

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP

in accordance with article 123-bis of the TUF

(Traditional management and control model)



Financial year to which the Report refers: 2020

Date of approval of the report: 19 March 2021

CONTENTS

GLOSSARY	4
1. ISSUER PROFILE	5
2. INFORMATION ON CORPORATE OWNERSHIP (<i>PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1 OF THE TUF</i>)	5
a) Share capital structure (<i>pursuant to article 123-bis, paragraph 1, letter a) of the TUF</i>)	5
b) Restrictions on the transfer of securities (<i>pursuant to article 123-bis, paragraph 1, letter b) of the TUF</i>)	5
c) Material investments (<i>pursuant to article 123-bis, paragraph 1, letter c) of the TUF</i>)	6
d) Securities with special rights (<i>pursuant to article 123-bis, paragraph 1, letter d) of the TUF</i>)	6
e) Employee share ownership: mechanism of exercising voting rights (<i>pursuant to article 123-bis, paragraph 1, letter e) of the TUF</i>)	6
f) Restrictions on voting rights (<i>pursuant to article 123-bis, paragraph 1, letter f) of the TUF</i>)	6
g) Significant shareholder agreements (<i>pursuant to article 123-bis, paragraph 1, letter g) of the TUF</i>)	6
h) Clauses of change of control (<i>pursuant to article 123-bis, paragraph 1, letter h) of the TUF</i>) and statutory provisions concerning PTOs (<i>pursuant to article 104, paragraph 1-ter, and 104-bis, paragraph 1 of the TUF</i>)	6
i) Powers to increase share capital and authorisation to purchase treasury shares (<i>pursuant to article 123-bis, paragraph 1, letter m) of the TUF</i>)	7
l) Management and coordination (<i>pursuant to article 2497 and following of the Civil Code</i>)	8
3. COMPLIANCE (<i>PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A) OF THE TUF</i>)	9
4. BOARD OF DIRECTORS	9
4.1 APPOINTMENT AND REPLACEMENT(<i>pursuant to article 123-bis, paragraph 1, letter l) of the TUF</i>)	9
4.2. COMPOSITION (<i>pursuant to Article 123-bis, paragraph 2, letters d) and d-bis of the Consolidated Law on Finance</i>)	12
4.3 ROLE OF THE BOARD OF DIRECTORS (<i>pursuant to article 123-bis, paragraph 2, letter d) of the TUF</i>)	16
4.4. AUTHORISED BODIES	20
4.5 OTHER EXECUTIVE DIRECTORS	21
4.6. INDEPENDENT DIRECTORS	21
4.7. LEAD INDEPENDENT DIRECTOR	23
5. PROCESSING OF CORPORATE INFORMATION	24
6. COMMITTEES INSIDE THE BOARD (<i>EX ART. 123-BIS, P. 2, LET. D), TUF</i>)	24

7. APPOINTMENTS COMMITTEE	25
8. REMUNERATION COMMITTEE.....	26
9. DIRECTORS' REMUNERATION	27
10. INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE	28
11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM	30
11.1. DIRECTOR APPOINTED TO OVERSEE THE FUNCTIONING OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM	31
11.2. INTERNAL AUDIT DEPARTMENT MANAGER.....	32
11.3 ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001.....	33
11.4. EXTERNAL AUDITORS	34
11.5. FINANCIAL REPORTING OFFICER AND OTHER COMPANY ROLES AND FUNCTIONS	34
11.6. COORDINATION BETWEEN PERSONS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM.....	35
12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES	35
13. APPOINTMENT OF STATUTORY AUDITORS	36
14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTERS D) AND E-BIS OF THE CONSOLIDATED LAW ON FINANCE).....	39
15. RELATIONSHIPS WITH SHAREHOLDERS	41
16. SHAREHOLDERS' MEETINGS (PURSUANT TO ARTICLE 123-BIS, P. 2, LET. C), TUF).....	41
17. FURTHER CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A) OF THE TUF)	44
18. CHANGES AFTER THE FINANCIAL YEAR-END	44
19. CONSIDERATIONS ON THE LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE, 22 DECEMBER 2020	44
TABLE 1: INFORMATION ON CORPORATE OWNERSHIP	45
TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES	46
ANNEX 1: SECTION ON THE “MAIN CHARACTERISTICS OF RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEMS ESTABLISHED IN RELATION TO THE FINANCIAL DISCLOSURE PROCESS,” PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER B), TUF.	48

GLOSSARY

Self-Regulatory Code: The Self-Regulatory Code of listed companies approved in July 2018 by the Corporate Governance Committee and endorsed by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria; available at www.borsaitaliana.it.

Corporate Governance Code: approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., in January 2020 (which will apply from the first financial year beginning after 31 December 2020, available at www.borsaitaliana.it.

Civil Code / CC: the Civil Code.

Board / Board of Directors / Administrative Body: the Board of Directors of the Issuer.

Issuer / Company / Immsi: the Issuer of listed securities to which the Report refers.

Financial year: the financial year to which the Report refers.

Instructions to the Stock Exchange Regulations: The instructions to the Regulations for Markets organised and managed by Borsa Italiana S.p.A.

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

Consob Regulation on Issuers or Issuer Regulation: the Regulations issued by Consob by Resolution no. 11971 of 1999 (and amendments thereto) concerning Issuers.

Consob Regulation on Markets or Markets Regulation: the Regulations issued by Consob by Resolution no. 20249 of 2017 (and amendments thereto) concerning markets.

Consob Regulation on Transactions with Related Parties or Related-Party Transactions Regulation: the regulations issued by Consob with resolution no. 17221 of 12 March 2010 (as amended) concerning transactions with related parties.

Report: this report on corporate governance and corporate ownership prepared by Immsi pursuant to art. 123-bis of the TUF (Consolidated Law on Finance).

Remuneration Report: The "*Report on Remuneration and Compensation Paid*" pursuant to article 123-ter of the TUF and article 84-quater of the Consob Regulation on Issuers, available pursuant to legislation at the registered office, on the website of the Issuer at www.immsi.it, in the section *Governance/General Meeting/Archive*, and in the authorised storage mechanism "eMarket STORAGE" viewable at the web address www.emarketstorage.com.

TUF (Consolidated Law on Finance): Italian Legislative Decree no. 58 of 24 February 1998.

1. ISSUER PROFILE

Immsi is organised following the traditional management and control model established in article 2380-bis and following of the Civil Code, with a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors.

In particular, the Company's purpose is: (i) investing in the equity of other Italian or foreign companies, i.e. the activity of acquiring, holding and managing the rights, whether represented by securities or not, over the share capital of other companies; (ii) the purchase, sale and management of bonds; (iii) the granting of loans, mortgages and guarantees. The above-mentioned activities may not be conducted with the public and will be in any event carried out pursuant to and within the limits of Italian Legislative Decree 385/1993 and its implementing rules.

Moreover, the Company's purpose includes all activities and transactions in the property sector, both in Italy and abroad, on its own behalf and for third parties, including but not limited to, the purchase, sale, exchange, construction, restructuring, management of corporate assets, leasing (non-finance) and maintenance of buildings and property in general for all types of use, as well as the establishment, purchase, sale and exchange of rights relating to property, excluding the activity of real estate brokerage. The Company may also provide technical, commercial and financial assistance in the preliminary and executive phases of property projects.

The Company may carry out the above activities directly and indirectly on its own behalf and for third parties, including accepting and/or assigning contracts or concessions and development ventures in the property field.

The Issuer may carry out, not directly with the general public, all those acts necessary, in the judgement of the Board of Directors, to implement the corporate purpose.

The Company falls within the definition of SMEs pursuant to Article 1, paragraph 1, letter w-
quater.1), of the TUF and Article 2-ter of the Consob Regulation on Issuers since it has a capitalisation of less than €500 million, as can be seen from the list of "SME" issuers of listed shares published by Consob on its website at www.consob.it/web/area-pubblica/emittenti-quotati-pmi.

2. INFORMATION ON CORPORATE OWNERSHIP (pursuant to article 123-bis, paragraph 1 of the TUF) at 31/12/2020 - 19/03/2021

a) Share capital structure (pursuant to article 123-bis, paragraph 1, letter a) of the TUF)

The share capital of the Issuer, fully subscribed and paid up, is equal to €178,464,000 divided into 340,530,000 dividend-bearing ordinary shares, with no indication of the nominal value. The shares - each share gives entitlement to one vote - are indivisible and are issued in a dematerialised form.

See Table 1 in the appendix, which includes information updated at 31/12/2020 and at the date of this Report.

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

There are no securities transfer restrictions.

c) Material investments (*pursuant to article 123-bis, paragraph 1, letter c) of the TUF*)

As specified in paragraph 1, the Issuer can be categorised as an SME under article 1(1)(w-*quater*.1) of the TUF and article 2-*ter* of the Consob Regulation on Issuers, since it has a capitalisation of less than €500 million, as can be seen from the list of "SME" issuers of listed shares published by Consob on its website at www.consob.it/web/area-pubblica/emittenti-quotati-pmi. Therefore, the threshold for the communication of significant shareholdings pursuant to art. 120 TUF is 5% of the share capital with voting rights (see art. 120, paragraph 2, last sentence, TUF).

For indirect or direct material investments in capital, as resulting from disclosure made pursuant to article 120 of the TUF and specific information received by the Issuer, see Table 1, in the index, which includes information updated at the date of this Report, 19/03/2021.

d) Securities with special rights (*pursuant to article 123-bis, paragraph 1, letter d) of the TUF*)

No securities have been issued that give special rights of control or special powers.

The articles of association of the Issuer do not contain provisions relating to the increased vote pursuant to art. 127-*quinquies* of the TUF.

e) Employee share ownership: mechanism of exercising voting rights (*pursuant to article 123-bis, paragraph 1, letter e) of the TUF*)

No system for employees' equity holdings exists.

f) Restrictions on voting rights (*pursuant to article 123-bis, paragraph 1, letter f) of the TUF*)

There are no restrictions on voting rights.

For more details, see the information in section 16 of this Report.

g) Significant shareholder agreements (*pursuant to article 123-bis, paragraph 1, letter g) of the TUF*)

No agreement in force exists involving material shares of the Issuer in accordance with article 122 of the TUF.

h) Clauses of change of control (*pursuant to article 123-bis, paragraph 1, letter h) of the TUF*) and statutory provisions concerning PTOs (*pursuant to article 104, paragraph 1-*ter*, and 104-bis, paragraph 1 of the TUF*)

The Issuer has stipulated some significant agreements that could be amended or terminated in the event of changes in control of Immsi S.p.A., such as: a Bullet - Multi Borrower loan agreement in effect at 31 December 2020 for a total of €125 million, of which €82.7 million disbursed to Immsi S.p.A., €30 million to ISM Investimenti S.p.A. and €12.3 million to Intermarine S.p.A.; further loan agreements and credit lines for a total nominal value of approximately €134.6 million.

The Piaggio group has signed significant agreements that may be modified or extinguished in the event of changes to the ownership of the contracting company. Specifically the following agreements have been made: a contract for a syndicated term loan and revolving credit facility for a total of €250 million; a debenture loan of €250 million issued by Piaggio & C. S.p.A.; a debenture loan of 75 million USD issued by Piaggio & C. S.p.A.; a debenture loan of €30 million issued by Piaggio & C. S.p.A.; a loan agreement with the European Investment Bank for €70 million; a loan agreement with the European Investment Bank for €70 million; a loan agreement with the European Investment Bank for €30 million; a €60 million syndicated loan agreement; a term loan agreement with Banco BPM totalling €30 million; a revolving credit facility with Banca del Mezzogiorno MedioCredito Centrale for €20 million; a loan agreement with Banca del Mezzogiorno MedioCredito Centrale totalling €10

million; a loan agreement with Banco Ifis totalling €10 million. a loan agreement with Banca Popolare Emilia Romagna for €20 million; a loan agreement with Banca Nazionale del Lavoro for €20 millions and a credit line agreement with Intesa SanPaolo for €20 million.

With regard to the subsidiary Intermarine S.p.A.¹, the following significant agreements are noted that may be modified or extinguished in the event of changes to the ownership of the contracting company. Specifically: an endorsement credit line (for a total value of \$84.5 million and \$1.9 million drawn as at 31 December 2020) based on the contract with the Sultanate of Oman, guaranteed by a pool of banks and awaiting release as formal procedures are underway between banks for cancellation, plus additional credit lines and financing associated with the company's operations for a total amount used at 31 December 2020 of €64.8 million, including the aforesaid share of the Bullet – Multiborrower loan issued to Intermarine S.p.A. for an amount of €12.3 million.

The subsidiary Is Molas S.p.A.² also has a loan agreement with Banca Monte dei Paschi di Siena for a residual nominal amount of €14.250 million, with early repayment mandatory in the event of a change in control of the investee.

Lastly, i) as part of investments in other businesses operated by the Issuer and ii) as used in order to regulate and discipline governance with any minority shareholders of some of the companies in which Immsi S.p.A. directly or indirectly has investments, shareholders' agreements have been stipulated with these Shareholders and/or loans given by the above Shareholders to investee companies giving the contracting parties special rights (inter alia pre-emption rights, tag-along rights, tag-along obligations) in the event of a change in direct and/or indirect control of the investee company.

The provisions of the Articles of Association of the Issuer do not affect the passivity rule established by article 104, paragraphs 1 and 1-bis of the TUF. In addition, the Articles of Association of the Issuer do not provide for the application of neutralisation as of article 104-bis, paragraphs 2 and 3 of the TUF.

i) Powers to increase share capital and authorisation to purchase treasury shares (pursuant to article 123-bis, paragraph 1, letter m) of the TUF)

With a resolution passed on 14 May 2020, the Ordinary Shareholders' Meeting authorised the purchase and allocation of treasury shares, pursuant to articles 2357 and 2357-ter of the Civil Code, as well as article 132 of the TUF and relative implementing provisions, subject to withdrawal of the authorisation granted by the Ordinary Shareholders' Meeting on 14 May 2019. Purchase authorisation was granted for the 18-month period as of the date of the above resolution (i.e. 14 May 2020), whereas authorisation for placing was granted with no time limits.

The objective of the authorisation for the purchase and disposal of treasury shares is to give the Company a strategic investment opportunity for all purposes allowed by applicable regulations, including the purposes referred to in article 5 of Regulation (EU) No 596/2014 (Market Abuse Regulation, hereinafter "MAR") and according to practices permitted by article 13 of the MAR, where applicable, including the purchase of treasury shares based on their subsequent annulment, according to terms and procedures to be decided by competent company boards.

¹ Intermarine S.p.A. is wholly owned by RCN Finanziaria S.p.A., which in turn is controlled by the Issuer that has a 63.18% stake.

² Is Molas S.p.A. is owned by ISM Investimenti S.p.A. with a 92.59% stake, which in turn is controlled by the Issuer that has a 72.64% stake.

This authorisation was requested for the purchase, also in several tranches, of ordinary shares of Immsi up to a maximum number which, considering the ordinary shares of Immsi held from time to time by the Company and by its subsidiaries, as applicable, is not more than the maximum limit established by applicable pro tempore regulations. Purchases may be undertaken according to procedures established in applicable provisions of Consob Regulation on Issuers implementing article 132 of the TUF, in compliance with conditions relative to trading as of article 3 of Delegated Regulation (EU) 2016/1052 ("**Regulation 1052**") and within a time frame deemed appropriate in the interests of the Company. As regards the consideration, the Board of Directors proposes that treasury shares are purchased in compliance with the trading conditions established in article 3 of Commission Delegated Regulation (EU) 2016/1052 in compliance with the MAR and rules issued by Consob in accordance with article 13 MAR, where applicable. In particular, purchases may be made for an amount that is no higher than the highest price between the price of the last independent transaction and the highest independent offer price in the trading venues where the purchase is made, provided that the unit amount is at least a minimum of 20% and a maximum not exceeding 10% of the arithmetic mean of official Piaggio share prices registered in the ten stock exchange days prior to each purchase transaction.

The General Meeting also authorised the use, pursuant to article 2357-ter of the Civil Code, at any time, entirely or partially, on one or several occasions, of treasury shares purchased according to the aforesaid resolution or in any case in the Company's portfolio by selling them on the stock exchange or over the counter, also by selling any real and/or personal rights, including but not limited to securities lending, based on the terms, procedures and conditions of the act of disposal of treasury shares considered the most appropriate in the interests of the Company, in compliance with applicable pro tempore laws and regulations and in order to achieve the objectives as of the above shareholders' resolution.

During the financial year, no treasury shares were purchased. At 31 December 2020 and at the date of this Report, the Issuer did not hold any treasury shares.

I) Management and coordination (pursuant to article 2497 and following of the Civil Code)

The Issuer is directly and indirectly controlled, in accordance with article 93 of the TUF, by Omniaholding S.p.A., a company wholly owned by the Colaninno family, through the subsidiary company Omniainvest S.p.A..

