

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

pursuant to Article 123-*bis* of the CFA and 89-*bis* of the Consob Issuers' Regulation

### **TRADITIONAL ADMINISTRATION AND CONTROL MODEL**

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

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## Glossary

**Code/CG Code:** the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.

**Civ. cod/c.c.:** the Italian Civil Code.

**Board:** the Issuer's Board of Directors.

**Issuer:** the issuer to which the Report refers.

**Year:** the financial year 2023, to which the Report refers.

**Consob Issuers' Regulation:** the Regulation issued by Consob Resolution No. 11971 of 1999 (as subsequently amended).

**Consob Market Regulation:** the Market Regulation issued by Consob Resolution No. 20249 of 2017.

**Consob Related Parties Regulation:** the Regulation issued by Consob with Resolution No. 17221 of March 12, 2010 (as subsequently amended) regarding related party transactions.

**Report:** the Corporate Governance and Ownership Structure Report which the Company must prepare and publish pursuant to Article 123-*bis* of the CFA.

**Remuneration Report:** the Remuneration Policy and Report that companies are required to prepare and publish in accordance with Article 123-*ter* of the CFA and Article 84-*quater* of the Consob Issuers' Regulation.

**Consolidated Finance Act/CFA:** Legislative Decree No. 58 of February 24, 1998.

**Executive Directors:**

- the Chairperson of the Company or of a subsidiary of strategic importance, when he/she is delegated powers in the management or drafting of company strategies;
- the Directors who have been delegated management powers and/or hold managerial positions in the Company or in a subsidiary with strategic importance, or in the parent company when the position also concerns the Company;
- Directors who serve on the Company's Executive Committee.

**Independent Directors:** Non-Executive Directors who do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the Company or persons linked to it, of such as to affect their current independence of judgement (see the criteria set out in Article 2 of the Corporate Governance Code and Article 148 of the CFA).

**Significant shareholders:** Any party who, directly or indirectly (through subsidiaries, trustees or nominees), controls the Company or is capable of exercising significant influence, or who participates directly or indirectly in a shareholder agreement through which one or more parties exercise control or significant influence on the Company;

**Chief Executive Officer (CEO):** The person chiefly responsible for management of the business.

**Board of Directors:** the collegial body responsible for deciding on strategic policies, monitoring their implementation, and carrying out operations of strategic importance.

**Control Body:** the collegial body entrusted with the functions of "audit committee" pursuant to Directive 2006/43/EC or similar functions for companies that do not have their registered office in a European Union country, to which this Directive does not apply. The Board of Statutory Auditors is BasicNet's control board.

**Business Plan:** the programmatic document that sets out the Company's strategic objectives and the actions to be taken in order to achieve these objectives in line with the chosen level of risk exposure, with a view to promoting the sustainable success of the Company (as defined herein).

**Concentrated ownership companies:** companies in which one or more shareholders participating in a shareholder agreement hold, directly or indirectly (through subsidiaries, trustees or nominees), the majority of the votes that can be exercised at the Ordinary Shareholders' Meeting. Companies that lose their status as "concentrated ownership companies" may no longer avail themselves of the proportionality measures provided for that category from the second fiscal year following the recognition of said status.

**Large Company:** companies with capitalisation exceeding Euro 1 billion on the last open market day of each of the three preceding calendar years. Companies assuming "large company" status as of December 31, 2020, shall apply the principles and recommendations addressed to this category of companies from the second fiscal year following the recognition of the size category.

**Sustainable success:** an objective that guides the actions of the Board of Directors and that is embodied in the creation of long-term value for Shareholders, taking into account the interests of other relevant stakeholders in the Company.

**Top management:** senior Executives who are not members of the Board of Directors and who have the power and responsibility for planning, directing and controlling the activities of the Company and its Group.

## CORPORATE GOVERNANCE REPORT

### Introduction

Pursuant to Article 123-*bis* of Legislative Decree No. 58/1998 (Consolidated Finance Act, hereinafter "CFA"), listed companies are required to annually issue a "Corporate Governance and Ownership Structure Report" which includes information on voluntary compliance to a code of conduct promoted by regulated market management companies or trade associations, giving reasons for any failure to comply to one or more provisions. In this report, listed companies must in any case indicate the corporate governance practices "effectively applied by the company beyond its obligations under laws or regulations."

Article 89-*bis* of the Consob Issuers' Regulation issued by Resolution No. 11971 of 1999 (as amended) on issuers (hereafter the "Consob Regulation"), in regulating the above obligation, stipulates that listed companies that have not complied with or intend not to continue to comply with codes of conduct must disclose such in a report to be published annually, including on the company's website, together with the Directors' Report.

BasicNet has its own governance model, which is constantly updated in relation to changes in the regulations on listed companies. In addition, since the listing BasicNet has always complied with the Self-Governance Code promoted by Borsa Italiana and, in line with EU Recommendation No. 208/2014 and as provided in Paragraph IV of the "Guiding Principles" of the Corporate Governance Code, has always provided evidence and explanation, in the Annual Report made available to the Market, where any principles or application criteria have been disregarded.

Since 2022, BasicNet has decided not to continue to comply with the Corporate Governance Code, except to the extent that its recommendations correspond to those introduced by the legislation in force for listed companies, i.e. the Civil Code, the Consolidated Finance Act and the related regulations issued by Consob, Borsa Italiana and the applicable European Regulations.

The Company, having assessed how its corporate governance model, which has been gradually introduced following the entry into force of new rules, has always ensured full transparency and fairness in conducting its activities, in addition to a balanced and effective system of controls and risk monitoring, considering certain provisions of the Self-Governance Code, to effectively form, with regard to the size and composition of the shareholder base, an overarching structure in terms of compliance, obliging the company to repeat the reasons for non-compliance of one or more provisions of the code.

The existing Board of Directors and the Internal Board Committees maintain continuity with the skills, organisation and functions performed in previous financial years, consistent with the governance approach already adopted.

The recommendations of the Corporate Governance Code were followed where deemed useful and appropriate for the Company.

For ease of reading, the format suggested by Borsa Italiana to issuing companies in its latest edition of January 2022 was followed in drafting this Report, with appropriate adaptations to BasicNet S.p.A.'s corporate governance model.

### 1. ISSUER PROFILE

The BasicNet Group operates in the apparel, footwear and accessories sector through the brands Kappa®, Robe di Kappa®, K-Way®, Superga®, Briko®, Jesus® Jeans, Sabelt® and Sebago®.

Group activities involve driving brand enhancement and product distribution through a global network of independent licensees. This business network is defined as the "Network". And from which the name BasicNet derives. The Network of licensees encompasses all key markets worldwide.

In its operations, BasicNet has always sought to create value for its shareholders and, more generally, all those who have a stake in the Group's business. The main stakeholders include groups directly linked to business activities, such as Group Resources, the Network of licensees, Investors, Shareholders and the Financial Community, the PA, Governmental and Control Bodies and the Local Communities in which the Group operates.

The sustainable success is achieved through BasicNet's Business System, which offers business opportunities to a worldwide network of independent companies that do business with the Group, namely its manufacturing licensees (sourcing centers) and its commercial licensees (licensees). Accordingly, BasicNet is aware that the Group's economic growth is closely linked to the economic development of its licensees, and that this link represents an initial important factor of sustainability that is inherent to the nature of the Group's business.

For a number of years, the Group has been working to innovate the design and quality of their collections and to find sustainable products and materials. This began with the Kappa® and Robe di Kappa® Brands and continues with

K-Way®, the collections of which include environmentally sustainable processes and materials, as well as with Superga® (2750 is the world's first sneaker to be made from 100% natural raw materials) and Sebago®, whose winning features are strength and durability, and Briko®.

BasicNet S.p.A. is the parent company of the Group – with headquarters in Turin - listed on the Italian Stock Exchange.

The Governance of BasicNet S.p.A. is represented by the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The Company has prepared a Non-Financial Report in accordance with Legislative Decree No. 254/2016, which is published together with the Directors' Report and Annual Financial Report and may be found at [www.basicnet.com](http://www.basicnet.com).

BasicNet is defined as an SME in accordance with Article 1, paragraph 1, letter w-*quater* 1), of the CFA and Article 2 of Consob Issuers' Regulation and is included in the list published by Consob here: <https://www.consob.it/web/area-pubblica/emittenti-quotati-pmi>.

Average market capitalisation in 2023 was Euro 277.9 million, continuing to meet the definition of SME.

BasicNet does not meet the definition of "large enterprise" or "company of concentrated ownership" as per the Corporate Governance Code.

## **2. DISCLOSURE ON THE OWNERSHIP STRUCTURE AT MARCH 8, 2024 (pursuant to Article 123-bis, paragraph 1, CFA)**

### **a) Share capital structure (pursuant to Article 123-bis, paragraph 1, letter a), CFA)**

On May 30, 2022, the Extraordinary Shareholders' Meeting of the company approved the elimination from Article 5 of the By-Laws - Share Capital - the reference to the nominal value of the shares, to cancel 6,993,602 treasury shares with no nominal value held by the Company, maintaining the amount of share capital unchanged. Consequently, the Share Capital, fully subscribed and paid-in, amounts to Euro 31,716,673.04 and comprises 54,000,000 ordinary shares listed on the Euronext Milan (EXM).

At the date of this Report, the Company holds 4,398,200 treasury shares, equal to 8.14% of the share capital and 6.36% of the voting rights.

The Company has not issued financial instruments that attribute the right to subscribe to new share issues. No share-based incentive plans have been introduced which would result in an increase, including through scrip issues, of the share capital.

### **b) Restriction on the transfer of shares (pursuant to Article 123-bis, paragraph 1, letter b), CFA)**

At the date of the present Report, there are no restrictions on the transfer of shares.

### **c) Significant holdings (pursuant to Article 123-bis, paragraph 1, letter c), CFA)**

As stated above, with reference to Article 1, letter w-*quater* 1) of the CFA, BasicNet qualifies as a "Small-Medium-sized enterprise" (SME). The significance threshold is 5% of the share capital with voting rights.

The multi-voting rights came into effect on September 1, 2023. The rights relate to 15,153,984 ordinary shares, pursuant to Article 127-*quinquies* of the Consolidated Finance Act and in compliance with the provisions of the Company By-Laws and the Regulations for multi-voting rights, adopted by the Company on July 29, 2021. On the basis of the above, the voting rights as at today's date amount to 69,153,984.

The list of parties holding, directly or indirectly, more than 5% of the share capital with voting rights according to the shareholders' register, supplemented by the communications received in accordance with Article 120 of Legislative Decree No. 58 of 1998 and other information held by the Company, is as follows:

Shareholder	% held of share capital (1)	% of voting rights (2)	Notes
Marco Boglione	37.996%	42.209%	Owned directly and indirectly through Marco Boglione e Figli S.r.l., which in turn owns the entire share capital of BasicWorld S.r.l.
Francesco Boglione	6.949%	10.758%	Part-owned directly and indirectly through Francesco Boglione S.r.l.
Helikon Investments Limited	11.730%	9.160%	Held by way of discretionary asset management. The company in addition holds "cash settled equity swaps" financial instruments on BasicNet shares equal to 1.253% of voting rights
BasicNet S.p.A.	8.145%	6.360%	Treasury shares in portfolio
Enrico Boglione	3.704%	5.418%	Part-owned directly and indirectly through Enrico Boglione S.r.l.

<sup>1)</sup> Calculated on 54,000,000 shares of its share capital

<sup>2)</sup> Calculated on 69,153,984 total voting rights

d) Shares which confer special rights (pursuant to Article 123-bis, paragraph 1, letter d), CFA)

There are no shares which confer special control rights.

