

# **CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT**

pursuant to Article 123-*bis* of the CFA  
(Traditional Administration and Control Model)



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## GLOSSARY

**Shareholders' Meeting:** the Issuer's Shareholders' Meeting

**Shares:** the ordinary shares of the Company, without par value.

**Shareholders:** the shareholders of the Issuer.

**Code/Self-Governance Code:** the Self-Governance Code of listed companies approved in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria.

**Corporate Governance Code:** the Corporate Governance Code approved by the Corporate Governance Committee (promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria) and published on January 31, 2020 (applicable from the first financial year starting after December 31, 2020).

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

**Board of Statutory Auditors:** the Board of Statutory Auditors of the Issuer.

**Control, Risks and Sustainability Committee:** the Issuer's risk and sustainability committee, also acting as the related party transactions committee.

**Appointments and Remuneration Committee:** the Issuer's Appointments and Remuneration Committee.

**Board/Board of Directors:** the Board of Directors of the Issuer.

**Trading Commencement Date:** the date on which the Shares commenced trading on the MTA, which occurred on November 9, 2018.

**Issuer/Company/GHC:** Garofalo Health Care S.p.A., issuer of the securities to which the Report refers.

**Year:** The year ended December 31, 2020, to which the present Report refers.

**GHC Group/Group:** jointly the Issuer and the companies directly and/or indirectly controlled by it, pursuant to Article 2359 of the Civil Code and Article 93 of the CFA..

**MAR:** EU Regulation No. 596/2014 relating to market abuse.

**MTA** Mercato Telematico Azionario (Italian Stock Exchange) organised and managed by Borsa Italiana S.p.A.

**Consob Issuers' Regulation:** the Regulation issued by Consob with resolution No. 11971 of May 14, 1999 (as subsequently amended).

**Consob Market Regulation:** the Regulation issued by Consob with resolution No. 20249 of December 28, 2017 (as subsequently amended).

**Consob Related Parties Regulation/RPT:** the Issuer Regulations following Consob Resolution No. 17221 of March 12, 2010 (as subsequently amended) in relation to related party transactions.

**Report:** this report on corporate governance and ownership structure prepared by the Company pursuant to Article 123-*bis* of the Consolidated Finance Act and Articles 2-*ter*, paragraph 2, 89-*bis* and 144-*decies* of the Consob Issuers' Regulation.

**By-Laws:** the By-Laws of GHC, as in effect at the Report Date.

**Consolidated Finance Act/CFA:** Legislative Decree No. 58 of February 24, 1998 (as subsequently amended).

## 1. ISSUER PROFILE

The GHC Group is a leading Italian accredited private healthcare operator in terms of turnover and geographic reach, operating at the date of this Report through 25 healthcare facilities demonstrating excellence, located in Italy's strongest regions and offering a comprehensive range of services covering all areas of healthcare thanks to diversified specialties, the use of cutting-edge technologies and highly-qualified personnel. The Group in fact operates across eight regions in Northern and Central Italy (Piedmont, Lombardy, Veneto, Friuli-Venezia Giulia, Emilia Romagna, Liguria, Tuscany and Lazio), through a single business unit covering (i) the hospital sector through acute admissions, long-term care, post-acute rehabilitations and outpatient services and (ii) social services and dependency care sector through residential admissions and district outpatient services.

\* \* \*

Over the years, the Company has undertaken projects and initiatives that demonstrate a commitment to and focus on various aspects of what is generally referred to as "social sustainability".. For further information reference should be made to the Consolidated Non-Financial Statement (hereinafter the "NFS") which reports, to the extent necessary to ensure the understanding of the company's activity, its performance, results and the impact produced by the company in relation to the topics considered relevant and envisaged by Article 3 of Legislative Decree No. 254/16, with reference to the financial year 2020 (from January 1 to December 31).

As envisaged by Article 5 of Legislative Decree No. 254/16, the NFS is a separate report containing specific wording in order to bring it in line with the Consolidated Non-Financial Statement required by law. The data and information in the NFS refer to the companies included in the consolidation scope used for the Consolidated Financial Statements as of December 31, 2020.

The NFS is also subject to limited examination ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised standard) by Deloitte & Touche S.p.A. which, at the end of the work performed, issued a specific report on the compliance of information provided in the Consolidated Non-Financial Statement drawn up by the Company pursuant to Legislative Decree No. 254/16.

\* \* \*

The Company is organised according to the traditional model, which includes the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. Details of these bodies are provided in the specific sections of the Report.

The statutory audit activity for the financial years 2018-2026 was awarded by the Shareholders' Meeting on August 8, 2018 to the independent audit firm EY S.p.A., registered in the Consob special register.

The Company is the entity that exercises management and coordination over the companies of the Group, pursuant to Article 2497 and thereafter of the Civil Code. For further information on management and coordination, reference should be made to paragraph 2 (l) of the Report.

\* \* \*

## **The SME Issuer**

Pursuant to Article 1, paragraph 1, letter w-*quater*.1) of the CFA<sup>1</sup>, "SMEs" are: "*without prejudice to the provisions of other legal provisions, small and medium-sized enterprises, issuers of listed shares, with a market capitalisation of less than Euro 500 million. Listed issuers who have exceeded both these thresholds for three consecutive years are not considered SMEs*".

The market capitalisation of the Issuer as of December 31, 2020 was Euro 432.5 million. In consideration of the above, the Issuer is categorised as an "SME" for all purposes set out by current legislation.

\* \* \*

The Company's Shares began trading on the MTA on November 9, 2018.

\* \* \*

The information contained in this Report relates to the fiscal year ended December 31, 2020 or, in the cases indicated, to the date of approval of this Report by the Board of Directors (March 16, 2021).

## **2. INFORMATION ON THE OWNERSHIP STRUCTURE (as per Article 123-*bis*, paragraph 1, CFA) at March 16, 2021.**

### **a) Shareholders (as per Article 123-*bis*, paragraph 1, letter a), CFA)**

As at the Report Date, the Issuer's share capital - fully subscribed and paid in - amounts to Euro 31,570,000.00 (thirty-one million five hundred and seventy thousand), divided into 90,200,000 (ninety million two hundred thousand) ordinary shares with no indication of the nominal value, of which 88,254,600 shares with simple voting right and 1,945,400 shares that have accrued additional voting rights

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<sup>1</sup> Text currently in force (see Article 44-*bis* of Decree-Law No. 76 of July 16, 2020, converted by Law No. 120 of September 11, 2020, which removed the turnover parameter).

(two votes for each share), as detailed in letter d) below. Of the 88,254,600 shares with simple voting rights, 389,136 have suspended voting rights as treasury shares held by the Issuer.

The shares are indivisible, registered and entered in dematerialised form into the centralised management system managed by Monte Titoli S.p.A.

At the Report Date, the By-Laws do not provide for the issue of differing share classes. Therefore, there are no shares with limited, conditional or multiple voting rights.

As at the Report Date, the Company has in place an incentive plan, approved by the Issuer's Shareholders' Meeting on September 26, 2018, effective as of the Trading Commencement Date, which establishes the possibility to grant rights to receive Company shares free of charge up to an aggregate maximum of 2,775,000 under the three cycles in which the Plan is divided, and specifically in the years 2019 (1st cycle of the Plan), 2020 (2nd cycle of the Plan) and 2021 (3rd cycle of the Plan), subject to set performance targets at the end of each performance period (the "**2019 - 2021 Stock Grant Plan**" or the "**Plan**").

The Plan is reserved for Directors and managers of the Company or of Group companies, identified by the Board of Directors, having consulted the Appointments and Remuneration Committee, from among those who hold managerial positions considered significant within the Group and with a major impact on the creation of value for the Company and the Shareholders.

The shares to service the Plan may be sourced, at the discretion of the Board of Directors, in compliance with the applicable provisions of law, (a) from the share capital increase pursuant to Article 2349, paragraph 1, of the Civil Code, which the Board of Directors may resolve in exercise of the authority pursuant to Article 2443 of the Civil Code granted to it by the Extraordinary Shareholders' Meeting on September 26, 2018 (as per paragraph 2 (i) (1) of the Report) and/or (b) from shares purchased on the market and/or held for other reasons by the Company.

On March 16, 2021, the Board of Directors, on the proposal of the Appointments and Remuneration Committee, approved to submit to the Shareholders' Meeting the approval of a new long-term incentive plan for the 2021-2023 period.

For further details, please refer (i) to the Remuneration Report prepared pursuant to Article 123-ter of the Consolidated Finance Act and Article 84-*quater* of the Consob Issuers' Regulations, approved by the Board of Directors on March 16, 2021 (the "**Remuneration Report**"), (ii) the "2019 - 2021 Stock Grant Plan disclosure document" prepared in accordance with Article 84-*bis* and Annex 3A, Schedule 7 Consob Issuers' Regulations, and (iii) the public disclosure pursuant to Article 84-*bis*, paragraph 5, of the Consob Issuers'

Regulations, available on the Company's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) in the "Governance/Remuneration" section.

Subject to that outlined above, other financial instruments which attribute the right to subscribe to newly issued shares were not issued.

The Issuer's share capital structure as at the Report Date is presented in Table 1 attached to the Report.

**b) Restriction on the transfer of shares (as per Article 123-bis, paragraph 1, letter b), CFA)**

At the Report Date, there are no restrictions of any kind on the transfer of the Company's shares.

**c) Significant holdings (as per Article 123-bis, paragraph 1, letter c), CFA)**

As at the Report Date, significant shareholdings in the share capital are shown in Table 1 attached to the Report, according to the information received pursuant to Article 120 of the CFA and other information available to the Company.

**d) Shares which confer special rights (as per Article 123-bis, paragraph 1, letter d), CFA)**

As of the Report Date, there are no securities that grant special rights of control.

In accordance with Article 127-quinquies of the CFA, Article 7 of the By-Laws states that each share held by the same shareholder, by virtue of full ownership with voting rights, bare ownership with voting right or usufruct with voting right, for a continuous period of at least twenty-four months ("**Relevant Period**") from the date of registration in the special list specifically established by the Company (the "**List**") confers two votes.

The Company, having received the regular requests for registration and verified the completeness of the documentation, as well as the legitimacy of the request, enrolls and updates the List on a quarterly basis - March 31, June 30, September 30 and December 31 (provided that the request is received by the Company no later than the fifth day before each of these dates) - or according to a different frequency that may be envisaged by regulations. The multi-voting right shall take effect (a) from the fifth open market day of the

calendar month following the Relevant Period; or (b) for purposes of attendance at the Company's Shareholders' Meeting and notwithstanding the foregoing, on the record date.

At the Report Date, the list includes 1,945,400 shares, corresponding to 2.157% of the share capital and, as a result of the increase, 4.222% of voting rights.

At the Report Date, no shareholder with an interest of more than 5% of the share capital or voting rights is included in the aforementioned list.

According to the By-Laws, multi-voting rights are also considered when evaluating quorum requirements to meet and pass resolutions based on percentages of share capital. In addition, multi-voting rights are without any effect on rights other than voting rights devolving on the basis of the possession of a particular portion of capital, such as the right to convene the Shareholders' Meeting, the right to add items to the agenda and the right to submit slates for the election of Directors. For further information, please refer to the Multi-Voting Rights Regulation available from the Company's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com), in the section "*Governance/Multi-Voting Rights*", which in accordance with Article 143-*quater* of the Consob Issuers' Regulation also presents the identification details of the shareholders who have applied for registration in the List, with indication of their individual holdings – in any event exceeding the threshold indicated by Article 120, paragraph 2 of the CFA – date of registration and date of attainment of multi-vote rights.

### **e) Voting mechanism (as per Article 123-*bis*, paragraph 1, letter f), CFA)**

The By-Laws do not contain any special provisions relating to the exercise of employee voting rights. The 2019-2021 Stock Grant Plan adopted by the Company does not provide for the voting rights linked to the Shares granted to be exercised by persons other than the recipients of the Plan. For further details, and subject to that indicated in the previous paragraph 2. a) please refer (i) to the Remuneration Report, (ii) the 2019 - 2021 "Stock Grant Plan disclosure document" prepared in accordance with Article 84-*bis* and Annex 3A, Schedule 7 Consob Issuers' Regulations, and (iii) the public disclosure pursuant to Article 84-*bis*, paragraph 5, of the Consob Issuers' Regulations, available on the Company's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) in the "*Governance/Remuneration*" section.

**f) Voting restrictions (as per Article 123-bis, paragraph 1, letter f), CFA)**

There are no special provisions in the By-Laws that establish restrictions, limitations or conditions to voting rights, nor are the financial rights attached to the securities separate from their ownership.

**g) Shareholder agreements (as per Article 123-bis, paragraph 1, letter g), CFA)**

As of the Report Date, the Company is not aware of the existence of any agreements between Shareholders pursuant to Article 122 of the CFA concerning the Shares.

**h) change of control clause (as per Article 123-bis, paragraph 1, letter h), CFA) and statutory provisions concerning Public Purchase Offers (Article 104, paragraph 1-ter and 104-bis, paragraph 1, CFA)**

As of the Report Date, neither the Issuer nor any other company in the Group is a party to any significant agreement that takes effect, changes or terminates upon a change of control of the Company, except as follows:

- the 2019-2021 Stock Grant Plan reserved for Directors and managers of the Company and/or Group companies provides that in the event of a change of control<sup>2</sup>, in the unquestionable judgment of the Board of Directors, Shares may be granted to the beneficiaries of the Plan in advance of the terms set forth in the Plan regulations;
- the applicable regional legislation to the health structure of the GHC Group provides that, in the event of a change in control of a Group company accredited to provide healthcare services on behalf of the Regional Health Service, the relevant Group company is required to notify the Region, in order to allow the latter to verify whether the accreditation requirements are maintained by the entity holding the accreditation or whether the change in control leads to situations of incompatibility with the provision of healthcare services;
- the medium/long-term cash loan agreement signed *inter alios* between the Issuer and Crédit Agricole Italia S.p.A., for a total maximum principal amount of up to Euro 35 million, which can be used by Group companies to support the financial needs related to the growth plan of the Group- which provides for the compulsory repayment of the amounts disbursed and of the interests

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<sup>2</sup> Change of control refers to the cases provided for in the relevant legal provisions.

accrued upon the occurrence of one of the following change of control events: (i) the Issuer ceases to directly hold 100% of the share capital and of the voting rights in the Shareholders' Meeting of one of the special purpose vehicles set up for the acquisitions, except as a result of the merger between the relevant special purpose vehicle and the acquired company; (ii) the Issuer ceases to hold - directly or indirectly through one of the special purpose vehicles set up for the acquisitions - the majority (50%+1) of the share capital and of the voting rights at the ordinary and extraordinary shareholders' meetings of each acquired company; (iii) the Garofalo Family ceases to hold, directly or indirectly, the majority (50%+1) of the share capital and of the voting rights at the ordinary and extraordinary Shareholders' Meetings of the Issuer.

At December 2020 this loan, which expires on March 31, 2027, has been used for Euro 28,000,000.

- some loan agreements entered into by Group companies with credit institutions provide for, in the event of a change in the relevant controlling party<sup>3</sup>, (i) disclosure obligations for the company financed and/or (ii) the right of the lending institution to terminate the relevant agreement and/or (iii) mandatory early repayment by the Group company financed.

The By-Laws do not contain any exceptions to the passivity rule set out in Article 104, paragraphs 1 and 1-*bis*, of the CFA, nor do they provide for the application of neutralisation rules pursuant to Article 104-*bis*, paragraphs 2 and 3, of the CFA.

### **i) Power to increase the Share Capital and authorisation to purchase treasury shares (as per Article 123-*bis*, paragraph 1, letter m), CFA)**

#### ***Powers to increase the share capital***

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<sup>3</sup> The following includes the cases of change of control envisaged in the loan agreements entered into by Group companies: (a) GHC ceases to hold a direct stake of at least 51% in the share capital of the company being financed, (b) GHC ceases to hold, directly or indirectly through a vehicle company, the majority (50% +1) of the share capital and the voting rights in an Ordinary and Extraordinary Shareholders' Meeting of the company being financed; (c) GHC ceases to hold the power to appoint or dismiss the majority of the Directors of the company being financed, (d) GHC ceases to hold the power to exercise the majority of the votes that can be exercised in the Extraordinary Shareholders' Meeting of the Company being financed, (e) the Garofalo Family ceases to hold, directly or indirectly, the majority (50%+1) of the share capital and/or voting rights of GHC's Ordinary and Extraordinary Shareholders' Meeting or ceases to exercise its dominant influence in GHC's Ordinary Shareholders' Meeting (pursuant to Article 93 of the CFA) or no longer holds the relative majority of the members of GHC's Board of Directors.