In particular, control of the Issuer does not actually correspond to management and coordination activities attributable to the specific case defined in article 2497 et seqq. of the Italian Civil Code and none of the above entities have a structure or organisation that allows them to carry out said management and coordination activities. Therefore, the Company and, particularly, its Board of Directors make their respective decisions with complete autonomy.

* * *

The following should be noted:

- the information required by article 123-bis, paragraph one, letter i) ("*agreements between the company and directors ... that establish indemnity in case of resignation or dismissal without just cause or if their working relationship ceases following a take-over bid*") is included in the Remuneration Report published pursuant to article 123-ter of the TUF and included in section 9 of this Report;
- the information required by article 123-bis, paragraph one, letter l) ("*regulations applicable to the appointment and replacement of directors... as well as amendments to the articles of association, if different from legal and regulatory provisions applicable on a supplementary basis*") is explained in section 4.1 of this Board of Directors' Report.

3. COMPLIANCE (pursuant to article 123-bis, paragraph 2, letter a) of the TUF)

The Issuer has adopted the Self-Regulatory Code, which is available on the website of Borsa Italiana SpA (www.borsaitaliana.it).

It should be noted that, as of 1 January 2021, Piaggio adheres to the new edition of the Code of Corporate Governance, available on the *website* of Borsa Italiana S.p.A. (www.borsaitaliana.it), and that therefore - except where otherwise indicated in this Report it will inform the market of its adherence to the Code of Corporate Governance in the report on corporate governance and ownership structure for the year 2021 to be published in 2022.

Neither Immsi nor strategically important subsidiaries are subject to non-Italian legal provisions affecting the corporate governance structure of the Company.

4. BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT (pursuant to article 123-bis, paragraph 1, letter l) of the TUF)

The provisions of Immsi's Articles of Association governing the composition and appointment of the Board (Article 17) were most recently amended by a resolution of the Issuer's Board of Directors on 4 March 2021, drafted by public deed and adopted pursuant to the provisions of Article 2365 of the Italian Civil Code and Article 23 of the Articles of Association, in order to align them with the rules on gender balance as regards the composition of the Board of Directors pursuant to Article 147-ter, paragraph 1-ter of the Consolidated Law on Finance, as most recently amended by Law 160/2019, as well as the new text of Article 144-undecies¹ of the Issuers' Regulations¹.

This paragraph therefore describes the mechanism for appointing the members of the Board as envisaged in the provisions of the Articles of Association currently in force.

The Company is managed by a Board of Directors comprising no fewer than five and no more than thirteen members appointed by the Shareholders' Meeting.

The Shareholders' Meeting determines the number of Board members as well as the term of their office which cannot be more than three years, and which will expire at the date of the Shareholders' Meeting called to approve the financial statements of the last year of their term of office. Board directors may be re-elected.

According to the Articles of Association, the Directors must meet the requirements of applicable *pro tempore* legislation; a minimum number of Directors, corresponding to the minimum required by law, must meet the independence requirements as of article 148, paragraph 3 of the TUF.

If a Director no longer has the prescribed requisites his or her term of office shall immediately expire. If a Director no longer meets the independence requirements as of article 148, paragraph 3 of the TUF, he/she will not have to step down, if the minimum number of Directors required by applicable laws meets these requirements.

¹ Paragraph 1-ter, of Article 147-ter, of the Consolidated Law on Finance in force at the date of this Report states, *inter alia*, that "the least represented gender must account for at least two-fifths of the elected directors. This rule shall apply for six consecutive terms."

Furthermore, pursuant to Article 144-undecies.1, paragraph 3, of the Issuers' Regulations, as last amended by Consob Resolution 21359 of 13 May 2020, "when the application of the gender distribution rule does not result in a whole number of members of the management or control bodies belonging to the least represented gender, such number shall be rounded up to the next higher whole unit, with the exception of corporate bodies made up of three members where it will be rounded down to the next lower whole unit."

The Board of Directors is appointed, in compliance with applicable pro tempore regulations on gender balance, on the basis of lists presented by the Shareholders with the procedures specified below, in which the candidates must be listed with a progressive number.

The lists presented by the Shareholders, signed by the parties presenting them, must be filed at the Company's headquarters, and made available for any person requesting them, at least twenty-five days before the date set for the Shareholders' Meeting on first call, and are subject to the other types of notification and filing procedures established by applicable pro tempore regulations.

Each Shareholder, Shareholders belonging to a significant shareholder agreement pursuant to article 122 of the TUF, the parent company, subsidiaries and entities subject to common control pursuant to article 93 of the TUF, may not present or contribute to the presentation, not even through a third party or trust company, of more than one list, nor may they vote for different lists and each candidate may be included in only one list, otherwise they cannot be elected. Support and votes expressed in breach of this prohibition are not attributed to any list.

Shareholders are entitled to present lists only if, alone or with other Shareholders, they hold shares with voting rights representing at least 2.5% of the share capital with voting rights at the Ordinary Shareholders' Meeting, or a different percentage that may be established by law or other regulations. In the Executive Ruling of the Corporate Governance Division Manager no. 44 of 29 January 2021, Consob established a requirement of 2.5% of the share capital as necessary for presenting lists of candidates for election to the Board of Directors of the Company.

Ownership of the shareholding required, pursuant to the above, for the purposes of presenting the list, is established in relation to the shares registered in the name of the Shareholder on the date when the lists are filed with the Issuer; relative certification may also be submitted after the list is filed, provided this is before the deadline for publishing the lists.

Together with each list, within the terms indicated above, (i) statements of the individual candidates accepting their nomination and certifying, under their own responsibility, that causes for ineligibility and incompatibility do not exist, and that they meet the requirements established for respective positions; (iii) a curriculum vitae with the personal and professional characteristics of each candidate, indicating the person's suitability to be qualified as independent, as applicable, must be filed.

Lists that have a number of candidates greater than or equal to three must be composed of candidates belonging to both genders, in accordance with the current applicable regulations on gender balance.

Lists presented without complying with the above provisions are considered as not presented.

The Board of Directors is appointed as follows:

- a) the list with the highest number of votes is used for presenting the Directors to elect, bar one, in the consecutive order in which they appear in the list;
- b) the remaining Director is taken from the minority list that is not connected in any way, not even indirectly, with entities that presented or voted the list as of letter a) above and that obtained the second highest number of votes. If the minority list as of point b) has not achieved a percentage of votes equal to at least half that required for the presentation of lists, all Directors to be elected will be taken from the list as of point a).

If the candidates elected as above do not ensure the appointment of a minimum number of independent directors as established by article 148 of the TUF, the non-independent candidate pursuant to article 148 of the TUF, elected last in consecutive order in the list that received the highest number of votes, as of letter a) above, is replaced by the first independent candidate pursuant to article 148 of the TUF, according to the consecutive order, not elected in the same list, or, failing this, by the first independent candidate pursuant to article 148 of the TUF, according to the consecutive order, not elected in the other lists, according to the number of votes obtained by each one. This replacement procedure is repeated until the composition of the Board of Directors

comprises a number of independent directors pursuant to article 148 of the TUF, equal to at least the minimum number required by law. If this procedure does not achieve the above, a replacement is made with a resolution passed by the Shareholders' Meeting with relative majority, subject to the presentation of candidates that meet the above mentioned requirements.

If, in addition, with the candidates elected in the manner described above, a composition of the Board of Directors compliant with current legislation in force concerning the balance between genders is not ensured, the candidate of the more represented gender elected as last in the sequential order in the list that received the most votes shall be replaced by the first candidate of the less represented gender not elected from the same list according to the sequential order. This replacement procedure is repeated until a composition of the Board of Directors compliant with current legislation in force concerning the balance between genders has been ensured. If the aforementioned procedure does not ensure the last result indicated above, the replacement will take place by resolution passed by the Shareholders' Meeting by relative majority subject to the presentation of candidates belonging to the less represented gender.

If only one list is presented or if no list is presented, the Shareholders' Meeting resolves with the majorities established by law, save for compliance with applicable pro tempore regulations on gender balance.

If during the year one or more vacancies occur on the Board, the procedure established in article 2386 of the Italian Civil Code shall be adopted according to the following indications, provided that the majority always consists of Directors appointed by the Shareholders' Meeting:

a) the Board of Directors replaces the vacancy, electing a person from the same list as the former director and the Shareholders' Meeting resolves with the majorities established by law, complying with the same criterion;

b) where no unelected candidates remain on the candidate list, or where for any reason whatsoever the provisions of point (a) above cannot be met, the Board of Directors replaces the director, as subsequently resolved by the Shareholders' Meeting, with majorities established by law, without voting for the list.

In any case the Board of Directors and the Shareholders' Meeting will appoint the director so that (i) the minimum number of independent directors pursuant to article 148 of the TUF is appointed as required by applicable pro tempore applications and (ii) applicable pro tempore regulations on gender balance are complied with.

If there is no longer a majority of Directors, due to resignations or other causes, the entire Board is considered as having resigned and shall cease to hold office from the time when the Board of Directors has been re-established following acceptance by at least half the new Directors appointed by the Shareholders' Meeting, that shall be called on an urgent basis.

Given the organisational structure of the Issuer, as well as the practice of assigning the position of Executive Director to persons who have gained significant experience within the Company or to persons who have gained experience in sectors in which the Issuer operates, the Board of Directors deemed it unnecessary, most recently during the meeting of 19 March 2021, to adopt a plan for the succession of Executive Directors, with the right to make different evaluations in the future.

4.2. COMPOSITION (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis of the Consolidated Law on Finance)

The Board of Directors of the Issuer, in office at the date of this Report, comprises 11 members appointed by the Ordinary Shareholders' Meeting of 10 May 2018.

The Board, appointed on the basis of the single list of candidates presented by the majority Shareholder Omniainvest S.p.A., was elected with a percentage of votes presenting 99.237% of shares with voting rights and will remain in office until the date when the Shareholders' Meeting is convened to approve the Financial Statements for the year ending 31 December 2020.

For more information on the list filed for the appointment of the Management Body, see the website of the Issuer, and the section "Governance/Shareholders' Meeting/Archive/2018" or in the authorised storage mechanism "eMarket STORAGE" viewable at the web address www.emarketstorage.com.

The professional curricula of Board Directors are filed at the registered office of the Company and are available on the website of the Issuer, in the section "Governance/Management".

Board Directors in office meet the requirements established in the Articles of Association and of applicable laws and regulations.

See Table 2 in the appendix.

As regards company policies on diversity concerning the composition of the Board of Directors (at the end of the financial year and at the reporting date), in terms of age, gender balance, training and professional background (Article 123-bis, letter d-bis) of the TUF), the Board of Directors in office until 10 May 2018 included some information for shareholders, also pursuant to criterion 1.C.1., letter h) of the Self-Regulatory Code, regarding diversity in the composition of the Company's boards, in reports prepared pursuant to Article 125-ter of the TUF regarding the appointment of the Board of Directors and Board of Statutory Auditors by the Shareholders' Meeting convened to approve the Financial Statements for the year ended 31 December 2017.

As regards the composition of the Board of Directors in office: (i) the Board of Directors of the Company comprises 4 directors of the least represented gender, in compliance with laws on gender balance in force at the end of the financial year (the new regulatory provision will be applied from the next renewal of the Board of Directors); (ii) Board members vary in age, from 44 to 77 years; (iii) the educational and professional backgrounds of the directors ensure a balanced combination of member profiles and experiences within the administrative body, with members selected in order to ensure that all functions thereof are executed correctly.

In addition, the Board of Directors in office as of the date of this Report set out – in the illustrative report prepared pursuant to Article 125-ter of the Consolidated Law on Finance, concerning the election of the Board of Directors by the Shareholders' Meeting convened to approve the financial statements at 31 December 2020 – some indications for shareholders on the diversity of the composition of the Board of Directors (also pursuant to Recommendation 8 of the Corporate Governance Code).

For further information, see the report published on the website of the Issuer, in the section "Governance/General Meeting/Archive/2021" and in the authorised storage mechanism "eMarket STORAGE" viewable at the web address www.emarketstorage.com.

Pursuant to Recommendation 11 of the Corporate Governance Code, the Board of Directors, at its meeting of 4 March 2021, approved the adoption of its own internal regulations to govern the functioning of the Board of Directors, including the procedures for recording the minutes of meetings and the procedures for managing information flows to directors, in addition to the provisions of the Articles of Association and the provisions of the law and regulations (hereinafter, the **"BoD Regulations"**).

Pursuant to article 20 of the Articles of Association and the BoD Regulations, the Chairman, or anyone acting on his behalf, shall convene a meeting of the Board of Directors, at the registered office of the Company or in another location, whenever deemed necessary in the interests of the Company or when requested by three Board members.

Board meetings will be convened in writing, with notice also sent by fax, telegram or email to Board members in office and to the Statutory Auditors, at least five days before the date set for the meeting, or, in urgent cases, with the same procedure, but with minimum notice of six hours.

In the event of failure to formally convene a meeting, the meetings of the Board shall be considered validly constituted when all the members of the Board of Directors and the Board of Statutory Auditors are present.

Directors may take part in Board Meetings also by teleconferencing and/or video conferencing, provided that all those entitled to take part are able to do so and may be identified and can follow the meeting and intervene in real time as regards items being discussed. If these conditions are met, the Board Meeting shall be considered as having taken place in the location where the Chairman and Secretary of the meeting are present, in order to take the minutes, which are signed by both the Chairman and Secretary. In accordance with the BoD Regulations, this last provision does not apply if participation in the meeting takes place exclusively by means of telecommunications, if so permitted or provided for by regulatory provisions and/or the competent authorities.

Pursuant to article 22 of the Articles of Association and the BoD Regulations, in order for resolutions of the Board of Directors to be valid, the majority of Board members in office shall be present. Resolutions will be passed by the absolute majority of those present.

In accordance with the provisions of the BoD Regulations, the resolutions of the Board of Directors must be recorded in minutes transcribed in a special book, signed by the Chairman of the meeting and the Secretary of the meeting

The BoD Regulations also regulate the procedures for appointing the Secretary of the Board of Directors, defining their professional requirements and powers in compliance with Recommendation 18 of the Corporate Governance Code.

The BoD Regulations also govern the management of pre-meeting information, a description of which is provided in section 4.3 below.

Maximum accumulation of offices held in other companies

Each member of the Board of Directors shall make informed decisions, independently, pursuing the objective of creating value for Shareholders, and in his/her position held in the Company shall spend the time necessary to ensure functions are duly carried out, irrespective of other positions held outside the Immsi Group, aware of the responsibilities of his/her office.

For this purpose, each Director shall have evaluated, when accepting the position at the Company and regardless of limits established by law and by regulations on the number of positions that may be held, his/her ability to carry out assigned duties diligently and effectively, considering in particular the total commitment required of other positions outside the Immsi Group.

Each member of the Board of Directors shall also inform the Board of any positions as Director or Statutory Auditor in other companies, in order to comply with disclosure obligations established by applicable laws and regulations.

Most recently at the meeting of 19 March 2021, the Board decided not to define general criteria regarding the maximum number of administration and control positions that may be held in other companies, that may be considered as compatible with effectively holding the position of Director of the Issuer, without prejudice to the fact that each Director shall assess the compatibility of positions of Director and Statutory Auditor held in other companies listed on regulated markets or in companies

of a considerable scale, diligently conducting the duties assigned to them as Board Director of the Issuer.

In the meeting of 10 May 2018 (after the new Board took up office), and in the meeting of 19 March 2021, the Board, after reviewing positions currently held by its Directors in other companies, considered that the number and type of positions held does not cause any interference and is therefore compatible with effectively carrying out duties as Director of the Issuer.

In addition, the majority of Board Members of the strategic subsidiary Piaggio & C. S.p.A. does not hold Administrative and/or Managerial positions in the Parent Company Immsi S.p.A.

The table below lists the administration and control positions held, at 31 December 2020, by the members of the Board of Directors, in other companies listed on regulated markets (also abroad), in financial, banking and insurance companies or in companies of a considerable scale.

