

**SANLORENZO**

# REGULATION OF THE CONTROL, RISKS AND SUSTAINABILITY COMMITTEE

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Sanlorenzo S.p.A.

Approved by the Board of Directors on 15 March 2024

## **LEGAL NOTICE**

This document is an informal translation of the original Italian document. In case of inconsistency between this document and the original document in Italian, the latter will prevail.

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## **1. Introduction**

- 1.1 This regulation (the "**Regulation**") regulates (i) the composition, (ii) the duties and (iii) the functioning of the Control, Risks and Sustainability Committee (the "**Control, Risks and Sustainability Committee**" or the "**Committee**") of Sanlorenzo S.p.A. (the "**Company**"). The Committee was established - also in implementation of the recommendations of the Corporate Governance Code of listed companies prepared by Borsa Italiana S.p.A. (the "**Corporate Governance Code**") - by resolution of the board of directors adopted on 24 October 2019 and with effect from the trading start date of the Company's shares.

## **2. Appointment, removal and composition of the Control, Risks and Sustainability Committee**

- 2.1 The members of the Control, Risks and Sustainability Committee and its chairperson are appointed by resolution of the board of directors.
- 2.2 The Control, Risks and Sustainability Committee is made up of three directors, all non-executive, of which at least two must have the requirements of independence envisaged by Article 147-ter, paragraph 4 of Italian Legislative Decree no. 58 dated 24 February 1998 as well as recognised by the board of directors in possession of the requirements of independence envisaged by Article 2, Recommendation 7 of the Corporate Governance Code.
- 2.3 In any case, the chairperson of the Control, Risks and Sustainability Committee is chosen among the independent directors.
- 2.4 Overall, the Control, Risks and Sustainability Committee possesses an adequate and functional competence in assessing the risks relating to the sector in which the Company operates; the related evaluation is entrusted to the board of directors upon appointment. At least one member of the Control, Risks and Sustainability Committee also possesses adequate experience in accounting, finance or risk management, the assessment of which is deferred to the board of directors upon appointment.
- 2.5 The directors accept the role of members of the Control, Risks and Sustainability Committee only when they believe that they can dedicate the necessary time to carry out diligently their duties.
- 2.6 Unless otherwise decided by the board of directors at the time of appointment, the duration in office of the members of the Control, Risks and Sustainability Committee is equated to that of the board of directors to which the members belong. The termination for any reason of the role of director involves automatically and immediately the removal from the Committee.
- 2.7 The board of directors may revoke, at any time, the members and chairperson of the Control, Risks and Sustainability Committee; they may not make claims or invoke rights in relation to the revocation.
- 2.8 The board of directors establishes, at the time of appointment or even later, the budget assigned to the Control, Risks and Sustainability Committee to carry out its functions and duties.
- 2.9 Any fee for participating in the Control, Risks and Sustainability Committee is established by the board of directors. In any case, expenses reasonably incurred and documented for the exercise of the role will be reimbursed.

## **3. Functions of the Control, Risks and Sustainability Committee**

- 3.1 The Control, Risks and Sustainability Committee has preliminary, propositional and consultative functions, with the task of supporting the board of directors, in the assessments and decisions (i) relating to the internal control and risk management system and the approval of the periodic financial and non-financial reports, as well as (ii) on sustainability matters.
- 3.2 The Control, Risks and Sustainability Committee, in particular, assists the board of directors, liaising with the other company bodies involved each time:

- (i) in defining the guidelines of the internal control and risk management system, so that the main risks relating to the Company and its subsidiaries are correctly identified, adequately measured, managed and monitored, and in assessing, at least once a year, their effectiveness;
- (ii) in verifying, periodically and at least half-yearly, the adequacy and effectiveness of the internal control and risk management system with respect to the Company's characteristics and the risk profile assumed, as well as its effectiveness;
- (iii) in approving, periodically and at least annually, the audit plan prepared by the head of internal audit, after having heard from the control body and the chief financial officer;
- (iv) in evaluating the opportunity to take measures to ensure the effectiveness and the impartial assistance of the members of the supervisory body and in verifying that they have adequate professionalism and resources;
- (v) in the appointment process of the supervisory body as provided by the Legislative Decree no. 231/2001;
- (vi) in assessing, after having heard from the control body, the results presented by the independent auditing firm in any suggestions letter and in the additional report addressed to the control body;
- (vii) in describing, in the corporate governance report, the main characteristics of the internal control and risk management system and the coordination between the entities involved, and in expressing the assessment of adequacy of the internal control and risks management system;
- (viii) in appointing and revoking the head of the internal audit function and in guaranteeing that he/she is equipped with adequate resources for the performance of his/her duties and responsibilities, or in entrusting to an entity external to the Company the internal audit function, as a whole or for segments of operations;
- (ix) in defining the remuneration of the head of the internal audit function, or of the entity external to the Company to which the internal audit function is entrusted, as a whole or for segments of operations, coherently with the company policies, which meets the adequate requirements of professionalism, independence and organisation.

