

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

Pursuant to article 123-*bis* CFA

(traditional administration and control model)

FINANCIAL YEAR 2021

**Approved by the Board of Directors of
Arnoldo Mondadori Editore S.p.A.
on 16 March 2022**

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GLOSSARY

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

Civ. Code/ C.C.: the Italian Civil Code.

Committee/CG Committee/Corporate Governance Committee: the Italian Corporate Governance Committee for listed companies, promoted by Borsa Italiana S.p.A. and by ABI, Ania, Assogestioni, Assonime and Confindustria.

Board: the Board of directors of the Issuer.

Issuer or Company: Arnoldo Mondadori Editore S.p.A.

Financial Year: the financial year to which the Report refers.

Consob Issuers Regulation: the Regulation concerning issuers promulgated by Consob with Deliberation no. 11971 of 1999 (as subsequently amended).

Consob Markets Regulation: the Regulation concerning markets promulgated by Consob with Deliberation no. 20249 of 2017.

Consob Related Parties Regulation: the Regulation concerning related-party transactions promulgated by Consob with Deliberation no. 17221 of 12 March 2010 (as subsequently amended).

Report: the report on corporate governance and ownership structure that companies are required to draw up and publish pursuant to art. 123-*bis* CFA.

Remuneration Report: the report on remuneration policy and fees paid that companies are required to draw up and publish pursuant to art. 123-*ter* CFA and 84-*quater* Consob Issuers Regulation.

Consolidated Finance Act/CFA: Lgs.Decree no. 58 of 24 February 1998.

1. PROFILE OF THE ISSUER

Arnoldo Mondadori Editore S.p.A. (hereinafter, “AME”) – a company with shares listed on the Borsa Italiana Euronext STAR Milan market – is one of the largest Italian media companies. Through Mondadori Libri S.p.A., it is the leading publisher of Trade books with the Mondadori, Giulio Einaudi editore, Piemme, Sperling & Kupfer, Frassinelli, Rizzoli, BUR, Fabbri Editori and Rizzoli Lizard publishing houses and brands. It is also active in art and illustrated book publishing, management of museum concessions and organisation of cultural exhibitions and events through the subsidiary Electa S.p.A., and present in the illustrated book sector in the USA and at international level with Rizzoli International Publications Inc. The Group is the leading player in educational publishing, through Mondadori Education S.p.A., Rizzoli Education S.p.A. and, since December 2021, D Scuola S.p.A., which cover every order of educational establishment from pre-schools to universities. Mondadori's book business is supported by the largest network of bookstores in Italy, managed by Mondadori Retail S.p.A., with more than 500 stores managed directly or through franchising agreements, the bookclub formula and the mondadoristore.it e-commerce website. Through the subsidiary Mondadori Media S.p.A., the Group is the leading digital publisher in multimedia and social media, and also has a presence in magazines.

CHOSEN CORPORATE GOVERNANCE SYSTEM

Arnoldo Mondadori Editore S.p.A. has chosen a corporate governance system organised on the basis of the “traditional” administration and control model pursuant to art. 2380-*bis et seq.* Civ. Code, with a Board of Directors and a Board of Statutory Auditors appointed by the shareholders’ meeting.

The Board of Directors plays a central role in the Issuer’s corporate governance system by determining the strategy and organisation of the Company and the Group.

Under the strategic lead provided by the Board of Directors, specific importance is attached to the pursuit – through a gradual process consisting of the stages and procedures illustrated later in this Report – of sustainable success, in terms of the creation of long-term value for the shareholders and taking into account the interests of all the Issuer’s key stakeholders.

All questions relating to current activities and the guidelines for the Group’s future activities in Sustainability are illustrated in the Non-Financial Disclosure drawn up and published pursuant to Lgs.Decree no. 254/2016, and set out in the Sustainability section of the website www.gruppomondadori.it.

SUSTAINABILITY STRATEGY

With regard to Sustainability, the Mondadori Group has attained a level of maturity that has enabled it to move from detailed reporting on its operations, in compliance with legal requirements, to a strategic approach aimed at the definition of ESG guidelines, consistently with the global objectives of the United Nations.

This has led the Mondadori Group to draw up its first Sustainability Plan, which identifies short-, medium- and long-term targets and measures to improve its environmental, social and governance performance as it pursues the sustainable success of the business.

The Plan was drawn up through a materiality analysis designed to identify the elements of strategic interest for the Group's activities.

The Group established points of focus taken from the main reference frameworks and carried out benchmarking and positioning analyses, as well as an assessment of the value chain and corporate priorities.

This mapping was flanked by multiple instances of stakeholder engagement: this phase saw the active involvement of Mondadori management, employees and other key interlocutors, including teachers and bookstore customers.

These analytical activities led the Group to determine the areas and strategic sustainability lines on which it intends to work in the future by attaining regularly updated targets set on an annual basis.

The three macro areas of the Sustainability Plan and the respective guidelines drawn up for 2022 reflect the identity of the Group, its mission and its role in society as a publisher.

SOCIAL

ENHANCEMENT OF PEOPLE, CONTENT AND PLACES FOR EDUCATION AND CULTURE

1. To become a reference model for diversity, equality and inclusion, enhancing and contributing to the well-being of our people through welfare tools and skills development.
2. To promote a fair and inclusive quality culture and education, that promotes continuous learning.
3. To create, plan and develop content of value and accessible, ESG-friendly products.
4. To support cultural activities for social development by valorising bookstores, schools, museums, social channels, events and partnerships.

GOVERNANCE

PROMOTION OF SUSTAINABLE BUSINESS SUCCESS

1. To pursue sustainable business success by fostering ESG integration in governance, corporate plans and the operating model, and by strengthening listening channels for stakeholders in order to develop paths for continuous improvement.
2. To maintain the highest standards for monitoring and managing risks and opportunities across the value chain.

ENVIRONMENT

PROMOTION OF ENVIRONMENTAL CULTURE AND MITIGATION OF IMPACT ON ECOSYSTEMS

1. To promote an environmental culture, in part through education geared to development and lifestyles of a more sustainable nature.
2. To mitigate environmental impact throughout the product life cycle by promoting protection of biodiversity and reduction of climate-altering emissions.

*

It should be noted that:

- i) the Issuer is classified as a PMI [*Piccola Media Impresa* – small-medium enterprise] pursuant to art. 1.1.w-*quater*.1), of the CFA and art. 2-*ter* of the Issuers Regulation, given 2021 average capitalisation of 461.5 million Euro;
- ii) the Issuer is covered by the Code's definition of company with concentrated ownership and therefore has flexible options for application of the Code.

The Board of Directors is vested with full powers of ordinary and extraordinary administration and consequently has a central role in the governance of the Company.

The Board of Directors has formed a Remuneration & Appointments Committee and a Control, Risks & Sustainability Committee, both with advisory and consultative functions in line with the recommendations of the Corporate Governance Code, and a Related Parties Committee pursuant to the RPT Regulation and the procedures concerning related-party transactions adopted by the Company.

The Board of Statutory Auditors monitors compliance with the law and the Articles of Association and oversees the management of the Company. It monitors compliance with the principles of correct governance, with a specific focus on the adequacy and operation of the Company's organisational, administrative and accounting structure.

Oversight of the accounts is entrusted to an auditing firm designated by the Shareholders' Meeting.

The operation, composition and competences of the Company's governing bodies are examined in detail in this Report.

As parent company, the Issuer directs corporate and group strategies and exercises management and coordination functions pursuant to arts. 2497 *et seq.* Civ. Code over its subsidiary companies in the Mondadori Group.

2. INFORMATION ON THE OWNERSHIP STRUCTURE (EX ART. 123-BIS.1, CFA) AS AT (16/03/2022)

A) STRUCTURE OF SHARE CAPITAL (EX ART. 123-BIS.1.A), CFA)

As at the date of approval of this Report, the share capital of Arnoldo Mondadori Editore S.p.A. was 67,979,168.40 Euro fully subscribed and paid-up, represented by 261,458,340 ordinary shares with a par value of 0.26 Euro each. Shares are recorded in a central dematerialised securities depository and are traded on the Mercato Telematico Azionario (MTA) - Euronext STAR Milan market organised and run by Borsa Italiana S.p.A.

Mondadori shares are registered, indivisible, and freely transferable shares which grant the right to vote at the Company's ordinary and extraordinary shareholders' meetings in accordance with law and the Articles of Association; furthermore, they grant the additional administrative and capital rights envisaged by law on shares with voting rights.

There are no other classes of shares or securities not traded on regulated markets.

No other financial instruments are issued that confer the right to subscribe newly-issued shares.

The structure of share capital at 31 December 2021 is illustrated in Table 1 attached to this Report.

B) RESTRICTIONS ON THE TRANSFER OF SHARES (EX ART. 123-BIS.1.B), CFA)

There are no restrictions on the transfer or holding of shares, nor are there any clauses for approval by the Company or other security holders regarding the transfer of shares.

C) MAJOR SHAREHOLDINGS (EX ART. 123-BIS.1.C), CFA)

Table 1 attached to this Report illustrates the major shareholdings in excess of 5% of capital or above the materiality threshold, held directly or indirectly, as reflected in the stock ledger and in data from the notices received pursuant to art. 120 Lgs.Decree no. 58/1998 and from other available information.

D) SECURITIES CONFERRING SPECIAL RIGHTS (EX ART. 123-BIS.1.D), CFA)

No shares have been issued that confer special control rights.

The extraordinary Shareholders' Meeting of 27 April 2017 approved an amendment to art. 7 of the Articles of Association with the introduction of a system of "increased voting rights", pursuant to art. 127-*quinquies* of the CFA, which, among other things, provides for a double voting right to be assigned to each share held by the same party for a continuous period of not less than 24 months, as from registration in the special list set up by the Company. As of the date of this Report, 139,359,650 shares representing 53.30% of the share capital and 69.72% of the voting capital were registered in the special list. Increased voting rights had vested on all the shares referred to above as of the date of this Report.

For further information about increased voting rights, see the Regulation for Increased Voting Rights published on the Company website www.gruppomondadori.it.

The Issuer's Articles of Association do not contemplate shares with multiple voting rights.

E) EMPLOYEE OWNERSHIP: MECHANISM FOR EXERCISE OF VOTING RIGHTS (EX ART. 123-BIS.1.E), CFA)

There is no specific mechanism for the exercise of voting rights that can be applied to an employee stock ownership plan.

F) RESTRICTIONS ON VOTING RIGHTS (EX ART. 123-BIS.1.F), CFA)

There are no restrictions on the exercise of voting rights with the exception of the treasury shares held by the Company on which voting rights are suspended pursuant to art. 2357-*ter* Civ. Code.

G) SHAREHOLDER AGREEMENTS (EX ART. 123-BIS.1.G), CFA)

The Board of Directors is not aware of the existence of any shareholder agreements as per art. 122 of Lgs.Decree no. 58/1998, regarding the exercise of the rights on shares or the transfer of shares.

H) CHANGE OF CONTROL CLAUSES (EX ART. 123-BIS.1.H), CFA) AND PROVISIONS OF THE ARTICLES OF ASSOCIATION WITH REGARD TO PUBLIC TENDER OFFERS (EX ARTS. 104.1-*TER*, AND 104-BIS.1)

In May 2021, a new agreement was contracted with a pool of banks relating to the negotiation of credit facilities for a total amount of 450 million Euro; as is customary for contracts of this nature, the agreement calls for the potential early repayment should the ownership structure of the Company change. Specifically, AME is required to notify the agent bank of any event that determines a change

of control at AME, within five business days. Within 30 business days, each bank will have the possibility to inform AME that it has cancelled its commitment relating to the credit facilities and, in that case, AME will be required to reimburse in full the share of the amounts and advances paid out by the bank in question (together with any other amount due) within 15 business days.

With regard to public tender offers, the Issuer's Articles of Association:

- (i) do not derogate from the provisions of the Passivity Rule envisaged by art.104.1 and 1-*bis* of the CFA,
- (ii) do not envisage the application of the breakthrough rule contemplated by art. 104-*bis*.2 and 3 of the CFA.

I) AUTHORISATIONS TO INCREASE THE SHARE CAPITAL AND BUY BACK OWN SHARES (EX ART. 123-BIS.1.M), CFA)

The Extraordinary Shareholders' Meeting held on 17 April 2019 resolved:

- a) to grant the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, the power to increase share capital, in one or more tranches and also on a divisible basis pursuant to art. 2439 Civ. Code, within five years of the resolution date, by a maximum nominal amount of 75,000,000.00 Euro, through the issue, in one or more tranches, of ordinary shares to be offered to holders of option rights as regulated by art. 2441.1 Civ. Code, with the power for the Board of Directors to establish, from time to time, the issue price, including any share premium, the dividend entitlement and the term for subscription of the new shares;
- b) to attribute, in accordance with art. 2443 Civ. Code, the power for the Board of Directors to increase the share capital by payment, on one or more occasions and also on a divisible basis pursuant to art. 2439 Civ. code, within five years of the resolution, with the exclusion of option rights, pursuant to art. 2441.4, second section, Civ. Code, through the issue, in or more tranches, of a number of ordinary shares not exceeding 10% (ten percent) of the total number of shares making up the share capital of Arnoldo Mondadori Editore at the date of the exercise of the attributed power and, in any case, for a nominal amount not exceeding 20,000,000.00 Euro, with the power for the Board of Directors to establish, from time to time, the issue price, including any premium, the dividend entitlement and the term for subscription of the new shares, as well as the possible allocation of all or part of the share capital increase to service the conversion of bonds issued by third parties, both in Italy and abroad, or warrants, with the limit and on condition that, in accordance with art. 2441.4, second section, Civ. Code, the issue price corresponds to the market value of the shares and that this is confirmed in a specific report by the independent auditor or auditing firm.

In consideration of the expiration of the previous shareholder authorisation granted on 22 April 2020 and to ensure that the Board of Directors would retain the power to take any opportunities for the investment and trading of treasury shares, the Shareholders' Meeting of 27 April 2021 resolved to renew the authorisation to buy back own shares, pursuant to art. 2357 Civ. Code, for a duration expiring on the approval of the financial statements as at and for the year ended 31 December 2021. Furthermore, pursuant to art. 2357-*ter* Civ. Code, the Shareholders' Meeting authorised the use of bought back shares, on the grounds detailed below.

The main elements of the share buyback program authorised by the Shareholders' Meeting are set out below:

1. Reasons

- to use bought-back shares as consideration for the acquisition of equity investments under the Company's investment policy;
- to use bought-back shares in relation to the exercise of conversion rights or other options on financial instruments issued by the Company, subsidiaries or third parties, and to use the treasury shares for loan, exchange or conferral transactions or to service extraordinary capital transactions or financing transactions or incentives that involve the assignment or disposal of treasury shares;
- to carry out, directly or through brokers, investment transactions to contain sharp swings in listed share prices, to normalise trading and share price trends and to support the stock's liquidity on the market, so as to promote regular trading independently of the normal variations associated with market trends, all in compliance with current regulations;
- to take investment or disinvestment opportunities, when deemed to be to the strategic benefit of the Company, and in proportion to available liquidity;
- to use the treasury shares to service share-based incentive plans, pursuant to art. 114-*bis* of the CFA, and programs for the bonus issue of shares to the employees or to the members of the board of directors or board of statutory auditors of the Issuer or of an associated company or to the shareholders.

2. Maximum number of shares that may be bought back

The authorisation refers to the purchase on one or more occasions and in one or more tranches of a maximum number of ordinary shares with a per-share par value of 0.26 Euro that – taking into account the Company's existing treasury shares and any shares it might purchase from subsidiaries – does not exceed 10% of the share capital.

3. Buyback procedures and information on the minimum and maximum consideration

Buybacks shall be executed, in compliance with the principle of equality of treatment of the Shareholders envisaged by art. 132 of the CFA, through any of the procedures specified by art. 144-*bis* of the Issuers Regulation, to be selected from time to time, and by any other current law and, where applicable, by the market practices allowed from time to time. Furthermore, share buybacks may also be executed through the procedures envisaged by art. 3 of the Delegated Regulation (EU) no. 2016/1052 in order to benefit, where there are appropriate grounds, from the exemption as per art. 5.1 of Regulation (EU) no. 596/2014 relating to market abuse with reference to insider dealing and market manipulation.

With regard to disposal transactions, the authorisation would allow any appropriate procedure to be adopted to achieve the specific objectives – including the use of the treasury shares to service share-based incentive plans and/or the sale of property and/or personal rights and/or securities lending – to be implemented directly or through brokers, in compliance with current laws and regulations.

Without prejudice to the purchase of own shares in compliance with the terms, conditions and requirements established by law and community law and by allowed market practices, the minimum and maximum purchase consideration would be set at a per-share price that is not more than 20% below the official market price of Arnoldo Mondadori Editore S.p.A. shares on the day preceding the day of the purchase, and not more than 10% above the official market price on the day preceding the purchase.

With regard to purchase prices, the additional conditions as at art. 3 of the Delegated Regulation (EU) 2016/1052 referred to above would apply in all cases.

In accordance with art. 2357.1 Civ. Code, buybacks would in all cases be executed within the limits of the available “surplus reserve”, as reflected in the most recently approved financial statements.

With regard to the definition of volumes and per-share prices, purchases would in all cases be executed in compliance with the conditions governed by art. 3 of the Delegated Regulation (EU) 2016/1052, more specifically:

- shares shall not be purchased at a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading floor where the purchase is carried out;
- with regard to volumes, daily purchase volumes shall not exceed 25% of the average daily volume of traded Arnoldo Mondadori Editore S.p.A. shares in the 20 trading days preceding the date of purchase.

Purchases for the purpose of supporting market liquidity shall also be executed in compliance with the conditions laid out by the allowed market practices.

