

# **REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE 2023**

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Pursuant to Article 123-bis  
of Italian Legislative Decree No. 58  
dated 24 February 1998







**SOMECC**  
GRUPPO



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## **REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE 2023**

This Report refers to the financial year ended 31 December 2023.

Approved by the Board of Directors on 27 March 2024. Conventional Management and Control Model.

This Report is available on the Company's website at: [www.somecgruppo.com](http://www.somecgruppo.com)

### **REGISTERED OFFICE AND CORPORATE DETAILS**

Somec S.p.A.  
Via Palù, 30  
31020 San Vendemiano (TV)  
Italy  
Ph: +39 0438 4717  
Share capital EUR 6,900,000.00 fully paid  
in VAT Reg. no. IT 04245710266  
[www.somecgruppo.com](http://www.somecgruppo.com)

## GLOSSARY

- **General Shareholders' Meeting:** the shareholders' meeting of Somec
- **Corporate Governance Code:** the Corporate Governance Code, approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, to which the Company conforms
- **Civil Code / C.C.:** the Italian Civil Code (approved by Royal Decree no. 262 dated 16 March 1942)
- **Committee / CG Committee / Corporate Governance Committee:** the Italian Committee for Corporate Governance of Listed Companies, promoted by Borsa Italiana S.p.A. as well as by ABI, Ania, Assogestioni, Assonime and Confindustria
- **Board of Statutory Auditors:** the Board of Statutory Auditors of Somec S.p.A.
- **Board / Board of Directors:** the Board of Directors of Somec S.p.A.
- **Control, Risk Management and Sustainability Committee / CRS Committee:** the Company's Internal Control, Risk Management and Sustainability Committee
- **Related Parties Committee / RPT Committee:** the Company's Related Party Transactions Committee
- **Remuneration and Appointment Committee / RA Committee:** the Company's Remuneration and Appointment Committee
- **Legislative Decree 231/2001:** Italian Legislative Decree No. 231 dated 08 June 2001 (as amended from time to time)
- **Listing Date:** 27 July 2020
- **Reporting period:** year ended 31 December 2023
- **Somec Group / Group:** Somec S.p.A. and its subsidiaries, within the meaning of Article 2359(1)(1) of the Civil Code, which are included in the consolidation scope
- **Euronext Milan:** the regulated market, organised and managed by Borsa Italiana S.p.A.
- **Issuers' Regulations:** the regulations governing issuers approved by Consob's Resolution No. 11971 of 1999 (as amended from time to time)
- **Consob Market Regulations:** the regulations governing markets approved by Consob's Resolution No. 20249 of 2017
- **Related Parties Regulations:** the regulations on transactions with related parties approved by Consob's Resolution No. 17221 dated 12 March 2010 (as amended from time to time)
- **Report:** this report on corporate governance and ownership structure, which the Issuer is required to prepare and publish pursuant to Article 123-bis of the TUF
- **Somec or Issuer or Company:** Somec S.p.A.
- **Articles of Association:** the Articles of Association of the Company at the date this report was prepared
- **Consolidated Act on Finance / (in acronym) TUF:** Italian Legislative Decree No. 58 dated 24 February 1998 (as amended from time to time)
- **Venezia:** Venezia S.p.A. with registered office at San Vendemiano (Treviso), Via Palù 34, tax identification and registration number with the Register of Companies of Treviso-Belluno 00558390266, holding 5,165,300 ordinary shares of Somec, i.e. 74.86% of the share capital of the Company

# ISSUER'S PROFILE

Somec is a company with shares traded on the regulated Euronext Milan stock market, which is managed and maintained by Borsa Italiana (hereinafter “**Euronext Milan**”), formerly Mercato Telematico Azionario (“**MTA**”), effective 27 July 2020 (hereinafter the “**Listing Date**”). Previously, more specifically from May 2018 to the Listing Date, the Company’s shares were traded on Euronext Growth Milan (formerly Mercato Alternativo del Capitale - AIM Italia).

The Somec Group specialises in the design and deployment of complex turnkey manufacturing projects in the naval and civil sectors. It operates globally through three business units:

- i. **Horizons: engineered systems for naval architecture and building façades**  
the Somec Group is one of the largest players in Europe and North America engaging in the installation and maintenance of innovative solutions and original construction systems for naval architecture and building facades, ensuring the highest certified standards of quality and durability
- ii. **Talenta: professional kitchen systems and products**  
the Somec Group designs and produces integrated and customisable systems for professional kitchens, harmoniously combining aesthetics with top performance, as well as turnkey projects in the restaurant and hospitality sectors.  
All its products are backed by certified standards of high efficiency and durability, and are designed for international customers whose needs and expectations are always satisfied
- iii. **Mestieri: design and production of bespoke interiors**  
the Somec Group rolls out turnkey projects for high-end interiors, relying on the skills and know-how of Italian craftsmen able to work with a wide range of materials, from metals and marbles to precious woods, leathers and fabrics.  
A history of excellence, with a portfolio of unique references, coordinated by a lead company that takes charge of the general management of the most complex and sophisticated projects in the following sectors: cruising and yachting, hospitality and restaurant, high-end residential and first-class retail

## SME STATUS

It should be noted that at the date this report was prepared the Issuer qualified as an “SME” pursuant to Article 1(1)(w-quater.1) of the Consolidated Act on Finance (TUF) and Article 2-ter of the Issuers’ Regulations and was included in the list of “issuers of listed SME shares” published by Consob on its website at [www.consob.it/web/area-pubblica/emittenti-quotati-pmi](http://www.consob.it/web/area-pubblica/emittenti-quotati-pmi).

The SME status was attributed following checks carried out on the financial statements for the year ended 31 December 2023, according to which the simple average of the daily capitalisations calculated with reference to the official price of Somec shares, recorded during the year, as under Article 2-ter(1)(a) of the Issuers’ Regulations, falls below the threshold of 500 million Euro, as the above mentioned capitalisation at 31 December 2023 stood at 203,277,848 Euro.

## GOVERNANCE SYSTEM ADOPTED BY THE ISSUER

To ensure that the roles and responsibilities of its corporate bodies are allocated in an effective and transparent manner – with special reference to ensuring an appropriate balance between management and control functions – the Issuer has adopted a corporate governance system in line with current legislation and national and international best practices. This system is based on and reflects the principles and recommendations set out in the Corporate Governance Code, to which the Company conforms.

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

- a. Shareholders' Meeting
- b. Board of Directors
- c. Board of Statutory Auditors

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

- a. Control, Risk Management and Sustainability Committee
- b. Remuneration and Appointment Committee
- c. Related Party Committee

Somec appointed EY S.p.A. (“**EY**” or the “**Auditing Firm**”) as independent auditors of the Issuer. On 29 April 2020, at the proposal of the Board of Statutory Auditors, the Shareholders' Meeting passed a decision whereby EY was entrusted with the auditing of the Company's annual financial statements and consolidated financial statements pursuant to Articles 14 and 16 of Legislative Decree No. 39 of 27 January 2010, as amended by Legislative Decree No. 135 of 17 July 2016, for a term of 9 (nine) financial years (2020-2028), *i.e.* until the financial year ending 31 December 2028 (including a compliance review on the Company's book-keeping records and checks to establish whether the underlying transactions are adequately reflected in the Company's accounting records). The assignment also includes a limited audit of the condensed consolidated semi-annual financial statements for the half-yearly periods ending 30 June 2020 to 30 June 2028.

The Issuer established a Supervisory Board pursuant to Legislative Decree No. 231/2001.

In addition, on 8 June 2020, pursuant to Article 70(8) and Article 71(1-bis) of the Issuers' Regulations, the Board of Directors resolved to adopt the opt-out scheme thereunder and, therefore, exercise the power to derogate from the obligation to publish the information documents required under Annex 3B to the Issuers' Regulations in conjunction with significant mergers, demergers or capital increases by contributions in kind, acquisitions and disposals.

To comply with the recommendations set out in the Corporate Governance Code, on 13 February 2023 the Board of Directors approved the:

- a. rules of Procedure of the Board of Directors, setting out the powers and rules and procedures governing the functioning of the Board of Directors and its Committees, including notices convening the meetings, the conduct of meetings, the procedures for taking minutes and the procedures for managing pre-meeting information to be provided to directors. For further information on the Board of Directors' Rules of Procedure, please refer to the Company's website ([www.somecgruppo.com](http://www.somecgruppo.com)), under “*Governance*”
- b. “*Policy for managing dialogue with shareholders and other stakeholders*”, in accordance with the provisions set out in Principle IV and Recommendation 3 of Article 1 of the Corporate Governance Code. For more information on the “*Policy for managing dialogue with shareholders and other stakeholders*”, please refer to the Company's website ([www.somecgruppo.com](http://www.somecgruppo.com)), under *Investors > Shareholder Dialogue Policy*

It should be noted that at the date this report was prepared the Company:

- a. did not fall within the definition of a 'large-sized enterprise' pursuant to the Corporate Governance Code (i.e., companies with capitalisation in excess of 1 billion Euro in the previous three years)
- b. qualified as a 'concentrated-ownership company' pursuant to the Corporate Governance Code, as it is controlled by Venezia S.p.A. ("Venezia"), which holds 74.860% of the share capital and voting rights that may be exercised at Shareholders' Meetings (see section 2(c))

## SUSTAINABILITY POLICY

In line with best practices and the provisions set out in the Code of Corporate Governance, during 2021 the Company adopted a sustainability policy (available in the appropriate section of the Company's website ([www.somecgroup.com](http://www.somecgroup.com)), under *Governance > Governance Documents*). The purpose of such Policy is to provide Somec and the Group with sustainability guidance, to combine respect for people with respect for the natural environment and the communities, blending in with the Group's vision, mission and daily operations, thereby promoting Somec's commitment to responsible behaviour in dealings with all relevant stakeholders in the conduct of its business, while contributing to economic development that creates wealth without being detrimental to the environment and without depleting natural resources, thereby sustaining long-term ecological and social balance.

In this regard, it should be noted that Somec has published its Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254 dated 30 December 2016 (the "**CNFS**") to allow insights to be gained into the Somec Group's organisational model, activities, main risks (and how they are managed) and performance indicators in relation to environmental, social, personnel-related, human rights, active and passive corruption matters considered significant in view of the Group's business and characteristics. The Consolidated Non-Financial Statement is available on the Company's website ([www.somecgruppo.com](http://www.somecgruppo.com)), under *Governance > Sustainability*.

The primary purpose of the Company's Board of Directors is to place an even greater emphasis on ESG issues during 2024 by identifying and assessing a number of "material issues" in line with the new recommendations of the *Corporate Sustainability Reporting Directive*. This effort will involve the strengthening and formalisation of its ESG governance model and the preparation of a Sustainability Plan. To this end, during financial year 2023, at the time of the renewal of the corporate bodies, the Risk Control Committee was given responsibility for sustainability in order to concretely implement the sustainable development initiatives promoted by the Company. For more information on this, reference should be made to Section 9.2 of this Report.



# INFORMATION ON THE OWNERSHIP STRUCTURE

## (A) SHARE CAPITAL STRUCTURE

At the date this report was prepared, Somec's share capital, subscribed and paid up, totalled 6,900,000.00 Euro (six million nine hundred thousand/00), consisting of 6,900,000 (six million nine hundred thousand) ordinary shares, with no par value. Each share entitles the holder to one vote. As of the Listing Date, the Company's shares are eligible for trading on Euronext Milan. It should be noted that the Company's Shareholders' Meeting held on 4 May 2023 approved changes to article 6 of Somec's Articles of Association, introducing - pursuant to Article 127-quinquies(1) of the TUF - rules for shares with increased voting rights. For further information, see section 2(d).

On 29 April 2021, with a view to ensuring the best alignment with shareholders' interests and long-term value creation, the Shareholders' Meeting approved, pursuant to and for the purposes of Article 114-bis of the Consolidated Act on Finance and at the proposal of the Board of Directors, the 2021-2025 variable long-term incentive scheme for key company executives (the "**2021-2025 Incentive Scheme**" or the "**2021-2025 Scheme**"), as updated on 29 May 2023.

The 2021-2025 Incentive Scheme, to which a maximum number of shares equal to 3% of the Company's share capital is allocated, contemplates a free-of-charge assignment of (i) a maximum grant defined as a target percentage on the fixed amount and converted into shares, the assignment of which is subject to the achievement of pre-set performance targets over a specific period of time ("**Performance Share**") and (ii) a maximum grant defined as a target on the fixed amount and converted into shares, the assignment of which is subject to the beneficiary's continued employment with the company ("**Restricted Share**").

The 2021-2025 Incentive Scheme consists mostly of Performance Shares, Restricted Shares being marginal.

For further information on the 2021-2025 Incentive Scheme, reference should be made to the relevant information document, last updated on 29 May 2023, prepared pursuant to Articles 114-bis of the TUF and pursuant to Article 84-bis of the Issuers' Regulations. This document is available on the Issuer's website ([www.somecgruppo.com](http://www.somecgruppo.com)), under *Governance > Remuneration > Incentive Plans*.

It should be noted that on the occasion of its meeting of 27 March 2024, at the proposal of the Remuneration Committee, the Board of Directors also resolved to submit to the Shareholders' Meeting convened to approve the Company's financial statements for the year 2023, pursuant to and for the purposes of Article 114-bis of the Consolidated Act on Finance, the adoption of the long-term incentive scheme known as the "*2024-2026 Performance Shares Scheme*" (the "**2024-2026 Scheme**"), reserved for the Company's executive directors and key management personnel of the Company and the Group.

For further information on the 2024-2026 Scheme, please refer to the disclosure document prepared pursuant to Articles 114-bis of the Consolidated Act on Finance and 84-bis of the Issuers' Regulations and Section I of the Remuneration Report (Paragraph 3.2.2), which can be viewed on the Issuer's website ([www.somecgruppo.com](http://www.somecgruppo.com)), under *Governance > Remuneration > Incentive Schemes*.

**(B) RESTRICTIONS ON THE TRANSFER OF SHARES**

At the date this report was prepared, there were no restrictions on the transfer of shares.

**(C) SIGNIFICANT SHAREHOLDINGS**

At the date this report was prepared, significant direct or indirect shareholdings, i.e. amounting to more than 5% of the share capital, as duly notified under Article 120 of the TUF, included:

<b>SIGNIFICANT SHAREHOLDINGS</b>				
<b>Declarant</b>	<b>Direct Shareholder</b>	<b>Number of shares</b>	<b>Percentage of the ordinary share capital</b>	<b>Percentage of the voting capital</b>
Oscar Marchetto	Venezia S.p.A.	5,165,300	74.860%	74.860%

At the date this report was prepared, Oscar Marchetto, through Venezia, owned 5,165,300 ordinary shares and held voting rights in the Company to the extent of 74.860% of the Company's share capital and, therefore, indirectly controls the Company.

**10****(D) SHARES GRANTING SPECIAL RIGHTS**

Pursuant to Article 7 of Somec's current Articles of Association (the "**Articles**"), the Company may issue shares granting rights other than those vested in outstanding shares.

At the date this report was prepared, Somec only issued ordinary shares.

It should be noted that the Company's Shareholders' Meeting held on 4 May 2023 approved changes to article 6 of Somec's Articles of Association, introducing - pursuant to Article 127-*quinquies*(1) of the TUF - rules for shares with increased voting rights. For further information, see section 2(d). Under the Articles of Association, each share held entitles the shareholder to 2 (two) votes per share when both of the following conditions are met:

- i. the voting right is granted to the same shareholder by virtue of a legitimating right in rem (full ownership or bare ownership with voting right or usufruct with voting right) for a continuous period of at least 24 (twenty-four) months
- ii. the requirement sub (i) is met by uninterrupted registration, for a period of at least 24 (twenty-four) months, in the special list created by the Company in accordance with its Bylaws (hereafter "**Special List**").

On 29 September 2023, controlling shareholder Venezia submitted a request for registration in the Special List, specifying that it wished to register all of the shares in its possession (it should be noted that an increase may be requested with respect to only a portion of the Shares held by the holder of the Legitimating Right in Rem).

The acquisition of the increased voting rights will take place after the period of twenty-four continuous months as under Article 6 of the Articles of Association, i.e. on 29 September 2025. Therefore, in financial year 2024 shareholder Venezia S.p.A. will not be entitled to such voting increase yet.

Notwithstanding the foregoing, no shares granting special powers or special rights of control have been issued.

#### **(E) EMPLOYEE SHAREHOLDING - MECHANISM FOR EXERCISING VOTING RIGHTS**

No employee shareholding schemes with a voting mechanism are in place, as a result of which no voting rights are exercised by employees. More specifically, at the date of this Report the Company adopted the 2021-2025 Incentive Scheme for company key management personnel to be implemented by assigning, by way of bonus, ordinary shares of the Company to the beneficiaries.

On the occasion of its meeting of 27 March 2024, at the proposal of the Remuneration Committee, the Board of Directors also resolved to submit to the Shareholders' Meeting convened to approve the Company's financial statements for the year 2023, pursuant to and for the purposes of Article 114-bis of the Consolidated Act on Finance, the adoption of the 2024-2026 Scheme reserved for the Company's executive directors and key management personnel of the Company and the Group.

The 2021-2025 and the 2024-2026 Schemes do not contemplate the assignment of voting rights to persons other than the relevant beneficiaries, nor do they set out any special mechanisms for exercising voting rights.

For further information on the 2021-2025 Scheme and the 2024-2026 Scheme, reference should be made to the respective disclosure documents prepared pursuant to Article 114-bis of the Consolidated Act on Finance and Article 84-bis of the Issuers' Regulations, available on the Group's website ([www.somecgruppo.com](http://www.somecgruppo.com)) under *Governance > Remuneration* on the 2021-2025 Scheme and the 2024-2026 Scheme).

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#### **(F) RESTRICTIONS TO VOTING RIGHTS**

At the date of reporting, no restrictions to the exercise of voting rights were in place.

#### **(G) SHAREHOLDERS' AGREEMENTS**

As of the date of the Report, the Company is not aware of any agreements among its shareholders pursuant to Article 122 of the TUF regarding shares in the Company.

#### **(H) CHANGE-OF-CONTROL CLAUSES AND PROVISIONS IN THE ARTICLES GOVERNING TAKEOVER BIDS**

In the pursuit of its strategic goals, the Issuer and its subsidiaries have signed a number of financial agreements setting forth restrictions on the change of control of the Issuer (change-of-control clauses), whereby lenders are given the right to request advance payment of the amounts disbursed.

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A list of these agreements is provided below:

- a. Somec's medium/long-term, multi-line cash loan agreement with Banca Nazionale del Lavoro S.p.A, Intesa San Paolo SpA, Unicredit S.p.A. totalling 60,000,000 Euro (sixty million/00) (expiring in 2028)
- b. loan agreement between Somec and UniCredit S.p.A. totalling 5,000,000 Euro (five million) (expiring in 2025)
- c. loan agreement between Somec and Intesa San Paolo S.p.A. totalling 5,000,000 Euro (five million) (expiring in 2026)
- d. loan agreement between Somec and UniCredit S.p.A. totalling 10,000,000 Euro (ten million) (expiring in 2024)
- e. loan agreement between Oxin S.r.l. and Banca Nazionale del Lavoro S.p.A. totalling 6,250,000 Euro (six million two hundred and fifty thousand/00) (expiring in 2027)
- f. loan agreements of Fabbrica LLC totalling 7,750,000 USD (6,920,295.98 - six million nine hundred and twenty thousand two hundred and ninety-five/98 Euro) with Windsor Federal Savings and Loan Association

The Company's Articles of Association do not contain any exceptions to the provisions regarding the "passivity rule" (i.e., board neutrality) laid down in Article 104(1) and 1-bis of the TUF, nor do they allow the neutralization rules under Article 104-bis(2) and (3) of the TUF to apply.