The Extraordinary Shareholders' Meeting of July 29, 2021 approved the amendments to the By-Laws to introduce the increased voting rights mechanism, as per Article 127-quinquies of Legislative Decree No. 58/98. This mechanism permits the assignment of two votes for each ordinary BasicNet share held by the same Shareholder of the Company for a continuous period of at least 24 months from their enrolment in a special Register set up and maintained by the Company.

On the same date, the Board of Directors, based on the mandate conferred by the Extraordinary Shareholders' Meeting, adopted the regulation for the governance of the registration, maintenance and updating of the Special Register in compliance with the applicable regulation, the Company By-Laws and market best practice. At present, and in consideration of the date on which the mechanism was introduced, 15,153,984 shares enjoy increased voting rights.

The list of Shareholders included in the special register for entitlement to increased voting rights (Article 127-quinquies, paragraph 2, of the CFA) with a holding in excess of 5% of BasicNet S.p.A.'s share capital and who gained double voting rights 24 months after the date of enrolment is available on the Company's website at

<http://www.basiconet.com/contenuti/corporate/votoMaggiorato.asp?menuSelectedID=2h>



- e) Employee participation rights: method of exercise of voting rights (pursuant to Article 123-bis, paragraph 1, letter e), CFA)

At the date of this Report, no employee share ownership mechanisms were in place.

The Board of Directors meeting of March 8, 2024 resolved to submit for approval to the BasicNet Shareholders' Meeting of April 16, 2024, the introduction of an incentive plan providing for the free allocation, to employees and Directors of the Group headed by the Company, of a maximum of 2,000,000 (two million) ordinary shares of the Company - the "2024 - 2027 Stock Grant" (the "**Plan**").

The Plan is for the Directors and employees of the BasicNet Group who will be identified, from among the members of the Board of Directors and employees of BasicNet S.p.A. and the companies it - directly or indirectly - controls with the aim of incentivising them, retaining their loyalty and setting the conditions for attracting additional talented people.

Aspects relating to the implementation of the Plan will be defined by the Board of Directors and, among them, the identification of the Beneficiaries - with the express right to sub-delegate to one or more members of the Board of Directors, based on the powers to be granted by the Shareholders' Meeting.

The maximum total number of BasicNet shares to service the Plan is 2,000,000 ordinary shares, to be drawn from the Company's treasury share portfolio.

Information regarding the share-based incentive plan (the highlights of which have been described above) is provided in accordance with the guidance provided for the prospectus under Schedule No. 7 of Annex 3A to the Issuers' Regulation issued by Consob, which is available to the public at the Company's offices, on the Company website at [www.basicnet.com](http://www.basicnet.com) in the "[Shareholders' Meetings/2024](#)" section, and on the authorised storage mechanism "1info" ([www.1info.it](http://www.1info.it)).

- f) Voting restrictions (pursuant to Article 123-bis, paragraph 1, letter f), CFA)

There are no restrictions on voting rights. The issuer has exclusively issued ordinary shares; each share provides one vote (Article 6 of the By-Laws), without prejudice to the multi-voting rights mechanism described in paragraphs c) and d) above, up to a maximum of two votes per share. Article 21 of the By-Laws excludes the right to withdrawal with regards to motions concerning the extension of the company's duration or the introduction or the removal of restrictions on the circulation of equities.

- g) Shareholder agreements (pursuant to Article 123-bis, paragraph 1, letter g), CFA)

At the date of the present Report, there are no agreements between Shareholders.

- h) Change of control clause (pursuant to Article 123-bis, paragraph 1, letter h), CFA) and statutory provisions on public purchase offers (pursuant to Articles 104, paragraph 1-ter and 104-bis, paragraph 1, CFA)

The contractual conditions of the loans in place at the date of the present Report include typical clauses for such loans, such as the maintenance of some conditions concerning the holding of the majority shareholder of the Company.

#### Statutory provisions in relation to Takeovers

The Extraordinary Shareholders' Meeting of April 29, 2011 approved, among other matters, the change to Article 16 of the Company By-Laws – Powers of the Board of Directors and legal representation – in order to recognise to the Board of Directors the right to undertake, at any moment and without prior authorisation of the Shareholders' Meeting, defensive measures in the case of public offers or exchanges, pursuant to Article 104 of the CFA, as amended by Article 1 of Legislative Decree No. 146 of September 25, 2009. In particular Article 16 includes two paragraphs as follows:

- *"the Board of Directors, and any executive boards, also have the right to undertake, without a Shareholders' Meeting authorisation, all acts and operations against the objectives of a public tender or exchange offer, from the moment in which the communication in which the decision or the obligation arises to promote the offer was made public until the termination or expiry of the offer".*



- *“the Board of Directors, and any executive boards, also has the right to implement decisions, not yet implemented in full or in part and which are not within the scope of the normal activities of the Company, undertaken before the communication as described above and whose implementation could negate the achievement of the objectives of the offer”.*

i) Power to increase the Share Capital and authorisation to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m), CFA)

- Powers to increase the Share Capital

The Board of Directors do not have powers to increase the Share Capital pursuant to Article 2443 of the Civil Code.

- Authorisation of share buy-back plan

The Shareholders' Meeting of April 13, 2023 authorised the Board of Directors to purchase, on one or more occasions, a maximum number of ordinary shares, taking account of those already held by the Company, not exceeding the legal limits, for a period beginning from the date of the Shareholders' Meeting until the date of the Shareholders' Meeting called to approve the 2023 Annual Accounts. On the basis of this authorisation, the Board of Directors, meeting on the same date, initiated a plan concerning a maximum number of treasury shares equal to 20% of the share capital, for a maximum amount of Euro 30 million, in compliance with all legal limits and taking account of the treasury shares already in portfolio.

Under the treasury share buy-back programme, authorised by the Shareholders' Meeting of April 13, 2023, at the date of this report 390,800 treasury shares had been acquired (0.7% of the Share Capital) at an average price of Euro 4.9, for a total of Euro 1,926,739.

BasicNet today holds a total of 4,398,200 treasury shares (equal to 8.14% of the Share Capital and 6.36% of the voting rights), for an investment of Euro 16 million.

l) Direction and co-ordination activities (pursuant to Article 2497 and subs. of the Civil Code)

BasicNet S.p.A. is not subject to management and coordination pursuant to Article 2497 and thereafter of the Civil Code and has full authority to implement its general and operating strategies.

In particular, neither BasicWorld S.r.l., which holds 37.419% of the company's shares, nor Marco Boglione and Figli S.r.l., which holds the entire share capital of BasicWorld S.r.l., exercise management and coordination over the Company, as: (i) they do not issue directives to their subsidiary, and (ii) there is neither in contractually defined form nor through organisational procedures any rule that limits BasicNet S.p.A.'s or its subsidiaries decision-making autonomy;

BasicNet S.p.A. carries out direction and coordination activities, pursuant to Article 2497-bis of the Civil Code, for the directly and indirectly held Group subsidiaries. This activity involves oversight of the general strategic directives and in the definition and amendment of guidelines for the Internal Governance and Control model.

The parent company BasicNet S.p.A. undertakes the “Powered by” activities serving the subsidiaries.

These “Powered by” activities mainly include:

- Information Technology, i.e. the creation of new software for the online management of all supply chain processes;
- co-ordination of production and commercial activity information flows on the licensees' Network;
- strategic finance.

All Group companies adopt and respect the Ethics Code.

m) Other information

It is noted that:

- the disclosures required by Article 123-bis, paragraph 1, letter i) (“the agreements between the Company and Directors – which provide for indemnity in the case of dismissal without just cause or in the case in which the employment services cease after a public offer”) are contained in the Remuneration Policy and Report pursuant to Article 123-ter of the CFA, available on the Company’s website [www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp](http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp);
- the disclosures required by Article 123-bis, paragraph 1, letter l) (“applicable regulations concerning the appointment and replacement of Directors, in addition to the amendment of the By-Laws if differing from applicable law and regulations”) are illustrated in the Board of Directors section (Section 4.2) of this Report;
- the disclosures required by Article 123-bis, paragraph 1, letter l), second part (applicable regulations concerning the amendment of the By-Laws if differing from applicable law and regulations) are illustrated in the section of the report concerning Shareholders’ Meetings (Section 13).

### **3. COMPLIANCE (pursuant to Article 123-bis, paragraph 2, letter a), CFA)**

The Corporate Governance system adopted by BasicNet S.p.A. incorporates the rules and procedures within the Company’s By-Laws and provisions of law, which outlines the system of management and control of the Company and of the Group.

As reported in the Introduction, BasicNet decided not to continue compliance with the Corporate Governance Code, except to the extent that its recommendations correspond to those introduced by the legislation in force for listed companies, i.e. the Civil Code, the Consolidated Finance Act and the related regulations issued by Consob, Borsa Italiana and the applicable European Regulations.

The Company, having assessed how its corporate governance model, which has been gradually introduced following the entry into force of new rules, has always ensured full transparency and fairness in conducting its activities, in addition to a balanced and effective system of controls and risk monitoring, considering certain provisions of the Self-Governance Code, to effectively form, with regard to the size and composition of the shareholder base, an overarching structure in terms of compliance, obliging the company to repeat the reasons for non-compliance of one or more provisions of the code. The existing Board of Directors and the Internal Board Committees maintain continuity with the skills, organisation and functions performed in previous financial years, consistent with the governance approach already adopted. The recommendations of the Corporate Governance Code were followed where deemed useful and appropriate for the Company.

Information on the corporate governance of BasicNet S.p.A is available on the Company’s website at [www.basicnet.com](http://www.basicnet.com). The site is updated regularly to include all regulatory and corporate information on the Group, including sections dedicated to sustainability, investors, and shareholders.

Specifically, the documents relating to the corporate governance system are published in the section called “Corporate Governance BasicNet”. The Annual Report, which is published on the website [www.basicnet.com/contenuti/corporate/corporategovernance.asp](http://www.basicnet.com/contenuti/corporate/corporategovernance.asp), illustrates the governance structure of the Group.

For ease of reading, the format suggested by Borsa Italiana to issuing companies in its latest edition of January 2022 was followed in drafting this Report, with appropriate adaptations to BasicNet S.p.A.’s corporate governance model.

The “Group” subsection, on the other hand, publishes the following information: significant shareholders, Group structure, composition of the corporate boards, Group activities, and the video presentation.

The subsection “Corporate Boards” includes the qualifications of the Directors and other members of the Boards of Statutory Auditors of the companies of the Group.

Neither BasicNet S.p.A. nor its strategic subsidiaries are subject to laws in force outside Italy which affect the corporate governance structure.

#### 4. BOARD OF DIRECTORS

##### 4.1. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors of BasicNet:

1. determines and pursues the Company's strategic, commercial and financial objectives;
2. pursues the objective of creating medium-/long-term value for its shareholders and, more generally, for all those who have a stake in the Group's activities by promoting growth that is economically, environmentally and socially sustainable;
3. assesses its organisational, administrative and accounting adequacy so that full transparency and fairness in conducting business, in addition to a balanced and effective system of controls and risk monitoring, is always ensured, in accordance with applicable laws and regulations;
4. promotes dialogue with shareholders and all other relevant stakeholders for BasicNet and for the Group.