On September 26, 2018, the Shareholders' Meeting, as subsequently supplemented by the Extraordinary Shareholders' Meeting on October 12, 2018, resolved, effective as of the Trading Commencement Date, inter alia:

- 1) to grant the Board of Directors a proxy, pursuant to Article 2443 of the Civil Code, for a period of up to 5 (five) years from the Trading Commencement Date, to increase the share capital free of charge, on a divisible basis and also in several tranches, pursuant to Article 2349 of the Civil Code, for a maximum nominal amount of Euro 485,625.00 through the issue of a maximum of 1,387,500 shares without nominal value, full rights, or the lower number of shares equal to 1.5% (rounded down) of the share capital resulting from the subscription of the share capital increase, and in any case within the limits of the "Reserve for future share capital increase to service the Stock Grant Plan" established by the Shareholders' Meeting on September 26, 2018, in favour of the beneficiaries of the 2019 - 2021 Stock Grant Plan who are employees of the Company and its subsidiaries, to be issued in several tranches, in accordance with the terms and conditions set out in the Plan, through the use of this restricted reserve;
- 2) to grant the Board of Directors a proxy pursuant to Article 2443 of the Civil Code to increase the share capital for cash, including any share premium, on one or more occasions and also in several tranches, including on a divisible basis, to be exercised within a maximum period of 5 (five) years from the Trading Commencement Date with the exclusion of pre-emption rights pursuant to Article 2441, paragraph 4, second section, of the Civil Code, for a maximum nominal amount of Euro 3,237,500, with the issue of a maximum of 9,250,000 Shares, with full rights or, if lower, a number of Shares not exceeding 10% (rounded down to the nearest unit) of the total number of Shares in circulation as a result of the start of trading of the Shares on the MTA, provided that the issue price corresponds to the market value of the Shares and this is confirmed in a specific report by a Statutory Auditor or independent audit firm, it being understood that the above issue price may also be lower than the pre-existing book value, subject to the limits set out by law.

The Board of Directors meeting of January 20, 2021, resolved to implement the provisions of point 2) above and therefore increase the share capital, on a divisible basis, for cash, with the exclusion of pre-emption rights pursuant to Article 2441, paragraph 4, of the Civil Code, for a maximum nominal amount of Euro 2,870,000.00, corresponding to 10% of GHC's share capital existing as of that date,

through the issuance of a maximum of 8,200,000 new ordinary shares, without nominal value and with regular dividend rights, to be offered for subscription to qualifying investors in Italy and institutional investors abroad (excluding the United States of America, Canada, Japan and any other country or jurisdiction in which the offer or sale of the offered shares is prohibited either by law or in the absence of exemptions). The private placement, by means of an accelerated book building procedure, was successfully completed and, therefore, 8,200,000 newly issued shares, with no indication of par value, resulting from the afore-mentioned capital increase were subscribed at a unit price of Euro 5.10, for a total value, including share premium, of Euro 41,820,000, as announced to the market on January 20 and 21, 2021. The resulting change in the share capital and the total amount of voting rights was disclosed to the market, in accordance with law, on January 26, 2021.

### ***Authorisation of share buy-back plan***

In November 2020, the authorisation for the purchase and disposal, by the Company, of treasury shares expired, pursuant to Articles 2357 *et seq.* of the Civil Code and Article 132 of the CFA, which was approved by the Shareholders' Meeting on May 24, 2019 and had a duration of 18 months from that date.

This authorisation was intended for: (a) the purchase of treasury shares to be allocated, where required, to the 2019 - 2021 Stock Grant Plan approved by the Shareholders' Meeting of September 26, 2018, in addition to any other share incentive plans, including of a long-term nature, reserved for Directors and/or managers of the company or its subsidiaries, which could have been approved in the future by the Shareholders' Meeting of the Company, and (b) interventions, in compliance with the applicable provisions and through intermediaries, to stabilise the share price and ensure normal trading and share prices, countering distortions related to excessive volatility or scarcity of shares.

The authorisation will permit the purchase, also in a number of tranches, of shares of the Company, which, taking account of the ordinary shares that may be held in portfolio by the Company and by its subsidiaries, does not exceed overall 1.5% of the share capital of the company, in accordance with Article 2357, paragraph 3 of the Civil Code.

At the Report Date, the Company holds 389,136 treasury shares, representing approximately 0.43% of the total number of outstanding shares of 90,200,000, as increased on January 26, 2021 resulting from the aforementioned share capital increase.

On March 16, 2021, the Board of Directors resolved to submit to the Shareholders' Meeting the approval

of a new authorisation to purchase and disposal of treasury shares, including in several tranches, pursuant to Articles 2357 et seq. of the Civil Code and other applicable provisions in force.

### **I) Management and co-ordination activities (as per Article 2497 of the Civil Code)**

As at the Report Date, the Company is not subject to management and coordination pursuant to Articles 2497 and thereafter of the Civil Code by the parent company Larama 98 S.p.A., nor by any other party, since (i) the main decisions relating to the management of the Issuer's business are taken within the Issuer's own bodies, without any management or coordination by others; (ii) the Issuer's Board of Directors is responsible, among other matters, for the examination and approval of the Issuer's strategic, industrial and financial plans and budgets, the examination and approval of the Issuer's financial policies and access to credit, the examination and approval of the Issuer's organisational structure, the assessment of the adequacy of the Company's organisational, administrative and accounting structure; (iii) the Issuer operates in full autonomy with regard to the conduct of relations with customers and suppliers, without any involvement of third parties to the Issuer; (iv) neither Larama 98 S.p.A, nor any other shareholders of the company, exercise any centralised treasury functions on behalf of the Issuer.

The Issuer considers it operates in total corporate and entrepreneurial autonomy with respect to the direct parent company Larama 98 S.p.A. and to the indirect parent companies Raffaele Garofalo S.a.p.a. and Maria Laura Garofalo, having an independent negotiating ability in the relationships with customers and suppliers, as well as autonomy in defining its own strategic and development lines, since it is not influenced in any way in its operating activities by the above-mentioned direct and indirect parent companies.

Pursuant to Article 2497 and thereafter of the Civil Code, the Issuer carries out management and coordination activities with regard to the Group's subsidiaries.

The business model adopted by the Group envisages that the Issuer is in charge of the decision-making process concerning, among other matters, the pursuit of strategic objectives. In particular, the Issuer:

- a) identifies the strategic guidelines of development to be pursued;
- b) sets and monitors goals for the various healthcare facilities;
- c) identifies the potential healthcare facilities to be acquired, managing M&A activities and the post-acquisition integration plan to achieve the potential synergies;

- d) supports the subsidiaries in carrying out some specific activities, identified in the Group Regulation described below, by centralising some relevant processes for the Issuer, in order to quickly achieve synergies in terms of effectiveness and business efficiency.

On October 19, 2020, the Board of Directors of the Company approved the Garofalo Health Care Group Regulation, which aims at identifying the scope and defining the procedures for the exercise of management and co-ordination activities of the Issuer towards the direct or indirect subsidiaries, in line with the strategic objectives, development policies and management guidelines defined by the Issuer as Parent Company. In particular, the Group's Regulation governs:

1. the role of the Parent Company in defining the Group's strategic directives and management guidelines;
2. the role of the subsidiaries in implementing the common strategic and management plan outlined by the Parent Company, with particular reference to the powers, duties and responsibilities of the companies;
3. the inter-company and inter-board liaison between the companies of the Group and the relevant corporate boards; and
4. the tools and methods with which the Parent Company exercises control over the correct implementation of the policies defined.

In pursuit of the above objectives, the Regulation identifies the management and co-ordination activity carried out by the Parent Company as the exercise of the power to direct the activities of subsidiaries by means of strategy planning and its implementation within the Group, the monitoring of extraordinary events and the coordination of the ICRMS, in order to ensure the adoption of a Group-wide policy.

The Regulation governs the various methods through which management and co-ordination activities are carried out, namely:

- A. the definition by GHC of policy and coordination acts for the pursuit of Group interests, as well as the development of all the constituent companies;
- B. the authorisation by GHC (represented by the Chief Executive Officer or the Board of Directors where applicable) for subsidiaries to carry out transactions deemed by the Parent Company to be of particular significance, identified by the Board of Directors pursuant to Article 1, application criterion 1.C.1 (f) of the Self-Governance Code (as taken from Article 1, Rec. 1 (e) of the Corporate Governance Code);
- C. the definition of the Group's regulatory system, information flows and other connection processes to ensure effective co-ordination between Group companies;

- D. the definition by GHC of a Group-wide ICRMS policy, in order to ensure the application of mechanisms in business processes that guarantee the adequate management of current and prospective risks, the safeguarding of corporate assets, the effectiveness and efficiency of business processes, the reliability of information provided to the market and compliance with internal and external rules.

\* \* \*

The information required by Article 123-bis, first paragraph, letter i) (*“the agreements between the company and Directors which provide indemnity in the case of resignation or dismissal of office without just cause or termination of employment following a public purchase offer”*) is illustrated in the Remuneration Report approved and published as per Article 123-ter of the CFA. This report is available on the Company's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) in the "Governance/Remuneration" section.

The information required by Article 123-bis, paragraph 1, letter l) of the CFA relating to the *“applicable regulations concerning the appointment and replacement of Directors (...), in addition to the amendment of the By-Laws if differing from applicable law and regulations”* is illustrated in the Board of Directors Report (Section 4.1).

### 3. COMPLIANCE

#### (as per Article 123-bis, paragraph 2, letter a), CFA)

The Company complies with the Self-Governance Code promoted by Borsa Italiana S.p.A., in force since December 31, 2020 and its corporate governance structure is designed in compliance with the recommendations contained in the Code and its updates.

The Code is accessible to the public on the website of the Corporate Governance Committee at <https://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2018clean.pdf>.

Any failure to comply with one or more recommendations of the Code is indicated, together with the related reasons, in the various sections of the Report.

The Corporate Governance Committee (promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria) approved and published on January 31, 2020 the new Corporate Governance Code, which, with regards to the adopting companies (including the Issuer), is applied from the first year

subsequent to December 31, 2020 and will inform the market in the corporate governance and ownership structure report to be published in 2022.

\* \* \*

The Issuer and its subsidiaries are not subject to laws in force outside Italy which affect the corporate governance structures of the Company.

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

##### **4.1 APPOINTMENT AND REPLACEMENT (as per Article 123-bis, paragraph 1, letter I), CFA)**

Pursuant to Article 147-ter of the CFA, the Company's By-Laws establish that the appointment of Directors is carried out by means of slate voting, in compliance with the current regulations concerning gender equality.

Article 27 of the By-Laws provides that Directors are appointed on the basis of slates submitted by Shareholders who hold, also jointly, at least 2.5% - or any other percentage set out by applicable provisions - of the share capital represented by shares carrying voting rights in Shareholder Meetings' motions concerning the appointment of members of the administrative body, or any other threshold set out by Consob pursuant to Article 144-*quater* of the Consob Issuers' Regulation.

In Executive Determination No. 44 of January 29, 2021, Consob established, without prejudice to any lower quota provided for in the By-Laws, the minimum shareholding required for the submission of candidate slates for the election of the management and control boards of listed companies that closed their fiscal year on December 31, 2020.

Specifically, the quota fixed for the Company was as follows:

CRITERIA FOR DETERMINING THE HOLDING			PERCENTAGE HOLDING
CLASS OF CAPITALISATION	<u>FREE FLOAT SHARE &gt;25%</u>	<u>MAJORITY SHARE &lt;50%</u>	
>Euro 375 million and <= Euro 1 billion	not relevant	not relevant	2.5%

Each Shareholder - as well as the Shareholders belonging to the same group, belonging to the same shareholders' agreement pursuant to Article 122 of the CFA, the controlling entity, the subsidiaries and those subject to joint control pursuant to Article 93 of the CFA - cannot submit or take part in the submission of more than one slate, neither through a third party or a trust company, nor vote for different slates, and each candidate can be included in one slate only, otherwise he/she will be ineligible.

In case of violation of the above, the vote cast shall not be taken into account.

The slates, signed by those who submit them, shall be filed at the registered office and at the market management company at least twenty-five days before the date set for the Meeting held to resolve on the appointment of the administrative body and made available to the public at the registered office, at the market management company, on the Company's website and according to the other methods set out by applicable legal and regulatory provisions, at least twenty-one days before the date set for the meeting on first call. The slates indicate which Directors meet the independence requirements established by law and by the By-Laws. Slates presenting a number of candidates equal to or greater than three shall in addition include candidates of each gender, according to that indicated in the Shareholders' Meeting call notice, in order to ensure a Board of Directors composition which complies with the applicable legislation on gender balance.

The minimum share ownership required to present slates is established considering the shares registered in favour of the shareholder on the day on which said slates are filed at the Company's registered office. In order to prove ownership of the number of shares necessary to submit slates, shareholders presenting slates shall submit or have delivered to the Company's registered office a copy of the relevant certification issued by the authorised intermediary, demonstrating ownership of the number of shares required to submit the slate, at least 21 (twenty-one) days before the Shareholders' Meeting called to appoint the members of the Board of Directors.

The following must be filed together with each slate: (a) information concerning the identity of the shareholders who submitted the slate and their total shareholding; (b) declarations in which each candidate accepts the candidature and certifies - in good faith - the non-existence of any reason for ineligibility or incompatibility, as well as the existence of the requirements set out by current legislation for the appointment; (c) declarations of independence issued in compliance with the applicable legal and regulatory provisions; as well as (d) the curriculum vitae of each candidate, containing detailed information on the personal and professional characteristics of each candidate and an indication of management and control positions held.

Slates presented in violation of the above rules shall be considered null;

The candidates elected shall be those on the two slates that have obtained the higher number of votes, with the following criteria:

- a) from the slate which obtained the highest number of votes (the “**Majority Slate**”) all of the members of the Board of Directors are elected except one, as established by the Shareholders’ Meeting; the candidates are elected from the Majority Slate in numerical order;
- b) from the slate which obtained the second highest number of votes (the “**Minority Slate**”) and which is not connected in any way, even indirectly, with the Majority Slate and/or the shareholders who have presented or voted on the Majority Slate, the first candidate listed is elected to the Board of Directors. Slates that have not obtained votes equal to at least half of that required for their presentation will not be taken into consideration. If no slate, other than the Majority Slate, has obtained this percentage of votes, the Director shall be drawn from the same Majority Slate.

In the event of a tie between slates, the slate submitted by the shareholders holding the largest shareholding, or subordinately by the largest number of shareholders, shall prevail.

Where the election of the candidates according to the procedures set out above results in the appointment of a number of Independent Directors (as defined for Statutory Auditors by Article 148, paragraph 3 of the CFA) below the minimum number required according to applicable law in relation to the overall number of Directors, the non-independent candidate elected last numerically from the Majority Slate shall be replaced by the first unelected independent candidate from the same slate, or, where this is not possible, by the first unelected independent candidate from the other slates, according to the number of votes obtained by each. This replacement procedure continues until the Board of Directors comprises at least the minimum number of Independent Directors (as defined by Article 148, paragraph 3, of the CFA) as required by the applicable regulations.. Where such a procedure does not ensure this outcome, the Shareholders’ Meeting will carry out the replacement procedure by statutory majority, on condition that the candidates put forward fulfil the above-mentioned requisites.

The By-Laws do not provide for independence requirements other than those set out in Article 148, paragraph 3 of the CFA, nor for requirements of integrity other than those set out in the applicable legal provisions.<sup>4</sup> There are no professionalism requirements for serving as a Director. The Independent Directors in office at the Report Date have also declared their independence pursuant to the Corporate Governance Code and, with reference to the office held during the Year, the Self-Governance Code.

