

## Civitanavi System S.p.A. - Remarks of the outgoing Board of Statutory Auditors

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### 1. Background

As known, the mandate of the Board of Statutory Auditors of Civitanavi System S.p.A. currently in office will expire on the date of the Shareholders' Meeting called to approve the financial statements as of December 31<sup>st</sup>, 2023. On such occasion, the Shareholders' Meeting will be called to resolve upon the appointment of a new supervisory body.

In accordance with point Q.1.5. of the Rules of Conduct for the Board of Statutory Auditors of Listed Companies of the CNDCEC of December 21<sup>st</sup>, 2023 (hereinafter the "Rules of Conduct"), it is *"good practice that the outgoing board expresses to the shareholders, in view of the renewal, its orientation on the professional profiles and skills that properly complement the qualitative composition of the board, as well as the time commitment required to perform the task and the remuneration appropriate to attract persons of adequate standing, without neglecting the provisions of law no. 49 of April 21<sup>st</sup>, 2023. Such document shall be published on the company's website well in advance of the publication of the notice of call of the shareholders' meeting relating to the renewal of the board"*.

This document is drawn up by the Board of Statutory Auditors in office in compliance with the above-mentioned indication and with the aim of fostering knowledge on the part of the Shareholders' Meeting and of the candidate for the office as Statutory Auditors providing an exhaustive picture of the activities that the Company's Board of Statutory Auditors is required to perform, in order to assess in an informed manner the professional skills required and the adequacy of the remuneration proposed for the performance of the office.

In fact, with reference to the profile of professionalism, Conduct Rule Q.1.1. provides that *"The board of statutory auditors, in its capacity as the PIE's internal control and audit committee, shall be composed of members, as a whole, competent in the sector in which the audited company is active. This implies that the individual auditor may not possess such expertise at the time of appointment, it being understood that they shall gain it during the term of office, by documenting themselves, obtaining information (also from the company) and availing of the experience on the peculiarities of the sector gained by their colleagues"*. Consistent indications may also be found in Article 19, paragraph 3, of Legislative Decree 39/2010, pursuant to which *"the members of the internal control and audit committee, as a whole, are competent in the sector in which the audited entity is active"*.

Before being made available to shareholders, this document was sent to the Chairman of the Board of Directors to be brought to the attention of the Company's Board of Directors.

### 2. Development of the activities of the Board of Statutory Auditors provided for by the law

Reference is hereby made to the reformation of the statutory audit discipline implemented at European level (so-called "European Reformation") with the promulgation of the following acts:

- Regulation (EU) no 537/2014 on the audit of Public Interest Entities (so-called PIEs), directly applicable as of June 17<sup>th</sup>, 2016;
- Directive no. 2014/56/EU transposed into Italian law by Legislative Decree no. 135/2016, which amended the provisions envisaged by Legislative Decree no. 39/2010.

With the European Reformation, the lawmaker intended to strengthen the quality of auditing and to reinforce, in particular, the mechanisms for verifying the independence of the auditor, by providing the Supervisory Body, in its capacity as Internal Control and Audit Committee, with specific monitoring activities.

In this context, the Supervisory Body shall:

- inform the board of directors of the audited company of the outcome of the statutory auditing activity (Article 19, paragraph 1, letter a), of Legislative Decree no. 39/2010) and submit to that corporate body the additional report together with further observations, if any (Article 11 Regulation (EU) 537/2014);
- monitor the financial reporting process and make recommendations/proposals aimed at ensuring its integrity (Article 19, paragraph 1, letter b), of Legislative Decree 39/2010);
- monitor the effectiveness of the firm's internal quality control and risk management systems and, if applicable, internal audit, with respect to the audited entity's financial reporting (Article 19, paragraph 1, letter c), of Legislative Decree 39/2010);
- monitor the auditing activity on the yearly financial statements, also taking into account any findings and outcome of the quality controls carried out by Consob (Article 19, paragraph 1, letter d), of Legislative Decree 39/2010);
- verify the auditor's independence (Article 19, paragraph 1, letter e), of Legislative Decree 39/2010);
- be responsible for the selection procedure of the statutory auditor (Article 16 EU Regulation 537/2014 and Article 19, paragraph 1, letter f), of Legislative Decree 39/2010);
- approve the performance of non-audit services by the auditor and the entities of the relevant network (Article 5 Regulation (EU) 537/2014).

It is also worth mentioning the regulation on non-financial information introduced by Legislative Decree 254/2016, according to which the Supervisory Body shall:

- supervise the directors' compliance with the provisions envisaged by Legislative Decree 254/2016 regarding the drafting of the non-financial statement (Article 3, paragraph 7, of Legislative Decree 254/2016);
- inform the Shareholders' Meeting of the outcome of the aforementioned supervision (Article 3, paragraph 7, Legislative Decree 254/2016);
- be heard by the administrative body in the event that, in exceptional circumstances, information may be omitted from the declaration of non-financial nature that could jeopardize the company's commercial position (Article 3, paragraph 8, of Legislative Decree 254/2016).