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### **(I) POWERS TO INCREASE THE SHARE CAPITAL AND AUTHORISATION TO PURCHASE TREASURY SHARES**

After revoking their previous authorisation of 29 April 2022 to the extent of the portion that had not been executed, on 04 May 2023 the General Shareholders' Meeting, at the proposal of the Board of Directors, resolved to authorise the Board of Directors to implement a scheme for the purchase and disposal of treasury shares, pursuant to Articles 2357 ff. of the Civil Code and Article 132 of the TUF.

The authorisation has an expected term of 18 months starting from May 4, 2023 and is intended to:

- i. having treasury shares to allocate to the 2021-2025 Scheme as well as any future incentive schemes for members of the administration or control bodies, employees or collaborators of the Company and/or Somec's subsidiaries that involve the disposal or assignment of shares or financial instruments convertible into shares
- ii. having a securities portfolio (aka securities warehouse) to be used, consistent with the Company's strategic guidelines, to service any extraordinary transactions, and/or the possible use of shares as consideration in extraordinary transactions, including those involving the exchange of shareholdings, with other parties as part of transactions of interest to the Company
- iii. allocating treasury shares to service bonds or other debt instruments convertible into shares of the Company
- iv. allocating treasury shares to service any incentive schemes, whether for a valuable consideration or free of charge, reserved for directors and/or employees and/or collaborators of the Company or the group to which it belongs
- v. carrying out any other extraordinary capital transactions (including the possible reduction of the capital by cancelling treasury shares, subject to legal requirements)
- vi. offering shareholders an additional means for monetising their investment



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

Purchases may be carried out once or more than once, in compliance with the principle of equal treatment of shareholders, pursuant to Article 132 of the TUF and the applicable legislation, on the basis of all methods set out in Article 144-bis, paragraphs 1 and 1-bis of the Issuers' Regulation: Purchases shall be made within the limits of the distributable profits and/or available reserves resulting from the last duly approved financial statements at the time the transaction is carried out, and accounting entries shall comply with the legal requirements and limits, while considering that only fully paid-up shares may be purchased. For further details, reference should be made to Somec Board of Directors' Explanatory Report on the sixth agenda item of the Shareholders' Meeting of 04 May 2023 and the minutes of the Shareholders' Meeting of 04 May 2023 available on the Group's website ([www.somecgruppo.com](http://www.somecgruppo.com)), under *Investors > Shareholders' Meetings*.

As of the date of this Report, Somec holds 11,934 treasury shares, equal to 0.17% of its share capital. It should be noted that the Shareholders' Meeting convened for the approval of the financial statements as at 31 December 2023 (to be held on 29 April 2024) will, among other things, be called upon to resolve once again on the authorisation to purchase treasury shares and subsequently dispose of them. Acceptance of the proposal would entail revocation of the authorisation granted on 04 May 2023<sup>(1)</sup>.

## **(J) MANAGEMENT AND COORDINATION ACTIVITIES**

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

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

The appointment and replacement of directors and statutory auditors are governed by Articles 21 and 29, respectively, of the Articles of Association, available on the website [www.somecgruppo.com](http://www.somecgruppo.com), under *Governance > Corporate Governance*, as described in the 'Board of Directors' section to which reference is hereby made (section 4.2). For any matter not covered under the Articles of Association, the provisions of the laws and regulations in force shall be deemed to apply.

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

(1) For more details, reference should be made to the Board of Directors' Explanatory Report on the fifth item on the agenda of the Ordinary Shareholders' Meeting, available on the Company's website ([www.somecgruppo.com](http://www.somecgruppo.com)), under *Investors > Shareholders' Meetings*.

# COMPLIANCE

Somec complies with the Code of Corporate Governance approved in January 2020 by the Corporate Governance Committee and publicly circulated by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, which can be freely accessed on the website <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm> (the “**Corporate Governance Code**”).

The Company and its key subsidiaries are not subject to non-Italian legal provisions that may affect the Company’s corporate governance structure.

# BOARD OF DIRECTORS

## ROLE OF THE BOARD OF DIRECTORS

The corporate governance model establishes a central role for the Board of Directors, in line with the Principles of the Corporate Governance Code. In particular, the Board of Directors provides strategic guidance and has a supervisory function while pursuing the success of the Company with a view to sustainable growth and the priority objective of creating value for shareholders over the medium-to-long term.

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

Pursuant to Article 25 of the Articles of Association, the Board of Directors is responsible for guiding the Company by pursuing its sustainable success and has full powers of management and disposition of the Company (i.e., 'ordinary and extraordinary management'), with the exclusion of the powers which are expressly reserved for the Shareholders' Meeting by law or by the Company's Articles of Association. Moreover, pursuant to the Articles of Association and in compliance with Article 2365(2) of the Civil Code, the Board of Directors has the power to pass resolutions concerning: (a) a merger within the meaning of Article 2505 (merger of wholly-owned subsidiaries) and Article 2505-bis of the Civil Code (merger of 90%-owned subsidiaries); (b) the setting up or closure of branch offices; (c) the choice of the directors on whom the power to represent the Company is conferred; (d) the reduction of the share capital in case of withdrawal of a shareholder; (e) the adaptation of the Articles of Association to the applicable laws; (f) the relocation of the registered office within the national territory. Moreover, pursuant to Article 27 of the Articles of Association, the Board of Directors may, within the limits of and according to the criteria set out in Article 2381 of the Italian Civil Code, delegate its powers to an Executive Committee or to one or more directors, establishing the limits and procedure, if applicable, whereby such delegated powers may be exercised. In any case, the Board of Directors may control and take over functions falling within the scope of any delegated powers, and also revoke such powers.

The remit of the Board of Directors includes, among other things and in addition to the matters that cannot be delegated pursuant to Article 2381 of the Italian Civil Code and the powers set forth in the Articles of Association, the following matters:

- i. definition of the strategies of the Company and of the Group, as well as monitoring their implementation
- ii. definition of a corporate governance system deemed as most conducive to the conduct of business activities and to the pursuit of the strategies of the Company and of the Group, with the ability, if appropriate, to submit proposals to the Shareholders' Meeting with reference to the following aspects:
  - a. choice and characteristics of the corporate model (conventional, one-tier, two-tier)
  - b. size, composition and appointment of the governing body and term of office of its members
  - c. definition of administrative and equity rights of shares
  - d. percentages established for the exercise of the rights available to protect minority shareholders

- iii. definition and attribution of management powers and identification, inter alia, of the Chief Executive Officer (CEO) to be chosen from among executive directors
- iv. approval or examination of the business plan of the Company and of the Group, with the support of a committee, if any, to analyse issues relevant to long-term value creation
- v. periodic checks on the implementation of the business plan and assessment of the general operating performance, comparing on a regular basis the results achieved with those planned
- vi. definition of the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations such elements as may be relevant with a view to creating long-term value for the benefit of shareholders and pursuing the Company's sustainable success, taking into account the interests of other key stakeholders of the Company
- vii. definition of the corporate governance system of the Company and the structure of the Group, together with the assessment of the adequacy of the organisational, administrative and accounting structure of the Company and its key subsidiaries, with special reference to the internal control and risk management system
- viii. resolutions on "Significant Transactions" pursuant to the RPT Procedure
- ix. resolutions on transactions of the Company and its subsidiaries deemed to be of significant strategic, economic, equity or financial importance for the Company, to be identified according to the criteria defined by the Board of Directors from time to time
- x. promotion, in the most appropriate forms, of dialogue with shareholders and other key stakeholders of the Company
- xi. adoption and possible updating of regulations, procedures and internal policies deemed necessary or appropriate for the organisation of the Company, or for compliance with the law or the Code of Corporate Governance, including but not limited to:
  - a. regulations defining the operating rules of the Board of Directors and its committees
  - b. a procedure governing related party transactions entered into by the Company, either directly or through its subsidiaries
  - c. a procedure for the internal management and external communication of documents and information concerning the Company, with special reference to inside information as defined by law
  - d. a policy - adopted on the Chairman's proposal and drafted together with the CEO - for managing dialogue with the shareholders as a whole, with account also being taken of the engagement policies adopted by institutional investors and asset managers
- xii. definition, at least at the beginning of its term of office, of quantitative and qualitative criteria for assessing the significance of commercial, financial or professional relationships, as well as remuneration, which - pursuant to the Corporate Governance Code - may undermine a director's independence



- xiii. assessment of the independence – including in accordance with the recommendations set out in the Corporate Governance Code – of each non-executive director, immediately after appointment as well as during their term of office upon the occurrence of circumstances deemed as significant for independence purposes and, in any case, at least once a year
- xiv. identification of diversity criteria, including gender diversity, for the composition of the Board of Directors and the Board of Statutory Auditors, as well as identification, with account also being taken of the Company's ownership structure, of the most appropriate instrument for their implementation
- xv. adoption of measures to promote equal treatment and opportunities between genders across the company organisation, monitoring their concrete implementation
- xvi. appropriate internal allocation of its duties and the establishment of council committees vested with the power to conduct investigations, submit proposals and provide advice
- xvii. appointment and dismissal of the Secretary, on the proposal of the Chairman
- xviii. approval, where appropriate, of the budgets of the committees established by the Board of Directors and the Secretary, as well as the criteria for their application
- xix. definition, updating and implementation of any succession plan for the CEO and other executive directors, identifying at least the procedures to be followed in the event of early termination of office
- xx. establishing whether adequate procedures are in place for the succession of key executives and other managers, provided that the requirements set out in the Corporate Governance Code on capitalisation are met
- xxi. identification of candidates for the office of director in the event of co-option
- xxii. periodic review of its performance and of the contribution made by its individual members
- xxiii. fulfilment of disclosure requirements under the Corporate Governance Code
- xxiv. regarding remuneration:
  - a. development and approval of a policy for the remuneration of directors, members of the Board of Statutory Auditors, managers and key executives, such policy (i) being conducive to the creation of long-term value for shareholders taking into account the interests of other company key stakeholders, and (ii) reflecting the need to rely on, retain and motivate people that have the skills and professional experience demanded of the role they hold within the Company. The Board of Directors will draft the above policy by adopting a transparent procedure that takes into account the remuneration practices prevailing in Somec's sectors of reference and applicable to companies of a similar size, relying on comparable foreign experiences and, where appropriate, retaining an independent consultant
  - b. monitoring the implementation of and compliance with the remuneration policy, ensuring – in particular – that the remuneration paid and accrued is consistent with the principles and criteria set out in the policy, in view of the performance achieved and other circumstances relevant to its implementation

- c. development and approval, or submission to the Shareholders' Meeting, of remuneration plans based on long/short-term financial or monetary instruments designed for directors, managers, key executives and other employees of the Group, ensuring that a prevailing part of the plan has a total vesting period of rights and share retention period of at least five years

xxv. regarding the internal control and risk management system:

- a. definition of guidelines for the internal control and risk management system geared towards an effective and efficient identification, measurement, management and monitoring of the main risks, so as to contribute to the sustainable success of the Company in line with its own strategies
- b. assessment, at least once a year, of the adequacy of the internal control and risk management system - with respect to the characteristics of the business and the applicable risk profile - and its effectiveness
- c. definition of the principles concerning the coordination and information flows between the various parties involved in the internal control and risk management system, the purpose being to maximise the efficiency of the system itself, reduce duplication of activities and ensure the effective performance of the tasks entrusted to the Board of Statutory Auditors
- d. appointment and dismissal of the Head of the *Internal Audit Function*, as well as the definition of his or her duties - in accordance with the Corporate Governance Code - and remuneration in line with corporate policies, providing him or her with adequate resources to perform his or her duties and tasks. Where a decision is made to entrust the *Internal Audit Function*, either as a whole or based on business segments, to an individual outside the Company, then the Control and Risk Committee will support the Board of Directors in ensuring that such individual has adequate professional experience, independence and organisational skills, providing adequate evidence in respect for this choice in the annual report on corporate governance and ownership structure
- e. approval, at least once a year, of the work plan prepared by the Head of the *Internal Audit Function*, after consulting the Board of Statutory Auditors and the CEO and the director responsible for monitoring the operation of the internal control and risk management system, if appointed
- f. adoption, where appropriate, of measures to ensure effectiveness and independence of assessment of the corporate functions involved in the risk management and control system (other than *Internal Audit*), establishing whether such functions can rely on adequate staff and professional experience
- g. entrusting the Board of Statutory Auditors or an ad-hoc body with the supervisory duties as under Article 6(1)(b) of Legislative Decree 231/2001
- h. assessment, in consultation with the Board of Auditors, of the findings disclosed by the independent auditors in the opinion letter, if any, and in the additional report submitted to the Board of Statutory Auditors
- i. description, in the Corporate Governance Report, of the main features of the internal control and risk management system, implementing the provisions set out in the Corporate Governance Code, as well as the methods of coordination between the entities involved in it, specifying the reference models and national and international best practices
- j. overall assessment of the adequacy of the system itself and of the choices made regarding the composition of the Supervisory Board as aforesaid(g)

During the Financial Year the Board of Directors dealt with many issues among those falling within its remit as listed above, including, in particular, the adoption, in compliance with the Corporate Governance Code, of:

- a. regulations (approved by the Board of Directors on 13 February 2023) setting out the powers and rules and procedures of the functioning of the Board of Directors and its Committees, including notices convening the meetings, the conduct of meetings, the procedures for taking minutes and the procedures for managing pre-meeting information to be provided to directors
- b. a policy (approved by the Board of Directors on 13 February 2023) for managing dialogue with the shareholders as a whole and other stakeholders
  - i. to ensure a non-discriminatory, constant and open relationship, based on mutual understanding of roles, with current institutional investors, potential investors, asset managers, financial market operators, the Italian and international economic press, rating agencies and proxy advisors, trade associations and its Shareholders as a whole as well as the holders or bearers of other financial instruments issued by the Company, so that they may gain a deeper insight into the activities carried out by the Company and the Group, its economic-financial performance and its strategies aimed at pursuing sustainable success in line with the recommendations of Article 1 of the Corporate Governance Code
  - ii to maintain an adequate channel of information with such parties based on principles of fairness and transparency in compliance with the Law
- c. quantitative and qualitative criteria (approved by the Board of Directors on 13 February 2023) for assessing the significance of commercial, financial or professional relationships, as well as remuneration, which – pursuant to Recommendation 7 of the Corporate Governance Code – undermine, or appear to undermine, the independence of a director

It should also be noted that the Board of Directors conducted an assessment of the independence – including in accordance with the recommendations set out in the Corporate Governance Code – of each non-executive director, as well as a half-yearly assessment of the adequacy of the internal control and risk management system adopted by the Company.

As part of ongoing and constant monitoring process, the Board assessed the adequacy of the organisational, administrative and accounting structure of the Issuer and its key subsidiaries prepared by the managing directors, with a special focus on the internal control and risk management system. Moreover, the Board of Directors assessed the general performance of operations with due account taken of the information received from the delegated bodies. Such assessment involved a comparison of the results achieved with those planned.

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

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

## APPOINTMENT AND REPLACEMENT

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

The directors are appointed by the Shareholders' Meeting on the basis of lists submitted by the shareholders. Listed candidates are numbered consecutively.

A list for the appointment of the directors may be submitted by:

- i. the shareholders who, at the time of submitting the list, own – either individually or jointly – a number of shares at least equal to that determined by Consob pursuant to the applicable legal and regulatory requirements<sup>(2)</sup>
- ii. the Board of Directors

The ownership of a minimum number of shares is determined by taking into account the shares that are registered in the name of the shareholder on the day on which the list is filed with the Company, it being understood that the relevant share certificate can be produced also after the filing of the list, provided this is done before the end of the term for its publication.

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

In view of and in accordance with the new wording of Article 21 of the Articles of Association, the lists shall be signed by those who submit them and filed with the Company within the term envisaged by the legislation and regulations from time to time applicable (reference to which is made in the call notice posted at Company's registered office) or notified by remote means of communication specified in the relevant call notice; in addition, the lists shall be made available to the public within the term and according to the procedures set out in the legislation and regulations in force from time to time. Each list shall:

- a. contain a number of candidates not exceeding 9 (nine), and with reference to the Majority List (as defined below) only, not less than the number of directors to be elected, to be listed according to a progressive numbering
- b. in terms of independence, contain and expressly state at least two directors who meet the independence requirements<sup>(3)</sup>. The need to specify the number of independent directors is consistent with Recommendation 5 of the Corporate Governance Code<sup>(4)</sup> on the one hand and, on the other hand, fulfils the requirement for admission to the STAR segment<sup>(5)</sup>

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(2) It should be noted that, pursuant to Article 144-quater of the Issuers' Regulations, CONSOB has set 2.5% of the share capital as the shareholding required for the submission of candidate lists for companies having a market capitalisation of less than one billion.

(3) Article 147-ter(4) of the Consolidated Act on Finance states that "At least one of the members of the Board of Directors, or two if the Board of Directors consists of more than seven members, must meet the independence requirements established for statutory auditors under Article 148(3) and, if the Articles of Association so provide, the additional requirements set forth in the codes of conduct drawn up by regulated market management companies or trade associations." Furthermore, Recommendation 5 of the Corporate Governance Code states that "The Board of Directors shall include at least two independent directors, other than the chairman", since Somec qualifies as a "concentrated ownership company" and not as a "large-sized enterprise" under the Corporate Governance Code.

(4) Recommendation 5 of the Corporate Governance Code states that "the Board of Directors shall include at least two independent directors other than the chairman". Further provisions are set out for "large companies" and "large companies with concentrated ownership", Somec not qualifying as such at any rate.

(5) Article IA.2.10.6 ("Independence of directors") of the Instructions to the Rules of the Financial Markets organized and managed by Borsa Italiana S.p.A.



- c. state, where there are 3 (three) or more candidates, candidates belonging to the least represented gender to the extent of at least two fifths, rounded up
- d. include the following attachments:
  - i. the candidates' resumes, containing comprehensive information on the personal and professional qualifications of each candidate
  - ii. declarations whereby candidates accept their candidacies and certify, under their responsibility, that no circumstance of ineligibility or incompatibility of offices applies and, further, that they meet the requirements prescribed by the legislation in force from time to time to hold the office of director of the Company, including, if need be, a declaration attesting that the independence requirement is met shall also be attached
  - iii. the personal details of the shareholders having submitted the lists and the total shareholding percentage held
  - iv. any further statements, disclosures and/or documents that may be required by applicable law or regulations

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

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

If no minimum number of directors, who meet the independence requirements and/or belong to the less represented gender, is appointed among the available candidates according to the above procedures, the candidates who do not meet those requirements and rank low in the list that obtained the highest number of votes shall be replaced by the subsequent unelected candidates who meet the said requirements (based on the consecutive order of the unelected candidates on the same list) or, if these are unavailable, by the unelected candidates numbered in consecutive order in the other lists, depending on the number of votes obtained by each of these lists.

This replacement procedure shall be applied until the appointment of the minimum number of directors meeting the independence requirements and/or of directors belonging to the less represented gender. Finally, if this procedure does not lead to the expected result, the replacement shall be carried out by means of a resolution approved by the Shareholders' Meeting by simple majority, subject to the presentation of candidates who comply with the said requirements.