Within this context, the Board of Directors:

- a) examines and approves the Company and the Group's economic and financial forecasts; the enactment of the plans and the monitoring of performance are, as a rule, reviewed at the meetings called for the approval of the interim financial statements;
- b) defines the organisational structure of the companies of the Group and the corporate governance system of BasicNet;
- c) monitors business risks. The Board examines and approves operations of the Company and its subsidiaries, when such operations have a significant impact on strategy, on financial performance and standing for the Group as a whole.
- d) assesses the adequacy of the Company's organisational, administrative and accounting structure, following consultation with the Internal Audit function and the Control and Risks Committee on the suitability and adequacy of the Internal Control and Risk Management System;
- e) assigns and revokes the delegation of powers to the executive boards, establishing the limits and manner of exercising such power and the frequency, normally not less than quarterly, with which the executive boards must report to the Board on the exercise of the powers conferred, in accordance with Article 13 of the Company By-Laws;
- f) assesses the general operational performance, taking into account, in particular, the information received from executive boards, as well as periodically comparing the results with the budgets;
- g) by adopting procedures for the handling of inside information, defined the management of the internal and external publication of inside information and documentation concerning BasicNet and its strategic subsidiaries.

A corporate reorganisation project was launched in 2022 and completed in 2023. The purpose of the project was to allow a better focus on the individual brands, which brought all the companies owning the individual brands under the direct control of the parent company BasicNet. The project does not entail any change in the Group's ownership structure or equity structure.

In view of that outlined above, the following companies are considered as "strategically significant" subsidiaries: Kappa S.r.l., owner of the Kappa®, Robe di Kappa® and Briko® brands, K-way S.p.A., Superga S.r.l., Sebago S.r.l., owner of the brands of the same name, BasicVillage S.p.A., a company engaged in the management of the Group's properties, and BasicItalia S.r.l., formerly the licensee for the group brands, which following the reorganisation took on the new role of logistic hub for the Group distribution companies, and operations, legal and administrative service provider.

The Board on March 8, 2024 confirmed the adequacy of the organisational, administrative and accounting structure of the company and its "strategically significant" subsidiaries, prepared by the Chief Executive Officers, with particular regard to the control and risks system and the general operating performance.

In expressing its opinion, the Board relies not only on the quarterly information received from the executive officers at the Board meetings, but also on the reports issued at the meetings to approve the draft annual and half-year financial report and by the Control and Risks and Related Parties Committee which reports on the activities carried out, in addition to an assessment regarding the adequacy of the Internal Control and Risk Management System.

Risk assessment is carried out on the basis of a document containing the model for identifying the nature and risk compatible with the Company's strategic objectives, prepared by the Internal Audit Manager.

#### 4.2 APPOINTMENT AND REPLACEMENT (pursuant to Article 123-bis, paragraph 1, letter l), CFA)

The norms applied in the appointment and replacement of the Directors are set out in Article 13 of the Company By-Laws, in relation to which reference should be made to the Company's website [www.basicnet.com/contenuti/gruppo/statuto.asp](http://www.basicnet.com/contenuti/gruppo/statuto.asp)

The Company is administered by a Board of Directors, made up of between five and fifteen members. 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 By-Laws provide that at least one member of the Board of Directors, or two if the Board of Directors is comprised of more than seven members, should be considered independent in accordance with law. Each slate should include at least one candidate considered independent.

The procedure for appointment as per Article 13 provides:

- the filing, at the registered office of the Company, within the terms required by legislative and regulatory provisions, of the slates of candidates with indication of the shareholders presenting the candidates and the overall shareholding held, together with disclosure on the personal and professional details of the candidates;
- that the minority shareholders that either alone, or together with other shareholders, holding voting rights not lower than that required by current regulations, will be reserved the appointment of one Director. For 2023, as in previous years, this percentage was set at 2.5% (Consob Executive Resolution No. 92 of January 31, 2024);
- that the procedure for electing the Directors shall be as follows: i) 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; ii) 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 required by the Company By-Laws for the presentation of the 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 in accordance with the statutory majority.

Should one or more vacancies occur on the Board, Article 2386 of the Civil Code shall be applied, as follows:

- a. the Board of Directors appoints the replacements from the same slate to which the previous Directors belonged, choosing where necessary a replacement considered independent as per applicable law, with the Shareholders' Meeting voting upon such by statutory majority, respecting this principle;
- b. when the above-mentioned slate does not contain candidates not previously elected or, where required, candidates considered independent as per applicable law, the Board of Directors makes the replacement without satisfying the previous point a). by statutory majority;
- c. when the above-mentioned slate does not contain candidates not previously elected or, where required, candidates such as to ensure compliance with the applicable gender equality legislation, the Board of Directors makes the replacement without satisfying the previous point a)., as does the Shareholders' Meeting, also by statutory majority.

#### 4.3. COMPOSITION OF THE BOARD OF DIRECTORS (pursuant to Article 123-bis, paragraph 2, letter d), and d-bis), CFA)

The Board of Directors in office was appointed by the Shareholders' Meeting of April 13, 2022 and its mandate concludes with the approval of the 2024 Annual Accounts. It comprises fourteen members, as shown in the table below:

Structure of the Board of Directors whose members were appointed on the basis of slates presented by Shareholders												
Office	Member	Year of birth	Date of first appointment (*)	In office from	In office until	Slate (M/m) (**)	Exec.	Non Exec.	Ind. Code	Ind. CFA	No. of other offices (***)	Attendance (****)
Chairperson	Marco Boglione	1956	1999	13/04/2022	Approval 2024 Accs.	M	X				-	6/6
Executive Vice-Chairperson	Alessandro Boglione	1988	2019	13/04/2022	Approval 2024 Accs.	M	X				-	6/6
Executive Vice-Chairperson	Lorenzo Boglione	1986	2019	13/04/2022	Approval 2024 Accs.	M	X				-	6/6
Chief Executive Officer	Federico Trono	1973	2019	13/04/2022	Approval 2024 Accs.	M	X				-	6/6
Director	Maria Boglione	2003	2022	13/04/2022	Approval 2024 Accs.	M		X				3/6
Director	Veerle Bouckaert	1966	2019	13/04/2022	Approval 2024 Accs.	M	X				-	6/6
Non-Executive Independent Director, member of the Remuneration Committee and of the Control and Risks and Related Parties Committee	Piera Braja	1964	2022	13/04/2022	Approval 2024 Accs.	M		X	X	X	5	6/6
Director	Paola Bruschi	1967	2007	13/04/2022	Approval 2024 Accs.	M	X				-	6/6
Non-Executive Independent Director, member of the Remuneration Committee and of the Control and Risks and Related Parties Committee	Francesco Calvo	1977	2022	13/04/2022	Approval 2024 Accs.	m		X	X	X	-	5/6
Non-Executive Independent Director, member of the Control and Risks and Related Parties Committee	Cristiano Fiorio	1972	2019	13/04/2022	Approval 2024 Accs.	M		X	X	X	-	6/6
Director	Monica Gamberoni	1968	2022	13/04/2022	Approval 2024 Accs.	M	X				-	6/6
Director	Francesco Genovese	1988	2019	13/04/2022	Approval 2024 Accs.	M	X				-	6/6
Director and member of the Remuneration Committee	Daniela Ovazza	1956	1999	13/04/2022	Approval 2024 Accs.	M		X			-	6/6
Non-Executive Director Chairperson of the Remuneration Committee	Carlo Pavesio	1956	1999	13/04/2022	Approval 2024 Accs.	M		X			3	5/6

(\*) The first appointment of each Director refers to the date on which the Director was appointed for the first time to the Board of BasicNet S.p.A.

(\*\*) This column indicates whether the slate for each Director is selected from a "majority" slate - "M", or a "minority" slate - "m".

- (\*\*\*) This column indicates the number of offices a Director or Statutory Auditor holds in other listed companies or large enterprises. The Corporate Governance Report indicates all offices held.
- (\*\*\*\*) This column indicates the number of Board meetings attended by each Director, compared with the total number of meetings held during the year.

The curricula vitae of the Directors in office, which describe their personal backgrounds and professional qualifications, are available on the Company's website at [www.basicnet.com/contenuti/gruppo/organisocialisocieta.asp](http://www.basicnet.com/contenuti/gruppo/organisocialisocieta.asp).

The Board of Directors, in its current composition, complies with the "gender quota" rules applicable on the appointment date.

### **Diversity policies**

The Company has not adopted specific diversity policies in relation to the composition of the management and control bodies with respect to such aspects as age, gender, educational and professional background, as the statutory and regulatory provisions and the provisions of the by-laws guarantee a sufficiently high level of diversity profiles, and as the slates submitted by Minority and Majority Slates have always featured a broad range of profiles.

Regarding the seniority of the Board of Directors members: one member is under 30 years, 10 members are between 30 and 59 years, and 3 members are over 60 years.

The management of the corporate organisation, as also stipulated in the Group's Ethics Code, focuses on ensuring equal opportunities and guaranteeing the professional growth of each individual. There is no difference in treatment relating to gender (considering equivalent roles and seniority) or in the composition of the Group's workforce (1,082 personnel, 680 women, 402 men).

### **Maximum number of offices held in other companies**

The Board of Directors does not consider it necessary to limit the maximum number of offices which each Director may hold, also in view of the consistently high and fruitful participation of all members at meetings of the Board of Directors.

### **Induction Programme**

The Directors, in practice, have the facility to participate in meetings subsequent to their appointment and during their mandate with the Chairperson and Management, in order to improve their understanding of the organisational structure and corporate processes and to ensure that they remain informed regarding corporate affairs and developments. They also continually have access to financial and operational information from the BasicManagement portal.

#### **4.4. ROLE OF THE BOARD OF DIRECTORS (pursuant to Article 123-bis, paragraph 2, letter d), CFA)**

In managing its own operations, the Board adopts the provisions of the law and the Company's By-Laws. As such, and in view of the smooth functioning of Board business, it did not consider it necessary to define any further specific rules. For completeness, the role played by the Board of Directors, even if not formally governed by a specific Regulation, is described below.

The Board of Directors meets whenever the Chairperson deems it to be necessary or appropriate, or when requested by at least two members of the board or by the Board of Statutory Auditors. Meetings may also be held off-site, either in Italy or abroad (Article 14 of the Company By-Laws).

Meetings are to be called by the Chairperson, or by another party vested with such powers, by way of registered mail or electronic mail at least five days prior to the date set for the meeting, unless urgent circumstances make this advance notice impossible.

It is standard practice for the Board of Directors to meet at least five times each year to examine financial performance for the period and to provide updates on the activities conducted by the executive boards. The Board of Directors met six times in 2023.



Meetings of the Board of Directors may also be validly held by way of teleconferencing, so long as it is possible to determine the exact identification of the persons entitled to attend may be verified, and for all participants to contribute verbally, in real time, on all matters and to receive and send documents.

Executives of the Company may participate at the Board meetings, on the invitation of the Chairperson, where there is a need to provide guidance on the matters on the Agenda.

The documentation concerning the matters under discussion was made available in advance to the Directors and Statutory Auditors. Since 2019, a dedicated section called "My Documents" has been set up on the corporate website where documents are uploaded for discussion on Agenda items. In accordance with the Code, the Board of Directors, considering the operating dynamics of the Company and the Group, identified the period of two days as appropriate for the sending of preliminary meeting material, except in the cases of urgency, in which case the documentation shall be made available and adequately presented during the meeting. The above-stated deadline for Board meetings was generally met ahead of schedule in 2023.

As mentioned above, the Board held six meetings in 2023, lasting an average of two hours each.

In January 2024, the Company published its financial calendar, which established the days for the five Board meetings for 2024, for the review of the preliminary results, the approval of the 2023 separate and consolidated financial statements, the approval of the half-year report and the review of the quarterly disclosure to the market. As established by Article 82-ter of the Issuers' Regulation, BasicNet will continue to publish the quarterly results on a voluntary basis, until any differing assessment. During its meeting on October 29, 2020 and in order to provide more complete and timely disclosure, the Board of Directors decided to combine its quarterly reporting on commercial performance with market disclosure regarding movements in its main operating and financial performance indicators, which are constantly monitored by the Group. The quarterly disclosure shall be published in a press release to be issued on conclusion of the Board of Directors' meetings called to approve the above results. Typically on the same day, a conference call is scheduled during which the Chief Executive Officer explains the data approved by the BoD.

