

**REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE**

Pursuant to article 123-*bis* CFA

(traditional administration and control model)

**FINANCIAL YEAR 2022**

**Approved by the Board of Directors of  
Arnoldo Mondadori Editore S.p.A.  
on 16 March 2023**

## TABLE OF CONTENTS

|  |           |
|--|-----------|
| <b>1. PROFILE OF THE ISSUER</b>  | <b>4</b>  |
| <b>2. INFORMATION ON THE OWNERSHIP STRUCTURE (EX ART. 123-BIS.1, CFA) AS AT (16/03/2023)</b>   | <b>7</b>  |
| A) STRUCTURE OF SHARE CAPITAL (EX ART. 123-BIS.1.A), CFA)  | 7         |
| B) RESTRICTIONS ON THE TRANSFER OF SHARES (EX ART. 123-BIS.1.B), CFA)  | 7         |
| C) MAJOR SHAREHOLDINGS (EX ART. 123-BIS.1.C), CFA)   | 7         |
| D) SECURITIES CONFERRING SPECIAL RIGHTS (EX ART. 123-BIS.1.D), CFA)  | 7         |
| E) EMPLOYEE OWNERSHIP: MECHANISM FOR EXERCISE OF VOTING RIGHTS (EX ART. 123-BIS.1.E), CFA)   | 8         |
| F) RESTRICTIONS ON VOTING RIGHTS (EX ART. 123-BIS.1.F), CFA)   | 8         |
| G) SHAREHOLDER AGREEMENTS (EX ART. 123-BIS.1.G), CFA)  | 8         |
| 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) | 8         |
| I) AUTHORISATIONS TO INCREASE THE SHARE CAPITAL AND BUY BACK OWN SHARES (EX ART. 123-BIS.1.M), CFA)  | 8         |
| J) MANAGEMENT AND COORDINATION ACTIVITIES (EX. ART. 2497 ET SEQ. C.C.)   | 11        |
| <b>3. COMPLIANCE (EX ART. 123-BIS.2.A), PART ONE, CFA)</b>   | <b>11</b> |
| <b>4. BOARD OF DIRECTORS</b>   | <b>12</b> |
| 4.1 ROLE OF THE BOARD OF DIRECTORS   | 12        |
| 4.2 APPOINTMENT AND REPLACEMENT (EX ART. 123-BIS.1.L), PART ONE, CFA)  | 13        |
| 4.3 COMPOSITION (EX ART. 123-BIS.2.D) AND D-BIS, CFA)  | 19        |
| DIVERSITY CRITERIA AND POLICIES IN THE COMPOSITION OF THE BOARD AND THE CORPORATE ORGANISATION   | 20        |
| LIMIT ON ACCUMULATION OF POSITIONS HELD IN OTHER COMPANIES   | 21        |
| 4.4. OPERATION OF THE BOARD OF DIRECTORS (EX ART. 123-BIS.2.D), CFA)   | 22        |
| 4.5 ROLE OF THE CHAIR OF THE BOARD OF DIRECTORS  | 24        |
| SECRETARY TO THE BOARD OF DIRECTORS  | 25        |
| 4.6 EXECUTIVE DIRECTORS  | 25        |
| CHIEF EXECUTIVE OFFICER  | 25        |
| EXECUTIVE COMMITTEE (ONLY IF FORMED) (EX ART. 123-BIS.2.D), CFA)   | 25        |
| OTHER EXECUTIVE DIRECTORS  | 26        |
| 4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR  | 26        |
| INDEPENDENT DIRECTORS  | 26        |
| LEAD INDEPENDENT DIRECTOR  | 27        |
| <b>5. MANAGEMENT OF CORPORATE INFORMATION</b>  | <b>27</b> |
| (I) MANAGEMENT AND DISCLOSURE OF SIGNIFICANT AND INSIDER INFORMATION   | 27        |
| (II) INTERNAL DEALING  | 28        |
| (III) BLACK-OUT PERIODS  | 28        |
| <b>6. BOARD COMMITTEES (EX ART. 123-BIS.2.D), CFA)</b>   | <b>29</b> |
| <b>INTRODUCTION</b>  | <b>29</b> |
| ADDITIONAL COMMITTEES (OTHER THAN THOSE REQUIRED BY LAW OR RECOMMENDED BY THE CODE)  | 29        |
| <b>7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS – REMUNERATION &amp; APPOINTMENTS COMMITTEE</b>  | <b>29</b> |
| 7.1 SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS  | 29        |
| 7.2 REMUNERATION & APPOINTMENTS COMMITTEE  | 30        |
| COMPOSITION AND OPERATION OF THE REMUNERATION & APPOINTMENTS COMMITTEE (EX ART. 123-BIS.2.D), CFA)   | 30        |
| FUNCTIONS OF THE REMUNERATION & APPOINTMENTS COMMITTEE   | 30        |
| <b>8. REMUNERATION OF DIRECTORS – REMUNERATION COMMITTEE</b>   | <b>31</b> |

|   |           |
|---|-----------|
| 8.1 REMUNERATION OF DIRECTORS   | 31        |
| REMUNERATION POLICY   | 31        |
| REMUNERATION POLICY GUIDELINES  | 31        |
| COMPENSATION FOR DIRECTORS IN THE EVENT OF RESIGNATION, DISMISSAL OR SEVERANCE FOLLOWING A PUBLIC<br>TENDER OFFER (EX ART. 123-BIS.1.I), CFA) | 32        |
| 8.2 REMUNERATION COMMITTEE  | 32        |
| <b>9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL &amp; RISKS COMMITTEE</b>   | <b>33</b> |
| <b>MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM</b>  | 33        |
| INTRODUCTION  | 33        |
| GUIDELINES FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM  | 33        |
| DETERMINATION OF THE LEVEL OF COMPATIBILITY OF RISKS WITH ACHIEVEMENT OF STRATEGIC OBJECTIVES   | 35        |
| RISK MANAGEMENT   | 36        |
| RISKS CONNECTED WITH SUSTAINABILITY   | 36        |
| 9.1 CHIEF EXECUTIVE OFFICER   | 38        |
| 9.2 CONTROL, RISKS & SUSTAINABILITY COMMITTEE   | 39        |
| COMPOSITION AND OPERATION OF THE CONTROL, RISKS & SUSTAINABILITY COMMITTEE (EX ART. 123-BIS.2.D), CFA)  | 39        |
| FUNCTIONS ATTRIBUTED TO THE CONTROL, RISKS & SUSTAINABILITY COMMITTEE   | 42        |
| 9.3 HEAD OF THE INTERNAL AUDIT FUNCTION   | 43        |
| 9.4 ORGANISATION MODEL EX LGS.DECREE 231/2001   | 44        |
| 9.5 INDEPENDENT AUDITORS  | 45        |
| 9.6 MANAGER IN CHARGE OF PREPARING THE CORPORATE ACCOUNTS AND OTHER<br>CORPORATE ROLES AND FUNCTIONS  | 45        |
| 9.7 COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK<br>MANAGEMENT SYSTEM  | 46        |
| <b>MAIN CHARACTERISTICS OF EXISTING INTERNAL CONTROL AND RISK MANAGEMENT<br/>SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS</b>       | 47        |
| INTRODUCTION  | 47        |
| REFERENCE CONTROL MODEL   | 47        |
| CHARACTERISTICS OF THE INTERNAL CONTROL MODEL   | 48        |
| <b>10. DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS</b>  | <b>50</b> |
| RELATED PARTIES COMMITTEE   | 51        |
| <b>11. BOARD OF STATUTORY AUDITORS</b>  | <b>52</b> |
| 11.1 APPOINTMENT AND REPLACEMENT  | 52        |
| 11.2 COMPOSITION AND OPERATION (EX ART. 123-BIS.2.D) AND D-BIS), CFA)   | 56        |
| DIVERSITY CRITERIA AND POLICIES   | 57        |
| INDEPENDENCE  | 57        |
| SELF-ASSESSMENT OF THE BOARD OF STATUTORY AUDITORS  | 58        |
| REMUNERATION  | 58        |
| MANAGEMENT OF INTERESTS   | 58        |
| <b>12. INVESTOR RELATIONS</b>   | <b>59</b> |
| ACCESS TO INFORMATION   | 59        |
| ENGAGEMENT WITH SHAREHOLDERS  | 59        |
| <b>13. SHAREHOLDERS' MEETINGS</b>   | <b>60</b> |
| <b>14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (EX ART. 123-BIS.2.A), PART TWO,<br/>CFA)</b>  | <b>62</b> |
| <b>15. CHANGES AFTER THE REPORTING DATE</b>   | <b>62</b> |
| <b>16. REMARKS ON THE LETTER OF THE CHAIR OF THE CORPORATE GOVERNANCE<br/>COMMITTEE</b>   | <b>62</b> |

## 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 art. 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, Rizzoli Lizard, Mondadori Electa publishing houses and brands, and, since 2022, also with De Agostini Libri and Star Comics. 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 D Scuola S.p.A., with an offer covering 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.