4. Duration

The term of the purchase authorisation expires at the date of the Shareholders' Meeting called to approve the financial statements as at and for the year ended 31 December 2021, whereas the term of the authorisation for the disposal of treasury shares has no time limits, in view of the absence of indications on the matter under current law and of the advisability of enabling the Board of Directors to act with the greatest flexibility, also as regards time, when disposing of shares.

BUYBACKS EXECUTED DURING THE FINANCIAL YEAR

During the financial year under review, the Company bought back a total of 860,000 own shares on the market, representing 0.33% of the share capital. The purchases were carried out in execution of the buyback program as at art. 5 of Regulation (EU) 596/2014, disclosed to the market on 13 May 2021 and intended exclusively to service the three-year Performance Share Plans established by the ordinary shareholders' meeting pursuant to art.114-*bis* of the CFA.

Over the same period, a total of 1,648,488 shares already held in portfolio as treasury shares have been assigned to the Beneficiaries of the 2018-2020 Performance Share Plan.

Including the 1,838,326 shares in portfolio at the date of the shareholders' meeting of 27 April 2021, at the date of this report the Company holds a total of 1,049,838 treasury shares, representing 0.402% of the share capital.

J) MANAGEMENT AND COORDINATION ACTIVITIES (EX. ART. 2497 ET SEQ. C.C.)

While Fininvest S.p.A. holds a controlling share pursuant to art. 2359 Civ. Code, it does not exercise management and coordination activities as per arts. 2497 *et seq.* C.C. over Arnoldo Mondadori Editore S.p.A., and confines itself to financial management of its equity investment in the Company.

3. COMPLIANCE (EX ART. 123-BIS.2.A), PART ONE, CFA)

Arnoldo Mondadori Editore S.p.A. adheres to the Corporate Governance Code as approved by the Corporate Governance Committee in January 2020 and published on the website www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm, recognising the Code as a reference model for its own organisational structure and corporate governance practices.

The corporate governance system applied by the Company is described below, indicating the procedures and measures adopted or planned for compliance with each principle or recommendation.

Arnoldo Mondadori Editore S.p.A. and its subsidiaries are not subject to non-Italian laws that influence its corporate governance structure.

4. BOARD OF DIRECTORS

4.1 ROLE OF THE BOARD OF DIRECTORS

The Board of Directors plays a central role in the Issuer's corporate governance system by determining the strategy and organisation of the Company and the Group and, pursuant to the Articles of Association, has full powers of ordinary and extraordinary management of the Company, without prejudice to the powers and functions reserved by law to the shareholders' meeting.

Specifically, the Board of Directors:

- a) examines and approves the projected results set out in the budget and the industrial and financial strategic plans of the Company and the Group, based on its analysis of key issues for the long-term creation of value, and monitors their implementation;
- b) using the information it receives from the Chief Executive Officer on at least a quarterly basis, assesses general operating performance and compares actual results with projections;
- c) with the advisory and recommendatory support of the specific Committee, defines guidelines for the internal control and risk management system, determining the level of compatibility of said risks with management consistent with the strategic objectives, including in its assessments the risks that could become significant over the medium/long-term with regard to sustainability;
- d) examines and approves the corporate governance system of the Company and the structure of the Group;
- e) with the support of the Control, Risks & Sustainability Committee, evaluates the adequacy of the administrative and accounting organisational structure of the Company and strategically significant subsidiaries, with particular reference to subsidiaries that are significant for consolidation purposes;
- f) at least once a year, ascertains that the internal control and risk management system is fit for purpose in consideration of the characteristics of the Company and its risk profile, and assesses its effectiveness;
- g) at least once a year, and after consulting with the Board of Statutory Auditors and the Director in charge of the internal control and risk management system, approves the action plan prepared by the Head of the Internal Audit function;
- h) appoints and revokes the Head of the Internal Audit function as proposed by the director in charge of the internal control and risk management system, after obtaining the favourable opinion of the Control, Risks & Sustainability Committee and consulting with the Board of Statutory Auditors. With the support of the Control, Risks & Sustainability Committee, it also verifies that the Internal Audit function is provided with adequate resources to carry out its responsibilities;
- i) after consulting with the Board of Statutory Auditors, evaluates the findings set out by the independent auditor in any qualified opinion letter and in its report on the fundamental questions that emerged during the statutory audit;

j) attributes and revokes the powers of the Chief Executive Officer, determining their limits and exercise, and, on a proposal of the Remuneration & Appointments Committee and after consultation with the Board of Statutory Auditors pursuant to art. 2389 C.C., determines the remuneration of the Chief Executive Officer and the other directors with special responsibilities;

l) on the proposal of the Chair in agreement with the Chief Executive Officer, adopts a procedure for the internal management and public disclosure of documents and information concerning the Company, with particular reference to insider information;

m) approves in advance all Company transactions with a material impact on business performance, financial position and cash flow. Specifically, a Board resolution has determined that the following types of transactions be considered to be of material impact, and that their examination and approval be exclusively reserved to the Board of Directors:

- acquisitions, conferrals and sales of equity investments, company divisions and real estate assets;
- joint venture agreements;
- the issue of personal guarantees and collateral to third parties in the interest of the Company or of its subsidiaries, for amounts over 20 million Euro;
- investments in property, plant and equipment for amounts over 5 million Euro per investment.

The Board of Directors examines and approves in advance all transactions that have a material strategic impact on the business performance, financial position and cash flow of the Company and its subsidiaries.

The transactions pertaining to subsidiaries that must be submitted for approval to the Board of Directors of Arnoldo Mondadori Editore S.p.A. are classified as material on the basis of subject and value.

Specifically, the following transactions pertaining to subsidiaries are identified as material:

- acquisitions, conferrals and sales of equity investments;
- joint venture agreements;
- acquisitions, conferrals and sales of companies and company divisions;
- acquisition and sale of real estate;
- investments in property, plant and equipment of greatest importance to the Group;
- taking on of loans, issue of personal guarantees or collateral;

in the event that one or more of the following criteria apply:

the transactions qualify as liable to significantly influence the share price pursuant to Lgs. Decree 58/1998, and as such are subject to mandatory disclosure to the market;

- transactions that have a material impact on business performance, financial position and cash flow.

Specifically, any transaction of the types listed above with a value of more than 15 million Euro in terms of total amount or consideration, qualifies as having a material impact on business performance, financial position and cash flow.

4.2 APPOINTMENT AND REPLACEMENT (EX ART. 123-BIS.1.L), PART ONE, CFA)

The appointment and replacement of Directors are regulated by current law, as enacted and, to the extent allowed, by the Articles of Association.

The provisions of art. 17 of the current Articles of Association with regard to the procedures of the list voting system used to appoint Directors are set out below.

Pursuant to art. 17.1 of the Articles of Association, Arnoldo Mondadori Editore S.p.A. is governed by a Board of Directors consisting of not fewer than seven and not more than 15 members, and the number of directors within these limits is established by the Shareholders' Meeting.

Pursuant to art. 17 of the Articles of Association, the Directors are elected by list voting and must be in possession of the requirements indicated by the applicable primary and secondary legislation and may be re-elected.

Under Consob Determination no. 60 of 28 January 2022, the current minimum ownership stake required for the submission of lists at Arnoldo Mondadori Editore is set at 2.5% of its share capital. The same minimum ownership stake of 2.5% was applicable at the time of the appointment of the Board of Directors by the Shareholders' Meeting of 27 April 2021.

As a company listed on the Euronext STAR Milan segment of Borsa Italiana, under art. 2.2.3.3 of the Borsa Italiana Regulation, in order to maintain its STAR status Arnoldo Mondadori Editore S.p.A. is required, among other things, to guarantee an adequate number of non-executive and independent directors, all with appropriate professionalism and competences for the tasks assigned to them, in compliance with current law.

During the financial year under review, the Board of Directors approved amendments to align the Articles of Association with the new provisions of law concerning gender balance in the governing and control bodies of listed companies, pursuant to arts. 147-*ter*.1-*ter* and 148.1-*bis* of Lgs.Decree no. 58/1998 (as most recently amended by Law no. 160/2019).

Specifically, Law no. 160/2019 increased the share of the less represented gender in the governing and control bodies of listed companies from one third to two fifths.

Two fifths of the members of the current Board of Directors elected by the Shareholders' Meeting of 27 April 2021 is made up of the "less represented gender" in compliance with the laws on gender balance.

Pursuant to art. 17.3 of the Articles of Association, in relation to the subdivision of the directors to appoint, lists that have not obtained a percentage of votes equal to at least half that required for their presentation are not taken into account, as allowed by art. 147-*ter* of Lgs.Decree no. 58/1998.

The provisions of the Articles of Association regulating the composition and appointment of the Board of Directors guarantee compliance with legal requirements as per art. 147-*ter* of Lgs.Decree no. 58/1998 and its implementing rules, as indicated in art. 17 of the Articles of Association set out below.

The Company is not subject to additional laws concerning the composition of the Board of Directors other than the provisions of the Italian Civil Code and Lgs.Decree no. 58/1998, referenced by art. 17 of the Articles of Association set out below.

Article 17 of the Articles of Association:

17.1 The Company is managed by a Board of Directors composed of seven to fifteen directors, who must meet the requirements envisaged by the applicable primary and secondary regulations and whose terms of office may also be renewed.

17.2 Before proceeding with the appointment of the members of the Board of Directors, the Shareholders' Meeting shall determine the relevant number and the term of office in compliance with the time requirements established by law.

17.3 The Board of Directors is appointed by the Shareholders' Meeting on the basis of lists containing not more than fifteen candidates, with each one being attributed a progressive number. A candidate may only be present in one list, otherwise s/he is ineligible for election. The shareholders with voting rights have the right to submit the lists, alone or together with other shareholders, when they represent at least the percentage of share capital, subscribed as of the date of submission of the list, determined and published by Consob pursuant to the regulation adopted by means of resolution no. 11971 of 14 May 1999 and subsequent changes and additions (hereinafter also "Issuers' Regulation"). The ownership of the share capital is determined by taking into account the shares that have been registered in favour of the shareholders on the day in which the list is filed with the Company, with reference to the subscribed capital as of the same date. The relevant confirmation or certification may be notified or produced also subsequent to the filing of the list, provided that it is served to the Company within the term established for the publication of the lists by the Company. The Company allows the shareholders who wish to submit lists to submit them by at least one means of remote communication, in accordance with the procedures indicated in the relevant call for the Shareholders' Meeting which allow for the identification of the shareholders upon submission. The interest percentage required for the submission of the lists of candidates for election to the Board of Directors is specified in the notice of call for the Shareholders' Meeting convened to deliberate the appointment of the Board. No shareholder may submit or vote more than one list, either directly or through nominees or trust companies. Shareholders belonging to the same group – being herein intended as the parent company, subsidiaries and companies under joint control – and shareholders who have adhered to a shareholders' agreement pursuant to article 122 Lgs.Decree no. 58/1998 referring to the Issuer's shares, may not submit nor vote more than one list, directly or through third parties or trust companies. Any list that contains no more than seven candidates shall include and identify at least one candidate who meets the criteria set out in Lgs.Decree no. 58/1998 for the independent directors of listed companies (hereinafter also "Independent Directors pursuant to Lgs.Decree no. 58/1998" or "Independent Director pursuant to Lgs.Decree no. 58/1998"). Any list that contains a number of candidates exceeding seven shall include and identify at least two candidates who meet the criteria for directors set out in Lgs.Decree no. 58/1998. In order to ensure a gender balance in compliance with the applicable laws and regulations, lists containing three or more candidates must have candidates of both genders, in the proportions indicated by the applicable laws and regulations governing gender balance. The lists are filed with the Company by the twenty-fifth day preceding the date scheduled for the Shareholders' Meeting on first or single call convened to deliberate the appointment of the members of the Board of Directors, and made available to the public at the Company's registered office, on the website and by other means envisaged by the applicable regulatory provisions, at least twenty-one days before the date of the Shareholders' Meeting. The lists shall include: a) information relative to the identity of the shareholders who have submitted the lists with indication of the percentage interest; b) a declaration from the shareholders who have submitted the lists and other than those who hold, also collectively, a controlling interest or a relative majority, certifying the non-existence or the existence of relations with the latter, as per article 144-quinquies, first paragraph, of the "Issuers' Regulation"; c) exhaustive information on the personal and professional characteristics of the candidates as well as a declaration by the same certifying that they meet the requirements envisaged by law and that they accept the candidacy, as well as their eventual compliance with the independence requirements specified in article 148, paragraph 3 of Italian Legislative Decree no. 58/1998. The lists submitted without compliance with the afore specified provisions shall not be presented for voting. Before the

vote, the Chair of the meeting shall make reference to any declarations under letter b) above, inviting participants, who have not filed or contributed to the filing of any lists, to declare any possible relations as specified above. Should a party that has relations with one or more reference shareholders vote for a minority list, the existence of such relationship becomes relevant only if the vote is decisive for the appointment of the director. In relation to the breakdown of the directors to be appointed, the lists that have not obtained a percentage of votes at least equal to half that required for the relevant submission are not taken into account.

17.3-bis If several lists have obtained the percentage of votes required pursuant to the paragraph above, the directors shall be elected as follows: a) the number of candidates elected to the office of director in the list that has obtained the highest number of votes shall be: (i) directors to be elected except for the last, according to the progressive order of the list or (ii) those indicated in the same list in which their number is lower than the number of directors to be elected; b) also elected will be the remaining director, or the higher number of directors in the cases indicated under (ii) above, from the list that is second in terms of the number of votes obtained and is not connected, directly or indirectly, with the shareholders that submitted or voted for the list that obtained the highest number of votes. If more than one director is selected from the second list, the candidates indicated therein shall be elected in the progressive order in which they are listed. If two or more lists have obtained an equal number of votes, the one presented with the highest share of capital will prevail, or, in the event of a tie, the one with the largest number of shareholders. The first ranking candidate in the list that has obtained the highest number of votes shall be appointed Chair of the Board of Directors. If independent directors are not elected from the majority list pursuant to Legislative Decree 58/1998, in the minimum number provided by the provisions of the law and the regulations, instead of the candidate in the first place of the second list in terms of the number of votes obtained, the first candidate, in progressive order, of that list with the aforementioned independence requirement will be elected. If following the completion of the voting and the procedures above the composition of the Board of Directors is not in line with the laws applicable from time to time regarding gender balance, as many elected candidates as necessary will be excluded, from among those that are last in order of preference on the majority list, and replaced with candidates that have the necessary gender characteristics taken from the list based on the progressive order in which they are listed, provided the minimum number of independent directors pursuant to Legislative Decree 58/1998 as required by the applicable provisions is reached. If the procedures set forth in the previous paragraphs of this section 3-bis do not provide the result required with regard to Independent Directors pursuant to Legislative Decree 58/1998 and/or gender balance, the replacement will be made with a resolution of the Shareholders' Meeting carried by relative majority, following presentation of candidacies of individuals who possess the necessary independence requirements or who belong to the less represented gender.

17.4 Should one single list be presented, the Shareholders' Meeting shall express its vote on it and, if that list obtains the majority requested by articles 2368 et seq. of the Italian Civil Code, the candidates, in progressive order, shall be elected directors up to the number of directors established by the Shareholders' Meeting. The candidate indicated as first in the list is appointed Chair of the Board of Directors. If by this process for the appointment of a Board of Directors the regulatory provisions concerning independent directors and/or the balance between genders are not satisfied, the procedure outlined in paragraph 3-bis above of this article will be adopted.

17.5 In the absence of lists or if no person obtains the percentage of votes indicated under par. 3 above of this article or in the case in which through the voting procedure by list the number of

candidates elected is lower than the number established by the Shareholders' Meeting, the Board of Directors shall be respectively appointed or supplemented by the Shareholders' Meeting according to the majorities established by law.

17.6 In the event that one or more directors cease to hold office for whatever reason, the remaining directors shall replace them by co-opting new directors pursuant to art. 2386 Italian Civil Code, subject to the obligation to ensure the minimum number of Independent Directors pursuant to Lgs.Decree 58/1998 and the applicable provisions with regard to gender balance. In particular: a) if the departing director was selected from a list containing names of candidates that were not elected, the Board of Directors will make the substitution by appointing, in progressive order, the first candidate who was not elected from the list that the departing director was part of, provided (i) the candidate can be elected at the given time and is willing to take on the office and (ii) the provisions applicable from time to time regarding gender balance are complied with; b) an Independent Director pursuant to Italian Legislative Decree no. 58/1998 departs, the Board of Directors will make the replacement by appointing, to the extent that this is possible, the first of independent directors who were not elected from the list which the departing independent director was listed on, provided that the provisions applicable from time to time regarding gender balance are complied with; c) if there remain no candidates from the aforementioned list that have not been elected previously, or the procedures for replacement do not allow for compliance with the presence on the Board of the minimum number of Independent Directors established pursuant to Legislative Decree 58/1998 or which is compliant with the laws applicable from time to time regarding the less represented gender, or if, at the time of election, lists are not submitted, the Board of Directors will replace the departing directors without observing the provisions set forth under points a) and b) above, in compliance with the regulations applicable from time to time regarding independent directors and gender balance. The appointment, by the shareholders, of directors to replace outgoing directors, including co-opted directors, is made freely with the majorities established by law, without prejudice to the obligation to comply with the minimum number of Independent Directors pursuant to Lgs.Decree 58/1998 and current provisions concerning gender balance.

The appointment of the members of the Board of Directors by the Shareholders' Meeting of 27 April 2021 was on the basis of the lists presented, pursuant to art. 17 of the Articles of Association and in compliance with current laws and regulations, as follows: one by the majority shareholder Fininvest S.p.A., owner of an interest of 53.299% of the share capital for a total of 139,355,950 shares, and the other by a shareholder grouping of asset managers and institutional investors, holding a total of 9,856,881 shares representing 3.769% of the share capital.