The financial calendar is available on the website [www.basicnet.com](http://www.basicnet.com)

On February 13, 2024, the first meeting was held to examine the preliminary 2023 data and review corporate affairs as per Article 150 of the CFA and Article 13 of the By-Laws.

#### 4.5. ROLE OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

The Chairperson promotes and coordinates the proper functioning of the system of corporate governance in pursuit of the Company's interests.

The Chairperson ensures that the handling of each matter on the Agenda is allocated the necessary time to ensure constructive debate, considering debate among the Board as useful for the motions to be considered, including by providing information prior to the meeting. The Chairperson also ensures the efficacy of the Agenda of Board meetings, adapting the length of discussion to the importance of the items to be discussed.

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

A Secretary to the Board of Directors is appointed by the Board of Directors in order to help organise the Board's activities. This Secretary may be selected from among the members of the Board of Directors, employees of the Company, or other individuals from outside the Company.

The Secretary (generally the Corporate Affairs manager) supports the activities of the Chairperson, in particular in the preparation of board and Shareholders' Meetings, in the drafting of the relevant motions, in ensuring the adequacy, completeness and clarity of the information flows to the Board, in the communication with the Directors.

The Secretary assists the Chairperson in relations with the Board and provides impartial assistance and advice to the Board of Directors on any aspect relevant to the proper functioning of the corporate governance system.

The Secretary also coordinates the activities of the Internal Board Committees and provides related support.

The Secretary drafts the minutes of each Board meeting, signs them along with the Chairperson, and ensures that they are archived in the Company's records.



#### 4.6. EXECUTIVE DIRECTORS

##### **The Chairperson and Chief Executive Officers**

The Shareholders' Meeting of April 13, 2022 confirmed Marco Boglione as the Executive Chairperson of the Board of Directors. On the same date, the Board of Directors appointed Lorenzo Boglione - Executive Vice-Chairperson, Alessandro Boglione - Executive Vice-Chairperson, and Federico Trono - Chief Executive Officer

In accordance with Article 13 of the By-Laws, the Vice-Chairperson executes the role of Chairperson in the case of the latter's temporary absence or unavailability.

The Board of Directors meeting of April 13, 2022 delegated to the Chairperson all powers for ordinary and extraordinary administration with sole signature, within a limit of Euro 4 million for the acquisition and/or sale of quotas or shares in companies, enterprises, business units or brands, Euro 5 million with reference to the annual cost of sponsorship contracts and financial debt transactions with a value within a limit of 60% of the consolidated equity of the Company, and Euro 4 million for the granting of all secured and unsecured guarantees and patronage letters (with the exception of the subsidiary companies).

The decision to grant executive powers to the Chairperson, the founding member of the Group, is an acknowledgement of the central importance of the role to the sustainability of the Company. While a generational changeover is underway in the interest of business continuity, strongly desired by the Chairperson himself, there is no doubt that he still plays a role in the design of Company's strategic interest and in inspiring, guiding and coordinating the actions and behaviours for achievement of the objectives.

At the same meeting, the Board of Directors delegated:

- to the Vice Chairpersons Lorenzo Boglione and Alessandro Boglione and to the Chief Executive Officer, Federico Trono, severally, all powers for ordinary and extraordinary administration with sole signature, within a limit of Euro 3 million for the acquisition and/or sale of quotas or shares in companies, enterprises, business units or brands, Euro 3.5 million with reference to the annual cost of sponsorship contracts and financial debt transactions with a value within a limit of 50% of the consolidated net equity of the Company, and Euro 3 million for the granting of all secured and unsecured guarantees and patronage letters (with the exception of the subsidiary companies);
- to the Director Paola Bruschi, as Group Finance Director, the role of Executive Officer for Financial Reporting, and powers for the administrative and financial management of the Company.
- see paragraph 6 below for information concerning the appointment of the internal Board committees.

*Executive Committee (pursuant to Article 123-bis, paragraph 2, letter d), CFA)*

The Board of Directors did not set up an Executive Committee.

##### *Reporting to the Board*

The executive boards reported to the Board and the Board of Statutory Auditors at their meetings, on a quarterly basis, with regards to the activities carried out in the exercise of their powers, on the general operating performance and the outlook and also on the most significant operations undertaken by the Company and its subsidiaries.

##### **Other Executive Directors**

In addition to the Chairperson Marco Boglione (also Chairperson of the Board of Directors of K-Way S.p.A. and Jesus Jeans S.r.l.), the following are Executive Directors: Vice-Chairperson Alessandro Boglione (also Chief Executive Officer of BasicItalia S.r.l., K-Way S.p.A. and Superga S.r.l., Chairperson of the Board of Directors of Kappa S.r.l., KappaRetail S.r.l., Kappa France S.a.s, Sebago S.r.l., SebagoRetail S.r.l, K-Way Retail S.r.l., K-Way Retail Suisse S.A., SupergaRetail S.r.l, BasicRetail S.r.l., BasicNet Asia Ltd. and member of the Strategic Committee of K-Way France S.a.s.), Vice-Chairperson Lorenzo Boglione (also Chief Executive Officer of K-Way S.p.A. and Sebago S.r.l., Executive Director of Kappa S.r.l., Director of Fashion S.r.l., Chairperson of the Board of Directors of BasicAir S.r.l. and Superga S.r.l., Vice-Chairperson for Business Development of Basic Properties America Inc. and member of the Strategic Committee of K-Way France

S.a.s.), Chief Executive Officer, Federico Trono (also Director of BasicNet Asia Ltd, Executive Director of Kappa S.r.l., Sebago S.r.l., Superga S.r.l. and K-Way S.p.A, Chief Executive Officer of Fashion S.r.l. and Jesus Jeans S.r.l., member of the Strategic Committee of K-Way France S.a.s), Director Paola Bruschi, CFO of the Group (also Executive Director of K-Way S.p.A. and Superga S.r.l.)

Veerle Bouckaert, Head of Legal Affairs (also Executive Director of Kappa S.r.l., Sebago S.r.l. and Superga S.r.l.) and Francesco Genovese, Head of Organisation, are also Executive Directors.

#### 4.7. INDEPENDENT DIRECTORS

The Board of Directors includes three Independent Directors: Piera Braja, Francesco Calvo and Cristiano Fiorio.

Once each year, and upon the appointment of new members, the Board assesses the independence of its members based on the circumstances defined in the CFA and in the Corporate Governance Code.

The Board of Directors meeting of March 8, 2024 assessed, on the basis of their declarations, the independence of these Directors.

As stated in the report to the Shareholders' Meeting called for the approval of 2023 Annual Accounts, the Board of Statutory Auditors has verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members.

### 5. MANAGEMENT OF CORPORATE INFORMATION

The Board approved the procedure for the handling of confidential information, subsequently updated with the regulations on Market Abuse. The policy was updated on February 19, 2018, incorporating the Guidelines upon the management of inside information published by Consob in October 2017.

This procedure contains the regulations for the internal management and external communication of confidential documents and inside information, for the management of delayed disclosure, in addition to the setting up and management, based on a specific IT procedure, of the Register for persons with access to inside information and a Register of persons possessing "relevant information".

Since April 1, 2006, the Internal Dealing Code has been applicable, updated in 2016 to incorporate new provisions of the Regulation of the European Parliament and Council of April 16, 2014 No. 596/2014. The Code governs the procedures for disclosure to the market on operations on BasicNet S.p.A. shares by "Significant Persons" of the Group, as identified by Article 114 and thereafter of the CFA.

The procedure is available on the website: [www.basicnet.com/contenuti/gruppo/internaldealing.asp](http://www.basicnet.com/contenuti/gruppo/internaldealing.asp).

In 2023, 12 Internal Dealing communications regarding transactions involving the BasicNet share by one shareholder were received in accordance with the Market Abuse Regulation (MAR).

### 6. INTERNAL COMMITTEES TO THE BOARD (pursuant to Article 123-bis, paragraph 2, letter d), CFA)

The Board meeting of April 13, 2022 appointed the Remuneration Committee and the Internal Control and Risks Committee, which continued to act also as the Related Party Transactions Committee.

It is standard practice for the committees to meet when called by the committee Chairperson, in coordination with the Company's Corporate Affairs function. All committee members have access to the company information needed for their activities. Materials regarding the items on the Agenda for the committee meeting are to be provided by the Corporate Affairs unit at least two days prior to the meeting, unless otherwise established (e.g. procedures for the examination of related party transactions require that documentation be provided at least 15 days prior to the meeting at which the Committee is called to express its opinion on the transaction). The minutes of committee meetings are drafted by their respective Chairpersons. Minutes of committee meetings are to be archived by the Corporate Affairs unit.

The average length of committee meetings is one hour thirty minutes for the Control and Risks and Related Parties Committee and one hour for the Remuneration Committee.

## STRUCTURE OF THE INTERNAL BOARD COMMITTEES AT YEAR-END

B.o.D.		Control and Risks and Related Parties Committee		Remuneration Committee	
Office/Category	Member	(*)	(**)	(*)	(**)
Independent Non-Executive Director as per CFA and Corporate Governance Code (in office from April 13, 2022)	<b>Piera Braja</b>	5/5	C	1/1	M
Independent Non-Executive Director as per CFA and Corporate Governance Code (in office from April 13, 2022)	<b>Francesco Calvo</b>	5/5	M	1/1	M
Independent Non-Executive Director as per CFA and Corporate Governance Code (reconfirmed by BoD on April 13, 2022)	<b>Cristiano Fiorio</b>	5/5	M		
Non-Executive Director (reconfirmed by BoD on April 13, 2022)	<b>Daniela Ovazza</b>			1/1	M
Non-Executive Director (reconfirmed by BoD on April 13, 2022)	<b>Carlo Pavesio</b>			1/1	C
<b>Number of meetings held in the year:</b>		5		1	

### KEY

**Office:** Office within the Board of Directors.

(\*) This column indicates the attendance of the Director in relation to the Committee meetings (indicates the number of meetings attended compared to the total number of meetings for the duration of the appointment.).

(\*\*) This column indicates the position of the Director on the Committee: "C": Chairperson; "M": member.

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

The Board of Directors considers that the choice of appropriate professionals to sit on the Board of Directors is the duty of the shareholders - both minority and majority - on the basis of the slates presented.

## 8. DIRECTORS' REMUNERATION - REMUNERATION COMMITTEE

### 8.1. REMUNERATION OF DIRECTORS

#### Remuneration Policy

For further information on the present section reference should be made to the Remuneration Policy and Report published pursuant to Article 123-ter of the CFA.

On March 8, 2024, the Board approved the Report, which is available on the company website, together with the Shareholders' Meeting documentation, at [www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp](http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp)

The Group recognises the central importance of human resources, in the firm belief that the principal factor determining the success of the business is the individual acting in an environment which supports professional and human growth. In this context, BasicNet's Remuneration Policy is determined by taking into consideration aspects of the compensation and working conditions of the Company's employees. Both respond to the aim of attracting, retaining and motivating human resources with the necessary skills to

oversee and develop the Company's activities and to lay the foundations to pursue the long-term interest and sustainability of the Company.

Employees and collaborators are offered opportunities for growth based on merit, professional skills and participation in the company's development processes, including through an automatic, scheduled system that allows periodic performance evaluation and position review.