It should be noted, in this respect, that although Civitanavi Systems S.p.A. is not included among the entities required to draw up the non-financial statement, it decided to proceed with the drafting of the Sustainability Report starting from the financial year ending 31/12/2022 on a voluntary basis.

### **3. Remarks on the composition of the Board of Statutory Auditors**

Taking into account the sector in which the Company is active and the corporate organization, it is considered that the performance of the tasks assigned to the Board of Statutory Auditors requires, also in perspective, the possession of specific skills in the following areas:

- Principles and operating rules of listed companies;
- Accounting processes and the formation of Financial Statements;
- National and international accounting standards;

- Economic and financial evaluations;
- Risk management and internal control systems;
- Technical expertise in the legal field;
- Expertise in finance and the functioning of financial markets;
- Remuneration policy competences;
- Internal audit processes;
- Compliance;
- Legal audit;
- Expertise on sustainability reporting standards.

In particular, skills and experience in listed companies are deemed to be essential. It is also appropriate for the Board of Statutory Auditors to have the expertise of persons who have gained experience in the aforementioned areas on a complementary basis. Hence, it is relevant that the members of the supervisory board have different backgrounds and jointly cover the aforesaid areas of competence.

On the basis of the self-assessment activities carried out annually, the Board of Statutory Auditors in office has ascertained that it possesses the aforementioned competences.

The Board has also ascertained that an important element of efficiency and effectiveness in the performance of its duties is the high degree of complementarity of the academic and accrued experience of each member. This ensures a functional and complete coverage of the various issues that the Board is requested to oversee and results in fruitful work that allows, among other things, the professional enrichment of each member of the Board.

The Board also positively assessed its composition in terms of gender diversity, skills and professionalism, and work experience.

#### **4. Activities carried out by the Board of Auditors: areas of activity and required commitment**

4.1. The main areas and activities carried out by the Board of Auditors are the following:

##### *(i) Supervision of compliance with the law and the by-laws*

- attendance at all meetings of the Board of Directors (BoD) and the various committees (see table below);
- issuance of opinions and certifications on individual resolutions;
- attendance at specific meetings with the Internal Audit (IA) function and the Supervisory Board (SB);
- further insights.

##### *(ii) Sustainability Report*

- attendance at regular meetings to monitor drafting process of the sustainability report, drawn up on a voluntary basis for the financial years 2022 and 2023, and its methodological approach;
- targeted meetings with the appointed consulting firm.

##### *(iii) Supervision of compliance with the principles of correct administration*

- attendance at all meetings of the Board of Directors and the various committees;
- selective meetings with management functions for in-depth analysis of relevant transactions;
- further investigation, whenever deemed appropriate.

##### *(iv) Supervision of the adequacy of the organizational structure*

- attendance at all meetings of the Board of Directors and the various committees, in particular the Control and Risk, Related Party Transactions and Sustainability Committee (CRRPTSC) and the Remuneration and Appointments Committee (RAC);
- attendance at specific meetings with the Chief Financial Officer (CFO);
- performance of site visits and inspections;
- attendance at meetings with the Chief Executive Officer (CEO).

*(v) Supervision on the adequacy and functioning of the internal control and risk management system (ICRMS)*

- attendance at all meetings of the Board of Directors and the various committees, in particular the CRRPTSC;
- attendance at meetings with the IA Officer;
- attendance at meetings, held at least on an yearly basis, with the Supervisory Board pursuant to Legislative Decree 231/2001 and the CEO;
- further investigation whenever deemed appropriate.

*(vi) Supervision of the adequacy of the administrative and accounting system*

- attendance at all meetings of the Board of Directors and the various committees, in particular the CRRPTSC and the RAC;
- attendance at regular meetings with the CFO and his structure;
- attendance at periodic meetings with the Auditing Firm and review of the additional report prepared by the same pursuant to Article 11 of Regulation (EU) 537/2014.

*(vii) Audit Controls and Monitoring Activities*

- approval of permitted non-audit services (NAS);
- attendance at meetings with the audit team, several times during the year, to understand the Work Plan, the materiality thresholds applied, the execution of the various steps, any amendments of accounting errors, etc;
- Examination and discussion with the Auditing Firm of the independence declarations.

4.2. The following table summarizes the number of meetings in relation to which the minutes were drawn up attended by the Board of Statutory Auditors in the financial years 2021 (from the date of appointment on October 7<sup>th</sup>, 2021), 2022 and 2023 and the average duration of these meetings.