### CORPORATE GOVERNANCE SYSTEM

Arnoldo Mondadori Editore S.p.A. has chosen a corporate governance system based on the “traditional” administration and control model pursuant to arts. 2380-*bis et seq.* Civ. Code, with a Board of Directors and a Board of Statutory Auditors appointed by the shareholders’ meeting, with the roles, functions, composition and responsibilities illustrated in this report.

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

The Board of Directors is vested with full powers of ordinary and extraordinary administration and 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.

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.

The engagement for auditing the separate financial statements and the consolidated financial statements

for the nine financial years 2019-2027 and providing the additional services as per Lgs.Decree 39/2010 was conferred on the EY S.p.A. auditing firm by the shareholders' meeting of 17 April 2019.

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

## **SUSTAINABILITY STRATEGY**

In the area of Sustainability, the Mondadori Group has reached a level of maturity that has enabled it to move from detailed reporting, in line with the GRI Standards, to a **strategic approach based on established ESG guidelines**, consistently with the global objectives of the United Nations.

Consequently, in 2022, Mondadori was able to draw up its **first Sustainability Plan**, approved by the Board of Directors with the preparatory, advisory and recommendatory support of the Control, Risks & Sustainability Committee. The Plan sets out **quantitative and qualitative targets** and short- and medium-term measures for continuous improvement in social, governance and environmental terms.

The quantitative targets were **monitored constantly**, making it possible to **record precisely the degree of attainment** on one hand and identify new future measures for continuous updating of the Plan on the other.

In the first half of the year, after a benchmark and positioning study, and an assessment of corporate priorities, a materiality analysis was conducted, consistently with the strategic guidelines set out in the Plan. This led to the identification of the current and potential areas of impact on the economy, people and the environment of greatest significance for the Group.

The mapping was accompanied by **stakeholder listening** events with the active involvement of the **management, employees** and other equally important interlocutors, including **teachers** and **customers of our bookstores**. For the first time, two new stakeholder categories were included – **suppliers and analysts** – who were identified on the basis of strategic relevance for the Group in the business sphere and the sustainability sphere.

The results of the analysis led to the **identification of the materiality issues with top priority for Mondadori**, on which the Group will work with determination and commitment, with a view to continuous improvement.

The Sustainability Plan references three macro areas and eight strategic guidelines – shown in the diagram below – with future objectives linked to the Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development.

#### 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 culture and fair, inclusive, quality education, that fosters continuous learning.
3. To create, plan and develop content of value and accessible, ESG-friendly products.
4. To support cultural activities for social development through focus on 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 an environmental culture and mitigation of impact on ecosystems



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

Detailed information on the issues covered by current activities and the guidelines for future Group action in Sustainability and on the definition and development of the related Plan is provided in the 2022 Non-Financial Disclosure available on the [www.gruppomondadori.it](http://www.gruppomondadori.it) website and on the 1Info authorised storage mechanism ([www.1info.it](http://www.1info.it)).

\*

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 2022 capitalisation of 477.5 million Euro;
- ii) the Issuer comes under the Code's definition of company with concentrated ownership and therefore has flexible options for application of the Code.

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 (16/03/2023)**

### **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 the share capital at 31 December 2022 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 supplemented by the notices received pursuant to art. 120 Lgs.Decree no. 58/1998 and by 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 69.538% 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](http://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 the CFA 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 27 April 2021 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 28 April 2022 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 2022. 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 or existing treasury shares as consideration for the acquisition of equity investments under the Company's investment policy;
- to use bought-back shares or existing treasury shares in relation to the exercise of conversion rights or other rights 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 in order to contain sharp swings in listed share prices, normalise trading and share price trends and 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 set up pursuant to art. 114-*bis* of the CFA, as well as issues of bonus shares to the employees or to the members of the Company's governing bodies 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

Purchases shall be organised, in compliance with articles 132 of the CFA and 144-bis.1.b) of the Issuers Regulation, on regulated markets or through multilateral trading systems, in accordance with operating procedures established in the organisation and management regulations of the markets themselves that do not allow the direct pairing of purchase bids with predetermined offers to sell, and in accordance with any other national and community laws.

Any purchases carried out to support market liquidity shall also be executed in compliance with the conditions established by the market practices pursuant to the combined provisions of art. 180 paragraph 1 head c) of the CFA and art. 13 of Regulation (EU) no. 596 of 16 April 2014 ("Allowed Market Practices").

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, paragraph 1 of Regulation (EU) no. 596/2014 relating to market abuse with reference to insider dealing and market manipulation.

Disposals of treasury shares may be executed, on one or more occasions and also before eventually reaching the maximum number of own shares that may be bought back, both through the sale of the shares on regulated markets and by means of other trading procedures compliant with applicable Italian and community law and Allowed Market Practices.

The proposed authorisation envisages that the purchases be made at a per-share price in accordance with any applicable national and community regulations and allowed market practices, provided that the minimum and maximum purchase consideration be set at a per-share price that is not more than 20% below the official Mondadori share price on the day preceding the day of the purchase, and not more than 10% above the official share price on the day preceding the purchase. In any case – unless prices and volumes are otherwise determined through application of the conditions envisaged by Allowed Market Practices as defined in the next point – the price shall be set in compliance with the trading conditions established by Delegated Regulation (EU) no. 1052 of 8 March 2016 and, specifically:

- shares shall not be purchased at a price that is greater than the price of the last independent trade or the price of the highest current independent bid on the trading floor where the purchase is carried out, whichever is the higher; and
- in terms of volumes, the daily purchased amounts shall not exceed 25% of the average daily trading volume for Mondadori shares in the 20 trading days preceding the purchase dates or in the month preceding the month of the notice required by art. 2.1 of Regulation (EU) no. 1052/2016.

With regard to considerations, sale transactions or other disposals of treasury shares shall be executed:

- if arranged in cash, at a price that is not more than 10% below the share price recorded on the Mercato Telematico Azionario - Euronext Milan market organised and managed by Borsa Italiana S.p.A. in the trading session that precedes each transaction;
- if arranged as part of extraordinary transactions, on financial terms to be determined by the Board of Directors based on the nature and characteristics of the transaction, also taking into account the Mondadori share price trend;
- if arranged to service the Performance Share Plans referred to in point 1 above, in accordance with the conditions and procedures set out in the Shareholder resolutions that established the Plans and in the respective regulations.

#### 4. Term

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 2022, and in any case not more than 18 months after that date, whereas the term of the authorisation for the disposal of treasury shares has no time limits, in view of the absence of deadline terms 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 410,000 own shares on the market, representing 0.156% 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 12 May 2022 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 311,847 shares already held in portfolio as treasury shares were assigned to the Beneficiaries of the 2019-2021 Performance Share Plan.

Including the 1,049,838 shares in portfolio at the date of the shareholders' meeting of 28 April 2022, at the date of this report the Company holds a total of 1,147,991 treasury shares, representing 0.440% 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.* Civ. Code over Arnoldo Mondadori Editore S.p.A., and confines itself to financial management of its equity investment in the Company.

