



# Corporate Governance Report

**Pursuant to the Art. 123-bis of the T.U.F.  
(one tier governance model)**

**(Fiscal year 2020/2021)**

Date of approval: September 27<sup>th</sup>, 2021

**Digital Bros S.p.A.**  
Via Tortona, 37 – 20144 Milan, Italy VAT  
Number and Tax Number 09554160151  
Share Capital: Euro 6,024,334.80 of which subscribed Euro 5,704,334.80  
Milan Companies House no. 290680-Vol. 7394 Chamber of Commerce No.  
1302132

The report is available in the Governance section at  
[www.digitalbros.com](http://www.digitalbros.com)

*Please note that this is an Italian to English translation and that the Italian version shall always prevail in case of any discrepancy or inconsistency.*

*(this page intentionally left blank)*

## Contents

GLOSSARY	4
1. ISSUER PROFILE	5
2. INFORMATION ABOUT THE OWNERSHIP STRUCTURE AT JUNE 30 <sup>th</sup> , 2021	6
3. COMPLIANCE (pursuant to Art.123-bis(2)(a), of the T.U.F.)	9
4. BOARD OF DIRECTORS	9
4.1 Appointment and replacement of Directors (pursuant to Art. 123-bis (1)(l), of the T.U.F.)	9
4.2 Composition of the Board of Directors (pursuant to Art. 123-bis (2) (d) of the T.U.F.)	11
4.3 Role of the Board of Directors (pursuant to Art. 123-bis (2) (d) of the T.U.F.)	15
4.4 Governance bodies	18
4.5 Other executive directors	19
4.6 Independent directors	19
4.7 Lead Independent director	20
5. DISSEMINATION OF CORPORATE INFORMATION	21
6. INTERNAL OF THE BOARD (pursuant to Art.123-bis (29(d), of the T.U.F.)	22
7. NOMINATION COMMITTEE	22
8. REMUNERATION COMMITTEE	22
9. DIRECTORS' REMUNERATION	24
10. CONTROL AND RISK COMMITTEE	25
11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM	27
11.1 Director in charge of the internal control and risk management system	30
11.2 Head of the Internal Audit Department	30
11.2 Organisational Model pursuant to Legislative Decree 231/2001	32
11.4 External auditor	33
11.5 Financial Reporting Manager	33
11.6 Coordination of individuals involved in the internal control and risk management system	34
12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS	35
13. APPOINTMENT OF STATUTORY AUDITORS	36
14. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS	38
15. SHAREHOLDERS RELATIONS	40
16. SHAREHOLDERS' GENERAL MEETINGS	40
17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES	42
18. SUBSEQUENT CHANGES	42
19. COMMENTS ON THE DECEMBER 22 <sup>nd</sup> , 2020 LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE	42
20. SUMMARY TABLES	42

## GLOSSARY

**Articles of Association:** the Articles of Association of Digital Bros S.p.A.

**Board:** the Board of Directors of Digital Bros S.p.A..

**Civil Code:** the Italian Civil Code.

**Corporate Governance Code/Code:** the Corporate Governance Code for listed companies approved in July 2018 by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A., the Italian Banking Association, ANIA, Assogestioni, Assonime and Confindustria, later updated in January 2020.

**Director in charge of internal control:** the director in charge of the internal control and risk management system pursuant to Art. 7.P.3 of the 2018 Corporate Governance Code.

**Financial Year/Reporting Period:** the year ended June 30<sup>th</sup>, 2021 to which the Report relates.

**Group or Digital Bros Group:** collectively, the Parent company and its subsidiaries pursuant to Art. 93 of the T.U.F..

**Issuers' Regulations:** the Regulations issued by Consob by means of resolution 11971 of 1999 for issuers and its amendments.

**Market Regulations:** the Regulations issued by Consob by means of resolution 20249 of 2017 on the subject of markets and its amendments.

**Parent company or the Company:** Digital Bros S.p.A..

**Related party regulations:** the Regulations issued by means of resolution no 17221 of March 12<sup>th</sup>, 2010 (as subsequently amended) on related party transactions.

**Remuneration Report:** the Report on Remuneration and fees paid required by Art. 123-ter of the "T.U.F." and approved by the Board of Directors together with the Corporate Governance Report.

**Report/ Corporate Governance Report:** the corporate governance report prepared pursuant to Art.s 123-bis and 89-bis of the T.U.F..

**T.U.F.:** Legislative decree no. 58 of February 24<sup>th</sup>, 1998 (Testo Unico della Finanza) and its amendments.

## 1. ISSUER PROFILE

The Company develops, produces, markets and distributes, directly and/or through its subsidiaries, entertainment products and services, including video games for personal computers and consoles, accessories and multimedia products in general, both in Italy and worldwide.

The corporate mission has been pursued with the incorporation and/or the acquisition of companies to market the Group's products on major international markets and to develop new video games.

The Parent Company is a company incorporated under Italian law and is listed on the STAR segment of Borsa Italiana MTA market. The Company adopted the Corporate Governance Code.

The Company has a one tier governance model and its governance bodies are:

- Shareholders' general meetings;
- Board of Directors;
- Board of Statutory Auditors and internal control and audit committee;
- External auditors.

Shareholders' general meetings express the decisions of the entirety of the shareholders through the resolutions adopted. Resolutions passed in accordance with the law or the Articles of Association are binding for all shareholders, including the absent or dissenting ones, without prejudice to the right of withdrawal for dissenting shareholders, where permitted. Shareholders' general meetings are convened in accordance with the laws and regulations applicable to companies with shares are listed on regulated markets in order to deliberate upon matters reserved for them by the Law.

The Board of Directors is vested with all powers of ordinary and extraordinary management and has a permanent role in the Company governance process. It is based on the transparency and correctness of management decisions both for the Company and in respect to the stakeholders.

The Board of Statutory Auditors and the internal control and audit committee supervises about the compliance of management decisions with the Law and the Articles of Association and perform a management control function, especially with regard to principles of prudent management and continuously assessing the Group's organisational structure. Since April 7<sup>th</sup>, 2010, pursuant to the Legislative Decree 39/2010 following the adoption of Directive 200/43/EC, the Board of Statutory Auditors performs the activities provided for by Art. 19 of the legislative decree. This includes the supervision of:

- the financial reporting process;
- the effectiveness of internal control and risk management systems;
- the audit of the separate and consolidated financial statements;
- the independence of the external auditors.

In accordance with the Law, the external auditors are appointed by the Shareholders' General Meeting from register of the audit companies published by the Consob . The external auditors verify that the accounting records have been properly maintained, that operating events have been duly recorded and that the separate and consolidated financial statements match with the accounting records.

In addition, a Control and Risk Committee and a Remuneration Committee, as provided by the Code, have also been formed, together with the Supervisory Board ex the Legislative Decree 231/2001.

The Issuer is classified as a small and medium company in terms of Art. 2-ter of Consob Regulation 11971 and Art 1(1)(w-iv 1) of the T.U.F. (Legislative Decree 58/1998), as per list published by Consob on its website at [www.consob.it/web/area-pubblica/emittenti-quotati-pmi](http://www.consob.it/web/area-pubblica/emittenti-quotati-pmi).

## 2. INFORMATION ABOUT THE OWNERSHIP STRUCTURE AT JUNE 30<sup>th</sup>, 2021

This section provides information regarding the Company's ownership structure, in accordance with Art. 123-bis of the T.U.F., when applicable. The information is up to date as of September 27<sup>th</sup>, 2021.

The information required by Art. 123-bis (1) (l) about the appointment and replacement of directors is reported in section 4.1, while the information required by subsection (i) is presented in the Remuneration Report.

### *a) Capital structure (pursuant to Art. 123-bis (1) (a) of the T.U.F.)*

Share capital subscribed and paid at June 30<sup>th</sup>, 2021 amounted to Euro 5,704,334.80.

Subscribed share capital consists of 14,260,837 ordinary shares with a par value of Euro 0.4 each.

No of shares	% of share capital	Listed / Unlisted	Rights and Obligations
Ordinary shares	14,260,837	100%	MTA STAR Segment
			The shares are nominal, fully transferable and indivisible. Each share grants the right to one vote at the Company's ordinary and extraordinary shareholders' meetings

No shares with multiple voting rights, limited voting rights or without voting rights have been issued.

At the reporting date, Digital Bros S.p.A. had not issued any other classes of shares or financial instruments that enable the right to subscribe for newly issued shares.

On January 11<sup>th</sup>, 2017, the Shareholders' General Meeting approved the "2016-2026 Stock Option Plan" for a restricted number of directors and managers of the Company and of the Group, identified by the Board of Directors. The Plan will terminate on June 30<sup>th</sup>, 2026 and provides for the allocation of a maximum number of 800,000 options as follows:

- 240,000 options on July 1<sup>st</sup>, 2019;
- 240,000 options on July 1<sup>st</sup>, 2022;
- 320,000 options on July 1<sup>st</sup>, 2025.

The exercise price of each option shall be equal to the average listed price of Digital Bros recorded on the STAR segment of the MTA market in the six months prior to the assignment date.

The options have been allocated as follows: 744,000 on January 29<sup>th</sup>, 2017 at Euro 10.61 per share and 56,000 on May 12<sup>th</sup>, 2017 at Euro 12.95 per share.

At the reporting date, the Company had not received any requests of exercise.

Further information about the “2016-2026 Stock Option Plan” and the related capital increase is provided in the Notes to the Company’ separate financial statements at June 30<sup>th</sup>, 2021 and in the information document which may be found in the Governance/Remuneration section of the website at [www.digitalbros.com](http://www.digitalbros.com), as well as in the Remuneration Report.

*b) Restrictions on the transfer of shares (pursuant to Art. 123-bis (1) (b) of the T.U.F.)*

There are no restrictions of any kind on the transfer of the shares.

*c) Significant equity holdings (in terms of Art. 123-bis(1)(c) of the T.U.F.)*

The Company may be classified as a SME, in terms of Art.s 2-ter of Consob Regulation 11971 and Art. 1 (1) (w-iv) (1) of the T.U.F.. Accordingly, the threshold for the disclosure of significant holdings pursuant to Art. 120 of the T.U.F. is 5% of share capital with voting rights. According to the shareholder’s register and considering the notices received pursuant to Art. 120 of the T.U.F., the following parties held, directly or indirectly, shares in the Company with voting rights representing more than or equal to 5% of the share capital as of the date of this report:

Declarant	Direct shareholder	Shares declared	% of ordinary share capital	% of capital with voting rights
Abramo Galante	YES	4,904,307	32.56%	34.39%
Raffaele Galante	YES	4,678,736	31.07%	32.81%

*d) Shares with special rights (pursuant to Art. 123-bis (1) (d) of the T.U.F.)*

The Company has not issued any shares holding special control rights. The Articles of Association does not provide for the possibility of issuing shares with increased or multiple voting rights..

*e) Employee share ownership: mechanism for exercise of voting rights (pursuant to Art. 123-bis (1) (e) of the T.U.F.)*

There are no specific mechanisms for the exercise of voting rights by employees.

*f) Restrictions on voting rights (pursuant to Art. 123-bis(1)(f) of the T.U.F.)*

There are no restrictions of any kind on voting rights.

*g) Shareholder agreements (pursuant to Art. 123-bis (1) (g) of the T.U.F.)*

The Company is not aware of any shareholder agreements pursuant to Art. 122 of the T.U.F..

*h) Change of control clauses (pursuant to Art. 123-bis(1)(h) of the T.U.F.) and provisions contained in the Articles of Association on takeover bids (pursuant to Arts. 104 paragraph 1-ter and 104-bis paragraph)*

Neither the Company nor its subsidiaries have entered into agreements that might come into force, be terminated and/or be amended as a result of a change of control of the Company.

The Company and the Directors have not signed any agreements providing for indemnities in favour of the Directors in case of resignation, dismissal or removal without due cause or in case of the termination of the working relationship in case of a public offerings.

The Articles of Association does not waive from the passivity rule provided for in Art. 104 (1) and (2) of the T.U.F. and, since there are no limitations on the transfer of shares or limitations on voting rights, the Articles of Association does not

provide for the application of the neutralisation rules provided for in Art. 104-bis (2) and (3) of the T.U.F..

- i) Delegated powers regarding share capital increases and powers to authorise the purchase of treasury shares (pursuant to Art. 123-bis (1) (m) of the T.U.F.)*

No powers to authorise share capital increases have been granted to the Board of Directors.

Pursuant to Art. 6 of the Articles of Association, share capital may be increased or reduced by resolution of an extraordinary shareholders' meeting in accordance with the law. In the event of capital increases, contributions may be made in cash or in kind, in accordance with Art. 2342 of the Civil Code. In the event of a share capital increase or the issue of a convertible bonds, the shareholders have the pre-emption right in accordance with the law and the Articles of Association.