The lists in question were accompanied by the declarations of the individual candidates attesting the non-existence of causes of ineligibility and incompatibility and the existence of the requirements for the assumption of office, and by a *curriculum vitae* setting out personal and professional characteristics and, where relevant, indicating their qualification as independent pursuant to the Corporate Governance Code and art. 147-ter of Lgs.Decree no. 58/1998 and current regulations.

The shareholders forming the grouping of asset managers and institutional investors filed together with the lists, also pursuant to Consob Communication no. DEM/9017893 of 26 February 2009, declarations attesting to the absence of connections and or significant relationships with the shareholders who alone or together hold a controlling or relative majority interest, as envisaged by articles 147-ter.3, 148.2 of the CFA and 144-quinquies of the Issuers Regulation.

During the financial year under review, the Board of Directors, on the proposal of the Remuneration & Appointments Committee, approved the Policy on criteria for assessment of the independence requirements for directors, which sets out the quantitative and qualitative criteria for assessment of the materiality of the relations indicated in Recommendation 7 heads c) and d) of the Corporate Governance Code. The material has been published on the website www.gruppomondadori.it, in the Governance section.

4.3 COMPOSITION (EX ART. 123-BIS.2.D) AND D-BIS, CFA)

The Board of Directors was appointed by the Shareholders' Meeting on 27 April 2021, with a three-year term of office, that is, until the Shareholders' Meeting to approve the financial statements as at and for the year ending 31 December 2023.

At the end of the financial year to which this Report refers, the Board of Directors was composed of 12 directors as follows:

- 3 Executive Directors:

Marina Berlusconi, Chair.

Although the Chair does not hold individual management authority in the Company, she qualifies as an Executive Director since she works alongside the Chief Executive Officer on the development of strategies to be submitted to the Board of Directors for approval.

Antonio Porro, Chief Executive Officer.

Alessandro Edoardo Franzosi, who qualifies as an Executive Director based on his executive positions in the Company as Central Director for Administration, Finance & Control.

- **9 Non-Executive Directors**, defined as such because they do not hold individual management authority or executive positions in the Company (or in strategic Group companies), or positions in the controlling company of relevance to the Company:

Pier Silvio Berlusconi

Elena Biffi - who is also an Independent Director

Valentina Casella - who is also an Independent Director

Francesco Currò

Paola Elisabetta Galbiati - who is also an Independent Director

Daniilo Pellegrino

Alceo Rapagna - who is also an Independent Director

Angelo Renoldi - who is also an Independent Director

Cristina Rossello

Personal and professional biographies of each member of the Board of Directors can be found on the website www.gruppomondadori.it - Governance section.

The reader is referred to Table 2 attached to this Report for full details about the composition of the Board of Directors.

DIVERSITY CRITERIA AND POLICIES IN THE COMPOSITION OF THE BOARD AND THE CORPORATE ORGANISATION

During the year under review, on the proposal of the Remuneration & Appointments Committee, and in consideration of the findings of the self-assessment conducted during the year, the Board of Directors approved the Guidance on the quali-quantitative composition deemed to be optimal by the Board of Directors. The material referred to above is published on the website www.gruppomondadori.it, in the Governance section, and is available on the 1info authorised storage system (www.1info.it).

Taking into account the indications of the Code with regard to professional characteristics, experience, including managerial experience, and diversity and considering the competences deemed necessary in light of the nature of the sector in which the Company operates, in drawing up its guidance on the qualitative composition of the governing body, the Board of Directors highlighted the importance of:

- a) ensuring and enhancing gender diversity, in compliance with the Code and the applicable laws and regulations referred to above;
- b) enhancing the various professional skills on the Board of Directors, given the advisability of the presence of persons with competences in the sector in which the Company operates, in finance, law and corporate governance, digital technology, internal control system, sustainability, communication, in order to ensure complementarity and exchanges of experience and competences in the governing body.

Although the Company does not have a specific diversity policy at present, the current composition of the Board of Directors as regards age, gender and educational/professional background provides a mix of the main complementary competences and experiences necessary for the strategic and substantial contribution required by the management of the Company and its specific line of business.

With reference to the corporate organisation, during the year under review, a new Diversity & Inclusion function reporting directly to the Chief Executive Officer was set up, to valorise diversity in terms of gender, age and competences and foster inclusivity in the Company. The new function will work systematically to collect the data needed to analyse and manage phenomena such as the gender pay gap and the co-existence of different generations in the workplace and promote growth paths open to everyone, fostering the development of interfunctional projects that embrace business challenges and the diversity culture.

LIMIT ON ACCUMULATION OF POSITIONS HELD IN OTHER COMPANIES

Specific guidance is not provided with respect to the maximum number of directorships or auditorships that members of the Board of Directors may hold, since the assessment is the responsibility of the individual director when accepting an appointment.

This position also applies with reference to the Regulation of the Board of Directors mentioned in section 4.4 below, which provides that acceptance of the position requires all the Company Directors to make a prior assessment of their ability to devote the necessary time to diligent performance of the tasks and responsibilities assigned to them.

The following table lists the positions held by the current members of the Board of Directors of Arnoldo Mondadori Editore S.p.A. as director or [statutory auditor] in other listed and non-listed companies, and, for the purposes of completeness, offices held within the Mondadori Group, even for a period of less than a year.

Board of Directors	Positions held by the directors
Marina Berlusconi	Chair of Fininvest S.p.A. Director of MFE-MEDIAFOREUROPE N.V.
Ernesto Mauri (In office until 27/04/2021)	Chair of Mondadori Libri S.p.A. (until 27/04/2021) Director of Mondadori Retail S.p.A. (until 27/04/2021) Chair of Mondadori Media S.p.A. (until 27/4/2021) Deputy Chair of Mediamond S.p.A (until 27/4/2021) Chair of Audipress S.r.l.
Antonio Stefano Porro (In office as from 27/4/2021)	Chair of Mondadori Libri S.p.A. Chair of Mondadori Media S.p.A. (since 10/5/2021) Deputy Chair of Mediamond S.p.A. (since 3/5/2021) Director of Giulio Einaudi Editore S.p.A.
Paolo Guglielmo Luigi Ainio (In office until 27/04/2021)	Chair of Pups S.r.l. Chair of il Post S.r.l. Director of P19 S.r.l.
Pier Silvio Berlusconi	Deputy Chair and Chief Executive Officer of Mediaset S.p.A. Chief Executive Officer di MFE-MEDIAFOREUROPE N.V. Chair of Medusa Film S.p.A. Chair and Chief Executive Officer of R.T.I. S.p.A. Director of Publitalia '80 S.p.A. Director of Fininvest S.p.A.
Valentina Casella (in office as from 27/4/2021)	Director of Banco Desio e della Brianza S.p.A. Director of Italmobiliare S.p.A.
Francesco Currò	
Elena Biffi	Director of FinecoBank S.p.A. Director of Revo S.p.A. Director of Elba Compagnia di Assicurazioni e Riassicurazioni S.p.A.
Patrizia Giangualano (In office until 27/04/2021)	Director of Astm S.p.A. Director of Leonardo S.p.A. Director of Sea Aeroporti S.p.A. Director of Epta S.p.A. Director of PBI Holding (now Aidexa Holding) Director of Saipem S.p.A. Director of Salvatore Ferragamo S.p.A.
Martina Forneron Mondadori (In office until 27/04/2021)	
Alessandro Edoardo Franzosi	Director of Electa S.p.A. Director of Mondadori Education S.p.A. Director of Rizzoli Education S.p.A. Director of Giulio Einaudi editore S.p.A. Director of Mondadori Libri S.p.A. Director of Mondadori Scienza S.p.A. (until 8/4/2021) Director of Mondadori Retail S.p.A. Director of Mondadori Media S.p.A. Director of Attica Publications S.A. Director of D Scuola S.p.A. (since 16/12/2021)

	Director of Mediamond S.p.A. Director of SEE S.p.A.
Danilo Pellegrino	Deputy Chair of Il Teatro Manzoni S.p.A. Chair of ISIM S.p.A. Chief Executive Officer of Fininvest S.p.A. Director of MFE-MEDIAFOREUROPE N.V. Chair of Alba Servizi Aerotrasporti S.p.A. Director of A.C. Monza S.p.A.
Paola Elisabetta Galbiati (In office as from 27/4/2021)	Director of Illimity Bank S.p.A. Director of Illimity Sgr Director of Unieuro S.p.A.
Roberto Poli (In office until 27/04/2021)	Director of FIMITA S.r.l. Director of Ospedale San Raffaele S.r.l. Chair of the Board of Istituto Ortopedico Galeazzi S.p.A. Director of Tesa S.p.A.
Angelo Renoldi	Chair of Mediolanum Assicurazioni S.p.A. Chair of Mediolanum Vita S.p.A.
Mario Resca (In office until 27/04/2021)	Chair of Mondadori Retail S.p.A. President of Confimprese Chair of Confimprese Servizi S.r.l. Private Equity Fund Advisor at Ergon Capital Investment Director of Visionnaire Director of Sausalitos Holding GmbH Director of Fabbrica Servizi Veneranda Fabbrica del Duomo S.r.l. Director of IPE S.p.A.
Alceo Rapagna (In office as from 27/4/2021)	Chief Executive Officer of A-cclerator Italy S.r.l. Chief Executive Officer of Innoleaps Services Netherlands B.V. Sole Director of SBC Fashiontech 1921 S.r.l. Chief Executive Officer of SBC Fintech Milan 2224 S.r.l. Sole Director of SBC Sportstech Rome 2224 S.r.l. Director of Lampoo S.r.l. Director of A-Live S.r.l.
Cristina Rossello	Director of Spafid S.p.A. Director of Spafid Family Office SIM S.p.A. Director of AC Monza S.p.A. Director of Branca Real Estate S.r.l. Director of Fratelli Branca Distillerie S.r.l. Director of Il Teatro Manzoni S.p.A. Chair of Centro Studi Fratelli Branca S.r.l.

4.4. OPERATION OF THE BOARD OF DIRECTORS (EX ART. 123-BIS.2.D), CFA)

The Board of Directors has adopted a regulation that sets out the principles and procedures by which the Board itself and the Board Committees operate, to ensure effective management of meetings and information provided at and before meetings.

Specifically, with regard to content, the regulation governs:

- procedures and timing for the drafting and approval of the minutes of meetings;
- procedures for the management of pre-meeting information for the Directors. Through the Secretary to the Board, the Chair ensures that the Directors receive adequate information about the items on the agenda of each meeting.

Ancillary documents on the items on the agenda of the meetings are made available to each Director and Statutory Auditor no later than the third day before the day of the meeting. Only in urgent situations is information made available as soon as possible and in any case before the start of the meeting.

In urgent situations and/or in the event of specific circumstances, the ancillary documents are supplemented and/or replaced with special pre-meeting induction sessions to illustrate the subjects to be discussed.

When the information made available is voluminous or complex, and if deemed appropriate by the Chair, it may be accompanied by a summary of key points of importance for the discussion, on the understanding that the summary cannot be considered in any way as a substitute for the full documentation sent to the Directors.

All the Directors and Statutory Auditors are required to keep the documents and information acquired in the performance of their duties confidential and to comply with the procedures adopted by the Company for the internal management and public disclosure of such documents and information.

With reference to management of insider information as per Regulation (EU) no. 596/2014, the specific "Insider Information Procedure" approved by the Board of Directors is applied.

In 2021, the Board of Directors held 10 meetings, which were regularly attended by the Board of Statutory Auditors. Each meeting lasted, on average, two hours.

Table 2 attached to this Report shows the attendance rate at the meetings of each director.

With regard to the meetings of the Board of Directors planned for 2022, as of the time of writing, 3 meetings had been held and the following additional meetings are planned, as per the published corporate calendar¹:

- 12 May 2022 (approval of additional periodical financial information at 31 March 2022)
- 28 July 2022 (approval of the half-year financial report at 30 June 2022)
- 10 November 2022 (approval of additional periodical financial information at 30 September 2022)

On the initiative of the Chief Executive Officer or at the request of the Directors, the Chair may ask Company or subsidiary heads of division and, as applicable, consultants, to attend Board meetings in order to bring specific issues concerning their business divisions to the Directors' attention and deepen their understanding of Company situations and dynamics.

The Chief Executive Officer also ensures that the managers of the business divisions that may have an interest in the items on the agenda be available to intervene at Board meetings if required.

Induction program

During the financial year under review, and given the appointment of the new Board and the new Board of Statutory Auditors, special induction sessions were organised to give Directors and Statutory Auditors an adequate understanding of the Company's line of business, the company dynamics, the principles of correct risk management and the relevant laws and regulations.

The induction sessions coordinated by the Chief Executive Officer and held by Group managers covered a number of questions relating to the Group's general organisational structure and governance and internal control system, the activities and characteristics of its business areas and the relevant laws and regulations.

¹ The Company is required to draw up and publish quarterly results by virtue of its inclusion since 29 November 2016 in the STAR Segment. Should it leave the STAR Segment, quarterly reporting would be optional.

4.5 ROLE OF THE CHAIR OF THE BOARD OF DIRECTORS

In accordance with the Articles of Association, the Chair of the Board of Directors, who does not hold individual management powers, legally represents the Company before third parties and in court. The Chair works alongside the Chief Executive Officer on the development of corporate business strategies to be submitted to the Board of Directors for approval.

The Chair provides a link between the executive and the non-executive directors and ensures the effective operation of the Board.

With the assistance of the Secretary to the Board, the Chair ensures:

- a) that pre-meeting information and supplementary information provided during meetings is adequate to allow the directors to perform their role in an informed manner;
- b) that the activities of the board committees with preparatory, recommendatory and advisory functions are coordinated with the activities of the board of directors;
- c) in agreement with the Chief Executive Officer, depending on the subject under discussion, that the heads of functions of the Company and the Group companies attend the board meetings, also at the request of individual directors, to provide details about the items on the agenda;
- d) that all the members of the governance and control bodies are able to take part, after their appointment and during their term of office, in initiatives set up to provide them with an adequate understanding of the company's line of business and company dynamics and their evolution with regard to the company's sustainable success, and of the principles of correct risk management and of relevant laws and regulations;
- e) the adequacy and transparency of the board self-assessment process, with the support of the appointments committee;
- f) the appointment and termination of the Secretary to the Board of Directors, establishing the relevant professionalism requirements and powers in the Board regulation.

SECRETARY TO THE BOARD OF DIRECTORS

The Board of Directors is responsible for the appointment and termination of the Secretary, on the proposal of the Chair, and for establishing the professionalism requirements and powers of the Secretary, specifying that such requirements and powers are set out in the Board regulation.

Specifically, the Secretary to the Board is a Company employee or an external party with at least three years professional experience with the Corporate Affairs function of listed Issuers or who has acquired, in a different capacity, an appropriate professional experience with regard to the laws governing listed companies and regulated markets.

During the year under review, on the proposal of the Chair and after ascertainment of professionalism requirements, the Board of Directors appointed a Secretary to the Board, to hold office until the mandate of the current Board expires, unless otherwise decided. The Secretary assists the Chair with activities relating to the calling and proceedings of meetings of the Board of Directors, as well as with the activities indicated above.

The Secretary, with impartiality of judgement, provides the Directors with assistance and juridical advice to ensure the regular exercise of their functions. In the event of the absence of the Secretary, on the proposal of the Chair the Board of Directors names a replacement for the specific meeting.

4.6 EXECUTIVE DIRECTORS

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is invested with full operational management authority, except for issues falling under the exclusive authority of the Board of Directors, as described and listed in the previous section "Role of the Board of Directors".

The Chief Executive Officer reports periodically to the Board of Directors and the Board of Statutory Auditors at their meetings, and in any case at least on a quarterly basis, as required under art. 2381 Italian Civil Code and with regard to the main activities performed in the exercise of his/her powers and, in particular, on any atypical or unusual transactions or transactions with related parties, approval of which is not reserved to the Board of Directors.

No interlocking directorate situation exists.

EXECUTIVE COMMITTEE (ONLY IF FORMED) (EX ART. 123-BIS.2.D), CFA)

No "Executive Committee" has been formed.

OTHER EXECUTIVE DIRECTORS

There are no executive directors other than those indicated in section 4.3 above.

4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

INDEPENDENT DIRECTORS

At the first meeting of the current Board following its appointment, it was ascertained that the Directors listed below satisfied the independence requirements, based on the information provided by each Director upon his or her nomination as a candidate and upon acceptance of the appointment:

Elena Biffi

Valentina Casella

Paola Galbiati

Alceo Rapagna

Angelo Renoldi

The outcome of the assessments – performed with reference, except as indicated below for Angelo Renoldi, to all the independence requirements indicated by the Code – was published in a statement to the market.

In making its assessments, the Board also referred to the "Policy on criteria for assessment of the independence requirements for directors", adopted by the Board, which governs the significance criteria of commercial, financial or professional relations or additional remuneration, that might compromise the independence requirement.

With regard to Angelo Renoldi, considering Mr Renoldi's high professional profile and compliance with all the additional independence requirements of the Code, the Board, in accordance with the

consolidated principle that substance prevails over form in assessments relating to the Code, decided not to apply the criterion as set out in recommendation 7.e) of the Code concerning the position of director held for more than nine years in the last 12 years.

The independence of the directors is assessed at least once a year by the Board of Directors, and the Board of Statutory Auditors verifies the correct application of the criteria adopted by the Board to ascertain the independence of the directors during the year.

The number and competences of the Independent Directors are adequate for the size of the Board and the activities of the Company, and permit the formation of Board Committees, described in the following sections.

During the financial year under review, the independent directors met in the absence of the other directors.

As from the date of the appointment of the Board of Directors, four meetings were held, coordinated by the Lead Independent Director, as indicated below.

11/05/2021

- introductory meeting with the Head of Internal Audit;
- examination of the activities of the independent directors in the previous three years;
- overview of the internal control and risk management system;
- examination of planned Internal Audit activities for 2021.

