

Report of the Board of Directors on point 4 of the Agenda:

Appointment of the Board of Directors:

- 4.1 Establishment of the number of members.
- 4.2 Establishment of the duration of office of the Directors.
- 4.3 Appointment of members.
- 4.4 Appointment of the Chairperson.
- 4.5 Motions regarding remuneration for members of the Board of Directors.
- 4.6 Motions regarding termination indemnity for the Chairperson.
- 4.7 Authorisation pursuant to Article 2390 of the Civil Code.

Dear Shareholders,

with the approval of the financial statements at December 31, 2021, the mandate concludes of the Board of Directors of the Company, appointed by the Shareholders' Meeting of April 19, 2019. Consequently, you shall be called at the next Shareholders' Meeting to: 4.1- determine the number of members, 4.2 - determine the duration in office of the Directors, 4.3 - appoint the members, 4.4 - appoint the Chairperson, 4.5 - resolve on the fees due to the members of the Board of Directors, 4.6 - resolve on the allocation of a severance indemnity for the Chairperson and finally, 4.7 - provide authorisation pursuant to Article 2390 of the Civil Code.

4.1 Establishment of the number of members of the Board of Directors

Article 13 of the By-Laws (available at <http://www.basicnet.com/contenuti/gruppo/statuto.asp?menuSelectedID=2c>) establishes that: "the Company is administered by a Board of Directors, made up of between five and fifteen members, including non-shareholders. The Shareholders' Meeting, before their appointment, establishes the number of members of the Board of Directors and the duration of office in accordance with that permitted by law". The Board of Directors therefore invites you to establish the number of members of the Board of Directors, within the aforementioned limits.

4.2 Establishment of the duration of office of the Directors

As per section one of Article 13 of the By-Laws, the Board of Directors invites you to establish the term of office of the Board of Directors

4.3 Appointment of the members

The appointment of the Board of Directors takes place, in accordance with Article 13 of the By-Laws, on the basis of slates presented by shareholders, in which the candidates, numbering not more than fifteen, should be listed by progressive numbering. The slates of candidates should be filed at the registered office of the Company, or by fax to +39 0112617354, or to the certified e-mail address basicnet@legalmail.it, accompanied by the relative documentation, by the twenty-fifth day before the day of the Shareholders' Meeting, therefore March 19, 2022, by shareholders who, alone or together with other shareholders, hold at least 4.5% of the share capital (as established by Consob through its Executive Resolution No. 60 of January 28, 2022). The holding, at the presentation date of the slate, should be corroborated by the relevant communications produced by the filing intermediary and sent by e-mail to basicnet@pecserviziottoli.it, also subsequent to filing, although by the deadline for the publication of slates by the Issuer, therefore March 23, 2022.

According to the deadlines and means set out above, together with each slate, declarations in which the individual candidates accept their candidature must be filed at the company's registered office, stating in good faith, the absence of reasons for ineligibility and incompatibility, as well as the fulfilment of the requirements for the respective positions, including any declarations confirming their independence, in addition to information on directorships held in other companies.

Each slate must include candidates who meet said independence requirements, since at least two elected members of the Board of Directors must be declared independent. The slates presenting a number of candidates of three or above must include candidates belonging to both genders, so that the under-represented gender comprises at least two-fifths of the candidates. Each candidate may be presented on only one slate at the risk of being declared ineligible.

Finally, shareholders presenting a "Minority Slate" should comply with the recommendations of Consob under Communication No. DEM/9017893 - Appointment of members of the Administration and Control Boards - of February 26, 2009.

Directors are appointed as follows: a) from the slate which obtained the highest number of votes, based on the progressive order with which they are listed in the slate, all the members necessary are elected to fill the number of Directors established for the Shareholders' Meeting, while ensuring the gender balance provisions are complied with, except one; b) from the slate which obtained in the Shareholders' Meeting the second highest number of votes one member is elected of the Board of Directors as the first candidate on this slate. Consideration is not taken of the slates which have not obtained at least the number of votes required by the Company By-Laws for the presentation of slates. Should two slates receive the same number of votes, a second vote of the entire Shareholders' Meeting is taken to decide between them with the candidate being elected through a simple majority of the votes. In the case of presentation of only one slate, or in the case of no slate presented, the Shareholders' Meeting deliberates by statutory majority.

4.4 Appointment of the Chairperson

In accordance with Article 13 of the By-Laws, the Shareholders' Meeting is granted the faculty to appoint the Chairperson of the Board of Directors.

We invite you therefore to appoint the Chairperson of the Board of Directors on the basis of the proposals which may be drawn up by shareholders

4.5 Motions regarding remuneration for members of the Board of Directors

In accordance with Article 15 of the By-Laws "The Board of Directors receives remuneration as established by the Shareholders' Meeting and the Directors have the right to the reimbursement of expenses incurred for the exercise of office. Directors holding specific offices also receive specific remuneration, to be calculated as per paragraph 3 of Article 2389 of the Civil Code."

The Board of Directors therefore invites you, on the basis of the proposals which may be drawn up by shareholders, to:

- set the remuneration of the Board of Directors in accordance with Article 2389 of the Civil Code, including the right of the Chairperson (to be appointed), to also receive termination indemnity;
- establish that the remuneration of the Chairperson and of Directors holding specific offices, is set, in accordance with Article 2389 of the Civil Code and Article 15 of the By-Laws, by the Board of Directors, on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors.

4.6 Motions regarding termination indemnity for the Chairperson

The Board of Directors therefore invites the Shareholders' Meeting, on the basis of the proposals which may be drawn up by shareholders, to consider the allocation of an end-of-mandate indemnity to the Chairperson of the Board of Directors.

4.7 Authorisation pursuant to Article 2390 of the Civil Code

Finally, the Board of Directors invites the Shareholders' Meeting to express its opinion on whether or not the Directors who will be elected may be Directors or General Managers of competing companies.

With regards to recommendations 23 of the Corporate Governance Code, on March 3, 2022 the Board of Directors of the Company confirmed the guideline to not express opinions upon the professional and managerial roles whose presence may be considered beneficial on the Board of the company, considering that the choice of the most appropriate individuals and the appointment of the Board of Directors is within the scope of the shareholders, both minority and majority, as an expression of the choice of slates presented. Similarly, it considered that the application of the regulatory provisions and the By-Law provisions ensure a sufficiently diverse range of profiles on the Board of Directors and therefore decided not to adopt additional diversity policies than those required by law.

The Board also decided to resubmit to each candidate the assessment of compatibility in undertaking the position of Director at the Company with any additional offices of directorship or Statutory Auditor held at other companies listed on regulated markets, in financial companies, banks, insurance companies or large companies. The Directors are requested, both on the acceptance of office and during the period of their office and thereafter, to report in a timely manner to the Board of Directors operating appointments in competing groups.

Turin, March 3, 2022

for the Board of Directors

The Chairman

Marco Daniele Boglione