Without prejudice to compliance with the minimum number of Directors who meet the independence requirements set out above, if the candidates elected in the manner described above do not comply with current legislation on gender balance, the candidate of the over-represented gender elected last in numerical order on the Majority Slate shall be replaced by the first candidate of the under-represented gender according to the unelected sequential order of the same slate, or, failing that, by the first candidate of the under-represented gender according to the unelected sequential order of the other slates, according to the number of votes obtained by each. This replacement procedure shall be carried out until the Board of Directors complies with the current legislation on gender balance. If this procedure does not achieve the above-mentioned result, the replacement will be carried out by means of a resolution taken by the Shareholders' Meeting with the majorities required by law.

If only one slate is submitted, all the candidates on that slate shall be elected, without prejudice to the appointment of Directors who meet the independence requirements for at least the total number required by the legislation in force at the time, as well as compliance with the regulations in force concerning the balance between genders. Where no slate is presented, the Shareholders' Meeting votes by statutory majority and does not follow the procedure described above. The above-mentioned regulations are subject to any further amendments to the law and regulations. In any case, compliance with the minimum number of Independent Directors and the current legislation on gender balance must be ensured.

Article 27 of the By-Laws also establishes that, if one or more Directors leave office during the year, the Board shall replace them pursuant to Article 2386 of the Civil Code by means of a motion approved by the Board of Statutory Auditors, provided that the majority is still made up of Directors appointed by the Shareholders' Meeting.

The Board of Directors and, subsequently, the Shareholders' Meeting shall appoint the Directors, by legal majority and without any slate constraint, in order to ensure (i) the presence of the minimum number of

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<sup>4</sup> With regard to the definition of the quantitative and qualitative criteria for assessing the significance of relationships that compromise, or may compromise, the independence of Directors and Statutory Auditors, as set out in Recommendation 7 of the Corporate Governance Code, reference should be made to paragraph 4.6 of the Report.

Independent Directors required by the law in force at that time and (ii) the compliance with the law in force at that time concerning the balance between genders.

In any case, the Board of Directors and the Shareholders' Meeting - as set out in Article 2386, paragraph 1 of the Civil Code - shall appoint the Directors in such a way as to ensure that they comply with the requirements set out in Article 148, paragraph 3 of the CFA, at least in the minimum total number required by the legislation in force at that time, as well as the compliance with the regulations in force concerning the balance between genders.

Pursuant to Article 2386, paragraph 1 of the Civil Code, the Directors appointed remain in office until the next Shareholders' Meeting and those appointed or approved by the Shareholders' Meeting remain in office for the period that the Directors they replaced would have remained in office.

Where the majority of the Directors appointed by the Shareholders' Meeting are no longer in office, the entire Board ceases to exist as of the subsequent reconstitution of this Board. In this case, a Shareholders' Meeting to appoint the entire Board shall be urgently convened by those Directors still in office, who, in the meantime, may carry out ordinary administration activities.

In addition to the provisions contained in law, the CFA and those contained in the By-Laws, the Self-Governance Code and the Corporate Governance Code, the Issuer is not subject to other requirements concerning the composition of the Board of Directors.

### **Succession plans**

The Board of Directors has deemed it appropriate to adopt a succession plan for the Chief Executive Officer and the other Executive Directors, in line with the provisions of the Self-Governance Code (Application Criterion 5.C.2.) and the new Corporate Governance Code (Recommendation 24), although though the Company does not qualify as a "large company". The Board therefore instructed the Appointments and Remuneration Committee, on October 19, 2020, to carry out the necessary preliminary work to assist the Board in preparing, updating and implementing a succession plan for Executive Directors.

Taking into account the preliminary investigation carried out by the Appointments and Remuneration Committee, on November 16, 2020 the Board therefore adopted a succession plan for Executive Directors that identifies possible successors within the Group and which will be reviewed at least annually by the Appointments and Remuneration Committee. It should be noted that the Committee did not deem it necessary to propose a contingency plan, aimed at regulating the actions to be taken in order to ensure the normal management of the Company in case of early termination of the Chief Executive Officer's

mandate, taking into account, on the one hand, the non-operational nature of the Company (in its capacity as a holding company) and, on the other hand, the fact that - given that the succession plan has already identified the persons involved - the time lapse between the early termination of the Chief Executive Officer's mandate and the actual granting of powers by the Board to the relevant successors should not entail any problems for the ordinary operations of the Company.

Finally, the Company has also approved, with the support of the Appointments and Remuneration Committee, a succession plan for Senior Executives (SDE), having considered it essential, in agreement with the Chairman of the Board of Directors and following direct instructions from the Chief Executive Officer, to have an accurate perception of the risks for the Company inherent in the loss of a top management position.

#### **4.2. COMPOSITION (AS PER ARTICLE 123-BIS, PARAGRAPH 2(D) AND (D-BIS), CFA)**

At December 31, 2020 - with no changes at the Report Date - the Board of Directors was composed as follows:

1. Alessandro Maria Rinaldi (Chairman of the Board), appointed by the Shareholders' Meeting on July 31, 2018;
2. Maria Laura Garofalo (Chief Executive Officer), appointed by the Shareholders' Meeting on July 31, 2018;
3. Claudia Garofalo (Executive Director), appointed by the Shareholders' Meeting on July 31, 2018;
4. Umberto Suriani (Executive Director), appointed by the Shareholders' Meeting on July 31, 2018;
5. Patrizia Crudetti (Director), appointed by the Shareholders' Meeting on July 31, 2018;
6. Giuseppe Giannasio (Executive Director), appointed by the Shareholders' Meeting on August 8, 2018;
7. Alessandra Rinaldi Garofalo (Director), appointed by the Shareholders' Meeting on October 29, 2018;
8. Nicola Colavito (Director), appointed by the Shareholders' Meeting on October 29, 2018;
9. Francesca Brusco (Independent Director), appointed by the Shareholders' Meeting on April 29, 2020;
10. Grazia Bonante (Independent Director), appointed by the Shareholders' Meeting on April 29, 2020;

11. Federico Ferro-Luzzi (Independent Director), appointed by the Shareholders' Meeting on April 29, 2020.

The members of the Board currently in office were appointed by the applicable regulations for joint-stock companies not listed on regulated markets and therefore not according to the “slate voting” mechanism, as (i) the Directors Alessandro M. Rinaldi, Maria Laura Garofalo, Claudia Garofalo, Umberto Suriani, Patrizia Crudetti, Giuseppe Giannasio, Alessandra Rinaldi Garofalo and Nicola Colavito were appointed before the listing of the Company and therefore the adoption of the new By-Laws (which introduced the slate voting mechanism) which entered into force on the Trading Commencement Date; and (ii) the Directors Franca Brusco, Grazia Bonante and Federico Ferro-Luzzi were appointed following the termination of these Directors from office as per Article 2386 of the Civil Code (co-opted in 2019), and therefore without applying the slate voting mechanism, since this process did not entail the complete reappointment of the Board of Directors, as illustrated further below.

The Board of Directors thus composed will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2020.

With reference to the three Independent Directors, Franca Brusco, Grazia Bonante and Federico Ferro-Luzzi, it should be noted that they were appointed by the Shareholders' Meeting on April 29, 2020, without binding slates, in compliance with the proposal submitted by the Board of Directors, following the termination of these Directors co-opted by the Board on June 18 and July 3, 2019. In this regard, Ms. Franca Brusco was nominated to the Board of Directors by shareholders owning approx. 4.10767% of the share capital of the Company (Institutional Investors), pursuant to Article 126-*bis* of the CFA.

On April 29, 2020, the Board of Directors verified the independence requirements for the Directors appointed by the Shareholders' Meeting on that date, pursuant to both Article 148, paragraph 3 of the CFA, as referred to by Article 147-*ter*, paragraph 4 of the CFA and Article 3 of the Self-Governance Code (as detailed in Section 4.6 of this Report).

Information concerning the composition of the Board of Directors at the end of the financial year, as well as the names of the Directors who ceased to hold office during the year, is provided in Table 2 attached to the Report.

In compliance with Article 144-*decies* of the Consob Issuers' Regulation, the curriculum vitae with personal and professional details of each Director, together with the offices held in other companies, are provided in an annex to this Report, which is available on the Issuer's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com), under section "*Governance/Shareholders' Meeting*".

There have been no changes in the composition of the Board since the end of the Financial Year and as of the Report Date.

### **Diversity criteria and policies**

The Company applies diversity criteria, including those relating to gender as set out in current legislation, in the composition of the Board of Directors, in compliance with the priority objective of ensuring adequate expertise and professionalism of its members, both at the time of their appointment and during their term of office. The current composition of the Board of Directors continues to comply with applicable regulations including as regards the new paragraph 1-*ter* of Article 147-*ter* of the CFA, according to which at least two-fifths of the Directors elected within the Board of Directors must belong to the under-represented gender. The Directors in office at the end of the year and at the Report Date have adequate expertise and professionalism, and the composition of the Board's internal committees ensured the presence of Directors with the specific skills required by law and by the Self-Governance Code and Corporate Governance Code. The preparation of the Directors ranges from economic, legal, financial and organisational management subjects to those more specifically related to the business of the Company and the Group. The relevant curricula are attached to the Report (Annex. 1.A).

The composition of the Board of Directors is adequately diversified in terms of age, gender and educational and professional background, as well as origin, as can be seen from the above, as well as from the curriculum vitae of the Directors.

Specifically, one Director under the age of 30, one Director between the ages of 30 and 40, three Directors between the ages of 40 and 50, and six Directors over the age of 50 serve on the Board of Directors. Six out of 11 Directors are women. The members of the Board include managers of the Company and Directors, including Independent Directors, who have worked for many years in the industry in which the Company operates, in listed companies and in management.

This allows the decision-making process to be more effective and thorough, and enriches the discussion in the governing bodies thanks to the different skills and experience gained by the Directors.

During the year, the Board of Directors did not deem it necessary to formalise the approval of diversity policies in relation to the composition of the governing boards, taking into account the presence of adequate substantial diversity in terms of age, gender and educational and professional background, as well as origin, within the Company's governing boards, as described in greater detail above.

On the basis of the provisions of Article 123-*bis*, paragraph 2, letter d-*bis* of the CFA and Article 2, Principle VII and Recommendation 8 of the Corporate Governance Code - taking into account in any case the presence of the aforementioned substantial diversity during the year -, on March 1, 2021 the Board of Directors of the Company approved, on the proposal of the Appointments and Remuneration Committee, a policy on diversity in relation to the composition of the administrative, management and control boards for aspects such as age, gender composition and educational and professional background. This is also with a view to guaranteeing in the medium and long term the substantial diversity currently present within the corporate boards.

The policy - which is mainly aimed at (i) the shareholders who intend to submit slates of candidates for the appointment of corporate boards; (ii) the Shareholders' Meeting called to appoint the corporate boards; and (iii) the Board of Directors in case of appointment of a member by co-option, pursuant to Article 2386 of the Civil Code - provides non-binding information on aspects such as gender, age, educational and professional background, which have to be taken into account in order to identify a qualitative and quantitative composition of the Board of Directors and Board of Statutory Auditors, which is optimal to ensure an effective performance of the tasks and responsibilities entrusted to the management and control bodies, by means of the presence of parties who, on the one hand, ensure a sufficient diversity of points of view and, on the other hand, the necessary skills to have a good understanding of the business carried out by the Company, in addition to the risks and opportunities facing it. These appointments are also subject to the requirements of professionalism, integrity and independence and the situations of incompatibility or removal from office pursuant to the provisions of the By-Laws.

For the complete text of the policies on diversity in relation to the composition of the management and control boards of GHC, reference should be made to the Issuer's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) in the "*Governance/Corporate Governance*" section.

### **Maximum number of offices held in other companies**

At the Report Date, the Board of Directors has not defined the general criteria relating to the maximum number of offices of administration and control in other companies that may be considered compatible with the proper carrying out of their duties as Directors of the Company, also taking into account the participation of Directors in the Committees established within the Board. In fact it was considered appropriate to leave it up to the individual Directors to assess such compatibility. Subject to Principle 1.C.2 of the Self-Governance Code, Directors are required to accept their appointment when they believe they can devote the necessary time to the diligent performance of their duties. During the year, the Board of Directors decided not to set a maximum number of appointments in view of the multiplicity of abstractly possible situations, which differ according to the characteristics of the individual Director, the type, size and complexity and specificity of the business sector of the companies in which the other offices are held, as well as the specific role covered (Executive, Non-Executive, Independent Director; member of committees; Statutory Auditor or Chairperson of the Board of Statutory Auditors, etc.). It should also be pointed out that - as shown by the results of the board evaluation process of the Board of Directors and of the internal Committees - the members of the Board of Directors considered their time available for board activities as adequate. In this regard it should be noted that pursuant to the new Corporate Governance Code, the recommendation to the Board to express an opinion on the maximum number of offices on the management or control boards of other listed or large companies that can be considered compatible with an effective performance of the office of Director of the company, taking into account the commitment resulting from the position held, applies only to "large companies", which is not the case of the Issuer.

With reference to the offices held by the Company's Directors in office at the end of the Financial Year and at the Report Date, reference should be made to the table attached to the Report ([Annex 1.B](#)).

### **Induction Programme**

No specific induction program was developed during the Year. Despite this, the Board has been involved, and will be involved, in a training activity also based on the suggestions coming from the Directors themselves. The Board of Directors considers that during the year the Board meetings, in their content and frequency, allows Directors to receive adequate information on the sector in which the Group operates, on business operations and performances, on the principles of correct risk management, as well as the relative regulatory framework. Specifically, during the Board meetings held at the headquarters of the Company and in audio/video conference, the Directors regularly received detailed information on the sector in which the GHC Group undertakes its activities, in order to fully understand the underlying

business operations and the relative developments during the year. It should also be noted that on January 10, 2020, in relation to the commitment made in the 2018 Non-Financial Statement, the Company organised a stakeholder engagement day with the assistance of Ms. Livia Piermattei (UP Consulting S.r.l.) with the participation of more than 30 professionals and top managers of the GHC Group (so-called internal stakeholders). This made it possible to identify more specifically, compared to the previous year, the issues considered relevant by management (both from its own point of view and from that of the "external" stakeholders of the GHC Group) also for the purpose of preparing a materiality analysis and outlining the commitments to be made in the 2019 Non-Financial Statement.

### **4.3. ROLE OF THE BOARD OF DIRECTORS (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), CFA)**

GHC's Board of Directors plays a central role in determining the strategic objectives and management of the Company and the Group.

During the Year, the Board met 13 times, on the following dates: January 28, February 20, March 16, March 23, April 14, April 29, May 15, June 23, July 30, September 23, October 19, November 16 and December 17, 2020. The duration of the meetings were on average approximately 2 hours and 40 minutes.

Board meetings were regularly and assiduously attended by Directors, with an average attendance of 92.3%.

Additional information on the composition of the Board of Directors and Director attendance at Board meetings is provided in Table 2 attached to the Report.

There are 16 Board meetings scheduled for 2021, seven of which have already been held, on the following dates: January 20 (2 meetings), January 28, February 16, March 1, March 9, and March 16, whose average duration was about 2 hours, with an average of 91% of attendances.

The timeliness and completeness of pre-meeting information is ensured by the Chairperson of the Board of Directors through the distribution to Directors of documentation relating to items on the agenda in the days immediately prior to the date scheduled for the Board meeting and, in particular, generally at the same time as the call notice, to be sent at least five days before the meeting. In some cases, due to confidentiality and urgency requirements, different timeframes were adopted, but always well in advance of the Board meeting and, when this occurred, the Chairperson always ensured that during the Board meeting all members of the Board and the Board of Statutory Auditors were provided with adequate information on the issues to be dealt with and that all details considered useful for a proper understanding of the matter were provided. In some cases, executive summaries on specific items on the agenda were

also sent to Directors. At all meetings of the Board that involved taking resolutions with the advice of the Board's internal committees, sufficient time was given to the committee chairs to report to the other Board members on the activities of the committees and, where applicable, to issue the opinions of the committees themselves.