An Extraordinary Shareholders' Meeting may grant the directors the power to increase share capital, on one or more event, for a maximum of five years from the date of the resolution, up to the amount determined in the resolution. Such power may also extend to the adoption of the resolutions provided for in Arts. 2441 (4) and (5) of the Civil Code and in accordance with Art. 2441 (6). Without prejudice to all other provisions governing share capital increases, share capital may be increased without the right of pre-emption, in accordance with Art. 2441 (4) of the Civil Code, by the shareholders' meeting or the Board of Directors, provided that such power has been delegated to the latter, within the limits of 5% of pre-existing share capital, including by cash contribution, on condition that the issue price corresponds to the market value of the shares, as confirmed by a specific report by the external auditors.

Pursuant to Art. 2349 (1) of the Civil Code, an Extraordinary Shareholders' Meeting may authorise the allocation of earnings and/or earnings reserves to employees of the Company and its subsidiaries by issuing special classes of shares, for a maximum amount corresponding to the retained earnings reserves.

As at June 30<sup>th</sup>, 2021, the Company did not hold any treasury shares. The General Meeting of October 28<sup>th</sup>, 2020 did not pass any resolutions regarding the purchase and holding of treasury shares.

- l) Management and coordination activities (in terms of Art. 2497 of the Civil Code)*

The Company is not subject to management control and coordination by other companies.



### **3. COMPLIANCE (pursuant to Art.123-bis(2)(a), of the T.U.F.)**

The Company has adopted the Corporate Governance Code. The Corporate Governance Code is available at the following link <https://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm>.

The governance model adopted by the Issuer takes account of the Company's size, shareholder structure, business segment and the complexity of its operations. Any departures from the Code are described in the various sections herein which also contain an explanation why a different system has been adopted and by which governance body.

The governance structure adopted is not influenced by non-Italian law provisions in relation to either the Parent company, or its significant subsidiaries.

During the reporting period, the Board of Directors resolved to adopt the 2020 Corporate Governance Code starting from July 1<sup>st</sup>, 2021.

### **4. BOARD OF DIRECTORS**

The Company amended its Articles of Association by a Shareholders' Meeting resolution of October 28<sup>th</sup>, 2013 in order to reflect the changes required by Legislative Decree January 27<sup>th</sup>, 2010 and Law 120/2011.

#### **4.1 Appointment and replacement of Directors (pursuant to Art. 123-bis (1)(l), of the T.U.F.)**

Pursuant to Art. 16 of the Articles of Association, the Board of Directors of Digital Bros S.p.A. may be formed by a minimum of five to a maximum of eleven members, as determined by the Shareholders' Meeting, provided that a minimum number of independent directors consistent with the law will be elected.

The Shareholders' Meeting held on October 28<sup>th</sup>, 2020 confirmed the number of the members of the Board at nine. The members of the Board of Directors remain in office for three financial years and their duties shall expire on the date of the Shareholders' Meeting convened to approve the financial statements at June 30<sup>th</sup>, 2023.

In order to ensure that the minority shareholders are able to elect a member of the Company's Board of Directors, pursuant to Art. 16 of the Articles of Association, the Board of Directors is appointed on the basis of lists submitted by the shareholders, in which the candidates are listed with sequential numbers. Shareholders who, at the time of submission, hold an equity interest of not less than the amount established by applicable legislation and in accordance with the Issuers' Regulation, may submit a list for the appointment of directors. Each shareholder, or shareholders who are members of a voting syndicate, may not submit more than one list or vote for more than one list, including indirect or fiduciary company presentation. A candidate may be presented on one list only, otherwise he shall be declared ineligible.

The lists submitted must be signed by the shareholders and filed with the Company's registered office by the deadlines established by applicable law. The following must be filed along with each list, within the deadlines indicated above:

- statements in which individual candidates accept their office and certify, under their own responsibility, that there are no reasons of ineligibility or incompatibility and that they meet the requirements prescribed by the law and the Articles of Association for their respective offices;
- curricula vitae presenting each candidate's personal and professional characteristics, with an evidence of the

candidate qualifies as independent;

- certification issued by an authorised broker in accordance with the law attesting to the ownership of the number of shares required to submit a list. This documentation may be submitted subsequently but prior to the deadline provided by the T.U.F..

All lists that not meeting the foregoing requirements will be disregarded. The election of the Directors takes place as follows:

- they will be selected in the sequential order of the list that has obtained the largest number of votes in the shareholders' meeting in the number determined by the shareholders' meeting from time to time, in accordance with applicable gender balance provisions, in the sequential order in which they are presented in the list except one that will be;
- the first candidate who is qualified as independent, as established by applicable legislation, in the sequential order in which the candidates are presented in the list that has obtained the second largest number of votes in the shareholders' meeting. However, for this purpose, lists that have not obtained a percentage of votes equal to at least half that required to submit a list will not be considered.

If the candidates elected following the above procedure do not provide with a composition of the Board of Directors that is compliant with applicable gender balance provisions, the last candidate of the more represented gender elected in the majority list will be replaced by the first candidate of the less represented gender not elected from the majority list according to the sequential order. This procedure will be applied until the composition of the Board of Directors is compliant with applicable gender balance provisions. If the foregoing procedure does not lead to a composition of the Board of Directors that is compliant with applicable gender balance rules, the last substitution will be made by resolution passed by the shareholders' meeting by relative majority, following the nomination of candidates of the less represented gender.

If only one list of candidates is submitted in accordance with applicable gender balance provisions, all directors will be elected from that list. If no lists are submitted or if, for any reason, the directors are not appointed according to the procedure provided for herein, the shareholders' meeting will appoint the directors by resolution passed with the legally required majorities, in accordance with applicable gender balance provisions. When appointing directors in cases other than the election of the entire Board, the shareholders' meeting shall pass resolutions with the majorities required by the law and Articles of Association, without following the above procedure, but without prejudice to compliance with applicable gender balance provisions.

The lists of candidates for office are also published on the Company's website.

Pursuant to Art. 17 of the Articles of Association, the Board of Directors shall elect a Chairman among its members, if the shareholders' meeting has already provided.

The Board of Directors may delegate part or all its powers to one or more Chief Executive Officers and/or to an executive committee, without bypassing the limits established by law and by the Articles of Association.

Pursuant to Art. 16 of the Articles of Association, if most of the directors appointed by the shareholders' meeting leaves the office, the entire Board of Directors is dismissed. In this case, the directors dismissed from the office must promptly convene a shareholders' meeting to appoint the entire Board of Directors. The Board of Directors remains in office until the new board is elected.

There are no appropriate mechanisms for ensuring the election of the minimum number of independent directors. There are mechanisms in place to ensure the compliance with the gender balance rules, in accordance with Art. 147-ter (1) of the T.U.F..

The Articles of Association does not establish additional independence requirements on top of those imposed on members of the Board of Statutory Auditors by Art. 148 of the T.U.F., unless provided for by the Code.

The Company is not subject to additional legislation other than the T.U.F. with regard to the composition of the Board of Directors.

With regard to application criterion 5.C.2 of the Corporate Governance Code, as the two Chief Executive Officers are also the main shareholders of the Company, the Board of Directors of Digital Bros S.p.A. has deliberated that it need not to adopt specific succession plans for executive directors.

#### **4.2 Composition of the Board of Directors (pursuant to Art. 123-bis (2) (d) of the T.U.F.)**

The Company shall be managed by a Board of Directors composed of a minimum of five up to a maximum of eleven members as provided for by Art. 16 of the Articles of Association. Before appointing the members, the Shareholders General Meeting determines their number and period of the office.

The Directors must satisfy the requirements of the applicable legislation. A minimum number corresponding what provided by legislation should have independence requirements.

##### *Composition of the Board of Directors*

At June 30<sup>th</sup>, 2021 the Board of Directors is made by nine members. It was appointed by the Shareholders' General Meeting of October 28<sup>th</sup>, 2020 and will remain in office until the approval of the financial statements at June 30<sup>th</sup>, 2023. A unique list was submitted to the Shareholders' General Meeting by Abramo Galante and Raffaele Galante. The list of candidates was as follows:

<b>Name and last name</b>	<b>Office</b>
Sylvia Bartyan	Non-Executive/Independent Director
Lidia Florean	Non-Executive Director
Abramo Galante	Chairman and Chief Executive Officer
Raffaele Galante	Chief Executive Officer
Davide Galante	Non-Executive Director
Susanna Pedretti	Non-Executive/Independent Director
Stefano Salbe	Executive Director
Laura Soifer	Non-Executive/Independent Director
Dario Treves	Executive Director

The candidates were elected by 99,97% of the voting capital.

The independent directors fulfil the independence requirements established by Art. 147-ter of the T.U.F. and the additional requirements provided by the Corporate Governance Code. Details about seniority in the role are provided in the Summary Tables (Section 20 of this Report).

Some of the personal and professional details of each member of the Board of Directors at June 30<sup>th</sup>, 2021, after the changes that occurred during the period, are provided below:

**Sylvia Anna Bartyan**

Born in Milan (Italy) on February 13<sup>th</sup>, 1975. Austrian.

Has a Law degree from the Università degli Studi di Milano. Member of the Milan Bar Association.

Specialized in commercial, corporate, real estate and construction law, after more than a decade at Clifford Chance, in 2009 founded her own law firm. She carries out academic activity at the Università degli Studi di Milano and at SDA Bocconi - School of Management. She is a member of the Boards of Directors of IST S.r.l., MNEM S.r.l. and Recovery for Life S.r.l..

**Lidia Florean**

Born in Portogruaro (Italy) on September 26<sup>th</sup>, 1951. Italian.

Has served Digital Bros Group since 1990.

**Abramo Galante**

Born in Beirut (Lebanon) on April 20<sup>th</sup>, 1963. Italian.

Together with his brother, Raffaele Galante, he founded Digital Bros S.p.A. which has become one of Italy's foremost video game distributors. He heads Digital Bros Group's Business Development Department.

He holds office in Digital Bros Group companies: Chairman and Chief Executive Officer of 505 Games S.p.A. and Game Network S.r.l., Director of 505 Games Ltd., Sole Director of 505 Mobile S.r.l., Game Entertainment S.r.l. and Kunos Simulazioni S.r.l., Director of Digital Bros Game Academy S.r.l., 505 Games (US) Inc., 505 Games Interactive Inc., Dr Studio Ltd., 133 W. Broadway Inc., Matov LLC and Hawken Entertainment Inc, Sole Director of AvantGarden S.r.l., Hook S.r.l. and Supernova Games Studio S.r.l. and Director of Seekhana Ltd., Chrysalide Jeux et Divertissement Inc. and 505 Games Australia Pty Ltd.

**Raffaele Galante**

Born in Beirut (Lebanon) on May 7<sup>th</sup>, 1965. Italian.

Together with his brother, Abramo Galante, he founded Digital Bros S.p.A. which has become one of Italy's foremost video game distributors. He is in charge of the Digital Bros Group's Sales and Marketing Activities.

He holds office in Digital Bros Group companies: Director of 505 Games S.p.A. and 505 Games Ltd., Sole Director of Game Service S.r.l., Director of Game Network S.r.l., 505 Games (US) Inc., 505 Games Interactive Inc., 505 Games Mobile Inc., Dr Studio Ltd., 133 W. Broadway Inc., Matov LLC and Hawken Entertainment Inc. and Chrysalide Jeux et Divertissement Inc., Sole Director of 505 Games Spain Slu and 505 Games France S.a.s., Chairman and Chief Executive Officer of Digital Bros Game Academy S.r.l..

**Davide Galante**

Born in Damascus (Syria), on January 11<sup>th</sup>, 1933. Italian.

Founded Digital Bros S.p.A. with his sons, Abramo and Raffaele Galante, while continuing to carry out entrepreneurial and commercial activity in the textiles industry.

### **Susanna Pedretti**

Born in Milan (Italy) on July 26<sup>th</sup>, 1977. Italian.

Has a Law degree from the Università degli Studi di Milano. Member of the Milan Bar Association since 2005.

Founding partner of Auditability S.r.l. Benefit Company, a consulting company specialized in “governance compliance and sustainability”, internal control and risk management systems for industrial and commercial companies and the third sector.

Specialized on compliance issues pursuant to Legislative Decree 231/2001, in particular pharma / medical device.

She is an Independent Director in the following companies listed on regulated markets: Ambientthesis S.p.A. \*, FullSix S.p.A. \* and Fine Foods & Pharmaceuticals N.T.M. S.p.A. \* in which she is either the chairman or a member of the Control and Risks, Sustainability, Remuneration and Related Parties committees.

She is the Chairman/member of various Supervisory Bodies pursuant to Legislative Decree 231/2001 in commercial and industrial companies.

### **Stefano Salbe**

Born in Milan (Italy) on March 10<sup>th</sup>, 1965. Italian.

Has a degree in Business Economics from Università Bocconi, in Milan.

He began his career in 1990 as an auditor with Deloitte & Touche. In 1995, Stefano became Group Financial Analyst at Eaton Automotive. From 1996 to 2000, he served as Chief Financial Officer of Austin Italia Group. Since 2000, he has been the CFO of Digital Bros Group, Director of 505 Games GmbH, Director of 505 Games S.p.A., Game Network S.r.l., 505 Games Interactive Inc. and 505 Games Mobile US Inc. and General Manager of 505 Games Spain Slu and director of Chrysalide Jeux et Divertissement Inc..