In line with BasicNet's philosophy, employees' working conditions play a decisive role, alongside compensation, in fostering a sense of belonging to the Group and building corporate identity, which in turn is recognised as a critical success factor. Working activities are carried out at the BasicVillage, designed to put the person at the centre, who can enjoy a series of services and recreational spaces.

Additional information about BasicNet's policies regarding the management of social and Human Resources-related issues can be found in the Consolidated Non-Financial Report, included in the Directors' Report, published at [www.basicnet.com](http://www.basicnet.com), Financial data/Financial Statements section.

The Remuneration Policy adopted for the corporate boards requires the Shareholders' Meeting to approve the annual remuneration of all Board of Directors and Statutory Auditors members; the remuneration of the Senior Directors and the members of the Internal Board Committees is determined by the Board of Directors, pursuant to Article 2389 of the Civil Code, on the proposal of the Remuneration Committee and considering the advice (where necessary) of the Related Parties Committee, having heard the opinion of the Board of Statutory Auditors. The compensation of Senior Executives is proposed by the Chairperson and submitted to the Board of Directors for approval, after consultation with the Remuneration Committee. Finally, the Remuneration Committee and the Related Parties Committee shall intervene in cases where the allocation of remuneration does not comply with, but deviates from, the Remuneration Policy most recently approved by the Shareholders' Meeting. The remuneration comprises:

- a fixed remuneration, commensurate with responsibilities and deemed appropriate to remunerate the skills, experience and commitment associated with the position held by each Director/Senior Executive. The fixed component is adequate to remunerate the performance of the Director with delegated powers/Senior Executive in line with the responsibilities of his/her office. These fixed fees have been updated to reflect the increased powers and responsibilities of certain Directors within the Group;
- subject to the absence of any variable remuneration components in the Group remuneration contractual structure, the Board of Directors, on the proposal of the Chairperson, after consultation with the Remuneration Committee and the Related Parties Committee, reserves the right to establish an additional one-off bonus, based on particular results achieved for the sustainable success of the business, or for retention purposes.

For the purposes of the Remuneration Policy, the Board of Directors identified as Senior Executives the Vice Chairpersons Lorenzo Boglione and Alessandro Boglione, and the Chief Executive Officer Federico Trono.

The Board also establishes the remuneration of the Supervisory Board and of the Executive Officer for Financial Reporting.

At the date of approval of this report, the Group has not launched any incentive plans based on the allocation of financial instruments or other variable components of any kind upon achievement of performance targets.

For information about the Share Plan, please see point 2, letter e) above and the Remuneration Report.

A third-party D&O - Directors' & Officers' Liability civil liability policy in addition covers the Directors, Statutory Auditors and Executives for circumstances relating to the exercise of their functions, excluding incidences of fraud. This concerns insurance cover (structurally not consisting of consideration) signed independently of the Company for the benefit of all Group Directors and Statutory Auditors in office.

#### **Indemnity of the Directors in case of dismissal and termination of employment following a public tender offer (pursuant to Article 123-bis, paragraph 1, letter i), CFA)**

The disclosures required by Article 123-bis, paragraph 1, letter 1) ("the agreements between the Company and Directors – which provide for indemnity in the case of dismissal without just cause or in the case in which the employment services cease after a public offer") are contained in the Remuneration Policy and Report published pursuant to Article 123-ter of the CFA, available on the Company's website

<http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp?menuSelectedID=4.com/contenuti/datifinanziari/assembleeazionisti.asp>.

## 8.2. REMUNERATION COMMITTEE

*Composition and Operation of the Remuneration Committee (pursuant to Article 123-bis, paragraph 2, letter d) CFA)*

At the Board meeting of April 13, 2022, the Board appointed the Remuneration Committee comprising the Directors Carlo Pavesio (Chairperson) and Daniela Ovazza, Non-Executive Director and the Non-Executive Independent Directors Piera Braja e Francesco Calvo. Members of the Board of Statutory Auditors can attend, and generally do attend, the meetings of the Committee. The workings of the Committee are usually recorded by the Chairperson Carlo Pavesio, who reports to the Board of Directors at the first available meeting.

The Committee makes proposals to the Board concerning the remuneration policy, also taking into account the vote expressed by the Shareholders' Meeting; periodically assesses - when preparing the annual remuneration report - the adequacy of the general policy adopted for the remuneration of Executive Directors and Senior Directors; submits proposals to the Board concerning the remuneration of Senior Directors and expresses its opinion on the remuneration issues of Executive Directors and Senior Executives; examines the remuneration proposals and expresses its opinion in case of exceptions to the remuneration policy approved by the Shareholders' Meeting.

The Committee has access to the information and departments necessary for the carrying out of its remit.

In 2023, the Committee met once to review the draft Remuneration Report to be submitted to the Shareholders' Meeting, and the proposal to award a one-off bonus, in view of the Group's significant economic-financial performance in 2022, to Vice-Chairpersons Lorenzo Boglione and Alessandro Boglione and the Chief Executive Officer, Federico Trono. The Chairperson of the Board of Statutory Auditors attends all meetings of the Committee.

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

The Internal Control and Risk Management System consists of a set of rules, procedures and organisational structures aimed at the effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company.

The Board of Directors establishes its guidelines in line with the Company's strategy, periodically verifying their adequacy and effective functioning, ensuring that the principal corporate risks are identified and adequately managed.

This activity is carried out with the support of a number of boards, corporate structures and functions which, each according to their own areas of competence, oversee the identification, monitoring and management of risks and which together make up the Internal Control and Risk Management System. The persons involved are the Chief Executive Officer, the Control and Risks and Related Parties Committee, the head of the Internal Audit Function, and the Supervisory Board.

The Ethics Code, the Sourcing Centers Ethics Code which includes social compliance principles and the Organisation, Management and Control Model as per Legislative Decree No. 231/2001 (including the procedure for reporting unlawful acts and irregularities - whistleblowing) and subsequent amendments, are an integral part of the Internal Control and Risk Management System.

With regard to the assessment of the Internal Control and Risk Management System, the Board of Directors, at its meeting on March 8, 2024, confirmed the adequacy of the organisational, administrative and accounting structure of the Company and its "strategically significant" subsidiaries, prepared by the Chief Executive Officers, with particular reference to the control and risk system and general operating performance.

## 9.1 CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is responsible for identifying the Company's primary risks - taking account of the characteristics of the activities conducted by the Company and by its subsidiaries - for the planning, realisation and management of the Internal Control and Risk Management System, constantly verifying its adequacy and efficiency, and adapting it to changes in operating conditions and legal and regulatory frameworks. The Chief Executive Officer has entrusted the head of the Internal Audit function with the task of carrying out checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions; these checks have been included in the Audit Plan examined by the Control and Risks Committee and approved by the Board of Directors.

## 9.2. CONTROL AND RISKS COMMITTEE

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

The Control and Risks Committee was appointed at the Board meeting of April 13, 2022. The Committee is composed of three Independent Directors: Piera Braja (Chairperson), Francesco Calvo and Cristiano Fiorio. The Board deems that the members have adequate expertise in the Company's business sector in order to assess related risks, and in accounting and finance and risk management.

### *Control and Risks Committee Functions*

The Committee supports through an adequate preliminary activity the assessments and decisions made by the administrative body concerning the Internal Control and Risk Management System, in addition to the activities relating to the approval of periodic financial and non-financial reports.

In 2023, the Committee met five times with an average meeting duration of two hours and thirty minutes. During the year, the meetings of the Control and Risks and Related Parties Committee were also attended by the members of the Board of Statutory Auditors, the Chief Financial Officer and Executive Officer for Financial Reporting, the Chairperson of BasicManagement.com, the Internal Audit Manager, the Chairperson and members of the Supervisory Board and the company appointed to audit the Group's accounts. During the meetings, the Committee:

- met periodically with the Internal Audit Manager, reviewed the Internal Audit Plan and periodic reports;
- examined the reports submitted to the Board of Directors by the Supervisory Board and acknowledged the evaluations expressed with regard to updating the 231 Model and the Whistleblowing Procedure, the absence of censurable events or violations of the Organisational Model or of the provisions contained in Legislative Decree No. 231/2001;
- carried out the activities within its remit relating to financial disclosure as regards the Financial Statements at December 31, 2023, meeting with the Executive Officer for Financial Reporting and the independent audit firm in the presence of the Board of Statutory Auditors. This sought to assess the correct use and uniformity of the accounting standards adopted in preparing the financial statements and the consolidated financial statements for 2023, expressing a favourable opinion on approval of the accounting documents to the Board of Directors;
- reviewed, with the support of consultants, the materiality analysis performed by the Company to identify material information provided in the 2023 Consolidated Non-Financial Report, reviewed the 2023 Consolidated Non-Financial Report, rendering a favourable opinion on the Board's approval of the Consolidated Non-Financial Report;
- monitored compliance with the Related Parties Procedure.

## 9.3. INTERNAL AUDIT MANAGER

The task of verifying the operation and suitability of the Internal Control and Risk Management System is entrusted to the Internal Audit Manager. In particular, considering that some departments are centralised at the Parent Company, this department contributes to the verification of the correctness and functioning of the reporting process from the strategic subsidiary companies, as well as to the verification of the adequacy of the reporting system to ensure the quality of the reports of the various company departments.



The Internal Audit Manager, who does not report to any operating department, has access to all information considered necessary to carry out the role. S/he reports on his/her activities to the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors, to which the periodic reports are addressed, and at Committee meetings.

Control activities are carried out on the basis of the annual audit plan approved by the Board of Directors, which is risk-based in nature, and verification activities are also carried out through an online reporting tool available on the corporate portal. This report constitutes an important monitoring instrument in real-time of the accounting activities and business performance: the data is available for each Group company and analysed by individual account item.

Internal Audit assesses the adequacy of the IT systems and the reliability of information available in view of the complexity of the operating environment, the size and the territorial reach of the company and verifies the adequacy of the organisational processes adopted by the Company for the security of the IT system. S/he collaborates with the other actors involved in issues of compliance and risk management, in order to monitor the exposure level and vulnerability of the Company to risks. The Internal Audit function was entrusted to an external company (Progesa S.a.s.), assisted by support activities that focused on process design. The activities were outsourced as it was considered that the head of the company, who has already undertaken work within the Group, possesses the necessary attributes to undertake such work efficiently on an independent and professional basis.

The Internal Audit Manager prepared periodic reports on the activities carried out in accordance with the Plan and the outcome of them, providing a positive assessment to the control body, the Control and Risks Committee, the administrative body and the Chief Executive Officer on the suitability of the Internal Control and Risk Management System.

#### 9.4. ORGANISATION MODEL PURSUANT TO LEGISLATIVE DECREE No. 231/2001

The Board of Directors at the meeting of April 13, 2022 appointed the members of the Supervisory Board. The Supervisory Board is tasked with overseeing the correct functioning of the Model and updates. The Supervisory Board reports on at least a half-yearly basis to the Control and Risks Committee and to the Board of Statutory Auditors.

As part of the Internal Control and Risk Management System, the Parent Company BasicNet S.p.A. and the proprietary companies of the Brands Kappa S.r.l., K-Way S.p.A., Superga S.r.l. and Sebago S.r.l., BasicItalia S.r.l. and Basic Village S.p.A. have adopted an "Organisation and management model as per Legislative Decree No. 231/2001" (hereinafter also the "231 Model"), which is continually updated in line with the introduction of new offences under the framework regulation.

The provisions of the Model complete the Group Ethics Code and the Sourcing Centers Ethics Code, which set out the rules and ethical responsibilities for the conducting of business and relations between the Company and the various interest holders.

To promote awareness of and respect for the Ethics Code and the organisation and control model these have been published on the Company's website [www.basicnet.com/contenuti/corporate/codiceetico.asp](http://www.basicnet.com/contenuti/corporate/codiceetico.asp) and on the BasicGuys platform area dedicated to Group Human Resources.