Also on the subject of pre-meeting information, it should be noted that on January 28, 2021 the Board deemed as appropriate a deadline of five days prior to the meeting to send the documentation, albeit provisional, useful for the discussion of the items on the agenda. The Board considered very useful the provision of documents through the virtual data room, established at the beginning of 2019 as a "cloud platform" (i.e., a virtual platform accessible via the Internet from any computer or mobile device) for the exclusive use of the members of the Board of Directors, the Board of Statutory Auditors and the Committees established within the Board, in order to share the documentation that they need to receive during the financial year, and in particular before each meeting, in a simple and secure manner that allows for maximum confidentiality, traceability and accessibility of the documents.

The meetings of the Board are chaired by the Chairperson, who ensures that all Directors who so request can express their opinion in relation to the points under discussion and have the necessary time for the appropriate clarifications and in-depth analyses.

Board meetings are attended by Company managers at the invitation of the Chairperson or the Chief Executive Officer, depending on the items on the agenda, in order to ensure that board meetings are an appropriate venue for Non-Executive Directors to acquire detailed information on specific issues affecting the Company's activities. In particular, during the year Fabio Tomassini (Chief Financial Officer and Executive Officer for Financial Reporting), Danilo Barletta (Head of Administration and Accounts), Mimmo Nesi (Investor Relator), Luigi Celentano (Head of Control and Risk Manager) Alessandra Maurelli (Head of Internal Audit), Giulia Scirpa (General Counsel) and Antonio Zaffina (Head of Group Corporate Affairs) were invited to participate on specific points on the agenda.

The meetings of the Board of Directors were regularly attended by the General Counsel Giulia Scirpa, in the role of Board Secretary.

Pursuant to Article 30 of the By-Laws, the Board is called at the registered office or elsewhere by the Chairman or, in his/her absence or impediment, by the eldest Vice-Chairperson, if appointed, or, in the absence of the Vice-Chairperson, by the most senior Director. The Board of Directors may also be called, upon notice to its Chairperson, by the Board of Statutory Auditors or by each Statutory Auditor individually.

Meetings of the Board shall be chaired by Chairperson or, in the event of his/her absence or impediment, by the eldest Vice-Chairperson, if appointed, or, in the absence of the Vice Chairperson, by the eldest Director.

Where deemed necessary by the Chairperson, Board meetings may be validly held via video or audio conferencing, provided that the participants may be properly identified by the Chairperson and the other attendees and, further, that they may follow the discussion and take the floor in real time on all the topics under discussion, and that they can both examine and receive documentation relating to those topics, and that all such matters are specifically included in the relevant minutes. In this case, the Board of Directors is considered to be held where the Chairperson, or whoever is taking his/her place, and the Secretary or the Notary who drew up the minutes are located.

During the Year, in view of the emergency situation linked to the SARS-CoV2 virus pandemic, Board meetings were mainly held via audio/video conference in full compliance with the above, in accordance with the By-Laws.

In compliance with Article 31 of the By-Laws, Board motions shall be deemed valid when the majority of Directors are present and the motion receives the favourable vote of the majority of those present.

\* \* \*

The Company is managed exclusively by the Directors, who carry out the necessary operations to achieve corporate objectives.

Pursuant to Article 29 of By-Laws, the Board of Directors is invested with the broadest powers for the ordinary and extraordinary management of the Company, since it is responsible for everything that is not expressly reserved to the Shareholders' Meeting by law or by the By-Laws

Within the limits of the law, the Board of Directors has the power to decide on the incorporation into the Company or the spin-off in favour of companies in which it owns at least 90% of the shares or quotas, the reduction of the share capital in the event of withdrawal of a shareholder, the adjustment of the By-Laws to regulatory provisions, the transfer of the Company's registered office within Italy, as well as the setting up or closure of secondary offices.

For the management of the company and the execution of its resolutions, in compliance with the limits set by the law, the Board of Directors can:

- (i) establish an Executive Committee, determining the number of its members and its powers within the limits of the law;
- (ii) delegate appropriate powers, determining the limits of the delegation within the limits of the law, to one or more Directors, possibly with the title of Chief Executive Officers;
- (iii) appoint one or more General Managers, determining their powers and responsibilities;
- (iv) appointing proxies *ad negotia*, as well as proxies in general for specific acts or categories of acts.

The Board of Directors may set up internal committees with advisory and proposing functions, determining their powers and responsibilities. On the Committees formed by the Board from within its own ranks, see sections 7, 8 and 10 of the Report.

The Directors report to the Board of Statutory Auditors in a timely manner, at the meetings of the Board of Directors or by means of a specific report at least every three months, on the activities carried out and on the most important economic, financial and equity transaction carried out by the Company or its subsidiaries; in particular, they report on the transactions in which they have an interest, either on their own behalf or on behalf of third parties, or which are influenced by any person who might exercise management and coordination activities with regard to the issues, activities and terms set out by law.

\* \* \*

In compliance with Criterion 1.C.1 (f) of the Self-Governance Code (as incorporated in Recommendation 1(e) of the new Corporate Governance Code), resolutions concerning the review and approval of transactions of the Company and its subsidiaries are reserved for the Board of Directors when such transactions have a significant strategic, economic, equity or financial significance for the Company.

For this purpose, on October 19, 2020, the Board identified the following transactions as significant from a strategic, economic, equity or financial point of view, where applicable, such as to require a prior Board motion, not only if implemented by the Issuer, but also when carried out by its direct or indirect subsidiaries:

- a. extraordinary corporate transactions, such as capital transactions (including the issue of convertible bonds and with the exception of share capital reductions required by law), transformations, mergers, spin-offs (including real estate);
- b. purchase or sale of company shareholdings;
- c. purchase, transfer or disposal of business units;

- d. extraordinary transactions involving changes in the corporate mission with an impact on the authorisation and/or accreditation structure of the Group's healthcare facilities;
- e. requests for admission to bankruptcy proceedings, definition of out-of-court debt restructuring agreements, reorganisation plans and similar agreements.

Article 38 of the By-Laws reserves to the Board - subject to the opinion of the Board of Statutory Auditors - the appointment of the Executive Officer for Financial Reporting pursuant to Article 154-*bis* of the CFA (the “**Executive Officer**”). For further information, reference should be made to paragraph 11.5 of the Report.

In compliance with applicative criteria 1.C.1, letter g) of the Self-Governance Code, the Board of Directors evaluates the functioning of the Board and of its Committees and its size and composition, also considering the professional qualifications, experience - also of a managerial nature - and the gender balance of its members, in addition to their years of service, also in relation to the diversity criteria. With reference to the Year, the Board of Directors carried out this self-assessment on the basis of a questionnaire prepared by the Appointments and Remuneration Committee and approved by the Board, without appointing an external consultant, and based on qualitative and quantitative data inputs. The results of the self-assessment were more than positive. At its meeting of March 16, 2021, the Board of Directors noted these results and, after receiving the opinion of the Appointments and Remuneration Committee, declared the positive outcome of the annual assessment of the functioning, size and composition of the Board of Directors and of the internal Board Committees.

The Shareholders’ Meeting did not authorise any general or specific exceptions to the competition restrictions envisaged by Article 2390 of the Civil Code.

#### **4.4. EXECUTIVE BODIES**

##### **Chief Executive Officer**

Pursuant to Article 29 of the By-Laws, for the management of the company and the implementation of its resolutions, the Board of Directors may delegate appropriate powers, in compliance with the limits set out by law, to one or more Directors, possibly with to the Chief Executive Officers.

Specifically, on August 8, 2018, the Board of Directors appointed Maria Laura Garofalo Chief Executive Officer of the Company, granting her all powers of ordinary administration, to be exercised severally and

with single signature, with the sole exclusion of the matters specified therein that remained the responsibility of the Board of Directors, as amended by the Board at its meeting of May 24, 2019.

The Chief Executive Officer is also the general representative of the Company before third parties and in court, severally, within the scope of the powers delegated.

By way of example but not limited thereto, the powers conferred on the Chief Executive Officer include those to:

- a) carry out any transaction involving the purchase or sale of movable property, including property entered in public registers, to enter into contracts for the use, administration, acquisition or provision of services, to take and grant leases, including financial leases, or to rent movable property, determining all the conditions and clauses thereof;
- b) carry out any banking and financial transaction with banks and credit institutions, including the request for new credit lines, the taking out of mortgages and short-term and medium/long-term loans, the issuing of sureties and guarantees in general in the interest of the Company and its subsidiaries, the opening and closing of bank current accounts and the management of the related relations, the setting up of deposits of securities for custody or administration, any transaction connected with such deposits and any other financial transaction with banks or financial institutions, to carry out deposit and withdrawal transactions, to issue cheques and transfer orders, to verify such accounts and give their approval, to carry out overdraft transactions on current accounts within the limits respectively granted by the banks; endorse, both for discounting and collection, bills of exchange, cheques and credit instruments in general and collect the relative amount, protest and issue receipts for bills of exchange and securities to order; rent, open and dispose of safe deposit boxes, withdraw and deposit sums of money, valuables and securities; issue drafts and bank receipts in implementation of contracts; collect receivables of any kind owed by the Company, collect sums, issue receipts and release statements, take action in any forum, including executive ones, to obtain payment, to waive receivables, to reach amicable agreements and transactions with the broadest powers to define their terms and clauses;
- c) carry out transactions involving the assignment of receivables with and/or without recourse, factoring financial transactions, through the assignment of current and future receivables arising from orders/contracts stipulated and to be stipulated between the Company and Local Health Authorities, Regions and public bodies in general for inpatient healthcare services rendered and

to be rendered by the Company. All this with the ample powers, including those of agreeing on the period of the services to be provided for the assignments of receivables, agreeing on every covenant and condition to be included in the contracts to be stipulated; authorising the payment of the receivables claimed by the Company into accounts in the name of the factoring company and authorising the latter to collect and issue receipts with full release of the assigned debtor; provide every guarantee regarding the existence of the relationships from which the receivables arise and regulate the complete execution of the relative services, as well as regarding the freedom of the receivables from pledges, seizures, garnishments, charges, encumbrances or constraints of any type and that the same are freely transferable and cannot be opposed in compensation, not even partial, of receivables claimed by the debtor or any other third party, public or private; deliver to the factoring company all the documents proving the receivables; sign the contracts in question, the annexes and any other necessary document for the purpose of stipulation; elect domicile: do whatever else is necessary, useful and appropriate for the completion of the sale and factoring operations;

- d) hire, promote, transfer employees, establish their qualifications and economic treatment, manage and/or terminate their employment relationships; hire managers, promote them, transfer them, establish their financial treatment, terminate their employment relationships. In relation to the aforementioned employment relationships, to promote actions of any nature deemed necessary or useful for the management of the company and to represent it in dealings with any public or private body or administration and to represent it in court;
- e) represent the Company at the meetings of other companies, consortia and bodies in general and in its relations with said bodies, their committees, make proposals, approve or reject resolutions, appoint or delegate third parties or employees of the Company to take part in the meetings of said companies and consortia, exercising their voting rights;
- f) represent the Company on a permanent basis within both territorial and national trade associations, to take on membership roles within such associations and to make all necessary decisions;
- g) represent the Company vis-à-vis any public or private body and any Public Administration with the widest powers, vis-à-vis any administrative, political, military, trade union, judicial, market authority, at state, regional, provincial and municipal level, including independent and supervisory authorities, as well as tax and customs authorities; including, therefore, the power to sign any act, communication, declaration and report, including tax reports, and to carry out

any compulsory or voluntary fulfilment of the law, in any case deemed necessary or useful in the interest of the Company;

- h) present, also on behalf of and in the interest of subsidiaries, offers of health services to public and private entities, enter into, modify, terminate and rescind contracts, conventions, agreements, establishing the relevant contractual conditions and determining and accepting fees, rates and tuition and all other covenants and conditions, agreeing to deposits and guarantees;
- i) provide for the technical and financial coordination of the company and its subsidiaries and those in which the company holds interests, whether majority or minority, and in those which in the future may be directly or indirectly controlled or associated, with the power to grant endorsements, sureties and secured and unsecured guarantees in favour of third parties in the interest of said companies;
- j) prepare any tax declaration and certification of the Company, which are compulsory or in any case useful or necessary, including CUD model certifications, periodical and annual VAT declarations, UNICO model declarations and 770 model declarations, to sign the aforesaid declarations in the name of the Company, to ensure their timely forwarding within the terms of the law;
- k) maintain relations with the employment office, INPS, INAIL and other social security and insurance institutions, the Labour Office, the Labour Inspectorate, workers' and employers' trade unions, and any other office, body or authority, representing the company in any intervention that may be necessary in matters concerning labour and personnel of the company, with the right to delegate other employees of the company from time to time;
- l) ensure compliance with the obligations imposed on the employer by Legislative Decree No. 81/2008 and, in particular, the development of risk assessments; and by Law No. 24 of March 8, 2017 regarding the safety of care and the assisted person, as well as regarding the professional responsibility of healthcare professionals;
- m) give detailed and precise instructions to the Company's employees, so that the provisions and rules referred to in the previous points are applied and enforced without exception, checking the timely compliance with the instructions given;
- n) oversee, on behalf of the Company and in good faith, of the observance of any and all provisions or rules in force, whether legislative, administrative, fiscal, contractual, regulatory, including those concerning accident prevention, building, fire prevention, health, exercising any and all

necessary or appropriate controls, whether preventive, concomitant or subsequent, inherent and consequent;

- o) confer professional appointments by determining the services and fees;
- p) sign ordinary correspondence from the Company;
- q) supervise the operating activities of the Company and the Group's subsidiaries, in compliance with the planning guidelines established by the administrative body and/or identified in agreement with the administrative body itself;
- r) ensure compliance with the regulations in force concerning employment, compulsory social security and assistance, accident prevention, making sure that the competent offices of the company provide all employees with adequate assistance in this regard;
- s) enter into Group-wide supply agreements for the purchase of consumables, foodstuffs, medicines and medical supplies, services, enter into user agreements and whatever else is required for the smooth running of the nursing homes owned by the company;
- t) take out insurance policies, including on behalf of subsidiaries, collecting the relevant indemnities and any reimbursements;
- u) carry out functions of responsibility, with power of sub-delegation, for the implementation of all that is necessary, for safety in the workplace, in accordance with the provisions of Legislative Decree No. 81/2008 and other relevant regulations;
- v) appoint agents and proxies for specific acts or categories of acts within the scope of their powers, determining their remuneration;
- w) set up new companies (by approving their By-Laws), to subscribe the related share capital up to an amount of Euro 300,000 and make the related cash contributions, appoint the Board of Directors and the Board of Statutory Auditors, establishing their powers and fees, with the specific authorisation, pursuant to Article 1395 of the Civil Code, to appoint the sole Director or member of the Board of Directors, including themselves.

Since the Issuer is not an operating company, it did not deem it necessary to provide for value limits of the proxies conferred to the Chief Executive Officer, unlike the Group's Companies, which provide for specific limits of the proxies conferred to the Directors, in view of their operating nature.

The Chief Executive Officer is primarily responsible for the management of the Company.

There are no interlocking directorates as per Applicative Criteria 2.C.6. of the Self-Governance Code.

**Chairperson and Vice-Chairperson of the Board of Directors**

On July 31, 2018, the Shareholders' Meeting appointed Alessandro Maria Rinaldi as Chairman of the Board of Directors.

The Chairperson of the Board of Directors is vested with the powers provided for by law and by the By-Laws in effect from time to time. He/she shall have the representation and signature of the Company severally.

Pursuant to the By-Laws, the Chairperson of the Board of Directors: (i) ascertains the requirements to exercise the majority vote (also by making use of specially appointed auxiliaries), based on the results of a specific list kept by the Company (Article 7); (ii) verifies the due constitution of the Shareholders' Meeting, ascertains the right to participate and vote of the shareholders, ascertains the validity of proxies, manages and regulates the discussion and the implementation of the meeting's activities, establishes the voting methods, as well as ascertains and announces the related results (Article 20); (iii) convenes the Board of Directors, as well as verifies the need to hold the meetings of the Board of Directors by video or audio conference (Article 30); (iv) legally represents the Company (Article 33).