### **Laura Soifer**

Born in Buenos Aires (Argentina), on December 10<sup>th</sup>, 1974. Italian and Argentinian dual citizenship.

Graduated in Business Economics from Università Luigi Bocconi, Milan, in 1998.

Qualified as a Public Accountant and Registered Auditor in 2010. From 1999 to 2001, she worked as a Junior Consultant with SAP Italia S.p.A. in the Management Control system development, design and implementation team at companies operating in the manufacturing, pharmaceuticals, textiles and service sectors. From 2001 to 2006, she was a Senior Consultant with EOS Management Consulting S.r.l. and had specific responsibility as part of teams developing, designing and implementing Management Control systems at companies operating in the manufacturing, pharmaceuticals, textiles and service sectors and as part of the team operating in Strategy and Finance. From 2006 to 2009, she was the Finance Director of Cordea Savills SGR S.p.A. and a Senior member of the Finance Europe area. She also handled the development and management of the Accounting, Finance and Control Team in Italy and coordinated and managed external professionals. Between 2009 and today, she has been an associate with Studio Commercialisti Fumagalli and Codega. She teaches Management Accounting at the Economy faculty of Università Cattolica di Milano. Since 2019, she has been an independent director of Orsero S.p.A.\* and since 2021 she is the Chairman of the Board of Statutory Auditors of Fine Foods N.T.M. S.p.A.\*.

## **Dario Treves**

Born in Milan (Italy) on March 2<sup>nd</sup>, 1968. Italian.

Graduated in Law from Università degli Studi di Milano.

Member of the Milan Bar Association and counsel to the Court of Cassation.

Has served Digital Bros Group since 1999 and holds the position of General Counsel.

Owner of a law firm with specific expertise in civil, procedural and bankruptcy law.

The companies marked with an asterisk (\*) in the above list are companies listed on regulated markets in Italy or abroad and finance, banking or insurance companies, or companies of significant size that are not part of the Issuer's Group.

Each member of the Board of Directors is required to take decisions in an informed, autonomous manner, while pursuing the objective of creating value for the shareholders and it is required to inform the Board of Directors of any positions they hold as director or statutory auditor in companies listed on regulated markets in Italy or abroad, or in finance, banking, insurance companies or companies of significant size.

There have been no changes in the composition of the Board since the reporting date.

### *Diversity policies*

Since the 2015 appointment of Digital Bros new corporate governance bodies, the composition of the Board of Directors and the Board of Statutory Auditors has always respected the gender balance as required by Law no 120 of July 12<sup>th</sup>, 2011 ("Law 120/2011"), by the T.U.F., by Consob Resolution no 18098/2012 and by the Italian Civil Code. In more detail, the Law 120/2011 provides that, upon the first renewal of the Board of Directors and the Board of Statutory Auditors a year after the law came into force, a share of at least one-fifth of the Directors and the Statutory Auditors elected shall be reserved for the less represented gender and with a share of at least one third reserved for that gender in the next two appointment periods. Upon the first renewal of its Board of Directors on October 27<sup>th</sup>, 2017, Digital Bros Shareholders' General Meeting appointed four female members to the Board of Directors, in accordance with the requirements of Law 120/2011. As a result of the recent changes in its composition, the Board is made by five male members and four females.

Moreover, the characteristics of the members of the Board of Directors are such as to guarantee an appropriate level of diversity, not only in terms of gender but also with regard to other factors like age, professionalism and educational background.

The Group has decided there was no need to adopt any particular measures to promote equal gender treatment and opportunity within the business organisation considering the limited amount of employees.

### *Maximum number of offices that may be held in other companies*

In accordance with the provisions of the Code about the role of the Board of Directors and its effectiveness, the Board of Directors has resolved about the maximum number of different offices that each director may enter, considering a limit that may be compatible with the effective fulfilment of the office as a director. Directors may not serve as director of more than five other companies listed on regulated markets (in Italy and internationally), in finance, banking or insurance companies, or in companies of significant size, and must consider, before accepting the position of director, to dedicate the

needed time to the diligent performance of their duties, bearing in mind the other offices accepted. Group companies are excluded in the calculation of the maximum number of offices held in other companies.

The current composition of the Board of Directors is consistent with the above general criteria.

#### *Induction Programme*

Directors will take part in initiatives aimed at increasing their understanding of the Group's sector, after their appointment and during their term of office through participation in company events, trade fairs, etc...

### **4.3 Role of the Board of Directors (pursuant to Art. 123-bis (2) (d) of the T.U.F.)**

The Board of Directors has the exclusive responsibility for the management of the Company and undertakes the transactions required to pursue the corporate goals.

Pursuant to Art. 18 of the Articles of Association, the meetings of the Board of Directors - without prejudice to the powers of convocation reserved for the Board of Statutory Auditors in the cases provided for by the law - are convened by the Chairman of the Board of Directors, according to the conditions indicated therein, or at the written request of any member. The notices convening the meeting should be sent at least four days in advance in respect of the scheduled day of the meeting. For urgent matters, this period may be shorter, but never less than one day in advance. The calendar of the meetings during which annual and interim results will be approved was submitted to Borsa Italiana in respect of the terms and has been published on the Company's website.

The Board of Directors have all the powers of ordinary and extraordinary management of the Company, with the express prerogative of undertaking all acts deemed appropriate for the achievement of the Company's goals, as provided for by Art. 20 of the Article of Association, excluding only those reserved for the shareholders' meeting by the law and the Articles of Association. The following powers are reserved solely to the Board of Directors under the Company's Articles of Association:

- a) to appoint the executive committee, where applicable, and to establish the term of office, powers and remuneration of its members;
- b) to share the total remuneration of the Board of Directors between each director and to the Chief Executive Officers, in consultation with the Board of Statutory Auditors;
- c) to set up any committee with a consultative role and to determine their powers, duties and operating procedures;
- d) to report to the shareholders during the Shareholders' Meetings;
- e) to report to the Board of Statutory Auditors, at least quarterly, on the activities performed and the most significant transactions.

Based on company practice and the Articles of Association, the Board of Directors has exclusive responsibility for:

- a) reviewing and approving the strategic, business and financial plans of the Company and the Group and monitoring their implementation;
- b) establishing the corporate structure of the Group and the Company's corporate governance;
- c) determining the nature and level of risks compatible with the strategic objectives, considering all the risks that may be significant in terms of medium/long term sustainability;



- d) monitor the adequacy of the organisational and accounting structure of the Company and its subsidiaries, with regard to the internal control and risk management system;
- e) providing and withdrawing powers to the Chief Executive Officers and establishing their limits and conditions of exercise;
- f) supervising general operating performance, with a focus on the situations of conflict of interest, taking into account the information received from the Chief Executive Officers and the internal control and risks committee and periodically comparing actual and planned results;
- g) examining and approving in advance the transactions of the Company and its subsidiaries of significant strategic and financial importance, with a focus on situations of potential conflict of interest and related party transactions;
- h) drafting and adopting the Group's corporate governance rules;
- i) establishing the frequency with which the Chief Executive Officers report to the Board of Directors;
- j) conducting an assessment, at least once a year, of the size, composition and functioning of the Board of Directors and its committees. In that respect, it expresses opinions for the shareholders on the professional figures whose presence on the Board of Directors is deemed appropriate prior to the appointment of the new Board;
- k) providing information about the corporate governance report concerning (1) its composition, with an indication for each member of his/her position, role within the Board of Directors, main characteristics and length of service; (2) the methods of application of Art. 1 of the Corporate Governance Code, the number and average duration of meetings of the Board of Directors and the attendance in percentage terms of each director; (3) the process for assessment of the functioning of the Board of Directors and Committees;
- l) adopting, on proposal of the Chief Executive Officer or the Chairman of the Board of Directors, a procedure for the internal and external release of documents and information concerning the Issuer, with particular regard to privileged information;
- m) expressing the maximum number of offices that a director or statutory auditor can hold in listed companies (Italian and abroad), in finance, banking or insurance companies, or in companies of a significant size, considering the participation of the Directors in the Committees;
- n) approving commitments of any nature with a duration of more than five years;
- o) approving commitments that relate to leases with a term of more than two years and the purchase of real properties.

The Chairman of the Board of Directors ensures that the information and documents relevant to the decisions within the scope of responsibility of the Board of Directors are made available to the Directors and the Statutory Auditors, in the manner and with the timing deemed appropriate. Managers of the Company and the Group may participate in the meetings of the Board of Directors in order to provide the necessary clarification concerning about the items on the agenda. During the reporting period, no managers took part in Board meetings.

The Chairman shall ensure that adequate information concerning each meeting agenda is provided in proper advance to all Directors. If the agenda is of ordinary nature, the relevant documents, where available, are normally forwarded at least two business days prior to the scheduled date for the meeting of the Board, unless particular confidentiality considerations with regard to privileged information require less dissemination. The Chairman of the Board of Directors may change the period about extraordinary items on a case-by-case basis. These requirements were respected during the reporting period.

During the reporting period, the Board of Directors met twelve times, with an average duration of one hour and 16 minutes. Six meetings of the Board of Directors are scheduled for the financial year ending June 30<sup>th</sup>, 2022, one of which already



held.

The dates of meetings of the Board of Directors for the review and approval of the quarterly and annual financial statements are published in advance. The financial calendar is available on the Company's website.

Information was not withheld in advance from members of the Board of Directors for reasons of confidentiality in relation to any matters discussed at meetings of the Board of Directors during the reporting period.

The Board of Directors has evaluated and approved the organisational, administrative and accounting structure, with regard to the Issuer and Group companies' internal control system and risk and conflict of interest management. The evaluation was conducted with the support of the Control and Risk Committee which during its meetings monitored the effective functioning of the internal control system on an ongoing basis.

On September 22<sup>nd</sup>, 2020, the Board of Directors conducted its annual assessment, pursuant to application of the paragraph 1.C.1 g) of the Code and concluded that the size, composition and functioning of the Board of Directors and its committees were adequate for to the Company's management and organisational requirements. The assessment considered the professional characteristics and managerial and professional experience of its members in accordance with the criteria set forth in Art. 148 (3) of the T.U.F. and in the Code. At the date of the assessment, the Board comprised ten directors, six of whom were non-executive directors (with four of them independent). In conducting this assessment, the Board were not assisted by external consultants. This analysis was carried out taking account of the complexity and size of the Company and the Group. As part of its duties, the Board of Statutory Auditors verified the proper application of the criteria and procedures adopted by the Board of Directors in assessing the independence of its members.

Before a new Board of Directors is appointed, the Board reserves the right to advise the shareholders about the professionals and managers whose presence is deemed appropriate, based on the results of the self-assessment conducted by the existing Board (Application criterion 1.C.1., g) and h)). On September 16<sup>th</sup>, 2020, in light of the new appointments, the Board expressed its opinion to the shareholders on the managers and professionals whose presence on the Board was deemed appropriate.

On September 27<sup>th</sup>, 2021, the Board of Directors conducted its annual assessment, pursuant to application criterion 1.C.1 g) of the Code and concluded that the size, composition and functioning of the new Board of Directors (comprising nine members) and its committees were adequate for to the Company's management and organizational requirements.

On October 28<sup>th</sup>, 2020, a Shareholders' General Meeting approved the annual remuneration of Euro 1,200,000.00 for the entire Board of Directors. The remuneration of each director was approved by the Board, in consultation with the Board of Statutory Auditors and the Remuneration Committee. The Company implements a remuneration policy for executive directors that provides for incentives related to achievement of either short or medium-long term objectives.

The remuneration received by each member of the Board of Directors at June 30<sup>th</sup>, 2021 is detailed in the Remuneration Report.

The Board of Directors monitors the operating performance on a quarterly basis through a comparison between actual and forecast results.

The Board of Directors has approved a procedure about significant transactions in which a director holds an interest. The transactions requiring the anticipated approval of the Company's Board of Directors, as they are considered significant, include:

- a) mergers, spinoff, disposals, and acquisitions, in any form, of equity interests in companies, businesses or business units;
- b) investments in property, plant and equipment that exceed Euro 1 million per transaction;
- c) leases (or sub-leases) for property or leases (or sub-leases) of businesses or business units with a term of more than nine years or for an amount that exceeds Euro 1 million per transaction;
- d) settlements of disputes, judicial or not, involving amounts that exceed Euro 1 million per transaction;
- e) disposals of operating assets with a total value of more than Euro 1 million per transaction;
- f) loans or guarantees in favour of third parties that exceed Euro 3 million per transaction, if in the interest and/or for the benefit of the Company (or associations, foundations, consortia or entities) and other Group entities, or Euro 500 thousand if for or in the interest of third parties;
- g) purchases of goods or services and/or contracts for the purchase/sale or supply in any form of assets or services, with the exception of investments in tangible assets, and the related financial instruments when the joint signature of two directors is required.