Full name	Company	Administration and control positions
Roberto Colaninno	Piaggio & C. S.p.A.* Omniaholding S.p.A.* Omniainvest S.p.A.* Piaggio Fast Forward Inc.* RCN Finanziaria S.p.A.* Intermarine S.p.A.*	Chairman BoD and Chief Executive Officer Chairman of the Board of Directors Chairman of the Board of Directors Member of the Board of Directors Director Director
Michele Colaninno	Omniaholding S.p.A.* Omniainvest S.p.A.* ISM Investimenti S.p.A.* Piaggio Fast Forward Inc.* Piaggio & C. S.p.A.* ACEM (Association des Constructeurs Européens de Motocycles) Intermarine S.p.A.* Is Molas S.p.A.* RCN Finanziaria S.p.A.* Immsi Audit S.c.a r.l.*	Chief Executive Officer Chief Executive Officer Chairman of the Board of Directors Deputy Chairman of the Board Director with powers Deputy Chairman Director Director Director Director
Daniele Discepolo	Gruppo San Donato Real Estate S.r.l. GSD Sistemi e Servizi S.C. a R.L. Pianoforte Holding S.p.A. La Madonnina S.p.A. – Companies of Gruppo Ospedaliero San Donato Manzoni S.r.l. Melville S.r.l. Esaote S.p.A. Hotel Lido Uno Gestione S.r.l. Fondazione Filarete per le Bioscienze e l'Innovazione Gruppo Argenta S.p.A. Solution Bank S.p.A. Iniziative Logistiche S.r.l. Illa S.p.A. Sorgenia S.p.A. Savio Macchine Tessili S.p.A. Livingston S.p.A. in extraordinary administration Meraklon S.p.A. and associates Meraklon Yarn S.r.l. Valtur S.p.A. and associates Cooperativa Commissionaria Valtrumplina Co.Va.C. – Soc. Coop. a.r.l. Gruppo Stabila – De Roma in extraordinary administration Hotel Lido Uno S.r.l.	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Chairman of the Supervisory Board Chairman of the Supervisory Board Chairman of the Supervisory Board Chairman of the Supervisory Board Director Director Director Statutory Auditor Statutory Auditor Special Administrator Special Administrator Special Administrator Member of the trio of Special Administrators Official Liquidator Chairman of the Supervisory Committee Chairman of the Supervisory Committee

Matteo Colaninno	Omniaholding S.p.A.* Piaggio & C. S.p.A.* Omniainvest S.p.A.*	Deputy Chairman and Chief Executive Officer Deputy Chairman Director
Rita Ciccone	Zaffiro S.p.A. FHP 1 S.p.A. F2i Porti S.r.l. Farmacie Italiane S.r.l. 2i Rete Gas S.p.A. Irideos S.p.A. Sagat S.p.A. Sogeaal S.p.A. F2i Holding Portuale S.p.A. Persidera S.p.A. San Marco Bioenergie S.p.A. 2i Aeroporti S.p.A. F2i Aeroporti 2 S.r.l. E2i Energie Speciali S.r.l. Compagnia Ferroviaria Italiana S.p.A.	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Director Director Director Director Director Director Director Director Director Director Director Director
Patrizia De Pasquale	-	-
Ruggero Magnoni	Fondazione Giuliano e Maria Carmen Magnoni Onlus Fondazione Laureus Sport for Good Italia Onlus Compagnie Financière Rupert SCA M&M Capital Ltd Likipi Holding SA Compagnie Financiere Richemont SA INTEK Group S.p.A. Omniainvest S.p.A.* Fondazione Dynamo - Motore di Filantropia Fondazione Cologni dei Mestieri d'Arte FMSI Social Investment S.r.l. – Impresa Sociale Autostrade Lombarde S.p.A. Società di Progetto Brebemi S.p.A. Lehman Brothers Foundation Europe Quattrodue Holding BV Trilantic Capital Partners Europe IFM Investors	Founding Member and Chairman Founding Member and Chairman Managing Partner/Unlimited Partner Chairman Chairman Director and Audit Committee member Director Director Director Director Director Director Director Trustee Supervisor Director Senior Advisor and Member of the Advisory Council Senior Advisor to IFM Global Infrastructure Fund
Livio Corghi	Intermarine S.p.A.* RCN Finanziaria S.p.A.*	Chief Executive Officer Director
Paola Mignani	E-Novia S.p.A. LU-VE S.p.A. De' Longhi S.p.A. De' Longhi Appliances S.r.l. De' Longhi Capital Services S.r.l. Cairo Communication S.p.A. Clessidra SGR S.p.A. Impact Sim S.p.A.	Chairman of the Board of Statutory Auditors Statutory Auditor Statutory Auditor Statutory Auditor Statutory Auditor Director Director Director
Gianpiero Succi	Fondazione Violetta Caprotti Fondazione Cappellino	Director Director
Devis Bono	Sella Leasing S.p.A.	Director

* Company of the Group of which the Issuer is Parent Company or forms a part.

The type of board disclosure allows Directors to have adequate knowledge of the sector in which the Issuer operates, of corporate dynamics and their developments, as well as the regulatory and self-regulatory reference framework. During board meetings concerning the approval of interim accounting figures, held at least quarterly, the Chief Executive Officer updates the Board on the organisational changes, the strategic development strategies and the outlook for the Group, breaking down the analysis according to individual cash generating units.

During the year, and in particular at the Board meeting of 22 December 2020, the Directors and Statutory Auditors had the opportunity to examine the main changes introduced by (i) the new Corporate Governance Code; and (ii) Consob Resolutions 21623 and 21624 of 10 December 2020, respectively, to the Issuers' Regulations, as well as to the Consob Related Parties Regulations and the Consob Markets Regulations, in order to transpose, also in secondary legislation, the contents of EU Directive 2017/828, ("*Shareholders' Rights Directive 2*"), which amends Directive 2007/36/EC with regard to encouraging long-term shareholder commitment (the consolidated text of Directive 2007/36/EC is hereinafter referred to as the "**SHRD**").

Moreover, in the current 2021 financial year, the Directors and Statutory Auditors had the opportunity to deepen their knowledge of the reference legal, regulatory and self-regulatory framework by participating in the Board of Directors' meeting of 19 March 2021 in which, following the necessary clarifications on the new remuneration issues introduced by the aforementioned Consob Resolution 21623/2020 on remuneration, the Board amended the Remuneration Policy (illustrated in Section I of the Remuneration Report).

Company management also worked on a continual basis with company boards as regards information flows and/or updates on issues of interest.

In any case, the Issuer will draw up structured training plans if considered necessary, or required by company bodies.

4.3 ROLE OF THE BOARD OF DIRECTORS (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

During the year, the Board of Directors held 6 meetings on the following dates: 23 March, 25 March, 14 May, 2 September, 12 November and 22 December.

The average duration of meetings was an hour and a quarter, and they were attended by the Board of Statutory Auditors.

The average attendance of Board Directors at these meetings was equal to 95.45%, while the average attendance of Independent Directors was equal to 96.67%.

The Articles of Association do not establish a minimum number of Board meetings, however the Board is expected to meet at least 6 times in 2021. At the date of this Report, 2 meetings had been held, on 4 and 19 March 2021.

In this regard, on 28 January 2021, Immsi S.p.A. informed Borsa Italiana S.p.A. of its annual schedule of corporate events for 2021. This calendar has also been published on the website of the Issuer, in the section "Investors/Calendar" and in the authorised storage mechanism "eMarket STORAGE" viewable at the web address www.emarketstorage.com.

To ensure the continuity and regularity of information to the financial community, the Company resolved to continue publishing quarterly information, on a voluntary basis, and, with effect from the year and until otherwise decided, to adopt the communication policy detailed in the press release of 21 December 2016 available on the website of the Issuer, in the section "*Investors/Media/Press Releases*" and in the authorised storage mechanism "eMarket STORAGE" viewable at the web address www.emarketstorage.com.

According to the BoD Regulations, the Chairman of the Board of Directors is responsible, via the Secretary, for ensuring that sufficient information is provided to all directors on the business tabled in the meeting agenda. In particular, this information is provided in a suitable way, so as to enable Directors to make informed decisions on the matters submitted to them, with draft documents requiring approval provided well in advance, excepting cases of demonstrated urgency. The Issuer will usually send the most relevant material at least 48 (forty-eight) hours in advance of the board meeting. This time-frame is considered appropriate by all Directors and has normally been observed.

If the Chairman, or whoever is taking their place, deems it appropriate in relation to subject and the resolution in question, informative documentation may be provided directly during the meeting, giving prior notice to the members of the Board of Directors within 48 (forty-eight) hours; all the supporting documentation distributed to the Directors and Auditors is kept in the Board's files.

In addition, the Chairman, with the help of the Secretary, ensures that adequate and timely information is provided during the Board sessions, promotes an informed debate, encouraging the contribution of all participants, ensuring that enough time will be spent on items on the agenda to ensure a constructive dialogue.

The Director of Administration, Finance and Control, Andrea Paroli, has almost always taken part in board meetings, to provide further information on items on the agenda.

The Board of Directors plays a central role within the corporate organisation. It is in charge of strategic and organisational functions and responsibilities, and also ensures necessary controls are in place to monitor the performance of the Issuer and companies in the Group.

The Board of Directors has the widest possible powers to manage the Company, and to that end it may pass resolutions or take any action deemed necessary or useful for achieving the Company object, with the exception of powers assigned by law and by the Articles of Association to the Shareholders' Meeting.

Pursuant to article 23 of the Articles of Association, the Board of Directors is also responsible for deciding upon all matters regarding:

- mergers and demergers in accordance with articles 2505, 2505-*bis* of the Civil Code, the latter also referred to in Article 2506-*ter* of the Civil Code;
- the opening or closing of branches;
- Directors representing the Company;
- reductions in share capital in the event of Shareholder withdrawal;
- amendments to the articles of Association to comply with regulatory provisions;
- transfer of the registered office to another location in Italy;

notwithstanding that such decisions may also be taken by the Extraordinary Shareholders' Meeting.

On 4 March 2021, the Board of Directors resolved to amend Articles 17 and 25 of the Articles of Association, in order to bring the text into line with the regulations on gender balance in the composition of the management and control bodies, as provided for by Law 160/2019, as well as the implementing provisions of Consob and the new Corporate Governance Code.

The Articles of Association can be downloaded in its current version from the *Issuer's official website*, in the section "*Governance/Articles of Association*".

In the meeting of 10 May 2018, the Board of Directors resolved on the distribution of managerial competencies of the Board of Directors (see section 4.4 below for the competencies of the Chairman and Chief Executive Officer), with the Board jointly having, besides all powers assigned to it by law and by the Articles of Association, as well as powers to approve "related-party transactions" as provided for by the specific procedure adopted by the Company (see section 12 of this Report), the following powers:

- a) define the strategic, industrial and financial strategies as well as the general policy of the Company and Group;
- b) acquire and dispose of controlling investments, acquire or dispose of business units for individual amounts above €25 million, mergers and demergers;

- c) approve long-term plans;
- d) carry out property dealings for individual amounts above €25 million.

As part of its remit, the Board monitors the adequacy of the organisational, administrative and general accounting structure of the Issuer and of subsidiaries considered to be of strategic importance, on at least a quarterly basis, with particular focus to the internal control and risk management system.

The Board of Directors: (i) guides the Company, pursuing its sustainable success; (ii) defines the strategies of the Company and its group, monitoring their implementation; (iii) defines the corporate governance system that is most suitable for carrying out the company's business activities and pursuing its strategies, taking into account the scope for autonomy offered by the legal system, and, if necessary, assesses and enacts the appropriate changes, submitting them, where appropriate, to the Shareholders' Meeting; (iv) promotes appropriate dialogue with shareholders and other stakeholders relevant to the Company.

Specifically, the Board of Directors (a) examines and approves the strategic, business and financial plans of the Issuer and of the group headed by it, periodically monitoring implementation. (b) examines and approves the business plan of the Company and of the Group it is part of, including by analysing issues relevant to the generation of long-term value; (c) periodically monitors the implementation of the business plan and assesses general operating performance, periodically comparing the results achieved with those planned; (d) defines the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations all elements that may be relevant to the Company's sustainable success; (e) defines the Company's corporate governance system and the structure of the Group it heads, and assesses the adequacy of the organisational, administrative and general accounting structure of the Company and of subsidiaries considered to be of strategic importance, with particular focus to the internal control and risk management system. (f) decides on transactions by the Company and its subsidiaries that have strategic, earnings, financial or cash-flow implications for the Company; (g) adopts internal procedures – including those concerning market abuse (Regulation (EU) No. 596/2014, so-called Market Abuse Regulation) – on the proposal of the Chairman, in agreement with the Chief Executive Officer (if different from the Chairman).

As regards the management of conflicts of interest and operations with related parties of the Issuer and the group of which the Issuer is parent, reference is made to section 12 hereunder.

In addition, the Remuneration Policy (illustrated in Section I of the Remuneration Report) requires directors to abstain from voting when the Board of Directors passes resolutions concerning their own remuneration, without prejudice to the rules on related party transactions set out in the RPT Procedure (where applicable).

Pursuant to article 2381 of the Italian Civil Code and to the application criterion 1.C.1, letter c) of the Code and article 1, Recommendation 1, letter d) of the Corporate Governance Code, during the year the Board evaluated the adequacy of the organisational, administrative and general accounting structure of the Issuer and its strategic subsidiaries, with particular reference to the internal control and risk management system, according to procedures adopted by the Issuer for this purpose. In particular, most recently at the meeting of 19 March 2021, the Board considered - among others - the functional company organisation charts of the main strategic companies of the Group, with a particular focus on the charts of the Administration, Finance and Control departments, also considering organisational changes taking place during the year.

Within the framework of this periodic activity the Board has, depending on the case, used the support of the Control and Risks Committee, the Head of Internal Audit, the auditing company Immsi Audit S.c. a r.l. and the Financial reporting officer as well as the procedures and checks implemented also in accordance with Italian Law 262/2005. In particular, the Control and Risks Committee of the Issuer, in its meeting of 12 May 2020, reviewed specific documentation in order to determine operating and significant companies to be included in its controls, pursuant to Italian Law no. 262/2005, agreeing on the methodology to apply and companies to be controlled.

Relevant subsidiaries were identified using quantitative parameters, determining specific threshold values, and qualitative parameters, performing assessments based on knowledge of the Company and existing specific risk factors.

As a result of this analysis and also considering its nature as a diversified industrial group, the main subsidiaries of strategic importance were determined, and subsequently included in the scope of controls pursuant to Italian Law no. 262/2005.

For a description of the main characteristics of the risk management and internal control system in relation to the financial disclosure process, pursuant to article 123-bis, paragraph 2, letter b) of the TUF, see Attachment 1 in the appendix.

During the year, the Board evaluated the general trend of operations, at least quarterly, considering information received from authorised bodies, periodically comparing results with objectives.

In accordance with legal provisions, the Articles of Association and the Code, the Board of Directors has examined and approved in advance transactions, conducted by the Issuer and its subsidiaries, of strategic importance or with a material impact on the financial position and performance of the Issuer, with a particular focus on transactions in which one or more Directors have a personal interest or interest on behalf of third parties.

In accordance with the BoD Regulations, as well as Article 4, Principle XIV and Recommendation 21 of the Corporate Governance Code, the Board of Directors periodically assesses the effectiveness of its activities and the contribution made by its individual members, through formalised procedures whose implementation it oversees. To this end, it carries out its own evaluation of the size, composition and actual functioning of the Board itself and of the Board Committees (the "board review"), also considering the role that the Board has played in defining strategies and monitoring management performance, and the adequacy of the internal control and risk management system.

Moreover, pursuant to Application Criterion 1.C.1 lett. g) of the Code and the above-mentioned provisions of the Corporate Governance Code and the BoD Regulations, the Issuer's Board of Directors carried out an annual assessment on the basis of a questionnaire divided into various areas of inquiry (i.e. composition, structure, size and function of the Board, interaction with management, risk governance, composition and structure of committees etc.), with the possibility to make comments and suggestions; this questionnaire was sent to and completed by all Directors, and examined by the Board on 19 March 2021. The Board found that the size, composition and operation of the Board of Directors and its committees were adequate, given the Company's management and organisational requirements and considering the professional and managerial characteristics and experience of its members, their seniority in office, as well as the fact that out of a total of eleven Board members, nine are non-executive directors, five of whom are independent non-executive directors, who also ensure a suitable composition of the Board's committees.

In addition, the Directors considered that the composition of the Board of Directors reflects substantially adequate diversity profiles with regard to aspects such as age, gender composition and training and professional background.

Under Article 18 of the articles of Association, and unless decided otherwise by the Shareholders' Meeting, Directors are not subject to the prohibition set out in Article 2390 of the Civil Code. During the financial year, no matters concerning the profiles envisaged in Article 2390 of the Civil Code were put to the Board of Directors.

At present, the above departure has not been applied in any specific case.

4.4. AUTHORISED BODIES

The Chairman is appointed by the Board of Directors from its members, if not already appointed by the Shareholders' Meeting.

The Chairman convenes the Board of Directors and coordinates its activities, ensuring that adequate information on items on the agenda is made available to all Directors, taking account of contingent circumstances. The Chairman chairs Shareholders' Meetings, ascertains the identity and entitlement of those attending, that the meeting is duly established, that a sufficient number of Shareholders is present for resolutions to be valid, and also governs the proceedings, establishing voting methods and monitoring results.

The Board of Directors may also appoint a Deputy Chairman, who replaces the Chairman in the above functions in his absence or impediment.

The Chairman has powers to sign for the Company and is the legal representative vis-à-vis third parties and before the courts. In the case of his absence or impediment, these functions are overseen by the Deputy Chairman, if appointed.