The Chairperson of the Board of Directors chairs the Shareholders' Meeting. In the event of his/her absence or impediment, the Meeting shall be chaired by another person designated by the Board of Directors. In the absence of such designation, the Shareholders' Meeting shall elect its own Chairperson.

The Chairperson of the Board of Directors shall preside over the Board. In the case of absence or impediment, he/she shall be replaced by the most senior Vice-Chairperson by age, if appointed, or - in the absence of a Vice-Chairperson- by the most senior Director by age.

The Chairperson has not been given a specific role in the development of corporate strategies.

As of the Report Date, no Vice-Chairperson has been appointed.

It should be noted that the Chairperson is not primarily responsible for the management of the Company, nor is s/he the controlling shareholder of the Company.

### **Executive Committee**

Pursuant to Article 29 of the By-Laws, the Board of Directors may establish an Executive Committee, determining the number of its members and its powers within the limits of the law.

At the Report Date, an Executive Committee had not been established.

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### **Reporting to the Board**

During the Year, the Chief Executive Officer Maria Laura Garofalo reported to the Board on the activities carried out in the exercise of the powers granted to her by the Board, at the next appropriate meeting and in such a manner that the Directors could express their opinion on the issues under review.

### **4.5. OTHER EXECUTIVE DIRECTORS**

In addition to the Chief Executive Officer, Maria Laura Garofalo, the Director Claudia Garofalo is an Executive Director pursuant to Article 2 of the Self-Governance Code, since she is the Head of Finance of the Company and a Senior Executive of the Issuer.

The Director Umberto Suriani is an Executive Director pursuant to Article 2 of the Self-Governance Code, since he is the Chief Executive Officer of several companies of the GHC Group with strategic importance and, specifically, FI.D.ES. Medica S.r.l., Centro di Riabilitazione S.r.l., RO. E MAR. S.r.l., FI.D.ES. Servizi S.c.a.r.l., Genia Immobiliare S.r.l. and Prora S.r.l.

The Director Giuseppe Giannasio qualifies as an Executive Director due to the fact that he is the legal representative of the company Ledcon S.r.l., to which GHC has given a specific consultancy mandate in connection with acquisitions.

These Directors qualify as Executive Directors also in consideration of the definition of "Executive Directors" contained in the Corporate Governance Code.

### 4.6 INDEPENDENT DIRECTORS

The Company's Independent Directors are sufficient in number and authority to ensure that their judgement can carry significant weight in making the Company's board decisions. The Independent Directors bring their specific expertise to Board discussions, contributing to the making of decisions in the Company's interest.

Pursuant to Article 25 of the By-Laws, a number of Directors not fewer than the minimum number required by the applicable legal provisions must meet the independence requirements set out in Article 148, paragraph 3 of the CFA.

The Board performs the assessment both on the basis of the statutory independence criteria and by applying all the criteria of the Self-Governance Code and of the Corporate Governance Code currently in force.

The assessment of whether the Independent Directors continue to meet the independence requirements is renewed if circumstances relevant to independence arise and, in any case, on an annual basis during the Board meeting held to approve the draft financial statements.

With regard to the Board in office at the end of the year and at the Report Date, it should be noted that there are three Independent Directors: Ms. Franca Brusco (who was appointed to the Board by shareholders owning approx. 4.10767% of the share capital of the Company (Institutional Investors)), Grazia Bonante and Federico Ferro-Luzzi, and they comply with the independence requirements set out in the combined provisions of Articles 147-ter, paragraphs 4 and 148, paragraph 3 of the CFA and Article 3 of the Self-Governance Code for the office held during the Year, as well as the requirements set out in Article 2 of the Corporate Governance Code. The verification of the aforementioned independence requirements for the three Independent Directors was carried out by the Board of Directors on their appointments by co-option by the Board on June 18, 2019 (Ms. Brusco and Mr. Ferro-Luzzi) and on July 3, 2019 (Ms. Grazia Bonante) and, subsequently, by the Shareholders' Meeting pursuant to Article 2386 of the Civil Code, on April 29, 2020, on the basis of the documentation provided by the interested parties and which is in any case available to the Company and in particular on the basis of the following documents: (i) updated curriculum vitae, together with all administration and control positions held in other companies; (ii) notice of acceptance of appointment as Director of the Company; (iii) declaration of compliance with the requirements of integrity for the position of Statutory Auditor in listed companies, set out in Article 148, paragraph 4 of the CFA and Article 2 of the Decree of the Ministry of Justice No. 162 of March 30, 2000, as referred to in Article 147-quinquies of the CFA; (iv) declaration of compliance with the independence

requirements set out in Article 148, paragraph 3 of the CFA, as referred to in Article 147-ter, paragraph 4 of the CFA and application criterion 3.C.1 of the Self-Governance Code.

On March 16, 2021, the Board - as part of its annual assessment - verified the independence requirements for the three Non-Executive Directors, promptly informing the market.

In compliance with the provisions of the Application Criterion 3.C.5 of the Self-Governance Code, the Board of Statutory Auditors - as part of the tasks assigned to it by law - verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members and the outcome of such controls is disclosed to the market in the Board of Statutory Auditors' report to the next Shareholders' Meeting that has been convened, inter alia, to approve the 2020 Annual Report.

On the basis of the above, it can be stated that the Independent Directors in office at the end of the Year meet the independence requirements set out in Article 148, paragraph 3 of the CFA and in Article 3 of the Self-Governance Code, as none of them:

- (i) does not control the Issuer, directly or indirectly, including through subsidiaries, trust companies or third parties, nor is s/he able to exercise a significant influence on it;
- (ii) does not participate, directly or indirectly, in any shareholders' agreement through which one or more subjects could exercise control or significant influence on the Issuer;
- (iii) is not, and has not been in the previous three financial years, a relevant representative (i.e. the Chairperson, the legal representative, the Chair of the Board of Directors, Executive Director or a Senior Executive) of the Issuer, of one of its subsidiaries with strategic importance, of a company under common control with the Issuer, of a company or entity that, including jointly with others through a shareholders' agreement, controls the Issuer or is able to exercise a significant influence on it;
- (iv) does not have, or has not had in the previous financial year, directly or indirectly (for example through subsidiaries or companies of which s/he is a relevant representative, as described in point (iii) above, or as partner of a professional firm or a consulting company), a significant commercial, financial or professional relationship or employment relationship: (a) with the Issuer, with one of its subsidiaries, or with any of its relevant representatives, as described in point (iii) above; (b) with a subject who, including jointly with others through a shareholders' agreement, controls the Issuer, or - in the case of a company or entity - with its relevant representatives, as described in point (iii) above;
- (v) subject to that stated in point (iv) above, she/he does not have any employment, self-

employment or other financial or professional relationship such as to compromise his/her independence: (a) with the Issuer, its subsidiaries or parent companies or the companies subject to joint control; (b) with the Issuer's Directors; (c) with subjects who are related by marriage, kinship or affinity up to the fourth degree of kinship of the Directors of the companies under point (a) above;

- (vi) did not receive, or has not received in the previous three years, from the Issuer or a subsidiary or Parent Company a significant additional remuneration other than the “fixed” fee of Non-Executive Director of the Company, including incentive participation plans relating to the performance of the company, including share-based payments;
- (vii) was not a Director of the Issuer for more than nine years of the past twelve years;
- (viii) is not an Executive Director in another company in which an Executive Director of the Issuer is a Director;
- (ix) is not a shareholder or Director of a company or of an entity belonging to the network of the auditors of the Issuer;
- (x) is not a close family member of a person who is in one of the situations described in the previous points and, in any case, is not a spouse, relative or similar up to the fourth degree of kinship of the Directors of the Issuer, of its subsidiaries, of the companies controlling it and of those subject to common control.

In addition, it can be affirmed that the Independent Directors meet the independence requirements set out in Article 148, paragraph 3 of the CFA and Article 2 of the Corporate Governance Code also as of the date of this Report, subject to that outlined below concerning the application of the quantitative and qualitative criteria aimed at assessing the significance of the relationships that may compromise the independence of Directors and Statutory Auditors as set out in Recommendation 7 (second paragraph) of the Corporate Governance Code.

On March 1, 2021, the Board of Directors identified, on the proposal of the Appointments and Remuneration Committee, the quantitative and qualitative criteria for assessing the significance of relationships that may compromise the independence of Directors and Statutory Auditors in the cases set forth in paragraphs c) and d) of Recommendation No. 7 of the Corporate Governance Code<sup>5</sup>. These criteria will be applied when assessing the independence of the members of the Board of Directors after their appointment by the Shareholders' Meeting to be held on April 30, 2021, as well as during their term of office if circumstances relevant to independence arise and, in any case, at least once a year. These criteria require that it be deemed "significant" (and therefore suitable for deeming independence compromised, or apparently compromised):

- A. the commercial, financial, or professional relationship that has produced income equal to or greater than, during the fiscal year:
  - i. 15% of the gross annual personal income of the Director or Statutory Auditor; and/or
  - ii. 2.5% of the annual income of the company controlled by the Director or by the Statutory Auditor or in which he is an Executive Director, or of the professional firm or consultancy firm of which s/he is a partner;
- B. it being understood that, with regard to Statutory Auditors, the calculation does not take into account the remuneration received from GHC's subsidiaries and/or GHC's Parent Company for positions held in supervisory boards; and the receipt of additional remuneration from a subsidiary of GHC and/or GHC's Parent Company equal to or greater than 50% of the fixed remuneration provided for the position of Director of GHC and participation in the relevant Committees. The calculation also takes into account the remuneration received from subsidiaries and/or the Parent Company in the form of participation in incentive plans linked to the company's performance, including share-based plans.

Notwithstanding the above, the qualitative and quantitative criteria approved by the Board of Directors provide that, in any event, the independence of a Director or Statutory Auditor who is a partner in a professional firm or consulting firm that receives amounts during the fiscal year that represent 25% of

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<sup>5</sup> The Corporate Governance Code identifies, in Recommendation No. 7, the circumstances that impair, or appear to impair, the independence of a Director or Statutory Auditor. These include: (i) the significant commercial, financial or professional relations that a Director or Statutory Auditor may have established with the Issuer, one of its subsidiaries or parent company and the related Directors and top managers (letter c), as well as (ii) the significant additional remuneration that a Director or Statutory Auditor may receive from the Issuer, one of its subsidiaries or Parent Company (letter d). With reference to these circumstances, the Code provides that the Board of Directors shall pre-determine "the quantitative and qualitative criteria for assessing the significance referred to in points c) and d) above."

It should also be noted that the Board of Directors has provided that these proposed criteria should be reviewed at least annually as part of the Board's self-assessment process and in consideration of the outcomes of that process.

GHC's annual costs incurred for consulting and/or professional activities by category shall be impaired.

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Also during the Year, the Independent Directors in office as of December 31, 2020 and as of the Report Date did not meet in the absence of the other Directors.

Regarding the activities of the Committees, please refer to the respective sections of this Report.

#### **4.7. LEAD INDEPENDENT DIRECTOR**

At the Report Date, the Board has not appointed an Independent Director as Lead Independent Director pursuant to Application Criterion 2.C.4 of the Self-Governance Code and Recommendation No. 13 of the Corporate Governance Code, given that the circumstances that require his/her appointment pursuant to the Self-Governance Code did not apply.

### **5. PROCESSING OF CORPORATE INFORMATION**

In order to regulate the use of confidential information, on August 8, 2018, the Board of Directors, on the proposal of the Chairperson, resolved to adopt the following procedures: (i) the internal regulation for the management and external communication of confidential, relevant and privileged information ("**Confidential, Relevant and Inside Information Regulation**") as subsequently amended on January 28, 2020; (ii) the procedure for keeping and updating the register of persons who have access to confidential information and the register of persons who have access to relevant information ("**Insider Register Procedure**") as subsequently amended on December 17, 2020; and (iii) the internal dealing procedure ("**Internal Dealing Procedure**"), as subsequently amended December 17, 2020.

The following is a brief description of the Confidential, Relevant and Inside Information Regulation, the Insider Register Procedure and the Internal Dealing Procedure.

### 5.1 CONFIDENTIAL, RELEVANT AND INSIDE INFORMATION REGULATION

The Confidential, Relevant and Inside Information Regulation contains the provisions relating to the management of confidential information, relevant information and the management and external communication of inside information as referred to in Article 7 of Regulation (EU) No. 596/2014 of April 16, 2014 on market abuse ("**Market Abuse Regulation**" or "**MAR**") concerning the Company and its subsidiaries. Inside information is subject, pursuant to law, to a general obligation to communicate it to the public without delay, in accordance with the procedures established in the Confidential, Relevant and Inside Information Regulation.

All members of corporate bodies, employees and collaborators of the Company and its subsidiaries who have access for any reason to confidential, relevant and inside information are required to comply with the Confidential, Relevant and Inside Information Regulation.

The Confidential, Relevant and Inside Information Regulation governs the main persons responsible for its implementation and observance and the safeguards to protect the confidentiality of Confidential, Relevant and Inside Information as well as the measures against those responsible for any infringements.

For the complete text of the Regulation, reference should be made to the Issuer's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) under section "*Governance/Corporate Governance/Procedures*".

### 5.2 INSIDER REGISTER PROCEDURE

In compliance with the provisions contained in Article 18 of the MAR and Implementing Regulation (EU) 2016/347 of March 10, 2016 laying down technical implementing rules with regard to the precise format of lists of persons having access to inside information and the updating thereof in accordance with the MAR, the Company has established a register of persons who have access to inside information in the performance of certain tasks and with whom a professional relationship exists, whether as employees or otherwise, such as consultants, accountants or credit rating agencies (the "**Insider Register**").

The Insider Register consists of a computerised database, indicating the persons who, by reason of their working or professional activity or by reason of the functions they perform, have access to inside information.

Entry in the Insider Register takes place in consideration of actual knowledge of inside information directly or indirectly concerning the Company as a result of participation in activities, events and processes that are repetitive and permanent or specific in nature.

Responsibility for updating the Insider Register lies with the head of the Legal and Corporate Affairs Department. The procedures for setting up, managing and updating the Insider Register are governed by a specific procedure published on the Issuer's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) in the section "*Governance/Corporate Governance/Procedures*".

### 5.3 INTERNAL DEALING PROCEDURE

The Internal Dealing Procedure is intended to regulate with binding effect the information flows involved in transactions listed therein and carried out - including through intermediaries - by Internal Dealing Persons (as defined therein) in accordance with the provisions of Article 114, paragraph 7, of the CFA, Articles 152-*sexies* - 152-*octies* of the Consob Issuers' Regulation, as well as Article 19 of the MAR and Commission Delegated Regulation (EU) 2016/522 of December 17, 2015, which supplements the MAR with regard to, *inter alia*, the disclosure thresholds, the competent authority for delay notifications, permission to trade during closed periods and the types of transactions carried out by persons exercising administrative, control or management functions subject to notification.

The Internal Dealing Procedure indicates the persons qualified as "Internal Dealing Persons" and the obligations to which they are subject, in compliance with the regulations in force.

For the complete text of the Internal Dealing Procedure in question, reference should be made to the Issuer's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) under section "*Internal dealing*".

## 6. INTERNAL BOARD COMMITTEES

**(as per Article 123-bis, paragraph 2, letter d), CFA)**

On August 8, 2018, the Board of Directors resolved to adhere to the principles and application criteria of Article 4 of the Self-Governance Code, establishing two committees within the Board with proposing and advisory functions:

- (i) a Control and Risk Committee, also responsible for related party transactions (with the sole exception of matters concerning the remuneration of Senior Directors and Senior Executives), in addition to, from September 26, 2019, sustainability (as more fully detailed in Chapter 10 below) (the "**Control, Risks and Sustainability Committee**"); and
- (ii) an appointments and remuneration committee, considering it appropriate to merge the functions of the Remuneration Committee and the Appointments Committee provided for in Articles 5 and 6 of the Self-Governance Code into a single committee (the "**Appointments**

**and Remuneration Committee").** This merger, as per the recommendations of the Self-Governance Code, complies with the requirements laid down by the Self-Governance Code for both committees and ensures the proper performance of their duties in an effective and efficient manner. The choice was based on: (a) the size of the Board of Directors; (b) its organisational requirements and (c) the close correlation between the tasks assigned by the Self-Governance Code to the Remuneration Committee and the Appointments Committee.