It is specified that:

- the information required by art. 123-bis, paragraph 1 letter i) of the TUF (the agreements between the Company and the directors which provide for indemnities in the event of resignation or dismissal without just cause or if their employment relationship ceases following a takeover bid) are contained in the section of the Report dedicated to remuneration;
- the information required by art. 123-bis, paragraph 1 letter l), first part of the TUF (rules applicable to the appointment and replacement of directors) are contained in the section of the Report dedicated to the Board of Directors.

### **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](http://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, in the exercise of the aforementioned role, 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, at least annually, actual results with budget 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 the internal control and risk management system referred to in point f) below;
- 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. 76 of 30 January 2023, 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 2021, 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. Shareholders with voting rights have the right to submit 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 overall percentage interest; b) a declaration from the shareholders who have submitted the lists and other than those who hold, individual or 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 candidates 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 2021, 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" ("Policy"), available on the [www.gruppomondadori.it](http://www.gruppomondadori.it) website in the Governance section.

With a view to the possible exclusion of the independence requirement for directors as per recommendation 7 of the Code, the Policy predefines the quantitative and qualitative criteria for assessing the significance:

i) of any business, financial or professional relations of the independent directors with:

1.1) Arnoldo Mondadori Editore S.p.A.

1.2) the companies controlled by Arnoldo Mondadori Editore S.p.A.

1.3) the executive directors and top management of Arnoldo Mondadori Editore S.p.A. and the companies controlled by Arnoldo Mondadori Editore S.p.A.

1.4) the party that controls Arnoldo Mondadori Editore S.p.A. or, if the controlling party is a company, with that company's executive directors or top management.

ii) of any additional remuneration – with respect to the fixed fee for the post and that envisaged for participation in the committees recommended by the Code or envisaged by current laws – that the independent directors might receive for other posts in:

2.1) Arnoldo Mondadori Editore S.p.A.

2.2) companies controlled by Arnoldo Mondadori Editore S.p.A.

2.3) the company that controls Arnoldo Mondadori Editore S.p.A.

## **2. Identification of the Significance Criteria**

### **2.A) Business or financial relations or professional services**

#### Quantitative Significance Criteria

Relations of a business or financial nature or professional services with the parties indicated above at subheads 1.1) 1.2) 1.3) 1.4) are deemed significant when, in the Reference Period (meaning the period including the current financial year and the three previous financial years with respect to the assessments of the independence requirements of the directors to be performed at least on an annual basis by the Board of Directors), they are, individually or cumulatively, equal to or greater than the values indicated below, subject to application of the cap indicated in point 2.B below.

#### - relations of a business or financial nature:

- (i) (5)% of the most recent annual revenues of the enterprise or entity of which the Director holds control or is an executive Director, or of the professional firm or consultancy of which s/he is a partner; and/or
- (ii) (5)% of the costs sustained by the Mondadori Group in the most recently closed financial year that can be related to the same type of contractual relationship;

#### - professional services:

- (i) (5)% of the most recent annual revenues of the enterprise or entity of which the Director holds control or is an executive Director, or of the professional firm or consultancy of which s/he is a partner; and/or

- (ii) (2.5)% of the costs sustained by the Mondadori Group in the most recently closed financial year that can be related to engagements of a similar kind.

#### Qualitative Significance Criteria

When a director is also a partner of a professional firm or of a consultancy company, the professional relations of the firm and/or the consultancy company with the parties indicated above at subheads 1.1) 1.2) 1.3) 1.4) may also qualify as significant – irrespective of the quantitative criteria indicated above – when:

- they may have a material effect on the director's position and role in the firm or consultancy company, or
- they relate to important transactions of the Company and the group to which it belongs.

#### **2.B) Maximum amounts (“Caps”)**

Business or financial relations or professional services with the parties indicated above at subheads 1.1) 1.2) 1.3) 1.4) are considered significant in any case – irrespective of the amounts indicated in point 2.A above – when, in the Reference Period, individually or cumulatively, they are equal to or above the amounts set out below:

- i) € 50,000.00 if the payment is made directly to the director as a natural person;
- ii) € 100,000.00 if the payment is made not directly but to professional firms / consultancy companies of which the director is a partner or to companies controlled by the director or of which they are an executive director.

#### **2.C) Additional Remuneration**

Additional Remuneration received by the director for other posts in the parties indicated above at subheads 2.1) 2.2) 2.3) are qualified as significant when, individually or cumulatively, they exceed 50% of the fixed fee for the post of director and that established for participation in the committees recommended by the Code or envisaged under current laws, received on an annual basis from Arnoldo Mondadori Editore S.p.A. by the director in question.

#### **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 under review, 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

**Danilo Pellegrino**

**Alceo Rapagna** - who is also an Independent Director

**Angelo Renoldi** - who is also an Independent Director

**Cristina Rossello**

The personal and professional biographies of each member of the Board of Directors can be found on the website [www.gruppomondadori.it](http://www.gruppomondadori.it) - Governance section.

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

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

During 2021, on the proposal of the Remuneration & Appointments Committee, and in consideration of the findings of the self-assessment conducted during the year, and in view of its renewal, 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](http://www.gruppomondadori.it), in the Governance section, and is available on the 1info authorised storage system ([www.1info.it](http://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 2021 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.<br>Chair of Holding Italiana Quarta S.p.A.<br>Director of MFE-MEDIAFOREUROPE N.V.<br>Deputy Chair of Holding Italiana Prima S.p.A.<br>Director of Holding Italiana Seconda S.p.A.<br>Deputy Chair of Holding Italiana Terza S.p.A.<br>Director of Holding Italiana Quinta S.p.A.<br>Director of Holding Italiana Ottava S.p.A.<br>Director of the Mediolanum Foundation |
| Antonio Stefano Porro | Chair of Mondadori Libri S.p.A.<br>Chair of Mondadori Media S.p.A.<br>Chair of Mondadori Scuola S.p.A. (since 6/9/2022)<br>Deputy Chair of Mediamond S.p.A.<br>Director of Giulio Einaudi Editore S.p.A.<br>Director of De Agostini Libri S.r.l. (since 1/4/2022)<br>Chair of Rizzoli International Publications Inc.<br>Chair of Rizzoli Bookstores Inc.   |

|                             |  |
|-----------------------------|--|
| Pier Silvio Berlusconi      | Chair of Medusa Film S.p.A.<br>Chair and Chief Executive Officer of R.T.I. S.p.A.<br>Deputy Chair and Chief Executive Officer of Mediaset S.p.A.<br>Chief Executive Officer di MFE-MEDIAFOREUROPE N.V.<br>Director of Publitalia '80 S.p.A.<br>Director of Fininvest S.p.A.  |
| Valentina Casella           | Director of Banco Desio e della Brianza S.p.A.<br>Director of Italmobiliare S.p.A.<br>Director of Immobiliare Beta snc di Paolo Casella e C.   |
| Francesco Currò             | -  |
| Elena Biffi                 | Director of FinecoBank S.p.A.<br>Director of Revo Insurance S.p.A.   |
| Alessandro Edoardo Franzosi | Director of Electa S.p.A.<br>Director of Mondadori Education S.p.A.<br>Director of Rizzoli Education S.p.A.<br>Director of Giulio Einaudi editore S.p.A.<br>Director of Mondadori Libri S.p.A.<br>Director of Mondadori Retail S.p.A.<br>Director of Mondadori Media S.p.A.<br>Director of Attica Publications S.A.<br>Director of D Scuola S.p.A.<br>Director of Mediamond S.p.A.<br>Director of SEE S.p.A.<br>Director of Mondadori Scuola S.p.A. (since 6/9/2022) |
| Danilo Pellegrino           | Chair of Alba Servizi Aerotrasporti S.p.A.<br>Chair of ISIM S.p.A.<br>Deputy Chair of Il Teatro Manzoni S.p.A.<br>Chief Executive Officer of Fininvest S.p.A.<br>Director of MFE-MEDIAFOREUROPE N.V.<br>Director of A.C. Monza S.p.A.  |
| Paola Elisabetta Galbiati   | Director of Illimity Bank S.p.A.<br>Director of Illimity Sgr<br>Director of Unieuro S.p.A.   |
| Angelo Renoldi              | Chair of Mediolanum Assicurazioni S.p.A.<br>Chair of Mediolanum Vita S.p.A.  |
| Alceo Rapagna               | Chief Executive Officer of A-cclerator Italy S.r.l.<br>Chief Executive Officer of Innoleaps Services Netherlands B.V.<br>Sole Director of SBC Fashiontech 1921 S.r.l.<br>Chief Executive Officer of SBC Fintech Milan 2224 S.r.l.<br>Sole Director of SBC Sportstech Rome 2224 S.r.l.<br>Director of Lampoo S.r.l.<br>Director of A-Live S.r.l.  |
| Cristina Rossello           | Chair of Immobiliare Leonardo S.r.l. (since 29/04/2022)<br>Chair of the Terni de Gregory Foundation<br>Director of Spafid S.p.A.<br>Director of Spafid Family Office SIM S.p.A.<br>Director of AC Monza S.p.A.<br>Director of Il Teatro Manzoni S.p.A.<br>Director of C&C WEALTH MANAGEMENT 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. This deadline was respected in the reference year.