3.3 In exercising the functions indicated above and assisting the board of directors, the Control, Risks and Sustainability Committee, in particular:

- (i) assesses, after having heard from the manager in charge with preparing the Company's financial reports, the independent auditing firm and the board of statutory auditors, the correct use of the accounting standards and their homogeneity for the purposes of preparing the consolidated financial statements;
- (ii) assesses whether the periodic financial and non-financial information is suitable to correctly represent the company's business model, its strategies, the impact of its activity and performance achieved;
- (iii) examines the content of the periodic non-financial report relevant to the internal control and risk management system;
- (iv) expresses opinions on the ESG (Environmental, Social and Governance) objectives of short- and long-term incentive compensation plans for directors, managers with strategic responsibilities, employees and collaborators of the Company and their effective achievement;
- (v) expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the assessments and decisions of the board of directors on the management of risks deriving from prejudicial events of which the board of directors has become aware;
- (vi) examines the periodic reports and those of particular relevance prepared by the internal audit function;
- (vii) monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;

- (viii) may entrust the internal audit function with the task of carrying out audits on specific operating areas, giving simultaneous communication thereof to the chairperson of the board of statutory auditors;
- (ix) reports to the board of directors, at least half-yearly, on the occasion of the approval of the annual financial report, on the activity performed as well as on the adequacy of the internal control and risk management system;
- (x) supports, with adequate preliminary activity, the assessments and decisions of the board of directors on the management of risks deriving from prejudicial events of which the board of directors has become aware;
- (xi) expresses an opinion on any resolution of the board of directors in relation to the internal control and risk management system and the internal audit;
- (xii) performs the additional duties attributed to it by the board of directors and by existing regulations.

#### **4. Functioning methods of the Control, Risks and Sustainability Committee**

- 4.1 The Control, Risks and Sustainability Committee meets upon the convocation of its chairperson each time he/she deems it opportune, and in any case at least half-yearly, or when two of its members, or the chairperson of the board of statutory auditors, or the director responsible for the internal control and risk management system or the chairperson of the board of directors makes written request to the chairperson of the Committee.
- 4.2 The Control, Risks and Sustainability Committee, at the proposal of its chairperson, may designate permanently a secretary of the Committee, who need not be member. In case of non-appointment of the permanent secretary, or if he/she is unable to attend, the chairperson of the Control, Risks and Sustainability Committee shall appoint, at each meeting, the secretary, who need not be member. In both cases, the secretary must have the necessary requirements for the role of secretary of the board of directors in compliance with the regulation adopted by the board of directors and in effect from time to time, which defines the functioning of the board itself and its committees (the “**Regulation of the BoD**”).
- 4.3 The chairperson of the board of statutory auditors or another standing auditor designated by him/her attends at meetings of the Control, Risks and Sustainability Committee; the other statutory auditors may also participate.
- 4.4 The directors, competent heads of the corporate functions of the Company and of the subsidiaries, or other persons whose presence may be of assistance for the best conduct of the functions of the Committee itself, who are invited by its chairperson, may also attend at meetings of the Control, Risks and Sustainability Committee. The chairperson of the Committee, on the basis of the agenda of the Committee meeting and provided that the agenda is relevant to the functions of the Committee, may, after having given written notice to the CEO and unless the CEO communicates his/her reasoned disagreement, hold operational meetings with the competent heads of the corporate functions.
- 4.5 The Control, Risks and Sustainability Committee is called via registered letter, certified email, fax or ordinary email, sent to the members of the Committee and to the auditors at least three days before (in urgent cases, by telegram, certified email, fax or email sent at least twenty-four hours before) the date of meeting, to the domicile or address as communicated to the Company by each member and standing auditor in office. The notice must contain the indication of the day, time and location of the meeting and the agenda.
- 4.6 Meetings of the Control, Risks and Sustainability Committee are chaired by its chairperson or, in his/her absence or if he/she is unable to attend, by the member chosen by the attendees.
- 4.7 Meetings of the Control, Risks and Sustainability Committee may even be held by means of telecommunication, provided that the requirements stated by Article 17.4 of the Company's By-laws for

meetings of the board of directors held by way of means of telecommunication are respected and in compliance with the relevant provisions of Regulation of the BoD.

- 4.8 The Committee's chairperson ensures that the prior submission to the members of the Committee and to the chairperson of the Board of Statutory Auditors of the documentation relating to the items on the agenda complies with the due notice and the confidentiality requirements provided by the Regulation of the BoD regarding the procedures for providing information to directors ahead of the meetings.
- 4.9 Minutes must be taken of meetings of the Control, Risks and Sustainability Committee. The minutes are prepared and signed by the chairperson of the meeting and by the secretary and they are filed with the records of the Company. The procedures for recording the minutes of the meetings of the Committee are those envisaged by the Regulation of the BoD for the meetings of the board of directors.
- 4.10 In order for meetings of the Control, Risks and Sustainability Committee to be valid, the presence of the majority of its members in office is required; to calculate the majority for resolutions, the abstaining directors are not considered as present. In the case of equal votes, the vote of the chairperson of the Committee, if present, prevails.
- 4.11 For anything not envisaged by the Regulation, the provision of the Regulation of the BoD and those of the By-laws of the Company, which regulate meetings of the board of directors, shall apply to meetings of the Control, Risks and Sustainability Committee *mutatis mutandis*.
- 4.12 The chairperson of the Control, Risks and Sustainability Committee, or another member of the Committee designated by the chairperson, informs the board of directors on the activities carried out at the earliest opportunity.

## **5. Prerogatives of the Control, Risks and Sustainability Committee**

- 5.1 For the conduct of its functions and duties, the Control, Risks and Sustainability Committee has the right to access the necessary company information and functions and it may use, at the Company's expense and within the limits of the budget approved by the board of directors in accordance with Article 2.8 above, external consultants who are not in situations that compromise their independence. The Committee shall check in advance that the external consultant is not in situations that compromise his independence of judgment.

## **6. Amendments to the Regulation**

- 6.1 The Control, Risks and Sustainability Committee checks periodically, but at least annually, the adequacy of the Regulation and submits any amendments or additions for the examination of the board of directors.