In any case, lists that do not obtain a percentage of votes equal to at least half of the percentage required for their submission shall not be taken into account. If more than one list obtains the same number of votes, a new runoff vote shall take place among those lists, and the candidates of the list that obtains the simple majority of votes shall be elected. If only one list has been submitted, the Shareholders' Meeting shall vote on it and, if the list obtains the majority of votes, all members of the Board of Directors shall be taken from that list, in compliance with the legislation and regulations in force from time to time, as well as the provisions on gender balance set out above.

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

If, during a financial year, one or more directors cease to hold office, the others shall replace them by a resolution approved by the Company's Board of Statutory Auditors (the "**Board of Statutory Auditors**"), by co-opting the first person belonging to the same list to which the outgoing director belonged, if he/she complies with the requirements for holding office - including gender and independence - and is available, and provided that the majority still consists of directors appointed by the Shareholders' Meeting. Directors appointed in this way shall remain in office until the following Shareholders' Meeting convened to appoint a director previously appointed by co-optation, with the majorities required by law. If, in the list to which the outgoing director belonged, there are no candidates who comply with the requirements set out by the legislation and regulations in force from time to time for taking office, the next Shareholders' Meeting shall replace them according to the majorities required by law, unless such Meeting has been convened to reappoint the whole Board of Directors, in which case the procedure described in this article shall apply.

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

If the legal requirements for a director are no longer met, the director in question shall be removed from office. Termination of the directors due to expiry of their term of office shall become effective upon the new Board of Directors being re-established.

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

- a. Chairman and, in the event of his or her absence or impediment, the Deputy Chairman of the Board of Directors, if appointed
- b. Chairman of the Executive Committee in those matters delegated by the Board of Directors to this body
- c. managing directors within the limits and under the conditions for the exercise of the powers conferred on them by the Board of Directors, and any attorneys-in-fact appointed for specific deeds or categories of deeds within the limits of the delegated powers

## COMPOSITION

The Board of Directors currently consists of 7 (seven) members, appointed by the General Shareholders' Meeting resolution of 4 May 2023, whereby they may remain in office for three financial years, i.e. expiring upon approval of the financial statements for the year ending 31 December 2025.

The members of the Board of Directors were appointed on the basis of the only list submitted by shareholder Venezia, who at 04 May 2023 held 5,165,300 Somec ordinary shares, i.e. approximately 74.86% of the Company's share capital. It should be noted that since only one list was submitted for the renewal of corporate offices, all the members of the Board of Directors were selected from such list, as laid down by the Articles of Association.

In the light of the new wording of Article 21 of the Articles of Association:

- a. all Directors shall meet the requirements of eligibility, integrity and any other requirement provided for by the legislation and regulations in force from time to time
- b. a number of directors identified in accordance with applicable laws and regulations must meet the independence requirements therein

The following table shows the composition of the Board of Directors at the date this report was prepared.

NAME AND SURNAME	POSITION
<b>Oscar Marchetto</b> <sup>(e)</sup>	Chairman and Chief Executive Officer
<b>Alessandro Zanchetta</b> <sup>(e)</sup>	Managing Director
<b>Giancarlo Corazza</b> <sup>(e)</sup>	Managing Director
<b>Davide Callegari</b> <sup>(e)</sup>	Managing Director
<b>Gianna Adami</b> <sup>(a)(b)(c)(d)(f)</sup>	Director
<b>Elena Nembrini</b> <sup>(a)(b)(c)(d)</sup>	Director
<b>Giuliana Borello</b> <sup>(a)(b)(c)(d)</sup>	Director

For further details on the composition of the Board of Directors and its committees, as well as the main features relating to, e.g., seniority in office calculated from the first appointment of each director, reference should be made to **TABLE 2** attached hereto.

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

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

(a) Director who meets the requirement of independence pursuant to the Corporate Governance Code and the TUF.  
(b) Member of the Remuneration and Appointment Committee.  
(c) Member of the Control, Risk Management and Sustainability Committee.  
(d) Member of the Related Party Committee.  
(e) Executive Director.  
(f) Director appointed as Lead Independent Director.

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

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

**Davide Callegari** - Born in Treviso on 28 November 1974. Graduated in Business Administration from the Cà Foscari University of Venice, Davide Callegari was Director of Operations at Nice S.p.A. until 2018, after having served as Managing Director of the group's companies in China between 2008 and 2014. Previously, he was Supply Chain Manager at OM S.p.A. and before that, in the IRCA Zoppas Industries group, he was in charge of the purchasing area.

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

**Elena Nembrini** - Since 2008, she has been a collaborator of Studio Associato Cortellazzo & Soatto - Professional Association of Chartered Accountants and Lawyers, based in Padua, where she provides consultancy on economic and business matters. She assists businesses in the application of corporate, budgetary and tax regulations. She provides assistance in corporate restructuring processes, particularly in the context of extraordinary administration procedures for large insolvent companies. In this context, she has served as Chairperson of the Board of Directors and as Sole Director in companies both in Italy and abroad. She holds the position of independent board member in listed companies and statutory auditor and board member in public, publicly controlled and private companies belonging to large industrial and insurance groups.

**Giuliana Borello** - Born in 1982, married with 2 children. She graduated (cum laude) in Economics of Financial Intermediaries from the Catholic University of the Sacred Heart, where she subsequently obtained her PhD in 2010 in Financial Markets and Intermediaries. A Researcher with National Scientific Qualification enabling her to hold the position of Associate Professor in Economics of Financial Intermediaries and Corporate Finance. She has engaged in research and consultancy endeavours in the financial sector, specialising in topics related to FinTech, sustainable finance and the efficiency of financial intermediaries. Her publications appear mainly in national and international scientific journals.



At an international level, during her academic career she was a Visiting Professor in 2019 at the University of Gothenburg (Sweden), where she taught the Master of Finance programme; previously, she spent some time at the University of Exeter in 2008 studying and researching. She is a referee for numerous international journals including: Journal of Banking and Finance, European Journal of Finance, Journal of Economics and Business, International Journal of Emerging Markets, Venture Capital, Journal of Cleaner Production. She acted as director and chairman of the Risk Committee of BancoPosta Fondi SGR.

The Board of Directors consists of 7 members, 4 of whom are executive and 3 are independent pursuant to the Consolidated Act on Finance and the Corporate Governance Code.

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

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

## **DIVERSITY RULES AND MEMBER DISTRIBUTION POLICY IN THE BOARD OF DIRECTORS' COMPOSITION AND THE COMPANY'S ORGANISATION**

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

In this regard, it should be noted that, effective 1 January 2020, Law No. 160 of 27 December 2019 ("**Budget Law 2020**") amended the provisions of Articles 147-ter and 148 of the Consolidated Act on Finance, introducing an allocation criterion according to which at least two-fifths of the members of the governing body must be reserved for the less represented gender (as opposed to one-third as previously established) and requiring that such allocation criterion should apply for "six consecutive terms of office" starting from the first renewal of the governing and control bodies of companies listed on regulated markets following 1 January 2020. On the occasion of the renewal of corporate bodies by the Shareholders' Meeting of 4 May 2023, the aforementioned criterion was applied and, consequently, at the date this Report was prepared 3 (three) out of 7 (seven) directors currently in office belong to the least represented gender.

In the light of the foregoing, the Board of Directors did not deem it necessary to formalise the approval of diversity policies in relation to the composition of the governing bodies, insofar as it considered the safeguards set out in the Articles of Association and statutory and regulatory provisions, as well as those included in the Corporate Governance Code, to be sufficient for this purpose. With regard to the composition of the Board of Directors, the presence of individuals with different and diverse professional backgrounds ensures compliance with the applicable recommendations set out in the Corporate Governance Code, such backgrounds being evaluated as part of the self-assessment process, which the Board of Directors conducted in 2023.

It should be noted that in 2023, the Company adopted a policy on workforce diversity and inclusion, which considers the issue of equal treatment and opportunities between genders as an advantage, strength and competitive edge of the Group, with the aim of promoting, nurturing and preserving a culture of diversity and inclusion across its organisation and workforce.

## MAXIMUM NUMBER OF OFFICES THAT CAN BE HELD IN OTHER COMPANIES

At the reporting date, the Issuer was yet to decide whether it would be appropriate to adopt a policy on a number of offices held elsewhere by the members of the Board of Directors that may be considered as compatible with the effective performance of the role of director of the Issuer. However, Recommendation 15 of the Corporate Governance Code only places this burden on “large companies”, Somec not qualifying as such. It should be noted in any case that, at the reporting date, independent board member Elena Nembrini had been holding the positions of independent board member, Chairman of the Internal Control Committee (and for Related Party Transactions), and member of the Appointments and Remuneration Committee in Vincenzo Zucchi S.p.A., a company listed on the MTA, since 22 September 2020. These positions were considered by the Board of Directors to be compatible with serving as a director of Somec.

## FUNCTIONING OF THE BOARD OF DIRECTORS

The functioning of the Board of Directors is governed by the Articles of Association and the Rules of the Board of Directors and Committees, approved by the Board of Directors on 13 February 2023 and disclosed on the Company’s website, ([www.somecgruppo.com](http://www.somecgruppo.com)), “Governance” section, in accordance with Recommendation 11 of the Corporate Governance Code.

Pursuant to Article 24 of the Articles of Incorporation, the majority of the Directors in office shall be in attendance for the resolutions of the Board to be valid. The meetings of the Board of Directors and its resolutions shall be deemed to be valid, even if convened without formal notice, when all the directors and statutory auditors in office are present. Resolutions are passed by an absolute majority of the votes of persons in attendance.

The schedule of board meetings is determined by the Board of Directors on the proposal of the Chairman, after consultation with the CEO. In any case, the meetings of the Board of Directors – including those not listed in the schedule – are convened by the Chairman in compliance with the law and the Articles of Association.

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

The topics to be discussed at the meeting, together with any other information useful for the setting of the meeting, if any, shall be clearly and concisely stated in the notice of the meeting and shall be listed therein in sequential order.

Prior to each meeting, the Secretary shall provide the directors and auditors with such documentation as is reasonably necessary to provide adequate information with respect to the items on the agenda. This documentation, as prepared by the relevant corporate functions, shall be made available by the Secretary as soon as it becomes available to him or her and in any case at least three (3) calendar days before the date of the meeting, except in cases of urgency. Such documentation shall be delivered by the Secretary by fax or email to the addresses stated by the members of the Board of Directors. If particular confidentiality requirements so dictate, the information may be provided within a shorter time limit or during the meeting, as well as in a manner other than as stated above (e.g. by making the information available in hard copy during the meeting).

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

Meetings of the Board of Directors may also be held in audio-video-conferencing, or in audio-conferencing only, provided that:

- the Chairman and the person taking the minutes of the meeting ensure that the minutes are drawn up and signed
- all participating parties can be identified unequivocally
- all participants are able to take the floor during the discussion and view, receive or transmit documents

The meeting shall be deemed to be held at the place where the person taking the minutes will be present. It is understood that the Chairman and the person taking the minutes may be in different places. The Board is chaired by the Chairman and, in case of his or her absence or impediment, the Deputy Chairman or, if absent, the person appointed by the Board with the absolute majority of votes of persons in attendance. During each meeting:

- i. the Chairman shall ensure that the proceedings are conducted in an orderly manner
- ii. directors called upon to submit a proposal must ensure that adequate information is provided and be available to answer questions from other directors
- iii. each director shall participate proactively, reserve adequate time for the conduct of board business, promptly declare any interests he or she may have, including on behalf of third parties, with respect to a given item on the agenda, pursuant to the law, as well as any related party relationships pursuant to the regulation on related party transactions. Any director may, in the context of a meeting, request that additional information be provided in addition to the pre-meeting information or the information given at the meeting, in order to be able to act in an informed manner

The items on the agenda shall be discussed in the order set forth in the notice of call, without prejudice to the right of the Board of Directors to change the order of the items on the proposal of the Chairman or a director and upon justified reasons being deemed to exist, which reasons shall be reflected in the relevant minutes.

In addition to the items already on the agenda, any further items relating to urgent matters and matters that cannot be postponed may be proposed and communicated by the Chairman of the Board of Directors.

Any invitees (heads of the relevant corporate functions, executives, managers, employees, consultants of the Company and its subsidiaries, as well as other external parties), whose presence is deemed useful in relation to the matters to be discussed or conducive to ensuring the best performance of the Board of Directors' tasks may be called upon to attend meetings of the Board of Directors – without voting rights, and to take the floor during such meetings to the extent of the topics lying within their province – only upon invitation of the Chairman in agreement with the CEO (possibly upon request of individual directors) to illustrate disclosures and documents or provide information, insights and clarifications. Upon completion of all speeches, replies and answers, the Chairman shall declare the discussion closed and ask the Board of Directors to resolve on the matters at issue. Voting shall be by open ballot. Directors shall abstain in cases where this is required by law and regulatory provisions applicable from time to time.

The Board of Directors shall pass resolutions with the favourable vote of the absolute majority of those in attendance, excluding abstentions; in the event of a tie, the Chairman shall have the casting vote. Each member of the Board of Directors shall be entitled to have his vote against, abstention, if any, and the reasons thereof recorded in the minutes.

The resolutions shall be recorded in the minutes signed by the Chairman and the Secretary and shall be immediately enforceable unless otherwise specified, and shall be brought to the attention of the functions and organisational units concerned and, to the extent of their respective remits, of the control functions. The proposals for resolutions submitted and the resolutions passed at the meeting shall be recorded in minutes transcribed in a special book, together with a summary of any discussions held. The transcribed minutes shall be signed by the person who chaired the meeting and by the person who acted as secretary (or by the notary public in the cases laid down by current legislation).

These minutes shall be submitted to the directors for their comments before they can be registered. As a rule, minutes are distributed in a preliminary draft as soon as they are available, with an invitation to report any remarks in due time in order to prepare a final draft, which is submitted for approval during the meeting. They shall be kept at the Secretary's Office of the Board of Directors and may be viewed at the request of each of the directors and auditors. The Chairman or the Secretary may make statements on resolutions issued at board meetings.

During the period under review, a total of 14 (fourteen) Board of Directors meetings were held and lasted 60 minutes each on average.

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

The percentage attendance at the meetings of each member of the Board of Directors in office as at the date hereof was respectively: (i) 100% for Oscar Marchetto; (ii) 100% for Alessandro Zanchetta; (iii) 92% for Gian Carlo Corazza; (iv) 90% Davide Callegari; (v) 100% for Gianna Adami; (vi) 80% for Elena Nembrini; (vii) 90% for Giuliana Borello. In the light of the foregoing, the Company believes that, during the Financial Year, the Directors allocated adequate time to perform their duties in Somec. Timeliness and thoroughness of the pre-meeting information shall be ensured by sending the relevant documents at least 3 (three) calendar days before the date of the relevant meetings. This deadline was generally complied with and there were no cases of particular urgency that justified departing from the ordinary deadlines for submitting documentation.

At least 8 board meetings were scheduled for 2024, 2 of which were already held on 8 March and 14 March 2024. Finally, it should be noted that the Shareholders' Meeting did not authorise any exception to the non-competition clause pursuant to Article 2390 of the Civil Code.

## **ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS**

In line with the institutional duties regarding the organisation of the Board of Directors' proceedings and the circulation of information laid down in Article 2381 of the Civil Code, the Chairman promotes the smooth running of the Board and of the overall corporate governance system, encourages participation of the directors, promotes internal discussion and debate between executive and independent directors, ensures the balance of powers between the Board of Directors and top management, and acts as a contact point for the controlling bodies (i.e., the Board of Statutory Auditors and the Supervisory Board) and for the Committees of the Board of Directors.

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

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

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

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

### **Induction programme**

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

### **Secretary of the Board of Directors**

The Rules of Procedure of the Board of Directors regulate the manner of appointment of the Secretary of the Board, defining – in accordance with Recommendation 18 of the CG Code – the experience requirements and related powers.

In its meeting of 4 May 2023, the Issuer's Board of Directors appointed its Secretary meeting the requirements as described above.

During the Financial Year, the Secretary assisted the Chairman of the Board and the Chairmen of the internal board committees in organising meetings and timely sharing of related documentation.

Following the resignation of the Secretary in January 2024, the Board of Directors employed a Secretary appointed ad hoc on a case-by-case basis and having the required professional qualifications.

## **EXECUTIVE DIRECTORS**

### **MANAGING DIRECTORS**

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

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

On 04 May 2023, the Board of Directors vested:

- a. Chairman and Chief Executive Officer Oscar Marchetto with all the powers of representation that can be exercised in the performance of his respective duties pursuant to the law and the Articles of Association, as well as the task of supervising and coordinating the governance of the Company, and to ensure the internal functioning of the Board of Directors. Moreover, the Chairman and Chief Executive Officer is responsible for the organisation and management of the marketing and communication functions
- b. Managing Director Alessandro Zanchetta, the task of supervising and coordinating the Administration, Finance, Legal & Corporate Affairs, Investor Relations, HR and General Services areas
- c. Managing Director Davide Callegari, the task of supervising the Company's organisation and, in particular, the Operations and Worksite Management areas, and to ensure the coordination of the individual functions
- d. Managing director Gian Carlo Corazza, the task of supervising and coordinating the sales and research and development sectors



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

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

By resolution of the Shareholders' Meeting of 4 May 2023, the position of Chairman and Managing Director of Somec was entrusted to the director Oscar Marchetto, who chairs the Board of Directors and exercises all powers of representation in compliance with the applicable legislation (Article 2381 of the Italian Civil Code) and the Company's Articles of Association.

Moreover, in his capacity as Managing Director, Oscar Marchetto was entrusted with the task of supervising and coordinating the Company's governance and ensure the internal functioning of the Board of Directors; moreover, the Chairman and Chief Executive Officer is responsible for the organization and management of the marketing and communication sectors.