30/06/2021

- meeting for the independent directors to get to know one another;
- details on the question of whistleblowing.

17 September 2021

- examination of Internal Audit activities in the first half of 2021 and activities planned for the second half of 2021;
- update on Group activities in relation to the Covid-19 emergency;
- details on governance-related issues.

22 November 2021

- meeting with the Chief Innovation Officer: update on the activities of Group Information Systems;
- details on governance-related issues.

LEAD INDEPENDENT DIRECTOR

On 27 April 2021 the Board of Directors named Independent Director Valentina Casella as Lead Independent Director to hold office until the expiry of the mandate of the Board.

The Lead Independent Director:

- where necessary, uses the corporate structures for the discharge of the duties assigned and collaborates with the Secretary to the Board of Directors;
- calls, independently or at the request of other Directors, meetings to be attended only by Independent Directors on issues regarding the operation of the Board of Directors or the corporate governance system;

- is the liaison and coordinator for petitions and contributions from Non-Executive Directors and, in particular, from Independent Directors, within the Board of Directors.

5. MANAGEMENT OF CORPORATE INFORMATION

(i) MANAGEMENT AND DISCLOSURE OF SIGNIFICANT AND INSIDER INFORMATION

On 13 November 2019, following the amendments introduced by Consob to bring Italy's secondary legislation into line with European laws governing market abuse (EU Reg. no. 596/2014 Market Abuse Regulation/MAR), the Board of Directors approved the new Procedure on Significant and Insider Information, which replaced the procedure introduced on 28 July 2016.

The Procedure assigns responsibility for managing and applying the Procedure to the Central Manager Group Administration, Finance & Control, who, as applicable, is assisted by the Legal & Corporate Affairs Division, the M&A Function, the Investor Relations Function and the Communication & Media Relations Division, as well as by other functions in relation to the contents and type of information.

The Procedure aims to:

- regulate the ways in which corporate documents and information concerning Arnoldo Mondadori Editore S.p.A. are monitored, managed and circulated within the Company, based on confidentiality criteria, especially with regard to significant and insider information;
- regulate the ways in which insider information is disclosed to the market and the public, in accordance with applicable laws and regulations;
- regulate the creation and maintenance of the registers of persons with access to significant and insider information.

The Procedure is published on the website www.gruppomondadori.it – Governance section.

(ii) INTERNAL DEALING

The procedures for the management and communication of documents and information on the Company include the Internal Dealing procedure adopted by the Board of Directors on 28 July 2016 – and subsequently amended on 8 February 2018 – after the entry into force of the new Market Abuse Regulation introduced by Regulation (EU) no. 596/2014.

This procedure concerns disclosure obligations to Consob, the Company, and the public regarding transactions on financial instruments issued by the Company, derivatives and related financial instruments carried out by members of the Board of Directors, the Board of Statutory Auditors, other managers identified as relevant persons who have regular access to insider information and have the power to make decisions that could influence the future growth and outlook of the Company, and people closely associated with them.

The Internal Dealing Procedure: *(i)* identifies the individuals who are required to make internal dealing disclosures; *(ii)* provides these individuals with information on their identification, related obligations and the terms and conditions for fulfilment of the disclosure obligations; *(iii)* identifies the company function (Legal & Corporate Affairs Division) in charge of receiving, managing and disclosing to the market the above information, filing the communications received and made pursuant to these disclosure obligations, and establishing and updating the Internal Dealing Register.

(iii) BLACK-OUT PERIODS

To ensure uniformity of conduct, the Internal Dealing Procedure includes prohibitions on the execution by relevant persons of transactions on financial instruments subject to disclosure in the 30 days before the Board of Directors meets to examine the full-year figures, the half-year figures and the quarterly figures² until these figures have been released to the market.

The Board of Directors reserves the right to allow the individuals identified as relevant persons under the procedure to carry out all or some transactions on significant financial instruments during a black-out period, provided the circumstances and terms and conditions applicable to derogation from the procedure are satisfied.

6. BOARD COMMITTEES (EX ART. 123-BIS.2.D), CFA)

INTRODUCTION

Within the Board of Directors, the following Committees have been formed:

- the Remuneration & Appointments Committee;
- the Control, Risks & Sustainability Committee;
- the Related Parties Committee, in compliance with the Consob Regulation that governs transactions with related parties. With regard to the Remuneration & Appointments Committee, since 2012, in view of the Company's organisational requirements, the Board of Directors has grouped appointment and remuneration powers under a single Committee (the Remuneration & Appointments Committee).

There are no committees with fewer than three members, and the work of each committee is coordinated by a Chair.

The duties and functions of each Committee are established under a resolution of the Board of Directors and enacted in each Committee's Regulation, also approved by the Board. Minutes of the committee meetings are kept by the secretary. In pursuing its activities, the committee has access to all the corporate units and functions necessary to carry out its duties.

The Board of Directors has approved specific budgets for each committee, so that they can perform their duties.

ADDITIONAL COMMITTEES (OTHER THAN THOSE REQUIRED BY LAW OR RECOMMENDED BY THE CODE)

No other committees have been established.

7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS – REMUNERATION & APPOINTMENTS COMMITTEE

7.1 SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

As a general rule, and in relation to the Issuer's qualification as a company with concentrated ownership, the Board of Directors conducts a self-assessment and assessment of its committees as regards size, composition, operation, at least every three years prior to the renewal of the Board.

² Arnoldo Mondadori Editore S.p.A. is required to draw up and publish quarterly results by virtue of its inclusion, since 29 November 2016, in the STAR Segment. Should it leave the STAR Segment, quarterly reporting would be optional.

During the first half of the year under review, a self-assessment was conducted with the support of Egon Zehnder International S.p.A. (a specialist company, with no other professional or commercial relations with the Company).

The purpose of the self-assessment was to collect the opinions of the Directors on the operations and efficacy of the Board and its committees in 2021, and on the size and composition of the Board.

The self-assessment process consisted of (i) distribution of a questionnaire to all the members of the Board of Directors and (ii) individual confidential interviews with some of the Directors.

The data were examined guaranteeing the confidentiality of each director and presented in an anonymous and consolidated form, as a report on the findings and suggestions of the Board as a whole.

The outcomes of the self-assessment process are reported in brief below.

The self-assessment was conducted with the participation of a significant number of Directors.

The first impressions were positive for all the main aspects under assessment, consistently with the previous self-assessment, with no critical elements or issues of note to be brought to the attention of the Board.

In general appreciation was shown for the Board's qualitative and quantitative profile (experience, skills and representation of diversity), and its operations in terms of the efficiency and effectiveness of the decision-making process and positive internal dynamics, particularly as regards information provided before Board meetings.

The assessment of the Board Committees was generally positive with regard to the structure of the existing Committees – which it felt should be confirmed for the new Board – and the composition and operations of the Committees, and their contribution to the Board. A large majority of the Directors felt it was not necessary to separate the functions of the current Remuneration & Appointments Committee into two separate Committees.

In the first half of the year under review, in view of its renewal, the Board of Directors drew up Guidance on the optimal quali-quantitative composition, taking into account the findings of the self-assessment.

The Guidance was posted on the website www.gruppomondadori.it and in the www.1info.it authorised storage mechanism

7.2 REMUNERATION & APPOINTMENTS COMMITTEE

In view of the Company's organisational requirements, the Board of Directors has grouped appointment and remuneration powers under a single Committee (the Remuneration & Appointments Committee).

COMPOSITION AND OPERATION OF THE REMUNERATION & APPOINTMENTS COMMITTEE (EX ART. 123-BIS.2.D), CFA)

The Remuneration & Appointments Committee is composed of three non-executive directors, the majority of whom are independent:

Angelo Renoldi	Chair - Non-Executive and Independent Director
Elena Biffi	Non-Executive and Independent Director
Cristina Rossello	Non-Executive Director

The members of the Remuneration & Appointments Committee were appointed by a resolution of the Board of Directors on 27 April 2021 with a term of office ending with the expiry of the directors'

mandate, that is, until approval of the financial statements as at and for the year ending 31 December 2023 unless otherwise decided. They possess consolidated professional competences in the field, and appropriate knowledge and experience in financial matters and remuneration policy.

The Committee held six meetings in 2021, each duly minuted. Each meeting was also attended by the Chair of the Board of Statutory Auditors, at the request of the Committee itself, and the average duration was of one hour and 30 minutes.

Table 3 attached to this Report shows the attendance rate of each director.

In 2022, the activities of the Committee will follow an annual program.

To date, the Committee has held one meeting.

The meetings in 2021 and 2022 covered:

- assessments with regard to the Corporate Governance Recommendations for 2021;
- approval 2021 Remuneration Report proposal, Vesting 2018-2020 PS Plan, approval 2020-2024 PS Plan proposal;
- the termination of the Chief Executive Officer, Ernesto Mauri;
- the CEO succession plan;
- update on the application of the Policy in the first half and analysis of shareholder vote and impact of Covid on the MBO incentive plan;
- update on the application of the Policy in the second half and impact of Covid on active LTI incentive plans;
- update on the drafting of a Succession Plan for the post of CEO of the Mondadori Group;
- drafting of the Guidance on the optimal quali-quantitative composition, also considering the findings of the self-assessment;
- the drafting of the Policy on criteria for assessment of the independence requirements for directors, which sets out the quantitative and qualitative criteria for assessment of the materiality of the relations indicated in Recommendation 7 heads c) and d) of the Corporate Governance Code;
- proposed remuneration of the Chair, CEO and members of the Board Committees;
- adoption of the Committee Regulation.

FUNCTIONS OF THE REMUNERATION & APPOINTMENTS COMMITTEE

On 27 April 2021, the Board of Directors tasked the Remuneration and Appointments Committee with the following functions and duties:

- a) to assist the Board of Directors, in an advisory capacity, in the formulation of the remuneration policy for the Directors and Key Management Personnel as per art. 123-*ter* CFA;
- b) to present proposals or express opinions on the remuneration of the executive Directors, the other Directors with special responsibilities and the Directors who are members of Board Committees, and on the setting of performance targets linked to variable remuneration;
- c) to monitor the actual application of the remuneration policy and, specifically, to verify that performance targets are met;
- d) to perform a regular assessment of the overall adequacy and consistency of the remuneration policy for Directors and Key Management Personnel;

- e) to draw up proposals for the Board of Directors with regard to the criteria, categories of beneficiaries, quantities, terms, conditions and procedures of the share-based remuneration plans and to support the Board of Directors with regard to the execution of such plans;
- f) to assist the Board of Directors in the self-assessment of the Board of Directors and its Committees and in the formulation of guidance for the qualitative and quantitative composition of the Board of Directors deemed to be optimal, taking into consideration the outcome of the self-assessment;
- g) subject to legal requirements, to identify and propose candidates for the post of Director in the event of co-optation;
- h) to support the Board of Directors with regard to the eventual presentation of a list by the outgoing Board of Directors, through use of procedures that ensure its composition and transparent presentation;
- i) to propose to the Board of Directors the possible adoption of a succession plan for the Chief Executive Officer and the other executive Directors.

The Committee may access the necessary information and corporate functions for the performance of its duties.

With regard to operation, on 13 May 2021, in compliance with the relevant recommendation of the Corporate Governance Code, the Chair of the Board of Directors proposed the adoption of the Committee regulation.

The regulation sets out the operating rules for the Committee and its tasks and functions. In compliance with the recommendations of the Corporate Governance Code, a special focus is placed on the rules for the drafting and approval of the minutes of meetings.

8. REMUNERATION OF DIRECTORS – REMUNERATION COMMITTEE

8.1 REMUNERATION OF DIRECTORS

REMUNERATION POLICY

REMUNERATION POLICY GUIDELINES

In general terms and in accordance with the governance model adopted by the Company and market best practice, the Remuneration Policy is drawn up with a view to attracting, motivating and retaining people with the professional skills needed for the Group's growth and to ensuring the attainment of strategic Company objectives for the creation of sustainable value in the medium/long-term, to the benefit of the shareholders and key stakeholders.

As such, the priority of the remuneration policy is to maintain a strong link between remuneration and performance, in both the short and the long term, as the key factor in ensuring that the interests of management are aligned with those of the shareholders, for the continuous improvement of both individual and company performance.

Accordingly, the Company's Remuneration Policy envisages a fixed remuneration system of differentiated variable short-term and variable medium/long-term components, consistent with the following criteria:

- an appropriate balance between the fixed component and the variable component in connection with the Company economic and social sustainability objectives, taking into account the sector of activity and the work carried out;
- equality, non-discrimination and internal consistency as guiding principles in determining remuneration levels;
- a close link between the bonuses assigned to managers and the consolidated results of the Mondadori Group;
- clarity, pre-determination and measurability of performance objectives related to the computation of the variable components;
- attention on defining objectives consistent with a sustainable development Plan that also promotes attainment of non-financial objectives and, specifically, gender equality; of particular importance on this point is the introduction of non-financial parameters linked to ESG issues with regard to the objectives underlying the 2022/2024 Performance Share Plan, as described in detail in the report on remuneration policy and fees paid referred to at the end of this section;
- definition of pre-determined limits on the variable remuneration components;
- a significant portion of variable remuneration linked to long-term objectives and Total Shareholder Return, disbursed as shares subject to multi-year retention periods.

The details include:

- principles and procedures for implementation of the Remuneration Policy;
- remuneration of the executive directors and top management;
- share-based remuneration plans;
- remuneration of the executive directors;

the reader is referred to the report on remuneration policy and fees paid available on the website www.gruppomondadori.it and on the www.1info.it authorised storage mechanism.

COMPENSATION FOR DIRECTORS IN THE EVENT OF RESIGNATION, DISMISSAL OR SEVERANCE FOLLOWING A PUBLIC TENDER OFFER (EX ART. 123-BIS.1.I), CFA)

No compensation is envisaged in the event of resignation, dismissal or severance following a public tender offer.

8.2 REMUNERATION COMMITTEE

See section 7.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL & RISKS COMMITTEE

MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

INTRODUCTION

The internal control and risk management system is a set of rules, procedures and organisational structures established to enable the identification, measurement, management and monitoring of the main risks.

The system forms an integral part of the overall organisational structure and corporate governance system adopted by the issuer, and takes into account the frameworks of reference and best practices at both national and international levels.

Among the major themes addressed by the system, special focus is placed on risk management, as the guiding principle of issuers' internal control systems. In this context, the Board of Directors takes on a fundamental role, as evidenced also by its specific function to *"determine a risk appetite that is consistent with the issuer's strategic objectives, including within its own assessments the risks that can become significant in terms of medium- and medium/long-term sustainability"*. Consistently with the specific risk profile, the Board of Directors is also responsible for defining *"the guidelines of the internal control and risk management system, so that the main risks pertinent to the issuer and its subsidiaries are correctly identified, and appropriately measured, managed and monitored, and also determining the degree to which the risks are compatible with a corporate management aligned with the identified strategic objectives"*. The Board of Directors is also responsible for assessing *"on at least an annual basis, the adequacy of the internal control and risk management system with respect to the characteristics of the company and its assumed risk profile, as well as the system's effectiveness"*. In performing these functions, the Board of Directors is assisted by preparatory activities conducted by the Control, Risks & Sustainability Committee.

In 2008, when the first guidelines for the internal control system were drafted, the Mondadori Group implemented a Risk Management process by adopting a model for the identification, assessment and management of the risks it is exposed to in its area of operations.

GUIDELINES FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

With the favourable opinion of the Control, Risks & Sustainability Committee, the Board of Directors approved the guidelines for the internal control and risk management system and updated the system to take account of the recommendations of the Corporate Governance Code.

a) Reference model

In accordance with the Code's recommendation to take *"into adequate consideration the reference models and best practices existing at national and international level"*, the reference method is based on the principles set out in the *"CoSO Report"*, one of the most authoritative standards adopted at international level, especially as regards risk identification and management, and on the principles defined under *"CoSO - Enterprise Risk Management (CoSO ERM)"*.

The CoSO ERM – Integrated Framework ensures:

- that management has implemented a satisfactory objective-setting process, and that the objectives established are aligned with and support the company's mission;
- the compatibility of risks with the achievement of strategic objectives (Risk Appetite).

In keeping with the methodology and the recommendations of the Corporate Governance Code, the Mondadori Group defines and shares its mission/vision and strategic objectives with management on an annual basis.

These strategic objectives are then implemented in the individual business divisions and central functions. The Board of Directors establishes the Group's risk appetite in correspondence with its strategic objectives, as described above.

b) Areas of analysis

The internal control and risk management system was developed by identifying and managing three areas of analysis:

1. objectives
2. components
3. scope

as described below.

1. Objectives of the internal control and risk management system

The management of the internal control and risk management system offers reasonable assurances with regard to monitoring the risks involved in the achievement of the corporate strategic objectives and related operating objectives, in other words:

- effective and efficient business operations, including the safeguarding of company assets (operating objectives);
- reliability of financial and non-financial information (reporting objectives);
- compliance with laws and regulations (compliance objectives).

In this context, the following elements are defined and monitored:

- identification of risks that threaten the achievement of objectives;
- identification and assessment of risks that may become significant in terms of the issuer's medium/long-term sustainability;
- assessment of such risks in terms of impact/likelihood;
- monitoring of current risks;
- assessment of risk monitoring effectiveness in relation to identified risks.

In addition, the process for management of the internal control and risk management system put in place to fulfil the three categories of objectives listed above must have the following characteristics:

- it must respond promptly to significant risk situations, while making sure that the proper control activities are in place;
- in the context of business processes, it must ensure an adequate degree of separation between operational functions and control functions, so that conflicts of interest are avoided in the tasks assigned;
- in the context of operational, administrative and accounting activities, it must guarantee use of systems and procedures that ensure the accurate recording of company and business facts and events, as well as reliable and timely information flows within and outside the Group;
- it must provide for timely communication to the appropriate Group levels of significant risks and control irregularities, enabling corrective measures to be identified and promptly executed.