In preparing the Model, account was taken of the existing and operating control systems and policies at the Company and considered an integral part of the Model: the Internal Dealing Code and the Related Party Transactions Policy. The model, continually evolving, integrates and strengthens the corporate control system through the preparation and continual updating of the related procedures. It also provides for a disciplinary system which appropriately sanctions non-compliance with the measures and principles contained in the above-stated documents.

In 2023, the Organisation Model was updated in implementation of the new offence provisions and the new whistleblowing regulations on the protection of whistleblowers. The new procedure, which is available on the corporate website, identifies in detail the whistleblowing channels, the steps involved in submitting a whistleblowing report, the confidentiality of the information, the guarantees of non-retaliation and the whistleblowing management process.

The update of the Model also involved a review of the risk areas for commission of offences, and the related processes and controls, also considering the conclusion of the Group's reorganisation.

In 2023, the Supervisory Board met four times.



## Ethics Code

The Ethics Code is presented on a video to all new employees of the Group and to all consultants.

In 2023, 71 hours of training were provided with regards to the receipt and application of the Ethics Code, both through classroom and e-Learning platform training, for 265 participants, of which 259 white-collar and 6 blue-collar employees.

The BasicNet Group Ethics Code was updated and approved, in its latest version, by the Board of Directors at the meeting of October 2017. The Code is designed to control the conduct of the addressees, identified as the members of the Boards of Directors and Boards of Statutory Auditors, in addition to all BasicNet Group personnel, collaborators and consultants, suppliers and all others acting in the performance of name of and/or on behalf of the BasicNet Group.

As reported in this document, the BasicNet Group, in pursuing its objectives, considers a number of conduct principles as critical, including:

- a commitment to internally and externally comply with the laws applicable in the states in which operations are carried out, in addition to the ethical principles of transparency, correctness and fairness in the conducting of business;
- to refrain from illegal or improper conduct (against the community, the public authorities, clients, personnel, investors and competitors) in the pursuit of business objectives;
- to establish organisational tools to prevent the violation of the principles of legality, transparency, correctness and fairness by personnel and collaborators and oversee compliance with these principles;
- to assure the market, investors and the community in general, while protecting the competitiveness of the respective businesses, of full transparency in operations;
- to commit to the promotion of fair competition in support of its interest and that of all market operators and the stakeholders in general;
- to pursue excellence and market competitiveness, offering clients high quality services which efficiently meet their demands;
- to protect and support personnel;
- to responsibly employ resources with a view to sustainable development, respect for the environment and the rights of future generations;
- to protect workplace health and safety conditions and consider human rights as a fundamental aspect of business activity.

The Group does not justify in any way the adoption of conduct conflicting with law and these principles.

In this regard, the Supervisory Board oversees compliance with the Ethics Code, promptly reporting to the Control and Risks Committee and the Board of Directors any violations thereof. The procedure for reporting alleged offences and irregularities, known as whistleblowing, allows all stakeholders to report any violation or suspected violation of the Ethics Code to the Supervisory Board. Substantiated violations of the principles of the Ethics Code will result in sanctions.

To promote awareness of and respect for the Ethics Code and the Organisation and Management model pursuant to Legislative Decree No. 231/2001, these have been published on the Company's website [www.basicnet.com/contenuti/corporate/codiceetico.asp](http://www.basicnet.com/contenuti/corporate/codiceetico.asp) and in the area dedicated to Group employee time-keeping.

## Sourcing Centers Ethics Code

The Sourcing Centers Ethics Code is a document that establishes the minimum requirements for the working conditions that must be met by all Sourcing Centers selected by the BasicNet Group or by affiliated companies. The Group undertakes to ensure that each stage of the production chain fully complies with the principles and conditions of the Ethics Code. Sourcing Centers are therefore at all times held accountable for suppliers' full compliance with the principles of the Ethics Code.

Through the Code, BasicNet encourages its business partners to adopt the highest international standards of ethics and best practices in business. Respect for human rights and international labour standards – including the fundamental conventions of the International Labour Organization and the Universal

Declaration of Human Rights – were taken as an inspiration and foundation, and many of the guidelines included in the Ethics Code were based on them. BasicNet reserves the right to stop doing business with Sourcing Centers that are incapable of complying – or reluctant to do so – with the principles and conditions enshrined in the Ethics Code.

The principles cited in the Sourcing Centers Ethics Code include:

- a ban on the use by Sourcing Centers of child labour under the age of 15 and an incentive for them to verify the age of their workers, keep proof of such verification and comply with all laws and regulations governing working hours and general labour conditions;
- a ban on the use by Sourcing Centers of involuntary labour, defined as work or service done by any person under threat, subject to penalty in the event of non-compliance, where a worker does not offer service voluntarily, a category that includes mandatory, forced prison labour under a binding contract;
- a ban on the use by Sourcing Centers of corporal punishment or any other form of intimidation or physical or mental coercion of its workers;
- a requirement that Sourcing Centers comply with all laws and regulations applicable to the conduct of their business, including the principles set out above. All references to “applicable laws and regulations” in the Code of Conduct extend to national and local codes, rules and regulations, as well as to voluntary treaties relevant to the sector.

Other principles enunciated in the Sourcing Centers Ethics Code must comply include non-discrimination, the protection of health and safety, environmental protection and freedom of association. BasicNet is committed to full and complete compliance with laws and regulations applicable to its business activity and expects that Sourcing Centers will cooperate fully and with due diligence in fulfilling this pledge.

To guarantee awareness of the Ethics Code, Sourcing Centers are required to take appropriate measures to ensure that workers familiarise themselves with the contents of the Ethics Code and to post the Ethics Code, translated into the workers' local language, at each production facility in a highly visible location readily accessible to all workers. Sourcing Centers are also required to select their suppliers carefully and only to do business with suppliers that ensure respect for human rights and full compliance with the principles enshrined in the Ethics Code. To ensure compliance, BasicNet is authorised to audit Sourcing Centers by conducting scheduled or unscheduled inspections of Sourcing Centers' facilities aimed at monitoring compliance with the Ethics Code. During such inspections, BasicNet and its representatives may examine books and registers relating to employees and conduct private interviews of the Sourcing Center's employees. If a violation is found to have been committed, BasicNet and the Sourcing Center are required to agree on a Corrective Action Plan aimed at remedying the violation promptly. If a Sourcing Center commits repeated and/or deliberate violations of the Ethics Code, BasicNet may take the necessary corrective measures, up to and including the cancellation of orders and/or termination of business arrangements with the Sourcing Center concerned.

### **Conflicts of interest and prevention of bribery and corruption**

The Company adopted as per Legislative Decree No. 231/2001 an Organisation Model and specific internal procedures to establish ethical rules and responsibilities in the conduct of its business and in dealings with its various stakeholders (there are, for example, specific procedures for proper management of dealings with the public administration). In particular, operations are governed by procedures organised in a way that ensures that there is effective oversight by the individual company units (“com”) concerned. In particular, the Group always ensures clear, transparent and ethical relations with the public administration, in Italy and internationally. As stated in the Ethics Code, addressees of the Code should refrain from improperly influencing the decisions of the Public Administration by offering money or other benefits, such as employment or commercial opportunities in favour of public officials or those providing a public service, in addition to their family members. The Group companies may not provide direct or indirect contributions of any type, nor set up funds in support of public officials, except where permitted and in accordance with applicable law and regulations and on the condition that (i) they are properly approved by the competent company functions, (ii) they are properly documented from an accounting and operating viewpoint, (iii) they do not put anyone in a position of conflict of interest. Untruthful statements may not be made to

national or EU public bodies for the awarding of public funds, public grants or subsidised financing, or to obtain concessions, permits, licenses or other administrative acts for the benefit of the Group. Neither is it permitted to mislead, by artifice or deception, the Public Administration or the European Union to obtain an unfair profit for the Group to the detriment of the Public Administration; The direction of funds received from national or EU authorities as disbursements, contributions or financing for objectives other than those intended is forbidden, or to utilise them in violation of the applicable regulations and rules. The altering of computer or IT systems or the manipulation of data contained therein in order to obtain unjust profit and causing damage to the Public Administration is prohibited. In commercial relations with the Public Administration, including participation in public tenders, conduct should always be in compliance with law and proper commercial practice, while conduct which is undertaken to induce the committal of an offence in seeking advantage for the Group is expressly prohibited.

The financial reports, financial statements and corporate communications required by law and regulations should be prepared with clarity and present a true and fair view of the Group company financial statements, without omitting any important or significant information. No payments (in any form) may be made in the interest of the Group in the absence of corresponding adequate documentation. Related party transactions, including inter-Company transactions, should comply with the criteria of substantial and procedural correctness. Those undertaking transactions in conflict of interest are required to report such to their superior or in accordance with that set out in the adopted procedures. The internal control system concerns the control activities undertaken to protect company assets, effectively manage operations and clearly provide information on the Group financial statements, in addition to those activities undertaken to identify and contain company risks.

In addition, the Group operates in compliance with applicable anti-money laundering regulations and the provisions issued by the Competent Authorities and for such purposes commits to refraining from undertaking suspect transactions from a correctness and transparency viewpoint. Similarly, the Supervisory Board deemed it appropriate to supplement the Special Section of the relative Organisational Models with the offence of “fraudulent transfer of valuables”, as specified under Article 512-*bis* of the Penal Code, recently introduced as a predicate offence under the administrative liability of legal entities pursuant to Legislative Decree No. 231/2001.

As part of its efforts to prevent acts of bribery or corruption committed by or targeting Group personnel, the Group complies scrupulously with Italian and international legislation and has adopted a Legislative Decree No. 231/2001 Organisation Model that establishes the general principles of the fight against bribery and corruption. All company activities and units are subject to the controls and verification relating to bribery and corruption mandated by the 231 Model.

Following the enactment of the new offence of “corruption between individuals” punished under paragraph three of Article 2635 of the Civil Code, the Supervisory Board decided to modify the Legislative Decree No. 231/2001 Organisation Model so that management of the sales process was considered to be one of the Group’s “sensitive” activities, especially as regards:

- authorisation powers within the process;
- setting the price of sale;
- setting payment conditions and terms;
- setting client discounts;
- managing the tills of directly operated stores;
- managing returns.

It is therefore forbidden to offer, promise or give undue money or other benefits to Directors, General Managers, Executive Officers for Financial Reporting, Statutory Auditors, liquidators - or those subject to the management or supervision of those individuals - to incite them to perform or not perform an act which violates the obligations of their office or obligations of loyalty;

In order to spread the culture of combatting corruption, as regards the anti-corruption policies and procedures, the principals deriving from Legislative Decree No. 231/2001 were summarised in a special course available on the e-learning platform. In 2023, 361 hours of training were held, both in person and virtually. The training involved 389 participants, seven of whom were executives, 373 white-collar and nine blue-collar employees, all operating in Italy.

The course is regularly updated based on the current regulatory provisions and offered again to all Group staff in its most recent version.

<b>Participants in training on anti-corruption policies and practices</b>		<b>2023</b>	<b>2022</b>
Executives (No.)		7	23
	% of total Executives (*)	23%	76%
White-collar (No.)		373	710
	% of total White-collar (*)	52% (**)	108%
Blue-collar (No.)		9	18
	% of total Blue-collar*	41%	82%
<b>Total (No.)</b>		389	751
	<b>% total Group*</b>	<b>50.84% (**)</b>	<b>106%</b>

(\*) Percentages are calculated on the average workforce in Italy in 2023

(\*\*) Percentage shares above 100% are attributable to the turnover rate, as they also include departed trained resources.