The Board of Directors may also delegate, within the same limits, its powers to one or more of its members, possibly Chief Executive Officers, granting them several or joint powers of signature, as deemed appropriate.

Pursuant to article 23 of the Articles of Association, the Board of Directors may appoint General Managers, Managers and Attorneys-in-fact, with several or joint powers of signature, determining their powers and duties, as well as delegate powers for certain acts or categories of acts.

Powers of representation and signature may also be granted by the Board, which determines the limits, to Company employees or to third parties.

Chairman of the Board of Directors and Chief Executive Officer

On 10 May 2018 following the Company Ordinary Shareholders' Meeting appointing the current Board of Directors, Roberto Colaninno was appointed by the Board as Chairman and will remain in office until approval of the Financial Statements for the year ending 31 December 2020.

The Chairman of the Board is the person mainly responsible for management of the Issuer (Chief Executive Officer): by Board resolution of 10 May 2018, this officer, in addition to the task of overseeing the management of the Company, has been assigned all powers of ordinary and extraordinary management, excluding those powers reserved by Law or the Articles of Association to the entire Board of Directors, as well as the powers in all cases reserved to the Board on the basis of said resolution (refer to section 4.3 above for a list). In the event of extraordinary actions or operations, the Chairman shall adequately inform the Board at the first possible meeting.

The Board considers that granting executive powers to the Chairman meets the considerable organisational needs of the Issuer, i.e. streamlining the operation of the Board of Directors of the Company. Accordingly, the Company appointed the Director Daniele Discepolo as Lead Independent Director pursuant to the Code. For more information about the Lead Independent Director, see section 4.7.

The Chairman also plays a liaison role between the executive and non-executive directors and ensures the effective functioning of the Board proceedings and, with the assistance of the Secretary, performs the functions set out in Recommendation 12 of the Corporate Governance Code and the

functions assigned to him by the BoD Regulations.

Interlocking directorate, as established by application criterion 2, paragraph 6 of the Code, does not apply.

Michele Colaninno, former General Manager of the Company, was appointed Chief Executive Officer on 10 May 2018. In addition to powers to act as the Company's legal representative vis-à-vis third parties and before the courts and to sign on behalf of the company, the CEO was granted the power to oversee the ordinary management of the Company, being authorised, for this purpose, to carry out all standard operations for sums not exceeding €20 million per transaction or series of related transactions, and to adopt the resolutions passed by the Shareholders' Meeting and the Board of Directors.

He was also granted the power to appoint, dismiss, direct, supervise and discipline Company Manager(s) and their subordinates, with the approval of the Chairman, with the exception of any such power regarding the General Manager(s).

The powers of the Chief Executive Officer do not include powers assigned by law or by the Articles of Association to the Board of Directors, and powers that in any case are assigned to the Board according to the same resolution (see section 4.3, letters a), b), c) and d) above for details, for amounts also lower than those indicated).

Reporting to the Board and the Board of Statutory Auditors

In accordance with article 21 of the Articles of Association, the Delegated Bodies report to the Board of Directors and the Board of Statutory Auditors on their activities and the most significant financial and economic transactions carried out by the Company or its subsidiaries, referring in particular to transactions in which Directors have an interest, on their own behalf or on behalf of third parties, or that are influenced by the entity carrying out management and coordination. The information is given promptly, on at least a quarterly basis, during Board meetings, or in a written notice addressed to the Chairman of the Board of Statutory Auditors.

In particular, during the 6 board meetings held during the year, the Delegated Bodies promptly and extensively reported to the Board of Directors on activities carried out, on the performance generation operations and their outlook, as well as material transactions, in terms of their scale and characteristics, undertaken by the Company and its subsidiaries, as required by law and by the Articles of Association.

4.5 OTHER EXECUTIVE DIRECTORS

Besides the Chairman and Chief Executive Officer, there are no other Executive Directors.

4.6. INDEPENDENT DIRECTORS

Non-executive directors currently make up nine of the eleven Board Directors of the Issuer, of whom five are independent. The number and position of these Directors is such as to guarantee a significant contribution to decisions taken by the Board. The non-executive and independent directors bring their specific competencies to Board discussions, contributing to the making of decisions that conform to corporate interests.

The Board of Directors evaluates the independence of its non-executive members in accordance with both Article 148, paragraph 3, letters b) and c) of the TUF, referred to by Article 147-ter, paragraph 4 of the TUF, and by applying all criteria in accordance with Article 3 of the Self-Regulatory Code (or, from the start of the current financial year 2021, Recommendation 7 of the Corporate Governance Code), at the time of appointment, making known the results of its assessments in a press release issued to the market, and periodically during the term in office, in the annual report on corporate governance. The monitoring criteria and procedures adopted by the Board of Directors for evaluating independence requirements are verified by the Board of Statutory Auditors.

The independence requirements as of Article 3 of the Code and Article 148, paragraph 3, letters b) and c) of the TUF for independent directors currently in office were reviewed by the Board of Directors on the first occasion possible after their appointment on 10 May 2018 (as disclosed to the market) and most recently during the meeting of 19 March 2021, where the requirements set forth in Recommendation 7 of the Corporate Governance Code were also taken into account. On these occasions, the Board of Statutory Auditors acknowledged that the criteria and review procedures used by the Board of Directors to evaluate independence requirements had been correctly adopted.

In particular, it was verified that each of the independent Directors:

- 1.1 is not a spouse or relative by consanguinity or affinity within the fourth degree of kinship of the directors of the Issuer, its subsidiaries, parent companies or companies subject to its joint control;
- 1.2 is not connected to the Issuer or its subsidiaries or parent companies or companies subject to joint control or the directors of the Issuer and the entities referred to in paragraph 1.1. by relationships of self-employment, employment or other relationships of an economic or professional nature that might compromise their independence;
- 1.3 is not a significant shareholder¹ of the Issuer,
- 1.4 is not, nor has been in the previous three financial years, an executive director² or an employee:
 - of the Issuer, of a subsidiary with strategic importance or of a company under joint control;
 - of a significant shareholder of the Company;
- 1.5 does not, or did not in the previous three financial years, carry out – either directly or indirectly (e.g. via subsidiaries or companies in which they are executive directors, or as a partner in a professional firm or a consulting company) – important commercial, financial or professional relationships or working relationships as employees in the past three financial years:
 - with the Issuer, or its subsidiaries, or with the relevant executive directors or top management³;

¹ The Corporate Governance Code states that "significant shareholder" means: "the person or entity who directly or indirectly (through subsidiaries, trustees or intermediaries) controls the company or is able to exercise significant influence over it or who participates, directly or indirectly, in a shareholders' agreement through which one or more persons exercise control or significant influence over the company."

² Under the Corporate Governance Code, "executive directors" are defined as: "the chairman of the company or of a subsidiary with strategic importance, when they are delegated powers for the management or elaboration of company strategies; directors who have been delegated management powers and/or hold managerial positions in the company or in a subsidiary with strategic importance, or in the parent company when the position also affects the company; directors who are members of the company's executive committee and, in companies that adopt the two-tier model, directors who are members of the body entrusted with management duties (for Italian companies that adopt the two-tier model, the members of the management board)".

³ For the purposes of the Corporate Governance Code, "top management" means: "[the] senior executives who are not members of the board and have the power and responsibility for planning, directing and controlling the activities of the company and its parent group."

- with a person who, alone or jointly with others through a shareholders agreement, controls the Issuer; or, if the parent company is a corporation or institution, with its executive directors or top management;
- 1.6 does not receive, or has not received in the previous three financial years, from the Issuer or from a subsidiary or parent company, significant additional remuneration with respect to the fixed remuneration for the office and that provided for participation in the committees recommended by the Code or required by current legislation;
 - 1.7 has not held the position of director of the Issuer for more than nine years, even non-consecutive, in the last twelve years;
 - 1.8 does not hold the position of executive director in another company in which one of the Issuer's executive directors is also a director;
 - 1.9 is not a shareholder or director of a company or entity belonging to the corporate network of the independent auditor engaged by the Issuer;
 - 1.10 is not a close relative (meaning by this, inter alia, parents, children, spouse, unless legally separated, cohabiting partner and cohabiting family members) of a person who is in one of the situations referred to in the previous points.

In order to rule out potential risks of limiting the management independence of the strategic subsidiary Piaggio & C. S.p.A., the majority Board Directors of Piaggio & C S.p.A. has no administrative and/or managerial duties in the Parent Company Immsi S.p.A.

The Independent Directors are committed to maintaining independence during their term of office, and in any event shall promptly inform the Board of Directors of any situation that might compromise their independence. Pursuant to the provisions of article 17, paragraph 4 of the Articles of Association of the Issuer, if a Director no longer meets the independence requirements as of article 148, paragraph 3 of the TUF, he/she will not have to step down, if the minimum number of Directors required by applicable laws meets these requirements.

During the year, all the Independent Directors met on 31 August 2020 to discuss matters concerning the Group's company policies, covered by their areas of expertise; the secretary in charge of taking minutes, the Administration, Finance and Control Director and all the members of the Board of Statutory Auditors also took part in the meeting, which lasted 30 minutes.

For the year 2021, the Independent Directors are expected to meet at least once.

4.7. LEAD INDEPENDENT DIRECTOR

As indicated in section 4.4. above, the Chairman of the Board of Directors is the person mainly responsible for management of the Issuer (Chief Executive Officer). On 10 May 2018, the Board of Directors appointed the non-executive, independent Director Daniele Discepolo as Lead Independent Director, to represent the demands and contributions of non-executive directors and in particular independent directors.

The Lead Independent Director, Daniele Discepolo, with adequate accounting, financial and/or risk management expertise, also holds the position of Chairman of the Control and Risks Committee, Chairman of the Remuneration Committee and Chairman of the Appointments Committee of the Issuer.

The Lead Independent Director also works with the Chairman to ensure that Directors receive exhaustive and timely information, including organising specific induction activities. The Lead Independent Director coordinates meetings of the independent directors and has the authority to convene meetings to discuss issues deemed of interest with respect to the operation of the Board of Directors or the management of the Company.

As indicated in the paragraph above, during the year, the independent directors met, on 31 August 2020, without the other Directors.

5. PROCESSING OF CORPORATE INFORMATION

On 1 July 2016, the Issuer adopted, with effective date as from 3 July 2016 and in line with new EU provisions on market abuse (MAR and relative implementing regulations of the European Commission) new procedures concerning the Market Abuse Regulation, and namely:

- the “Procedure for Communicating Privileged Information to the General Public”;
- the “Procedure for management of the Register of Persons who have access to Price-Sensitive Information”;
- the “Procedure for the fulfilment of Internal Dealing obligations”.

In particular, these procedures specifically establish the procedures for monitoring, accessing and distributing price-sensitive information before it is disclosed to the public, in order to ensure compliance with obligations of laws and regulations concerning confidentiality and market protection.

These procedures were updated by the Board of Directors on 15 December 2017, coming into force on 1 January 2018, to take into account (i) the latest guidance issued by ESMA (European Securities and Markets Authority) (including Questions and Answers on the Market Abuse Regulation, as last amended); (ii) recommendations in Consob's Guidelines no. 1/2017 on the “Management of inside information” adopted on 13 October 2017; (iii) amendments made by Consob to its Regulation on Issuers, by resolution no. 19925 of 22 March 2017 concerning, among others, disclosure obligations for shareholders that hold at least 10% of the share capital.

The procedures are available on the Issuer's website www.immsi.it - in the section “Governance/Procedures” and in the authorised storage mechanism “eMarket STORAGE” viewable www.emarketstorage.com.

6. COMMITTEES INSIDE THE BOARD (ex art. 123-bis, p. 2, let. d), TUF)

The Board of Directors has appointed a Remuneration Committee, an Appointment Committee, a Control and Risk Committee and a Related Party Transactions Committee from its members, as required by application criterion 4.C.1, point a) of the Code and Recommendation 16 of the Corporate Governance Code.

The Issuer has not established a committee that performs the functions of two or more committees required by the Code, nor committed other than those indicated in the Code, nor has it assigned the functions or one or more committees to the entire Board overseen by the Chairman.

7. APPOINTMENTS COMMITTEE

In compliance with the Self-Regulatory Code and in consideration of the list-based voting system in the Articles of Association for nominations to Administrative Body, the Board of Directors has established an Internal Appointments Committee, composed of independent non-executive directors as provided for by article 5.P.1 of the Code and Recommendation 20 of the Corporate Governance Code.

Composition and operation of the Appointments Committee (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

The Board of Directors appointed by the Shareholders' Meeting of 10 May 2018, in its first meeting, appointed the independent directors Daniele Discepolo, acting as Chairman (also designated as the Lead Independent Director), Rita Ciccone and Paola Mignani as the new members of the Appointments Committee, who will remain in office until the date of the Shareholders' Meeting convened to approve the Financial Statements for the year ending 31 December 2020.

During the year, the Appointments Committee did not meet, as there were no circumstances making this necessary.

A meeting of the Committee is planned for the 2021 financial year to verify that the procedure for submitting the lists took place fairly and transparently, in accordance with legislation and the Articles of Association, in order to provide adequate support and guarantee of impartiality of the decisions that the Shareholders' Meeting was then called upon to adopt.

See Table 2 in the appendix.

Functions of the Appointments Committee

The Appointments Committee checks that procedure for presenting lists, established by Articles of Association, takes place correctly and transparently, in compliance with applicable laws and regulations. After it has checked the presentation procedure for lists, ensuring specifically that documents filed with the lists are complete and filing deadlines are met, the Committee arranges the formalities for presenting the lists to the General Shareholders' Meeting convened for the appointment of the Board of Directors or its members.

In accordance with the Application Criterion 5.C.1, lett. a) and b) of the Code, the Appointments Committee is also assigned the task of providing opinions to the Board, when considered necessary, regarding its size and composition or making recommendations regarding the professional profiles that are considered advisable to be present within the Board, as well as the maximum number of positions of Director or Statutory Auditor that can be considered compatible with the effective performance of the position of Director in the Issuer, and regarding the advisability of authorising exemptions to the non-competition obligation. The Committee also advises the Board on candidates for the position of Director in the case of co-opting, when independent directors need to be replaced.

In addition, pursuant to the BoD Regulations and Recommendation 19 of the Corporate Governance Code, the Committee assists the Board in the self-assessment process as well as the Chairman of the Board in ensuring the adequacy and transparency of the Board's self-assessment process.

Pursuant to application criterion 6.C.6. and Recommendation 26 of the Corporate Governance Code, no Director participates in meetings of the Remuneration Committee in which proposals are formulated to the Board of Directors regarding his/her remuneration

In carrying out its functions, the Appointments Committee was able to access and consult the corporate information and departments necessary to carry out its duties, and also use external consultants within the terms set by the Board.

No financial resources were allocated to the Appointments Committee, as it uses the funds and facilities of the Issuer to perform its duties.

8. REMUNERATION COMMITTEE

In compliance with the Self-Regulatory Code, the Company's Board of Directors has established a Remuneration Committee from Board members.

Composition and operation of the Remuneration Committee (pursuant to article 123-bis, comma 2, let. d), TUF)

The Board of Directors appointed by the Shareholders' Meeting of 10 May 2018, in its first meeting, appointed the non-executive, independent directors Daniele Discepolo, acting as Chairman (also designated as the Lead Independent Director), Rita Ciccone and Paola Mignani as the new members of the Remuneration Committee, who will remain in office until the date of the Shareholders' Meeting convened to approve the Financial Statements for the year ending 31 December 2020. All members of the above committee have an adequate knowledge and experience of financial matters and/or salary policies, considered conforming by the Board at the time of the appointment. During the year, the Remuneration Committee held 1 meeting on 24 March 2020, lasting approximately 45 minutes, attended by all its members, the secretary designated to take the minutes of the meeting and the members of the Board of Statutory Auditors, who were informed of all decisions taken by the Committee, before they were submitted, by the Committee's Chairman, to Board of Directors of the Issuer at the meeting of 25 March 2020. In particular it has reviewed the Remuneration Report for the year 2019, prepared by the Company pursuant to Articles 123-*ter* of the Consolidated Law on Finance and 84-*quater* of the Issuers' Regulation, and propose, and submit to the Board of Directors, in relation to the amendment of the Remuneration Policy for 2020 (see Section I of the Remuneration Report) in order to incorporate the changes in remuneration introduced by the SHRD and Legislative Decree 49/2019. At the same meeting, the degree of achievement of the variable component of the Chief Executive Officer's compensation for financial year 2019 was also reported and the objectives for FY 2020 were defined.