With regard to any resolutions of an urgent nature, the prior sending of the documentation is supplemented and/or replaced by specific pre-board sessions or by the analytical illustration of the supporting documentation in the Board.

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 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 2022, the Board of Directors held 7 meetings, which were regularly attended by the Board of Statutory Auditors. Each meeting lasted, on average, two hours.

When the Board of Directors meets to discuss agendas with a large number of items or questions of particular importance or complexity, it is customary to hold specific "pre-Board" sessions for a prior collective examination of the items on the agenda and related documents made available to the directors.

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 2023, as of the time of writing, three meetings had been held and the following additional meetings are planned, as per the published corporate calendar<sup>1</sup>:

- 10 May 2023 (approval of additional periodical financial information at 31 March 2023)
- 1 August 2023 (approval of the half-year financial report at 30 June 2023)
- 8 November 2023 (approval of additional periodical financial information at 30 September 2023)

***Participation of managers at meetings of the board of directors and the committees.***

The rules that govern the operation of the Board of Directors and the Board Committees regulate the access of the Board and the committees to the relevant company functions in relation to the issue under discussion, as well as the participation at meetings of company managers or other parties or external consultants whose presence is deemed useful.



These persons attend board meetings only for the discussion of the items of relevance to them and are required to comply with the confidentiality obligations established for board meetings.

Specifically, in agreement with the Chief Executive Officer or at the request of the Directors, the Chair may ask that the meetings of the Board of Directors be attended by Company executives or subsidiary heads of division and, as applicable, consultants, to attend Board meetings in order to illustrate specific issues relating to items on the agenda or concerning their business divisions and deepen the Directors' understanding of company situations and dynamics.

The meetings of the Board Committees are usually attended by the managers most directly concerned with the functions covered by the Committees. Specifically, the CFO and the Head of Internal Control for the Control, Risks & Sustainability Committee and the Head of Human Resources & Group Organisation for the Remuneration & Appointments Committee.

### ***Induction program***

In 2021, and given the appointment of the new Board and the new Board of Statutory Auditors by the Shareholders' Meeting on 27 April 2021 and the need to establish appropriate information flows between internal managers and the Board of Directors, 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.

## **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, through the methods indicated below, provides a link between the executive and the non-executive directors and ensures the effective operation of the Board.

In particular, 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

---

<sup>1</sup> 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, disclosure of quarterly data would be optional.

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 eventual 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.

On 13 May 2021, 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 vested with full operational management authority, except for issues falling under the exclusive authority of the Board of Directors, as described and listed above in section 4.1 "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-B/S.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**

With reference to the current Board, ascertainment of compliance with the independence requirements also referred to the information provided by each director at the first Board meeting following their appointment, and during the year under review.

As a result of the checks, the Board of Directors ascertained that the independence requirements were met and maintained by the following Directors:

**Elena Biffi**

**Valentina Casella**

**Paola Galbiati**

**Alceo Rapagna**

**Angelo Renoldi**

In conducting its checks, except as indicated below for the Director Angelo Renoldi, the Board referred to all the independence requirements indicated by the Code and to the “Policy on criteria for assessment of the independence requirements for directors” adopted by the Board, which governs the significance criteria on commercial, financial or professional relations or additional remuneration, which might compromise the independence requirement.

With regard to the Director 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 financial years in the last 12 financial 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.

Two meetings were held, coordinated by the Lead Independent Director and with the participation of the Head of Group Internal Control, Paolo De Benedetti, and the Head of Legal & Corporate Affairs, Andrea Canepa, as indicated below.

14 March 2022

- examination of the draft corporate governance report;
- overview of the state of application in AME of the recommendations of the Chair of the Corporate Governance Committee for the years 2021 and 2022;
- details on governance-related issues.

29 November 2022

- update on audit, compliance and risk activities;
- 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, the Board of Directors approved the new Procedure on Significant and Insider Information, which replaced the procedure introduced on 28 July 2016.

The Procedure, which also complies with the indications of the Guidelines on Management of Insider Information published by Consob in October 2017, assigns responsibility for managing and applying the Procedure to the Central Manager Group Administration, Finance & Control, who is assisted, as applicable, 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 is designed 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](http://www.gruppomondadori.it) – Governance section.

## **(ii) INTERNAL DEALING**

The procedures for the management and disclosure of documents and information concerning the Company include the most recent procedure adopted by the Board of Directors on 12 May 2022 pursuant to national and community internal dealing laws ("Internal Dealing Laws"), contained, *inter alia*, in art. 114.7 of the CFA, in articles from 152-*sexies* to 152-*octies* of the Consob Issuers Regulation, in EU Regulation no. 596 of 16 April 2014 on market abuse and subsequent amendments ("MAR") and in the related enacting regulations, and also in the indications provided by the ESMA in the form of Orientations, Q&A, Technical Advice to the European Commission, Technical Standards, Final Report, Discussion Paper, Consultation Paper and Feedback Statement ("Q&A ESMA").

The purpose of the procedure is to:

- (a) identify the parties required to make the disclosures envisaged by the Internal Dealing Laws;
- (b) inform said parties: (i) that they have been identified, (ii) about the obligations arising from their identification, and (iii) about the procedures they are required to follow to make the disclosures envisaged by law, in order to provide the public and the authorities with precise and correct information transparency in respect of the transactions performed by them on financial instruments issued by the Company, or derivatives and other related financial instruments issued by the Company;
- (c) govern the procedures for compliance with the above disclosure obligations;
- (d) identify the party responsible for receiving, managing and releasing the above disclosures to the market.

Specifically, the procedure governs disclosure obligations to Consob, the Company and the market for all transactions – with an overall value of 20,000 Euro and, once the 20,000 Euro threshold has been reached, all transactions subsequently performed in the same calendar year irrespective of value – on shares or debt instruments issued by the Company, on derivatives or other related financial instruments by members of the Board of Directors and the Board of Statutory Auditors of Mondadori, as well as by parties who perform management functions in Mondadori and executives who, while not members of the above bodies, have regular access to inside information relating directly or indirectly to Mondadori and hold the power to take management decisions that might affect the future development and prospects of Mondadori, and by persons closely associated with them.

These disclosures may be made, on behalf of the parties indicated above, by the Company, if so empowered to do so.

## **(iii) BLACK-OUT PERIODS**

Under the Internal Dealing procedure, the parties subject to requirements are prohibited from carrying out, on their own account or on the account of third parties, directly or indirectly, significant transactions during the 30 calendar days that precede the release of statements on the approval of the separate financial statements and the consolidated financial statements, the approval of the half-year financial report, the approval of the quarterly additional financial information.