A clause regarding anti-corruption practices is present in the licensing contracts of all Sourcing Centers and Licensees (respectively Sourcing Agreements and Distribution Agreements).

#### 9.5 INDEPENDENT AUDIT FIRM

The audit is carried out by an independent audit firm registered in the relevant registrar. The Shareholders' Meeting of April 27, 2017 appointed EY S.p.A. to audit the accounts for the 2017-2025 period.

The proposal to the Shareholders' Meeting regarding the new appointments, in accordance with Legislative Decree No. 135 of July 17, 2016 and Regulation (EC) No. 537/2014, included, on the outcome of a selection process created and carried out by the Company, the recommendation and the preference expressed by the Board of Statutory Auditors.

#### 9.6 EXECUTIVE OFFICER FOR FINANCIAL REPORTING

The Board meeting of April 13, 2022 appointed Director Paola Bruschi, Group Finance Director, as the Executive Officer for Financial Reporting for three years, with the favourable opinion of the Board of Statutory Auditors. Paola Bruschi possesses many years of experience in the administrative, financial and control areas, as well as the qualifications required by law for the holding of the office of Director.

In undertaking her duties, Paola Bruschi has the power to approve the corporate procedures impacting upon the financial statements, on the consolidated financial statements and on other documents which may be audited, and may participate in the design of the IT systems which impact upon the financial position of the company; she may develop an adequate organisational structure to undertake her activities, utilising internal resources available and, where necessary, outsourcing; she may also, where necessary, utilise the financial resources of the company, providing adequate information to the Board of Directors, and she may utilise the Internal Audit department for the mapping and analysis of processes and to carry out specific checks.

The Executive Officer for Financial Reporting periodically reports to the Control and Risks Committee and the Board of Statutory Auditors on the activities carried out and communicates on an ongoing basis with the Independent Audit firm.

The Board believes that this Executive Officer for Financial Reporting is impartial in relations with the other functions involved in the control process.

#### 9.7 COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The information generated within the internal control system called BasicManagement and risk management shared on the web in a dedicated operating control section. The meetings of the Control and

Risks Committee, usually attended by the CFO, the Internal Audit Manager, a member of the Supervisory Board, the Board of Statutory Auditors, and by the independent audit firm, as per the attendance described in the minutes, also provide an opportunity for the parties involved in the system to meet and coordinate.

*Control and Risk Management System in relation to the financial reporting process (pursuant to Article 123-bis, paragraph 2, letter b), CFA)*

## 1) Introduction

The Internal Control and Risk Management System in relation to the financial reporting process (hereafter the System) is the set of overall rules and corporate procedures adopted by the various company departments to permit, through an adequate identification process of the principal risks related to the preparation and dissemination of financial information, the reaching of the corporate objectives of true and fair disclosure.

The System seeks to provide reasonable certainty that the financial reporting – including consolidated reporting - communicated to the public is reliable, fair, true and timely, providing the users with a true and fair representation of the operational facts, permitting the issue of the declarations required by law that they correspond to the documented results, accounting records and underlying accounting entries of the facts and of the communications of the Company to the market and also relative interim financial reporting, as well as the adequacy and effective application of the administrative and accounting procedures during the period to which the accounting documents refer (Annual Accounts and Half-Year Report) and in accordance with applicable international accounting standards.

In defining the System, a risk assessment was undertaken in order to identify and evaluate the risk areas which could arise such as to compromise the achievement of the control objectives and the efficacy of disclosure provided by the corporate boards and to the market. The risk assessment also took into account the risk of fraud. The identification and evaluation process was undertaken with reference to the entire Company and at process level. Once the risks were identified an evaluation was undertaken, considering both qualitative and quantitative aspects and the identification of specific controls in order to reduce the risk related to the non-achievement of the objectives of the System to an acceptable level, both at Company and process level.

## 2) Description of the principal characteristics of the Internal Control and Risk Management System in place in relation to financial disclosure.

The System provides for:

- a set of rules and procedures for the preparation of financial statements and monthly reporting and a financial calendar for an efficient exchange of information between the Parent Company and its subsidiaries;
- an identification and assessment process of the major Group companies and of the principal company processes for the preparation of the income statement and balance sheet, through qualitative and quantitative analysis;
- a process of identification and evaluation of the principal risks of errors of the accounting and financial information, based on a control process, implemented on a company web platform with levels of protected access, which flags any errors;
- a process of periodic evaluation of the adequacy and effective application of controls. The Internal Control and Risk Management System relating to financial reporting is coordinated and managed by the Executive Officer for Financial Reporting, in concert with the Internal Audit department, for the verification of control system operations.

The Executive Officer for Financial Reporting periodically reports to the Board of Statutory Auditors and the Control and Risks Committee on the adequacy, also in organisational terms, and on the reliability of the administrative-accounting system, on the activities carried out and on the efficacy of the internal control system with regards to financial reporting risks.

## 10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

The Board of Directors, in accordance with Consob Regulation No. 17221 of March 12, 2010 adopted, with the favourable opinion of the Independent Directors, the Related Party Transactions Policy. The procedure

was subsequently updated in October 2016 in order to be more flexible, over time, to differing organisational features and the size of the Company and most recently in June 2021 to update the provisions introduced by the Consob Regulation.

BasicNet is identified, for the purposes of the Consob Regulation incorporating related party transaction provisions, as a “smaller company” (companies presenting both assets written to the balance sheet and revenues as per the last approved consolidated financial statements not in excess of Euro 500 million) and, therefore, utilises a simplified system for the approval of significant transactions whereby the rules for the approval of less significant transactions are applied.

The approval of the transactions with related parties is the responsibility of, both in relation to significant transactions, as BasicNet falls within the application of Article 3, paragraph 1, letter f) of the Related Party Regulations, and in relation to minor transactions, to the Board of Directors, or the executive boards, provided they are not a related party in the transaction, within the limits of their delegated powers, with prior non-binding opinion of the Related Parties Committee.

In general, exempted from the procedure, in addition to all the matters expressly indicated by the Related Party Regulation issued by Consob, are minor transactions (amounts not above Euro 150 thousand for natural persons and Euro 200 thousand for legal persons), provided they are undertaken at market or standard conditions within the ordinary transactions of the business and of the related financial activities; the operations concluded with or between subsidiaries, including joint ventures, by BasicNet, provided in the subsidiary companies there are no counterparties in the operation that have interests, qualified as significant, of other related parties of the Company; the transactions with associates provided that the associated company counterparties in the transaction do not have interests, qualified as significant, of other related parties of the Company.

Significant interest is not considered to exist by the mere sharing of one or more Directors or one or more Senior Executives between BasicNet and its subsidiaries.

A procedure was implemented which transmits an alert mail through the “procurement” order system when an order is uploaded to the web for a related party, identified on the basis of declarations received from related parties or parties closely linked to them (members of the Board of Directors and Board of Statutory Auditors) and by the database management system.

The procedure is available on the Company’s website:  
[www.basicnet.com/contenuti/corporate/particorrelate.asp](http://www.basicnet.com/contenuti/corporate/particorrelate.asp)

## 11. BOARD OF STATUTORY AUDITORS

### 11.1 APPOINTMENT AND REPLACEMENT

The regulation applicable for the appointment of the members of the Board of Statutory Auditors is in accordance with legislative and regulatory provisions and Article 17 of the Company By-Laws, in relation to which reference should be made to the company’s website [www.basicnet.com](http://www.basicnet.com) at [www.basicnet.com/contenuti/gruppo/statuto.asp](http://www.basicnet.com/contenuti/gruppo/statuto.asp).

The Board of Statutory Auditors consists of three Statutory Auditors and two Alternate Auditors.

As the minority shareholders, as identified by the legal and regulatory provisions, are reserved the election of a Statutory Auditor - who assumes the role of Chairperson - and an Alternate Auditor, the procedure at Article 17 of the By-Laws provides that the appointment of the Board of Statutory Auditors takes place on the basis of slates presented by shareholders, in which the candidates are listed by progressive numbering.

The slate is composed of two sections: one for the candidates for the office of Statutory Auditor and the other for candidates for the office of Alternate Auditor. The slates must be drawn up so as to ensure that the resultant Board of Statutory Auditors complies with the applicable gender balance regulations in force.



Only shareholders which individually or together with other Shareholders hold shares with voting rights representing the share capital percentage required by the Company, which will be indicated in the call notice of the Shareholders' Meeting for the approval of the Board of Statutory Auditors, may present slate.

Together with the filing of slates, the Shareholders must present or deliver to the registered office of the company documentation declaring the ownership of the number of shares with voting rights necessary for the presentation of the slate.

Each shareholder, in addition to shareholders belonging to the same group, in accordance with Article 2359 of the Civil Code and the parties belonging to, also through subsidiaries, a shareholder agreement in accordance with Article 122 of Legislative Decree No. 58 of February 24, 1998, may not present, nor vote upon, nor through nominees of trust companies, more than one slate. Should this rule be violated, the shareholder's vote for any of the slates submitted shall be disregarded.

Each candidate may be presented on only one slate at the risk of being declared ineligible.

Candidates may not be included on the slates if they already hold a greater number of Statutory Auditor positions than permitted by the regulatory or legal provisions. The outgoing Statutory Auditors may be re-elected.

In accordance with Article 1, paragraph 3, of the Ministry for Justice Decree No. 162 of March 30, 2000, the sectors closely related to those in which the Company operates are:

- the research, developments, styling, production and sale of products and services, in particular textile products, clothing, footwear, eyewear, leatherwear, sporting equipment and goods, in addition to accessories for these sectors;
- the management and development of brands.

The areas closely related to the Company's sector are:

- industrial, commercial and tax law, in addition to economics and business, accountancy and corporate finance.

The slates, accompanied by exhaustive disclosure on the personal and professional characteristics of the candidates, with indication of the presenting shareholders and the overall share capital percentage held, in addition to the declaration of shareholders other than those who hold, also jointly, a controlling or relative majority holding, declaring the absence of connecting relationships as per the applicable regulations, with these latter, must be filed at the registered office of the Company by the deadline established by applicable legislative and regulatory provisions.

Together with each slate, within the regulatory and legally established timeframe, a declaration in which the individual candidates accept their candidature, must be filed at the Company's registered office, stating under their own responsibility, the inexistence of reasons for ineligibility and incompatibility, as well as the existence of the requisites for the respective assignments, in addition to those required for directorships held in other companies.

Slates presented that do not comply with all of the above formalities are considered as not presented.

The procedure for electing Statutory Auditors are as follows:

- a. from the slate which obtained the highest number of votes at the Shareholders' Meeting, based on the progressive order on the slate, two Statutory Auditors and one Alternate Auditor are elected;
- b. from the slate which obtained the second highest number of votes at the Shareholders' Meeting, the remaining standing members and the other alternate member are elected, based on the progressive order on the slate.

The Chairperson of the Board of Statutory Auditors is the first candidate indicated on the slate that obtained the second highest number of votes.

In the case of parity of votes between slates, the candidates from the slate having a higher equity investment are elected or, subordinately, with the greater number of shareholders.

In the case of presentation of only one slate, all candidates will be taken from that slate, with the Chairperson the first listed on the slate.



Where it is not possible to proceed with the appointment according to the above system, the Shareholders' Meeting deliberates by statutory majority.

Where his/her legal requisites no longer exist, the Statutory Auditor must leave office.

In the case of the replacement of a Statutory Auditor, including the Chairperson, where possible the Alternate Auditor belonging to the same slate as the discontinuing Auditor joins the board and in the case of the replacement a Statutory Auditor elected from the Minority Slate, the first candidate on the Minority Slate receiving the second highest number of votes joins the Board in their place. In the cases in which a replacement results in non-compliance with the legally established gender balance criteria, the Board of Statutory Auditors shall be supplemented.