With a view to revisiting the powers and tasks of executive directors following the renewal of the Company's governing body, on 4 May 2023 the Board of Directors empowered director Oscar Marchetto to act severally to:

- a. represent the Company in the pursuit or defence of any claim before any ordinary or special governmental, judicial, administrative or tax authority, or trade-union association both in and outside Italy, in any jurisdiction and at whatever stage or level of proceedings; in the event of enforcement proceedings, to issue a statement as garnishee (third-party debtor)
- b. represent the Company before the competent social-security and occupational-accidents insurance institutions, the employment offices and at any other body or department in charge of labour regulations and affairs, and to represent the Company in talks with trade-union or professional associations and representatives
- c. represent the Company (i) before any governmental, municipal, provincial, regional or administrative authority, and before official boards and commissions at all levels, (ii) before tax authorities, with the right to sign applications or requests (including by way of settlement or conciliation), returns for annual or periodic direct and indirect tax or as the withholding agent of employees or third parties, file claims, petitions, pleadings, and (iii) before tax commissions at any stage or level, with the further right to sub-delegate his powers, or to appoint or remove any attorneys-in-fact, attorneys-at-law and experts
- d. represent the Company in pending or future legal proceedings against both private individuals and public bodies, before any ordinary, administrative, national or supranational judicial authority, as plaintiff or defendant, in any jurisdiction and at any stage or level, as well as before arbitrators, also in the event of special, interim or urgent procedures, with the full power to support or defend the Company's case, to file or refer complaints to a court, to join proceedings as civil plaintiff, and the further power to file lawsuits in the interest of the Company, to choose an address for service, to initiate enforcement proceedings with regard to movable or immovable property and request the issuance of a precautionary measure, to submit or refer disputes to arbitration or agree to an amicable settlement, to settle any disputes (including labour disputes) both in court and out of court, to appoint lawyers, attorneys ad litem (litigation lawyers) and arbitrators, experts and notaries with specific missions, with the further power to remove and replace them, and, in general, to carry out any and all acts that are useful and necessary for the judicial and administrative defence and protection of the Company

- e. carry out any transactions with the public administration, the Cassa Depositi e Prestiti (Deposit and Loan Fund), the Intendenze di Finanza (Local Tax Offices), the Mail Service, the State Treasury Offices, the Customs Offices, the Ferrovie dello Stato (State Railways), any carriers, any shipping or insurance companies and any public or private offices in Italy or abroad, as well as any institutions or bodies that are assimilated, or have similar characteristics to that of a public authority or agency or are subject to a special regulatory framework
- f. bring and/or take part in any legal action, whether ordinary or special, as both plaintiff or defendant, and at all stages or level and before courts of any jurisdiction including the Supreme Court of Cassation and, to this end, appoint or remove attorneys, lawyers and experts
- g. collect from post offices, shipping and airline companies, and any other transport companies, letters, parcels and envelopes sent by ordinary, registered or insured mail or courier service; to collect postal and wire money transfers, vouchers, and checks of any kind and for any amount; to request and receive sums, securities, goods, documents and valuables, and to sign the relevant receipts, acquittances and disclaimers, with any authority, body, agency, office, and public or private bank
- h. develop, in conjunction with the other Managing Directors of the Company, all corporate strategies instrumental in the Company's business activities, and submit them to the Board of Directors for their approval and the definition of the methods of implementation
- i. discharge such formalities pertaining to extraordinary operations as may be resolved upon by the Board of Directors
- j. develop and submit to the Board of Directors, in conjunction with the other Managing Directors of the Company, all initiatives deemed useful in the interest of Company
- k. participate, on behalf of the Company, in any tender, contract and/or procedure for entering into contractual relations (as contracting entity and/or as contractor) with private individuals or the public administration, such as, by way of example and without limitation, public auctions, private bids, private negotiations, competitive tenders, and to execute contracts with the public administration for any types of supplies and by any of the above procedures; in this regard, by way of example and without limitation, the following powers may be exercised:
  - i. submit requests, bids, statements and documents (including those required by the applicable anti-terrorism laws)
  - ii. request the issue of such certificates and/or documents as may be necessary
  - iii. sign an award report, ad-hoc specifications and any and all documents required to execute a contract with the public administration, including the Ministry of Production Activities, the Ministry of Health, and the Ministry of Labour and Social Policies, local health corporations, hospitals, healthcare establishments and universities
  - iv. discharge such other formalities as may be required as a result of or in connection with the execution of the above contracts and do whatever else should be necessary for the performance of said contracts

- l. file applications for trademarks and patents, grant or take licenses for industrial property rights, and appoint agents for this purpose
- m. file applications for licenses, permits, authorisations and administrative concessions of any kind
- n. represent the Company at Shareholders' Meetings of all subsidiary and investee companies and of any other body or association in which the Company is entitled to take part in any capacity
- o. appoint and remove, within the limits of the powers granted above, special attorneys and attorneys ad negotia (business attorneys) for individual deeds or categories of deeds
- p. vest other persons and, insofar as it pertains to individual functions, the heads of those functions, with powers of attorney and authorisations for the performance of individual deeds or categories of deeds among those mentioned above, and to specify their powers
- q. order transactions on the current accounts opened with credit institutions in the name of the Company, either by letter or by issuing checks; to endorse at banks - both for discounting and for collection purposes - bills of exchange, bank checks and other commercial papers and, more generally, to perform any bank transactions for a unit amount not exceeding 10,000,000.00 Euro - it being understood that "perform any bank transactions" shall mean, without limitation:
  - i. opening giro accounts
  - ii. depositing and withdrawing sums from giro accounts, including by means of bank checks on behalf of third parties, in relation to cash on hand or credit facilities or, in any case, overdrafts within the limits of the readily available cash of an existing credit line
  - iii. endorsing bills of exchange, checks, promissory notes and documents for discounting and collection
  - iv. requesting overdraft facilities and loans in general, also in the form of loans on securities
  - v. obtaining advances and loans secured by collaterals on securities, valuables, goods, bills of exchange and documents
  - vi. providing security deposits
  - vii. assigning claims
  - viii. performing any transaction associated with the execution, amendment or revocation of bank loans
  - ix. requesting the provision of bank guarantees to secure the full performance by the Company of its obligations arising from transactions linked to its business such as, without limitation, advance bonds, performance bonds and guaranty bonds, as well as guarantees to be provided to Inland Revenue and against VAT claims whose recovery is requested
  - x. hiring, using or terminating the hiring of safe deposit boxes, cabinets and compartments of safes, including for the deposit and withdrawal of sealed

- xi. transferring funds between bank accounts of the Company, even if such accounts have been opened at different banks, or to order transactions between the Company and its subsidiaries and/or investees, both directly and indirectly, without any ceiling being applied to each transaction
- xii. paying corporate income tax (IRES), tax on income from employment (IRPEF) and regional tax on business activities (IRAP) to Inland Revenue, and paying social security and occupational accident contributions to INPS and INAIL respectively, with no maximum amount
- r. arrange and therefore negotiate, sign, amend or terminate insurance contracts, policies, including surety policies and bonds, for the most appropriate coverage of all risks related to the conduct of the Company's business
- s. arrange for the payment of taxes, employees' wages and directors' fees, to the extent decided by the Shareholders' Meeting, with no limitation on the amount
- t. request, within the limits of a unit amount not exceeding 5,000,000.00 Euro (five million/00), the provision of guarantees, surety policies and/or bonds from insurance companies, such as, by way of example and without limitation, advance bonds, performance bonds and guaranty bonds, in order to secure the fulfilment by the Company and its subsidiary and/or associated companies, both directly and indirectly, of obligations arising from current transactions linked to its business
- u. grant loans to the Company's subsidiary and/or associated companies up to a maximum of 2,000,000 Euro (two million/00) per individual transaction
- v. grant endorsements, sureties, letters of patronage and letters of guarantee up to an amount not exceeding 5,000,000 (five million/00) Euro per transaction, including in the interest of subsidiaries (directly and indirectly owned) and/or associated companies
- w. hire human resources on a fixed- or open-term basis in any position, determine their wages, and suspend or dismiss them; to execute temporary employment contracts
- x. more generally, carry out any ordinary management activity within the limits of the powers conferred above, even if not expressly listed, and to do whatever else is appropriate in the interest of the Company, except for the powers expressly attributed to the Board of Directors or to the Shareholders' Meeting, in view of the successful fulfilment of his duties, it being understood that the above list of powers is provided by way of example and without limitation
- y. sign freely in respect of all deeds and transactions included in the term of reference using his name and surname, together with the wording "Chairman" and the company name

It is worth recalling that Oscar Marchetto is the Chairman of the Board of Directors, the Company's controlling shareholder and its Chief Executive Officer. The Chairman and Chief Executive Officer of the Company holds no other positions with other issuers.

## EXECUTIVE COMMITTEE

At the date this report is prepared, the Board of Directors has not appointed an Executive Committee.

## DISCLOSURES TO THE BOARD OF DIRECTORS BY THE DIRECTORS/DELEGATED BODIES

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

## DIRECTOR RESPONSIBLE FOR ADMINISTRATION, FINANCE, LEGAL AND CORPORATE AFFAIRS, INVESTOR RELATIONS, HUMAN RESOURCES AND GENERAL SERVICES

By resolution passed by the Shareholders' Meeting on 4 May 2023, director Alessandro Zanchetta was entrusted with the duty of supervising and coordinating the Administration, Finance (as Chief Financial Officer), Legal & Corporate Affairs, Investor Relations, Human Resources and General Services areas.

With a view to revisiting the powers and tasks of executive directors following the renewal of the Company's governing body, on 4 May 2023 the Board of Directors vested director Alessandro Zanchetta with the following tasks and powers:

- a. represent the Company before the competent social-security and occupational-accidents insurance institutions, the employment offices and at any other body or department in charge of labour regulations and affairs, and to represent the Company in talks with trade-union or professional associations and representatives, with the exclusion of any employment contracts with executive staff
- b. to the extent that such powers relate to the Administration, Finance, Legal & Corporate, Human Resources and General Services and Investor Relations areas, represent the Company before (i) any governmental, municipal, provincial, regional or administrative authority, and official boards and commissions at all levels; (ii) tax authorities, with the right to sign applications or requests (including by way of settlement or conciliation), returns for annual or periodic direct and indirect tax or as the withholding agent of employees (with the exclusion of executive staff) or third parties, file claims, petitions, pleadings, and (iii) tax commissions at any stage or level, with the further right to sub-delegate his powers, or to appoint or remove any attorneys-in-fact, attorneys-at-law and experts



- c. to the extent that such powers relate to the Administration, Finance, Human Resources and General Services, Legal & Corporate Affairs and Investor Relations areas, represent the Company in pending or future legal proceedings against both private individuals and public bodies, before any ordinary, administrative, national or supranational judicial authority, as plaintiff or defendant, in any jurisdiction and at any stage or level, as well as before arbitrators, also in the event of special, interim or urgent procedures, with the full power to support or defend the Company's case, to file or refer complaints to a court, to join proceedings as civil plaintiff, and the further power to file lawsuits in the interest of the Company, to choose an address for service, to initiate enforcement proceedings with regard to movable or immovable property and request the issuance of a precautionary measure, to submit or refer disputes to arbitration or agree to an amicable settlement, to settle any disputes (including labour disputes) both in court and out of court, to appoint lawyers, attorneys ad litem (litigation lawyers) and arbitrators, experts and notaries with specific missions, with the further power to remove and replace them, and, in general, to carry out any and all acts that are useful and necessary for the judicial and administrative defence and protection of the Company
- d. file reports, claims, notices or complaints in order to defend the Company's rights and interests with any public authority or private organization; to notify protests against checks and bills of exchange, to send defaulting customers and other defaulting debtors injunctions or orders to pay, and, to that end, request preventive seizures or precautionary seizures to protect the Company's interests; to join bankruptcy proceedings as creditor and take part in creditors' meetings
- e. carry out – at public and private offices, railway and customs offices, transport and shipping companies, and post offices – any action or transaction for the clearance and/or withdrawal of goods, deposits, parcels, envelopes, valuables, letters, including insured and registered letters, and letters containing valuables, and to issue a receipt or disclaimer therefor with full powers to that end
- f. conclude and execute, with the appropriate clauses, including an arbitration clause, instruments and contracts for the purchase, sale, exchange, lease, hire and gratuitous loan of movable registered or unregistered property and of immovable property (real estate) for a value up to 1,000,000.00 (one million/00) Euro per transaction, sign the related documents, receive the relevant price, determine and pay the agreed consideration, issue and receive all related receipts, and allow any document transcription and registration with the competent authorities, while exempting the competent offices and their officials from any and all responsibilities, it being understood that any such powers are approved and ratified in advance, so that no one may ever claim their insufficiency or indefiniteness
- g. transfer ownership of the Company's vehicles and execute all related documents
- h. keep accounting records, including those required to ensure the fulfilment of tax/Inland Revenue formalities, the regularity of cash flows and the reliability of current data on operations
- i. oversee and ensure the fulfilment of all tax formalities with regard to the Company's activities, which shall include the signature of all related documents, particularly as regards relations with Inland Revenue and, more generally, with the competent tax authorities; he is therefore under the obligation to comply with all the applicable laws and/or regulations governing the administrative management of a joint-stock company
- j. represent the Company in dealing with third parties, public authorities and agencies (and sign the relevant correspondence) and, more specifically, any other institution or department in charge of labour regulations and affairs, as well as in relations with trade unions and trade associations

- k. hire white-collar and blue-collar staff on a fixed- or open-term basis, determine their wages, and suspend or dismiss them; to execute temporary employment contracts
- l. inflict on all employees the disciplinary sanctions provided for by the applicable national collective labour agreement, in compliance with all current legal and regulatory or industrial-relation requirements relating to such measures
- m. take part in trade union negotiations and execute company agreements, and to represent the Company in talks with trade unions and trade associations to discuss issues concerning relations with employees, with an express authorization to reconcile such disputes where appropriate, sign the relate conciliation report, and settle any disputes with the Company's employees
- n. ensure compliance with all EU legal and/or regulatory requirements and statutes regarding employees, any prohibitions on the contracting out of labour and, more generally, all regulations regarding employment contracts, in order to ensure that human-resource management is carried out in full compliance with individual employment contracts and current civil, tax and social security regulations, including those regarding compulsory hiring and contributions; he is therefore responsible for the correct enforcement of all the relevant regulations and of the regularity of any deeds and acts carried out in the performance of the powers conferred on him
- o. negotiate, sign, amend, terminate, settle and reconcile any disputes with reference to procurement contracts and subcontracts for both goods and services, for a unit amount not exceeding 2,000,000.00 Euro (two million/00); to negotiate, sign, amend, terminate, settle and reconcile any disputes with reference to procurement contracts and subcontracts for both goods and services, for a unit amount not exceeding 2,000,000.00 Euro (two million/00)
- p. for projects awarded outside Italy, open permanent business establishments for tax purposes; to that end, he shall be vested with full powers as required for all the activities of any such business establishment to be carried out in a state-of-the-art manner and for the execution of all the project documentation required to that end as well as for the signature, in the name and on behalf of the Company, of any contracts and instruments, with the authority to negotiate clauses, terms, conditions and anything else required
- q. order transactions on the current accounts opened with credit institutions in the name of the Company, either by letter or by issuing checks; to endorse at banks - both for discounting and for collection purposes - bills of exchange, bank checks and other commercial papers and, more generally, to perform any bank transactions for a unit amount not exceeding 5,000,000.00 Euro (five million/00) - it being understood that "perform any bank transactions" shall mean, without limitation:
  - i. opening giro accounts
  - ii. depositing and withdrawing sums from giro accounts, including by means of bank checks on behalf of third parties, in relation to cash on hand or credit facilities or, in any case, overdrafts within the limits of the readily available cash of an existing credit line
  - iii. endorsing bills of exchange, checks, promissory notes and documents for discounting and collection
  - iv. requesting overdraft facilities and loans in general, also in the form of loans on securities
  - v. obtaining advances and loans secured by collaterals on securities, valuables, goods, bills of exchange and documents
  - vi. providing security deposits

- vii. assigning claims including VAT claims
- viii. negotiating and executing lines of credit and/or amending existing credit facilities; requesting loans from credit institutions of any type and kind, as well as guarantees on behalf of the Company and/or its subsidiaries or investees
- ix. performing any transaction associated with the execution, amendment or revocation of loans
- x. requesting the provision of bank guarantees to secure the full performance by the Company of its obligations arising from transactions linked to its business such as, without limitation, advance bonds, performance bonds and guaranty bonds, as well as guarantees to be provided to Inland Revenue and against VAT claims whose recovery is requested
- xi. hiring, using or terminating the hiring of safe deposit boxes, cabinets and compartments of safes, including for the deposit and withdrawal of sealed packets
- xii. transferring funds between bank accounts of the Company, even if such accounts have been opened at different banks, or to order transactions between the Company and its subsidiaries and/or investees, both directly and indirectly, without any ceiling being applied to each transaction
- xiii. (xiii) Paying corporate income tax (IRES), tax on income from employment (IRPEF) and regional tax on business activities (IRAP) to Inland Revenue, and paying social security and occupational accident contributions to INPS and INAIL respectively
- r. negotiate, sign, amend or terminate insurance contracts, policies, including surety policies and bonds, for the most appropriate coverage of all risks related to the conduct of the Company's business
- s. request, within the limits of a unit amount not exceeding 2,000,000.00 Euro (two million/00), the provision of guarantees, surety policies and/or bonds from insurance companies, such as, by way of example and without limitation, advance bonds, performance bonds and guaranty bonds, in order to secure the fulfilment by the Company and its subsidiary and/or associated companies, both directly and indirectly, of obligations arising from current transactions linked to its business
- t. represent the Company at Shareholders' Meetings of all subsidiary and investee companies and of any other body or association in which the Company is entitled to take part in any capacity
- u. arrange for the payment of taxes, employees' wages and directors' fees, to the extent decided by the Shareholders' Meeting, with no limitation on the amount
- v. execute all factoring transactions, both as a factor and as a client, to assign receivables, carry out discounting operations, issue collection orders and provide security, always within the scope of the Company's activities
- w. vest other persons and, insofar as it pertains to individual functions, the heads of those functions, with powers of attorney and authorisations for the performance of individual deeds or categories of deeds among those mentioned above, and to specify their powers
- x. grant loans to the Company's subsidiary and/or associated companies up to a maximum of 1,000,000.00 Euro (one million/00) per individual transaction

- y. grant endorsements, sureties, letters of patronage and letters of guarantee up to an amount not exceeding 2,000,000.00 Euro (two million/00) per transaction, including in the interest of subsidiaries (directly and indirectly owned) and/or associated companies
- z. and more generally, carry out any ordinary management activity with regard to the Administration, Finance, Legal & Corporate Affairs, Human Resources, Investor Relations and General Services areas within the limits of the powers conferred above, even if not expressly listed, and to do whatever else is appropriate in the interest of the Company, except for the powers expressly attributed to the Board of Directors or to the Shareholders' Meeting, in view of the successful fulfilment of his duties, it being understood that the above list of powers is provided by way of example and without limitation
- aa. furthermore, Managing Director Alessandro Zanchetta is exclusively vested with any and all powers (including the necessary and appropriate managerial and spending powers) and duties to fully implement the applicable legislative and regulatory framework regarding the protection of personal data, which shall be carried out within the scope of Somec's business activities. Therefore, Mr Alessandro Zanchetta shall have full autonomy and discretion to take any initiative that is necessary or appropriate for personal data to be processed in strict compliance with the provisions of Regulation EU 679/2016 (GDPR), Legislative Decree 196/2003 (as amended by Legislative Decree 101/2018) and any further amendments and additions to such provisions to be made in the future, as well as with the measures issued by the Italian Privacy Commissioner. In addition, Managing Director Alessandro Zanchetta may represent the Company in dealing with third parties with the right to delegate, in whole or in part, any and all powers conferred on him in relation to the protection of personal data
- bb. sign freely all deeds and transactions included in the term of reference using his name and surname, together with the wording "Managing Director" and the company name

#### **DIRECTOR IN CHARGE OF THE OPERATIONS AND WORKSITE MANAGEMENT AREAS**

By a resolution passed by the Shareholders' Meeting on 04 May 2023, director Davide Callegari was entrusted with duties related to the corporate organization, with special reference to the Operations and Worksite Management areas, and the further task of coordinating individual functions. With a view to revisiting the powers and tasks of executive directors following the renewal of the Company's governing body, on 4 May 2023 the Board of Directors vested director Davide Callegari with the following tasks and powers:

- a. enter into joint ventures, consortia and, in general, collaboration agreements with other entities active in the industry, other national and international companies or groups of strategic importance
- b. to the extent that such powers relate to the Operations and Worksite Management areas, represent the Company in the pursuit or defence of any claim before any ordinary or special, national, supranational or foreign governmental, judicial, administrative or tax authority, or trade-union association, in any jurisdiction and at whatever stage or level of proceedings; in the event of enforcement proceedings, to issue a statement as garnishee (third-party debtor)

- c. to the extent that such powers relate to the Operations and Worksite Management areas, file reports, claims, notices or complaints in order to defend the Company's rights and interests with any public authority or private organization; to notify protests against checks and bills of exchange, to send defaulting customers and other defaulting debtors injunctions or orders to pay, and, to that end, request preventive seizures or precautionary seizures to protect the Company's interests; to join bankruptcy proceedings as creditor and take part in creditors' meetings
- d. to the extent that such powers relate to the Operations and Worksite Management areas, carry out – at public and private offices, railway and customs offices, transport and shipping companies, and post offices – any action or transaction for the clearance and/or withdrawal of goods, deposits, parcels, envelopes, valuables, letters, including insured and registered letters, and letters containing valuables, and to issue a receipt or disclaimer therefor with full powers to that end
- e. carry out all transactions for the export and import of products and materials pertaining to the Company's business, with the further power to submit and sign all applications and documents required, sign invoices, receipts, certificates of origin and movement certificates, documents and declarations relating to clearance through customs and currency transactions and, more generally, any document required for the conduct of the Company's business both in and outside Italy
- f. negotiate, sign, amend, terminate, settle and reconcile any disputes with reference to procurement contracts and subcontracts for both goods and services, even when they are unnecessary for performing work contracted to the Company and, more generally, for implementing projects awarded to it, such as, without limitation, raw materials, semi-finished products, assembly services, outsourced or subcontracted work consisting in installations and/or contracts for the coordination of worksites, etc., for a unit amount not exceeding 1,000,000.00 Euro (one million/00)
- g. to the extent that such powers relate to the Operations and Worksite Management areas, collect sums and anything else due to the Company from any party, and to issue receipts and disclaimers in the required forms, to collect postal and wire money transfers, vouchers, and checks of any kind and for any amount and issue receipts therefor, and sign any related settlement and conciliation agreements
- h. to the extent that such powers relate to the Operations and Worksite Management areas, collect claims of any kind and amount from private individuals and any public authority or agency and issue receipts therefor
- i. to the extent that such powers relate to the Operations and Worksite Management areas, deposit or withdraw cash and securities held at the Cassa Depositi e Prestiti (Deposit and Loan Fund) and if need be, in the escrow accounts of the Direzione Generale del Tesoro (General Directorate of the Treasury), to collect interest accrued on the Company's deposits held at any of the offices or branches of the Cassa Depositi e Prestiti, to issue receipts on behalf of the Company and to carry out any and all transactions that may be necessary
- j. within the limits of the powers delegated to him, to appoint, on behalf of Company, technical directors and give other persons powers of attorneys and authorizations, as either sole or joint signatories, for the performance of individual deeds or categories of deeds, to the extent that such powers relate to their respective scope of responsibilities, and to specify their powers
- k. with regard to safety in the workplace and compliance with environmental regulations, both at the production plant and at the mobile construction sites where the company is scheduled to operate, with attribution of the relevant decision-making and spending powers, attribution of every duty under Article 18 of Legislative Decree 81/2008, as well as any other obligation and responsibility thereunder.