2. Components of the internal control and risk management system

The internal control and risk management system takes into account all the components and interrelations to ensure an appropriate overview of the company's situation.

Management of the system components is defined through a Risk Management Process designed to ensure the dynamic nature of the control system.

This process covers the following key issues:

- definition of strategic and operating objectives;
- identification of events that might pose a risk to achievement of objectives;
- definition of management roles and responsibilities (risk owner);
- definition of the level and form of communication;

- process monitoring through on-going and assurance activities.

3. Definition of the scope (or field of application)

The definition of the internal control and risk management system concerns the entire Group and considers all its different business areas in an integrated manner.

c) Periodic communication

To meet system management information needs, all the update and reporting document flows are implemented among the individuals and bodies involved in the management of the internal control and risk management system: Board of Directors, Control, Risks & Sustainability Committee, director in charge of the internal control and risk management system, Internal Audit.

DETERMINATION OF THE LEVEL OF COMPATIBILITY OF RISKS WITH ACHIEVEMENT OF STRATEGIC OBJECTIVES

In keeping with the methodology it has adopted, as explained above, the Mondadori Group meets with management on a yearly basis to define and share its mission/vision and strategic objectives.

The following have been established for 2021-22:

❖ Mission/Vision

Strategy for the consolidation and growth of the Books and Digital core business, including extraordinary operations.

❖ Strategic objectives

- Business focus
- Rationalisation and efficiency
- Sustainable development
- Financial balance and strengthening of profitability

The Board of Directors determined the risk appetite in relation to the identified strategic objectives, in accordance with the risk management process as defined in 2008 and updated on an annual basis. The process determined risk thresholds that enabled three risk levels to be identified (High, Medium, Low) so as to analyse the level of compatibility between expected risk value and attainment of objectives. As part of the process, the Board of Directors determined a risk appetite that, on average, can be defined as cautious, particularly as regards achievement of the following objectives: defending the Group's reputation, compliance with applicable laws and regulations, and adequate financial disclosure.

The composition, operation and activities of the parties involved in the internal control and risk management is described below.

RISK MANAGEMENT

The Risk Management function, part of the Internal Control Division, monitors the risk management process, supervising activities and coordinating those involved.

Identified risks are classified within an internal Framework, and subsequently assessed on both an inherent level – that is, the degree of risk that would exist if no mitigating factors were put in place by

management – and a residual level – that is, the risk that would remain after taking mitigating controls into account.

The valuation is based on two parameters: the likelihood of an event's occurrence and its potential impact, the latter being measured in terms of economic and financial repercussions, market share, competitive advantage and the Group's reputation.

Each risk factor is associated with the strategic objectives of the Group, as established by the Chief Executive Officer, and the objectives of the individual Divisions as established by first-line management.

Inherent and residual risks are identified and evaluated by the heads of the business units or functions within their specific areas, through a self-assessment, and reporting any mitigating action.

The Risk Management function analyses the information received, and then presents the risk outlook for each division to first-line management for validation.

The next step is risk consolidation: the various risk factors are grouped into similar categories and each one is assigned a weight commensurate with the significance of the Division for the Group.

The results of the Risk Management Process are subject to a specific reporting protocol: the Head of Internal Audit informs the Director in charge of the internal control and risk management system, the Control, Risks & Sustainability Committee and the Board of Statutory Auditors; the Director in charge of the internal control and risk management system then informs the Board of Directors. The relevant bodies use the information to carry out further in-depth analyses.

Internal Audit subsequently verifies the actual existence and effectiveness of the mitigating controls reported by the various areas during the assessment phase.

The Risk Management Process is updated through an annual risk review, carried out in accordance with the procedures described above.

With regard to activities conducted in 2021, the Risk Assessment system for the Parent Company and its subsidiaries was updated and monitored.

The main risks and uncertainties for the Parent Company and subsidiaries are set out in a specific section of the Report on Operations for 2021.

CONTINUATION OF THE IMPACT OF THE CORONAVIRUS EMERGENCY

The pandemic crisis has put issues relating to health, the environment and well-being back on the global stage in a new and dramatic manner, putting the importance of sustainability into greater relief than in the past.

It is therefore important to implement measures to combat the unpredictability of risks and implement risk management and business continuity principles in order to raise organisations' resilience.

The Mondadori Group had already classified the risk areas with greatest impact for sustainability, and these were joined in 2021 by the risks of the effects of the pandemic.

RISKS CONNECTED WITH SUSTAINABILITY

In connection with the development of the Group's sustainability commitment, and considering the key stakeholders, as part of the Risk Assessment a full and systematic analysis of the risks relating to the social and environmental risks of the corporate activities continued.

Given the close interdependence and complexity of the economic and social environment in which the business operates, which the emergency situation triggered by Covid-19 has accentuated, in some cases

risk mapping was reconsidered, with an extensive review of the strategic measures put in place so far, in order to reduce the impact of risks and ensure business continuity.

As long as the effects of the pandemic persist, the issues of greatest significance include:

the supply chain, where the main risks are the possible closure or loss of margins of sales outlets or the possible insolvency of suppliers, as a consequence of the countless situations of financial difficulty caused by current economic conditions;

There has also been an exacerbation of difficulties relating to the supply of commodities (paper, energy and gas) and the rise in manufacturing costs, leading to increases in the cost of paper, printing, binding and transportation.

- risks relating to “protection of intellectual property”, “school education” and “product accessibility”.

Appropriate mitigating action has been taken in these critical areas.

RISKS CONNECTED WITH ENVIRONMENTAL ISSUES

Climate change is a question of great importance in every industrial field, including publishing, whose greenhouse gas emissions arise largely from energy consumption, transportation (for example, the efficiency and effectiveness of logistics/distribution processes or business travel) and the production cycle for paper products. In addition to the risks associated with climate-altering emissions are the risks related to the effectiveness of energy management, which, if reduced, could lead to lower economic benefits, and the risks related to the potential interruption of paper availability. Moreover, socio-environmental performance is becoming increasingly important in assessment of the company's suppliers.

With regard to Diversity & Inclusion, critical points that have emerged to date are awareness of the role of D&I at the various corporate levels, compliance with current laws and attention to “reputational damage”, on a market where increasingly consumers are choosing diversity-oriented brands.

9.1 CHIEF EXECUTIVE OFFICER

On 27 April 2021, pursuant to recommendation 32 of the Corporate Governance Code, the Board of Directors designated the Chief Executive Officer Antonio Stefano Porro as director in charge of the creation and maintenance of the internal control and risk management system, through exercise of the following functions:

- (i) execution of the guidelines laid down by the Board of Directors and oversight of the development, implementation and supervision of the internal control and risk management system, while constantly verifying its adequacy and effectiveness;
- (ii) identification of the main risks for the Company, taking into account the characteristics of the operations of Arnoldo Mondadori Editore S.p.A. and its subsidiaries, and presentation of said risks to the Board of Directors for periodic review;
- (iii) requesting the Internal Audit function to carry out checks on specific operational areas, as well as on compliance with internal rules and procedures in the performance of business operations, and informing the Chair of the Board of Directors, the Chair of the Control, Risks & Sustainability Committee and the Chair of the Board of Statutory Auditors when such requests are made;
- (iv) prompt reporting to the Control, Risks & Sustainability Committee (or to the Board of Directors) on problems or critical situations that may have emerged in the performance of his duties or were brought to his attention, so that the Committee (or the Board) may take the necessary measures.

In the implementation of the guidelines established by the Board of Directors, the Director in charge of the internal control and risk management system organised and coordinated the Risk Assessment process as described in this report, specifically in the section entitled "Description of the Internal Control and Risk Management System".

9.2 CONTROL & RISKS COMMITTEE

COMPOSITION AND OPERATION OF THE CONTROL & RISKS COMMITTEE (EX ART. 123-BIS.2.D), CFA)

The Control, Risks & Sustainability Committee is composed of three non-executive directors, the majority of whom are independent, specifically:

Angelo Renoldi	Chair - Non-Executive and Independent Director
Alceo Rapagna	Non-Executive and Independent Director
Cristina Rossello	Non-Executive Director

The members of the Control, Risks & Sustainability Committee were appointed by the Board of Directors on 27 April 2021 with a term of office until the expiry of the Board's mandate unless otherwise deliberated.

The Control, Risks & Sustainability Committee performs advisory and recommendatory functions for the Board of Directors and, through appropriate preparatory work, supports the assessments and decisions of the Board of Directors with regard to the adequacy of the internal control and risk management system, and the definition of the system guidelines as well as guidelines for the approval of the financial reports.

The Committee monitors the efficiency and effectiveness of corporate processes, the reliability of financial information, compliance with laws and regulations and protection of corporate assets, sustainability issues connected with the company's operations and relations with all stakeholders.

The Committee coordinates its activities, within its sphere of competence, with the activities of the Board of Statutory Auditors, the independent auditors, the Head of Internal Audit and also with the Director in charge of the internal control and risk management system and the Manager in charge of preparation of the corporate accounting documents.

In 2021 the Control & Risks Committee held 12 meetings coordinated by the Chair, duly minuted, with an average duration of two hours, with the participation from time to time of the members of the Board of Statutory Auditors and the Head of Internal Audit; it also met with the Ernst & Young auditing firm for the 2019-2027 nine-year engagement, and the heads of some Company functions.

Table 3 attached to this Report shows the attendance rate of each director.

During 2021, the Control, Risks & Sustainability Committee:

- approved the 2021 annual Internal Audit activities program for the Company and its subsidiaries drawn up by the Head of Internal Audit and verified its implementation. The 2021 audit plan for the Parent Company and its subsidiaries envisages action covering seven audit areas:

- (i) Operational audit: analysis of corporate processes and assessment of their effectiveness (degree of attainment of objectives) and efficiency (costs, timing, resources used);

- (ii) Compliance audit: application of operational guidelines by the Parent Company and Group companies;
- (iii) 231 compliance audit: application of Lgs.Decree 231/2001 in support of the supervisory bodies of the Parent Company and the subsidiaries;
- (iv) Financial audit: application of Law 262/05 in support of the Manager in charge of preparation of the corporate accounts;
- (v) Fraud;
- (vi) IT;
- (vii) Risk Assessment;
 - analysed the work performed by Internal Audit in 2021, agreeing with the recommendations made and proposing recommendations of its own. It examined the structure and activities of Internal Audit, also to provide support for the supervisory bodies of the Parent Company and the subsidiaries, risk management activities and the compliance activity of the operating processes. It acknowledged the operational provisions implemented by the Company during the year;
 - examined the preliminary analysis illustrated by corporate management and approved the impairment testing procedure for the separate financial statements as at and for the year ended 31 December 2020 adopted by the Company, noting that the final measurements and valuations relating to the eventual impairment of tangible and intangible assets and equity investments would be the subject of specific examination and approval by the Board of Directors;
 - Examined risk reporting at 31 December 2020 and the annual report of the Financial Risks Committee without finding irregularities;
 - reviewed the 2020 annual report and the report at July 2021 prepared by the Control, Risks & Sustainability Committee without finding irregularities;
 - analysed the Risk Assessment results and report presented by the Head of Internal Audit. The scope of activity included both the Parent Company and the Italian subsidiaries.
 - took cognisance of the report prepared by the Head of Internal Audit, Dr. Paolo De Benedetti, on the self-assessment of the Mondadori Group's internal control and risk management system;
 - analysed the findings of the independent auditors in the report on the key issues that emerged during the audit. No failings were observed in the internal control system in terms of financial disclosure, and there were no uncertainties worthy of note regarding business continuity;
 - assessed the principles, methods and reporting procedures for the Non-Financial Disclosure Lgs.Decree 254/16;
 - held meetings with company managers to discuss matters relating to their specific areas of business;
 - performed preparatory activities to support the assessments and decisions of the Board of Directors relating to the corporate changes that took place in 2021;
 - examined the main new features of the new Corporate Governance Code;
 - analysed the general market and industry scenario and management of the Group risk management activity in the "post-emergency" situation;
 - analysed the update of the Confindustria Guidelines for the development of Organisation, Management and Control Models;
 - met the Head of Human Resources & Organisation, Legal & Corporate Affairs and the Head of the Protection Prevention Service and Group Coordinator of the Workplace Safety Service, in connection with the document for management of the Green Pass, implemented by the Mondadori Group;

- examined the Consob document of 9 April 2020 "COVID 19 – Call for attention to financial disclosure";
- examined the document drawn up by the Head of Internal Audit on the effects of the COVID-19 epidemic on the businesses of the parent and the subsidiaries.

Five committee meetings are planned for 2022.

To date, the Control, Risks & Sustainability Committee has held four meetings during the current year, as follows:

- on 7 February the Committee:

- (i) examined the impairment testing methodology for the separate financial statements as at and for the year ended 31 December 2021 adopted by the Company, and approved the measurement methods;
- (ii) analysed the PPA process of D Scuola e Hejl;
- (iii) analysed Governance at D Scuola;
- (iv) examined the draft 2022 Internal Audit Plan;
- (v) planned meetings and activities for 2022;
- (vi) updated the sustainability plan.

- on 17 February the Committee:

- (i) after consulting with the Board of Statutory Auditors, gave a favourable opinion on the 2022 annual Internal Audit plan for the Company and its subsidiaries drawn up by the Head of Internal Audit, and the annual activities plan of the Internal Control Division;
- (ii) met the E&Y independent auditors to discuss the update of closing activities for the financial statements as at and for the year ended 31 December 2021;
- (iii) analysed Governance at D Scuola.

- on 4 March the Committee:

- (i) met the Communication & Media Relations Manager for an update on activities on the 2021/2022 Sustainability Report;
- (ii) examined the Control, Risk & Sustainability Committee's draft annual report on its activities for 2021;
- (iii) checked the situation regarding legal disputes as at 31 December 2021 with the Head of Legal & Corporate Affairs;

- on 16 March the Committee:

- (i) examined the results of the 2021-2022 risk assessment activity presented by the Head of Internal Audit. The activity referred to the update of the results of the Parent Company and the subsidiaries;
- (ii) after consulting with the Board of Statutory Auditors, approved the report prepared by the Head of Internal Audit, Dr. Paolo De Benedetti, on the self-assessment of the internal control and risk management system of the Mondadori Group for 2021;
- (iii) examined the impairment testing method applied to the assets in the draft financial statements as at and for the year ended 31 December 2021, and met the independent auditors Ernst & Young and the Chief Financial Officer of the Mondadori Group;
- (iv) analysed the financial policy related to risk reporting as at 31 December 2021 and the report of the Control, Risks & Sustainability Committee;

(v) examined the impact of the international situation on the company's operations.

The activities carried out by the Committee were regularly reported to the Board of Directors.

FUNCTIONS ATTRIBUTED TO THE CONTROL & RISKS COMMITTEE

On 27 April 2021, the Board of Directors tasked the Control, Risks & Sustainability Committee with the following functions and duties:

- a) after consultation with the Manager in charge of preparation of the corporate accounting documents, the independent auditors and the audit body, to verify that the accounting principles are used correctly and consistently in the preparation of the separate financial statements and the consolidated financial statements;
- b) to verify that the periodic financial and non-financial information correctly represents the business model, the company's strategies, the impact of its activities and its performance;
- c) to examine the content of the periodic non-financial information of significance for the internal control and risk management system;
- d) to express opinions on specific matters relating to identification of the main company risks and to support the assessments and decisions of the Board of Directors as regards management of risks arising from detrimental facts that have come to its knowledge;
- e) to examine the periodic reports and those of particular significance drawn up by the Internal Audit function;
- f) to monitor the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- g) to report to the Board of Directors, at least at the time of approval of the annual report and the half-year financial report, on the activities performed and the adequacy of the internal control and risk management system;
- h) to support the Board of Directors when examining and approving industrial plans with regard to analysis of issues of significance for the generation of long-term sustainable value.

The Committee may assign checks on specific operational areas to the Internal Audit function, informing the Chair of the Board of Statutory Auditors.

The Committee also assists the Board in drawing up the guidelines for the internal control and risk management system and assessing the adequacy of the system, and in the other activities assigned to the Board of Directors under the Corporate Governance Code with regard to internal control and risk management.

The Committee may access the necessary information and corporate functions for the performance of its duties.

9.3 HEAD OF THE INTERNAL AUDIT FUNCTION

The Head of the Internal Audit function is responsible not only for organising and managing internal auditing for the Company and its subsidiaries, but also for ascertaining that activities comply with current laws, regulations and the corporate procedures adopted to ensure correct, efficient management and to identify, prevent and manage corporate risks and fraud.

In line with the Corporate Governance Code, the Head of Internal Audit has also been assigned the following functions by the Board of Directors:

- (i) to verify the effectiveness and adequacy of the system of internal control and risk management – on an ongoing basis and as required by international standards – through an audit plan, which is to be approved by the Board of Directors and based on a well-defined process of risk analysis and prioritisation;
- (ii) to have direct access to all the necessary information;
- (iii) to prepare regular and sufficiently detailed reports on Internal Audit activities, management of risk and compliance with the risk-containment plans. These reports include an assessment of the adequacy of the internal control and risk management system;
- (iv) to prepare timely reports on events of particular significance;
- (v) to send the reports described in the previous two points to the Chairs of the Board of Statutory Auditors, the Control, Risks & Sustainability Committee and the Board of Directors, as well as to the Director in charge of the internal control and risk management system;
- (vi) to use the audit plan to verify the reliability of the Company's information systems, including its accounting systems.

Upon the recommendation of the Director in charge of the internal control and risk management system, and after the favourable opinion of the Control & Risks Committee and consultation with the Board of Statutory Auditors, Dr. Paolo De Benedetti was appointed Head of the Internal Audit function on 28 February 2013.