In order to avoid creating obstacles to the Company, the transactions indicated in point d) and g) may be carried out by the Chief Executive Officers, if the appropriate information is submitted to the Directors and Statutory Auditors, and they may be subsequently approved by the Board of Directors.

In accordance with the applicable laws, regulations and the Articles of Association, the Board of Directors is responsible for a preliminary review and approval of the Group transactions in which one or more directors hold an interest, directly or indirectly.

Related party transactions are also reserved for the preliminary review and approval of the Board of Directors. On November 11<sup>th</sup>, 2010, the Board of Directors approved the Procedure for Related Parties Transactions to reflect the amendments introduced by Consob resolution 17221 of March 12<sup>th</sup>, 2010. General criteria have been established for the identification of significant related party transactions. An updated version of the Procedure has been approved by the Board of Directors on 29<sup>th</sup> June 2020 in order to update the existing procedure with most recent Consob requirements. The procedure is available in the Governance/Procedures section of the Company's website at [www.digitalbros.com](http://www.digitalbros.com).

A Shareholders' General Meeting has authorised exceptions to the non-competition requirements pursuant to Art. 2390 of the Civil Code. The Board of Directors did not review any cases of such a nature.

#### **4.4 Governance bodies**

##### ***Chief Executive Officers***

Abramo Galante and Raffaele Galante have been appointed Chief Executive Officers.

On October 28<sup>th</sup>, 2020, to keep flexibility in the management of the Company's operations, the Board of Directors assigned the Chief Executive Officers all the powers of ordinary and extraordinary management, except for those reserved to the Board of Directors by law, by the Articles of Association or by a specific resolution of the Board of Directors.

All powers of ordinary and extraordinary administration involving transactions in excess of Euro 5 million must be exercised with the joint signature of both the Chief Executive Officers.

The interlocking directorate situation provided for by criterion 2.C.6 of the Code does not apply.

### ***Chairman***

The Chairman convenes the Board of Directors at the Company's registered office, or at any another location outside Italy but in a member state of the European Union. The Chairman verifies that all the members of the Board of Directors received the documentation and information needed to express its opinion, in an informed manner, about the subjects on the agenda before the examination and approval, in advance in respect of the date of the meeting, except in cases of necessity and urgency.

Pursuant to the Law and the Articles of Association, the Chairman holds the power of legal representation of the Company and the power of signature for all legal transactions. The Chairman has also received powers as Chief Executive Officer.

The Chairman is the member primarily responsible for the management of the Group and is not a controlling shareholder of the Company.

The Chairman support that all Directors participate in initiatives to increase their understanding of the industry, the Company's outlook and the trends together with the applicable legislative framework so that they can rely on their different professional skills and perform their roles.

### ***Executive Committee***

No Executive Committee has been established.

### ***Reporting to the Board***

The Chief Executive Officers report periodically to the Board on the activities carried out by them in exercise of the powers given to them pursuant to Art. 2381 of the Italian Civil Code. They also provide the Board and the Statutory Auditors with periodical information on the most significant operating and financial transactions carried out by the Company or by its subsidiaries, as well as about atypical or unusual transactions, related parties transactions or transactions involving a potential conflict of interests the review and approval of the latter is not directly reserved for the Board. During the reporting period, as soon as possible and at least quarterly, the Chief Executive Officers reported to the Board of Directors about the activities carried out in exercise of their powers and the most significant transactions.

## **4.5 Other executive directors**

Pursuant to application of the 2.C.1 of the Code, the executive directors are: Stefano Salbe who serves as the Group Chief Financial Officer, Executive Director in charge of internal control and risk management, financial reporting manager, Chairman of German subsidiary 505 Games GmbH, General Manager of 505 Games Spain Slu and Director of Chrysalide Jeux et Divertissement Inc; and Dario Treves who acts as the Group's General Counsel.

## **4.6 Independent directors**

The actual Board of Directors (appointed by the Shareholders' Meeting of October 28<sup>th</sup>, 2020) includes three independent directors. Pursuant to Art. 148, paragraph 3 of the T.U.F. and Art. 3 of the Code, the Board verified the independence

requirements of Sylvia Bartyan, Susanna Pedretti and Laura Soifer. The Directors confirmed their independence as referred to in Art. 148, paragraphs 3 and 4 of the T.U.F.. The provisions of the 3.C.1. and 3.C.2 articles of the Code neither other situations that could jeopardize the independent qualification of the three independent directors exist. The independence review was made in accordance with the application criteria provided in the Code and the prudent view of the Board of Directors, with the abstention of the Director involved. On the basis of the information made available by the interested parties and/or otherwise available, the Board of Directors assessed the relationships that potentially detriment the independence and resolved that the existing relationships do not compromise their autonomy also considering their professionalism.

The Board also set up a qualitative/quantitative method for the independence assessment (as per Art. 3.C.4 of the Code). The relationship between an independent director and the Company in the current year, or in prior years, would be considered significant if the economic consideration, i.e. the sum of the fees for any relationship, with the Group was less than to the double of the fee for the office for other Directors or greater than 30% of the total annual income of the independent director. The Board of Statutory Auditors monitors the correct application of the assessment and the procedures applied by the Board of Directors to assess the independence of its members without any remarks.

The independent directors shall remain independent for the duration of their office and shall inform the Board of Directors in proper time of any situations that might jeopardise their independence.

Non-executive Directors and independent directors are enough in terms of number and authority to ensure that their judgement may be significant about the Issuer's decision-making process. Non-executive directors and independent directors bring their specific expertise to the Board of Directors and thereby contribute to the decision-making process consistent with the Company's interests.

During the financial year, an independent directors meeting was held on September 21<sup>st</sup>, 2020. During the meeting, the independence of the Directors on the Board was discussed, together with their professional qualities and contribution to the Company and the adequacy of the information provided to non-executive directors and independent directors preliminary to any Board meetings.

The contribution made by the independent directors enables the Board of Directors to check whether a duly independent approach has been followed in examining cases of potential conflict of interest involving the Company and its controlling shareholders.

#### **4.7 Lead Independent director**

On October 28<sup>th</sup>, 2020 the Board of Directors appointed Laura Soifer as Lead Independent Director (who already held this position in the previous office) in accordance with the recommendations provided by the Art. 2.C.4 of the Code. She was in charge of the following responsibilities as recommended by Art. 2.C.5 of the Code:

- a) to act as a point of reference and coordination of all non-Executive Directors and the Independent Directors' requests and contributions;
- b) to cooperate with the Chairman of the Board of Directors to ensure that the Directors receive a complete flow of information in a timely manner.

## 5. DISSEMINATION OF CORPORATE INFORMATION

The Issuer has adopted a procedure for the internal management and external communication of corporate documents and information with specific reference to privileged information. In order to ensure that privileged information is properly identified, processed and communicated to the market and in order to avoid the abuse of privileged information and market manipulation, the Issuer adopted an *Inside Information Procedure*, to adhere to the Art. 152-bis et seq. of the Issuers' Regulations. On October 2<sup>nd</sup>, 2019, the Board of Directors approved a revised version of the *Inside Information Procedure* following the regulatory changes occurring upon the adoption of EU Regulation 596/2014 as subsequently amended ("MAR Regulation").

In more detail, the *Inside Information Procedure*:

- (i) identify and process the inside information by establishing criteria and responsibilities/processes while ensuring that safeguards to protect the confidentiality of inside information even if the information does not have the precision requirements but could potentially be classified as privileged if it will become precise;
- (ii) assess the obligations and prohibitions arising from the access to inside information or from the potential to generate it informing the management about the personal responsibility and the awareness and application of legislation applicable;
- (iii) manage the communication of a privileged information to the public (as well any delays) and clarifies the roles and responsibilities of the various parties involved;
- (iv) assess the process for the compliance with the obligation to maintain the lists of persons who have access to inside information also including an appropriate section reserved for those with permanent access to all Company information classed as privileged.

On September 13<sup>th</sup>, 2016, the Board of Directors approved the Internal Dealing procedure (amended on September 12<sup>th</sup>, 2017) which:

- a) sets out a series of operational references, application principles and interpretative criteria concerning internal dealing and blackout periods;
- b) highlights the legal penalties in the event of non-compliance with relevant regulations and also specifies the contractual liability and the possible consequences for breach thereof.

In accordance with Art. 2.2.3, paragraph 3 (P) of Borsa Italiana Regulations, that is applicable to companies listed on the STAR Segment of the MTA market and in terms of the Internal Dealing procedure, relevant persons and persons with close relationship to them, may not undertake transactions until the disclosure to the public and in the 30 days before the meetings of the Board of Directors examining the quarterly or annual financial statements, the proposals for the distribution of advances on dividends and preliminary results and, if disclosed on such an occasion, the proposal for the annual dividend to be submitted to the Shareholders' Meeting. The restriction does not apply to the purchase of shares through the exercise of rights deriving the stock-option and stock-grant plans, without prejudice to the obligation not to proceed with the sale thereof in the periods indicated.

The procedures described are available in the Governance/Procedures section of the website at [www.digitalbros.com](http://www.digitalbros.com).

## **6. INTERNAL COMMITTEES OF THE BOARD (pursuant to Art.123-bis (29(d), of the T.U.F.)**

On October 28<sup>th</sup>, 2020, the Board of Directors set up the Control and Risks and Related Parties Transactions Committee and the Remuneration Committee following the appointment of the new directors. For information on the composition and functioning of the aforementioned committees, please refer to sections 7, 8, 10, 12 and 17 of this Report.

The functions of the Nomination Committee have been reserved for the Board of Directors under the coordination of the Chairman considering the low complexity and that the functions assigned to the Nomination Committee are not so time consuming.

## **7. NOMINATION COMMITTEE**

As detailed above, the Company has decided not to set up the Nomination Committee provided for by Principle 5.P.1., leaving the functions to the entire Board, coordinated by the Chairman.

## **8. REMUNERATION COMMITTEE**

*Composition and functioning of the Remuneration Committee (pursuant to Art. 123-bis (2) (d) of the T.U.F.)*

The Board had established the Remuneration and Nomination Committee for the first part of the year, consisting of three non-executive and independent directors: Luciana La Maida (as Chairman), Irene Longhin and Susanna Pedretti. Following the renewal of the Board on October 28<sup>th</sup>, 2020, and the decision of the Board to reserve the tasks of the Nomination Committee to the Board itself, the Remuneration Committee was set up consisting of three independent directors: Sylvia Bartyan, Susanna Pedretti (Chairman) and Laura Soifer.

The Board of Directors analyzed that the director Susanna Pedretti has an expertise in the remuneration policies thanks to her long-term professional experience.

The Executive Directors did not participate in the meetings of the Remuneration Committee when the proposals on their remuneration were made. The Board of Statutory Auditors attended the meetings.

During the reporting period, the Committee was held six times with a duration of an average of one hour and 20 minutes and with the participation of all members.

The following matters were examined: management incentive plans, directors' fees and the correct application of the remuneration policy at a Group level for the purposes of the Remuneration Report. The meetings reports were drafted and the Chairman of the Committee reported immediately to the following Board of Directors' meeting.

The Committee has scheduled two meetings for the current year, one of which already held.

*Functions of the Remuneration Committee*

In accordance with the Code, the Remuneration Committee is in charge of:

- a. submitting proposals to the Board of Directors about the remuneration of Chief Executive Officers and other directors who serve in special offices, monitoring the application of the Board of Directors' decisions;
- b. assessing periodically the criteria adopted for the remuneration of key managers;

- c. monitoring their application based on the information provided by the Chief Executive Officers;
- d. submitting proposals and opinions for the Board of Directors about remuneration, the determination of performance goals in relation to the variable component of remuneration and their effective achievements;
- e. reviewing the Remuneration Report.

The existence of this Committee enables the most transparent information process about the remuneration granted to the Chief Executive Officers and senior executives and the methods for assessing such remuneration. In accordance with the Art. 2389 (3) of the Civil Code, the remuneration committee has an advisory role and the final decision to assign the remuneration of directors remains, in any event, of the Board of Directors, having received the opinion of the Board of Statutory Auditors.

The Company has approved rules and procedures for the operation of the Committee. Under these rules and procedures, the committee meets at least twice a year and always before the Board of Directors' meeting called to approve the remuneration of Directors with particular responsibilities.

In the performance of its duties, the Remuneration Committee may access company information necessary to finalize its work.

External consultants assisted the Committee in the preparation of the Remuneration Policy and the benchmarking analysis of a panel of similar companies for the purpose of introducing the medium/long term objective for the executive directors, approved by the shareholders meeting of June 15<sup>th</sup>, 2021. The Committee preliminarily assessed the independence of the consultants used. The consultants attended the Remuneration Committee meetings preliminary to the presentation of the Remuneration Policy to the Board of Directors.

No additional functions have been assigned to the Remuneration Committee, except for the functions of the Nomination Committee described below.

The Board of Directors provides the Committee with the resources required to perform its functions, upon request.