More specifically, following the attribution and assignment of the position of “employer” pursuant to Legislative Decree 81/2008, as amended from time to time, the following duties shall, by way of example and not limitation, be attributed to director and managing director Davide Callegari:

- i. every duty attributed to the “employer” under Article 18 of Legislative Decree 81/2008 or any other special rule or law
- ii. the duty to manage, direct and organise health and safety aspects in the workplace in all the company’s production units and other workplaces, both in fixed premises and in mobile worksites and/or temporary establishments
- iii. the task of implementing such acts and meeting such requirements as may be necessary to comply with the applicable regulations in force, granting to this end any and all powers in terms of expenditure, plant management and job orders, including the power to hire labourers and skilled personnel or to dismiss any personnel responsible for serious non-compliance and/or violations. In particular, and without this being construed as an exclusive listing, assigning the task, for each production unit reporting to him, of incorporating, through the relevant internal and external advisory bodies of the company, every law and complementary, amending and supplementary regulation issued and to be issued with regard to worker safety, accident prevention and protection of hygiene in the workplace and ensuring compliance with the obligations set forth in the aforesaid laws and regulations
- iv. the task of organising the prevention and protection service within the company, or the production unit, or appointing persons or services external to the company, in accordance with the rules laid down in Article 15 of Legislative Decree 81/2008 (formerly Article 8 of Legislative Decree 626/94)
- v. the task of designating within the company, or the production unit, one or more direct reports to carry out the tasks referred to in Article 33 of Legislative Decree 81/2008 (formerly Article 9 of Legislative Decree 626/94), including the person in charge of the service having the professional skills and meeting the requirements referred to in Article 16 of Legislative Decree 81/2008 (formerly Article 8-bis of Legislative Decree 626/94), after consulting the safety representative
- vi. the task of discharging any other duties as may be useful or necessary to ensure compliance with all the obligations laid down in Legislative Decree 81/2008 or other binding legislation; delegate, by means of specific powers of attorney, the functions and powers assigned herein to the persons whom he shall deem most suitable in terms of skills and professional abilities to ensure the appropriate and constant fulfilment, according to best diligence criteria, of the obligations laid down in the field of health and safety in the workplace, with the exclusion, however, of powers of direction, general information, and supervision of the abilities of the delegates
- vii. with regard to emission control, any power deemed necessary or useful to ensure that:
  - i. emissions into the atmosphere and into bodies or streams of water of production residues, whether liquid or gaseous, comply with the quality and quantity requirements laid down by the relevant laws in force
  - ii. production waste, where it is produced, is stored in such a way as not to harm the health and safety of workers
  - iii. production waste, exhausted oils, used lubricants and/or waste products are respectively sent to the specially authorised dumps and to the compulsory treatment facilities
  - iv. all necessary registers and accompanying documents are kept

- viii. carry out, more generally, any ordinary management activity related to the Operations and Worksite Management area, within the limits of the powers conferred above, even if not expressly listed, and to do whatever else is appropriate in the interest of the Company, except for the powers expressly attributed to the Board of Directors or to the Shareholders' Meeting, in view of the successful fulfilment of his duties, it being understood that the above list of powers is provided by way of example and without limitation
- l. sign freely in respect of all deeds and transactions included in the term of reference using his name and surname, together with the wording "Managing Director" and the company name

## **DIRECTOR IN CHARGE OF THE SALES AND RESEARCH & DEVELOPMENT AREAS**

Following the Shareholders' resolution of 4 May 2023, director Giancarlo Corazza was tasked with supervising and coordinating the sales and research and development sectors.

With a view to revisiting the powers and tasks of executive directors following the renewal of the Company's governing body, on 4 May 2023 the Board of Directors vested director Giancarlo Corazza with the following tasks and powers:

- a. negotiate, sign and amend any supply contracts designed to obtain purchase orders and project awards, and to terminate them; to settle and reconcile any disputes related to such contracts
- b. to enter into joint ventures designed to obtain purchase orders and project awards
- c. to the extent that such powers pertain to R&D endeavours: negotiate, sign, amend, terminate, settle and reconcile any disputes with reference to procurement contracts and subcontracts for both goods and services, for a unit amount not exceeding 100,000.00 (one hundred thousand/00) Euro
- d. to the extent that such powers relate to the Sales area, collect claims of any kind and amount from private individuals and any public authority or agency and issue receipts therefor
- e. carry out in general any ordinary administration transactions pertaining to the functions of the sales and research and development
- f. to the extent that such powers pertain to the sales and R&D area: give, on behalf of the Company and within the limits of the powers he has been vested with, other persons powers of attorneys and authorisations, acting as either sole or joint signatories, for the performance of certain deeds or categories of deeds, specifying their powers
- g. sign freely in respect of all deeds and transactions included in the term of reference using his name and surname, together with the wording "Managing Director" and the company name

## INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

### INDEPENDENT DIRECTORS

At the date this report was prepared, the Board of Directors included 3 (three) independent directors out of a total of 7 (seven) directors, i.e., directors of the Company who meet the independence requirements set forth in Article 148(3), of the Consolidated Act on Finance, as referred to in Article 147-ter(4) thereof.

Independence (as under the Consolidated Act on Finance and the Corporate Governance Code) was established by resolution of the Board of Directors, based on the information available and the documentation produced by the parties concerned, and with the latter's abstention for the position that concerned them; the assessment was conducted following the appointment by the Shareholders' Meeting, both with reference to the independence requirements set out in the Consolidated Act on Finance and all the requirements set out in the Corporate Governance Code, and is repeated annually. With specific reference to the provisions of Article 149(1)(c-bis) of the TUF and Recommendation 6 of the Corporate Governance Code, the Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board to assess the independence of its own members.

The number of independent directors complies with Recommendation 5 of the Corporate Governance Code and was found to be adequate, including in view of their respective competences, for the needs of the Company and the functioning of the Board of Directors, as well as the establishment of the relevant internal board committees. The independent directors meet periodically during the meetings of the Committees they chair and in which they participate. On these occasions, they systematically discuss the Company's dynamics and activities and identify areas and actions on which they can focus and act. The independent directors are committed to maintaining their independence throughout their term of office. It should be noted that, on 13 February 2023, the Board of Directors approved the quantitative and qualitative criteria for assessing the significance of the relationships under (c) and (d) of Recommendation 7, first paragraph of the Corporate Governance Code, in relation to Somec and the Group.

In this regard, it should be noted that the Board of Directors considered that:

- a. a business or financial relationship with Somec and/or with its subsidiaries and/or with its parent company and/or with their respective directors and/or top managers is deemed as "significant" when the annual remuneration paid to the independent director of Somec (or to companies controlled by the independent director of Somec or of which the independent director of Somec is an executive director) is equal to or greater than 10% of the total annual turnover of the independent director of Somec - if a sole proprietor - or of the company or entity of which the independent director of Somec has the control or is an executive director
- b. a professional relationship with Somec and/or with its subsidiaries and/or with its parent company and/or with their respective directors and/or top managers is deemed as "significant" when the annual remuneration payable to the independent director of Somec (or of the professional firm or consulting company of which he is a partner) is equal to or greater than 20% of his total annual turnover if he is an individual professional, or equal to or greater than 5% of the annual turnover of the professional firm or consulting company of which he is a partner

It should also be noted that, even if the above quantitative parameters are not exceeded, a business, financial or professional relationship is to be considered “significant” for the purposes of Recommendation 7(1)(c) of the Corporate Governance Code if it is deemed by the Board of Directors to be capable of affecting the autonomy of judgement and independence of an independent director of Somec in the discharge of his or her duties.

Lastly, additional remuneration received by the independent director of Somec, for positions held in Somec and/or in the subsidiaries of Somec and/or in the parent company of Somec is to be considered “significant” when it is, in the aggregate and on an annual basis, at least 50% higher than the fixed annual remuneration received by such director for the position held in Somec (including remuneration due for participation in internal board committees).

The Board of Directors shall assess whether the above-mentioned requirements are in place and apply on the basis of the information that the persons concerned are required to provide on their own responsibility, or information that is otherwise available to the Board.

Compliance by the independent directors currently in office with the independence requirements pursuant to Recommendation 7 of the Corporate Governance Code (with account being taken of the aforementioned criteria) and Article 148(3)(b) and (c) of the Consolidated Act on Finance was established by the Board of Directors at its meeting of 4 May 2023 following the Shareholders’ Meeting held to appoint the new governing body and, subsequently, at the meeting held on 8 March 2024. The independent directors regularly attended the board meetings held during the financial year under review. The number and expertise of the independent directors are deemed appropriate to the needs of the Company and the functioning of the Board of Directors and its Committees.

#### **LEAD INDEPENDENT DIRECTOR**

By Resolution of the Board of Directors dated 4 May 2023, the Company appointed independent director Gianna Adami as Lead Independent Director and vested her with the powers and functions established under the Corporate Governance Code. More specifically, this appointment was required under Recommendation 13 of the Corporate Governance Code given the position held within the Company by director Oscar Marchetto, who is at the same time Chairman of the Board of Directors and Chief Executive Officer, as well as the person who indirectly controls the Company through Venezia S.p.A.

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

# HANDLING OF COMPANY INFORMATION

At its meeting of June 8, 2020, the Company's Board of Directors approved, effective as of the Listing Date, a procedure governing the internal management and the external disclosure of inside information regarding Somec and other Group companies, in compliance with the provisions of Article 17 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and the related implementation measures ("**Inside Information Procedure**").

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



# INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

On 4 May 2023 the Board of Directors resolved to establish the following committees from among its members with investigative, advisory and proposal-making functions pursuant to Principle XI and Recommendation 16 of the Corporate Governance Code:

- a. Remuneration and Appointment Committee  
(“**Remuneration and Appointment Committee**” or “**RA Committee**”)
- b. Internal Control, Risk Management and Sustainability Committee  
(the “**Control, Risk Management and Sustainability Committee**” or “**CRS Committee**”)

Compared to the previous year, the Remuneration Committee was also given responsibility for appointments, while the Internal Control and Risk Management Committee was given responsibility for sustainability. This change in the corporate governance structure is in line with the goal of aligning the Company with best practices in this area.

Furthermore, in accordance with the provisions of the Related Party Regulations, as well as in view of the provisions of Articles 2391 and 2391-bis of the Civil Code and the RPT Procedure, the Board of Directors, on 4 May 2023, resolved to establish a related party committee (the “**Related Party Committee**”). For more information on the powers and composition of the individual committees, see Sections 8.1, 9.2 and 10 of this Report.

With specific reference to the provisions of Recommendation 11 of the Corporate Governance Code, the powers, rules and procedures for the functioning of the Committees are governed under the Rules of Procedure of the Board of Directors, approved by the Board of Directors on 13 February 2023 and made available on the Company's website ([www.somecgruppo.com](http://www.somecgruppo.com)), under “Governance”.

The members of the committees and their chairpersons are appointed and removed by resolution of the Board of Directors. Unless appointed by the Board of Directors, the committee's Chairperson is elected by each committee at its first meeting following its establishment. Committees consist of at least two directors, as decided from time to time by the Board of Directors at the time of their establishment, all of whom are non-executive and independent; the Chairman is chosen from among the independent directors.

The Board of Directors defines the duties of the committees, giving priority to the skills and experience of their members, and – without prejudice to the possibility of a director serving on more than one committee. Notably: (i) At least one member of the Remuneration Committee must have adequate knowledge and experience in accounting and finance or remuneration policies, the assessment of such knowledge lying with the Board of Directors at the time of appointment; (ii) at least one member of the Control and Risk Committee must have adequate knowledge and experience in accounting and finance or risk management.

Each committee, on the proposal of the chair, may appoint a secretary, who may also be chosen from outside its members and, in that case, from among the Company's executives or employees, and who will be entrusted with the task of drawing up the minutes of the meetings of each committee. If no secretary has been appointed to a committee, the relevant functions will be performed by the secretary of the Board of Directors.

The Board of Directors may allocate an annual budget to one or more committees, as defined annually by each committee, in relation to any external consulting support they may require. The Board of Directors may make resources available to the committees in excess of the budget in the event of situations requiring additional resources as notified by each committee. Committee members are also entitled to reimbursement of expenses incurred by reason of their office as well as any other remuneration allocated by the Board of Directors.

The Committees shall meet, at the Company's registered office or at another location stated in the notice convening the meeting, at the invitation of their chair whenever he or she deems it appropriate and as often as necessary to ensure the proper discharge of their duties, but at least once every six months, or when requested by the chairman of the Board of Statutory Auditors, the chairman of the Board of Directors or the majority of the members of the committees themselves.

In order to ensure the validity of the committees' meetings, they must be attended by the majority of the members in office or, in the case of committees consisting of only two members, all members. Decisions of the committees are taken by an absolute majority of the members in office; in the event of a tie, the chair will have a casting vote. Votes may not be cast by proxy.

The chairman of the Board of Statutory Auditors (or another Statutory Auditor designated by him or her) may attend committee meetings, and other Statutory Auditors as well as other persons (e.g. the Chairman or other executive directors) may also attend, with reference to the individual items on the agenda, to provide information and express opinions to the extent as lying within their province.

The documents relating to the items on the agenda shall be made available to each committee at least three (3) calendar days before the date of the meeting. Such documentation shall be delivered by the secretary of each committee by fax or email to the addresses stated by the members of each committee. If particular confidentiality requirements so dictate, the information may be provided within a shorter time limit or during the meeting, as well as in a manner other than as stated above (e.g. by making the information available in hard copy during the meeting).

Each of the aforementioned committees is composed of 3 (three) independent directors (i.e., Gianna Adami, Elena Nembrini and Giuliana Borello) in accordance with the Corporate Governance Code.

It should be noted that, in accordance with the provisions of the Rules of Procedure the Board of Directors adopted on 13 February 2023, the duties of the Appointment Committee are attributed to the Remuneration Committee, which are specifically assigned the task of assisting the Board of Directors with investigative, proposal-making and advisory functions in assessments and decisions relating to the self-assessment of the Board of Directors and its Committees as well as relating to the process of appointment and succession of directors, ensuring, to the extent as lying within its province, that such process is run in a transparent and smooth fashion in order to achieve an optimal composition of the Board of Directors.

More specifically, in assisting the Board of Directors, the Remuneration Committee shall:

- a. assess the optimal composition of the Board of Directors and its Committees
- b. review potential candidates for the office of director in the event of co-option
- c. identify potential candidates for the submission of a possible list by the outgoing Board of Directors, to be prepared in a manner that ensures transparent formation and presentation

No additional internal board committees were established.

# SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

## SELF-ASSESSMENT

Pursuant to Principle XIV of the Corporate Governance Code, the Board of Directors periodically assesses the effectiveness of its activities and the contribution made by its individual components. To this end, it will rely on established procedures that are implemented under its own supervision.

More specifically, in accordance with the provisions of Recommendation 22 of the Corporate Governance Code, the Board of Directors, every three years – ahead of its renewal – engages in an established self-assessment process to assess the effectiveness of the activities conducted by the Board of Directors and its Committees and express an opinion on the actual functioning, size and composition of the Board of Directors as a whole and of any Committees, with account also being taken of its role in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

The self-assessment process considers the contribution made by each director, taking into account the professional, experience, knowledge, skill and gender characteristics of its own members, as well as their seniority in office. Following self-assessment activities, the Board of Directors will identify any corrective actions as necessary or appropriate.

During the meeting held on 13 February 2023 and ahead of its renewal, the Board of Directors acknowledged the positive judgement that emerged from the self-assessment activity on the proper functioning of the Board of Directors and its Committees, as well as on the size and composition of such Committees, and the related suggestions, also in relation to the criteria set forth in Article 2 of the Corporate Governance Code. This assessment process, which took place in January and February 2023, covered financial years 2020, 2021 and 2022 and was completed by a questionnaire administered to all directors.

The self-assessment questionnaire allowed suggestions and comments to be made and was administered anonymously. It consisted of different sections, covering the topics considered most significant, with special reference to: (i) the size, composition and functioning of the Board of Directors; (ii) the size, composition and functioning of the Committees; (iii) communication between the Board of Directors and top management; and (iv) corporate governance and risk management. Once completed by all directors on an anonymous basis, the Board of Directors reviewed the results at its meeting on 13 February 2023.

## SUCCESSION OF EXECUTIVE DIRECTORS

The Company qualifies as a “concentrated ownership company” and is therefore not a “large-sized enterprise” within the meaning of the Corporate Governance Code. As a result, it may take advantage of the flexibility options provided in such Code (e.g., no succession plan for executive directors and no annual self-assessment by the Board of Directors are required).