The Head of Internal Audit is not under the authority of any operational area, and reports to the Board of Directors, the Director in charge of the internal control and risk management system, the Control, Risks & Sustainability Committee and the Board of Statutory Auditors.

The Director in charge of the internal control and risk management system ensures that the Division has resources appropriate for the performance of its duties and establishes the remuneration of the Head of Internal Audit, in line with the compensation levels set for corporate management.

The Head of Internal Audit verifies the operations and adequacy of the control and risk management system, through an audit plan approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks, in other words a risk-based audit plan.

The audit plan takes into consideration:

- (i) intervention priorities to allow for allocation of resources based on the materiality and significance of risk exposure;
- (ii) the flexibility required to be able to respond to unexpected situations;
- (iii) adequate audit coverage over all corporate processes.

Activities relating to the Parent Company and its subsidiaries in 2021 involved seven categories of audit:

- (i) Operational: analysis of the company processes and their assessment in terms of efficacy and efficiency.
- (ii) Compliance: the application of operational guidelines by the Parent Company and companies in the Group.
- (iii) 231 Compliance: application of Lgs.Decree no. 231/2001 to support the supervisory bodies of the Parent Company and its subsidiaries.
- (iv) Financial: application of Law 262/05 in support of the Manager in charge of preparation of the corporate accounts.
- (v) IT: in support of information systems.

(vi) Fraud.

(vii) Risk Assessment.

In 2021, during the Covid emergency, a large number of audits were planned to guarantee the planning and effectiveness of the systems for management of the crisis, in order to support Management with on-going indications for any adjustments and ensure that the measures set out in the Mondadori anti-contagion health protocol were correctly applied.

The overall opinion that emerged showed that the remediations introduced by the Mondadori Group during the emergency were rapid, flexible and practical, and involved and supported all the corporate departments.

Continuous monitoring was conducted over the following months, and additional audits for the continuation of the measures described above will be performed during 2022.

9.4 ORGANISATION MODEL EX LGS.DECREE 231/2001

On 11 December 2003, the Board of Directors adopted an Organisation, Management and Control Model in compliance with Lgs.Decree no. 231/2001, which introduced the principle of corporate liability into the Italian legal system in connection with certain types of crimes committed by a corporation's directors, managers or employees in the interest or to the advantage of the corporation itself.

On 13 May 2021, the Board of Directors adopted an updated and integrated version of the Organisation, Management and Control Model based on developments in legislation, organisational changes, and to take account of case law and the experience accumulated during the first few years of application of the Model.

The Model, which also takes account of the guidelines drawn up by industry associations, is an additional enhancement to the Company and Group's internal control system. It is composed of:

- a general section including specific information on the key content of Lgs.Decree no. 231/2001 and subsequent additions, the objectives and operation of the Model, the responsibilities of the body charged with overseeing the application and operation of the Model, information flows, the system of penalties for breaches of the Model;
- a special section made up of a series of specific protocols on the types of crimes covered by Lgs.Decree no. 231/2001.

The Organisation, Management and Control Model is available on the website www.gruppomondadori.it - Governance section.

On 27 April 2021, the Board of Directors identified the Supervisory & Oversight Body (SB) on the basis of the Organisation Model as per Lgs.Decree 231/2001 as a collegiate body, whose term ends on expiration of the Board of Directors' mandate or as otherwise deliberated. The members of the Supervisory Body are:

Sara Fornasiero Chair of the Board of Statutory Auditors;

Angelo Renoldi Non-executive Independent Director;

Paolo De Benedetti Head of Group Internal Audit.

Pursuant to Lgs.Decree no. 231/2001 and subsequent amendments and additions, the Board of Directors has assigned full powers of initiative, oversight and spending to the Supervisory & Oversight Body to guarantee precise and efficient surveillance of the operation and enforcement of the Model, and has authorised free access to all the corporate functions to enable the body to obtain the information and data it requires.

For example and without limitation, the following tasks and duties are assigned to the Supervisory & Oversight Body, to be executed, where necessary, with the cooperation of other corporate functions and external consultants and with full financial autonomy, based on specific budget items:

- to enforce compliance with the Model and report any default and the sectors at greatest risk in view of such default;
- to oversee the real effectiveness and ability of the Model to prevent the crimes as per Lgs.Decree no. 231/2001 and subsequent additions, with regard to individual corporate units and the activities performed;
- to ensure that the required stability and functionality of the Model are maintained over time;
- to oversee the advisability of updating the Model, in the event that it requires adjustment due to regulatory changes or developments within the Company;
- to access records and information from the various corporate functions in order to carry out periodic checks and monitor specific at-risk activities;
- to promote information and training initiatives on the Model's principles, values and code of conduct.

The Supervisory & Oversight Body reports periodically to the Board of Directors, the Control, Risks & Sustainability Committee and the Board of Statutory Auditors on the work it has carried out, the functioning of the Model and specific situations.

9.5 INDEPENDENT AUDITORS

On a reasoned proposal submitted by the Board of Statutory Auditors in accordance with art. 13, paragraph 1, of Lgs.Decree no. 39/2010, on 17 April 2019 the Shareholders' Meeting approved the engagement of the independent auditor Ernst & Young for the nine financial years between 2019/2027 to conduct full-scope audits of the separate and consolidated financial statements and to perform additional services as per art. 14 of Lgs.Decree no. 39/2010; the engagement is also in line with Regulation (EU) no. 537/2014 of the European Parliament and the Council, 16 April 2014, on the specific requirements for the audit of the accounts of public-interest entities.

9.6 MANAGER IN CHARGE OF PREPARING THE CORPORATE ACCOUNTS AND OTHER CORPORATE ROLES AND FUNCTIONS

On 27 April 2021, with the favourable opinion of the Board of Statutory Auditors and given the existence of the professionalism requirements envisaged by the Articles of Association, the Board of Directors confirmed the executive Director and Group Chief Financial Officer, Dott. Alessandro Edoardo Franzosi, as "Manager in charge of preparing the corporate accounts" pursuant to art. 24 of the Articles of Association and art. 154-*bis* of the CFA, until the expiry of the term of office of the Board unless otherwise deliberated.

The Board of Directors also invested the Manager in charge of preparing the corporate accounts with all necessary powers, including powers of an organisational nature, for the exercise of the tasks

and functions assigned, including the power to have recourse to the competent corporate functions and, if necessary, Internal Audit for the necessary support in verifying application of the administrative and accounting procedures pursuant to art. 154-bis.3 of the CFA.

The Board provided the Manager in charge of preparing the corporate accounts with appropriate spending power, to be included in the budget annually approved by the Board of Directors or in extra budgets for specific requirements to be approved by the Board of Directors, connected with the functions assigned.

For matters concerning the professional qualifications of the Manager in charge of preparing the corporate accounts, and the appointment procedure employed by the Board of Directors, reference should be made to art. 24 of the Articles of Association, published on the Company website www.gruppomondadori.it – Governance section.

In the performance of his duties, the Manager in charge of preparing the corporate accounts implemented and coordinated a series of organisational and operational measures aimed at meeting legal requirements.

Specifically, he identified a reference operating model based on the “Internal Control Framework” drawn up by the Committee of Sponsoring Organizations of the Treadway Commission, which is the most widely used international standard for internal control systems.

The model's objective is to ensure reliability in financial reporting, by identifying a series of controls to be implemented during accounting and administrative procedures for the preparation of the separate financial statements, the consolidated financial statements, the half-year financial report and in general any financial disclosure.

The model also regulates the methods used to monitor the adequacy of accounting and administrative procedures, as well as the checks in place to verify that these procedures are actually being implemented.

With the support of the Control, Risks & Sustainability Committee, the Board of Directors ensures that the powers and resources granted to the Manager in charge of preparing the corporate accounts are adequate and that the accounting and administrative procedures are followed. Specifically, the Board has:

- formalised a set of rules for the Manager in charge of preparing the corporate accounts, which establish procedural and organisational terms for:
 - roles and functions exercised by the Manager in charge of preparing the corporate accounts in relation to the tasks and responsibilities assigned to him by law. The powers conferred by the Board of Directors at the time of the appointment are laid out in terms of spending powers and use of internal resources and specific corporate functions for the development, implementation and monitoring of procedures and with regard to the Internal Audit to verify correct application of procedures;
 - the main information flows, and coordination of the respective activities of the Manager in charge of preparing the corporate accounts, the Board of Directors, the Board of Statutory Auditors and the various corporate functions;
- verified the operational model with regard to the methods used to monitor the accounting and administrative procedures, and verify their application.

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

An effective internal control and risk management system must contribute to corporate management in line with the corporate objectives through assumption of informed decisions. The internal control system must therefore not only consider the management of risk in its entirety, but must necessarily be integrated.

This presupposes that its components are coordinated and interdependent and that the system, overall, is in turn integrated into the general organisational, administrative and accounting structure of the Company.

To this end, the meetings of the Control & Risks Committee are attended by the Board of Statutory Auditors, the Manager in charge of preparing the corporate accounts and, if additional information is required on the management and operation of the company, by the appropriate company management.

Furthermore, the activities of the committee are regularly reported to the Board of Directors.

MAIN CHARACTERISTICS OF EXISTING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

INTRODUCTION

The guidelines of the internal control system were defined by the Board of Directors with the support of the Control, Risks & Sustainability Committee in order to allow proper company management that is correct and consistent with the objectives established, through an adequate process of identification, measurement, management and monitoring of the main risks.

In compliance with art. 123-bis.2.b), of the CFA, the risk management system as it relates to the financial reporting process is an integral part of the internal control system, that is, a set of rules, procedures and organisational units that guarantee the reliability, precision and timeliness of financial reporting.

In connection with the financial reporting process, as a listed company the Company has appointed a Manager in charge of preparing the corporate accounts, who by law is assigned specific competences, responsibilities and certification and declaration obligations.

In accordance with the Articles of Association and with law, the Manager in charge of preparing the corporate accounts, with the support of the director in charge of the internal control and risk management system and the Board of Directors, has drawn up an internal control model and identified specific activity flows involving a variety of corporate functions providing support for the 262/05 attestation process.

REFERENCE CONTROL MODEL

In compliance with current legislation, the Manager in charge of preparing the corporate accounts has adopted a universally-recognized control model – COSO's Internal Control Integrated Framework – to assess the design and effectiveness of the internal control system as it relates to periodic financial reporting.

The model allows the internal control system to be assessed at three analytical levels (objectives, context and components), for each of which the features of significance with regard to application in the Group have been selected.

In terms of objectives, the Group's primary focus is its "financial reporting" objective, which aims to ensure timely and reliable financial reporting and accounting.

The purpose of the internal control processes is therefore to provide reasonable assurance regarding:

- preparation of the financial reports and accounts in compliance with the timetables set by law;
- the reliability of the data, information and process used to prepare the financial reports and accounts.

The model is able to assess the adequacy of an internal control system at various corporate levels including a Group level, a company level, a process level, etc.

With regard to components, used to assess the fitness of the control system to achieve the pre-defined objectives, the focus is on:

- the “control environment”, which identifies the parties and instruments for the organisation, assessment and checking of the general internal control system, one of whose objectives is the reliability of business and financial reporting;
- the “assessment of risks”, that is, identification of negative events that could prevent the reliability and timeliness objectives of financial reporting from being achieved, and assessment of the risk of such events occurring;
- “control activities”, that is, the actions and controls put in place to mitigate the risks that have already been identified and assessed. The control system will be effective to the extent that risks are adequately covered by a risk response and by specific control activities. Risk assessment and identification of control activities were carried out by mapping the accounting and administrative procedures and then assessing their adequacy;

“monitoring activities”, involving regular checks on:

- the actual implementation of procedures and above all, of the control activities mentioned above;
- the proper updating of procedures and above all, of the control activities mentioned above;

“information and communication”, with the organisation of effective information flows among the parties involved in the internal control system. Specifically, these flows include:

- communicating procedures to the parties concerned;
- exchanges of information among the parties with a role in the corporate governance model;
- reporting on the progress of any activities being carried out to improve the internal control system;
- reporting on any irregularities found during the monitoring process, which are described in subsequent sections of this document.



CHARACTERISTICS OF THE INTERNAL CONTROL MODEL

The Manager in charge of preparing the corporate accounts works in conjunction with the corporate governance bodies, the first-level corporate functions and the companies in the scope of consolidation in order to receive information on any activities that have an impact on the Group's results of operations, financial position or cash flow.

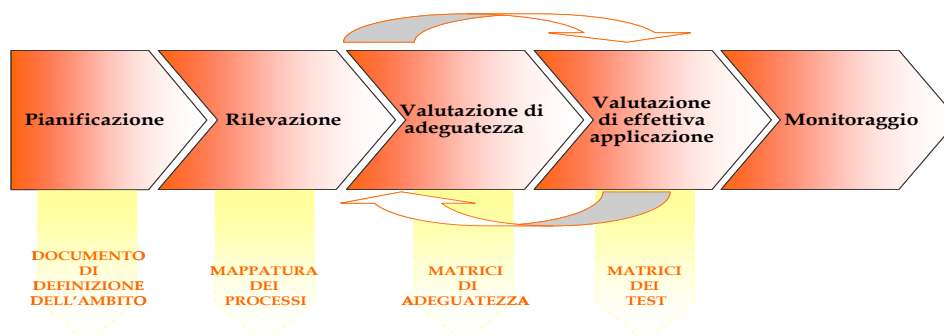
For the application of the internal control model, the Manager in charge of preparing the corporate accounts liaises with the Process Owners through the Internal Control Division and Internal Audit.

Specifically:

- the Internal Control Division provides support for the preparation of documents to be used to analyse and assess accounting and administrative procedures;
- Internal Audit is mainly involved in verifying that these procedures are implemented.

The Mondadori internal control model consists of the following phases, which were specifically updated during the year under review:

- Planning;
- Mapping;
- Assessment of adequacy;
- Assessment of actual implementation;
- Identification and monitoring of corrective measures.



Planning

The Company has updated its scope of analysis in the "Scope of Analysis Document" to include all of the Group's subsidiaries consolidated on a line-by-line basis.

Specifically:

- a materiality threshold was established for accounting items;
- a qualitative and quantitative risk assessment of accounting items was carried out division by division;
- each business division underwent a global assessment of the materiality of single accounting items in order to determine the scope of analysis;
- processes were identified for each division, where they were matched with the accounting items included in the scope of analysis;
- an overall risk valuation (High, Medium, Low) was then given to each process for each business division.

Mapping

The processes and procedures in the main reporting areas were mapped, highlighting key control activities for coverage of the identified financial reporting risks. The mapping activity was carried out in collaboration with the process owners.

A flow chart was created, indicating activities, support resources, roles/responsibilities.

Assessment of adequacy

Process and procedure adequacy was documented by assessing key control activities relating to identified risks, using a specific effectiveness matrix.

The findings of the assessment were shared with the process owners. Corrective measures were introduced when controls were found to be inadequate.

Assessment of actual implementation

The Internal Audit to assess implementation of key controls was conducted in relation to the mapped processes. The results were set out in specific reports addressed to the Manager in charge of preparing the corporate accounts, which are used to update process documentation and introduce any corrective measures.

Establishment and monitoring of corrective measures

The internal control model was monitored as follows:

- activation of communication channels with the process owners in order to identify any changes in their activities through “process certification” forms;
- updates of process documentation (flow charts and effectiveness matrices);
- identification and implementation of corrective measures to redress any inadequate key controls;
- preparation of attestation paperwork by the Group companies in the scope of the analysis;
- organisation of information flows to the control bodies.

10. DIRECTORS’ INTERESTS AND RELATED-PARTY TRANSACTIONS

In accordance with art. 2391-*bis* C.C. and the general principles set out in the “Regulation on Related-Party Transactions” promulgated by Consob with Resolution no. 17221 of 12 March 2010, as amended, (“Consob Regulation”), and in compliance with Consob Deliberation 21624 of 10 December 2020, on 20 May 2021, after receiving the favourable opinion of the Related Parties Committee, the Board of Directors approved the amendments to the “Procedure for Related-Party Transactions” (the “Procedure”).

The Procedure replaces the previous version of 25 November 2010; it sets out the rules, roles, responsibilities and activities put in place to ensure transparency and the substantive and procedural correctness of related-party transactions executed by the Company directly or through subsidiaries.

Specifically, the current Procedure adopted by the Board of Directors:

- identifies and qualifies Related Parties, with reference to the definitions in Annex A of the Procedure;
- qualifies the criteria for identification of material transactions – to be approved by the Board of Directors subject to the binding favourable opinion of the Related Parties Committee – and immaterial transactions;
- requires that directors involved in the transaction abstain from voting on all transactions subject to the approval of the Board, whether of “greater” or “lesser” importance;

- identifies the bodies and entities involved in implementing the Procedure, regulating their respective roles and the information and document flows;
- identifies the types of transactions that are exempt from the application of the Procedure.

To reinforce the transparency and substantive and procedural fairness of related-party transactions, some provisions of the Procedure take a more rigorous approach with respect to the options available to companies under art. 4.1.f) of the Consob Regulation.

Consequently, the Procedure envisages:

- a reduction – for specific types of transaction – of the quantitative thresholds indicated by the Regulation for identification of transactions of greater importance;
- exclusion of the so-called shareholder “whitewash” mechanism in the event of a negative opinion expressed by the committee of Independent Directors.

The “Procedure for Related-Party Transactions” is available on the website www.gruppomondadori.it - Governance section.

Detailed information about transactions with related parties in financial year 2021 is provided in the Directors’ Report on Operations and in the explanatory notes on the separate financial statements and the consolidated financial statements in the 2021 Annual Report available on the website www.gruppomondadori.it - Governance section.