During 2021, the Committee has already met on 15 March 2021 to review the Remuneration Report for the year, prepared by the Company pursuant to Articles 123-*ter* of the Consolidated Law on Finance and 84-*quater* of the Consob Regulation on Issuers, and propose, and submit to the Board of Directors, in relation to the amendment of the Remuneration Policy (see Section I of the Remuneration Report) in order to incorporate the adjustments made by Consob to the Issuers' Regulations (see Article 84-*quater* and Annex 3A, Schedule 7-bis) in implementation of the SHRD with Resolution 21623 of 10 December 2020. At the same meeting, the degree of achievement of the variable component of the Chief Executive Officer's compensation for financial year 2021 was also reported and the objectives for FY 2021 were defined. In particular, at the meeting held on 15 March 2021, the Remuneration Committee met jointly with the Related-Party Transactions Committee and the Board of Statutory Auditors, to assess the achievement of the targets set with reference to the Company's 2020 *budget*, which is linked to the variable component of the Chief Executive Officer's remuneration, as well as to assess the temporary deviation from the 2020 Remuneration Policy using the waiver set out therein, given the presence of "*exceptional circumstances*" in the year (the Covid-19 pandemic and the associated public health emergency), which affected the sectors and markets in which the Company and the group it heads operate, significantly affecting the results for the year. Against this background, the governance bodies decided to use the exception in terms of assessing the objectives to which the variable compensation of the Chief Executive Officer is linked, on the one hand by considering one of the assigned

objectives, which was directly affected by the pandemic, to have been achieved, and, on the other hand, by reducing the amount, which was paid at a rate of 70%.

In light of the above, the Board of Directors' meeting of 19 March 2021, having heard the favourable opinion of the Board of Statutory Auditors, resolved to accept the proposal as formulated above by the Remuneration Committee, awarding the Chief Executive Officer 70% of the variable portion, equal to €140,000.

See Table 2 in the appendix.

Functions of the Remuneration Committee

The Remuneration Committee of the Issuer has the following duties, in the absence of persons directly involved:

- periodically assessing the adequacy, overall consistency and actual application of the Remuneration Policy for the Directors and other Key Management Personnel, and using the information provided by the Executive Directors for this purpose;
- make recommendations to the Board to define and revise the General Remuneration Policy for executive directors, other directors with key positions and other key senior management, monitoring the adoption of decisions taken;
- presenting proposals to the Board concerning the remuneration of Executive Directors and Directors with special positions as well as defining performance objectives related to the variable component of remuneration, monitoring the application of decisions adopted by the Board and verifying, in particular, the actual achievement of performance objectives.

In particular, the Committee considers the following, when defining the above remuneration: consistency with previous terms of office, appropriacy as regards undertakings and responsibilities of positions held, professional qualifications of persons concerned as well as the size of the Company, Group and relative prospects for growth.

For further information, see the Remuneration Report, available, as established by law, on the website of the Issuer, in the section "Governance/General Meeting/Archive" and in the authorised storage mechanism "eMarket STORAGE" viewable at the web address www.emarketstorage.com.

9. DIRECTORS' REMUNERATION

On 25 March 2020, the Board, upon proposal of the Remuneration Committee, approved the "General Policy for the Remuneration of Directors and other key management personnel" (the "**Remuneration Policy**") in accordance with principle 6.P.4 of the Code. In particular, this Remuneration Policy - which defines the guidelines on the basis of which remuneration will then have to be determined by the competent corporate bodies - was amended at that time in order to incorporate the new provisions on remuneration introduced by the SHRD and Legislative Decree 49/2019. the Remuneration Policy was also amended on 19 March 2021 to implement the adjustments made by Consob to the Issuers' Regulation (see Article 84-*quater* and Annex 3A, Scheme 7-*bis*) in implementation of the SHRD with Resolution no. 21623 of 10 December 2020.

For a description of the Remuneration Policy and fees paid during the year to Directors, General Directors and other Key Senior Management, see Sections I and II respectively of the Remuneration Report, available, as established by law, on the website of the Issuer, in the section "Governance/General Meeting/Archive" in the authorised storage mechanism "eMarket STORAGE" viewable at the web address www.emarketstorage.com.

Incentive mechanisms for the Internal Auditing Supervisor and Financial reporting officer

The incentive mechanisms for the Internal Auditing Supervisor and Financial reporting officer are consistent with their duties.

Directors' indemnity in case of resignations, dismissal or cessation of the relationship following a public purchase offer (pursuant to article 123-bis, p. 1, let. i), TUF)

No agreements have been entered into between the Issuer and the directors that provide for indemnities in the case of resignation, dismissal/termination without just cause, or if the employment ceases following a public offering.

10. INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE

The Board of Directors of the Company, in compliance with the Self-Regulatory Code, has established a Control and Risks Committee, comprising non-executive, independent Directors, with committee works coordinated by a Chairman.

Composition and operation of the Control and Risks Committee (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

The Board of Directors, appointed by the General Meeting on 10 May 2018, in its first meeting on the same date, appointed to the Control and Risks Committee, based on the professional profile of candidates put forward, the independent directors, Daniele Discepolo, with adequate accounting, financial and/or risk management expertise, acting as Chairman (also as Lead Independent Director), Rita Ciccone and Paola Mignani.

During the year, the Control and Risks Committee met 6 times, with each meeting lasting on average approximately 40 minutes, coordinated by the Committee Chairman.

The Internal Audit Department Manager takes the minutes of each meeting held by the Committee in order to officially certify the meeting's progress, contents and decisions made.

In addition, upon the invitation of the Committee and in relation to various items on the agenda, the meetings were also attended by the Board of Statutory Auditors, the Financial reporting officer and, during the meeting held on the occasion of the review of the audit plan, a representative from the independent auditors.

In particular, the Control and Risks Committee operated during the year working with the Board of Statutory Auditors and with continuous information flows on issues in its remit.

In 2021, the Control and Risks Committee is expected to meet at least 5 times; the first two meetings were held on 2 and 15 March 2021.

See Table 2 in the appendix.

Functions of the Control and Risks Committee

The Control and Risks Committee, in assisting the Board of Directors in performing its duties concerning internal control and risk management:

- (i) evaluates, with the Financial reporting officer and after consulting with the independent auditors and the Board of Statutory Auditors, the correct use of accounting standards and their consistency in the preparation of the Consolidated Financial Statements;
- (ii) expresses opinions on specific aspects concerning the identification of main company risks;
- (iii) examines periodic reports on the evaluation of the internal control and risk management system, and reports of particular importance prepared by the Internal Audit Function;
- (iv) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- (v) requests the Internal Audit Function to audit specific operating areas, informing the Chairman of the Board of Statutory Auditors;
- (vi) reports to the Board at least half-yearly, when the annual and interim financial statements are approved, on activities performed and on the adequacy of the internal control and risk management system;
- (vii) supports, with adequate preliminary activities, the evaluations and decisions made by the Board of Directors on the management of risks arising from adverse events which have come to the knowledge of the Board of Directors;
- (viii) gives recommendations to the Board as regards decisions relative to the appointment, removal from office, remuneration and availability of resources of the Internal Audit Department Manager.

During the year, the Control and Risks Committee monitored the internal control and risk management system on a continual basis and in particular, in this context, it:

- a) reviewed changes to the organisational structure, to processes and company activities;
- b) reviewed the progress of the internal auditing work plan, with particular reference to the implementation of measures concerning audits of previous years, the progress of the 2020 Audit Plan, including activities assisting the Risk Analysis unit and compliance audits conducted pursuant to Italian Law no. 262/2005 and Italian Legislative Decree no. 231/2001;
- c) monitored the independence, adequacy and effectiveness of the Internal Audit Department, also based on a review of specific indicators and of the Quality Assurance Review process adopted by the Function, which resulted in certification being obtained in compliance with international standards for the sector and recommendations of the Self-Regulatory Code;
- d) reviewed, with the Financial reporting officer and after consulting the Independent Auditors and Board of Statutory Auditors, the financial disclosure process, the accounting standards adopted in preparing accounts and the financial statements, as well as the uniformity of these principles for preparing the consolidated financial statements;
- e) reviewed the impairment testing procedure used to verify adequacy and compliance with IAS/IFRS, as regards recommendations in the document issued by the Bank of Italy, Consob and ISVAP on 3 March 2010;

- f) examination of risk management and evolution of the risk assessment process.

In order to carry out its duties, the Committee:

- is assisted on an permanent basis by the Internal Audit Department;
- may access information and company functions necessary to carry out its duties;
- may be assisted by external professionals, within the limits of the budget established by the Board of Directors, provided they comply with necessary confidentiality requirements.

During the year, the Control and Risks Committee regularly reported to the Board on its work, on the result of audits and checks made and on the operation of the internal control and risk management system, indicating that the system is appropriate for the size and organisational and operational structure of the Issuer.

The Board of Directors, in the meeting of 10 May 2018, set the annual expenditure budget for the Control and Risks Committee at €30,000.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system comprises rules, procedures and organisational structures to identify, measure, manage and monitor main risks. This system is integrated at various levels with general organisational and corporate governance strategies adopted by the Company, and contributes to safeguarding corporate assets, the efficiency and effectiveness of company processes, the reliability of financial information, and compliance with laws, regulations, the Company's articles of associations and internal procedures.

The Board of Directors, after consultation with the Control and Risks Committee:

- a) defines the nature and level of risk compatible with the Issuer's strategic objectives, including in its assessment all risks that can be relevant in view of medium- to long-term sustainability;
- b) defines the guidelines for the internal control and risk management system, so that main risks concerning the Issuer and its subsidiaries are correctly identified, and adequately measured, managed and monitored, also determining the level of compatibility of these risks with a business management in line with strategic objectives identified;
- c) evaluates, at least annually, the adequacy of the internal control and risk management system in relation to business characteristics and the risk profile undertaken, as well as its effectiveness;
- d) approves, at least annually, the work plan prepared by the Internal Audit Function Manager, after consulting with the Board of Statutory Auditors and the Internal Control and Risk Management Director;
- e) describes, in the corporate governance report, the main characteristics of the internal control and risk management system, evaluating its adequacy;
- f) evaluates, after consulting with the Board of Statutory Auditors, the results of the independent auditors in their letter of findings and fundamental issues identified during auditing.

In carrying out such functions, the Board is assisted by the Director appointed to the internal audit and risk management system (the “**Director Appointed**” or Chief Executive Officer under the Corporate Governance Code) and by the Control and Risks Committee; it also takes into consideration the compliance programmes adopted by the Issuer and Companies of the Group of which the Issuer is Parent Company, in accordance with Italian Legislative Decree no. 231/2001.

In the meetings of 25 March 2020 and 19 March 2021, the Board of Directors, also considering recommendations from the Control and Risks Committee, evaluated the effectiveness of the internal control and risk management system of the Issuer as adequate, with respect to the relevant years covered and the characteristics of the company and its risk profile.

For a description of the main characteristics of the risk management and internal control system in relation to the financial disclosure process, pursuant to article 123-bis, paragraph 2, letter b) of the TUF, see Attachment 1 in the appendix.

11.1. DIRECTOR APPOINTED TO OVERSEE THE FUNCTIONING OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

On 10 May 2018, the Board of Directors, in compliance with the Self-Regulatory Code, and assisted by the Control and Risks Committee, appointed the Chief Executive Officer, Michele Colaninno, as the Internal Control and Risk Management System Director.

This position, as identified above, supervises the operation of the internal control and risk management system as part of guidelines established by the Board of Directors.

In this regard, the Internal Control and Risk Management System Director:

- conducted an identification of the main corporate risks (strategic, operational, financial and compliance risks), taking account of the characteristics of the Issuer and its subsidiaries' business activities, and subjected them to periodic examination by the Board
- implemented the guidelines defined by the Board, overseeing the design, development and management of the internal control and risk management system, checking its overall adequacy and effectiveness on an ongoing basis;
- oversaw changes to this system to take into account dynamics in operating conditions and legal developments;
- reported promptly to the Board of Directors on problems and critical issues that arose in the course of their work or of which they became aware, so that the Board could take the appropriate actions;
- has the power to request that the Internal Audit Function perform verifications on specific areas of operation and on compliance with the internal rules and procedures in the execution of corporate operations, giving concurrent communication to the Chairman of the Board of Directors, the Chairman of the Control and Risks Committee and the Chairman of the Board of Statutory Auditors. During the Year, although no need was identified to request the performance of specific audits in addition to those already scheduled in the Audit Plan, the Head of Internal Audit was provided the information from the Appointed Director for the preparation of the Audit Plan, which also took into account the same information provided by the Control Bodies;
- proposes the Board to appoint the Head of the Internal Audit Function.

11.2. INTERNAL AUDIT DEPARTMENT MANAGER

On 12 December 2008, a consortium company was established called Immsi Audit Società Consortile di Internal Auditing del Gruppo Immsi a r.l. (**"Immsi Audit"**), **in order to start the centralisation and relocation of all internal auditing activities of Group companies to a single company**. Immsi Audit provides its services solely for companies which are part of the consortium (Immsi S.p.A., Intermarine S.p.A., Is Molas S.p.A. and Piaggio & C. S.p.A.) and, in their interest, it carries out all activities connected with and functional to internal auditing, ensuring adequate standards of professionalism, independence and organisation, with the objective of improving the effectiveness and efficiency of the internal control and risk management system and assessing its functionality. This strategy allows the Group to acquire the necessary knowledge and expertise on internal control and risk assessment, whilst also achieving economies of scale and synergies in applying uniform audit methods.

On 10 May 2018, the Board of Directors of the Company, following recommendations from the Internal Control and Risk Management System Director and after consulting with the Control and Risks Committee and Board of Statutory Auditors, approved the appointment of Maurizio Strozzi (Chief Executive Officer of Immsi Audit S.c. a r.l.) as Internal Audit Department Manager, responsible for verifying the functioning and adequacy of the internal control and risk management system. No specific financial resources were allocated to the Internal Audit Department Manager, as he uses funds and facilities of the Issuer to carry out his duties, and of Immsi Audit, which charges each company in the consortium for costs incurred for the services provided to them.

The Internal Audit Function Manager, who is not responsible for any operating area of the Issuer and directly reports on activities carried out to the Board of Directors, and has direct access to all information useful for his position, during the year, which involved:

- verified, on both an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and adequacy of the Internal Control and Risk Management system, through an audit plan approved by the Board of Directors and based on a structured process that analyses and prioritises main risks;
- preparing periodic reporting, which included appropriate information on activities and an assessment of the adequacy of the internal control and risk management system, as well as compliance with action plans established to reduce risks;
- prepared the audit plan for 2020, in line with the relative 2018-2020 plan, comprising an audit of the reliability of information systems, including accounting systems.

In particular, during the year, the Internal Audit Manager, assisted by Immsi Audit, S.c. a r.l., conducted an audit of the internal control and risk management system, in accordance with the Internal Audit Plan scheduled for the year, and approved by the Board of Directors on 23 March 2020, carrying out risk analysis, financial, operational and compliance auditing (with particular reference to audits carried out in order to comply with provisions of Law no. 262/2005 and Legislative Decree no. 231/2001), verifying the reliability of information systems, including accounting systems, and monitoring adoption of improvement/corrective actions agreed after internal audit activities.

The results of auditing activities, carried out based on the Audit Plans, were always analysed and discussed with various Managers of the processes/functions and Company Management, in order to agree on and adopt preventive/corrective measures, with implementation monitored. The Internal Audit Manager presents audit reports to the Chairman, Appointed Director, Chairman of the Control and Risks Committee and Chairman of the Board of Statutory Auditors, as well as to the Supervisory Committee and Financial Reporting Officer, for areas under their responsibilities. This presentation was made at the end of the related audits, both by sending the audit reports and with examination of the specific outcomes during periodic meetings with mentioned recipients. In a specific report, the Internal Audit Manager also provided details on the work conducted by the Internal Audit Department in the year, also giving his opinion on the adequacy of the Company's internal control and risk management system.

11.3 ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

On 13 September 2004, the Issuer adopted the Model 231 for the prevention of offences indicated in Legislative Decree no. 231/2001 as amended. This strategy has also been adopted by subsidiaries with strategic importance, that in turn resolved to adopt their own Programmes pursuant to Legislative Decree no. 231/2001.

The current Programme comprises a general part, with the Code of Ethics (available on the website of the Issuer www.immsi.it, in the section "Governance/Procedure") and Disciplinary System, as well as special parts for the different types of offence considered in the Decree.

- "Special Section 1" concerns specific categories of offences against the Public Administration, against Public Property and the offences of inducing persons to give or promise benefits pursuant to articles 24 and 25 of the Decree, as well as computer crime and the unlawful processing of data pursuant to article 24-bis of the Decree, offences concerning the individual pursuant to article 25-quinquies of the Decree and offences concerning copyright infringement pursuant to article 25-novies of the Decree;
- "Special Section 2" refers to corporate crime and the offence of corruption between private individuals, as of article 25-ter of the Decree;
- "Special Section 3" covers market abuse offences, as of article 25-sexies of the Decree;
- "Special Part 4" concerns offences concerning occupational health and safety regulations, as of article 25-septies of the Decree;
- "Special Part 5" concerns types of offences relating to the handling of stolen goods and money laundering, use of money, goods or assets of unlawful origin and self-laundering as of article 25-octies of the Decree;
- "Special Part 6" applies to the types of offences committed in violation of the environmental regulations referred to in art. 25-undecies of the Decree and to tax offences referred to in art. 25-quinquiesdecies of the Decree.