Meeting	2021		2022		2023	
	Average duration (h)	Number of meetings	Average duration (h)	Number of meetings	Average duration (h)	Number of meetings
Board of Auditors	4:00	2	4:00	5	4:00	6
Shareholders' Meeting	00:40	3	00:40	2	00:40	2
Board of Directors	00:38	5	01:06	10	00:45	9
Control and Risk, Related Party Transactions and Sustainability Committee - Remuneration and Appointments Committee	-	-	00:51	9	00:52	8
<b>Total hours per year</b>	<b>13:10 hours</b>		<b>40:05 hours</b>		<b>39:12 hours</b>	

Based on the provisions of current regulations and the indications provided for in the Self-Regulatory Code of Listed Companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., to which Civitanavi System S.p.A. adheres, the Statutory Auditors are required to attend meetings of the Board of Directors, the Control and Risks, Related Party Transactions and Sustainability Committee and the Remuneration and Appointments Committee.

These rules and indications were fully complied with by the Board of Statutory Auditors: in fact, in the three-year period 2021-2023, the members of the Board of Statutory Auditors attended all the meetings of the Board of Directors and the above-mentioned Committees.

In addition to the average duration of meetings shown in the table, the effort required of auditors to study documents and prepare for meetings must obviously be added, which - although not analytically quantifiable - represents a particularly significant element.

The Chairman of the Board of Statutory Auditors also devotes time to planning meetings, drawing up the minutes, drafting the reports of the Supervisory Body, exchanging correspondence and liaising with management, the Chairmen of the Committees and the Supervisory Board, in order to ensure the best coordination of the work of the Supervisory Body itself.

## 5. Remarks on the remuneration of the Board of Statutory Auditors

The elements underlying the assessment of the appropriateness of the remuneration of the Board of Statutory Auditors are defined as follows in Conduct Rule Q.1.5:

- *the scope and complexity of the assignment in relation to the nature, size, including economic size (e.g. volume of positive income components and assets), complexity, sector of activity, organizational structure, number and size of companies included in the consolidation, status and other characteristics of the company, also considering comparable foreign experiences;*
- *any document drawn up by the outgoing Board of Statutory Auditors, carefully assessing the time commitment required to perform the task, as well as the professional skills and experience required;*
- *the remuneration paid to non-executive directors as well as the criteria for remuneration for attending internal committees' meetings;*
- *with reference to the remuneration of the Chairman of the Board of Auditors, the time commitment required to perform his function, as well as the remuneration paid to the Chairman of the Control and Risk committee;*
- *the regulations in force.*

In consideration of the activities described in the preceding paragraphs, the annual remuneration of each Standing Auditor, resolved by the Company's Shareholders' Meeting on April 29<sup>th</sup>, 2022, is equal to Euro 9,000; the annual remuneration of the Chairman of the Board of Statutory Auditors is equal to Euro 12,000.

It should be noted that, following the latest amendment to the Corporate Governance Code, many listed companies have provided for the integration of the emolument of the Statutory Auditors due to the greater commitment required, as well as establishing an attendance fee of equal amount for the Chairman of the Board of Statutory Auditors and the Standing Auditors for each meeting of the Committees they attend having previously effected preliminary activities.

## 6. Conclusions

In conclusion, from the standpoint of the professional skills of the members of the Board of Statutory Auditors, considering: (i) the sector in which the company is active, (ii) the complexity of the relevant corporate organization, as well as (iii) the size of the reference Group, it is deemed desirable, if not

appropriate, that also the new supervisory body is provided with skills and experience gained on a complementary basis in the relevant knowledge areas, as mentioned in § 3 above.

It is important, in particular, that these competences are well balanced and spread among the different members of the supervisory board and are accompanied by an appropriate knowledge of the operating rules of listed companies.

Lastly, from the remuneration standpoint, the Board deems it appropriate to evaluate, in addition to the above-mentioned elements, the growth that has occurred, the complexity of the business model adopted, the expansion of the Group's perimeter, as well as the new obligations required by recently enacted regulations.

For completeness of information, please refer to the texts of Rules Q.1.1. and Q.1.5. of the Rules of Conduct for the Board of Statutory Auditors of Listed Companies of the CNDCEC of December 21<sup>st</sup>, 2023.

Pedaso, March 11<sup>th</sup> 2024

The Board of Statutory Auditors

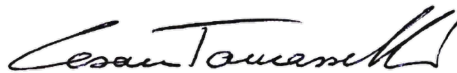
Marco Donadio, Chairman

A handwritten signature in black ink, appearing to read "Marco Donadio".

Eleonora Mori, Standing Auditor

A handwritten signature in black ink, appearing to read "Eleonora Mori".

Cesare Tomassetti, Standing Auditor

A handwritten signature in black ink, appearing to read "Cesare Tomassetti".