The Mondadori Board of Directors or, in cases of proven urgency, the Chair of the Board of Directors may authorise a party subject to requirements to conduct negotiations during a black-out period, on the basis of specific circumstances and conditions required by the procedure.

## **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.

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 at least every three years prior to the renewal of the Board.

The self-assessment is conducted with the consultative and preparatory support of the Remuneration & Appointments Committee. It examines the size, composition and operation of the Board and its Committees, and also considers the role of the Board in drawing up strategy and monitoring operating performance and the adequacy of the internal control and risk management system.

In line with the frequency indicated above, the last self-assessment process was carried out in 2021 in view of the renewal of the Board of Directors which took place in the same 2021 financial year. With regard to the illustration of the outcomes of the process, please refer to the related Report to the previous year.

## 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:

|                          |  |
|--------------------------|--|
| <b>Angelo Renoldi</b>    | Chair - Non-Executive and Independent Director |
| <b>Elena Biffi</b>       | Non-Executive and Independent Director         |
| <b>Cristina Rossello</b> | 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 four meetings in 2022, 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 2023, the activities of the Committee will follow an annual program. To date, the Committee has held one meeting.

The meetings in 2022 covered:

- approval of the proposal for an ESG objective in the LTI and the new MBO computing mechanism;
- approval of the draft 2022 Remuneration Report, ascertainment of the vesting conditions for the 2019-2021 Performance Share Plan;
- approval of the proposal for the Board of Directors to set up a 2022-2024 Performance Share Plan;
- approval of the proposal for assignment of management powers for the 2022-2024 Performance Share Plan and vote analysis;
- update on the application of the Policy in the first half of 2022;
- approval of the guidelines of the 2023 Remuneration Policy and update on the application of the Policy in 2022.

### 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 operating procedures, 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;
- the formulation of contractual clauses governing the return to the Company (or the withholding of deferred amounts), in whole or in part, of variable remuneration components that have been disbursed, when determined on the basis of data that subsequently prove to be manifestly incorrect;
- 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 executive directors and key management personnel;
- share-based remuneration plans.

The reader is referred to the report on remuneration policy and fees paid available on the website [www.gruppomondadori.it](http://www.gruppomondadori.it) and on the 1Info authorised storage mechanism [www.1info.it](http://www.1info.it).

#### **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, neither are there preventive agreements between the Company and the directors which provide for compensation in the event of resignation or dismissal without just cause.

## **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 an appropriate objective-setting process, and that the objectives established are aligned with and support the company's mission;
- objectives are in line with acceptable risk levels (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 2022-23:

#### ❖ 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 generally prudent risk appetite, 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: first the Head of the 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 2022, 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 2022.

## **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 and the current complex macroeconomic situation have 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.

The risk scenarios of greatest significance are:

- ✓ **Macroeconomic and geopolitical uncertainty**: at a time when the economic crisis stemming from the Covid-19 pandemic continues to have a very significant impact, the numerous variables of the current situation are additional factors, including:
  - the evolution and consequences of the Russia - Ukraine conflict;
  - the trend in commodity prices;
  - the effectiveness of monetary policy;
  - the fall in consumption, associated with the return to an inflationary economy;
  - inflation, which has reached very high levels across the globe, leading to increased production costs for manufacturers and a reduction in household income.
  
- ✓ **Supply chain**: the main risks include 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 procurement and high cost of commodities (paper, energy and gas) and the rise in industrial costs, leading to increases in the cost of paper, printing, binding and transportation. The difficulty relates above all to maintaining environmental, social and economic sustainability in the management of the distribution chain.
  
- ✓ **Digital disruption and new technologies**: technological innovation is an issue that will have to be approached in a balanced way in the corporate culture and the focus on innovation appropriately aligned with strategic objectives. Technological disruption will also have to extend to investment portfolios and long-term investment strategies. Solid data governance, to ensure that data are secure, private, available and usable, is vital in order to:
  - understand the processes to adopt and the technology to use throughout the entire data life cycle;
  - avoid the data risk, which can affect many areas, leading to a reputational, compliance, operational and financial risk.
  
- ✓ **Sustainability (ESG)**: organisations must not view sustainability simply as an exercise in conformity. On the contrary, the application of the ESG principles is vital to check, measure, control and sustain companies' commitment, solidity and transparency with regard to their environmental, social and economic performance, in order both to avoid reputational risks and to reassure stakeholders that the organisation is working to achieve tangible ESG objectives.
  
- ✓ **Human capital, diversity and management of talents**: the increasingly pressing need to bridge potential shortcomings in the vision of the company, the workforce and external stakeholders. In order to attract and retain talents, companies need to make use of all the levers relating to identity, values, diversity, sustainability and inclusion, following by welfare, well-being and development.

- ✓ **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.

Appropriate mitigating action is being taken in these critical areas.

## 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 & SUSTAINABILITY COMMITTEE

### COMPOSITION AND OPERATION OF THE CONTROL, RISKS & SUSTAINABILITY 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:

|                          |  |
|--------------------------|--|
| <b>Angelo Renoldi</b>    | Chair - Non-Executive and Independent Director |
| <b>Alceo Rapagna</b>     | Non-Executive and Independent Director         |
| <b>Cristina Rossello</b> | 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 the Internal Audit Function 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 2022 the Control, Risks & Sustainability Committee held 12 meetings coordinated by the Chair and duly minuted, with an average duration of 1.5 hours, with the participation from time to time of the members of the Board of Statutory Auditors and the Head of the Internal Audit Function; 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 2022, the Control, Risks & Sustainability Committee:

- approved the 2022 annual Internal Audit activities program for the Company and its subsidiaries drawn up by the Head of the Internal Audit Function and verified its implementation. The 2022 audit plan for the parent company and its subsidiaries envisages action covering six 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) IT;

(vi) Risk Assessment;

- analysed the work performed by Internal Audit in 2022, 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 2021 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 2021 and the annual report of the Financial Risks Committee without finding irregularities;
- reviewed the 2021 annual report and the report at July 2022 prepared by the Control, Risks & Sustainability Committee without finding irregularities;
- analysed the Risk Assessment results and report presented by the Head of the Internal Audit Function. The scope of activity included both the Parent Company and the Italian subsidiaries;
- took cognisance of the report prepared by the Head of the Internal Audit Function, 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 2022;
- 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;
- met the Group Chief Financial Officer and the Ernst & Young auditing firm with regard to Consob warning notice no. 3 of 19 May 2022: conflict in Ukraine. On this matter, the Commission, drew the attention of the governing and audit bodies, also in their capacity as audit committees, and of the auditing firms involved in the production of the financial disclosures published by listed issuers to the effects of the conflict in Ukraine and, more generally, of the instability of the world geopolitical and macroeconomic situation. The effects of the conflict in Ukraine may be:
  - o *"direct"*, i.e., arising from the exposure of the markets affected by the conflict;
  - o *"indirect"*, i.e., arising from the repercussions on the commodities and energy markets, and from trends in demand as a result of the gradual deterioration in the economic situation and national and international growth prospects.

The analysis focused on the “indirect” effects of the conflict, since the Mondadori Group does not operate on the markets affected by the war and/or in the countries at war or subject to the economic sanctions introduced by the international community and or supranational organisations;

- took note of the document setting out the timing for the updating of the Organisation, Management and Control models of the Parent Company and the subsidiaries. The need for a review arose as a result of the extension of the predicate offences of Lgs.Decree 231/01 (*Arts. 25-septiesdecies «Crimes against cultural heritage» and 25-duodevicies «Recycling of cultural assets and devastation and looting of cultural and landscape assets»*);

- met the Head of Human Resources & Organisation and the Head of Legal & Corporate Affairs with regard to the proposal to assign responsibility for the coordination and development of sustainability activities to the Mondadori Group CEO.

Five committee meetings are planned for 2023.