As of the Report Date, the Committees are composed as follows:

<b>Role</b>	<b>Appointments and Remuneration Committee</b>	<b>Control, Risks and Sustainability Committee</b>
Chairperson	Federico FERRO-LUZZI	Franca BRUSCO
Member	Grazia BONANTE	Grazia BONANTE
Member	Franca BRUSCO	Federico FERRO-LUZZI

In carrying out their activities, the Board's internal committees have the right to access the information and company departments necessary for the performance of their duties and may make use of external consultants, within the limits set by the Board of Directors.

All meetings of the Board's internal committees shall be duly recorded. Moreover, each Committee shall report, through its Chairperson, to the subsequent Board meeting on the activities carried out by the Committee and on the proposals and guidelines formulated in the most appropriate manner.

It should be noted that as of the Report Date, the Board of Directors has not reserved any of the functions that the Self-Governance Code and the Corporate Governance Code attributes to committees.

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On October 29, 2018, the Board of Directors established from among its members, effective as of the Trading Commencement Date, the "**Strategy Committee**" to advise the Board of Directors. The Strategy Committee has the task of expressing purely advisory and non-binding opinions in relation to the acquisition of target companies that the Group might intend to carry out. There are no quorums for the Strategy Committee's determinations, including for the issuance of opinions.

As of the Report Date, the Directors Maria Laura Garofalo, Nicola Colavito and Giuseppe Giannasio are members of the Strategy Committee.

### 7. APPOINTMENTS AND REMUNERATION COMMITTEE

#### **Composition and operation of the Appointments and Remuneration Committee (as per Article 123-bis, paragraph 2, letter d) CFA)**

On August 8, 2018, the Board resolved, effective as of the Trading Commencement Date, to establish an Appointments and Remuneration Committee that merges the functions set forth in the Self-Governance Code for the Appointments Committee and the Remuneration Committee.

At the Report Date, the Non-Executive and Independent Directors Grazia Bonante, Franca Brusco and Federico Ferro-Luzzi are members of the Appointments and Remuneration Committee. In accordance with Article 6.P.3 of the Self-Governance Code, all Directors who are members of the Appointments and Remuneration Committee have appropriate experience in financial matters or remuneration policies.

The Chairman of the Appointments and Remuneration Committee is Federico Ferro-Luzzi, appointed by the Committee in compliance with the Internal Regulations, after consultation with the Chairperson of the Board of Directors.

The work of the Appointments and Remuneration Committee is co-ordinated by the Chairperson. Minutes of the meetings are regularly taken and the Chairperson of the Committee is required to report to the Board of Directors at the subsequent meeting on the activities carried out. A copy of the minutes shall be retained by the secretary of the Committee and kept available to the Committee and the Board of Directors.

The following information concerns the activities carried out by the Appointments and Remuneration Committee acting as the Appointments Committee ("**Committee**"); the activities carried out during the financial year with regard to remuneration are detailed in the Remuneration Report, approved and published pursuant to Article 123-ter of the CFA and Article 84-quater of the Consob Issuers' Regulations (the "**Remuneration Report**"), available on the Company's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com), in the "*Governance/Remuneration*" section.

Since the Trading Commencement Date, the Committee has been composed of three Directors, all non-executive and independent.

During the Year, the Committee met ten times, for an average duration of approx. 1 hour and 20 minutes, in the presence of all its members and the Chairperson of the Board of Statutory Auditors and/or at least one other Statutory Auditor.

At the invitation of the Appointments and Remuneration Committee, the Chairperson of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the Head of Administration and Accounts and some of the Company's consultants attended the meeting.

For 2021, 13 Committee meetings are scheduled, 5 of which have already been held on January 26, February 12, February 23/26, March 4 and March 10 in the presence of all its members. Meetings held during 2021 averaged approximately 1 hour and 40 minutes. The Chairperson of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer were invited to take part in the proceedings, depending on the matters under discussion.

Additional information on the attendance of members of the Appointments and Remuneration Committee at meetings is provided in Table 2 attached to the Report.

### **Functions of the Appointments and Remuneration Committee**

The Appointments and Remuneration Committee is a preliminary, consultative and proposal body whose main task with regard to appointments is to identify the optimal composition of the Board of Directors and its Committees, indicating the professional figures whose presence may foster its correct and effective functioning and, with regard to remuneration, to make proposals to the Board of Directors for the definition of the remuneration policy for Directors and top management.

More specifically, the Appointments and Remuneration Committee carries out the following tasks with regard to appointments - on the basis of the provisions contained in the related regulations in force during the Year:

- provides opinions to the Board of Directors regarding its size and composition;
- makes recommendations regarding the professionals whose presence on the Board is deemed appropriate;
- makes recommendations regarding the maximum number of Directorships or Auditorships in other listed companies that may be considered compatible with effective performance as a Company Director, taking into account the participation of Directors in the Committees established within the Board. In this regard, it makes recommendations to the Board of Directors in order to identify the general criteria differentiated according to the commitment linked to each role (Executive, Non-

Executive or Independent Director), also with regard to the nature and size of the companies in which offices are held, as well as whether they belong to the Group;

- makes recommendations concerning the assessments made by the Board of Directors which waive the non-competition clause set out in Article 2390 of the Civil Code;
- proposes to the Board of Directors candidates for the office of Director in cases of co-optation, where it is necessary to replace Directors, ensuring compliance with the provisions of the law and the By-Laws concerning the minimum number of Independent Directors and the quotas reserved for the under-represented gender;
- where the Board of Directors decides to consider adopting a plan for the succession of Executive Directors, it shall evaluate and formulate proposals, recommendations and/or opinions for the purpose of preparing such plan;
- formulates opinions and/or recommendations in the event that the Board of Directors, compatibly with current legislation, submits a slate for the renewal of the Board;
- makes recommendations to the Board of Directors on the nominations of the Company's Executives and members of the Company's bodies whose appointment is within the Board's authority;
- reports to the Board of Directors on the activities carried out at least every six months and no later than the deadline for approval of the annual and half-yearly financial reports.

For information regarding the Remuneration Committee, please refer to the Remuneration Report.

The Board of Directors adopted a new version of the Appointments and Remuneration Committee Regulation by resolution of March 9, 2021 in order to ensure full compliance with the provisions set forth in the Corporate Governance Code and which are therefore applicable from that date.

The Appointments and Remuneration Committee may access all information and departments necessary for the undertaking of their duties, as well as utilising outside consultants within the limits approved by the Board of Directors.

All or some of the members of the Board of Statutory Auditors attended the Committee meetings.

Minutes are kept of the Committee meetings.

The Board of Directors meeting of March 16, 2020, resolved, on the proposal of the Committee, to allocate an expense budget to the Appointments and Remuneration Committee, to be used to carry out its duties, amounting to Euro 30,000 for the year 2020.

During the Year, the Appointments and Remuneration Committee's main activities involved:

1. preliminary investigation for the annual assessment of the independence and good standing requirements of the Directors;
2. identification of Senior Executives;
3. review of the self-assessment of the Board of Statutory Auditors;
4. analysis of the results of the self-assessment process of the Board of Directors and its Committees (board evaluation) and issue of the opinion to the Board of Directors concerning the assessment of the functioning of the Board and its Committees as well as their size and composition;
5. evaluation of the proposal to be submitted to the Board of Directors regarding candidates for the office of Director;
6. finalisation of the MBO/LTIP results;
7. definition of the remuneration policy;
8. review of the Remuneration Report;
9. assess the adequacy, overall consistency and application of the remuneration policy for the Directors and Senior Executives;
10. evaluation of the Chief Executive Officer's remuneration;
11. 2019-2021 Stock Grant Plan: evaluation and considerations on the granting of shares in relation to the 1st Cycle and granting of rights to the 2nd Cycle;
12. evaluation of the appointment of the new Head of Internal Audit;
13. revision of the Committee's Internal Rules;
14. review of the short-term incentive system;
15. analysis of the Shareholders' Meeting results on remuneration;
16. succession plan for Senior Executives;
17. succession plan for the Chief Executive Officer and other Executive Directors;
18. assessments concerning the accumulation of offices as Director and Statutory Auditor in other companies, compatible with the office held;
19. assessments regarding diversity policies in relation to the composition of administrative, management and control boards.

## **8. REMUNERATION COMMITTEE**

For information on the functions and functioning of the Appointments and Remuneration Committee with regard to remuneration, reference should be made to the relevant parts of the Remuneration Report prepared and published pursuant to Article 123-ter of the CFA and Article 84-quater of the Consob Issuers' Regulations and made available on the Company's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com), in the "Governance/Remuneration" section.

### 9. REMUNERATION OF DIRECTORS

On March 16, 2021, the Board of Directors approved, upon the recommendation of the Appointments and Remuneration Committee, the policy adopted by GHC for the compensation of Directors, Statutory Auditors and Senior Executives for 2021 (the "**Remuneration Policy**").

For further information and details on the Remuneration Policy, please refer to the Remuneration Report, approved by the Company's Board of Directors on March 16, 2021, upon the proposal of the Appointments and Remuneration Committee, and made available to the public at the Company's registered office and on the Company's website for consultation by the Company's Shareholders.

The Shareholders' Meeting of the Company, called for the approval of the 2020 Annual accounts pursuant to Article 2364, paragraph 2, of the Civil Code, is also convened to resolve, by means of a binding vote, on Section I of the Remuneration Report, (containing (i) the policy of the Company concerning the remuneration of the members of the management boards, General Managers and Senior Executives with reference to at least the following financial year and, without prejudice to the provisions of Article 2402 of the Civil Code, of the members of the control boards), and (ii) the procedures for the adoption and implementation of this policy) and, by means of a non-binding vote, on Section II of the Remuneration Report (containing, in a clear and comprehensible manner and individually, for the members of the management and control boards, the General Managers and, in total, for the Senior Executives, the items that make up the remuneration and the compensation paid in 2020 and the other information provided for by Article 123-ter, paragraph 4, of the CFA).

During the current year, the Appointments and Remuneration Committee will monitor the proper implementation of the Remuneration Policy by reporting to the Board of Directors.

### 10. CONTROL, RISKS AND SUSTAINABILITY COMMITTEE

### **Composition and operation of the Control, Risks and Sustainability Committee (as per Article 123-bis, paragraph 2, letter d) CFA)**

On August 8, 2018, the Board resolved, effective from the Trading Commencement Date, to establish a Control and Risk Committee in accordance with the provisions of the Self-Governance Code, defining its duties and functions, and then extending its powers, on September 26, 2019, to the subject of sustainability/ESG, with investigative, propositional and advisory functions.

At the date of this Report, the Non-Executive and Independent Directors Grazia Bonante, Franca Brusco and Federico Ferro-Luzzi are members of the Control, Risks and Sustainability Committee. In accordance with Article 7.P.4 of the Self-Governance Code, the majority of the Directors who are members of the Control, Risks and Sustainability Committee have adequate experience in accounting, finance and risk management.

The Chairperson of the Control, Risks and Sustainability Committee is Franca Brusco, who was appointed by the Committee in compliance with the internal regulations, having consulted the Chairperson of the Board of Directors.

The proceedings are coordinated by the Chairperson, who is chosen from among the Independent Directors. Minutes of the meetings are duly taken and the Committee Chairperson reports to the Board of Directors at the first available meeting on the activities carried out. A copy of the minutes shall be retained by the secretary of the Committee and kept available to the Committee and the Board of Directors.

Since the Trading Commencement Date, the Committee has been composed of three Directors, all non-executive and independent.

During the Year, the Control, Risks and Sustainability Committee met 16 times, for an average duration of approx. 3 hours, in the presence of all its members and the Chairperson of the Board of Statutory Auditors and/or at least one other Statutory Auditor.

The Chairperson of the Board of Directors, the Chief Executive Officer, the Director in charge of the Internal Control and Risk Management System, the Chief Financial Officer and Executive Officer for Financial Reporting, the Control and Planning Manager, the Risk Manager, the Group Head of Administration and Accounts, the Head of Consolidated Financial Statements, the Investor Relator, the Head of the Internal Audit Department, The Independent Audit Firm, the Data Protection Officer, the Supervisory Board and some consultants of the Company were invited to take part in the meeting, depending on the subject under discussion.

Fourteen meetings of the Committee are scheduled for 2021, 6 of which have already been held, on January 15, January 26, February 12/16, February 23, March 4 and March 10,, with all of committee members present (except for the February 23 meeting at which two members were present). Meetings held during 2021 averaged approximately 2 hours and 30 minutes. At the invitation of the Control, Risks and Sustainability Committee, the Executive Director in charge of the Internal Control and Risk Management System, the Chief Financial Officer, the Control and Planning Manager, the Risk Manager, the Group Head of Administration and Accounts, the Investor Relator, the Head of the Internal Audit Department, the Supervisory Board, the Executive Officer for Financial Reporting and the Independent Audit Firm attended the meeting.

Further information on the attendance of members of the Control, Risks and Sustainability Committee at meetings can be found in Table 2 attached to the Report.

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### **Control, Risks and Sustainability Committee functions**

The Control, Risks and Sustainability Committee is a body with advisory and proposing functions which, pursuant to Article 7, principle 7.P.3, letter *a*), *sub (ii)*, of the Self-Governance Code, has the task of supporting, by means of an adequate preliminary, consultative and proposal activity, the assessments and decisions made by the Board of Directors concerning the Internal Control and Risk Management System, the approval of periodic financial reports, related party transactions and the sustainability of corporate policies.

#### Internal Control and Risk Management System

The Control, Risks and Sustainability Committee carries out the following tasks with regard to the Internal Control and Risk Management System, on the basis of the related regulations in force during the year:

- a) evaluates, together with the Executive Officer for Financial Reporting and having consulted the independent audit firm and the Board of Statutory Auditors, the correct application of the accounting standards and their uniformity for the preparation of the consolidated financial statements and the financial position;
- b) expresses opinions on specific aspects concerning the identification of the main corporate risks;

- c) examines the periodic reports, concerning the evaluation of the Internal Control and Risk Management System, and those of particular size, prepared by the Internal Audit department;
- d) assesses the autonomy, adequacy, efficacy and efficiency of the Internal Audit Department;
- e) requests that the Internal Audit Department carry out checks on specific operational areas, simultaneously communicating such to the Chairperson of the Board of Statutory Auditors;
- f) reports, at least every six months, on the approval of the annual and half-year accounts, to the Board of Directors on the work carried out and on the adequacy of the Internal Control and Risk Management System;
- g) supports, with appropriate investigative activities, the evaluations and decisions of the Board of Directors concerning the management of risks from events which the Board of Directors becomes aware of;
- h) carry out additional duties assigned by the Board of Directors;

The Committee also provides its opinion to the Board of Directors in carrying out its tasks related to the Internal Control and Risk Management System, and in particular:

- i) the drafting of the guidelines of the Internal Control and Risk Management System, so that the main risks connected to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, in addition to determining the criteria of compatibility of these risks in line with the strategic objectives of the Company;
- ii) in the evaluation - on a half-yearly basis - of the adequacy, effectiveness and functioning of the Internal Control and Risk Management System, also concerning the risks that may be relevant for the medium/long-term sustainability of the Group's activities, with regard to its business and risk profile, for the Group and its main subsidiaries;
- iii) in the assessment, at least once a year, of the work plan prepared by the head of the Internal Audit Department and any changes during the year;
- iv) in the description, within the Corporate Governance Report, of the main characteristics of the Internal Control and Risk Management System and the manner of co-ordination between parties involved, expressing its assessment on the overall adequacy;
- v) on the evaluation, after consultation with the Board of Statutory Auditors, of the results of the independent audit firm's letter of recommendations and of the report on fundamental questions established during the audit;

vi) on the proposal relating to the appointment, revocation and remuneration of the Head of the Internal Audit Department and in the annual assessment of the requirements verified at the time of appointment, on the adequate allocation of resources to carry out his/her duties and on the definition of the structure of his/her remuneration, fixed and variable, in line with corporate policies;

vii) in assessing the adequacy of the powers and resources assigned to the Executive Officer for Financial Reporting.

