneration Committee	
Title	Members	Year of Birth	Date of First Appointment*	In office since	In office until	List **	Exec.	Non-exec.	Independ. as per the Code	Independ. as per the TUF	Number of other offices held ***	(*)	(*)	(**)	(*)	(**)
Chair of the BoD and Chief Executive Officer	Oscar Marchetto◊	1964	July 25, 2008	May 14, 2020	Approval of the financial statements as at Dec. 31, 2022	M	X				0	10/10	0	0	0	0
Managing Director	Alessandro Zanchetta •	1969	November 7, 2008	May 14, 2020	Approval of the financial statements as at Dec. 31, 2022	M	X				0	10/10	0	0	0	0
Managing Director	Giancarlo Corazza	1963	November 7, 2008	May 14, 2020	Approval of the financial statements as at Dec. 31, 2022	M	X				0	10/10	0	0	0	0
Director	Gianna Adamio◊	1957	May 14, 2020	May 14, 2020	Approval of the financial statements as at Dec. 31, 2022	M		X	X	X	0	10/10	9/9	M	2/2	P
Director	Stefano Campoccia	1960	July 16, 2020	July 16, 2020	Approval of the financial statements as at Dec. 31, 2022	Co-opted by the BoD and confirmed by the Shareholders' Meeting of April 2021		X	X	X	0	10/10	9/9	P	2/2	M
Number of meetings held during the reporting period: 10						Control and Risk Committee: 9				Remuneration Committee: 2		Appointment Committee: N/A				

NOTES

Please enter the symbols below in the "Title" column:

- This symbol identifies the Director in Charge of the internal control and risk management system.
- ◊ This symbol identifies the chief executive officer responsible for the management of the issuer (Chief Executive Officer or CEO).
- This symbol identifies the Lead Independent Director (LID).
- * The date of first appointment of each director is meant as the date on which the director was first appointed (ever) to the Board of Directors of the issuer.
- ** This column shows the list from which each director was selected ("M": majority list; "m": minority list; "BoD": list filed by the BoD). The majority list shown in the table was submitted on May 7, 2020 by the shareholder Venezia S.p.A., which, at the time of filing of the list, held approximately 75% of the share capital of the Entity.
- *** This column shows the number of offices, as director or statutory auditor, held by the person concerned in other companies listed on Italian and international regulated markets, in financial, banking, insurance or large-sized companies. These offices are described in detail in the Corporate Governance Report.
- (*). This column shows the attendance of the directors at BoD and committee meetings (please enter the number of meetings attended out to the total number of meetings which could have been attended; e.g., 6/8; 8/8, etc.).
- (**). This column shows the position of the director within the Committee: "P": chair; "M": member.

TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Title	Members	Year of Birth	Date of First Appointment*	In office since	In office until	List **	Independence as per the Code	Attendance in the Meetings of the Board of Statutory Auditors ***	Number of other offices held ****
Chair	Michele Furlanetto	1967	May 14, 2020	May 14, 2020	Approval of the financial statements as at Dec. 31, 2022	M	X	16/16	17
Regular Auditor	Luciano Francini	1959	May 20, 2014	May 14, 2020	Approval of the financial statements as at Dec. 31, 2022	M	X	16/16	4
Regular Auditor	Annarita Fava	1968	July 25, 2008	May 14, 2020	Approval of the financial statements as at Dec. 31, 2022	M	X	16/16	1
Alternate Auditor	Aldo Gusti	1958	May 14, 2020	May 14, 2020	Approval of the financial statements as at Dec. 31, 2022	M	X	0/0	4
Alternate Auditor	Lorenzo Boer	1973	May 14, 2020	May 14, 2020	Approval of the financial statements as at Dec. 31, 2022	M	X	0/0	23
-----AUDITORS WHOSE TERM OF OFFICE ENDED DURING THE REPORTING PERIOD-----									
NONE									
Number of meetings held during the reporting year:									
Please state the quorum required for the minorities' filing of lists for the election of one or more members (pursuant to art. 148 of the TUF):									

NOTES

- * The date of first appointment of each auditor is meant as the date on which the auditor was appointed for the first time (ever) to the Board of Statutory Auditors of the issuer.
- ** This column shows the list from which each director was selected ("M": majority list; "m": minority list). The majority list shown in the table was submitted on May 7, 2020 by the shareholder Venezia S.p.A., which, at the time of filing of the list, held approximately 75% of the share capital of the Entity.
- *** This column shows the attendance of the auditors at the meetings of the Board of Statutory Auditors (please state the number of meetings attended out of the total number of meetings which could have been attended; e.g., 6/8; 8/8., etc.).
- **** This column shows the number of offices of director or statutory auditor held by the person concerned pursuant to art. 148-bis of the TUF and the related implementing provisions contained in the Consob Issuers' Regulations. The complete list of offices is published by Consob on its website pursuant to art. 144-quinquiesdecies of the Consob Issuers' Regulations.