So far this year, the Control, Risks & Sustainability Committee has held four meetings, as follows:

- on 6 February the Committee:

- (i) examined the impairment testing methodology for the separate financial statements as at and for the year ended 31 December 2022 adopted by the Company, and approved the measurement methods;

- (ii) examined the draft Internal Audit Plan and the Activities Plan of the Internal Control Division for 2023;

- (iii) took note of the updates on activities relating to the sustainability plan presented by the Head of Communication & Media Relations.

- on 16 February the Committee:

- (i) after consulting with the Board of Statutory Auditors, gave a favourable opinion on the 2023 annual Internal Audit plan for the Company and its subsidiaries drawn up by the Head of the Internal Audit Function, and the annual activities plan of the Internal Control Division;

- (ii) met the E&Y independent auditors to discuss the update on closing activities for the financial statements as at and for the year ended 31 December 2022.

- on 6 March the Committee:

- (i) met the Head of Communication & Media Relations for an update on activities on the 2022/2023 Sustainability Report and the Non-Financial Disclosure;

- (ii) examined the Control, Risk & Sustainability Committee's draft annual report on its activities for 2022;

- (iii) checked the situation of legal disputes as at 31 December 2022, and analysed the organisational structure of the Legal & Corporate Affairs Division with the Division Manager;

- on 16 March the Committee:

- (i) examined the results of the 2022-2023 risk assessment activity presented by the Head of the Internal Audit Function. The activity referred to the update of the results of the Parent Company and the subsidiaries;

- (ii) having consulted with the Board of Statutory Auditors, approved the report prepared by the Head of the Internal Audit Function on the self-assessment of the Internal Control and Risk Management system of the Mondadori Group for 2022;
- (iii) examined the impairment testing method applied to the assets reflected in the draft financial statements as at and for the year ended 31 December 2022, and met the E&Y independent auditors and the Chief Financial Officer of the Mondadori Group;
- (iv) analysed the financial policy related to risk reporting as at 31 December 2022 and the report of the Control, Risks & Sustainability Committee;
- (v) examined the impact of the international situation on the Company's operations.

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

#### **FUNCTIONS ATTRIBUTED TO THE CONTROL, RISKS & SUSTAINABILITY 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 Borsa Italiana Corporate Governance Code, the Head of the Internal Audit Function 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, Paolo De Benedetti was appointed Head of the Internal Audit function on 28 February 2013.

The Head of the Internal Audit Function 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 appropriate resources for the performance of its duties and establishes the remuneration of the Head of the Internal Audit Function, in line with the compensation levels set for corporate management.

The Head of the Internal Audit Function 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 of all corporate processes.

Audits targeting the Parent Company and its subsidiaries in 2022 involved six categories of audit:

- (i) Operational: analysis of processes and their assessment in terms of efficacy and efficiency.

- (ii) Compliance: 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 262/2005 in support of the Manager in charge of preparation of the corporate accounts.
- (v) IT: in support of information systems.
- (vi) Risk Assessment.

#### **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](http://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, 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](http://www.gruppomondadori.it) – Governance section.

In the performance of their 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, the Manager 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.

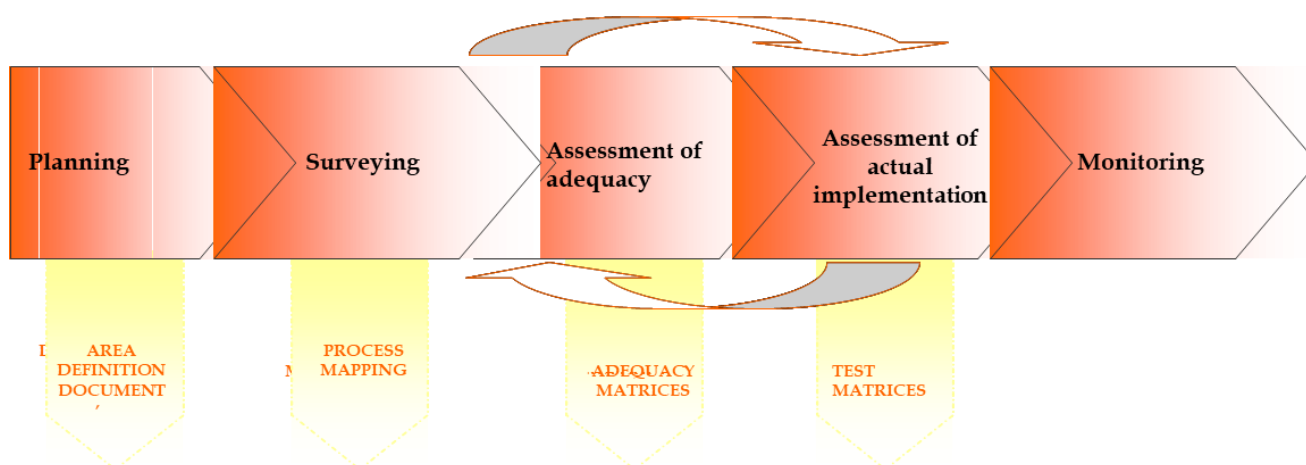
For the application of the internal control model, the Manager in charge of preparing the corporate accounts liaises with the Process Owners through the Internal Control Division and Internal Audit.

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* Civ. Code 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 “material” or “immaterial”;

- 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, in compliance with the principles underlying the relevant laws, 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 material transactions;
- exclusion of the so-called shareholder “whitewash” mechanism in the event of a negative opinion expressed by the committee of Independent Directors, unless otherwise foreseen, currently not configurable, by the Articles of Association.

The “Procedure for Related-Party Transactions” is available on the website [www.gruppomondadori.it](http://www.gruppomondadori.it) - Governance section.

Detailed information about transactions with related parties in financial year 2022 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 2022 Annual Report available on the website [www.gruppomondadori.it](http://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.

During 2022 two meetings were held and duly minuted, relating in particular to the issue of a reasoned opinion on an immaterial related-party transaction.

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. 76 of 30 January 2022, 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 the subscribed capital as of the date of submission of the list 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.

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:

|                                |                                   |
|--------------------------------|-----------------------------------|
| <b>Sara Fornasiero</b>         | Chair Board of Statutory Auditors |
| <b>Flavia Daunia Minutillo</b> | Standing statutory auditor        |
| <b>Ezio Simonelli</b>          | Standing statutory auditor        |
| <b>Mario Civetta</b>           | Substitute                        |
| <b>Emilio Gatto</b>            | Substitute                        |
| <b>Annalisa Firmani</b>        | 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](http://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 2022, the Board of Statutory Auditors held 19 meetings with an average duration of two hours, which were duly minuted. The Board of Statutory Auditors also held regular meetings with the Control, Risks & Sustainability Committee and the heads of the various corporate functions – including the Internal Audit Function – 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             | Chair of the Board of Statutory Auditors of Società Italiana Bricolage S.p.A. S.I.B (since 11/04/2022);<br>Chair of the Board of Statutory Auditors of Bricocenter Italia S.r.l. (since 11/04/2022); |