#### *Functions of the Nomination Committee*

As established by the Code, the responsibilities of the Nomination Committee are as follows:

- a. submit opinions to the Board of Directors in respect of the size and composition of the Board and to make recommendations about the professional figures that could integrate the Board professionalism, together with the recommendations provided by the Articles 1.C.3 and 1.C.4 of the Code;
- b. recommend candidates to the Board to co-opt in order to replace independent directors;
- c. provide opinions about the diversity criteria in relation to the Board composition, in terms of age, gender, educational and professional background.

During the reporting period, the Committee had access to all information needed to perform its work.

All functions previously assigned to the Nomination committee are now responsibilities of the Board of Directors under the supervision of the Chairman.

No additional functions have been assigned to the Nomination Committee.

The Board of Directors provides the Committee with the resources required to perform its functions, upon request.



## 9. DIRECTORS' REMUNERATION

The total directors' remuneration was fixed by the Shareholders' Meeting which has approved a gross annual remuneration of Euro 1,200,000 for the period 2021-2023.

### *General remuneration policy*

On September 22<sup>nd</sup>, 2020, the Board of Directors reviewed a Remuneration policy proposal for executive directors, non-executive directors and key managers. The remuneration policy was later approved by the Shareholders' Meeting on October 28<sup>th</sup>, 2020.

A significant portion of the total remuneration of executive directors and key managers – balanced compared to the fixed portion - is related to the financial results achieved by the Issuer and the achievement of predetermined goals. The variable portion is balanced in percentage terms to the fixed component and has a cap. By suggesting the variable component, the Board of Directors considered that the fixed component has be sufficient for the office of each director and key managers if the variable component will not be paid due to failure to achieve the predetermined goals.

The performance goals are predetermined, and they are modified over the years according to the Group's growth objectives and following the proposal of the Remuneration Committee. The full variable component is paid off after the approval of the financial statements by the Board of Directors considering the delay as a consistent time frame with the business characteristics and the related risk profiles.

The share-based remuneration plan is not based on specific, predetermined and measurable goals but it has a direct relation to the creation of value for the shareholders in the medium/long term.

On May 10<sup>th</sup>, 2021, the Board of Directors approved the Remuneration Policy, later approved by the Shareholders' Meeting of June 15<sup>th</sup>, 2021. The Remuneration Policy was revised to better align with the Corporate Governance Code (January 2020) that the Company has adopted starting July 1<sup>st</sup>, 2021 following a Remuneration Committee proposal. The policy introduced a medium/long term variable component from the financial year at June 30<sup>th</sup>, 2021 to June 30<sup>th</sup>, 2027, the beneficiaries of which are both executive directors and some identified professional figures within the Group.

The medium/long term objective provides for the recognition of an Operating Margin ("**EBIT**") growth-related monetary incentive ("**LTI Objective**") to the beneficiaries of the plan. The payment periods of the LTI Objective are two-year for the first two tranches and three-year for the third incentive. The incentives shall be paid within 45 days of the Shareholders' Meeting approval of the financial statements at June 30<sup>th</sup>, 2022 for the first tranche, June 30<sup>th</sup>, 2024 for the second and June 30<sup>th</sup>, 2027 for the last period.

The LTI objective is determined as a percentage of the Group's consolidated EBIT in the periods reduced of an amount of Euro 17,500 thousand per year. The LTI Objective is distributed among the beneficiaries according to their participation percentages in the program. The percentage increases over time from 6% in the first period, to 9% in the second, to 12% in the last, however, the LTI Objective total cost cannot exceed 5% of the consolidated EBIT realized in the respective periods. The Board of Directors assessed the LTI Objective as a predetermined and measurable instrument capable of creating medium/long term value for the shareholders. The absence of cap in absolute values is mitigated by the consolidated EBIT cap.

There are contractual agreements that enable the company to request the repayment of all or part of the variable remuneration paid (or to withhold amounts subject to deferred payment) if they were calculated based on data that has



proven to be clearly erroneous.

No indemnities are payable for early termination of office or employment.

The Directors present the Report on remuneration policy and compensation paid to the Shareholders' General Meeting. The Report is available on the Company website at [www.digitalbros.com](http://www.digitalbros.com) in the Governance/Remuneration section.

#### *Share-based remuneration plans*

On January 11<sup>th</sup>, 2017, the Shareholders' Meeting approved the "2016-2026 Stock Option Plan" dedicated to a limited number of Group directors and managers indicated by the Board of Directors.

The options assigned under the 2016-2026 Stock Option Plan have an average vesting period of minimum three years. Executive Directors beneficiaries are required to hold, until the end of their mandate with respect to each vesting period, a number of shares equal to at least 20% of the shares subscribed upon the exercise of their options.

#### *Remuneration of executive directors and key managers*

About the remuneration of executive directors and key managers, reference should be made to the relevant sections of the Remuneration Report published in terms of Art. 123-ter of the T.U.F. and available in the *Governance/Remuneration* section of the Company website.

#### *Incentive schemes for the head of the internal audit department and the financial reporting manager*

No incentives have been provided for the head of the internal audit department as they are not deemed necessary given the nature of his duties.

The incentive scheme for the financial reporting manager has already been described above, given that this position is held by an executive director.

#### *Remuneration of non-executive directors*

The remuneration of non-executive directors is not related to the Company's financial results. Non-executive directors are not awarded of any share-based incentive plans. The remuneration of non-executive directors is determined as a fixed amount at the time of the Board resolution that fixes their remuneration.

#### *Directors' indemnities in case of resignation, dismissal or departure as a result of a takeover bid (pursuant to Art. 123-bis (1) (i) of the T.U.F.)*

No agreements have been provided for indemnities payable to the Directors in case of resignation, dismissal or recession without cause, or following a public takeover bid.

## **10. CONTROL AND RISK COMMITTEE**

The Board of Directors has established a Control and Risk Committee. Throughout the reporting period, it consisted of non-executive and independent directors. The composition of the Committee was modified during the period following the appointment of the new Board of Directors on October 28<sup>th</sup>, 2020.

#### *Composition and functioning of the Control and Risk Committee (pursuant to Art. 123-bis (2) (d) of the T.U.F.)*

The composition of the Committee changed during the period as follows:

*July 1<sup>st</sup>, 2020 – October 28<sup>th</sup>, 2020*

- Luciana La Maida
- Susanna Pedretti
- Laura Soifer – Chairman

*October 28<sup>th</sup>, 2020 - Today*

- Sylvia Bartyan
- Susanna Pedretti
- Laura Soifer – Chairman

Pursuant to the Art. 7.P.4 of the Code, the Board identified Laura Soifer as a director with experience in accounting and finance.

The Committee was entirely made up by Independent Directors both in its first and second composition.

During the reporting period, the Committee was held nine times with an average duration of one hour and with the participation of all members (with the exception of Director Sylvia Bartyan, who was absent from four meetings) and of the Board of Statutory Auditors and the Executive Director in charge of internal control. The meetings reports were drafted and the Chairman of the Committee reported immediately to the following Board of Directors' meeting.

The Committee has scheduled five meetings for the current year, one of which already held.

The Committee has not used the services of external consultants as no such need was identified.

*Functions assigned to the Control and Risk Committee*

The Control and Risk Committee performs the following functions:

- a) preliminary assistance to the Board of Directors in determining the guidelines for the internal control system and monitoring and management of key risks, compatible with strategic objectives;
- b) providing suggestions about the appointment and removal of the head of the internal audit, as well as on the reasonableness of the remuneration;
- c) assessment, together with the financial reporting manager and the external auditors, of the accounting policies applied and their consistency for the preparation of the consolidated financial statements;
- d) upon request by the Executive Director in charge of internal control, provide opinions on specific issues regarding the identification of major business risks and the design, implementation and management of the internal control system;
- e) review the periodical reports prepared by the internal audit department;
- f) monitor the autonomy, adequacy, effectiveness and efficiency of the internal audit department;
- g) demand specific operational audit to the internal audit department, if necessary;
- h) report to the Board of Directors at least every half year, in conjunction with the approval of the annual financial statements and the half year financial report, about the activities and adequacy of the internal control and risk management system;
- i) support the Board of Directors in making assessments, decisions and preliminary survey about the management

of key risks resulting from harmful events.

No additional functions have been assigned to the Committee.

During the reporting period, the Control and Risk Committee analysed the plan provided by the Executive Director in charge of Internal Control and monitored the progress. It reviewed the work plan prepared by the internal audit, monitored its status and worked with the financial reporting manager and the external auditors to assess the proper application of accounting policies and the consistency of such policies for the purposes of preparing the consolidated financial statements; it also reviewed the report of the Supervisory Board. The Chairman of the Board of Statutory Auditors (or another member of Statutory Board appointed by the Chairman) was part of the Committee meetings.

In the performance of its duties, the Control and Risk Committee may access company information and departments necessary to complete its work. It did not require any financial resources to perform its duties.

The Board of Directors provides the Committee with the resources required to perform its functions, upon request.

## **11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The internal control and risk management system is the set of processes aimed at monitoring the efficiency of company operations, the reliability of the financial information, the compliance with laws and regulations and the protection of company assets. In accordance with the principles and criteria established by the Code, the internal control system implemented by the Group involves:

- a) the Board of Directors, which: provides the guidelines for the internal control system (in order that the main risks affecting the Company and its subsidiaries are properly identified and adequately measured, managed and monitored) and periodically assesses the adequacy and effective functioning. The Board determines the nature and level of risk consistent with strategic objectives when preparing medium/long-term plans and approves the internal audit plan annually after the consulting with the Board of Statutory Auditors and the Executive Director in charge of the internal control and risk management system;
- b) the Chief Executive Officer, who is responsible for implementing the guidelines established by the Board of Directors and for identifying the main Group risks, with support of the Executive Director in charge of the internal control and risk management system;
- c) the Executive Director responsible for the internal control and risk management system, who monitors that the internal control system remains adequate, fully operational and functional and, if necessary, suggests the adoption of all measures for reducing operational and financial risks and renders company procedures more efficient and effective;
- d) the Control and Risk Committee, which has an advisory role, including *inter alia* assessment of the proper use of accounting policies and their adequacy for the preparation of the consolidated financial statements;
- e) the Head of internal audit, who in coordination with the Control and Risk Committee, provides risk-monitoring activities, prepares a work plan and reports the main internal audit findings to the Control and Risk Committee and the Executive Director responsible for internal control.

The internal control and risk management system is the set of rules, procedures and organisational structures designed to enable the business is properly and fairly managed in line with predetermined objectives, through an adequate process of

identification, measurement, management and monitoring of major risks. The internal control system relating to the financial reporting process is part of the risk management system. The internal control system helps ensure the safeguard of company assets, the efficiency and efficacy of company operations, the reliability, accuracy and timing of the financial reporting and the compliance with laws and regulations.

In the performance of its functions in relation to the internal control system, the Board of Directors takes account of the models of reference and best practices on an Italian and international level, while adapting them to the complexity of the Group's processes and organisational structures.

In order to ensure the effective, proper application of these provisions and, more generally, all rules and procedures governing processes for the collection, processing, presentation and dissemination of company information, Digital Bros has implemented an internal control system as described in the internal control manual, which is periodically updated and submitted for the approval by the Board of Directors. The manual is then distributed after each amendment and after approval to the Group's organisational structures.

The purpose of the internal control manual is to provide the Directors and/or key employees and/or employees in charge of lines of business with the procedures considered essential by the Board of Directors to meet internal control and risk management requirements.

The Manual contains a description of all the main tools created by the Group to meet internal control objectives:

- a) business planning and control: the structured system for the preparation of short and/or medium/long-term business plans and forecasts and regular monitoring thereof;
- b) Legislative Decree 231/2001: the organisational model prepared for the purposes of the Decree in question and analysed in a specific section of the Manual;
- c) the risk-identification procedure that defines the roles, functions and methods to continuously identify, assess and monitor the main risks to which the Group is exposed in order to implement any corrective actions;
- d) accounting procedure: this includes the criteria used to ensure the reliability, completeness and timeliness of financial reporting, including compliance with the requirements of Legislative Decree 262/2005;
- e) manual of Group operating procedures, governing the main processes implemented by the Company and its subsidiaries.

*Main features of the Internal Control and Risk Management System relating to the financial reporting process in terms of Art. 123-bis(2)(b) of the T.U.F.*

The process for the identification of financial reporting risks is part of the risk identification and management and internal control system implemented by the Group. The system is designed to enable the financial information to be reliable, accurate and timely.

In order to design, implement, monitor and update the Internal Control System in relation to the financial reporting process, also in accordance with applicable regulations, the Issuer has applied the following Guidelines:

- 1) Identification of processes involving balance sheet, profit and loss and financial information;
- 2) Identification and assessment of risks;
- 3) Identification of controls to match the identified risks and its periodical monitoring;
- 4) Assessment of controls applied in relation to risks identified.