The Company will however carry out an assessment in view of the reappointment of the current members of the Board of Directors. In this regard, considering, among other things, its size and shareholding structure, the Company did not deem it necessary to adopt a succession plan for its managing directors.

# DIRECTORS' REMUNERATION - REMUNERATION AND APPOINTMENT COMMITTEE

## REMUNERATION AND APPOINTMENT COMMITTEE

### COMPOSITION AND OPERATION

In accordance with the provisions of Recommendation 16 of the Corporate Governance Code, on 4 May 2023 the Board of Directors resolved to establish an internal Remuneration and Appointment Committee. The following table shows the composition of the Remuneration and Appointment Committee at the date this report was prepared. Between the end of the period under review and the date this report was prepared, there were no changes in the structure of the Remuneration Committee.

NAME AND SURNAME	DATE OF APPOINTMENT	QUALIFICATIONS HELD
<b>Gianna Adami (Chairwoman)</b>	04/05/2023	Independent director with knowledge and expertise in accounting and finance or remuneration policies
<b>Elena Nembrini</b>	04/05/2023	Independent Director
<b>Giuliana Borello</b>	04/05/2023	Independent Director

In accordance with Recommendation 26 and Recommendation 7 of the Corporate Governance Code, the Remuneration Committee is composed of independent non-executive directors. The functioning of the Remuneration Committee is governed not only by the Corporate Governance Code, but by the Rules of Procedure of the Board of Directors too, approved by the Board of Directors on 13 February 2023.

Pursuant to Recommendation 17 of the Corporate Governance Code, at least one member of the Board of Statutory Auditors always attended the proceedings of the Remuneration Committee. No director will take part in the meetings of the Remuneration Committee where proposals are submitted to the Board of Directors concerning their remuneration. In the discharge of its duties, the Remuneration Committee has the right to access such information and corporate functions as may be necessary to that end, and to retain external consultants under the terms established by the Board of Directors.

## DUTIES ASSIGNED TO THE REMUNERATION AND APPOINTMENT COMMITTEE

The Remuneration and Appointment Committee has the task of assisting the Board of Directors – by conducting investigations, submitting proposals and providing advice – in assessments and decisions relating to the (i) drafting of the remuneration policy, in respect of remuneration of directors, and (ii) self-assessment of the Board of Directors and its Committees and the process of appointment and succession of directors, ensuring, to the extent as lying within its province, transparency thereof in the pursuit of an optimal composition of the Board of Directors.

Duties of the Remuneration and Appointment Committee are:

- a. review the content of the votes on the report on the remuneration policy and on the remuneration paid cast at the Shareholders' Meeting in the previous financial year, submitting its own opinion to the Board of Directors
- b. submit proposals or give opinions to the Board of Directors on the remuneration of executive directors and other directors holding special offices, as well as on the setting of performance-based objectives related to the variable component of such remuneration and to the reporting of company results
- c. submit opinions on the general criteria and guidelines with regard to annual and long-term incentive schemes, including share-based schemes
- d. monitor the application of the remuneration policy, verifying, in particular, the actual achievement of performance-based objectives
- e. periodically assesses the adequacy, overall consistency and application of the policy for the remuneration of directors and managers
- f. recommend the definition of (i) claw back clauses, related to the implementation of incentive schemes and the determination of the variable remuneration of executive directors, (ii) indemnities to be paid in the event of termination of employment and non-competition agreements, with reference to executive directors
- g. monitor the decisions made by the Board of Directors regarding remuneration
- h. perform such tasks as may be required by the RPT Procedure
- i. assess the optimal composition of the Board of Directors and its Committees
- j. review potential candidates for the office of director in the event of co-option
- k. identify potential candidates for the submission of a possible list by the outgoing Board of Directors, to be prepared in a manner that ensures transparent formation and presentation
- l. prepare, update and review any succession plan for the CEO and other executive directors to be submitted to the Board of Directors

During the period under review, the Remuneration and Appointment Committee met four times and, in particular, on 21 March 2023, 10 May 2023, 31 May 2023, 07 June 2023. The average length of its meetings was 60 hours.

During the period under review, the Remuneration and Appointment Committee met to address, among other things, the following topics:

- i. assess the level of achievement of qualitative and quantitative targets for FY 2022 underlying the allocation of short-term variable remuneration to the Company's key executives
- ii. estimate the fair value of the equity instruments granted under the 2021-2025 Scheme
- iii. review and approve the Remuneration Report for FY 2022
- iv. check the prerequisites for the transfer of the portion of restricted shares to the beneficiaries under the 2021-2025 Scheme
- v. distribute the remuneration resolved upon by the Shareholders' Meeting among the members of the Company's Board of Directors
- vi. establish the targets underlying the short-term variable remuneration of executive directors for FY 2023
- vii. identify the targets underlying the variable remuneration of key executives for FY 2023

## **DIRECTORS' REMUNERATION**

For information on the directors' remuneration, reference should be made to the Remuneration Report prepared pursuant to Article 123-ter of the TUF and published on the Company's website [www.somecgruppo.com](http://www.somecgruppo.com), under *Governance > Remuneration*.



# INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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

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

In 2020, the Board of Directors resolved to adopt an internal control and risk management system. This system enables managers to have a sufficiently comprehensive picture of the economic and financial situation and the risks to which the Company and the main Group companies are exposed on a regular and timely basis, and includes the: (i) monitoring of the main key performance indicators and risk factors pertaining to the Company and the main Group companies to which it belongs; (ii) production of data and information with special regard to financial information, based on an investigation scope commensurate with the type of business, organisational complexity and the specific information requirements of Management; (iii) processing of prospective financial data for a business plan, budget and the assessment of progress in the achievement of corporate targets by means of an analysis of deviations.

During 2023, having consulted with the Control, Risk Management and Sustainability Committee, the Board of Directors:

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

In the discharge of these duties, the Board of Directors was supported by the Director in Charge (as defined below) and by the Control, Risk Management and Sustainability Committee. During the period under review, the Issuer updated and/or formally approved corporate procedures aimed at ensuring compliance with the applicable regulations.

At the date this report was prepared, the Company had:

- a. adopted a Group Code of Ethics and updated its Compliance Programme (as defined below) to include the new offences that qualified as predicate offences. In particular, at the meeting of the Board of Directors held on 21 June 2022, the Special Parts concerning the offences of receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering (Article 25-octies of Legislative Decree 231/2001) and market abuse (Article 25-sexies of Legislative Decree 231/2001) were updated
- b. the Special Parts addressing offences against public authorities, cybercrimes and offences against the individual were also updated in the regulatory appendix
- c. adopted a whistleblowing procedure and conformed it to Directive EU 2019/1937 and its implementing decree of 12 December 2022, which was finally approved by the government on 9 March 2023
- d. adopted the Rules of Procedure of the Board of Directors at its meeting of 13 February 2023

During the period under review, the executive responsible for the preparation of corporate accounting documents of the Somec Group carried out an analysis of the companies and corporate processes in order to update the scoping out of the organisational-accounting model established pursuant to Law 262/05 (hereinafter referred to as “**262 Scoping**”).

Both risk assessment and 262 Scoping contributed to identifying the Group companies that are significant and material for financial reporting purposes together with their respective processes. This analysis was conducted by examining the following aspects:

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

The Issuer updated and improved the corporate procedures relating to financial reporting processes. As part of this project, the Manager in charge of financial reporting prepared a Risk Control Matrix, which was attached the documentation of the accounting control model.

This activity entailed establishing a group-wide standard, which was transferred to in-scope subsidiaries during the reporting year so that it could be adopted and implemented locally.

## **DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

On 4 May 2023 the Board of Directors appointed Managing Director Alessandro Zanchetta as director in charge of maintaining an effective control and risk management system (the “**Director in Charge**”). The Director in Charge was entrusted with the tasks of supervising the functionality of the internal control and risk management system, implementing the relevant policies defined by the Board of Directors, and ensuring that all necessary actions are taken to implement the system. In particular, in compliance with Recommendation 34 of the Corporate Governance Code, the Director in Charge of Somec’s internal control and risk management system:

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

## CONTROL, RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

### COMPOSITION AND OPERATION

In accordance with the provisions of Recommendation 16 of the Corporate Governance Code, on 04 May 2023 the Board of Directors resolved to establish an internal Control, Risk Management and Sustainability Committee. The following table shows the composition of the Control, Risk Management and Sustainability Committee at the date this report was prepared. Between the end of the period under review and the date this report was prepared, there were no changes in the structure of the Control, Risk Management and Sustainability Committee.

NAME AND SURNAME	POSITION
<b>Elena Nembrini (Chairwoman)</b>	Independent Director
<b>Gianna Adami</b>	Independent Director
<b>Giuliana Borello</b>	Independent Director

In accordance with Recommendation 35 and Recommendation 7 of the Corporate Governance Code, the Control, Risk Management and Sustainability Committee is composed of independent non-executive directors. In view of the characteristics of its members, the Control, Risk Management and Sustainability Committee as a whole has adequate expertise in the business segment in which the Company operates, enabling it to assess the relevant risks in accordance with Recommendation 35 of the Corporate Governance Code.

The functioning of the Control, Risk Management and Sustainability Committee is governed not only by the Corporate Governance Code, but also by the Rules of Procedure of the Board of Directors, approved by the Board of Directors on 13 February 2023.

On the proposal of the Control, Risk Management and Sustainability Committee, the Board of Directors approves the budget required to provide the Control, Risk Management and Sustainability Committee with adequate financial resources to carry out its activities. In the discharge of its duties, the Control, Risk Management and Sustainability Committee has the right to access the information and company departments necessary for the performance of its tasks.

### DUTIES ASSIGNED TO THE CONTROL, RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

The Control, Risk Management and Sustainability Committee has the task of assisting the Board of Directors - by conducting investigations, submitting proposals and providing advice - in assessments and decisions relating to the internal control and risk management system, as well as those relating to the approval of periodic financial and non-financial reports.

Further, the Control, Risk Management and Sustainability Committee is tasked with providing support to the Board - in relation to the internal control and risk management system - regarding the definition of guidelines for the internal control and risk management system geared towards an effective and efficient identification, measurement, management and monitoring of the main risks, so as to contribute to the sustainable success of the Company in line with its own strategies.

More specifically, in assisting the Board of Directors, the Control, Risk Management and Sustainability Committee will:

- a. together with the executive responsible for the preparation of corporate accounting documents and subject to consultation with the independent auditor and the Board of Statutory Auditors, establish whether the accounting standards were adequately relied upon and, in the case of groups, whether they were applied consistently for the purpose of preparing the consolidated financial statements
- b. establish whether the periodic financial and non-financial disclosures provide a fair view of the business model, the Company's strategies, the impact of its operations and the performance level achieved
- c. review the content of the non-financial disclosure deemed relevant for the purposes of the internal control and risk management system
- d. give opinions on specific aspects concerning the identification of the main corporate risks
- e. review periodic reports and those of particular significance prepared by the Internal Audit Function, with a view to their submission to the Board of Directors for approval
- f. monitor the independence, adequacy, effectiveness and efficiency of the Internal Audit Function, as well as the consistency of its remuneration with corporate policies
- g. task the Internal Audit Function, if need be, with the conduct of audits on specific operational areas, informing the Chairman of the Board of Statutory Auditors thereof
- h. establish whether the powers and resources assigned to the executive responsible for the preparation of corporate accounting documents are adequate
- i. ensure that the Internal Audit Function (or equivalent Function named differently) has adequate resources in order to discharge its duties
- j. report to the Board of Directors, at least every six months, on the occasion of the approval of the annual and semi-annual financial report on operations as well as on the adequacy of the internal control and risk management system
- k. provide support in any assessments and decisions of the Board of Directors concerning the management of risks arising from prejudicial facts of which the Board of Directors has become aware

The Control, Risk Management and Sustainability Committee receives periodic reports from the Internal Audit Functions containing adequate information on its own activities, on the methods with which risk management was carried out, as well as on compliance with the plans defined for risk containment. These reports contain an assessment of the suitability of the internal control and risk management system. The Control, Risk Management and Sustainability Committee exchanges information with the Board of Statutory Auditors on a timely basis for the performance of their respective tasks and to safeguard the guiding principles of the internal control and risk management system (i.e., adequacy, integration and periodicity of flows between bodies dealing with control and risk).

The Control, Risk Management and Sustainability Committee may be consulted to carry out specific additional activities to conduct analyses and provide opinions on matters within its own remit, based on requests for insights sought by the Chief Operating Officer and/or the Head of the Internal Audit Function for the Board of Directors' perusal and approval.

The Control, Risk Management and Sustainability Committee is entrusted with the following tasks in the area of sustainability:

- a. promoting guidelines to be submitted to the Board of Directors that integrate sustainability into business processes in order to ensure the creation of sustainable value over time for shareholders and all other stakeholders
- b. spreading a culture of sustainability among employees, shareholders, customers and, more generally, stakeholders
- c. reviewing the environmental, economic and social footprint of business operations
- d. providing opinions on the annual and multi-year sustainability objectives to be achieved with specific reference to the management of medium/long-term related risks pertaining to the Company and its subsidiaries so that they may be appropriately identified as well as adequately measured, managed and monitored
- e. monitoring the Company's positioning across the main sustainability indices
- f. providing opinions on initiatives and programmes promoted by the Company or its subsidiaries on corporate social responsibility and health, safety, and the environment
- g. provide, where instructed by the Board of Directors, opinions and submit proposals concerning specific corporate social responsibility issues
- h. reviewing the sustainability report before it is submitted to the Board of Directors on an annual basis
- i. coordinating with the Remuneration Committee on the integration of ESG objectives into the remuneration policy

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During the period under review, the Control, Risk Management and Sustainability Committee met 11 times. In addition to its members, the Chairman of the Board of Statutory Auditors, the Chief Financial Officer, the Head of Legal and Corporate Affairs and, upon request, the other control functions according to the topics dealt with attended the meetings of the Control and Risk Management Committee.

In its meeting of 17 February 2023, the Control and Risk Committee reviewed the results of the risk analysis conducted by Somec with the support of the Internal Audit Function (outsourced to Key Advisory S.r.l. ("**Key Advisory**")) during the period under review. The Chairman of the Board of Statutory Auditors attended the meeting. The purpose of this analysis was to identify and assess risks that may hinder the achievement of strategic objectives and the development of the business plan. The document was prepared in compliance with the provisions set out in the Corporate Governance Code and on the basis of methodologies that are in line with national and international best practices. These methodologies were developed by various institutions and, in particular, the Committee of Sponsoring Organizations of the Treadway Commission (COSO report framework). The risks to which the Group is exposed were identified and assessed by Somec through the following activities:

- a. identification of key value drivers, i.e., targets, development plans and strategic initiatives
- b. definition of a methodology for identifying and assessing risks and opportunities



- c. a document review through special check-lists and the selection of the relevant information to be analysed
- d. interviews with process risk owners
- e. identification of top risks and, for each of them, determination of their impact and probability of occurrence
- f. preliminary considerations on possible management / governance mechanisms and strategies for top risks

Risk assessment for FY 2022 comprised a review and an assessment of ESG risks with a view to creating a risk management framework, which now includes sustainability issues. At least three additional meetings of the Control, Risk Management and Sustainability Committee are planned for financial year 2024.

## HEAD OF THE INTERNAL AUDIT FUNCTION

By a resolution dated 14 May 2020, on the proposal of the Director in charge and further subject to the favourable opinion of the Control and Risk Management Committee and after consulting with the Board of Statutory Auditors, the Board of Directors resolved to carry out a general internal audit on the structure and functionality of internal controls. To that end, it established an internal audit function, with effect from the Listing Date, which was outsourced to Key Advisory, in the person of Mr Massimiliano Rigo as Head of this Function for a period of three years (2020-2022). On 8 March 2023, the Board of Directors extended the term of office of Mr Massimiliano Rigo as Key Advisory for the period spanning 2023-2025. Mr Rigo was found to meet the professional expertise, independence and organisation requirements for the discharge of this duty, in compliance with the provisions set out in Recommendation 33(b) of the Corporate Governance Code.

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During the period under review, the Head of the Internal Audit Function:

- a. audited – on an ongoing basis or in relation to specific needs, in compliance with international standards – the functioning and suitability of the internal control and risk management system by means of an audit plan approved by the Board of Directors, based on a structured process of analysis and prioritization of the main risks
- b. planned and carried out, in line with the audit plan, direct and specific control activities at the Issuer's premises in order to identify any shortcomings in the internal control and risk management system in the various risk areas, in compliance with international standards
- c. checked, as part of the audit plan, the reliability of the information systems including the accounting systems
- d. prepared periodic reports that contained adequate information on its own activities, on the methods with which risk management was carried out, as well as on compliance with the plans defined for risk containment, in order to assess the suitability of the internal control and risk management system
- e. sent such reports to the Director in Charge, the Chairman of the Board of Statutory Auditors, the Chairman of the Control Committee and, when needed with regard to the events to be reviewed, to the Chairman of the Board of Directors

**III**

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

During the Financial Year, the Board of Directors approved the work plan prepared by the head of the internal audit function, after consulting the Board of Statutory Auditors and the Director in Charge of the internal control and risk management system.

In the discharge of his duties, the Head of the Internal Audit Function accessed all the information that was useful for carrying out the task entrusted to him.

The remuneration of the Head of the Internal Audit Function was established in line with corporate policies. The Board of Directors makes sure that the Head of the Internal Audit Function is given adequate resources to carry out his duties.

During the meeting held on 8 March 2023, the Board of Directors also approved the activity plan submitted by the Head of the Internal Audit Function.

## COMPLIANCE PROGRAMME PURSUANT TO LEGISLATIVE DECREE 231/2001

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At the date this report was prepared, Somec's internal control system complied with the provisions of Legislative Decree 231/2001 governing the administrative liability of entities in the event of perpetration of certain types of offences by top managers and persons under their management or supervision.

On 1 August 2014, the Board of Directors approved the implementation of Somec's Organisation and Management Model pursuant to Legislative Decree 231/2001 (the "**Organisational Model**" or the "Document"), which consists of a General Part and as many Special Parts as there are offence groups considered to be relevant to the Company (as well as a Part covering "ancillary" activities). Over time, the Model has been the object of several amendments to (i) include new groups and types of offences introduced since it was last approved, and (ii) review "sensitive activities", i.e. previously identified activities in the conduct of which offences may be committed, causing them to undergo an assessment of intrinsic risk so as to ensure their preventive management within the internal control system commensurate with their degree of risk.

In this regard, it should be noted that the risk assessment of each sensitive activity was intended to provide guidance in the preparation of the individual Special Parts of the Model and, in particular, to identify sensitive activities that should undergo preventive management within the internal control system commensurately with their level of risk. This control can be achieved through protocols that are more rigorous and pervasive where the risk of committing an offence is perceived to be greater and, conversely, through appropriate behavioural principles to be followed in situations of lesser risk.

During 2023, the Model was reviewed and amended. In particular, a new special section was implemented in respect of the group of offences concerning non-cash payment instruments (Article 25-octies(1) of the aforesaid Decree); the relation of this Article with money laundering offences under Article 25 octies is intended to emphasise the close connection with such offences. The aforesaid Decree is, indeed, the act of transposition of Directive 2019/713/EU of the European Parliament and of the Council of 17 April 2019 on combating fraud and counterfeiting of means of payment other than cash, which pose a threat to security as they can be sources of revenue for organised crime and thus allow other criminal activities to be carried out, such as terrorism, illegal drug trade and human trafficking.