|                         |  |
|-------------------------|--|
|                         | Chair of the Board of Statutory Auditors of Bricoman Italia S.r.l. (since 11/04/2022);<br>Chair of the Board of Statutory Auditors of Leroy Merlin Italia S.r.l. (since 11/04/2022);<br>Chair of the Board of Statutory Auditors of S.E.M Servizi Editoriali Milano S.p.A. (since 28/04/2022);<br>Chair of the Board of Statutory Auditors of Rotomail Italia S.p.A. (since 28/04/2022);<br>Sole Statutory Auditor of Golilla S.r.l. (since 11/10/2022);<br>Standing auditor of Leonardo S.p.A.<br>Standing auditor of Leonardo Logistics S.p.A.<br>Standing auditor of Alenia Aermacchi S.p.A.<br>Standing auditor of Atos Italia S.p.A.<br>Standing auditor of MBDA Italia S.p.A.<br>Director of Landi Renzo S.p.A.<br>Director of Aworld S.r.l. Benefit corporation (since 29/4/2022)<br>Member of the audit body of the Conad ETS Foundation   |
| Flavia Daunia Minutillo | Chair of the Board of Statutory Auditors of Generali Italia S.p.A.<br>Chair of the Board of Statutory Auditors of Generali Real Estate Sgr S.p.A.<br>Chair of the Board of Statutory Auditors of Generfid S.p.A.<br>Chair of the Board of Statutory Auditors of Gre Sicaf<br>Chair of the Board of Statutory Auditors of Generali Jeniot S.p.A. (since 13/4/2022)<br>Standing auditor of Axis Retail Partners S.p.A.<br>Standing auditor of Banca Generali S.p.A.<br>Standing auditor of City Life S.p.A.<br>Standing auditor of Generali Business Solutions Scpa (since 13/04/2022)<br>Standing auditor of Gruppo Illy S.p.A. (since 29/06/2022)<br>Standing auditor of Iqvia Solutions Italy S.r.l.<br>Standing auditor of Iqvia Patients Solutions S.p.A.<br>Standing auditor of Polo del Gusto S.r.l. (until 29/04/2022)<br>Standing auditor of Residenze Cyl S.p.A.<br>Standing auditor of Rizzoli Education S.p.A. (since 13/04/2022)<br>Standing auditor of RAA S.p.A. (since 16/11/2022)   |
| Ezio Simonelli          | Chair of the Board of Statutory Auditors of Aprilia Racing S.r.l.<br>Chair of the Board of Statutory Auditors of Atex Media S.p.A.<br>Chair of the Board of Statutory Auditors of Branchini Associati S.p.A.<br>Chair of the Board of Statutory Auditors of Sisal Entertainment S.p.A.<br>Chair of the Board of Statutory Auditors of Sisal Lottery Italia S.p.A.<br>Chairman of the Board of Auditors of Sisal S.p.A.<br>Chair of the Board of Statutory Auditors of Vortice Elettrosociali S.p.A.<br>Chair of the Board of Statutory Auditors of Intraco S.p.A.<br>Chair of the Board of Statutory Auditors of La Villata S.p.A. (until 17/06/2022)<br>Chair of the Board of Statutory Auditors of Mediaset S.p.A.<br>Standing auditor of Different S.p.A.<br>Standing auditor of F2i SGR S.p.A.<br>Standing auditor of Mondadori Scienza S.p.A.<br>Standing auditor of PHS Group S.p.A.<br>Standing auditor of Recordati Industria Chimica e Farmaceutica S.p.A.<br>Director of Sintesy Pharma S.r.l.<br>Sole Director of UBK S.p.A.<br>Sole Director of Gosen Immobiliare S.r.l.<br>Sole Director of Gosen S.r.l.<br>Sole Director of Immobiliare San Sebastiano S.p.A.<br>Sole Director of Wings Of Hermes S.r.l.<br>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 for the members of the Board of Statutory Auditors 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 also ascertains the maintenance of its members with the independence requirements, above mentioned, on an annual basis. In particular

the Board of Statutory Auditors confirmed that its members continued to comply with the independence requirements, as part of the self-assessment process carried out in the reference year during the meeting of 10 March 2023 and forwarded the outcome of their checks to the Board of Directors.

These assessments applied all the criteria set out in the Corporate Governance Code with regard to the independence of the Directors and also considered the criteria indicated in the Policy on criteria for assessment of the independence requirements for directors approved by the Board of Directors on 18 March 2021.

### **SELF-ASSESSMENT OF THE BOARD OF STATUTORY AUDITORS**

At the time of its appointment, on 27 April 2021, the Board of Statutory Auditors verified that its members met the professionalism requirement required of the members of the Board, in their capacity as "Committee for Internal Control and Audit", by art. 9, paragraph 3 of Legislative Decree 39/2010, according to which "The members of the Internal Control and Audit Committee, as a whole, are competent in the sector in which the audited entity operates". The permanence of the professionalism requirements was also verified by the Board of Statutory Auditors in the meeting of 10 March 2023.

The Board of Statutory Auditors, in accordance with the Rules of Conduct of the Board of Statutory Auditors of listed companies issued by the National Council of Chartered Accountants and Accounting Experts, annually carries out a self-assessment process aimed at gathering the opinions of the members regarding the functioning and composition of the same. The outcome of this activity was duly minuted in the meeting of 10 March 2023 also in order to provide, in this Report, adequate information on the results of the process which saw confirmation of the existence of the requisites envisaged in terms of professionalism, competence, experience, independence, time availability, collaboration between members and exchange of information with the auditing firm.

### **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 Nicoletta Pinoia, may be contacted through the e-mail address: [invrel@mondadori.it](mailto:invrel@mondadori.it) or [nicoletta.pinoia@mondadori.it](mailto:nicoletta.pinoia@mondadori.it).

The company has created a special Investor Relations section on its website [www.gruppomondadori.it](http://www.gruppomondadori.it) which is a key tool for 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*” (“Policy”).

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, coordinated by 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 the Company 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 the Company may propose that one or more parties take part in engagement activities;
- indicates the procedures for selection of the parties, in and outside the Company, 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 Board of Directors is regularly updated about planned and executed Engagement and communication activities and their main results.

The Policy is available on the website [www.gruppomondadori.it](http://www.gruppomondadori.it) in the 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 28 April 2022 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, free of charge, by completing and signing a proxy form, available on the website [www.gruppomondadori.it](http://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.

The documentation relating to the items on the agenda is made available to the public, as required by law, on the 1Info authorised storage mechanism ([www.1info.it](http://www.1info.it)), on the Company website and at the registered office.

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 28 April 2022.

At the meeting, the Board of Directors in the person of the CEO reported on the matters of greatest significance concerning operations in 2021.

The disclosures required by the shareholders to enable them to take decisions on an informed basis was also provided through the publication, as required by law, of:

- a report illustrating resolutions on the draft separate financial statements as at and for the year ended 31 December 2021;
- a report illustrating resolutions relating to the appropriation of the profit for 2021 of Arnoldo Mondadori Editore S.p.A.;
- a report illustrating resolutions relating to the authorisation to buy back and dispose of own shares pursuant to the combined provisions of articles 2357 and 2357-*ter* Civ. Code;

- a report illustrating resolutions, pursuant to art. 114-*bis* of the CFA, regarding the allocation of financial instruments;
- a report on remuneration policy and fees paid as per art. 123-*ter* of the CFA. The Chair of the Remuneration & Appointments Committee reported to the shareholders on the main operating procedures of the Committee and the key characteristics of the remuneration policy through the publication of a specific “Letter from the Chair”.

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 head office and in the locations at which the meetings are held and also on the website [www.gruppomondadori.it](http://www.gruppomondadori.it) in the 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 25 January 2023 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 2023”, and noted the following:

##### **Remuneration of the executive directors and key management personnel.**

The Board considered that of the distinguishing elements of the remuneration policy the following may be configured:

(i) the introduction of performance objectives for the variable components that are not exclusively economic and financial, but also linked to concrete measurable sustainability questions; specifically, a performance objective was introduced in the 2022/2023/2024 Performance Share Plan relating to a specific measurable Diversity & Inclusion issue, with the gradual reduction of the gender gap in remuneration and management positions;

(ii) the introduction of variable components over a long-term horizon, satisfied by the Performance Share Plan, which provides for the assignment of target shares subject to attainment of economic/financial performance objectives as well as objectives relating to sustainability questions (see above), measured over a 3-year period, with an additional 24-month lock-up on the assigned shares;

(iii) disclosure of the weights and incidences of the fixed components, short-term variable components and long-term variable components with respect to the overall remuneration set out in the remuneration report.

**Adoption by the Board of Directors and publication of a Policy for Engagement with the shareholders and other key stakeholders.**

The Board ascertained that the policy for engagement with the shareholders and other stakeholders adopted on 13 December 2021 also provides for dialogue to be activated on the initiative of investors and information flows from the functions responsible for managing engagement to the Board of Directors, to enable the Board of Directors to monitor engagement and any key issues that emerge.