### Stages of the Internal Control and Risk Management System relating to the financial reporting process

Risk identification is an ongoing process that involves the Board of Directors together with first organisational structures in coordination meetings that are held periodically throughout the year. Their work is summarised in a risk matrix that is prepared and regularly reviewed by the Executive Director responsible for internal control who attends the meetings. Each risk is reported with a description of the risk, the gross risk rating assessment based on a probability/impact matrix, the mitigating factors and/or the procedures implemented to reduce and monitor the risk, with the final assessment of a net risk rating. The Executive Director responsible for internal control submits this risk identification and assessment work to the analysis by the Control and Risk Committee.

The individual risk summary reports the impact that failure to meet the internal control objectives would have in terms of operations and financial reporting.

The two Chief Executive Officers and the Executive Director responsible for internal control jointly assessed the completeness of the risk matrix and the allocation of The Board of Directors provides the Committee with the resources required to perform its functions, upon request the net risk rating. The Board of Statutory Auditors supervises the risk assessment process. The risks with a high net rating, both of an operational nature and relating to financial reporting, are reported in a specific section of the consolidated financial statements.

Any weaknesses in and/or improvements to be made to the internal control and risk management system, especially with regard to financial reporting risks and, more generally, to internal control systems represent the starting point for the work planned by the internal control function, in terms of either the implementation of control mechanisms aimed at matching risks and monitoring activities. The approach depends on the significance of the potential impact on the Group's operating risk.

The assessment of controls in terms of both improvement and operations is documented at least once every six months by the Director responsible for internal control who reports to the Board of Directors about this subject.

### *Roles and functions involved*

The Group markets video games around the world through commercial subsidiaries that purchase products from Group companies and resell them locally. Video game production and creation and the purchase of video games from third parties are carried out by the parent company and/or Italian subsidiaries and handled directly by the two Chief Executive Officers, within the limits of the powers delegated to them, jointly or separately, or by the Board of Directors in case of larger amounts.

The uniformity of the processes used and the creation of a single ERP platform shared by all Group companies with automatic, advance processes of control of sales and service purchase processes allows for effective controls of the processes of individual units so as to maintain a relatively modest level of delegated powers for individual entities in terms of the potential impact of fraud and/or errors and thus on financial reporting. The payment authority granted to various individuals by the two Chief Executive Officers is limited to amounts deemed below the threshold for significant misstatements in financial reporting.

The common ERP platform also permits:

1. the effectiveness of the process of consolidation and standardisation of accounting policies which is carried out by the parent company and monitored through an appropriate procedure;

2. the extension of the scope of relevant companies and processes for the purposes of Legislative Decree 262/2005 to all companies and processes, as it is easy to implement control mechanisms for all companies and processes employed.

Even though the information is available at any time, quarterly reports still must be sent by the relevant individuals from each company.

The Group's short-term planning and control processes provide for a timetable of activities on a quarterly basis and are prepared through a structured system of coordination meetings attended by the Chief Executive Officers but also by individual heads of operating segments and/or functions. Progress with plans during the quarter is monitored on an ongoing basis through business intelligence systems and at least one coordination meeting per quarter.

The medium-/long-term planning process involves a smaller group of individuals (executive directors and heads of operating segments) on a six-monthly basis with meetings designed to check the status of the planning process and analyse variances.

Short-term planning and related variance analysis are submitted for the attention and approval of the Board of Directors on a quarterly basis. This occurs every six months for medium-/long-term planning and related variance analysis.

On September 27<sup>th</sup>, 2021, the Board of Directors assessed the Internal Control and Risk Management System and concluded it was appropriate and effective with regard to the characteristics of the business and the related risk profile. This assessment was performed with assistance of the Control and Risk Committee which, during its meetings, was able to perform ongoing checks on the correct functioning and effectiveness of the internal control system.

### **11.1 Director in charge of the internal control and risk management system**

Stefano Salbe, the executive director in charge of the internal control and risk management system:

- (i) has direct access to all information useful for the performance of the functions assigned to him;
- (ii) reports back on his work to the Control and Risk Committee and to the Board of Statutory Auditors;
- (iii) has been provided with the resources required to perform the duties assigned to him;
- (iv) has the power to ask the internal audit department to perform audit work on specific operational areas.

The Director in charge of internal control:

- handles the identification of business risks (strategic, operational, financial and compliance) taking account of the Group's activities and liaising with other company functions. He reports periodically to the Board of Directors;
- executes the guidelines issued by the Board of Directors, planning, implementing and managing the internal control system while constantly monitoring the adequacy, effectiveness and efficiency of its processes;
- adapts the internal control system to market dynamics, the transactions undertaken and legislative and regulatory changes;
- has the power to recommend the appointment or removal of the Head of the Internal Audit Department;
- promptly reports to the Board and to the Control and Risk Committee on any issues or problems emerging during the period.

### **11.2 Head of the Internal Audit Department**

On November 10<sup>th</sup>, 2016, the Board of Directors eliminated the role of internal control and, as proposed by the Executive Director in charge of Internal Control, with the preliminary approval of the Control and Risk Committee and having consulted the Board of Statutory Auditors, it:

- (i) appointed Pierluigi Valentini, a partner of the network BDO, as Head of the Internal Audit Department, entrusting him with ensuring that the internal control and risk management system works properly and meets requirements;
- (ii) set a level of remuneration in line with company policy and ensured there were sufficient resources to carry out related activities.
- (iii) approved the audit plan;
- (iv) the Head of Internal Audit is not responsible for any operational areas and reports to the Board of Directors.

In accordance with the Corporate Governance Code, the internal audit department:

- (i) performs ongoing checks and checks in response to specific requirements, in compliance with international standards, to ensure that the internal control system is functional and fit for purpose. This is done based on an audit plan, approved by the Board of Directors, as based on a structured process involving analysis and prioritisation of the main risks;
- (ii) has direct access to all information useful for the performance of its duties;
- (iii) prepares periodical reports containing adequate information on the work performed, on the risk management process and on compliance with risk matching plans. These reports include an assessment of the Internal Control and Risk Management System's suitability for purpose;
- (iv) promptly prepares reports on particularly important events;
- (v) sends the reports under points iv) and v) to the Control and Risk Committee, to the Board of Statutory Auditors, to the Executive Director in charge of the Internal Control and Risk Management System and to the Chairman of the Board of Directors;
- (vi) based on its audit plan, tests the reliability of the information systems, including the accounting systems.

The Board of Directors provides the Head of the Internal Audit Department with the financial resources needed for his organisational role, in compliance with the autonomy, adequacy, effectiveness and efficiency requirements as provided by the Code.

During the reporting period, the Head of the Internal Audit Department:

- a) prepared the annual Audit Plan ("Plan") which was approved by the Board of Directors;
- b) scheduled and performed, in accordance with the Plan, the direct and specific control testing on the Company and the other Group companies in order to identify any weaknesses in the internal control and risk management system. The testing was performed during the audits planned at the Company's premises;
- c) for each audit test, prepared a detailed report with the activities tested, the subject of the testing, the operating methods adopted, the duration of the testing, the period to which the testing relates, the results obtained and recommendations made;
- d) created a register to record all audit work performed in the reporting period with details of the audit findings, recommendations and proposals made by internal audit, any corrective measures recommended in order to address system weaknesses and final conclusions about the work done and on the feedback received;

- e) attended meetings of the Control and Risk Committee, the Board of Statutory Auditors during which he described the progress of the audit work and gave a report on any issues or weaknesses identified and any corrective action taken by the Company.

Given the limited size of the Group and the lack of internal professional personnel capable of fulfilling internal audit functions, internal audit activities have been outsourced to BDO Italia S.p.A., to the team headed by Pierluigi Valentino, who has been deemed as fulfilling the necessary requirements of professionalism, independence and organisation.

On March 5<sup>th</sup>, 2020, the Board renewed Pierluigi Valentino's mandate for the three-year period 2020-2022.

BDO Italia S.p.A. has no relations with the Company or any Group companies.

## **11.2 Organisational Model pursuant to Legislative Decree 231/2001**

On March 30<sup>th</sup>, 2006, the Board of Directors approved the organisational model and code of ethics which were subsequently updated on May 11<sup>th</sup>, 2010, September 13<sup>th</sup>, 2016, September 12<sup>th</sup>, 2017, June 6<sup>th</sup>, 2019 and, most recently, on March 5<sup>th</sup>, 2020. On March 9<sup>th</sup>, 2021 the Board approved the latest revision of the Organizational Model to reflect the contents of EU Directive 2017/1371.

The organisational model adopted by the Company is structured as follows:

1. a general section which introduces the model and outlines governance rules, with particular regard to: (i) the addressees/recipients; (ii) the composition, role and powers of the Supervisory Board; (iii) the role of the Board of Directors; (iv) the flow of information to the Supervisory Board; (v) applicable penalties; and (vi) distribution of the organisational model to the addressees/intended recipients;
2. a special section which identifies and describes, for each offence relevant to the Company, the processes at risk and the rules of conduct that each addressee shall respect when carrying out his or her activities.

For the purposes of the organisational model, the following offences are theoretically relevant to the Issuer:

- offences against the Public Administration;
- offences against public trust;
- corporate offences;
- terrorism and subversion of democracy;
- financial offences or market abuse;
- offences against the person;
- cross-border crime;
- tax offences;
- crimes that endanger human life and safety;
- health and safety offences;
- handling of stolen property, money laundering and the use of money, goods or profit from criminal activities;
- cybercrime and unlawful data processing;
- organised crime;
- offences against industry and commerce;



- copyright offences;
- inducement not to make statements or to make false statements to the Judicial Authorities;
- environmental offences;
- use of irregular foreign workers;
- private sector corruption and instigation to commit private sector corruption;
- racism and xenophobia;
- female genital mutilation practices;
- fraud in sports competitions, illegal gambling or betting and gambling carried out by means of prohibited devices;
- contraband.

The above documents are available in the *Governance/Model pursuant to Legislative Decree 231/01* section of the Company website [www.digitalbros.com](http://www.digitalbros.com).

On November 8<sup>th</sup>, 2018 the Board decided to assign the functions of the Supervisory Body to an external professional, Avv. Francesco Lamperti, after the assessment of the necessary requirements of autonomy, independence, professionalism and continuity of action for the effective performance of the functions reserved for the supervisory body itself, reserving further evaluation in the future. During the year, the Board, after having assessed the existence of the above requirements, on March 9<sup>th</sup>, 2021, the Board renewed the mandate of Francesco Lamperti for the entire three-year period in which the current Board of Statutory Auditors will remain in office and therefore until the approval of the financial statements at June 30<sup>th</sup>, 2023.

During the reporting period, the Supervisory Board analyzed sensitive activities and current business models, as reflected in the organizational model approved by the Board on March 9<sup>th</sup>, 2021. The Supervisory Board performed a series of test activities in relation to workplace health and safety with particular reference to the measures adopted by the Company to contain and manage the COVID-19 pandemic; such measures were adopted in response to the national and regional orders introduced since the beginning of March 2020. The Supervisory Board also reviewed the Company's relationship with the public administration.

#### **11.4 External auditor**

Deloitte & Touche S.p.A. was appointed as external auditor by the Ordinary Shareholders' General Meeting held on October 26<sup>th</sup>, 2012 for the reporting periods up until approval of the financial statements at June 30<sup>th</sup>, 2021.

#### **11.5 Financial Reporting Manager**

On August 7<sup>th</sup>, 2007, the Board of Directors, with the approval of the Board of Statutory Auditors, appointed Stefano Salbe, Chief Financial Officer of Digital Bros S.p.A., as the Financial Reporting Manager and granted him appropriate powers and resources to perform the duties assigned to him under the applicable laws and regulations.

The Financial Reporting Manager has the necessary expertise of administration, finance and control matters. He performs the functions required by Art. 154-bis of the T.U.F..

Pursuant to Art. 24 of the Articles of Association, the Board of Directors grants the Financial Reporting Manager

appropriate powers and resources to perform the duties assigned to him under applicable laws and regulations.

The Financial Reporting Manager must have many years of experience of administration, finance and control matters and must satisfy the personal integrity requirements established by the law for the office of director.

The Financial Reporting Manager is subject to regulations on the liability of directors in respect of the duties assigned to them, without prejudice to legal action that may be taken regarding the employment relationship with the Company. In particular, the Board of Directors has granted the Financial Reporting Manager all the necessary powers in terms of the Art. 154 bis of Legislative Decree 58 of 24/2/1998, as introduced by the Art. 14 (1) of Decree Law no 262.

The following, non-exhaustive list contains some of these powers:

- a) to introduce appropriate administrative and accounting procedures at the parent company and all Italian and international subsidiaries;
- b) to hire employees to assign to specific activities and determine their remuneration in accordance with Group policy and the power to dismiss such employees;
- c) to hire (and dismiss) Italian and international professionals to perform specific assignments and to establish the duration and remuneration of such assignments;
- d) to purchase, directly or under finance leases, the assets and software required to perform financial reporting and related procedures;
- e) all necessary powers, including spending powers, for the proper execution of the duties assigned.

There are no other company roles or departments with specific internal control duties.