The Board of Directors adopted a new version of the Control, Risks and Sustainability Committee Regulation by motion of March 9, 2021 in order to ensure full compliance with the provisions set forth in the Corporate Governance Code and which are therefore applicable from that date.

During 2020, the Control, Risks and Sustainability Committee performed the following key control and risk activities:

1. analysis of the recommendations outlined in the annual letter from the Chairperson of the Corporate Governance Committee;
2. analysis of the progress of the ERM Project and of the final proposal of the ERM model, expressing a favourable opinion on the degree of compatibility of the risks of the RAS 2020 with a management of the business consistent with the identified strategic objectives and, consequently, on the adoption by the Board of Directors of the integrated ERM model to support the formulation of strategies and management of the business (Framework CoSO 2017) in its components represented by: GHC Group's Risk Appetite, Corporate Risk Profile, and Key Risk Indicators (KRIs);
3. monitoring of the activities of the Internal Audit Department and analysis of the audits carried out during the Year;
4. examination of the periodic reports of the Internal Audit Department;
5. opinion on the termination of the appointment of the Head of Internal Audit, on the assignment of a new appointment and the determination of the related remuneration;
6. analysis of the Internal Audit Policy;
7. examination of the periodic reports of the Supervisory Board;
8. analysis regarding the emergency situation linked to the Sars-CoV2 pandemic and the impact on the Group;
9. analysis of the independent expert's reports on impairment testing and PPA;

10. meeting with the Independent Audit Firm to assess - together with the Executive Officer for Financial Reporting - the correct use of the accounting standards and their consistency for the purposes of drawing up the periodic financial reports and issue of the related opinions;
11. review of the report prepared by the Executive Officer for Financial Reporting for the year 2019 and meeting with him/her;
12. consideration of the report of the ICRMS's Chief Executive Officer for the year 2019;
13. review of the Non-Financial Statement and meeting with the independent audit firm Deloitte;
14. review of the Corporate Governance and Ownership Structure Report relating to the Internal Control and Risk Management System;
15. analysis of the proposed Variable Remuneration Policy for the Chief Executive Officer for the three-year period 2020 - 2023 and guidelines for SDE remuneration policy;
16. analysis of an M&A transaction;
17. evaluation of the possible awarding of a professional consulting contract in the interest of the Group's healthcare facilities;
18. analysis of the proposal to update the Guidelines for the Internal Control and Risk Management System;
19. analysis of the Group's Regulations and Information Flows;
20. analysis of the plan to transform the Group's joint-stock companies into limited liability companies;
21. 2019-2021 Stock Grant Plan: considerations regarding the 2<sup>nd</sup> cycle;
22. Analysis and issue of the opinion on the revision of the Related Party Transactions Procedure;
23. analysis of the progress on the Project to update the 231 Model by the Issuer and its subsidiaries; review of the revisions to the Issuer's 231 Model;
24. analysis of the Non-Financial Statement Policy and its updates;
25. assessments regarding materiality analysis and stakeholder engagement results;
26. ESG strategic road map;
27. analysis of the report issued by Standard Ethics to review its consistency with the Strategic Road Map;
28. analysis of the progress of the planned initiatives and assessment of their consistency with the new materiality matrix approved.

### Related party transactions

The Committee is also assigned the functions for related party transactions pursuant to Article 2391-*bis* of the Civil Code, the Consob Related Parties Regulation and the Company's Related Party Transactions Procedure approved by the Board of Directors on November 27, 2018, as updated on December 17, 2020 (the "**RPT Procedure**"). For information on the RPT Procedure, please refer to Section 12 below.

The Control, Risks and Sustainability Committee, in its capacity as the Committee responsible for related party transactions:

- a) examines and provides a prior opinion to the Board of Directors on the approval of certain transactions entered into by the Company with related parties and performs all the tasks provided for in the RPT Procedure;
- b) reports to the Board of Directors, at least every six months, on the approval of the annual and half-yearly financial reports, on the activities carried out with regard to related party transactions;
- c) may propose amendments or additions to the RPT Procedure to the Board of Directors.

On December 10, 2020, the Control, Risks and Sustainability Committee, in its capacity as the Committee responsible for Related Party Transactions, issued, pursuant to Article 4, paragraph 3 of the Consob RPT Regulation, a favourable opinion on the amendments, revisions and updates of the Related Party Transactions Procedure (which came into force on January 1, 2021) aimed at incorporating certain guidelines drawn up by the relevant Authorities on the subject of related party transactions, as well as making the process of mapping related parties and monitoring, assessing and approving related party transactions more effective and efficient, in accordance with the requirements of primary and regulatory legislation and on the basis of best practice.

During the Year, the Control, Risks and Sustainability Committee, in its capacity as the Committee responsible for Related Party Transactions, carried out the other tasks assigned to it by the applicable regulations and the RPT Procedure.

### Sustainability

The Control, Risks and Sustainability Committee has also been assigned the functions of Sustainability, as resolved by the Board of Directors on September 26, 2019, in order to support the Board of Directors and, to the extent of its remit, the Chief Executive Officer, in matters of sustainability/ESG, with investigative, propositional and advisory functions. However, the Board reserved the right to consider setting up a special committee in the future to deal exclusively with these issues.

The Committee carries out investigative, propositional and advisory functions vis-à-vis the Board of Directors and, in particular - on the basis of the provisions contained in the related regulations in force during the year - performs the following tasks with regard to the sustainability of corporate policies:

- a) supervises sustainability policies connected with the exercise of business activities and stakeholder engagement activities;
- b) examines the guidelines of the strategic sustainability plan proposed by the Chief Executive Officer and monitors the progress of the activities and projects contained therein;
- c) promotes the Company's participation in relevant sustainability initiatives and events, with a view to consolidating the Company's reputation at national and international level;
- d) examines the general outline of the Sustainability Report proposed by the Chief Executive Officer and the structure of its contents, as well as the completeness and transparency of the information provided therein, issuing a prior opinion to the Board of Directors called upon to approve the Report;
- e) expresses, at the request of the Board of Directors or the Chief Executive Officer, opinions on sustainability issues;
- f) reports to the Board of Directors, at least every six months, on the approval of the annual and half-yearly financial reports, on the activities carried out with regard to sustainability.

During the Year, the Control, Risks and Sustainability Committee, in its capacity as Sustainability Committee, held 10 meetings (on January 24, February 14, March 19, May 26, June 16, July 24, September 16, October 13, November 10 and December 10) which were attended, in most cases, by all of its members.

The Board of Statutory Auditors, in the person of the Chairperson or other Statutory Auditor, normally also takes part in the Committee's meetings, and the head of Investor Relations, who is also responsible for consolidating the non-financial information reported by each GHC Group Company and for preparing the Consolidated Non-Financial Statement (which GHC must prepare pursuant to Legislative Decree No. 254/2016), also attends. S/he is also responsible for the investigative activities regarding sustainability issues.

In particular, during the Year and in the first months of 2021, the Control, Risks and Sustainability Committee, in its capacity as Sustainability Committee, has, among other things:

1. supervised non-financial and sustainability issues related to the company's business and stakeholder engagement activities;

2. monitored the progress of activities with respect to commitments made in the 2020 Consolidated Non-Financial Statement;
3. expressed its opinion on the general layout of the Consolidated Non-Financial Statement, also assessing the adequacy, transparency and completeness of the information provided therein;
4. reviewed the Non-Financial Statement Policy and its updates;
5. carried out assessments on the materiality analysis and stakeholder engagement results;
6. analysed the ESG strategic road map;
7. analysed the report issued by Standard Ethics for consistency with the Strategic Road Map;
8. analysed the progress of the planned initiatives and assessed of their consistency with the new materiality matrix approved.

\* \* \*

The Control, Risks and Sustainability Committee in undertaking its functions may access all information and departments necessary to carry out its duties, as well as utilising external consultants within the limits approved by the Board of Directors.

\* \* \*

All or some of the members of the Board of Statutory Auditors attended the Committee meetings.

Minutes are kept of the Committee meetings.

The Board of Directors meeting of March 16, 2020, resolved, on the proposal of the Committee, to allocate an expense budget to the Control, Risks and Sustainability Committee, to be used to carry out its duties, amounting to Euro 30,000 for the year 2020.

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

In compliance with the principles set out in Article 7 of the Self-Governance Code, the Internal Control and Risk Management System ("ICRMS") is the set of rules, procedures and organisational structures aimed at enabling management of the business that is consistent with the objectives defined by the Board of Directors. This is achieved through an adequate process of identification, measurement, management and monitoring of the main corporate risks within the Group.

The Internal Control and Risk Management System, in line with principle 7.P.2. of the Self-Governance Code:

- contributes to safeguarding the company's assets;
- ensures the efficiency and effectiveness of business processes;
- ensures the reliability, accuracy and timeliness of the information (financial and non-financial) provided to corporate bodies and the market;
- contributes to the respect of the laws and regulations as well as of the By-Laws and internal procedures.

The ICRMS, in compliance with the applicable legislation, the Self-Governance Code and in line with the internal reference framework and national and international best practices in the sector, is based on the following principles:

- integration with the Group's organisational and administrative-accounting structure, which guarantees corporate autonomy for subsidiaries in line with the principles defined by the Parent Company and takes account of the specific nature of the sector to which they belong;
- the diffusion of a culture and the definition of an approach based on the identification, analysis, evaluation, management and monitoring of risks and the relative mitigating controls, in support of the decision-making process aimed at defining and implementing the Group's strategies;
- the definition of tasks and responsibilities within the Group's organisational structure, aimed at achieving the company's objectives, guaranteeing the segregation during the performance of activities by the organisational Departments/Functions, in order to avoid the performance/verification of incompatible activities by common company subjects;
- the traceability of the activities and documentation inherent in the company's processes as well as the confidentiality and availability of information also for the purposes of compliance with the regulations on the protection of privacy;
- the maintenance of an effective and efficient ICRMS to support the sustainable development of the company with a view to the creation and preservation of value.

The Company's Board of Directors, which is responsible for the Internal Control and Risk Management System, has drawn up, with the support of the Control, Risks and Sustainability Committee, a document setting out guidelines for the Internal Control and Risk Management System so that the main risks of the

Company and the Group are correctly identified, measured, managed and monitored in line with the Group's strategic objectives.

In particular, in order to ensure the effectiveness of the ICRMS, in line with best practices on the subject, verification and control activities have been foreseen on three levels on persons to whom specific roles and responsibilities have been attributed as shown below:

- First level: line controls (procedural, IT, behavioural, administrative-accounting, etc.), i.e. checks carried out by the management of the Parent Company of the operational structures in order to identify and mitigate risks relating to the areas for which they are responsible;
- Second level: controls carried out by the corporate functions with specialist supervisory responsibility for managing the Group's risks (Risk Management, Legal, Compliance, Occupational Health and Safety and Environment, Administration and Control, Clinical risk);
- Third level: controls carried out by the Group's Internal Audit Department, responsible for providing independent assurance through a risk-based approach to first and second level controls, in addition to the overall architecture and functioning of the Internal Control and Risk Management System, to identify anomalous trends and violations of procedures and regulations applicable to the organisation, providing added value in the implementation of preventative factors.

The main elements of the ICRMS defined by the Group are:

- the formulation of Guidelines for the Internal Control and Risk Management System;
- the presence of an Executive Director responsible for setting up and maintaining an effective Internal Control and Risk Management System;
- the presence of organisational structures entrusted with carrying out risk management activities (Control, Risks and Sustainability Committee and Risk Management with the support of the Head of the Internal Audit Department);
- the presence of an Internal Audit Department delegated by the Board of Directors to provide independent assurance on the efficiency and effectiveness of the Internal Control and Risk Management System;
- the setting up of a risk management system in relation to the financial disclosure process introduced in compliance with the provisions of Article 154-*bis* of the CFA;

- the definition of an internal regulatory system that includes specific compliance principles (the Code of Ethics, aimed at promoting and maintaining an adequate level of correctness, transparency and ethics in the conduct of the Group's activities; the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 of each Company of the Group).

On March 16, 2021, with the favourable opinion of the Board of Statutory Auditors and the Control, Risks and Sustainability Committee, the Board of Directors expressed its favourable opinion on the effectiveness and adequacy of the Risk Management and Control System adopted by the Group, taking into account its specific characteristics and risk profile.

### **A) MAIN ELEMENTS OF THE COMPANY'S RISK MANAGEMENT SYSTEM**

The Board of Directors of the Company has defined the industrial strategy of the Group, aimed mainly at: (i) consolidating its position in the reference market, (ii) consolidating its economic and financial performance and strengthening its competitive positioning, (iii) finalising acquisitions of healthcare and dependency care structures operating in strategic sectors in which the Group is already present. Based on these medium-/long-term objectives, in 2020 the Company completed a project designed to develop and implement an Enterprise Risk Management model capable of identifying and managing the risks associated with the Group's processes, in line with risk management and industry best practice. Specifically, the Board of Directors of GHC S.p.A. approved the adoption of the new Risk Management model based on the "Enterprise Risk Management (ERM)" framework published in 2017 by the Committee of Sponsoring Organizations of the Treadway Commission (CoSO). As part of the Internal Control and Risk Management System, the basis was established for the adoption of a single, integrated Risk Management system within the Company's organisational and governance structure for the periodic analysis, assessment, management and monitoring of risks within the organisation.

#### **A.1) The Risk Management System**

The Risk Management (RM) system is a component of the ICRMS and is put in place by the Board of Directors and top management, in order to identify, measure, manage and monitor the Group's main risks,

and also to determine the degree of compatibility of these risks with a management of the business that is consistent with the strategic objectives identified.

In this context, under the supervision of the CFO of the Parent Company, the Risk Manager with the involvement of the organisational functions, completed during 2020 the implementation of an "Integrated Enterprise Risk Management" model by adopting the Framework proposed by the Committee of Sponsoring Organizations (CoSO 2017<sup>6</sup>) of the Treadway Commission CoSO 2017.

GHC's ERM model proposes an approach geared toward representing the nature and profile associated with key risks that may undermine the achievement of strategic planning and sustainability goals. This demonstrates the attention and importance that the Group attributes to Risk Management, marking an important shift from a "traditional" approach to an "evolved" approach that aims to identify, assess, control and manage risks arising from external and internal factors in support of Strategic Formulation and Business Management.

In particular, the new ERM model of GHC centres on specific key elements that interact according to precise operating logic, in particular:

- Risk Appetite: a tool which defines, for the various applicable risk categories and in order to support the strategic objectives and the mission, in line with the Group's value system, both the Risk Appetite which the Group wishes to assume, in addition to the Risk Tolerance;
- Corporate Risk Profile: map of key Group risks (Risk Register), with an assessment of the probability and impact in terms of hindering the Company's objectives;
- Key Risk Indicators (KRI): indicators for the periodic and ongoing monitoring of the Corporate Risk Profile;
- Risk Governance: setting of the roles and responsibilities of the various Group stakeholders, in addition to information flows.

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<sup>6</sup> Enterprise Risk Management - Integrating with Strategy and Performance" published in 2017 by the Committee of Sponsoring Organizations of the Treadway Commission

### **A.2) Risk Assessment Activity**

As part of its Risk Management activities, the Group carried out a Risk Assessment aimed at identifying, analysing and assessing the main risks, as well as identifying the related mitigating controls.

In particular, the activities carried out identified the various risks for the Group and assessed GHC's exposure level, in terms of impact and probability of occurrence of the risk scenarios and the detection of the mitigation controls in place and envisaged by the corporate control system.

The completion of the project and its extension to all Group companies was achieved through the application of self-risk assessment methods extended to subsidiaries, integrated following the acquisitions, and aimed at detecting and assessing mitigation controls.

Within the Group's organisation, the Risk Manager, in relation to the overall view of the company's risk profiles, and with the support of the Internal Audit Department, assists the Risk Owners in preparing the most appropriate risk management and mitigation strategies and in proposing any further risk management actions to be implemented in order to execute this strategy. In addition, they coordinate ongoing monitoring activities of the action plans by overseeing the overall risk exposure for the Group.