In the second half of 2023, the Model was further amended to reflect the provisions of Law No. 137 of 2023, such Law converting Law Decree No. 105 dated 10 August 2023, known as the “Justice Decree” or “Omnibus-bis Decree”; among its many innovations, the legislative intervention added another piece to the work of expanding the list of predicate offences constituting administrative liability arising out of an offence committed by a legal entity under the Legislative Decree 231/2001, also covering the offences of disrupting the freedom to invite tenders (Article 353 of the Italian Criminal Code), disrupting the freedom to choose a contractor (Article 353-bis of the Italian Criminal Code) and fraudulent transfer of valuables (Article 512-bis of the Italian Criminal Code).

Lastly, the Model incorporated the provisions of Legislative Decree 24 of 2023, which required private companies to set up procedures to manage whistleblowing, integrating the internal control system and the organisational structure; to this end, in addition to adopting an ad hoc procedure Somec endeavoured to activate an internal channel to enable the timely and efficient handling of whistleblowing. At the date this report was prepared, the Compliance Programme consisted of a General Part - which ‘maps out’ the internal composition of the Company, illustrates its corporate structure, and describes its organisation in terms of delegated powers, decision-making power distribution, and system of internal controls - as well as:

- a. seventeen Special Parts, one for each category of offences considered relevant for the Company - which describe offences, the specific activities that are defined as ‘sensitive’, the consequent behavioural principles to be complied with, and - depending on the inherent risk that has emerged - the control protocols and the information flows directed to the Supervisory Board, more specifically
  - SPECIAL PART A - Offences against public authorities (Articles 24 and 25 of Legislative Decree 231/2001)
  - SPECIAL PART B - Cybercrime (Article 24-bis of Legislative Decree 231/2001)
  - SPECIAL PART C - Organised-crime and transnational offences (Article 24-ter of Legislative Decree 231/2001)
  - SPECIAL PART D - Forgery of money, public credit cards, revenue stamps and identification documents or distinctive signs (Article 25 bis of Legislative Decree 231/2001)
  - SPECIAL PART E - Offences against industry and commerce (Article 25-bis.1 of Legislative Decree 231/2001)
  - SPECIAL PART F - Corporate offences (Article 25-ter of Legislative Decree 231/2001)
  - SPECIAL PART L - Market abuse offences (Article 25-sexies of Legislative Decree 231/2001)
  - SPECIAL PART M - Offences committed in breach of the regulations on the protection of health and safety at work (Article 25-septies of Legislative Decree 231/2001)
  - SPECIAL PART N - Offences consisting in receiving stolen goods, money laundering and use of money, property and other goods or benefits of illicit origin, and self-laundering (Article 25-octies of Legislative Decree 231/2001)
  - SPECIAL PART O bis: Delitti in materia di strumenti di pagamento diversi dai contanti (Art. 25-octies.1, D.Lgs. n. 231/2001)
  - SPECIAL PART O - Offences relating to non-cash payment instruments (Article 25(g)(1) of Legislative Decree 231/2001)
  - SPECIAL PART P - Inducement not to make statements or to make false statements to judicial authorities (Article 25-decies of Legislative Decree 231/2001)
  - SPECIAL PART Q - Environmental offences (Article 25-decies of Legislative Decree 231/2001)
  - SPECIAL PART R - Employment of third-country nationals staying unlawfully in the country (Article 25-duodecies of Legislative Decree 231/2001)
  - SPECIAL PART S - Transnational offences (Law 146/2006)
  - SPECIAL PART V - Tax offences (Article 25-quinquiesdecies of Legislative Decree 231/2001)
  - SPECIAL PART W - Smuggling offences (Article 25-sexdecies of Legislative Decree 231/2001)
- b. plus a Special Part on “activities that are instrumental in the perpetration of offences”, i.e., activities within whose scope the conditions or the means for perpetrating various types of criminal offences could be created (including solicitation offences such as, without limitation, gifts, purchases, personnel selection, or expense account management).

Forming an integral part and acting as a key foundation of the Model is also the Group's Code of Ethics, whose values and principles represent fundamental tools for the definition of a system of good corporate governance and a logical prerequisite for the definition of an adequate internal control and risk management system.

The Supervisory Board of the Company, appointed by the Board of Directors on 4 May 2023, is composed of three members, one being an internal officer of the corporate organisation (Mr Marco Pierobon) and two being independent professionals, Ms Valentina Baldo and Mr Gabriele Ambrogetti, lawyers; the latter was appointed Chairman of the Supervisory Board.

The Supervisory Board will remain in office until the approval of the financial statements for the year ended 31 December 2025. It has the authority and powers to (i) independently supervise the operation of and compliance with the Compliance Programme, (ii) ensure that the Compliance Programme is run in an effective and rational fashion, and (iii) assess its adequacy. Moreover, the Supervisory Board receives an annual allocation of financial resources from the Board of Directors in order to discharge its duties independently.

The Company did not consider it necessary to appoint a statutory auditor and/or a non-executive director as a member of the Supervisory Board, given the constant flow of information between the latter and the Control and Risk Committee and the Internal Audit Function, which constantly collaborates with the Supervisory Board.

The Compliance Programme, in its General Part, and the Group's Code of Ethics, adopted pursuant to Legislative Decree 231/2001, are available on the Company's website ([www.somecgruppo.com](http://www.somecgruppo.com)) under *Governance > Internal Controls*.

## INDEPENDENT AUDITING FIRM

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Independent Auditing Company EY was retained to audit the Issuer's accounts. On 29 April 2020, at the proposal of the Board of Statutory Auditors, the Shareholders' Meeting passed a decision whereby EY was entrusted with the auditing of the Company's annual financial statements and consolidated financial statements pursuant to Articles 14 and 16 of Legislative Decree No. 39 of 27 January 2010, as amended by Legislative Decree No. 135 of 17 July 2016, for a term of 9 (nine) financial years (2020-2028), i.e. until the financial year ending 31 December 2028 (including a compliance review on the Company's book-keeping records and checks to establish whether the underlying transactions are adequately reflected in the Company's accounting records). The assignment includes a limited audit of the condensed consolidated semi-annual financial statements for the half-yearly periods ending 30 June 2020 to 30 June 2028.

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

This change is governed by the Somec 2020-2028 audit proposal, which was in turn the subject of a reasoned proposal from the Board of Statutory Auditors, specifically under section V titled "Criteria for adjusting fees during the term of the audit". For this reason, the Board of Statutory Auditors also considered that (i) the revision of the assignment proposal was well-grounded and, above all, in line with the criteria for the proposal subject to approval by the Shareholders' Meeting and, therefore, (ii) it did not need to be subject to further and specific resolution by the Shareholders' Meeting.

At the meeting of the Board of Directors held on 21 June 2022, the Company revised EY's fees in relation to the activity of giving an opinion on compliance of the statutory and consolidated financial statements with the provisions under the European Commission's Delegated Regulation (EU) 2019/815 of 17 December 2018, as amended from time to time ("**Regulation 815**"), under which, effective 1 January 2021, issuers are required to mark with XBRL language certain basic information set out in Table 1) of Annex II of Regulation 815 and all data in a declared currency shown in (i) the statement of financial position, the statement of profit/(loss) for the year and other comprehensive income (ii), the statement of changes in shareholders' equity and (iii) the cash flow statement of the consolidated financial statements, also known as primary schedules.

Thereafter, as of the period under review, in addition to all data shown in a declared currency in the aforesaid primary schedules, issuers must mark with XBRL language all disclosures containing text and/or numeric line items - reflected in IFRS consolidated financial statements - that correspond to the mandatory elements of core taxonomy contained in Table 2) of Annex II of Regulation 815.

## **EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS**

On 22 September 2020, as part of a process aimed at optimizing the governance structure, the Board of Directors appointed Mr Federico Puppini Executive responsible for the preparation of corporate accounting documents, as pursuant to Article 154-bis of the TUF and Article 27 of the Articles of Association, after having heard the opinion of the Board of Statutory Auditors. With the resolution for the above appointment, the Board of Directors ratified the resignation from that position by Managing Director Alessandro Zanchetta, who therefore ceased to hold office on 22 September 2020. This new appointment was carried out in compliance with the procedure set out in Article 154-bis of the TUF and Article 27 of the Articles of Association regarding experience and integrity requirements for corporate executives.

The Executive so appointed was therefore vested with such powers and authority as necessary to discharge the duties entrusted to him under the applicable provisions of the TUF and the related implementing regulations.

## **COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The coordination methods established by Issuer between the different parties involved in the Internal Control and Risk Management System ensure an effective and efficient coordination and sharing of information between the bodies fulfilling such duties. More specifically:

- a. the Head of the Internal Audit Function, Mr Massimiliano Rigo, maintains periodic communication flows with the other corporate bodies and offices with supervisory or monitoring functions in the internal control and risk management system, such as the Executive responsible for the preparation of corporate accounting documents, the Supervisory Board and the independent auditor, each within their own scope of responsibilities and duties
- b. participation of the Head of the Internal Audit Function in the meetings of the Control, Risk Management and Sustainability Committee allows the former to gain adequate insights into all possible corporate risks to be managed within the Group and any problems that have emerged and been brought to the attention of the various supervisory and control bodies

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



# DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

## PROCEDURE FOR TRANSACTIONS WITH RELATED PARTIES

The Board of Directors of the Company, in its meeting held on 8 June 2020, after receiving the favourable opinion of the independent directors, approved - effective as of the Listing Date and further in accordance with the Related Party Regulations as well as in view of the provisions of Articles 2391 and 2391-bis of the Civil Code - the "Procedure for Transactions with Related Parties (the **"RPT Procedure"**)" of the Company, the underlying aim being to identify a procedure relating to the management of transactions with related parties carried out by Somec, directly or through its subsidiaries, so as to ensure that such transactions are conducted in a transparent fashion and fairness from both a material and procedural perspective.

On 28 June 2021, the Board of Directors approved changes to the RPT Procedure to reflect the new provisions of the Related Party Regulations effective 1 July 2021.

The RPT Procedure governs the identification, approval and management of Somec's related party transactions, conducted either directly by the Company or through its subsidiaries. More specifically, the Procedure:

- i. governs the procedures for the identification of related parties, defining methods and time frames for the preparation and updating of the list of related parties and identifying the corporate functions entitled to do so
- ii. identifies the rules for the identification of transactions with related parties prior to their conclusion
- iii. governs the procedures for the execution of transactions with related parties by the Company, including through subsidiaries pursuant to Article 93 of the TUF or companies at any rate subject to management and coordination
- iv. establishes the procedures and time frames for fulfilling disclosure obligations to corporate bodies and to the market

The RPT Procedure is available on the Company's website ([www.somecgruppo.com](http://www.somecgruppo.com)) under *Investor Relations > Corporate Governance*, to which reference should be made for further information on its contents.

## RELATED PARTY COMMITTEE

In accordance with the provisions of the Related Party Regulations, as well as in view of the provisions of Articles 2391 and 2391-bis of the Civil Code and the RPT Procedure, the Board of Directors, on 14 May 2020, effective as of the Listing Date, resolved to establish a related party committee (the "Related Party Committee").

The Related Party Committee discharges the duties set out in the RPT Procedure, the Related Party Regulations and the legislation applicable from time to time.

The following table shows the composition of the Related Party Committee at the reporting date. Between the end of the period under review and the date this report was prepared, there were no changes in the structure of the Remuneration Committee.

NAME AND SURNAME	POSITION
<b>Gianna Adami (Chairwoman)</b>	Independent Director
<b>Elena Nembrini</b>	Independent Director
<b>Giuliana Borello</b>	Independent Director

At the invitation of the members of the Related Party Committee, committee meetings were attended by the Head of Legal and Corporate Affairs, the Chief Financial Officer, the Chairman of the Board of Statutory Auditors, as well as other representatives of the Company depending to the matters discussed. During the period under review, the Related Party Committee did not provide any opinions and did not rely on any external consultants.

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In the period under review, the Related Party Committee met six times, on 31 May, 7 June, 19 June, 14 July, 12 September and 26 October 2024, respectively. The average length of its meetings was about 60 minutes.

The Board did not adopt specific procedures for the identification and management of situations in which a director had an interest, whether personally or on behalf of third parties, as it deemed the legal obligation of disclosure pursuant to Article 2391 of the Italian Civil Code, the general principles of directors' responsibilities and the controls set out in the RPT Procedure to be sufficient.

# BOARD OF STATUTORY AUDITORS

## APPOINTMENT OF STATUTORY AUDITORS

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

Pursuant to Article 14 of the Articles of Association, the members and the Chairman of the Board of Statutory Auditors are appointed by a resolution of an ordinary Shareholders' Meeting, which determines their remuneration too.

To be appointed, statutory auditors must meet the requirements of eligibility, integrity, professional experience and independence and comply with the limits set forth on the number of offices held, as laid down in the legislation and regulations in force at the time of their appointment, as well as the requirements of independence set out in the Corporate Governance Code for independent directors. As regards professional requirements, they are required to be knowledgeable in specific subjects that are related to the Company's field of activity (as described in Article 3 of the Articles of Association). Article 1 of Ministerial Decree No. 162 of 30 March 2000 lists a number of subjects in which statutory auditors should be skilled, such as commercial law, corporate law, tax law, business economics, corporate finance, and all related subjects.

Pursuant to Article 29 of the Articles of Association, statutory auditors are appointed on the basis of lists in which candidates are assigned a consecutive number. A list for the appointment of statutory auditors can be submitted by the shareholders who, at the time of submitting the list, own - either alone or jointly - a number of shares equal to at least that set out by Consob, in line with the applicable legal and regulatory provisions for the submission of lists for the appointment of the Board of Directors of companies with shares eligible for trading on regulated markets (Articles 144-quater and 144-sexies of the Issuers' Regulations). The ownership of a minimum number of shares is determined by taking into account the shares that are registered in the name of the shareholder on the day on which the list is filed with the Company, it being understood that the relevant share certificate can be produced also after the filing of the list, provided this is done before the end of the term for its publication.

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

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

Each list shall:

- a. contain the names of one or more candidates for the office of regular auditor and one or more candidates for the office of alternate auditor, identified in each section (i.e., section “regular auditors” and section “alternate auditors”) by a consecutive number; their number shall not exceed the number of members of the body to be elected
- b. contain, where the number of candidates is equal to or greater than 3 (three), a list of candidates in both sections so as to ensure that the composition of the Board of Statutory Auditors, as regards both the regular and the alternate members, complies with the legal and regulatory requirements in force from time to time concerning the male-female gender balance, without prejudice to the application of the legislation and regulations in force from time to time concerning rounding
- c. contain the following attachments:
  - i. information on the identity of the shareholders who submitted it, with an indication of the total percentage of equity investment held
  - ii. a declaration by shareholders other than those having, either alone or jointly, a controlling or relative majority interest, which will certify that there are no relationships with this latter category of shareholders in accordance with Article 144-quinquies of the Issuers’ Regulations
  - iii. a curriculum vitae containing exhaustive information on the personal and professional characteristics of each candidate
  - iv. a declaration where the candidates confirm that they comply with the requirements set out by law and accept the candidature
  - v. a list of management and control offices held by them in other companies

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

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

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

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

If, upon completion of the voting, the Board of Statutory Auditors does not include the minimum number of auditors of the less represented gender set out by law, the candidate of the most represented gender - who was elected last in numerical order in the list that obtained the highest number of votes - shall be replaced by the first candidate in numerical order of the same list belonging to the less represented gender that was not elected pursuant to the above provisions; if the minimum number of auditors of the less represented gender required by law is not elected, the above method of replacement shall apply to the candidates of the list that obtained the second highest number of votes. If only one list is submitted, the Shareholders' Meeting shall vote on it and, if it obtains the majority of votes, 3 (three) regular auditors and 2 (two) alternate auditors shall be elected, as shown in the list as candidates for these offices, in compliance with the legal and regulatory provisions in force from time to time, also with regard to the gender balance.

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

The list voting procedure only applies in case of renewal of the whole Board of Statutory Auditors. In case of early termination of office of a regular auditor for any reason, the first alternate auditor belonging to the same list as the replaced auditor shall take over until the following Shareholders' Meeting. In case of replacement of the Chairman, this position shall be held until the following Shareholders' Meeting by the alternate member taken from the list that obtained the second highest number of votes. If only one list is filed, the first regular auditor belonging to the list of the outgoing Chairman shall replace the latter until the following Shareholders' Meeting. If the Board of Statutory Auditors is not completed with the alternate auditors, a Shareholders' Meeting shall be convened to resolve on such completion with the majorities required by law.

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

## **COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS**

The Board of Statutory Auditors of the Company in office during the Financial Year is comprised of 5 (five) members, including 3 (three) regular auditors and 2 (two) alternate auditors appointed by a resolution of the Shareholders' Meeting of 04 May 2023, and shall remain in office for 3 (three) financial years, until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2025.

All members of the Board of Statutory Auditors were taken from the only list submitted by Venezia, which, at 4 May 2023, held a total of 5,165,300 ordinary shares, accounting approximately for 74.86% of the share capital. It is worth noting that, since only one list was filed for the renewal of corporate offices, the members of the Board of Statutory Auditors were elected by a resolution passed according to the legal majorities without applying the list voting procedure, as set out in the Articles of Association.

The following table shows the composition of the Board of Statutory Auditors Committee at the date this report was prepared.

<b>NAME AND SURNAME</b>	<b>POSITION</b>
<b>Michele Furlanetto</b>	Chairman
<b>Luciano Francini</b>	Regular auditor
<b>Annarita Fava</b>	Regular auditor
<b>Barbara Marazzi</b>	Alternate auditor
<b>Lorenzo Boer</b>	Alternate auditor

For further details on the composition of the Board of Statutory Auditors, see the attached TABLE 3. A brief resume of each member of the Board of Statutory Auditors is given below.

**Michele Furlanetto** - Born in San Donà di Piave (Venice) on 27 December 1967, he graduated in Economics and Business at the University of Venice. He is a member of Association of Chartered Accountants of Treviso and is listed in the Register of Auditors. In 2008, he obtained a Master Degree in Business Administration (MBA) at the Fondazione Cuoia in Altavilla Vicentina (Vicenza) and a Certificate in Global Management at the University of Michigan, Dearborn School of Management. From 1994 to 1997, he served as auditor at Coopers Lybrand S.p.A. auditing firm. He has been practising as a chartered accountant since 1997. As a consultant on behalf of national and international companies, he has provided the following services: administrative and fiscal consultancy, business valuation, and assistance in non-recurring restructuring and corporate-crisis transactions. He has been contracted as liquidator by the Ministry of Economic Development. He has taught accounting and corporate finance at various institutions and schools. He was retained by Venice Ca' Foscari University, first as a subject matter expert and then as contract professor. He is the author of more than ten publications on accounting, control systems and Legislative Decree 231/2001 in regional and national journals. He currently serves, inter alia, as member and/or chairman of the board of statutory auditors of leading national and multinational companies (including asset management companies and SICAFs). He has held and still holds the position of external member of the supervisory body pursuant to Legislative Decree 231/2001 in listed and unlisted companies. He has been a member of the Technical-Scientific Committee of the National Foundation of Chartered Accountants, where he contributed to the drafting of the certification guidelines for Compliance Programmes under Legislative Decree 231/2001 and is currently a member of the "231/2001 Odcec Tv and Unindustria TV Joint Committee" as well as a member of the "Committee for the drafting of the 231 Compliance Programme for healthcare organisations" established within the National Board of Chartered Accountants and Accounting Experts.