RELATED PARTIES COMMITTEE

The Related Parties Committee is composed of three non-executive and independent directors:

Elena Biffi Chair - Non-Executive and Independent Director

Angelo Renoldi Non-Executive and Independent Director

Paola Elisabetta Galbiati Non-Executive and Independent Director

The members of the Related Parties Committee were appointed by resolution of the Board of Directors on 27 April 2021, and will remain in office until the end of the Board’s term, that is until the Shareholders’ Meeting called to approve the financial statements as at and for the year ending 31 December 2023, unless otherwise deliberated.

The operating procedures of the Related Parties Committee are governed by a specific regulation approved by the Board of Directors.

The Committee held five meetings in 2021, all duly minuted, with specific reference to:

- issuing reasoned opinions on transactions of lesser importance;
- adjustment of the Procedure for related-party transactions in compliance with Consob Deliberation no. 21624 of 10 December 2020;
- approval of the “Guidance on criteria for assessment of the independence requirements of the professionals identified as experts for the assessment of related-party transactions”;

Table 3 attached to this Report shows the attendance rate of each director.

11. BOARD OF STATUTORY AUDITORS

11.1 APPOINTMENT AND REPLACEMENT

The provisions of art. 27 of the current Articles of Association with regard to the procedures of the list voting system used to appoint the Board of Statutory Auditors are set out below.

Pursuant to art. 27.1 of the Articles of Association, the Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of list voting. It is composed of three Standing Auditors and three substitutes. The Statutory Auditors must comply with the requirements of current law and regulations and of the Articles of Association; specifically they must be registered in the Register of Statutory Auditors and Auditing Firms and have been practising statutory auditors for a period of not less than three years, pursuant to Ministerial Decree no. 162/2000.

Furthermore, pursuant to art. 2402 of the Italian Civil Code and art. 27 of the Articles of Association, the Shareholders' Meeting determines the fees of the Standing Auditors, and the reimbursement of expenses incurred in the performance of their duties.

At the meeting of 4 March 2021, the Board of Directors approved a series of amendments to align the Articles of Association with the new legislation on gender balance in the management and control bodies of listed companies pursuant to arts. 147-*ter*.1-*ter* and 148.1-*bis* of the CFA (as most recently amended by Law no. 160/2019).

Specifically, Law no. 160/2019 increased the share of the less represented gender in the governing and control bodies of listed companies from one third to two fifths.

One fifth of the Board of Statutory Auditors appointed by the Board of Directors on 27 April 2021 expresses the "less represented gender" as required by current legislation on gender balance.

Furthermore:

- with regard to the equity interest required for the presentation of lists, the Articles of Association, as specified below, refer to the percentage that, under the Issuers' Regulation, is established every year by Consob based on the average market capitalisation of companies in the last quarter of each financial year. Currently, under Consob Determination no. 44 of 29 January 2021, the minimum ownership stake required to submit a list of candidates for Arnoldo Mondadori Editore has been set at 2.5% of the share capital.

Article 27 of the Articles of Association

1. The Ordinary General Meeting elects the Board of Statutory Auditors, which consists of three standing members and three substitute members, who shall hold office for three years and expire at the Shareholders' Meeting called to approve the financial statements for the third year of the term of office and they may be re-elected. The composition of the Board of Statutory Auditors referred to in this provision shall apply from the first appointment following the adoption of the same.

All the Statutory Auditors shall be registered in the Register of statutory auditors and independent auditing firms established pursuant to law and shall have to have performed auditing activities for a period of not less than three years.

The Statutory Auditors shall also meet the requirements provided for in the relevant applicable law and regulatory provisions and the Board of Directors shall verify compliance.

2. The Statutory Auditors shall be appointed on the basis of lists submitted by the shareholders with the procedure described hereinafter. The lists shall contain a number of candidates registered with a progressive number. Each list shall include two sections: one for the candidates as Standing

Statutory Auditor and the other for the candidates as Substitute Statutory Auditor. Each candidate may be registered in only one list or otherwise become ineligible.

Each list shall include the indication of at least one Standing and one Substitute Statutory Auditor.

In order to ensure the balance between genders in accordance with the regulations currently in force, lists that contain three or more candidates must include candidates of both genders, in the proportions indicated by the applicable regulations on gender balance, for both the post of standing statutory auditor and the post of substitute auditor.

3. Shareholders with voting rights may submit lists, when they represent, alone or together with other shareholders, at least that percentage of subscribed capital determined and published by Consob for the submission of the lists of candidates for the appointment of the Board of Directors pursuant to the Issuers' Regulation as of the date of submission of the list.

The ownership of the share capital is determined by taking into account the shares that have been registered in favour of the shareholders on the day in which the list is filed with the Company, with reference to the subscribed capital as of the same date.

The relevant confirmation or certification may be notified or produced also subsequent to the filing of the list, provided that it is served to the Company within the term established for the publication of the lists by the Company.

The company hereby allows the shareholders who wish to submit the lists to submit them by remote communication means, according to the criteria that it will indicate in the relevant call for the Shareholders' Meeting and that allow the identification of the shareholders upon submission.

The interest percentage requested for the submission of the lists of candidates for the election of the Board of Statutory Auditors is specified in the relevant call for the Shareholders' Meeting to resolve upon the appointment of said Board.

No shareholder may submit or vote more than one list, either directly or through nominees or trust companies. The shareholders belonging to the same group – being herein intended as the parent company, subsidiaries and companies under joint control – and the shareholders who have adhered to a Shareholders' Agreement pursuant to Article 122 of Italian Legislative Decree no. 58/1998 referring to the Issuer's shares, may not submit nor vote more than one list, even if by third party or through trust companies.

4. The lists are filed at the Company no later than twenty-five days before the date of the Shareholders' Meeting on first or single call to discuss the appointment of the members of the Board of Statutory Auditors and are made available to the public at the company offices, on the website and through other channels envisaged by the applicable regulations at least twenty-one days before the date of the Shareholders' Meeting.

The lists shall include:

- a) information relative to the identity of the shareholders who have submitted the lists with indication of the percentage interest held;*
- b) a declaration of the shareholders who presented the list other than those who hold alone or jointly a controlling interest or a relative majority, attesting the absence or presence of links with the latter, in compliance with art. 144-quinquies, paragraph 1, of the Issuers Regulation;*
- c) exhaustive information on the personal and professional characteristics of the candidates as well as a statutory declaration by the same certifying that they meet the requisites envisaged by law and by these Articles of Association and that they accept the candidacy.*

Candidates may not be appointed Statutory Auditors if they hold office as members of boards of directors or boards of statutory auditors to an extent that exceeds the thresholds established by the relevant applicable law and regulatory provisions.

5. In the case in which on the expiry date of the term of twenty-five days before the scheduled date of the Shareholders' Meeting in first or single call convened to resolve upon the appointment of the Statutory Auditors, only one single list has been filed, or the only lists submitted are by shareholders who have relations pursuant to article 144-quinquies of the Issuers Regulation, the lists may be submitted until the third day subsequent to such date. In such a case the threshold referred to in paragraph 3 above is reduced by half.

6. The lists submitted without compliance with the afore specified provisions shall not be presented for voting.

7. Before the vote, the Chair of the meeting shall make reference to any declarations under letter b) above, inviting participants, who have not filed or contributed to the filing of any lists, to declare any possible relations as specified above.

Should any party linked to one or more reference shareholders vote for a minority list, the existence of the relationship becomes relevant only if the vote is decisive for the appointment of the statutory auditor.

8. The Statutory Auditors are appointed as follows:

a) two auditors and two substitute auditors are drawn from the list that obtained the highest number of votes, in the order in which they appear in the list;

b) one Standing Statutory Auditor and one Substitute Statutory Auditor are appointed, in the order in which they are named on the list, from the second list that received the highest number of votes and that, pursuant to applicable law provisions, has not, even indirectly, relations with the shareholders who submitted or voted the list with the highest number of votes.

In the hypothesis that multiple lists have obtained the same number of votes, a new round of balloting shall be held and those listed candidates who receive a simple majority of the votes shall be elected.

If at the conclusion of voting and the above operations the composition of the Board of Statutory Auditors does not comply with current regulations concerning gender balance, the necessary replacements will be made in the numerical order in which candidates are listed on the list obtaining the highest number of votes.

9. The candidate ranked first on the second most voted list for standing statutory auditors shall be appointed Chair of the Board of Statutory Auditors.

10. If only one list is submitted, the Shareholders will vote on it, and if the list obtains the majority required by article 2368 et seq. of the Civil Code, the three candidates in numerical order in the relative section shall be elected as standing auditors and the three candidates listed in progressive order in the relative section shall be elected as substitute auditors; the chairmanship of the Board of Statutory Auditors will go to the person listed at the top of the section of the candidates for the office of standing auditor.

11. In the absence of lists and if through the voting list the number of candidates elected is fewer than the number determined by these Articles of Association, the Board of Statutory Auditors will be appointed or supplemented by the Shareholders on the basis of statutory majorities and in compliance with applicable provisions concerning gender balance.

12. In the case of the replacement of an auditor, the place will be taken by a substitute auditor from the same list as the former, in compliance with applicable provisions concerning gender balance; in

the absence of such compliance, a shift in the order of subjects in the same list as the departing statutory auditor will be made or, alternatively, belonging to any other minority lists on the basis of votes received.

When the Shareholders are required to appoint standing and/or substitute auditors to complete the composition of the Board of Statutory Auditors, in compliance with applicable provisions concerning gender balance, they shall proceed as follows: should Statutory Auditors elected from the majority list need to be replaced, their successors are appointed by a relative majority without list constraints; on the other hand, if Statutory Auditors from a minority list are to be replaced, the Shareholders Meeting does so by a relative majority vote, choosing from among the candidates indicated in the list to which the Statutory Auditors to be replaced belonged or, as a second option, from among the candidates contained in any additional minority lists.

If there are no candidates in the minority list(s), in compliance with applicable provisions concerning gender balance the appointments are made by voting one or more lists, made up of a number of candidates not greater than those to be elected, presented prior to the meeting in compliance with the provisions laid down in this article for the appointment of the Board of Statutory Auditors. Lists may not be presented (and if presented they are void) by major shareholders or the shareholders related to them, as defined by current legal and regulatory provisions. The candidates in the list that obtains the greatest number of votes will be elected.

If no lists are presented in compliance with the above, and in compliance with applicable provisions concerning gender balance appointments are made by a relative majority vote without list constraints.

13. In any case of replacement of the Chair, the incoming auditor shall also act as Chair.

14. The Shareholders' Meeting establishes the fee due to the statutory auditors in addition to the reimbursement of the expenses incurred in the performance of their activities.

15. The powers and duties of the statutory auditors are those provided for by law.

16. The meetings of the Board of Statutory Auditors may be held by telecommunications means, provided that all participants are identifiable and that their identification is registered in the relevant minutes and that they are able to follow the discussion and intervene in real time in the discussion of the items on the agenda by exchanging documentation. In this case, the meeting shall be considered held in the place in which the Chair is present.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 27 April 2021 on the basis of the lists presented by the majority shareholder Fininvest S.p.A., owner of 53.299% of the share capital for a total of 139,355,950 shares, and by a shareholder grouping of asset managers and institutional investors, holding a total of 9,856,881 shares representing 3.769% of the share capital.

In accordance with the law and the Articles of Association, the Chair of the Board of Statutory Auditors is elected from the minority list.

11.2 COMPOSITION AND OPERATION (EX ART. 123-BIS.2.D) AND D-BIS), CFA)

The Board of Statutory Auditors consists as required by the Articles of Association of three standing auditors and three substitutes, and was appointed by the Shareholders' Meeting of 27 April 2021. Its term will expire with the Shareholders' Meeting to approve the financial statements as at and for the year ended 31 December 2023.

At the end of the financial year covered by this Report, the members of the Board of Statutory Auditors were:

Sara Fornasiero	Chair Board of Statutory Auditors
Flavia Daunia Minutillo	Standing statutory auditor
Ezio Simonelli	Standing statutory auditor
Mario Civetta	Substitute
Emilio Gatto	Substitute
Annalisa Firmani	Substitute

The auditors have a three-year term of office and may be re-elected.

The professional and personal biographies of each member of the Board of Statutory Auditors can be found on the website www.gruppomondadori.it - Governance section.

In accordance with the current Articles of Association, all statutory auditors must be officially listed on the Italian Register of Statutory Auditors and Auditing Firms, and they must have at least three years of statutory auditing experience.

Furthermore, they must meet all legal and regulatory requirements in force.

During 2021, the Board of Statutory Auditors held 25 meetings with an average duration of two hours, which were duly minuted. The Board of Statutory Auditors also held meetings with the Control, Risks & Sustainability Committee and the heads of the various corporate functions – including the Head of Internal Audit – with a focus on assessing the adequacy of the internal control and risk management system, and with the independent auditors to share information. The Board of Statutory Auditors also met the Supervisory Body, the members of the Boards of Statutory Auditors of the Mondadori Group subsidiaries and the independent auditors, in order to exchange information and regulatory updates.

Table 4 attached to this Report shows the attendance rate of each statutory auditor.

The following table lists the [directorships] or auditorships held by the current standing members of the Board of Statutory Auditors of Arnoldo Mondadori Editore S.p.A. in other listed and non-listed companies:

Board of Statutory Auditors	Positions held by the statutory auditors in other listed and non-listed companies
Sara Fornasiero	Standing auditor of Leonardo S.p.A. Standing auditor of Leonardo Logistics S.p.A. Standing auditor of Alenia Aermacchi S.p.A. Standing auditor of Atos Italia S.p.A. Standing auditor of Bricoman Italia S.r.l. Standing auditor of MBDA Italia S.p.A. Director of Landi Renzo S.p.A.
Flavia Daunia Minutillo	Chair of the Board of Statutory Auditors of Generali Italia S.p.A. Chair of the Board of Statutory Auditors of Generali Real Estate Sgr S.p.A. Chair of the Board of Statutory Auditors of Generfid S.p.A. Chair of the Board of Statutory Auditors of Gre Sicaf

	Standing Auditor of Axis Retail Partners S.p.A. Standing auditor of Banca Generali S.p.A. Standing auditor of City Life S.p.A. Standing auditor of Iqvia Solutions Italy S.r.l. Standing auditor of Iqvia Patients Solutions S.p.A. Standing auditor of Polo del Gusto S.r.l. Standing auditor of Residenze Cyl S.p.A. Standing Auditor of Rizzoli Education S.p.A.
Ezio Simonelli	Chair of the Board of Statutory Auditors of Aprilia Racing S.r.l. Chair of the Board of Statutory Auditors of Atex Media S.p.A. Chair of the Board of Statutory Auditors of Branchini Associati S.p.A. Chair of the Board of Statutory Auditors of Sisal Entertainment S.p.A. Chair of the Board of Statutory Auditors of Sisal Lottery Italia S.p.A. Chair of the Board of Statutory Auditors of Sisal S.p.A. Chair of the Board of Statutory Auditors of Vortice Elettrosociali S.p.A. Chair of the Board of Statutory Auditors of Intraco S.p.A. Chair of the Board of Statutory Auditors of La Villata S.p.A. Chair of the Board of Statutory Auditors of Mediaset Italia S.p.A. Standing auditor of Different S.p.A. Standing auditor of F2i SGR S.p.A. Standing Auditor of Mondadori Scienza S.p.A. Standing auditor of PHS Group S.p.A. Standing auditor of Recordati Industria Chimica e Farmaceutica S.p.A. Director of Sintesy Pharma S.r.l. Sole Director of UBK S.p.A. Sole Director of Gosen Immobiliare S.r.l. Sole Director of Gosen S.r.l. Sole Director of Immobiliare San Sebastiano S.p.A. Sole Director of Wings Of Hermes S.r.l. Director of Plusadvance S.r.l.

DIVERSITY CRITERIA AND POLICIES

Although the Company has not adopted a diversity policy, the current composition of the Board of Statutory Auditors as regards age, gender and educational/professional background provides a mix of the main complementary competences and experiences necessary for the strategic and substantial contribution required by the management and control of the Company and its specific line of business.

INDEPENDENCE

Compliance with independence criteria was verified at the time of appointment, pursuant both to art. 148.3 Lgs.Decree no. 58/1998 and to the Corporate Governance Code. The Board of Statutory Auditors ascertains the compliance of its members with the independence requirements on an annual basis. With the end-of-office self-assessment performed on 4 March 2021, the Board of Statutory Auditors confirmed that its members continued to comply with the independence requirements, and forwarded the outcome of their checks to the Board of Directors.

In conducting these assessments, the criteria set out in the Corporate Governance Code with regard to the independence of the Directors were applied.

SELF-ASSESSMENT OF THE BOARD OF STATUTORY AUDITORS

On 27 April 2021, the Board of Statutory Auditors ascertained that its members met the independence requirements of law and the Corporate Governance Code and the professionalism requirement for members of the Board of Statutory Auditors in its capacity as "Internal Control and Audit Committee", of art.9.3 of Lgs.Decree 39/2010, under which *"The members of the Internal Control and Audit Committee, as a whole, have expertise in the sector in which the entity being*

audited operates". The continuance of the professionalism and independence requirement was also ascertained by the Board of Statutory Auditors at its meeting on 11 March 2022.

As envisaged by the Rules of Conduct for the Board of Statutory Auditors of listed companies issued by Italy's National Council of Professional Accountants and Auditors, the Board of Statutory Auditors conducts an annual process of self-assessment to gather the opinions of its members on the Board's operations and composition. The findings were duly recorded at the meeting of 11 March 2022 in order to provide appropriate disclosure, in this corporate governance report, on the outcome of the self-assessment.

REMUNERATION

The shareholders' meeting of 27 April 2021 which re-elected the company bodies deliberated the assignment to the Statutory Auditors of a gross annual remuneration amount, as well as reimbursement of expenses incurred in the fulfilment of their duties, as follows:

- for the Chair of the Board of Statutory Auditors 60,000 Euro;
- for each standing auditor 40,000 Euro.