The Model, with regard to the rules on "Whistleblowing", sets out: i) procedures for reporting to the Supervisory Body, with one dedicated IT channel (a specific email address with only the Chairman of the Supervisory Body as the recipient), that are suitable for guaranteeing the confidentiality of the party reporting the unlawful conduct which is relevant pursuant to Legislative Decree 231/2001 or infringements of the Company's Model 231; ii) disciplinary system sanctions for persons that infringe measures to protect reporting parties, and for persons that, committing wilful misconduct or gross negligence, report information which is unfounded.

The Programme is monitored and updated on an ongoing basis. In particular, in March 2020 and March 2021, the updating of the Model concerned the additions to Legislative Decree 231/2001 concerning tax crimes (Legislative Decree 74/2000), introduced respectively by Law no. 157 of 19 December 2019 and by Legislative Decree 14 July 2020 in implementation of Directive (EU) 2017/1371, providing in the Model the appropriate indications for the cases for which it is estimated that there is a risk of commission (e.g. regulatory references, typical conduct, management and control protocols, information flows for the Supervisory Body pursuant to Legislative Decree 231/2001).

The Programme is updated on an ongoing basis and likewise company procedures are updated accordingly, with correct application monitored through planned compliance activities, recommended and coordinated by the Supervisory Board and carried out by the Internal Audit Department and Management. This monitoring process also involves Process Owners, i.e. the parties/entities responsible for company processes that are considered "sensitive" as regards the commission of offences, that periodically report to the Supervisory Board. Employees - top managers and positions reporting to them - as well as third parties (i.e. suppliers, customers, consultants, etc.) are informed about the adoption of the Code of Ethics and the Code of Conduct and, when signing contracts,

specific clauses are included referring to the principles of ethics/conduct adopted.

The Issuer's Supervisory Board, as per resolution of the Board of Directors on 10 May 2018, is composed of Marco Reboa, chosen among external professionals with the necessary requirements, who holds the position of Chairman, Giovanni Barbara, Standing Auditor, and Maurizio Strozzi, CEO of Immsi Audit S.c. a r.l., chosen as Head of the Internal Audit Function of the Company.

In this regard, the Issuer considered the feasibility of assigning supervisory functions to the Board of Statutory Auditors, but considered the supervisory functions of an ad hoc organisation, i.e. the Supervisory Board, to be more efficient and effective at monitoring the functioning of and compliance with the Programme.

This Board, that will remain in office until the date of the Shareholders' Meeting convened to approve the Financial Statements for the year ending 31 December 2020, operates at the highest company level, and according to principles of independence, autonomy, professionalism and impartiality, and also on the basis of Regulations approved by the Board of Directors, that it reports to periodically on activities carried out, information received and sanctions administered. During the year, no reports were made by the Issuer's employees via the email address with only the Supervisory Body as the recipient.

The Board has the financial and logistics resources necessary to carry out its duties. On 10 May 2018, the Board of Directors set the annual expenditure budget for the Supervisory Board at €30,000.

During the year, the Supervisory Board held 5 meetings, lasting an average of approximately 30 minutes, with an overall attendance of 100% of its members at the meetings.

For the year 2021 it is expected for the Supervisory Body to meet at least 5 times, with the first meeting held on 15 March 2021; the Working Plan for 2021 was approved during the meeting of the Supervisory Board on 10 November 2020.

11.4. EXTERNAL AUDITORS

The Shareholders' Meeting of Immsi S.p.A. of 11 May 2012 appointed PricewaterhouseCoopers S.p.A. as independent auditors for the period 2012 - 2020.

The Shareholders' Meeting held on 14 May 2020, in view of the aforesaid expiry date and ahead of it (among other things to facilitate the handover), resolved to appoint Deloitte & Touche S.p.A. to audit the accounts for the period 2021-2029.

11.5. FINANCIAL REPORTING OFFICER AND OTHER COMPANY ROLES AND FUNCTIONS

In accordance with the Articles of Association, the Board of Directors, with the mandatory opinion of the Board of Statutory Auditors, appoints and revokes the Financial reporting officer, that shall meet requirements for good standing as of laws applicable to persons holding management and control positions, and shall also meet professional requirements, with specific administrative and accounting expertise. This competence, to be verified by the Board of Directors, must be gained through work experience gained in positions of adequate responsibility for a reasonable period of time. The above Manager has the powers and functions established by law and by other applicable provisions, as well as the powers and functions established by the Board on his appointment or by subsequent resolution.

On 18 June 2007, the Board of Directors, as recommended by the Board of Statutory Auditors, appointed Andrea Paroli, already Manager of the Administration and Financial Statements Department of Immsi S.p.A., as Financial reporting officer until this position is revoked, giving him all powers and resources necessary to carry out duties assigned and in particular:

- a) free access to all information considered important for carrying out duties, both within Immsi and within Group companies, with the power to review all financial reporting documents of

Immsi and the Group and the power to request clarifications and explanations from all persons involved in the process of preparing the accounts of Immsi and the Group;

- b) attendance at the meetings of the Board of Directors;
- c) the right to engage with every Administrative and Control Body;
- d) the right to prepare and put forward for approval company procedures, when they affect the financial statements, the consolidated financial statements and documents submitted for certification;
- e) is involved in designing the information systems that affect financial position and performance, with the possibility of using them for control purposes;
- f) the right to organise a suitable structure within his own area of activity, internally employing available resources and, where necessary, outsourcing;
- g) the right to use the Internal Audit Department, for mapping processes in his area of activity and in carrying out specific controls, with the possibility of outsourcing if this Function is not available in-company.

The Financial reporting officer must also report, at least half-yearly, to the Board of Directors, on activities carried out and expenses sustained.

Please note that, during the period from 2 November 2020 to 1 February 2021, the position of Financial Reporting Officer was assumed *ad interim* by Ms Brenda Rossi, appointed in accordance with the law and the Articles of Association to temporarily replace Mr Andrea Paroli.

For a description of the main characteristics of the risk management and internal control system in relation to the financial disclosure process, pursuant to article 123-bis, paragraph 2, letter b) of the TUF, see Attachment 1 in the appendix.

11.6. COORDINATION BETWEEN PERSONS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Issuer, in order to ensure coordination between parties involved in the internal control and risk management system, promotes the organisation of meetings between these parties. This ensures maximum efficiency of the internal control and risk management system implemented by the Issuer, while also reducing the duplication of activities.

On 19 March 2021, the Board of Directors – in accordance with criterion 7.C.1 of the Code and Recommendation 33(a) of the Corporate Governance Code – expressed its opinion that the coordination between persons involved in the internal control and risk management system was adequate.

12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On 15 December 2017, the Board of Directors, during the three-year review of the Related Parties Procedure (as defined herein) and subject to the favourable opinion of the Related Party Transactions Committee, updated the Procedure governing the approval and management of transactions with related parties (*Related Parties Procedure*), pursuant to article 4 of Consob Regulation no. 17221 of 12 March 2010 (as amended), undertaken by Immsi S.p.A., also through its subsidiaries. The procedure became effective on 1 January 2018.

The Issuer, also in compliance with Consob Communication no. DEM/10078683 published on 24 September 2010 containing "Indications and guidance on the Related Party Transactions Regulation adopted with resolution no. 17221 of 12 March 2010 as amended", requires the Board to assess at least every three years and also as indicated by the Related Party Transactions Committee, whether to revise the Related-Parties Procedure, considering, among others, any legal changes,

amendments to corporate ownership as well as the effectiveness of the procedure.

The Related-Parties Procedure regulates the identification, approval and management of related-party transactions. In particular, the Procedure:

- regulates procedures for identifying related parties, defining the methods and times for preparing and updating the related parties list and for identifying competent company functions;
- establishes the procedures for identifying related-party transactions prior to their completion;
- regulates the procedures for the Company to perform related-party transactions, also through subsidiaries pursuant to article 2359 of the Civil Code or companies that in any case are subject to management and coordination;
- establishes the procedures and times for complying with obligations to report to company bodies and the market.

In compliance with regulations in force and the Articles of Association, the examination and prior approval of the transactions by the Issuer and its subsidiaries in which one or more directors hold a personal interest or interest on behalf of third parties, are reserved to the Board.

The Company's Board of Directors appointed a Related Party Transactions Committee responsible for approving both minor and material transactions with related parties. The Committee, as appointed by the Board of Directors on 10 May 2018, consists exclusively of 3 independent directors who, in accordance with statutory regulations, are required to be directors that are not related to the transactions reviewed. Specifically, the three members of the Related Party Transactions Committee are: Rita Ciccone, acting as Chair, Patrizia De Pasquale and Paola Mignani.

This Committee has the functions indicated in the relative Procedure, which is available on the Issuer's website www.immsi.it, in the section "Governance/Procedure".

One meeting of the Related-Party Transactions Committee was held during the Financial Year, on 25 May 2020, to examine a transaction considered to be exempt under the Related Party Procedure, but which was considered worth submitting to the Independent Directors in order to confirm its status and share considerations.

During the financial year 2021 and, specifically, as of the date of this Report, the Related Party Transactions Committee had met 2 times on the following dates: 15 and 19 March 2021.

Please note that, with Resolution no. 21624 of 10 December 2020, Consob adopted the amendments to the Consob Related Parties Regulation and the Consob Market Regulation in order to implement the contents of the SHRD, including in the terms of secondary legislation. The aforementioned Resolution 21624 will come into force on 1 July 2021 and includes a transitional period ending on 30 June 2021, by which time companies must adapt their procedures to the new provisions of the Consob Related Parties Regulation. During the current financial year 2021, the Company will therefore adjust the above assessment and therefore amend the Related Parties Procedure.

13. APPOINTMENT OF STATUTORY AUDITORS

The appointment and replacement of statutory auditors is governed by *ad interim* laws and regulations in force, and by Article 25 of the Issuer's Articles of Association. The provisions of the Issuer's Articles of Association that govern the appointment of the Board of Statutory Auditors were most recently amended by a resolution of the Issuer's Board of Directors on 4 March 2021, drafted by public deed and adopted pursuant to the provisions of Article 2365 of the Italian Civil Code and Article 23 of the Articles of Association, in order to align them with the rules on gender balance as regards the composition of supervisory bodies pursuant to Article 148, paragraph 1-bis of the

Consolidated Law on Finance, as most recently amended by Law 160/2019, and the relevant Consob implementing provisions¹.

This paragraph therefore describes the mechanism for appointing the members of the supervisory board as envisaged in the provisions of the Articles of Association currently in force.

In accordance with article 25 of the Articles of Association, the Board of Statutory Auditors comprises three Statutory Auditors and two Substitute Auditors, who remain in office for three years, until the date of the Shareholders' Meeting called to approve the financial statements of the last year of their term of office, and may be re-elected.

The Auditors have the functions and duties assigned to them as of applicable laws and must also meet requirement of applicable laws concerning the total number of positions held.

All Auditors must be registered auditors and have practised for at least three years.

Auditors may not be elected and if elected will be removed from office if they do not meet requirements established by law. The Board of Statutory Auditors is appointed in accordance with applicable regulations pro tempore concerning gender balance, based on the lists submitted by Shareholders in which candidates are listed with a consecutive number.

The list, with the names marked by a consecutive number, of one or more candidates, indicates whether the candidate is standing for the position of Statutory Auditor or Alternate Auditor.

Lists that have a total number of candidates greater than or equal to three must be composed of candidates belonging to both genders, in accordance with the current applicable regulations on gender balance, both as regards candidates for the position of Standing Auditor and candidates for the position of Alternate Auditor. Each Shareholder, Shareholders belonging to a significant shareholder agreement pursuant to article 122 of the TUF, the parent company, subsidiaries and entities subject to common control pursuant to article 93 of the TUF, may not present or contribute to the presentation, not even through a third party or trust company, of more than one list, nor may they vote for different lists and each candidate may be included in only one list, otherwise they cannot be elected. Support and votes expressed in breach of this prohibition are not attributed to any list.

The lists presented by the Shareholders must be filed at the Company's headquarters, at least twenty-five days before the date set for the Shareholders' Meeting on first call, save for other types of notification and filing procedures established by applicable pro tempore regulations. If once the deadline has lapsed, only one slate of candidates has been filed or the candidate slates nominated are filed by shareholders that are connected in a material way with the candidates as per laws and regulations in force at the time, the deadline for filing candidate slates may be extended by the term contemplated by applicable ad interim laws and regulations. In this case, the minimum share ownership thresholds applicable for filing slates will be halved.

Shareholders are entitled to present lists only if, alone or with other Shareholders, they hold shares with voting rights representing at least 1% of the share capital with voting rights at the Ordinary Shareholders' Meeting.

The lists must be presented along with:

- a) information concerning the identity of the Shareholders' who presented the lists indicating the overall ownership percentage held; ownership of the overall shareholding held, determined as

¹ Paragraph 1-bis of Article 148 of the Consolidated Law on Finance in force at the date of this Report states, inter alia, that "the deed of incorporation of the company shall also provide that the members referred to in paragraph 1 shall be divided in such a way that the lesser represented gender obtains at least two-fifths of the standing members of the Board of Statutory Auditors. *This rule shall apply for six consecutive terms.*"

Furthermore, pursuant to Article 144-undecies.1, paragraph 3, of the Issuers' Regulations, as last amended by Consob Resolution 21359 of 13 May 2020, "*when the application of the gender distribution rule does not result in a whole number of members of the management or control bodies belonging to the least represented gender, such number shall be rounded up to the next higher whole unit, with the exception of corporate bodies made up of three members where it will be rounded down to the next lower whole unit.*"

regards the shares registered in the name of the Shareholder on the date when the lists are filed with the issuer, is certified, even after the filing of the lists, according to the deadlines and procedures provided for by legislation, also regulatory, in force at any time;

- b) a statement from Shareholders other than those that, even jointly, hold a controlling or relative majority interest, certifying that no connections exist with the latter, as required by applicable regulations;
- c) comprehensive information on the personal characteristics of the candidates, as well as a declaration issued by the same candidates attesting, under their own responsibility, that (i) there are no grounds of ineligibility and incompatibility, (ii) they possess the requisites prescribed by law and (iii) they accept their candidacy, and lastly the list of management and control positions held in other companies.

Any list presented without complying with the above will be considered as not presented. Each Shareholder may vote for only one list.

Auditors will be elected as follows: from the list that obtained the highest number of votes, in the consecutive order in which they are listed, two statutory auditors and one alternate auditor; from the list that obtained the second highest number of votes and that, in accordance with applicable regulations is not connected, even indirectly, with persons who presented or voted the list that obtained the highest number of votes, in the consecutive order in which they are listed, one statutory auditor, who will be Chairman of the Board of Statutory Auditors and one alternate auditor.

If lists receive the same number of votes, the Shareholders' Meeting will vote again, with the candidates of the list obtaining a simple majority being elected.

If, according to the procedures described above, a composition of the Board of Statutory Auditors, in terms of its statutory members, which complies with current legislation in force concerning the balance between genders is not ensured, the necessary replacements shall be made, within the scope of candidates for the office of Statutory Auditor of the list which obtained the greatest number of votes, according to the sequential order in which the candidates are listed.

If only one list is presented or if no list is presented, the Statutory Auditors and Alternate Auditors will be elected from all candidates to these positions in the list or those voted by the Shareholders' Meeting, provided they obtain the relative majority of votes cast in the Shareholders' Meeting and save for compliance with applicable pro tempore regulations on gender balance.

If requirements of regulations and the Articles of Association are no longer met, the Auditor is removed from office.

If an Auditor is replaced, the alternate auditor from the same list is appointed. The foregoing is without prejudice to the fact that the Chairman of the Board of Statutory Auditors will be the minority Auditor and the composition of the Board of Statutory Auditors shall comply with applicable pro tempore regulations on gender balance.

When the Shareholders' Meeting has to appoint Statutory and/or Substitute Auditors, to make up numbers on the Board of Statutory Auditors, it proceeds as follows: if Auditors elected from the majority list have to be replaced, the appointment is made with a relative majority vote, without list restrictions; conversely, if the Statutory Auditors elected from the minority list are to be replaced, the Shareholders' Meeting shall replace them by relative majority voting, selecting them from among the candidates indicated in the list of the statutory auditor to be replaced.

If the application of the above procedures does not allow, for whatever reason, the replacement of the Statutory Auditors designated by the minority, the Shareholders' Meeting will replace them by relative majority voting; however, in verifying the result of this last voting no account will be taken of the votes cast by the subjects who according to the communications made in compliance with current legal regulation have, even indirectly or jointly with other Shareholders taking part to a Shareholders' Agreement pursuant to article 122 of the TUF, the relative majority of the votes that may be cast at

the Shareholders' Meeting, as well as those Shareholders who control, are controlled or are subject to joint control by the same.