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

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

**Barbara Marazzi** - She graduated summa cum laude in Economics and Business with a focus on Economics of Financial Institutions and Markets at the Cà Foscari University of Venice in 1999. She has been registered in the Register of Chartered Accountants of Treviso since 2003, in the Register of Auditors since 2003, in the Register of Experts of the Court of Treviso since 2006 and in the CFE (European Register of Tax Advisers). She has been a founding partner of Studio Associato Baggio & Marazzi since 2012. She holds the position of member of the Board of Statutory Auditors of leading companies and performs professional corporate and extraordinary consultancy work for Italian and foreign clients, in particular for companies belonging to large groups. She holds the position of expert pursuant to and for the purposes of Article 67(3) of Bankruptcy Act (currently Article 56 of Legislative Decree No. 14 dated 12 January 2019). She is chairman of the Study Committee for the development of foreign relations established at the Society of Chartered Accountants of Treviso.



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

The Board of Statutory auditors met 19 (nineteen) times during the Financial year and its meetings lasted 4.53 hours on average. It has planned to meet at least 19 (nineteen) times for financial year 2024. Furthermore, from the end of the year under review to the date this report was drafted, the Board of Statutory Auditors met 4 (four) times.

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

The Chairman of the Board of Statutory Auditors, or the regular auditors, personally or collectively attended all the meetings of the Control, Risk Management and Sustainability Committee, the Related Party Committee and the Remuneration and Appointment Committee, and the Chairman of the Board of Statutory Auditors coordinated with the Head of Internal Audit in the discharge of his supervisory duties. There was a constant exchange of information with the Supervisory Board. In its capacity as "Internal Control and Audit Committee", the Board of Statutory Auditors discharged supervisory duties as under Article 19 of Legislative Decree No. 39 of 27 January 2010. For the sake of completeness, below are a number of relations maintained, directly or indirectly, by some members of the Board of Statutory Auditors, albeit such relations were not deemed significant for purposes of the laws and regulations in force and applicable from time to time. It should be noted, however, that such tasks are of no significance even with reference to the quantitative and qualitative criteria, approved by the Board of Directors on 13 February 2023, relied upon to assess the significance of business, financial or professional relationships, as well as remuneration, which – pursuant to Recommendation 7 of the Corporate Governance Code – compromise, or appear to compromise, the independence of a director. More specifically, the following should be noted:

- a. with regard to Mr Michele Furlanetto, partner of Studio Boer Toso & Associati, it should be noted that another partner of the same firm, Mr Mario Toso, in 2019 drafted a letter whereby an opinion was given on the adequacy of the purchase price paid for an equity interest in Sinertech S.r.l. (such acquisition was not subsequently finalised) by the Issuer, invoicing 50% to the Issuer and the other 50% to Sinertech S.r.l. itself. The fee charged to each party totalled 2,000.00 (two thousand/00) Euro plus statutory contributions and dues. In this regard, it should be noted that Mr Boer (alternate auditor of Issuer) is also a partner of Boer Toso & Associati. During the year under review, Mr Michele Furlanetto took office as regular auditor of subsidiary Oxin S.r.l., with a gross annual remuneration of 5,000.00 Euro
- b. with regard to Mr Luciano Francini, regular auditor of the Company, below are a number of tasks performed indirectly by Profassociati S.t.p. a r.l., where the latter ceased to hold a 15% stake in July 2021:
  - i. assistance, consultancy and representation in tax matters in relation to Venezia (services provided in FY 2017 for a consideration of 3,830 Euro)
  - ii. sworn expert reports for revaluation of shares, under capital gain legislation, for the benefit of Inoxtrend and Inoxtrend Product (services provided in FY 2017 for a consideration of 20,000.00 Euro)
  - iii. request for a private letter ruling on behalf of Oxin (for a consideration of 1,500 Euro for services provided in FY 2017)

During the year under review, Mr Francini held the position of chairman of the board of auditors of subsidiary Total Solution Interiors S.r.l., with a gross annual remuneration of 9,000.00 Euro, as well as chairman of the board of auditors of subsidiary Oxin S.r.l., with a gross annual remuneration of 7,500.00 Euro.

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

All members of the Board of Statutory Auditors meet the independence requirements pursuant to Article 148(3) of the Consolidated Act on Finance (TUF) and the Corporate Governance Code. Compliance with the independence requirements by the Statutory Auditors was established by the Board of Statutory Auditors at its meetings of 4 May 2023, following their appointment by the Shareholders' Meeting, and 7 March 2024. Each statutory auditor submitted the necessary evidence for such assessment.

Considering the structure and size of the Company, the composition of the Board of Statutory Auditors is adequately diversified in terms of gender and educational and professional background, as shown in the resumes of its members. In the light of the foregoing, the Board of Directors did not consider it necessary to proceed with the approval of diversity policies in relation to the composition of the controlling bodies.

As under 4.3.1 above, with special reference to gender diversity, it should be noted that the 2020 Budget Law amended the provisions of Articles 147-ter and 148 of the TUF and replaced paragraph 1 of Article 1 of Law 120/2011 on gender balance within the bodies of listed companies, effective 1 January 2020. Previously, Article 147-ter(1-ter) and Article 148(1-bis) of the TUF required listed companies to comply with a gender composition criterion on the basis of which the less represented gender was entitled to at least one third of the members of the management and control bodies. This distribution criterion has been applied for three consecutive terms since admission to listing (after the entry into force of the above law). In addition, in order to gradually apply the rules, it was established that, for the first renewal, the portion to be reserved to the less represented gender should be at least equal to one fifth of the total number of members of each corporate body.

The 2020 Budget Law provided for a different portion of members to be reserved for the less represented gender equal to "at least two fifths" and established that this distribution criterion applies for "six consecutive terms of office". Moreover, limited to newly listed companies, it was provided that "for the first renewal following the date of commencement of trading", the percentage to be reserved for the less represented gender should be equal to "at least one fifth" of the members. This new provision "shall apply as of the first renewal of the management and control bodies of companies listed on regulated markets following the date on which the 2020 Budget Law comes into force", i.e. 1 January 2020.

For the sake of completeness, it should be noted that Consob, by Resolution No. 21359 of 13 May 2020, in line with the content of Consob Notice 1/2020 of 30 January 2020, amended Article 114-undecies.1, paragraph 3, of the Issuers' Regulations, specifying that in bodies composed of 3 (three) effective members, the component of the less represented gender referred to in the new wording of Article 148 of the TUF shall be calculated by applying the general criterion of rounding down to the lower unit and not the criterion of rounding up to the higher unit.

In this regard, it should be stressed that, at the date this report was prepared, one-third of the regular auditors (i.e. two-fifths, applying the criterion of rounding down to the lower unit in accordance with the new wording of Article 144-undecies.1, paragraph 3, of the Issuers' Regulations) is composed of auditors of the least represented gender. Therefore, the current composition of the Board of Statutory Auditors complies both with the allocation criterion set forth in Article 148 (1-bis) of the TUF (current and previous wording) and with the Recommendations under Article 2 of the Corporate Governance Code.

The Chairman of the Board of Directors did not arrange for any specific initiative to be undertaken to help the statutory auditors to gain further insights into the sector in which the Issuer engages considering (i) their extensive knowledge of such sector inasmuch as, among other things, some of the members acted in companies owned by the Issuer, and (ii) the thorough information they receive on a timely basis regarding the Company's business during the meetings of the Board of Directors.

The remuneration of the statutory auditors is commensurate with the commitment required, the importance of the role covered as well as the size and sectoral characteristics of the Company. In this regard, it should be noted that the Shareholders' Meeting of 04 May 2023 set the gross annual remuneration of the Chairman of the Board of Statutory Auditors at 30,000.00 Euro and the gross annual remuneration of each regular auditor at 15,000.00 Euro.

On 7 March 2024, the Board of Statutory Auditors carried out its periodic self-assessment, as required under the regulations in force and applicable from time to time (i.e., Article 148 TUF, MEF Regulation No. 162/2000, with regard to the integrity and professional experience of Statutory Auditors; Article 144-novies(1-ter) of the Issuers' Regulations, with regard to the independence of statutory auditors; Article 148-bis of the TUF and Articles 144-duodecies to 144-quinquiesdecies of the Issuer's Regulations, regarding the limits on the number of positions held) and under Rule Q.1.1. set out in the Rules of Conduct for the Board of Statutory Auditors of Listed Companies (published by the CNDCEC - National Council for Chartered Accountants and Accounting Experts - during 2023). In particular, it verified the proper and effective functioning of the Board of Statutory Auditors and its adequate composition in accordance with CNDCEC Document "Self-Assessment of the Board of Statutory Auditors", dated 20 May 2019. In this regard, it should be noted that each member of the Board of Statutory Auditors issued a statement attesting the existence of the requirements for acting in that capacity.

## **INTERESTS OF STATUTORY AUDITORS**

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

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

During the period under review, no such circumstances occurred as to require a member of the control body to inform the Company of any interest held, either directly or on behalf of third parties, in a given transaction of the Company.

# RELATIONS WITH SHAREHOLDERS

## ACCESS TO INFORMATION

The Company has set up a specific section in its website where information concerning Somec that is important for its shareholders is made available, so as to allow them to exercise their rights in an informed manner. For more detailed information, reference should be made to the Company's website ([www.somecgruppo.com](http://www.somecgruppo.com)) under *Investors > Shareholder Information*.

On 8 March 2024, the Board of Directors appointed as Head of the Investor Relator Function (in charge of managing shareholder relations) Ms Mara Di Giorgio, replacing resigning member Mr Andrea Danilo Moretti, who had been appointed by resolution of the Board of Directors on 8 March 2023.

## DIALOGUE WITH THE SHAREHOLDERS

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In its meeting of 13 February 2023, the Board of Directors approved a "Policy for managing dialogue with shareholders and other stakeholders", in accordance with Article 1(IV) and Recommendation 3 of the Corporate Governance Code.

The "Policy for managing dialogue with shareholders and other stakeholders" is available on the Company's website ([www.somecgruppo.com](http://www.somecgruppo.com)), under *Investors > Shareholder Dialogue Policy*.

# SHAREHOLDERS' MEETINGS

## CONVENING THE SHAREHOLDERS' MEETING

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

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

The Board of Directors may, if it deems it advisable and by expressly stating so in the notice convening the meeting, arrange for the Shareholders' Meeting (whether in ordinary and/or extraordinary session) to be held in more than one call. In this case, the majorities laid down by law for Shareholders' Meetings held in more than one call concerning companies with shares traded on regulated markets shall apply. The Shareholders' Meeting may also be convened outside the municipality where the registered office is located, provided that it is in Italy, as shown in the notice of call. Even in the absence of formal notice, a Shareholders' Meeting shall be deemed to have reached the necessary quorum if the requirements laid down by law are met.

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## RIGHT TO ATTEND SHAREHOLDERS' MEETINGS

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

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

For each General Shareholders' Meeting, the Company may appoint a person whom shareholders may vest with powers of attorney whereby voting guidance is given on all or some of the proposals on the agenda, in accordance with the terms and procedures laid down by law.

Unless otherwise specified in the applicable laws or regulations, the costs relating to a request for identification of shareholders holding more than 0.5% of the share capital with voting rights, made by shareholders representing at least half of the quorum set by Consob pursuant to Article 147-ter(1) of the TUF, will be shared equally between the Company and the requesting shareholders (except for the costs for updating the shareholders' register, which shall be covered by the Company).



## CONDUCT OF THE SHAREHOLDERS' MEETINGS

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in case of his or her absence or impediment, by a person appointed by the Shareholders' Meeting by absolute majority of the share capital being represented. Upon the proposal of the Chairman and subject to the majority specified above, the Shareholders' Meeting shall appoint a secretary who need not be a shareholder. The minutes of extraordinary Shareholders' Meetings shall be taken by a Notary appointed by the Chairman of the Shareholders' Meeting. The Chairman of the Shareholders' Meeting shall verify the identity and legitimacy of the persons in attendance, and further verify that the Shareholders' Meeting has reached the necessary quorum.

The Chairman shall regulate its proceedings, establish the voting procedures in compliance with the law and acknowledge the results of voting; the findings of these checks shall be reflected in the minutes of the Shareholders' Meeting.

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

- a. the Chairman of the Shareholders' Meeting, either directly or through his or her bureau, must be allowed to (i) check the identity and legitimacy of the persons in attendance, (ii) regulate the proceedings, and (iii) to acknowledge and announce the results of voting
- b. the reporting officer drafting be allowed to gain an adequate understanding of the proceedings of the shareholders' meeting to be reflected in the minutes
- c. those in attendance are allowed to take part in the discussion and the simultaneous voting on the items on the agenda
- d. the notice convening the meeting must state the places connected via audio and video or audio-only conferencing systems by the Company, where participants may gather, it being understood that the Shareholders' Meeting shall be deemed to be held at the place where the reporting officer is present, it being understood that the Chairman and the reporting officer may be in different places

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

## RULES OF PROCEDURE FOR THE SHAREHOLDERS' MEETING

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

The Rules of Procedure may be accessed by the shareholders at the Company's registered office, at the places where Shareholders' Meetings are held, as well as on Somec's website ([www.somecgruppo.com](http://www.somecgruppo.com)), under *Governance > Corporate Governance*.



# **ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

At the date this report was prepared, no further corporate governance practices applied by the Issuer were in place, except for the obligations laid down by law and regulatory provisions in force and applicable from time to time.

## **CHANGES OCCURRED SINCE THE END OF THE REPORTING PERIOD**

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At the date this report was prepared, no significant events have occurred since the end of the period under review.



# CONSIDERATIONS ON THE LETTER DATED 14 DECEMBER 2023 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

During the meeting held on 27 March 2024, the recommendations submitted in the letter dated 23 December 2023 from the Chairman of the Corporate Governance Committee (the “**Committee**”) were brought to the attention of the Board of Directors and its internal Committees, the purpose being to establish whether such recommendations were consistent with the Company’s practices.

The recommendations contained in the letter were found to reflect the main general views on the application of the Corporate Governance Code as emerged from the monitoring activity carried out. They set out certain application methods that could in fact lead to a more effective application thereof, so as to encourage the companies concerned to apply the Corporate Governance Code in an increasingly aware fashion and, more generally, to promote the evolution of corporate governance by all listed companies according to the principles of the Corporate Governance Code.

The Board of Directors acknowledged the analyses and recommendations contained in the letter and noted:

- i. with reference to the first recommendation, a comprehensive involvement of the Board of Directors in the examination and approval of the business plan, most recently approved at the meeting of 8 March 2024, where the most relevant issues for the generation of long-term value were discussed
- ii. with reference to the second recommendation, an overall compliance with the timeframe set forth in the Board’s Rules of Procedure for the submission of the pre-advisory information described in paragraph 4.4 above
- iii. with reference to the fourth recommendation, that the illustrative report submitted on the occasion of the Shareholders’ Meeting of 4 May 2023 approving the amendment to the Articles of Association aimed at introducing the “increased voting rights” pursuant to Article 127-*quinquies* of the Consolidated Act on Finance (published on the corporate website at [www.somecgruppo.com](http://www.somecgruppo.com)) had already extensively warranted the proposal and its contents are virtually in line also with the provisions of the CG Code and the matters raised in the Letter of 17 December 2023 from the Chairman of the Corporate Governance Committee

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**TABLES**

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# TABLE 1 INFORMATION ON THE OWNERSHIP STRUCTURE

## SHARE CAPITAL STRUCTURE

	Number of shares	% of share capital	Listed (state markets)/ Unlisted	Rights and obligations
Ordinary shares	6,900,000	100%	Euronext Milan	1 vote per share

## SIGNIFICANT SHAREHOLDINGS

Declarant	Direct Shareholder	Number of shares	Percentage of the ordinary share capital	Percentage of the voting capital
Oscar Marchetto	Venezia S.p.A.	5,165,300	74.860%	74.860%

# TABLE 2 STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

BOARD OF DIRECTORS													CRS COMMITTEE	RN COMMITTEE	OPC COMMITTEE				
Position	Members	Year of birth	Date of first appointment*	In office since	In office until approval of the financial statements as of List**		Executive	Non-executive	Indep. Code	Indep. TUF	Number of other offices held***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	
<b>Chairman and Chief Executive Officer</b>	● Oscar Marchetto	1964	25/07/2008	04/05/2023	31/12/2025	M	●				0	14/14							
<b>Managing Director</b>	● Alessandro Zanchetta	1969	07/11/2008	04/05/2023	31/12/2025	M	●				0	14/14							
<b>Managing Director</b>	Giancarlo Corazza	1963	07/11/2008	04/05/2023	31/12/2025	M	●				0	13/14							
<b>Managing Director</b>	Davide Callegari	1974	04/05/2023	04/05/2023	31/12/2025	M	●				0	9/10							
<b>Director</b>	●●● Gianna Adami	1957	14/05/2020	04/05/2023	31/12/2025	M		●	●	●	0	14/14	11/11	M	4/4	P	6/6	P	
<b>Director</b>	Elena Nembrini	1963	04/05/2023	04/05/2023	31/12/2025	M		●	●	●	1	8/10	8/8	P	3/3	M	6/6	M	
<b>Director</b>	Giuliana Borello	1982	04/05/2023	04/05/2023	31/12/2025	M		●	●	●	0	8/10	8/8	M	3/3	M	6/6	M	

  

Number of meetings held during the reporting year	Control, Risk Management and Sustainability Committee	Remuneration and Appointment Committee	RPT Committee
14	11	4	6

## NOTES

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

## TABLE 3 STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

### COLLEGIO SINDACALE

Position	Members	Year of birth	Date of first appointment*	In office since	In office until approval of the financial statements as of	List**	Independent as per the Code	Attendance in the Meetings of the Board of Statutory Auditors***	Number of other offices held****
Chairman	Michele Furlanetto	1967	14/05/2020	4/05/2023	31/12/2025	M	●	19/19	35
Regular auditor	Luciano Francini	1959	20/05/2014	4/05/2023	31/12/2025	M	●	19/19	5
Regular auditor	Annarita Fava	1968	25/07/2008	4/05/2023	31/12/2025	M	●	19/19	1
Alternate auditor	Barbara Marazzi	1975	04/05/2023	4/05/2023	31/12/2025	M	●	0/0	7
Alternate auditor	Lorenzo Boer	1973	14/05/2020	4/05/2023	31/12/2025	M	●	0/0	36

Auditors whose term of office ended during the reporting period	None
Number of meetings held during the reporting year	19
Please state the quorum required in order that minority shareholders may submit lists for the election of one or more members (pursuant to Article 148 of the TUF)	

#### NOTES

\* The date of first appointment of each auditor means the date on which the auditor was first appointed to the Board of Statutory Auditors of the issuer.

\*\* This column shows the list from which each director was selected ("M": majority list; "m": minority list). The majority list shown in the table was submitted on 7 May 2020 by shareholder Venezia S.p.A., which, at the time of filing of the list, held approximately 75% of the share capital of the Company.

\*\*\* This column shows the attendance of the auditors at the meetings of the Board of Statutory Auditors (please state the number of meetings attended out of the total number of meetings which could have been attended; e.g., 6/8; 8/8., etc.).

\*\*\*\* This column shows the number of offices of director or statutory auditor held by the person concerned pursuant to art. 148-bis of the TUF and the related implementing provisions set out in the Issuers' Regulations. The complete list of offices is published by Consob on its website pursuant to art. 144-quinquiesdecies of the Issuers' Regulations.





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