MANAGEMENT OF INTERESTS

If a statutory auditor has an interest in a Company transaction directly or on behalf of third parties, he/she shall promptly provide the other statutory auditors and the Chair of the Board of Directors with full information about the nature, terms, origin and extent of the interest.

12. INVESTOR RELATIONS

ACCESS TO INFORMATION

A specific corporate function named "Investor Relations" has been set up to manage relations with institutional investors and, in conjunction with the Legal & Corporate Affairs Division, with shareholders in general.

The Company policy regarding communication with financial market operators is based on the release of full and correct information about its results, initiatives and strategies, in compliance with Consob and Borsa Italiana rules and the need for confidentiality that might be required for certain information; special attention is placed on guaranteeing transparent and timely information to support relations with the financial community.

The Investor Relations function, headed by Dr.ssa Nicoletta Pinoia, may be contacted through the e-mail address: invrel@mondadori.it or nicoletta.pinoia@mondadori.it.

The company has created a special Investor Relations section on its website www.gruppomondadori.it which is a key tool in publishing information about the Company such as financial results, corporate events, the share price and the events calendar.

ENGAGEMENT WITH SHAREHOLDERS

On 13 December 2021, the Board of Directors accepted the proposal of the Chair, drawn up in

agreement with the CEO and the CFO, and adopted the “*Management Policy for Engagement with Shareholders and Other Interested Parties*”.

The Policy is intended to promote the most appropriate forms of engagement with the shareholders and the Company's other key stakeholders, taking into account best practices, the indications expressed by trade associations and the engagement policies adopted by institutional investors and asset managers.

Specifically, the Policy regulates the different forms of engagement used by the Company, which concern:

- (i) activities ordinarily managed by the relevant corporate functions, such as management of direct communication channels for Retail Shareholders, organisation of meetings, roadshows, conference calls, and management of the various communication channels with Interested Parties and other Market Operators;
- (ii) management of engagement with the members of the Board of Directors (“Direct Engagement”).

In detail, the Policy:

- with regard to the activities sub (i), identifies and describes the ordinary channels for direct continuous communication between the Company, Interested Parties and other Market Operators, managed by the relevant corporate functions (Investor Relations, with the coordination of the CFO, and Corporate Affairs);
- with regard to the activities sub (ii), i.e., Direct Engagement:
 - identifies the criteria, conditions and issues in relation to which Mondadori assesses the readiness to activate direct engagement between the members of the Board of Directors on one side, and the Interested Parties and other Market Operators on the other;
 - indicates the procedures with which Interested Parties and other Market Operators may make an engagement request to the Company or with which Mondadori may propose that one or more parties take part in engagement activities;
 - indicates the procedures for selection of the parties, in and outside Mondadori, to take part in engagement, and the internal reporting procedures to the Board of Directors.

General principles of the Policy

- The transparency principle, whereby the information provided in connection with Engagement must be clear, complete, correct, truthful and not misleading;
- compliance with the Law and regulations ruling from time to time and with internal rules of governance. Specifically, management of Engagement complies with legislation relating to Sensitive Information, with specific reference to national and community provisions and guidance on public disclosure of Insider Information. All forms of selective or asymmetrical disclosure to the market and the public are therefore excluded.

The Management Policy for engagement with shareholders and other interested parties is available on the website www.gruppomondadori.it (Governance section).

13. SHAREHOLDERS' MEETINGS

The following Articles of Association regulate the calling, proceedings and right to attend and vote at the Shareholders' Meeting:

- art. 9 with regard to the calling of the Shareholders' Meeting:
 - the meeting is called by publishing the relevant notice of call on the Company's website, subject to applicable regulations in force;
 - provision for the calling of the meeting, additions to the agenda and the presentation of proposals relating to items already on the agenda at the request of the minority shareholders in compliance with current law;
 - provision for exercise of the right to attend and vote through electronic means when expressly envisaged in the notice of call;
- art. 11 with regard to establishment of the right to attend the meeting and to vote: in compliance with the "record date" principle, entitlement is attested by notification by the broker to the Company based on evidence recorded at the close of the accounting day on the seventh trading day preceding the date set for the meeting, and any subsequent changes shall be irrelevant with regard to establishment of the right to vote. The notification must reach the Company by the close of the third trading day preceding the date scheduled for the meeting or within the indicated term, provided that this is before the meeting commences;
- art. 12 with regard to provision for the designation and notification of proxy voting, also by electronic means, pursuant to art. 135-*novies*, paragraph 6, Lgs.Decree no. 58/1998:
 - the possibility to designate a proxy through an electronically-signed, computerised proxy form, as per the instructions in the Meeting's notice of call, by using the relevant section of the Company's website or by sending the designation of proxy form to the Company's certified e-mail address;
 - the power for the Board of Directors to designate a party for each meeting to act as a proxy on behalf of shareholders, with instructions to vote on all or some of the proposals on the agenda;
- art. 16 with regard to the quorum and resolutions of meetings:
 - possibility for the Board of Directors to elect to call both ordinary and extraordinary meetings on single call pursuant to art. 2369, paragraph 1, Italian Civil Code, or through multiple calls pursuant to art. 2369, paragraph 2 *et seq.* Italian Civil Code;
 - enforcement of the legal quorums for meetings and resolutions, both on first and subsequent calls as well as on single call.

In compliance with the provisions concerning the proceedings of Shareholders' Meetings of Companies with listed shares enacted to protect people's health in light of the Covid-19 health emergency (Decree Law no. 18, 17 March 2020, art. 106 – the so-called "*Decreto Cura Italia*"), the Company elected the option of holding the Shareholders' Meeting called for 27 April 2021 through use of the tools envisaged to limit the physical presence of shareholders in a single venue, and thus through the exclusive participation of the Designated Representative, identified pursuant to article 135-*undecies* of the CFA as Computershare S.p.A., and the conduct of the meeting by means of telecommunication devices.

Each shareholder entitled to take part in the Shareholders' Meeting was able to grant a proxy with any voting instructions to the Designated Representative, by completing and signing a proxy form, available on the website www.gruppomondadori.it in the Governance section. It was also possible to grant proxies or sub-proxies to the Designated Representative pursuant to art. 135-*novies* of Lgs.Decree no. 58 of 24 February 1998, in derogation of art. 135-*undecies*.4 of the decree.

Documents relating to the items on the agenda are made available to the public, as required by law, at the registered office, on the “1info” authorised storage system (www.1info.it) and through publication on the Company website.

The Shareholders’ Meeting deliberates with the procedures and on the issues envisaged by law and the Articles of Association, in ordinary and extraordinary sessions.

With reference to art. 2365 Italian Civil Code, the Articles of Association provide for the Board of Directors to carry specific resolutions concerning certain matters that are also the competence of the shareholders, without prejudice to the competence of the shareholders on such matters.

During the year under review, the Shareholders’ Meeting was held once, on 27 April 2021.

At the meeting, the Board of Directors reported to the Shareholders on the operations of 2020 and those planned for 2021, also through publication of:

- a report illustrating the draft separate financial statements as at and for the year ended 31 December 2020 and the draft consolidated financial statements as at and for the year ended 31 December 2020;
- a report illustrating the appropriation of the profit for 2020 of Arnoldo Mondadori Editore S.p.A.;
- a report illustrating the authorisation to buy back and dispose of own shares pursuant to the combined provisions of articles 2357 and 2357-*ter* of the Italian Civil Code;
- a report illustrating resolutions pursuant to art. 114-*bis* of the CFA regarding the allocation of financial instruments;
- a report illustrating the appointment of the Board of Directors and the Board of Statutory Auditors;
- a report on remuneration policy and fees paid as per art. 123- *ter* del CFA.

The Shareholders are informed about the activities and procedures of the Remuneration & Appointments Committee through section 7 of this Report.

On 24 April 2001 the ordinary Shareholders’ Meeting approved a regulation for meetings that, among other things, governs the procedure to guarantee the right of each shareholder to take the floor in the discussion on the items on the agenda in order to ensure orderly proceedings and an efficient decision-making process that safeguards the interest of the shareholders as a whole.

The regulation is available for shareholders at the registered office and in the locations at which the meetings are held (and also on the website www.gruppomondadori.it - Governance section).

14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (EX ART. 123-BIS.2.A), PART TWO, CFA)

There is nothing to add with respect to the contents of this report.

15. CHANGES AFTER THE REPORTING DATE

There is nothing to add with respect to the contents of this report.

16. REMARKS ON THE LETTER OF THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE

The letter dated 3 December 2021 of the Chair of the Corporate Governance Committee to the Chairs of the Boards of Directors of listed companies was brought to the attention of the Board of Directors. Specifically, the Board examined the letter's "Recommendations of the Committee for 2022", as follows:

- with regard to the integration of sustainability in strategies, the control system and remuneration, the Board noted the particular importance, in the Mondadori governance system, of the strategy for the pursuit of "sustainable success" through a gradual process based on the guidelines and measures set out in the Sustainable Plan approved by the Board of Directors and illustrated in detail in this report. With regard to remuneration policy, special importance is attached to the introduction, as described above, of non-financial parameters linked to ESG issues for the objectives of the 2022/2024 Performance Share Plan.

- engagement with key stakeholders: The Board of Directors has adopted a "Management Policy for engagement with shareholders and other interested parties". The Policy has been published on the corporate website;

- assessment of independence: The Board of Directors has adopted a "Policy on criteria for assessment of the independence requirements for directors", indicating the criteria to be applied for assessment of the significance of professional, commercial or financial relations and additional remuneration. This policy has already been applied for the assessments relating to the independent members of the current Board.

- pre-meeting information: this is governed by the Regulation of the Board of Directors adopted on 13 May 2021, which establishes that information should be sent three days before meetings. The deadline is generally met. With regard to urgent matters, prior transmission of information is supplemented and/or replaced by special pre-meeting sessions.

- gender equality: the issue is being gradually implemented, specifically through the activities of the "Diversity & Inclusion" function set up in May 2021, which reports directly to the Chief Executive Officer.

TABLES

TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE AT 16/03/2022

STRUCTURE OF SHARE CAPITAL				
	N° shares	N° voting rights	Listed (indicate markets) / non-listed	Rights and obligations
Ordinary shares (indicating whether the possibility of increased voting rights is envisaged)	261,458,340 ordinary shares 139,359,650 shares with increased voting rights	400,817,990*	Euronext Star Milan	
Preference shares				
Shares with multiple voting rights				
Other categories of shares with voting rights				
Savings shares				
Convertible savings shares				
Other categories of shares without voting rights				
Other				

*At the date of this report the Company held 1,049,838 treasury shares, whose voting right is suspended.

OTHER FINANCIAL INSTRUMENTS (giving the right to subscribe new shares)				
	Listed (indicate markets) / non-listed	N° outstanding instruments	Category of shares servicing conversion/exercise	N° shares servicing conversion/exercise
Convertible bonds				
Warrants				

MAJOR SHAREHOLDINGS			
Declarant	Direct shareholder	% of ordinary share capital	% of voting share capital
Silvio Berlusconi	Fininvest S.p.A.	53.299%	69.718%

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE CLOSE OF THE FINANCIAL YEAR

Board of Directors													
Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until (AGM. app. fl.stmts)	List (presenters) (**)	List (M/m) (***)	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. other positions (****)	Attendance (*****)
Chair	Berlusconi Marina	1966	30.5.1994	27.04.2021	31.12.2023	Shareholders	M	x				2	9/10
CEO	Porro Antonio Stefano	1965	27.4.2021	27.04.2021	31.12.2023	Shareholders	M	x				4	7/7
Director	Berlusconi Pier Silvio	1969	30.5.1994	27.04.2021	31.12.2023	Shareholders	M		x			6	0/10
Director	Biffi Elena	1966	24.4.2018	27.04.2021	31.12.2023	Shareholders	M		x	x	x	3	10/10
Director	Casella Valentina	1979	27.4.2021	27.04.2021	31.12.2023	Shareholders	M		x	x	x	2	7/7
Director	Curro Francesco	1954	24.4.2018	27.04.2021	31.12.2023	Shareholders	M		x			-	10/10
Director	Franzosi Alessandro Edoardo	1964	17.5.2020	27.04.2021	31.12.2023	Shareholders	M	x				12	10/10
Director	Galbiati Paola Elisabetta	1958	27.4.2021	27.04.2021	31.12.2023	Shareholders	M		x	x	x	3	7/7
Director	Pellegrino Danilo	1957	28.2.2013	27.04.2021	31.12.2023	Shareholders	M		x			6	8/10
Director	Rapagna Alceo	1969	27.4.2021	27.04.2021	31.12.2023	Shareholders	m		x	x	x	7	7/7
Director	Renoldi Angelo	1949	11.11.2010	27.04.2021	31.12.2023	Shareholders	M		x	x	x	2	9/10
Director	Rossello Cristina	1961	19.4.2012	27.04.2021	31.12.2023	Shareholders	M		x			7	10/10
-----DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE YEAR-----													
Director	Mauri Ernesto	1946	20.3.2013	24.4.2018	27.4.2021	Shareholders	M	x				5	3/3
Director	Ainio Paolo Guglielmo Luigi	1962	28.7.2016	24.4.2018	27.4.2021	Shareholders	M		x			3	2/3
Director	Forneron Mondadori Martina	1981	5.2.2003	24.4.2018	27.4.2021	Shareholders	M		x	x	x	-	0/3
Director	Giangualano Patrizia	1959	24.4.2018	24.4.2018	27.4.2021	Shareholders	m		x	x	x	7	2/3
Director	Poli Roberto	1938	28.4.1997	24.4.2018	27.4.2021	Shareholders	M		x			4	3/3
Director	Resca Mario	1945	24.4.2001	24.4.2018	27.4.2021	Shareholders	M	x				8	3/3

Indicate the number of meetings held during the year: 10

Indicate the quorum required for the presentation of lists by minorities for the election of one or more members (ex art. 147-ter TUF): 2,5%

NOTES

The symbols shown below should be inserted in the "Office" column:

- Director responsible for the internal control and risk management system.
- Lead Independent Director (LID).

(*) The date of first appointment signifies the date on which the director was appointed for the first time (ever) to the BoD of the Issuer.
(**) This column indicates whether the list from which each director was elected was presented by shareholders ("Shareholders") or the BoD ("BoD").
(***) This column indicates whether the list from which each director was elected was a "majority" list ("M"), or a "minority" list ("m").

(****) This column indicates the number of positions held by the individual as director or statutory auditor in other listed companies or large companies. The positions are shown in full in the Corporate Governance Report. (*****) This column indicates the attendance of the directors at the meetings of the BoD (indicate the number of meetings attended with respect to the overall number of meetings held; e.g., 6/8; 8/8, etc.).

TABLE 3: STRUCTURE OF THE BOARD COMMITTEES AT THE CLOSE OF THE FINANCIAL YEAR

	Executive Committee		RPT Committee		Control, Risks & Sustainability		Remuneration & Appointments Committee		Appointments Committee		Other committee		Other committee	
	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Ena			5/5	M (until 27.4.21) C (since 27.4.2021)			6/6	M						
Paola etta			4/4	M (since 27.4.2021)										
Alceo					8/8	M								
ngelo			5/5	C (until 27.4.2021) M (since 27.4.2021)	12/12	M (until 27.4.2021) C (since 27.4.2021)	6/6	C						
Cristina			1/1	M (until 27.4.2021)	12/12	C (until 27.4.2021) M (until 27.4.2021)	6/6	M						
-----DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE YEAR-----														
no					3/4	M								
-----MEMBERS WHO ARE NOT DIRECTORS-----														
lame														
			5		12		6							

ors at the committee meetings (indicate the number of meetings attended with respect to the overall number of meetings held; e.g., 6/8; 8/8, etc.). (**) This column indicates the position ber.

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE CLOSE OF THE FINANCIAL YEAR

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until (AGM app.fl.strmts)	List (M/m) (**)	Indep. Code	Attendance at meetings (***)	No. other positions (****)
Chair	Fornasiero Sara	1968	24.04.2018	27.4.2021	31.12.2023	m	x	25/25	7
Standing Statutory Auditor	Minutillo Flavia Daunia	1971	23.4.2015	27.4.2021	31.12.2023	M	x	25/25	12
Standing Statutory Auditor	Simonelli Ezio	1958	29.4.2009	27.4.2021	31.12.2023	M	x	24/25	22
Substitute Statutory Auditor	Civetta Mario	1966	24.4.2018	27.4.2021	31.12.2023	m	x		
Substitute Statutory Auditor	Annalisa Firmani	1971	23.4.2015	27.4.2021	31.12.2023	M	x		
Substitute Statutory Auditor	Gatto Emilio	1969	27.4.2021	27.4.2021	31.12.2023	M	x		
-----AUDITORS WHO CEASED TO HOLD OFFICE DURING THE YEAR-----									
Substitute Statutory Auditor	Vittadini Francesco	1943	29.7.2003	24.4.2018	27.4.2021	M	x		

Indicate the number of meetings held during the year: 25

Indicate the quorum required for the presentation of lists by minorities for the election of one or more members (ex art. 148 TUF): 2,5%

NOTES

(*) The date of first appointment of each statutory auditor signifies the date on which the auditor was appointed for the first time (ever) to the board of statutory auditors of the Issuer. (**) This column indicates whether the list from which each statutory auditor was elected was a "majority" list ("M"), or a "minority" list ("m").

(***) This column indicates the attendance of the statutory auditors at the meetings of the board of statutory auditors (indicate the number of meetings attended with respect to the overall number of meetings held; e.g., 6/8; 8/8, etc.).

(****) This column indicates the number of director or statutory auditor positions held by the individual pursuant to art. 148-bis TUF and the Consob Issuers Regulation. The full list of positions is published by Consob on its website pursuant to art. 144-*quinquiesdecies* of the Consob Issuers Regulation.