The above replacement procedures shall in any event ensure compliance with applicable regulations concerning gender balance.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (pursuant to Article 123-bis, paragraph 2, letters d) and e-bis of the Consolidated Law on Finance)

At the time of this Report, the Board of Statutory Auditors of the Issuer, in office at the date of this Report has been appointed by the Shareholder's General Meeting held on 10 May 2018, on the basis of the single list of candidates presented by the majority Shareholder Omniainvest S.p.A., in conformity with the provisions of the articles of association. The Supervisory Board formed in this manner, elected with a percentage of votes in relation to the voting capital equal to 99.27%, shall remain in office until the date of the Shareholders' Meeting called for approval of the financial statements for the year ending 31 December 2020.

For more information on the list filed for the appointment of the Board, see the website of the Issuer, and the section "Governance/Shareholders' Meeting/Archive/2018" or the authorised storage mechanism "eMarket STORAGE" viewable at the web address www.emarketstorage.com.

As required by the Self-Regulatory Code, the professional curricula of Auditors are filed at the registered office and are available on the website of the Issuer www.immsi.it, in the section "Governance/Management".

During the year, the Board of Statutory Auditors held 10 meetings lasting on average 2 hours, with an average overall attendance of approx. 97%.

For the year 2021 the Board of Statutory Auditors is expected to meet at least 8 times. At the date of this Report, the Board had met 3 times on the following dates: 15 January, 2 and 15 March 2021.

As regards company policies on diversity concerning the composition of the Board of Statutory Auditors (Article 123-bis, letter d-bis) of the TUF), the Board of Directors in office until 10 May 2018 included some information for shareholders, also pursuant to criterion 1.C.1., letter h) of the Self-Regulatory Code, regarding diversity in the composition of the Company's boards, in reports prepared pursuant to Article 125-ter of the TUF regarding the appointment of the Board of Directors and Board of Statutory Auditors by the Shareholders' Meeting convened to approve the Financial Statements for the year ended 31 December 2017.

As regards the composition of the Board of Statutory Auditors in office: (i) one Statutory Auditor and one Alternate Auditor are of the least represented gender, in compliance with laws on gender balance; (ii) Board members vary in age, from 46 to 61 years; (iii) without prejudice to the professional requirements set out by law, the educational and professional backgrounds of members of the Board of Statutory Auditors currently in office ensure that these individuals have the appropriate profiles and experience to ensure that all functions thereof are executed correctly.

In addition, the Board of Directors in office as of the date of this Report set out – in the illustrative report prepared pursuant to Article 125-ter of the Consolidated Law on Finance, concerning the election of the Board of Statutory Auditors by the Shareholders' Meeting convened to approve the financial statements at 31 December 2020 – some indications for shareholders on the diversity of the composition of the Board of Statutory Auditors (also pursuant to Recommendation 8 of the Corporate Governance Code).

See Table 3 in the appendix.

In the meeting of 10 May 2018 and most recently at the meeting of 15 March 2021, the Board of Statutory Auditors, when appointed (the outcome of which was notified to the market on that date),

ascertained that its members still met the independence requirements, also based on the criteria set forth in Recommendation 7 of the Corporate Governance Code and Article 148, paragraph 3, letters b) and c) of the TUF.

In this regard it is also pointed out that the Board of the Issuer, subject to the assessment of the Board of Statutory Auditors as to its composition, resolved on 10 May 2018 to consider it appropriate, in the interest of the Company, not to apply criterion 3.C.1 letter e) of the Self-Regulatory Code (referred to by criterion 8.C.1 of the Code) with respect to the Statutory Auditor Alessandro Lai, focusing on a profile of the substance and also taking into account the fact that he meets requirements of considerable professionalism and experience, which have proved valuable over time for the Issuer and suited to working in Immsi's complex regulatory and structural environment. This assessment - with reference to Recommendation 7(e) of the Corporate Governance Code - was most recently confirmed at the meeting of 19 March 2021.

The characteristics of the Board Report enable the Auditors to gather adequate knowledge of the field of activity in which the Issuer operates, its corporate dynamics and their evolution, as well as the relevant regulatory framework. For more details, see section 4.2, above, of this Report.

As it is considered to be a deontological duty to inform the other Auditors and the Chair of the Board of Directors whenever an Auditor has, on his own account or on that of third parties, an interest in a specific operation of the Issuer, no provision is made for any specific obligations on the matter.

In carrying out its own activity, the Board of Statutory Auditors is coordinated both with the Internal Audit function and with the Control and Risks Committee. In particular, it is noted that the person in charge of the Internal Audit has participated in some meetings of the Board of Statutory Auditors, while the Board of Statutory Auditors has participated to the majority of the meetings of the Control and Risks Committee.

Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, identifies the Board of Statutory Auditors as the Internal Control and Audit Committee, appointed to carry out the following activities in particular:

- to inform the competent body of the audit outcome and send the latter the additional report, as per Article 11 of Regulation No 537/2014, along with any observations;
- to monitor the financial disclosure process and make recommendations or proposals to ensure the integrity of this process;
- to monitor the effectiveness of internal quality control and business risk management systems and, if applicable, of internal auditing activities, as regards financial disclosures by the organisation subject to audit, without affecting its independence;
- to monitor the auditing of the financial statements and consolidated financial statements, in consideration of any results and findings of quality controls conducted by Consob pursuant to Article 26, paragraph 6 of Regulation No 537/2014, where available;
- to verify and monitor the independence of the statutory auditors or independent auditors pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree no. 39/2010 and of Article 6 of Regulation No 537/2014, in particular as concerns the adequacy of services provided other than those concerned with the auditing of the entity in question, in accordance with Article 5 of the aforementioned Regulation;
- to be responsible for the procedure to appoint the statutory auditors or independent auditors or to recommend the appointment of statutory auditors or independent auditors pursuant to Article 16 of Regulation No 537/2014.

15. RELATIONSHIPS WITH SHAREHOLDERS

The Company feels that engaging with Shareholders and institutional investors, on the basis of a mutual understanding of roles, is in its own interests and also a duty it has to the market; such a relation should be carried on within the observance of the “Procedure for Communicating Privileged Information to the General Public”, available on the Issuer's institutional website www.immsi.it, in the section Governance - Procedures, and referenced in the above section 5.

It was considered that this relationship with the majority of shareholders and institutional investors could be facilitated via the constitution of dedicated corporate structures, provided with the suitable personnel and organisational resources.

For this purpose, during the meeting held on 15 October 2003, the Board of Directors of the Company decided to establish an Investor Relations Function, which, assisted by the Legal and Corporate Affairs Department, oversees relations with Shareholders and Institutional Investors and carries out specific duties regarding the handling of price-sensitive information, as well as relations with Consob and Borsa Italiana S.p.A.

At the date of this Report, the Investor Relations Manager is Andrea Paroli appointed by the Board of Directors on 13 May 2014. This department can be contacted at: andrea.paroli@immsi.it.

Investor Relations reporting is also ensured by making the most significant corporate documentation available in a timely manner and ongoing basis on the website of the Issuer, in the sections “Investors and Governance” and in the authorised storage mechanism “eMarket STORAGE” viewable at the web address www.emarketstorage.com.

For the transmission and storage of the Regulated Information, the Issuer uses the “emarket Sdir” diffusion system and the “emarket Storage” storage system available at the website www.emarketstorage.com., managed by Spafid Connect S.p.A. – based in Foro Buonaparte 10, Milan – following the authorisation and the Consob resolutions 19878 and 19879 of 15 February 2017.

In particular, the company website provides Italian and English versions of the CVs of Directors and Auditors, all press releases distributed to the market, periodical accounting documents of the Company approved by Company Bodies, as well as documents distributed at meetings with professional investors, analysts and the financial community. It is also possible to view the documentation prepared for the Shareholders' Meetings, the communications on internal dealing, the annual report on the corporate governance system and the ownership structure, and any other document whose publication, on the website of the Issuer, is required by the applicable regulations.

To facilitate prompt reporting to the market, the Company has an e-mail alert service for material published on its site in real time.

16. SHAREHOLDERS' MEETINGS (pursuant to article 123-bis, p. 2, let. c), TUF)

The Shareholders' Meeting represents all Shareholders and its resolutions, passed in compliance with law and the Articles of Association, are binding for all Shareholders, even if not taking part or not in agreement.

The Ordinary Shareholders' Meeting shall be convened at least once a year to approve the financial statements within one hundred and twenty days from the end of the reporting period, or within one hundred and eighty day according to the terms and conditions established by laws.

Ordinary and Extraordinary Shareholders' Meetings are convened by the Board of Directors, also at a venue other than the registered office, provided this is in Italy, by a notice published on the website of the Company and, if required by applicable pro tempore regulations, in a notice published in the Gazzetta Ufficiale della Repubblica or, as decided by the Board of Directors, in at least one of the

following newspapers: "Il Sole 24 Ore" or "MF" – "Milano Finanza", according to the terms established by law and save for any other requirement of applicable regulations and the Articles of Association.

Holders of voting rights may ask questions on business posted in the agenda both before and during the Shareholders' Meeting. Questions submitted before the shareholders' meeting will be answered at the latest during the meeting itself. The Company reserves the right to provide a single reply to questions regarding one and the same matter. The notice convening the meeting indicates the deadline by which questions to submit to the Shareholders' Meeting must be sent to the Company. The deadline may not be earlier than five open market days prior to the date of the Shareholders' Meeting in first or single call, or the record date pursuant to Article 83-sexies, paragraph 2, of the TUF (end of the accounting day of the seventh trading day prior to the date set for the Shareholders' Meeting) if the notice of call requires the Company to provide an answer to the questions received before the Shareholders' Meeting. In the latter case, the replies shall be given at least two days prior to the Shareholders' Meeting, and may also be published in a specific section of the Company's Internet site. entitlement to vote can be certified even after the sending of questions provided that this is within the third day following the above record date.

The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors or by a person acting on his/her behalf or by another person designated by Board of Directors; failing such, the shareholders' meeting shall appoint its own Chairman. The Chairman of the Shareholders' Meeting shall be assisted by a Secretary, appointed by the same Shareholders' Meeting, and said person does not necessarily have to be a shareholder.

Both the Ordinary and Extraordinary Shareholders' Meetings are duly established and may pass resolutions according to law. Each share gives entitlement to one vote.

Ordinary Shareholders' Meetings can: (a) approve the financial statements; (b) appoint and remove Directors, Auditors and the Chairman of the Board of Statutory Auditors and the subject to which the auditing of company accounts is assigned; (c) determine the emoluments of the Directors and the Statutory Auditors, if not established in the Articles of Association; (d) decide on the responsibilities of the Directors and Statutory Auditors; (e) resolve on any other matters assigned by law to the Shareholders' Meeting, as well as decide on authorisations required by the Articles of Association for activities of Directors, save for the responsibility of Directors for such activities; (f) approve any rules governing meetings; (g) approve any other matters it must resolve on pursuant to law.

The Extraordinary Shareholders' Meeting resolves on amendments to the Articles of Association, the appointment, replacement and powers of official receives and on any other matter expressly assigned to the them by law.

In accordance with article 23 of the Articles of Association, the board competence is derogated to the Board of Directors for deciding upon all matters regarding:

- mergers and demergers in accordance with articles 2505 and 2505-bis of the Civil Code, the latter being referred to by article 2506-ter of the Civil Code;
- establishment or closure of secondary offices;
- which Directors represent the Company;
- reductions in share capital in the event of withdrawal of the shareholder;
- amendments to the Articles of Association in order to comply with legal provisions;
- transfer of the registered office to another location in Italy.

Such decisions may also be taken by an Extraordinary Shareholders' Meeting.

Applicable laws and regulations in force govern the rights of shareholders. besides that which has already been stated in the above paragraphs in this Report.

Pursuant to Article 12 of the Issuer's Articles of Association, all shareholders registered as of the seventh market trading day prior to the first scheduled date of a Shareholders' Meeting, as notified to the Company within the statutory term by the intermediary responsible by law for the keeping of shareholder accounts, are entitled to attend the shareholders' meeting and exercise their voting rights. To this end, reference is made to the date of the first call, as long as the dates of any subsequent calls are indicated in the single notice convening the meeting; otherwise, reference is made the date of each meeting call.

The credit and debit entries made in the accounts after said deadline are irrelevant for the purposes of entitlement to exercise voting rights at the Shareholders' Meeting.

All subjects with voting rights may appoint, in writing, a proxy to attend and vote on their behalf. The electronic notification of the proxy may be carried out, in accordance with the methods specified in the meeting notice, sending a message to the certified e-mail box indicated in the meeting notice itself or using a special section of the Company's website.

The Chairman of the Shareholders' Meeting has the duty to ascertain the regularity of the proxies and the right of those present to attend the Shareholders' Meeting, as well as to establish the rules for its performance including therein the timing of any speakers.

The Issuer takes action to aid and encourage the fullest participation of the Shareholders in the meetings and to use these meetings as a moment of dialogue and liaison between the Company and the Investors, guaranteeing, to all the participants legitimated to intervene, the right to be able to express their opinion in relation to the topics on the agenda.

The Company does not currently see the need to propose the adoption of a specific regulation governing Shareholders' Meetings, considering that it deems appropriate that, in principle, the shareholders shall be assured the widest participation and expression in shareholder discussions.

The Board, through the Chairman and the Chief Executive Officer, reports to the Shareholders' Meeting on the activity it has performed and programmed, taking steps to assure the Shareholders, also on the basis of what is illustrated in the above section 15, the necessary information so that they can knowledgeably make their decisions.

During the year, in accordance with the procedures set out in Article 106 of Legislative Decree 18/2020, converted into Law 27/2020, on "*Measures to strengthen the health service and provide economic support for families, workers and businesses related to the COVID-19 emergency*", only one Shareholders' Meeting was held, which took place on 14 May 2020 and was attended by 7 of 11 current directors (via telephone connection) and the entire Board of Statutory Auditors. The Board reported on activities performed and planned to the shareholders at Shareholders' Meetings, and endeavoured to provide shareholders adequate information regarding the necessary elements to make fully-informed decisions on matters reserved to the Shareholders' Meeting.

It is also deemed that the Shareholders were adequately informed about the operation of the Remuneration Committee through the Remuneration Report, prepared by the Company pursuant to Article 123-ter of the Consolidated Law on Finance, and published on the Issuer's institutional website, in the section "*Governance/General Meeting/Archive*" and in the authorised storage mechanism "eMarket STORAGE" viewable at the web address www.emarketstorage.com.

In the meeting of 19 March 2021, the Board decided that it was not necessary to propose amendments to the Shareholders' Meeting concerning the percentages established to protect minorities as, in accordance with article 144-quater of the Consob Regulation on Issuers on presenting lists for the appointment of members of the Board of Directors and the Board of Statutory Auditors, articles 17 and 25 of the Articles of Association of the Issuer have established a requirement of 2.5% and 1% of the share capital with voting rights.

17. FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to article 123-*bis*, paragraph 2, letter a) of the TUF)

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

18. CHANGES AFTER THE FINANCIAL YEAR-END

At the date of closing the year, no change has occurred to the corporate governance structure, than those notified within the specific sections.

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

The letter of 22 December 2020 from the Chairman of the Corporate Governance Committee to the Chairs of the Boards of Italian listed companies was brought to the attention of the Board of Statutory Auditors of the Issuer in the meeting of 15 January 2021 and Board of Directors in the meeting of 19 March 2021.

The Board acknowledged the analyses and recommendations made in the letter and confirmed the overall adequacy of the Company as regards:

- the inclusion of the sustainability of the business in the strategies, the internal control and risk management system and the remuneration policy (see paragraphs 9 and 11 of this Report, as well as the Remuneration Report prepared pursuant to art. 123-*ter* of the TUF);
- the management of information flows to the Board of Directors, having set deadlines for sending documentation, which could not be waived for mere confidentiality reasons, in the BoD Regulations and confirmed their effective compliance during the year (see paragraph 4.3 of this Report);
- the application of the independence criteria (see paragraph 4.6 of this Report);
- the appointment and succession of directors, taking into account that (i) the Appointment Committee is separate from the Remuneration Committee; (ii) the completeness and timeliness of the proposals for resolutions conducive to the process of appointing the corporate bodies is guaranteed; (iii) reference should be made to paragraph 4.1 of this Report concerning decisions regarding the adoption of a succession plan, it being understood that the Corporate Governance Code recommends its adoption for large companies;
- the adequacy – in terms of the competence, professionalism and commitment required by their office – of the remuneration paid to non-executive directors and members of the control body, as well as bonuses (see section 9 and the Remuneration Report prepared pursuant to article 123-*ter* of the Consolidated Law on Finance, also for further recommendations relating to remuneration).

In addition, the Board considered its contribution to the development of strategic plans and oversaw the board review process.