**Assessment of independence criteria for the Directors.**

The Board noted that the Policy on the criteria for assessment of the independence requirements of the directors adopted in March 2021 and already applied to the independent members of the board currently in office, also governs the criteria for identification of the significance of any professional, commercial or financial relations that might compromise their independence.

These criteria are disclosed in this report.

**Participation of internal Managers at the meetings of the Board of Directors and the Committees**

The Board noted that, in line with the regulations of the Board of Directors and the Board Committees, the participation of internal managers at Board and Committee meetings with regard to the items on the agenda is established practice, on the initiative of the Committee Chairs in agreement with the CEO.

Appropriate information flows between management and the Board of Directors are also achieved through induction sessions on organisational, regulatory and business questions relating to the Group held by internal managers, notably during the first year of office of the Board.

**Pre-meeting information**

The Board checked that the regulations of the Board of Directors and the Committees indicate a specific term (at least 3 days) for the prior distribution of the documentation relating to the items on the agenda of board meetings. This term was met in the financial year under review.

With regard to possible urgent matters, prior transmission of information is supplemented and/or replaced by special pre-meeting sessions or analytical illustration of the documentation at the meeting.



**TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE AT 16/03/2023**

| STRUCTURE OF SHARE CAPITAL  |  |                  |  |                        |
|---|--|------------------|--|------------------------|
|   | N° shares  | N° voting rights | Listed (indicate markets) / non-listed | Rights and obligations |
| Ordinary shares<br>(indicating whether the possibility of increased voting rights is envisaged) | 261,458,340 ordinary shares<br>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 with no voting rights  |  |                  |  |                        |
| Other   |  |                  |  |                        |

\*At the date of this report the Company held 1,147,991 treasury shares, whose voting rights are suspended.

| OTHER FINANCIAL INSTRUMENTS<br>(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%                     | 69.536%                   |
|                     |                    |                             |                           |
|                     |                    |                             |                           |

**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. as per Code | Indep. as per CFA | No. other positions (****) | Attendance (*****) |
| Chair   | Berlusconi Marina           | 1966          | 30.5.1994                     | 27.04.2021      | 31.12.2023                           | Shareholders           | M                | x     |           |                    |                   | 9                          | 7/7                |
| Chief Executive Officer                                       | Porro Antonio Stefano       | 1965          | 27.4.2021                     | 27.04.2021      | 31.12.2023                           | Shareholders           | M                | x     |           |                    |                   | 8                          | 7/7                |
| Director  | Berlusconi Pier Silvio      | 1969          | 30.5.1994                     | 27.04.2021      | 31.12.2023                           | Shareholders           | M                |       | x         |                    |                   | 6                          | 0/7                |
| Director  | Biffi Elena                 | 1966          | 24.4.2018                     | 27.04.2021      | 31.12.2023                           | Shareholders           | M                |       | x         | x                  | x                 | 2                          | 7/7                |
| Director  | Casella Valentina °         | 1979          | 27.4.2021                     | 27.04.2021      | 31.12.2023                           | Shareholders           | M                |       | x         | x                  | x                 | 3                          | 7/7                |
| Director  | Curro Francesco             | 1954          | 24.4.2018                     | 27.04.2021      | 31.12.2023                           | Shareholders           | M                |       | x         |                    |                   | -                          | 7/7                |
| Director  | Franzosi Alessandro Edoardo | 1964          | 17.5.2020                     | 27.04.2021      | 31.12.2023                           | Shareholders           | M                | x     |           |                    |                   | 12                         | 7/7                |
| 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                          | 7/7                |
| Director  | Rapagna Alceo               | 1969          | 27.4.2021                     | 27.04.2021      | 31.12.2023                           | Shareholders           | m                |       | x         | x                  | x                 | 7                          | 6/7                |
| Director  | Renoldi Angelo              | 1949          | 11.11.2010                    | 27.04.2021      | 31.12.2023                           | Shareholders           | M                |       | x         | x                  | x                 | 2                          | 7/7                |
| Director  | Rossello Cristina           | 1961          | 19.4.2012                     | 27.04.2021      | 31.12.2023                           | Shareholders           | M                |       | x         |                    |                   | 7                          | 7/7                |
| -----DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE YEAR----- |                             |               |                               |                 |                                      |                        |                  |       |           |                    |                   |                            |                    |
|   |                             |               |                               |                 |                                      |                        |                  |       |           |                    |                   |                            |                    |

Indicate the number of meetings held during the year: 7

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

| B.o.D.   |                           | Executive Committee |      | RPT Committee |      | Control, Risks & Sustainability Committee |      | Remuneration & Appointments Committee |      | Appointments Committee |      | Other committee |      | Other committee |      |
|--|---------------------------|---------------------|------|---------------|------|---|------|---------------------------------------|------|------------------------|------|-----------------|------|-----------------|------|
| Office/Title   | Members                   | (*)                 | (**) | (*)           | (**) | (*)                                       | (**) | (*)                                   | (**) | (*)                    | (**) | (*)             | (**) | (*)             | (**) |
| Non-executive - independent director as per CFA and Code   | Biffi Elena               |                     |      | 2/2           | C    |   |      | 4/4                                   | M    |                        |      |                 |      |                 |      |
| Non-executive - independent director as per CFA and Code   | Galbiati Paola Elisabetta |                     |      | 2/2           | M    |   |      |                                       |      |                        |      |                 |      |                 |      |
| Non-executive - independent director as per CFA and Code   | Rapagna Alceo             |                     |      |               |      | 11/12                                     | M    |                                       |      |                        |      |                 |      |                 |      |
| Non-executive - independent director as per CFA and Code   | Renoldi Angelo            |                     |      | 2/2           | M    | 12/12                                     | C    | 4/4                                   | C    |                        |      |                 |      |                 |      |
| Non-executive - independent director as per CFA and Code   | Rossello Cristina         |                     |      |               |      | 11/12                                     | M    | 4/4                                   | M    |                        |      |                 |      |                 |      |
| -----DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE YEAR-----  |                           |                     |      |               |      |   |      |                                       |      |                        |      |                 |      |                 |      |
|  |                           |                     |      |               |      |   |      |                                       |      |                        |      |                 |      |                 |      |
| -----MEMBERS WHO ARE NOT DIRECTORS-----  |                           |                     |      |               |      |   |      |                                       |      |                        |      |                 |      |                 |      |
| Senior Manager of the Issuer/  | Surname Name              |                     |      |               |      |   |      |                                       |      |                        |      |                 |      |                 |      |
| No. meetings held during the year:   |                           |                     |      | 2             |      | 12  |      | 4                                     |      |                        |      |                 |      |                 |      |
| NOTES  |                           |                     |      |               |      |   |      |                                       |      |                        |      |                 |      |                 |      |
| (*) This column indicates the attendance of the directors 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 of the director on the Committee: "C": chair; "M": member. |                           |                     |      |               |      |   |      |                                       |      |                        |      |                 |      |                 |      |

**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.ann.rpt) | List (M/m) (**) | Indep. as per Code | Attendance at meetings (***) | No. other positions (****) |
| Chair  | Fornasiero Sara         | 1968          | 24.04.2018                    | 27.4.2021       | 31.12.2023                        | m               | x                  | 19/19                        | 15                         |
| Standing Statutory Auditor                                   | Minutillo Flavia Daunia | 1971          | 23.4.2015                     | 27.4.2021       | 31.12.2023                        | M               | x                  | 18/19                        | 16                         |
| Standing Statutory Auditor                                   | Simonelli Ezio          | 1958          | 29.4.2009                     | 27.4.2021       | 31.12.2023                        | M               | x                  | 18/19                        | 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----- |                         |               |                               |                 |                                   |                 |                    |                              |                            |
|  |                         |               |                               |                 |                                   |                 |                    |                              |                            |

Indicate the number of meetings held during the year: 19

Indicate the quorum required for the presentation of lists by minorities for the election of one or more members (ex art. 148 CFA): 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 CFA 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.