#### **11.6 Coordination of individuals involved in the internal control and risk management system**

In accordance with the Principle 7.P.3 of the Corporate Governance Code and in compliance with best practices for listed companies, the Company has established methods of coordination between the various functions involved in the internal control and risk management system. Regular meetings are held in joint session between the various functions responsible for internal control and risk management (the Executive Director in charge of Internal Control, the Control and Risk Committee, the Board of Statutory Auditors, the Supervisory Board and the Internal Audit) with the purpose of identifying areas of intervention and analysis relevant to each function. This process facilitates the identification of any overlap and/or duplications of activities and helps to implement a compliance system within the Company and the Group. The entire Board of Statutory Auditors – or, at least, its Chairman or another statutory auditor designated by him - attends meetings of the Control and Risk Committee. The external auditors meet at least every six months in joint session with the Control and Risk Committee, the Board of Statutory Auditors and the Financial Reporting Manager with the purpose, *inter alia*, of assessing the correct use of accounting standards and their consistency for the purposes of preparation of the consolidated financial statements.

## 12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

The Board of Directors shall review and approve any related parties transaction entered into by Group companies. On November 11<sup>th</sup>, 2010, the Board of Directors approved a procedure for related parties transactions to reflect the amendments introduced by Consob resolution 17221 of March 12<sup>th</sup>, 2010. General criteria for the identification of significant related parties transactions were established. The procedure is available in the Governance section of the Company's website at [www.digitalbros.com](http://www.digitalbros.com) in its most recent version, approved by the Board on June 29<sup>th</sup>, 2021.

Related parties transactions comply with criteria of substantive and procedural propriety in accordance with applicable laws and regulations. The Board of Directors is responsible for identifying the criteria for identifying related party transactions, taking account of the definitions contained in international accounting standards and/or issued by regulatory authorities.

Related parties transactions are, however, subject to review and approval by the Board of Directors. In all cases of preliminary approval by the Board of Directors, the Board shall be duly informed, in advance, of the nature of the relationship, the conditions (in particular, the economic conditions), methods and timing for the execution of the transaction, the valuation procedure followed, the underlying interests and reasons for the transaction (also in relation to established strategic guidelines), as well as the possible risks – present or future – for the Company and its subsidiaries and any more general implications for their activities.

In particular, for a specific related party transactions the director who has an interest, including a potential or indirect one, in the transaction must inform the other directors and the Board of Statutory Auditors of all of his interests in that transaction, whether on their own account or on account of third parties; he shall also specify the nature, terms, origin and extent of such interests. Such interests may be communicated by any means, including verbally, during meetings of the Board of Directors, or in writing to the Chairman of the Board of Statutory Auditors, with an obligation to report thereon during the following meeting of the Board of Directors.

For the definition of “*related parties*”, express reference is made to the parties defined as such by the international accounting standard on the disclosures regarding related parties transactions, as adopted according to the procedure laid down by Art. 6 of Regulation (EC) No. 1606/2002 (IAS 24).

When the Board of Directors identifies a relationship with one of the directors or with a related party through a director, it quickly requests clarification of the existence of an interest, including a potential or indirect interest. When it is time for the Board to resolve on the related parties transaction, the Director with the direct or indirect interest shall leave the meeting.

The previous Board of Directors had set up a permanent Related Parties Committee which assessed the business needs, nature, amount and other features of each related party transaction. This is in order to ensure that such transactions are entered into on an arm's length basis and to avoid their being subject to conditions other than those that would likely have been agreed to between unrelated parties. In this process, assistance may be provided by experts of recognised professional skill and expertise of the subject matters of interest in order to obtain their opinions on the economic conditions, lawfulness and technical aspects of the transaction.

During the reporting period, membership of the Related Parties Committee was as follows:

*July 1<sup>st</sup>, 2020 – October 28<sup>th</sup>, 2020*

Luciana La Maida

Susanna Pedretti

Laura Soifer – Chairman

During the reporting period, the Committee was held twice with the presence of all the members with an average duration of the meetings of 45 minutes.

On October 28<sup>th</sup>, 2020, the Board of Directors assigned the functions previously performed by the Related Parties Committee, to the Control and Risks Committee convened only if needed, considering the reduced complexity of the transactions with related parties in place.

The Control and Risks Committee, in its role as Related Parties Committee, was held three times during the year (with the exception of Director Sylvia Bartyan) with an average duration of the meetings of approximately 1 hour and 10 minutes.

During the reporting period, the law firm Galbiati & Sacchi assisted the Related Parties Committee in the preparation of the most recent version of the Transaction with Related Parties Procedure approved at the end of the year.

There have been no changes in the composition of the committee after the reporting date.

### **13. APPOINTMENT OF STATUTORY AUDITORS**

Art. 25 of the Articles of Association states that acting and alternate members of the Board of Statutory Auditors shall be elected by a list-based voting procedure.

The Board of Statutory Auditors is composed of three auditors and two alternate auditors who remain in office for three financial years and may be re-elected. Applicable regulations are followed when determining their remuneration and term of office.

Minority interests are entitled to elect one acting auditor and one alternate auditor.

The Board of Statutory Auditors is appointed in accordance with applicable gender balance provisions, based on the lists submitted by the shareholders in which candidates are presented with sequential numbers. The list is divided into two sections: one for candidates for the office of acting auditor and the other for candidates for the office of alternate auditor.

Candidate lists, signed by the shareholders submitting them, must be filed in accordance with the deadlines and methods laid down by the applicable Law. Only shareholders who, separately or together with other shareholders, represent a percentage of voting rights of not less than that required by the relevant laws or regulations in force at the time of the appointment may submit lists. This percentage interest is determined regarding the shares registered to the shareholder on the day on which the lists are submitted to the Company.

Ownership of such interests may also be attested after submitting a list, if it is done by the deadline for publication of the lists by the Company.

Each candidate may be presented on a single list only otherwise they shall be deemed ineligible.

Candidates subject to reasons for ineligibility or disqualification as set out in laws or regulations, or who do not meet the necessary requirements, including those pertaining to concurrent positions held, may not be included in lists. Individual candidates shall file statements accepting their candidacy and certifying, under their own responsibility, that they are not subject to any reasons for ineligibility or incompatibility and that they meet the requirements established by the Law and

the Articles of Association, in addition to a list of any positions held in other companies, by the deadline above. Certification must be issued by an authorised broker attesting the ownership of the number of shares required to submit a list. Such certification must be submitted by the deadline and according to conditions established by law.

Lists containing a total of three or more candidates must include candidates of both genders, so that each list includes a number (rounded up) of candidates for the office of acting auditor and a number (rounded up) of candidates for the office of alternate auditor of the less-represented gender equal to at least the percentage indicated in the applicable laws and regulations.

Lists for which the foregoing requirements have not been met will be disregarded.

Statutory auditors are elected as follows:

1. two auditors and one alternate auditor are elected from the list that received the largest number of votes by the shareholders in general meeting, according to the sequential order in which they are listed in the section of the list;
2. one auditor and one alternate auditor are elected from the list that received the second largest number of votes by the shareholders in general meeting after the first list, according to the sequential order in which they are listed in the section of the list.

The first candidate from the list that receives the largest number of votes after the first list shall become the Chairman of the Board.

If the methods indicated above do not ensure the composition of the Board of Statutory Auditors in a consistent manner with applicable gender balance provisions, the necessary substitutions will be made from amongst the candidates for the office of auditor included in the majority list, according to the sequential order in which the candidates are listed.

If only one list is submitted, the candidates for the offices of auditor and alternate auditor on that list will be elected and the first candidate on the list will become the Chairman of the Board of Statutory Auditors; this does not affect the need to comply with applicable gender balance provisions. If a statutory auditor no longer fulfils the requirements established by the Law or by the Articles of Association, he or she must leave the office. When a statutory auditor is replaced, the alternate auditor from the same list as the auditor replaced takes his or her place. The minority statutory auditor will remain Chairman of the Board, without prejudice to applicable gender balance provisions.

The foregoing provisions on the election of statutory auditors do not apply to the Shareholders' Meetings held to appoint auditors and/or alternate auditors and the Chairman in accordance with the Law, as necessary to replenish the Board of Statutory Auditors following replacement or dismissal; this is without prejudice to compliance with applicable gender balance provisions.

In case of a same number of votes for two or more lists, other than the list that received the largest number of votes, the youngest candidates from the minority lists will be elected statutory auditors, until the positions to be assigned have been filled. This does not affect the need to comply with applicable gender balance provisions.

Pursuant to the Art. 8 of the Corporate Governance Code, the statutory auditors act autonomously and independently, also in relation to the shareholders who have elected them.

The statutory auditors shall treat with confidentiality the documents and information they obtain in the course of their

office and shall observe the procedure adopted for the external communication of documents and information regarding the Company.

In performance of their duties, the statutory auditors may, individually or collectively, ask the Directors for clarification about the information given to them and, more generally, about the status of company operations or specific transactions. They may also perform inspections and audits at any time. The Board of Statutory Auditors and external auditors exchange information relevant to perform their respective duties. The Board of Statutory Auditors should meet at least every 90 days.

The members of the Board of Statutory Auditors certified that they met the independence requirements established by the Code when the lists were submitted and when they accept the office.

The Statutory Auditors shall provide timely information about transactions in which they have an interest, on their own account or for third parties.

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

The Board of Statutory Auditors in office at the reporting date was appointed, on the basis of the single list submitted, by the Shareholders' Meeting held on October 28<sup>th</sup>, 2020, for a term of three financial years, ending upon approval of the financial statements at June 30<sup>th</sup>, 2023.

During the year ended June 30<sup>th</sup>, 2021, the Board of Statutory Auditors was held seven times, with average duration of two hours. The meetings were attended by all members of the Board. The Board of Statutory Auditors scheduled seven meetings for the current year, two of which already held.

Until the Shareholders' Meeting held on October 28<sup>th</sup>, 2020, the Board of Statutory auditors comprised: Paolo Villa (Chairman), Mariapia Maspes and Luca Pizio, acting as statutory auditors and Christian Sponza and Daniela Delfrate as alternate auditors. Following the renewal of the Board and for the rest of the financial year, the Board of Statutory Auditors comprised: Carlo Hassan (Chairman), Maria Pia Maspes and Gianfranco Corrao acting as statutory auditors and Daniela Delfrate and Stefano Spiniello as alternate auditors.

Reference should be made to the summary tables for information about the composition of the Board of Statutory Auditors and each member's participation at meetings thereof.

There have been no changes to the composition of the Board of Statutory Auditors since the end of the reporting period.

Short biographical notes on the members of the Board of Statutory Auditors are provided below:

### **Gianfranco Corrao**

Born in Catanzaro (Italy) on October 16<sup>th</sup>, 1964. Italian.

Chartered Accountant registered in Section A of the Register of Chartered Accountants and Accounting Experts of Milan registration no. 2567, since July 27<sup>th</sup>, 1989, Registered Auditor.

Key appointments: Darag Italia SPA \* (Statutory Auditor) – Spindox SPA \* (Statutory Auditor) – Girasole SPA (Statutory Auditor) – Plenitude SPA (Statutory Auditor) – Società Agricola Teramana SPA (Director) – Savino & Partners STP SRL (Director).

### **Carlo Hassan**

Born in Tripoli (Libya) on March 18<sup>th</sup>, 1954. Italian.

Chartered Accountant registered in Section A of the Register of Chartered Accountants and Accounting Experts of Milan registration no. 1203, since September 12<sup>th</sup>, 1979, Registered Auditor.

Key appointments: AcomeA SGR S.p.a \* (Statutory Auditor), BIM fiduciaria S.p.a \* (Statutory Auditor), Lazard S.r.l (Statutory Auditor), Capuzzo S.p.a (Chairman of the Board of Statutory Auditors), 505 Games S.p.a (Statutory Auditor) Vitale & Co.Holding S.p.a (Chairman of the Board of Statutory Auditors), Westfield S.p.a (Statutory Auditor), Estee Lauder S.r.L (Statutory Auditor), Henry Schein Krugg S.r.l (Statutory Auditor), Henry Schein Srl (Statutory Auditor) Prelios Agency s.p.a (Statutory Auditor).

### **Maria Pia Maspes**

Born in Sondrio (Italy) on April 28<sup>th</sup>, 1970, Italian.

Chartered Accountant registered in Section A of the Register of Chartered Accountants and Accounting Experts of Milan registration no. 4565, since February 19<sup>th</sup>, 1996, Registered Auditor.

Key appointments: 505 Games Spa (Statutory Auditor) – Augusta Due Srl\* (Statutory Auditor) – Alto Partners SGR (Statutory Auditor) – LA7 S.p.a.\*(Statutory Auditor) – Cairo Editore Spa\* (Statutory Auditor) – Cairo Pubblicità Spa (Statutory Auditor) – Torino FC Spa (Statutory Auditor) – Spa Kelly Services S.p.A. (Statutory Auditor) - UT Communications Spa\* (Statutory Auditor) – G.B.H Spa (Chairman of the Board of Statutory Auditors) – Busto Care S.r.l. (Statutory Auditor) – Previdenza Cooperativa (Statutory Auditor) – RCS Sport (Statutory Auditor).