For the supplementation of the Board of Statutory Auditors:

- for the supplementation of the Statutory Auditors from the Majority Slate the appointment is made through a relative majority of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated on the Majority Slate, ensuring that the composition of the Board of Statutory Auditors complies with the legally-required gender balance provisions;
- for the supplementation of the Statutory Auditors from the Minority Slate, including the Chairperson of the Board of Statutory Auditors, the appointment is made through a relative majority of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated on the Minority Slate, ensuring that the composition of the Board of Statutory Auditors complies with the legally required gender balance provisions;
- for the simultaneous supplementation of the Statutory Auditors, elected both from the Majority Slate and Minority Slate, including the Chairperson of the Board of Statutory Auditors, the appointment is made through a relative majority of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated both on the Majority Slate and on the Minority Slate, of a number of Statutory Auditors equal to the number of Auditors whose mandate concludes from the same slate, ensuring that the composition of the Board of Statutory Auditors complies with the legally-required gender balance provisions.

Where it is not possible to proceed in accordance with the previous paragraph, the Shareholders' Meeting to supplement the Board of Statutory Auditors votes according to a relative majority of the share capital represented at the Shareholders' Meeting, while ensuring that the right to representation of the minority has been complied with, in addition to the regulatory required gender balance provisions.

#### 11.2. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis) CFA)

The Board of Statutory Auditors, whose mandate concludes with the approval of the 2024 Annual Accounts, comprises:

Office	Member	Year of birth	Date of first appointment (*)	In office from	In office until	Slate (M/m) (**)	Ind. Code	Attendance at Board meetings (***)	No. other offices (****)
Chairperson	Ugo Palumbo	1983	13/04/2022	13/04/2022	Approval 2024 Accs.	m	X	10/10	
Statutory Auditor	Gianna Luzzati	1962	13/04/2022	13/04/2022	Approval 2024 Accs.	M	X	10/10	
Statutory Auditor	Alberto Pession	1965	27/04/2017	13/04/2022	Approval 2024 Accs.	M	X	9/10	
Alternate Auditor	Riccardo Garbagnati	1961	13/04/2022	13/04/2022	Approval 2024 Accs.	m	X	N/A	
Alternate Auditor	Simonetta Mattei	1967	13/04/2022	13/04/2022	Approval 2024 Accs.	M	X	N/A	

(\*) The first appointment of each Statutory Auditor refers to the date on which the Statutory Auditor was appointed for the first time to the Board of Statutory Auditors of BasicNet S.p.A.

(\*\*) This column indicates whether the slate from which each Statutory Auditor is selected is a "majority" slate ("M"), or a "minority" slate ("m").

- \*\*\* This column indicates the attendance by Statutory Auditors at meetings of the Board of Statutory Auditors with reference to the appointment date.
- (\*\*\*\*) This column indicates the number of offices, in addition to BasicNet S.p.A., of Director or Statutory Auditor in accordance with Article 148-*bis* of the CFA and the relative enacting provisions in the Consob Issuers' Regulation. The complete list of offices held is published by Consob on its website pursuant to Article 144-*quinquiesdecies* of the Consob Issuers' Regulation.

## Diversity criteria and policies

Reference should be made to paragraph 4.3 concerning the Board of Directors.

## Independence

The Board of Statutory Auditors met immediately after the Shareholders' Meeting appointment of April 13, 2022 and, according to the Consob Issuers' Regulation, verified for all of its members compliance with the independence requirements established by Law (Article 148, paragraph 3 of the CFA) and by the Corporate Governance Code for the Statutory Auditors of companies with listed shares, confirming the inexistence of reasons for the ineligibility, incompatibility and/or lapse as per the applicable regulation, the company By-Laws and the Corporate Governance Code.

For the purposes of the audit, the Board of Statutory Auditors decided to refer to: (i) the list of existing administration and control positions, previously communicated to the Company pursuant to Article 2400 of the Civil Code, together with exhaustive information on their personal and professional characteristics, and (ii) declarations of acceptance of the candidature and possession of the requirements provided by the By-Laws and the statutory law issued pursuant to Article 144-*sexies*, paragraph 4, of the Issuers' Regulation.

The Board of Statutory Auditors immediately informed the Company of the outcome of these checks, which was communicated to the market through a press release issued upon conclusion of the Shareholders' Meeting in which the Board was appointed.

The Board of Statutory Auditors also carried out an assessment to verify the suitability of its members and the adequate composition of the Control Board, with reference to the requirements of professional standing, competence, good-standing and independence as per the regulation, set out in the "Conduct Rules for Boards of Statutory Auditors of Listed Companies" issued by the National Council of Certified Public Accountants.

On conclusion of the self-assessment process, the Board of Statutory Auditors found its composition to be adequate, underlined the correctness and efficacy of its functioning, and informed the Board of Directors of the Company of the positive outcome of the self-assessment.

The documentation filed for the purposes of the appointment, including the updated curriculum vitae of the Statutory Auditors, is available on the website [www.basicnet.com/contenuti/gruppo/organisocialisocieta.asp](http://www.basicnet.com/contenuti/gruppo/organisocialisocieta.asp).

The Statutory Auditors, within their duties, acquired information also through meetings with the independent audit firm, with the Supervisory Board and through attending the Control and Risks Committee meetings.

The Statutory Auditors may participate in meetings subsequent to their appointment and during their mandate with the Chairperson and Management, in order to remain updated on corporate affairs and developments. They also continually have access to financial and operational information from the BasicManagement portal.

## Remuneration

The Company considers that the remuneration of the Statutory Auditors is appropriate with regard to the competence, professionalism and commitment required by the role held in relation to the size of the Company.

## Management of interests

Any Statutory Auditor who, on his/her own behalf or that of third parties, has an interest in a certain transaction of the issuer shall inform the other Statutory Auditors and the Chairperson of the Board, in a

timely and comprehensive manner, regarding the nature, terms, origin and extent of his/her interest. This event however has never occurred.

As already indicated in the preceding paragraphs, the Board of Statutory Auditors, in undertaking its activities, liaise with the Internal Auditing department and the Control and Risks Committee.

The Shareholders' Meeting on appointment established the remuneration of the Statutory Auditors, as a fixed amount, in line with that of the previous mandate and with the role covered and the commitment required, in addition to the size of the Company.

## 12. RELATIONS WITH SHAREHOLDERS

### **Access to information**

Dialogue with investors has been encouraged since listing, through continuous updates to the Company's website [www.basicnet.com](http://www.basicnet.com) on which financial information of interest to shareholders in general (Annual Reports and periodic reports, the Non-Financial Report, press releases and notices, presentations) can be found, as can updated data and documents concerning Corporate Governance and regulated information (composition of the Corporate Boards, the By-Laws, the Shareholders' Meeting regulation, the Ethics Code and the Corporate Governance and Ownership Structure Report). The press releases relating to the Brands and Companies of the Group are also available.

The Chairperson and Chief Executive Officer actively engage in dialogue with shareholders and the financial analysts following the Company.

Shareholders may communicate with the Company through the address [affarisocietari@basic.net](mailto:affarisocietari@basic.net).

### **Dialogue with Shareholders**

The Group is cognisant of the importance that correct operational information has for the market, investors and the community in general. For this reason, in view of the transparency required for conducting business, the Group considers transparency as an objective in relations with all stakeholders. In this regard, the Group communicates with the market and investors in compliance with the criteria of correctness, clarity and equal access to information in accordance with the procedures for the management of material and inside information as approved by the Board of Directors of BasicNet.

Dialogue between the Company, by way of the Chairperson and Chief Executive Officer, with the financial community mainly involves:

- the regular publication of information by way of the annual and interim financial and non-financial reports and periodic additional information;
- the dissemination, by way of the distribution and storage system used by the Company, and subsequent publication online of press releases concerning periodic financial or inside information;
- one-on-one meetings when requested by current or potential investors.

2023 saw the continuation of communication with analysts and investors which began in 2018 with the establishment of a conference call in which the Chief Executive Officer presents the Company's periodic results to analysts and asset managers, supported by dedicated presentations. The Board of Directors also resolved to report the main income statement and balance sheet indicators on a quarterly basis in order to provide the market with timely information and greater transparency regarding the Company's performance. Meetings with individual investors also continued and were extended to include a number of Italian and overseas operators.

## 13. SHAREHOLDERS' MEETINGS (pursuant to Article 123-bis, paragraph 1, letter I) and paragraph 2, letter c), CFA

The Shareholders' Meetings provide opportunities to meet and communicate with the shareholders. During the Shareholders' Meetings, the Chairperson and the Chief Executive Officer provide the shareholders with all the necessary information for the undertaking of motions.

The Ordinary Shareholders' Meetings undertake their duties in accordance with Article 2364 of the Civil Code and the Extraordinary Shareholders' Meetings in accordance with Article 2365 of the Civil Code.

In accordance with Article 2365, paragraph 2 of the Civil Code, the Board of Directors was conferred the following duties:

- in accordance with Articles 2505 and 2505-bis of the Civil Code, the resolutions concerning the merger by incorporation of one or more companies in which all or at least 90% of shares are held;
- the establishment or closure of secondary offices;
- indication of which Directors may represent the Company;
- modify the company By-Laws in compliance with law;
- the reduction of share capital in the event of return of shares by shareholders;
- re-locating the registered office within the national territory.

In accordance with Article 2410, first paragraph of the Civil Code, any issue of bonds is decided by the Directors.

The Board of Directors, and any executive boards, also have the right to undertake, without a Shareholders' Meeting authorisation, all acts and operations against the objectives of a public tender or exchange offer, from the moment in which the communication in which the decision or the obligation arises to promote the offer was made public until the termination or expiry of the offer.

The Board of Directors, and any executive boards, also has the right to implement decisions, not yet implemented in full or in part and which are not within the scope of the normal activities of the Company, undertaken before the communication as described above and whose implementation could negate the achievement of the objectives of the offer.

The Shareholders' Meeting (June 30, 2000, and for supplementation and/or modifications subsequently on April 29, 2011) approved the Shareholders' Meetings Regulations in order to permit the orderly functioning of the meetings and to guarantee the right of each shareholder to take the floor on matters under discussion. The Shareholders' Meeting regulations are available on the Company website [www.basicnet.com/contenuti/gruppo/regolamento.asp](http://www.basicnet.com/contenuti/gruppo/regolamento.asp).

As per Article 2 of the Shareholder' Meeting Regulation, those holding shares in accordance with applicable legislation and the By-Laws, or their proxies or representatives, may attend and speak at the Shareholders' Meetings. Proof of personal identity is required for attendance at the Shareholders' Meeting. Unless otherwise indicated in the Call Notice, the personal identification and the verification of the right to attend takes place at the location of the Shareholders' Meeting at least one hour before the time fixed for the meeting.

Attendees are assured the possibility to follow and take part in the discussion and to exercise their right to vote using the technical methods established on each occasion by the Chairperson: usually time is allowed for contributions by shareholders after the presentation of each matter on the Agenda.

All Directors generally attend the Shareholders' Meetings. The Board of Directors is available to shareholders to provide any further necessary information for the undertaking of fully informed decisions.

One Shareholders' Meeting was held in 2023.

#### 14. FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to Article 123-bis, paragraph 2, letter a) (CFA)

There are no corporate governance practices further to those indicated in the previous points applied by the Issuer, other than those required by legislation and regulation.

#### 15. CHANGES SUBSEQUENT TO THE YEAR-END

There have been no changes since the close of the fiscal year.

for the Board of Directors  
**The Chairperson**

Marco Daniele Boglione