TABLE 1: INFORMATION ON CORPORATE OWNERSHIP

STRUCTURE OF THE SHARE CAPITAL at 31/12/2020				
	No. Shares	% of share cap.	Listed	rights and obligations
Ordinary shares	340,530,000	100%	Electronic stock market Standard Segment	Each share gives the right to one vote. The shareholders rights and obligations are those in Articles 2346 et seq. of the Civil Code.
Shares with multiple voting	-	-	-	-
Shares with restricted votes	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

OTHER FINANCIAL INSTRUMENTS (assigning the right to subscribe newly issued shares) at 31/12/2020				
	Listed (indicate the markets) not listed	Number of instruments in issue	Class of shares for the conversion / exercise	Number of shares for the conversion / exercise
Bonds bonds	-	-	-	-
Warrants	-	-	-	-

SIGNIFICANT HOLDINGS IN THE SHARE CAPITAL at 19/03/2021			
Declarer	Direct shareholder	% of ordinary share capital	% of shares with voting rights
Omniaholding S.p.A.	Omniaholding S.p.A.	13.53%	13.53%
	Omniainvest S.p.A.	46.67%	46.67%
	Total	60.20%	60.20%

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Board of Directors													Internal Control and Risk Management Committee		Remuneration Committee		Nomination Committee		Executive Committee (as applicable)	
Position	Members *	Year of birth ►	Date of first appointment*	In office since	In office up to	List **	Exec.	Non-exec.	Indep. Code	Indep. Consolidated Law on Finance	No. of other positions ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman ◊	Roberto Colaninno	16/08/1943	31/01/2003	10/05/2018 Shareholders' Meeting for the Financial Statements	31/12/2020 Shareholders' Meeting for the Financial Statements	M	X				6	6/6								
Deputy Chairman ○	Daniele Discepolo	20/07/1947	13/05/2015	Shareholders' Meeting for the Financial Statements 10/05/2018	31/12/2020 Shareholders' Meeting for the Financial Statements	M		X	X	X	21	6/6	6/6	P	1/1	P	0/0	P		
CEO •	Michele Colaninno	23/11/1976	13/11/2006	Shareholders' Meeting for the Financial Statements 10/05/2018	31/12/2020 Shareholders' Meeting for the Financial Statements	M	X				10	6/6								
Director	Matteo Colaninno	16/10/1970	31/01/2003	10/05/2018 Shareholders' Meeting for the Financial Statements	31/12/2020 Shareholders' Meeting for the Financial Statements	M		X			3	5/6								
Director	Patrizia De Pasquale	02/04/1961	13/05/2015	Shareholders' Meeting for the Financial Statements 10/05/2018	31/12/2020 Shareholders' Meeting for the Financial Statements	M		X	X	X	-	6/6								
Director	Ruggero Magnoni	10/02/1951	27/08/2010	10/05/2018 Shareholders' Meeting for the Financial Statements	31/12/2020 Shareholders' Meeting for the Financial Statements	M		X			17	6/6								
Director	Rita Ciccone	06/06/1960	11/05/2012	Shareholders' Meeting for the Financial Statements 10/05/2018	31/12/2020 Shareholders' Meeting for the Financial Statements	M		X	X	X	15	5/6	4/6	M	1/1	M	0/0	M		
Director	Livio Corgi	15/02/1946	13/05/2015	10/05/2018 Shareholders' Meeting for the Financial Statements	31/12/2020 Shareholders' Meeting for the Financial Statements	M		X			2	5/6								
Director	Gianpiero Succi	14/11/1974	10/05/2018	10/05/2018 Shareholders' Meeting for the Financial Statements	31/12/2020 Shareholders' Meeting for the Financial Statements	M		X			2	6/6								
Director	Paola Mignani	17/04/1966	10/05/2018	10/05/2018 Shareholders' Meeting for the Financial Statements	31/12/2020 Shareholders' Meeting for the Financial Statements	M		X	X	X	8	6/6	6/6	M	1/1	M	0/0	M		
Director	Devis Bono	26/12/1967	10/05/2018	10/05/2018 Shareholders' Meeting for the Financial Statements	31/12/2020 Shareholders' Meeting for the Financial Statements	M		X	X	X	1	6/6								
----- DIRECTORS NO LONGER IN OFFICE DURING THE REPORTING PERIOD -----																				
Number of Meetings held during the reporting period – BoD: 6							Internal Control and Risk Management Committee: 6			Remuneration Committee: 1		Nomination Committee: 0			Executive Committee: -					
Indicate the quorum required by minorities to submit lists to elect one or more members (pursuant to article 147-ter TUF): 2.5%																				

• The director appointed to oversee the functioning of the internal control and risk management system. ◊ Chief Executive Officer or CEO ○ Lead Independent Director (LID).

* 36.36% of Directors are female, while 63.64% are male. ► 27.27% of Directors are in the 30-50 age bracket, while 72.73% are over 50.

* Date when the Director was first appointed to the Board of the Issuer.

** List from which each Director was appointed ("M": majority list; "m": minority list; "BoD": list presented by the Board of Directors).

*** Number of positions held as Director or Auditor by the person in other companies listed on regulated markets, also abroad, and in financial, banking, insurance or large-scale companies.

(*) Participation of directors in meetings of the Board of Directors and committees (indicate the number of meetings attended and the total number of meetings the person could have attended;

(**) Qualification as director within the Committee: "P": Chairman; "M": member.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

<i>Board of Statutory Auditors</i>									
<i>Position</i>	<i>Members [∞]</i>	<i>Year of birth [►]</i>	<i>Date of first appointment [*]</i>	<i>In office since</i>	<i>In office up to</i>	<i>List ^{**}</i>	<i>Indep. Code</i>	<i>Involvement in Board meetings ^{***}</i>	<i>No. of other positions ^{****}</i>
Chairman	<i>Alessandro Lai</i>	<i>10/01/1960</i>	<i>05/05/2003</i>	<i>Shareholders' Meeting Financial Statements 10/05/2018</i>	<i>Shareholders' Meeting for the Financial Statements 31/12/2020</i>	<i>M</i>	<i>X</i>	<i>10/10</i>	<i>7</i>
Statutory auditor	<i>Giovanni Barbara</i>	<i>19/12/1960</i>	<i>10/05/2018</i>	<i>Shareholders' Meeting Financial Statements 10/05/2018</i>	<i>Shareholders' Meeting for the Financial Statements 31/12/2020</i>	<i>M</i>	<i>X</i>	<i>9/10</i>	<i>10</i>
Statutory auditor	<i>Maria Luisa Castellini</i>	<i>15/01/1967</i>	<i>10/05/2018</i>	<i>Shareholders' Meeting Financial Statements 10/05/2018</i>	<i>Shareholders' Meeting for the Financial Statements 31/12/2020</i>	<i>M</i>	<i>X</i>	<i>10/10</i>	<i>6</i>
Alternate auditor	<i>Gianmarco Losi</i>	<i>22/07/1964</i>	<i>29/04/2009</i>	<i>Shareholders' Meeting Financial Statements 10/05/2018</i>	<i>Shareholders' Meeting for the Financial Statements 31/12/2020</i>	<i>M</i>	<i>X</i>	<i>--</i>	<i>--</i>
Alternate auditor	<i>Elena Fornara</i>	<i>31/05/1974</i>	<i>29/04/2009</i>	<i>Shareholders' Meeting Financial Statements 10/05/2018</i>	<i>Shareholders' Meeting for the Financial Statements 31/12/2020</i>	<i>M</i>	<i>X</i>	<i>--</i>	<i>--</i>
----- AUDITORS NO LONGER IN OFFICE DURING THE REPORTING PERIOD -----									
Number of meetings held during the reporting period: 10									
Indicate the quorum required by minorities to submit lists to elect one or more members (pursuant to article 148-ter TUF): 1%									

[∞] 33.3% of auditors are female, while 66.7% are male.

[►] 100% of auditors are aged over 50.

^{*} Date when the auditor was first appointed to the Board of Statutory Auditors the issuer.

^{**} List from which each Auditor was appointed ("M": majority list; "m": minority list).

^{***} Participation of Auditors in meetings of the Board of Statutory Auditors (indicate the number of meetings attended and the total number of meetings the person could have attended);

^{****} Total number of positions held with other companies pursuant to Book V, Section V, Parts V, VI and VII of the Civil Code. For information on the positions of director and auditor held by members of the Board of Statutory Auditors, which are relevant pursuant to articles 144-duodecies et. seq. of the Consob Issuer Regulation, see data published by Consob pursuant to article 144-quinquiesdecies of the Consob Regulation on Issuers, on the website www.sai.consob.it in the section "Company Boards – Information for the public".

Annex 1: Section on the “Main characteristics of risk management and internal controls systems established in relation to the financial disclosure process,” pursuant to article 123-bis, paragraph 2, letter b), TUF.

Introduction

Immsi S.p.A. has established specific guidelines to update its own Internal Control System on financial disclosure, requesting Delegated Company Bodies and Delegated Managers (where appointed) / Administrative Directors of subsidiaries, formal certification vis-à-vis the Chief Executive Officer and Financial Reporting Officer on the adequacy and effective application of administrative and accounting procedures adopted to prepare documents on consolidation sent to the parent company.

Aims and objectives

The risk management and internal control system in relation to Immsi Group financial disclosure was developed using the “COSO Report”¹ as a reference model. According to this report, the Internal Control System, given its broadest meaning, is defined as “a process, carried out by the Board of Directors, by Senior Management and other subjects of the company structure, intended to provide reasonable certainty as to achieving objectives in the following categories:

- *Effectiveness and efficiency of operations;*
- *Reliability of financial reporting;*
- conformity with applicable laws and regulations”.

In relation to the financial disclosure process, these objectives are mainly identified in the reliability, accuracy, dependability and timeliness of information.

Main characteristics of the risk management and internal control system in relation to the financial disclosure process

Methodological approach

The internal control and risk management system in relation to Immsi Group financial disclosure is part of the Group's wider-ranging Internal control and risk management system, which includes the following:

- the Code of Ethics;
- Model 231 pursuant to Legislative Decree no. 231/2001 and related protocols;
- - Market Abuse Regulation procedures;
- Principles and procedures for material transactions and transactions with related parties;
- the System granting powers and proxies;
- Company Organisation Chart and Job profiles;
- Procedure on reporting information to the Market;

¹ The COSO Model, developed by the Committee of Sponsoring Organizations of the Treadway Commission - “Internal Control – Integrated Framework” published in 1992 and updated in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

- Risk Analysis process adopted (Risk Assessment);
- Accounting and Management Control System.

In turn, the Accounting and Management Control System of Immsi S.p.A. comprises a set of procedures and operative documents, including:

- the Accounting and Administrative Auditing Model – a document available to all employees directly involved in the process of preparing and/or controlling accounting information and aimed at defining the operating procedures of the Accounting Auditing System;
- The Group Accounting Manual – a document designed to promote the development and application of standard accounting policies across the Group for the recognition, classification and measurement of operations;
- Operational instructions for financial statements and reports and closing schedules – documents designed to instruct the various company departments on specific operational procedures for preparing financial statements by set common deadlines;
- Administrative and accounting procedures – documents that identify responsibilities and rules in administrative and accounting processes.

The Accounting and Administrative Control Model of Immsi S.p.A. defines a methodological approach for the risk management and internal control system, comprising the following stages:

- a) Identification and assessment of risks involved in financial disclosure;
- b) Identification of controls to minimise risks identified;
- c) Assessment of controls to minimise risks identified and the management of any problems found.

Elements of the system

a) Identification and assessment of financial disclosure risks

Risks connected with the preparation of financial reports are identified through a step-by-step risk assessment process. The process involves identifying the objectives that the internal control system for financial disclosure is expected to deliver, so as to ensure that financial reports are fair and truthful. Those objectives cover the assertions made in financial reports (regarding the existence and occurrence of events, comprehensiveness, rights and obligations, the measurement/recognition of items, presentation and disclosures) and other control objectives (such as, for example, compliance with approval limits, the separation of roles and responsibilities, the documentation and traceability of transactions, and so on).

Risk assessment, including the risk of fraud, is therefore focused on the different areas of the financial statements in which the failure to deliver control objectives would have a potential impact on financial disclosure requirements.

The process to determine the scope of entities and processes that are “significant” in terms of potential impact on financial disclosure identifies, with reference to the consolidated financial statements of the Group, financial statement items, subsidiaries and administrative accounting processes considered as significant, based on evaluations made using quantitative and qualitative parameters.

Those criteria are determined by:

- by determining the quantitative threshold values to compare accounts of the consolidated financial statements and the relative contribution of subsidiaries within the framework of the Group;
- making qualitative judgements on the basis of managers' knowledge of the company and existing specific risk factors inherent to administrative-accounting processes.

b) Identification of controls for identified risks;

The controls needed to mitigate risks identified in administrative-accounting processes are identified by considering, as mentioned earlier, the control objectives associated with financial disclosure.

In particular, the accounts of the financial statements classified as significant are connected to the business processes underlying them in order to identify controls that meet the objectives of the internal control and risk management system for financial disclosure. Assessments are then made of the adequacy and effective application of the controls identified. For automatic controls, the assessment of adequacy and effective application also concerns general IT controls on the software applications used to support processes of material relevance.

The functions involved in the financial disclosure process ensure that administrative and accounting procedures and relative controls are updated, as concerns areas in their remit.

If, after defining the scope of actions, sensitive areas are identified which are not regulated, either wholly or in part, by administrative and accounting procedures, existing procedures are supplemented and new procedures are formalised, overseen by the Financial Reporting Officer, in relation to management areas in his remit.

c) Evaluation of controls for identified risks and management of any problems detected

The financial audit system is reviewed and assessed regularly at least once every six months, and when the separate annual financial statements, consolidated annual financial statements, and the condensed consolidated interim financial statements are each prepared.

Evaluations related to the adequacy and actual application of administrative and accounting procedures and controls in these procedures are developed through specific monitoring (testing) based on best practices in this sector.

Testing is done throughout the financial year, as arranged and coordinated by the Financial Reporting Officer through his own department, supported if necessary by the internal audit department or appropriately selected external consultants.

Control tests are run on the administrative and functional departments coordinated by the Financial Reporting Officer or by his officers, assisted by the Internal Audit department to ensure that controls for administrative and accounting procedures are carried out, in addition to specific focused controls on companies, processes and accounting entries.

Delegated bodies and administrative managers of subsidiaries report to the Financial Reporting Officer on the monitoring of the adequacy and application of administrative and accounting procedures.

The Financial Reporting Officer, assisted by the Internal Auditing Manager, produces a report summarising the results of evaluations on controls for previously identified risks (Management Summary). This is based on the outcome of monitoring activities, also carried out by delegated administrative bodies and based on statements received from managers of subsidiaries. The assessment made of controls may entail the identification of compensatory controls, corrective measures or improvement plans to address any problems identified.

Once cleared by the Chief Executive Officer, the management summary is sent to the Board of Statutory Auditors, to the Internal Control and Risk Management Committee, and to the Board of Directors.

Roles and departments involved

The risk management and internal control system for financial disclosure is governed by the financial reporting officer appointed by the Board of Directors. Working in concert with the Chief Executive Officer, the financial reporting officer is responsible for designing, implementing and approving the Financial and Administrative Audit Model, assessing its application and issuing an attestation statement for the separate and consolidated annual and interim financial statements, and the separate, consolidated and half-year reports.

The Financial Reporting Officer is also responsible for preparing adequate administrative and accounting procedures for preparing the financial statements and consolidated financial statements and, assisted by the Internal Audit Department, provides subsidiaries that are considered as significant within the framework of the Group financial disclosure process, with guidelines for carrying out appropriate activities to evaluate their own Accounting Control System.

In carrying out activities, the Financial Reporting Officer:

- interacts with the Internal Audit Department / Internal Audit Department Manager, that carries out independent audits on the operation of the control system and assists the Financial Reporting Officer, and interacts with the Legal and Corporate Affairs Department as regards regulatory and legal compliance concerning financial disclosure;
- is assisted by Function Managers. These managers ensure complete, reliable information flows to the Financial Reporting Officer, for areas in their remit, for accounting disclosure purposes;
- co-ordinates the activities of the administrative managers of "material" subsidiaries, who, together with their executive officers, are tasked with implementing a suitable financial audit system in their respective companies to control administrative-accounting processes, assessing the effectiveness of the system over time, and reporting outcomes to the parent company via internal attestation statements;
- exchanges information with the Control and Risks Committee and with the Board of Directors, reporting on activities carried out, on the use of accounting standards and their uniformity for the purposes of preparing the consolidated financial statements, and on the adequacy of the internal control and risk management system as regards financial disclosure, as part of a wider overall evaluation of corporate risks.

Finally, the Board of Statutory Auditors, the Control and Risks Committee and the Supervisory Board are informed of the adequacy and reliability of the administrative/accounting system.