The companies marked with an asterisk (\*) in the above list are companies listed on regulated markets in Italy or abroad and finance, banking or insurance companies, or companies of significant size that are not part of the Issuer's Group.

The Company has adopted the diversity criteria required by the Code, as described in the above Section 4.2. During the reporting period, the composition of the Board of Statutory Auditors satisfied gender diversity criteria.

During the period, on November 18<sup>th</sup>, 2020, the Board of Statutory Auditors verified the independence requirements between its members after their initial appointment. This was performed based on the criteria established by the Code and based on the quantitative criteria determined by the Board of Directors. The Board of Statutory Auditors unanimously concluded that all its members were independent. The Board of Statutory Auditors submitted the results of the assessment to the Board of Directors.

The Chairman of the Board of Directors ensured that the statutory auditors could access the Induction Programme already described for the directors.

The remuneration of the Board of Statutory Auditors is commensurate with the commitment required and with the size of the Company.

The procedure governing related parties transactions also applies to members of the Board of Statutory Auditors. Statutory auditors who hold an interest, personally or on account of third parties, in a given transaction must inform the Board of Statutory Auditors and Board of Directors in a timely manner of the nature, terms, origin and extent of that interest.

During its duties, the Board of Statutory Auditors worked together with the Control and Risk Committee and with the Internal Audit function, attending all the meetings held during the year.

## 15. SHAREHOLDERS RELATIONS

Digital Bros S.p.A. has adopted a policy aimed at establishing a constant dialogue with institutional investors, shareholders and the market and at ensuring the regular issue of full, accurate and timely information on its activities, with the sole limitation of the need for confidentiality in respect of certain information. Digital Bros S.p.A. proactively maintains a constant dialogue with the market in accordance with the laws and regulations governing the circulation of inside information.

Relations with investors and other shareholders are managed by the Investor Relations Manager, Stefano Salbe, who is also entrusted with the role of designated officer for requests for information pursuant to Borsa Italiana Regulations.

To ensure a continue dialogue with investors and shareholders, the most important Company's documentation is published on the website [www.digitalbros.com](http://www.digitalbros.com) on a continuous and timely basis. All press releases issued to the market as well as quarterly and annual financial reports are available on the Company's website, as soon as they are approved by the competent corporate bodies, as is other company documentation. These include:

- a. Separate and consolidated financial statements;
- b. Half-year financial reports;
- c. Quarterly interim reports;
- d. Corporate events calendar;
- e. Corporate Governance report;
- f. Articles of Association;
- g. General Meeting regulations.

The documentation may be consulted in the "Investor Relations" and "Governance" sections of the Company website, is readily identifiable and accessible and is available in both Italian and English.

## 16. SHAREHOLDERS' GENERAL MEETINGS

A shareholders' general meeting duly constituted represents the shareholders and its resolutions, passed in accordance with the Law and Articles of Association, are binding on all shareholders.

Ordinary and Extraordinary General Meetings are duly constituted and pass resolutions with the majorities required by the Law.

Pursuant to the Art. 10 of the Articles of Association, a General Meeting – whether Ordinary or Extraordinary - shall be convened as provided by the Law and in accordance with the terms and conditions established by applicable regulations. The notice convening the meeting must indicate the date, time and place of the meeting and shall contain a list of the matters to be discussed, as well as all additional information required by the applicable laws and regulations; it shall be published on the Company website. The Ordinary and Extraordinary General Meetings notice usually contains details convening a potential second meeting if the first is not held. The Board of Directors may convene ordinary and/or extraordinary general meetings on a single call.

Pursuant to the Art. 11 of the Articles of Association, holders of voting rights may participate in the shareholders' meeting after submitting a notice of participation to the Company through an authorised intermediary in accordance with the Law.



Such notice shall be delivered to the Company at least three days prior to the shareholders' meeting at first call, or by the different term established by applicable provisions of the Law. The right to attend and vote remains valid if the notice is submitted to the Company after the above deadline, nonetheless before the start of the shareholders' meeting.

Pursuant to the Art. 12 of the Articles of Association, all shareholders entitled to take part in the shareholders' meeting may be represented by written proxy in accordance with the Law. Proxies may also be submitted to the Company by e-mail in the manner indicated in the notice of meeting. The Company does not designate representatives to whom authorised persons may confer a proxy with voting instructions.

The Chairman of the shareholders' meeting is responsible for determining that proxies are valid within the limits indicated above and, generally, for establishing the right to take part in the shareholders' meeting. The duly constituted general shareholders' meeting represents all shareholders and its resolutions, passed in accordance with the Law and the Articles of Association, are binding on all shareholders, including absent and dissenting shareholders.

The Chairman of the shareholders' meeting determines, including through persons appointed by him or her, the right of the shareholders to participate, including by proxy and verifies the validity of representation documents.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors. If he or she is absent, unable or unwilling to attend, the shareholders' meeting is chaired by the Deputy Chairman or by a Chief Executive Officer, or by any other director designated by the Board of Directors, where appointed; if such persons are also absent, the shareholders' meeting is chaired by a person (not necessarily a shareholder) appointed by the shareholders in general meeting. Resolutions passed by Shareholders' General Meetings must be recorded in minutes signed by the Chairman and the secretary.

The minutes of general meetings must be written up by a notary in cases prescribed by the Law and/or where deemed appropriate by the Board of Directors.

In order to ensure the orderly, effective conduct of the shareholders' meeting and the right of all shareholders to express themselves on the matters up for discussion, Shareholders' Meeting regulations were approved on September 6<sup>th</sup>, 2000. The regulations are available on the Company website in the Governance/Documents section.

On October 28<sup>th</sup>, 2020 an Ordinary Shareholders' Meeting was held with the presence of all the Directors office and the Board of Statutory Auditors, except for Luca Pizio. During the reporting period, a second Ordinary Shareholders' Meeting was convened for June 15<sup>th</sup>, 2021 to approve the remuneration policy and the 2021-2027 Medium-Long Term Monetary Incentives Plan with the attendance of the entire Board of Directors and the Board of Statutory Auditors.

The Board of Directors reported to the shareholders' general meeting about the recent and the scheduled business activity and ensure that the shareholders were adequately informed to be able to make informed decisions on the topics discussed during the shareholders' meeting.

No members of the Remuneration Committee reported to the Shareholders' General Meeting about the methods used. The Chairman of the Remuneration Committee attended the General Meeting.

During the reporting period, there were no significant changes in the composition of share capital while market capitalisation increased significantly and exceeded Euro 400 million. The Board of Directors' Meeting of September 24<sup>th</sup>, 2021 considered to submit amendments to the Articles of Association to the Shareholders' General Meeting but considered this decision as premature and maintained the percentages established by Consob.

## **17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

There are no additional corporate governance practices on top of those in the Related Parties and organisational model pursuant to Legislative Decree 231, as described above.

## **18. SUBSEQUENT CHANGES**

There have been no changes since the reporting date.

## **19. COMMENTS ON THE DECEMBER 22<sup>nd</sup>, 2020 LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

The recommendations contained in the December 22<sup>nd</sup>, 2020 letter from the Chairman of the Corporate Governance Committee (“**the Letter**”) were brought to the attention of the Board of Directors and the Board of Statutory Auditors during the meeting held on May 10<sup>th</sup>, 2021 together with the decision to adopt the new Corporate Governance Code.

About the recommendations contained in the Letter and after careful consideration, the Board:

1. assessed how sustainability complements with the strategy and the remuneration policy, highlighting the factors that affect value generation in the long-term, and decided to retain the responsibility without creating any specific committee. The Board will reconsider the suggestion after the application of the new Corporate Governance Code;
2. assessed the adequacy of the information flows management to the Board of Directors (see Section 4.3 of this Report), confirming it was timely, complete and practical and satisfied confidentiality requirements. In the Report, the Company has already reported the terms considered reasonable and compliance with said terms during the reporting period;
3. since October 2018, the Board established the criteria to apply to the evaluation of the independence of its members, describing the criteria in the Report;
4. evaluated its compliance about self-assessment;
5. noted the suggestions made in regard to the Nomination Committee (whose functions are currently provided by the Board of Directors), that will be taken into consideration should new activities take place;
6. considered the Remuneration Policy approved by the Shareholders’ Meeting of June 15<sup>th</sup>, 2021 in line with the recommendations contained in the Letter, in particular regarding the introduction of a medium-long term objective and the elimination of ad hoc bonuses.

## **20. SUMMARY TABLES**

The following tables provide a summary of the composition of the Board of Directors and the Board of Statutory Auditors and the methods of adoption of the main recommendations of the Corporate Governance Code.

Board of Directors													Control and Risk Committee		Remuneration Committee		Related Parties Committee	
Office	Member	Year of birth	Date first appointment	In office since	In office until	List (M/m) *	Exec.	Non - exec	Indep. by code	Indep. by T.U.F.	% **	No of other appointments		**		**		**
Director	Bartyan Sylvia Anna	1975	2020	28/10/2020	Approval FY2023 FS	M		X	X	X	100%	0	X	33%	X	100%	X	0%
Director	Floean Lidia	1951	2014	28/10/2020	Approval FY2023 FS	M		X			100%	0						
Chairman and Chief Executive Officer	Galante Abramo	1963	1991	28/10/2020	Approval FY2023 FS	M	X				100%	0						
Director	Galante Davide	1933	1991	28/10/2020	Approval FY2023 FS	M		X			100%	0						
Chief Executive Officer	Galante Raffaele	1965	1991	28/10/2020	Approval FY2023 FS	M	X				92%	0						
Director	Pedretti Susanna	1977	2019	28/10/2020	Approval FY2023 FS	M		X	X	X	100%	3	X	100%	X	100%	X	100%
Director	Salbe Stefano	1965	2005	28/10/2020	Approval FY2023 FS	M	X				92%	0						
Director	Laura Soifer	1974	2020	28/10/2020	Approval FY2023 FS	M		X	X	X	100%	2	X	100%	X	100%	X	100%
Director	Treves Dario	1968	2000	28/10/2020	Approval FY2023 FS	M	X				100%	0						
DIRECTORS WHO LEFT OFFICE DURING THE REPORTING PERIOD																		
Director	La Maida Luciana	1977	2017	27/10/2017	28/10/2020			X	X	X	100%	0	X	100%	X	100%	X	100%
Director	Longhin Irene	1969	2017	27/10/2017	28/10/2020			X	X	X	75%	0	X	100%	X	100%	X	100%
Indicate quorum required for presentation of lists by minorities for election of one or more members (Art. 147 - ter T.U.F.): 4.5% (Determination no 35 of 16/07/2020)																		
No of meetings held during the reporting period:								BoD: 12		Control & Risk Committee: 9		Remuneration Committee: 7		Related Parties Committee: 5				

\* This column contains “M” or “m” depending on whether the member was elected from the majority list (“M”) or a minority list (“m”).

\*\* This column indicates the directors’ attendance in percentage terms at meetings of the Board of Directors and committees (No. of attendances/No. of meetings held during the period the person concerned was in office).

\*\*\* This column indicates the number of positions held as director or statutory auditor by the person concerned with other companies listed on regulated markets in Italy or abroad and within finance, banking or insurance companies, or companies of significant size.

Office	Member	Year of birth	Date of first appointment	In office since	In office until	List (M/m) *	Indep. per Code	(%) **	No of other appointments ***
Chairman	Carlo Hassan	1954	2020	28/10/2020	Approval FY2023 FS	M	YES	100%	2
Statutory Auditor	Gianfranco Corrao	1964	2020	28/10/2020	Approval FY2023 FS	M	YES	100%	2
Statutory Auditor	Maria Pia Maspes	1970	2017	28/10/2020	Approval FY2023 FS	M	YES	100%	4
Alternate auditor	Daniela Delfrate	1965	2017	28/10/2020	Approval FY2023 FS	M	YES	-	0
Alternate auditor	Stefano Spiniello	1985	2020	28/10/2020	Approval FY2023 FS	M	YES	-	0
<b>STATUTORY AUDITORS WHO LEFT DURING THE REPORTING PERIOD</b>									
Statutory Auditor	Villa Paolo	1965	2002	27/10/2017	Approval FY2020 FS	M	YES	100%	2
Statutory Auditor	Luca Pizio	1963	2017	27/10/2017	Approval FY2020 FS	M	YES	100%	0
<b>Indicate quorum required for presentation of lists by minorities for election of one or more members (Art. 147 - ter T.U.F.): 4.5% (Determination no 35 of 16/07/2020)</b>									
<b>No of meetings held during the reporting period: 7</b>									

\* This column contains “M” or “m” depending on whether the member was elected from the majority list (“M”) or a minority list (“m”).

\*\* This column indicates the attendance in percentage terms of the statutory auditors at meetings of the Board (No. of attendances/No. of meetings held during the period the person concerned was in office).

\*\*\* This column indicates the number of positions held as director or statutory auditor by the person concerned with other companies listed on regulated markets in Italy or abroad and within finance, banking or insurance companies, or companies of significant size. See the list of engagements in Section 14.