### **A.3) Principal characteristics of the risk management and internal control systems in relation to financial disclosure.**

Within the general process for the recording and analysis of Group risk areas, undertaken to structure an internal control system which allows for the best possible governance of company risks, a particular focus is placed on the internal control system on the financial disclosure process ("**ICIFS**"), which constitutes an integral part of the Group's overall internal control system.

The above accounting-administrative control model comprises a set of procedures and internal instruments adopted to enable the reaching of the assurance, accuracy, reliability and timeliness of financial disclosure objectives, i.e.:

- Assurance: the information provided is correct and complies with the accounting standards and the requirements of national and international laws and regulations.

- Accuracy: Disclosures are free from bias to influence the decision-making process of users in order to achieve a predetermined outcome.
- Reliability: Disclosures provide clarity and completeness in order to enable investors to make informed and consistent investment decisions.
- Timeliness: Disclosures meet the deadlines for their publication.

The Internal Control and Risk Management System in relation to the financial disclosure process is mainly based on the definition, correct application and monitoring of the corporate procedures relevant to the preparation and dissemination of accounting information, in line with the provisions of Law No. 262/2005, also providing for adequate information and communication to the staff involved in all of the Group companies.

In this context, the Parent Company Garofalo Health Care S.p.A.:

- in compliance with the applicable international accounting standards, adopted a set of administrative and accounting procedures governing the processes associated with the most significant areas of the financial statements;
- defined the ICIFS assessment method for the Group, providing the subsidiaries with the rules, principles and timeframes necessary for the correct assessment of their Internal Control and Risk Management Systems in relation to the financial disclosure process.

Based on the guidelines provided by the Parent Company, each subsidiary of the GHC Group included in the scope of application pursuant to Law No. 262/2005, based on specific needs, defined and formalised its own set of administrative and accounting procedures, independent of those adopted by the Parent Company.

The effective application of the administrative and accounting procedures of the Group companies included in the scope of application of Law No. 262/2005 is verified through the definition and deployment of a monitoring plan, defined from a risk-based perspective, centred on the progressive balance between manual and automated testing activities, the latter carried out through tools already adopted by the Group to ensure the operation of closing processes - Tagetik - and also through the implementation of innovative technologies, such as Robotic Process Automation. In particular, the implementation of the test automatisms allows the execution of massive analysis on the complete universe of the transactions related to the processes being tested. The manual testing activities represent an integration of the automatic tests

and have as input, where possible, the anomalies highlighted by the individual "robots", each for the areas of competence, proposing to analyse these anomalies and reconcile the differences that arise. The Executive Officer for Financial Reporting makes use of the support of a leading external consulting firm (Deloitte) for the definition of the monitoring and execution Plan including for the verification of the financial disclosure process.

On the basis of the results of the monitoring carried out, an Improvement Plan is defined, within which the development and integration actions of the internal audit system on financial disclosure are identified, in line with the evolution of the reference context, of the Group's organisation and of the applicable national and international regulations.

### **11.1. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

On August 8, 2018, the Board of Directors of the Company appointed, effective as of the Trading Commencement Date, Ms. Patrizia Crudetti as Director in charge of the Internal Control and Risk Management System. Subsequently, the Board of Directors' motion of March 25, 2019, appointed Ms. Maria Laura Garofalo in order to guarantee the centrality of the management and maintenance of the Internal Control and Risk Management System within the Group. This assignment is consistent with the provisions of the Corporate Governance Code (Recommendation No. 32), according to which the Chief Executive Officer is responsible for setting up and maintaining the Internal Control and Risk Management System.

The Director in charge of the Internal Control and Risk Management System, in line with the provisions of Article 7 of the Self-Governance Code (as per Recommendation No. 34 of the Corporate Governance Code):

- a) identifies the main business risks, taking into account the characteristics of the activities undertaken by the Company and by its subsidiaries, and periodically presents them for examination to the Board of Directors;
- b) implements the guidelines defined by the Board, and supervises the planning, realisation and management of the Internal Control and Risk Management System, constantly verifying its adequacy and efficiency;
- c) adapts the system to the operating conditions and the regulatory and legislative environment;

- d) requests that the Internal Audit Department undertake verifications on specific operational areas and on the compliance of internal procedures and rules in the execution of business operations, simultaneously communicating such to the Chairperson of the Board of Directors, the Chairperson of the Control, Risks and Sustainability Committee and the Chairperson of the Board of Statutory Auditors;
- e) reports promptly to the Control, Risks and Sustainability Committee (or to the Board of Directors) with regards to problems and critical issues emerging during the execution of their activities or of which they have become aware, so as to ensure that the Committee (or the Board) may take appropriate initiatives.

During the Year and up to the Report Date, the Director in charge of the Internal Control and Risk Management System has carried out the above-mentioned activities aimed at implementing the "Internal Control and Risk Management System" integrated into the general administrative and accounting organisational structure of the Group.

### **11.2. INTERNAL AUDIT MANAGER**

On June 23, 2020, the Board of Directors - after taking note of the communication from Marsh Risk Consulting Services concerning (i) the termination of the contract relating to the "Specialist support for risk management activities and undertaking the Internal Audit Function" entered into on June 29, 2018 - due to completion of the activities provided therein - and (ii) the simultaneous resignation of Mr. Maurizio Quintavalle from the role of Head of the Internal Audit Function, all as of June 30, 2020 - in line with the objectives of strengthening the ICRMS determined by the Company, on the proposal of the Director in charge of the ICRMS, with the favourable opinion of the Control, Risks and Sustainability Committee and after consulting the Board of Statutory Auditors, appointed Ms. Alessandra Maurelli (hired by the Company as an Executive) as the new Head of the Company's Internal Audit Function, as of July 1, 2020,, as a person with adequate professional, independent and organisational capacities.

Also on the proposal of the Director in charge of the ICRMS, subject to the favourable opinion of the Control, Risks and Sustainability Committee and having consulted the Board of Statutory Auditors, the Board approved the remuneration of the new Head of Internal Audit, in line with the Company's remuneration policies and ensured that adequate resources are provided to carry out their responsibilities.

The Internal Audit Manager is not responsible for any operational areas and hierarchically reports to the Board of Directors and has no operational responsibilities.

In carrying out these activities, the Internal Audit function is granted direct access to all departments and information necessary to carry out its duties, and prepares periodic reports on its activities; these reports are sent to the Control, Risks and Sustainability Committee, as well as to the Director in charge of the ICRMS and to the other parties involved.

The Head of Internal Audit, in line with the provisions of the Self-Governance Code:

- a) verifies, on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the Group Internal Control and Risk Management System, through an audit plan, approved by the Board of Directors, based on a structured analysis process and prioritisation of principal risks (Risk-based);
- b) had direct access to all the necessary information to carry out its duties;
- c) prepares periodic reports containing sufficient information on activities, on the manner in which risk management is carried out, as well as compliance with the plans for their containment. The periodic reports contain an evaluation of the suitability of the Internal Control and Risk Management System;
- d) prepares in a timely manner reports on significant events;
- e) sends the reports referred to in points c) and d) to the Chairpersons of the Board of Statutory Auditors, of the Control, Risks and Sustainability Committee, of the Board of Directors, and to the Director in charge of the Internal Control and Risk Management System, as well as to the Supervisory Board, if relevant;
- f) verifies, in the audit plan, the reliability of the IT systems, including the accounting systems.

### 11.3. ORGANISATION MODEL pursuant to Legislative Decree No. 231/2001

The Company has adopted and implemented an Organisation, Management and Control Model (the “**231 Model**”) pursuant to Legislative Decree No. 231/2001 (the “**231 Decree**”). All Group companies with organisational autonomy have adopted their own Organisation, Management and Control Model pursuant to the 231 Decree.

The 231 Model is aimed at ensuring the prevention of the offences contemplated in the 231 Decree, which provides for a system of administrative liability of entities for certain offences committed, in their interest or to their advantage, by persons in managerial positions or persons subject to the management or supervision of the latter.

The 231 Model has been prepared with the aim of creating a prevention system that cannot be circumvented, except fraudulently.

An integral part of the 231 Model is the "Group Code of Ethics", approved by the Company's Board of Directors on August 8, 2018, as updated on September 26, 2018, and formally implemented by the Boards of each GHC Group company.

The 231 Model is divided into a general part and a special part, which provides for specific control protocols aimed at preventing the following types of offence to which the regulations apply:

- offences against the Public Administration;
- offences against public faith;
- corporate offences;
- offences related to terrorism or subversive activity;
- market abuse;
- defamation offences;
- transnational offences;
- offences against life and limb;
- offences of culpable homicide and serious or very serious culpable lesions, committed in violation of the regulations on occupational health and safety;

- offenses concerning the receipt, laundering and use of money, assets and other proceeds of illegal provenance, as well as anti-money laundering;
- cyber crime offences and illegal data processing;
- offences against industry and commerce;
- organised crime offences;
- offences relating to the violation of copyright;
- inducement to not provide accounts or to provide false accounts to the authorities;
- environmental offenses;
- corruption between private individuals and incitement to corruption;
- the employment of illegal aliens;
- crimes of racism and xenophobia;
- tax offences.

The General Part of the 231 Model of GHC and the Group Code of Ethics are available on the Company website [www.garofalohealthcare.com](http://www.garofalohealthcare.com), in the “Governance” section.

In accordance with the 231 Decree and in compliance with the provisions of the 231 Model adopted, a Supervisory Board has been appointed to oversee the correct functioning of the 231 Model and is responsible for verifying the effectiveness and adequacy of and compliance with the Model. GHC's Supervisory Board is also the guarantor of the Group 's Code of Ethics.

With regard to the advisability of assigning to the Board of Statutory Auditors the functions of the Supervisory Board pursuant to Decree No. 231, it was deemed preferable to assign these functions to an external ad hoc Supervisory Board. As of the Report Date, therefore, Mr. Roberto Di Mario acts as the Supervisory Body and meets the requirements of autonomy, independence, professionalism and continuity required by law for this board. As of the Report Date, assessments are underway for the establishment of a collegial Supervisory Board, in line with best practices.

The Supervisory Board is entrusted with the task of ensuring that the 231 Model is constantly updated, formulating, where necessary, proposals to the management board for any updates and adjustments to be made by means of the necessary amendments and/or additions. The Board of Directors is responsible for deciding whether to update the 231 Model. In order to ensure that changes to the 231 Model are made

with the necessary timeliness and effectiveness, while at the same time avoiding any lack of coordination between operational processes, the prescriptions contained in the 231 Model and their dissemination, the Board of Directors has decided to delegate to the Chief Executive Officer the task of making, where necessary, changes to the Model that concern aspects of a descriptive nature.

On July 30, 2020, the Board of Directors approved the update of the 231 Model, with the objective of incorporating, among other matters, the amendments regarding the administrative liability of entities approved on October 27, 2019 by Decree Law No. 124 of October 26, 2019 containing "*Urgent provisions on tax matters and unavoidable needs*" (converted with amendments by Law No. 157 of December 19, 2019). In addition, in compliance with the provisions of the whistleblowing regulations, the Company has set up an additional information channel to the normal channel: in fact, in order to guarantee the availability to potential whistleblowers of an additional channel that complies with the requirements of the whistleblowing regulations, reports may also be sent by e-mail to a personal e-mail address (not belonging to the Company domain) to which only members of the Supervisory Board have access, and which is - for this purpose - communicated by the Company to all those concerned.

#### **11.4. INDEPENDENT AUDIT FIRM**

The audit activity is carried out by EY S.p.A., with registered office in Rome, Via Lombardia 31.

The appointment was granted by the Ordinary Shareholders' Meeting of the Issuer on August 8, 2018, on the reasoned proposal of the Supervisory Board with effect from the Trading Commencement Date, for the financial years 2018-2026 and expires with the approval of the Issuer's 2026 Annual Accounts.

#### **11.5. EXECUTIVE OFFICER FOR FINANCIAL REPORTING AND OTHER CORPORATE ROLES AND FUNCTIONS**

On August 8, 2018, the Issuer's Board of Directors, having heard the opinion of the Board of Statutory Auditors, appointed the Chief Financial Officer, Fabio Tomassini, as Executive Officer for Financial Reporting pursuant to Article 154-*bis* of the CFA and Article 38 of the By-Laws, with effect from the Trading Commencement Date, in compliance with the requirements of integrity and professionalism provided for by current legislation and the By-Laws.

In particular, pursuant to Article 38 of the By-Laws, the Executive Officer for Financial Reporting shall be an expert in the areas of administration, finance and control and possess the requirements of integrity

established for Directors. Loss of said requirements shall result in forfeiture of office, which shall be declared by the Board of Directors within thirty days of knowledge of such absence.

The Executive Officer is responsible for the internal control system with regard to financial disclosure and defines the administrative-accounting procedures for preparing the Issuer's and the Group's consolidated financial statements, as well as any other financial communication and, together with the Chief Executive Officer, certifies its implementation by means of a specific report annexed to the annual, half-yearly and consolidated financial statements.

On appointment, the Board assigned to the Executive Officer all the necessary powers and means for the execution of the duties attributed.

In compliance with the requirements for certification of the separate and consolidated financial statements for 2020, the Executive Officer sent a specific communication to the Group Companies concerning the procedures for completion and formalisation of the certification process, with precise indication of the roles and responsibilities of the Organisational Structures involved, both at Parent Company level and at Subsidiary Company level (including the administrative-accounting procedure and the operating instructions for completion of the testing procedures). Having received formal certification from the Group Companies regarding the controls carried out for the purpose of preparing the corporate accounting documents, the Executive Officer prepares and signs the certification letter concerning the results of the controls carried out on the Group's financial disclosure. In particular, it should be noted that these controls were positive for the year 2020.

It should be noted that on February 2, 2021 the Chief Financial Officer, Fabio Tomassini, resigned at the end of a three-year cycle within the Group, to undertake a new professional experience. Mr. Tomassini will maintain his duties and responsibilities as Chief Financial Officer and as GHC's Executive Officer for Financial Reporting until the Shareholders' Meeting scheduled for April 30, 2021 for the approval of the Separate Financial Statements and the presentation of the Consolidated Financial Statements at December 31, 2020.

In line with the succession plan reviewed by the Appointments and Remuneration Committee in 2020, the Company has already identified a successor, whose name will be disclosed to the market after the resolution of the Board of Directors, having consulted the Appointments and Remuneration Committee and the Board of Statutory Auditors.

Appropriate and timely disclosure of the above was made in a press release on February 2, 2021.

It should be noted that, as communicated by the Company, on February 2, 2021 Mr. Fabio Tomassini resigned at the end of a three-year cycle within the GHC Group, to undertake a new professional experience. Mr. Tomassini will maintain his duties and responsibilities as Chief Financial Officer and as GHC's Executive Officer for Financial Reporting until the Shareholders' Meeting scheduled for April 30, 2021 for the approval of the Separate Financial Statements and the presentation of the Consolidated Financial Statements at December 31, 2020.

The Company, in line with the succession plan referred to in section 4.1 of the Report, has already identified successors for both functions.

### **11.6. COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The main parties of the ICRMS are:

- the Board of Directors;
- the Executive Director in charge of the Internal Control and Risk Management System;
- the Control, Risks and Sustainability Committee;
- the Board of Statutory Auditors;
- the Supervisory Board;
- the Executive Officer for Financial Reporting;
- the Risk Manager;
- the Head of the Legal and Corporate Affairs Office;
- the other Functions with second level control responsibilities;
- the Internal Audit Manager with third level control responsibilities.

In particular, in order to optimise the effectiveness of the Internal Control and Risk Management System and to limit any duplication of activities and consequent loss of operational and strategic efficiency, specific co-ordination methods are envisaged among those involved in the system, which are set out in specific guidelines. Specifically:

- the Board of Statutory Auditors and the Head of Legal and Corporate Affairs Office (who acts as Secretary of the Committee) attend the meetings of the Control, Risks and Sustainability Committee and the following are invited: the Chairperson of the Board of Directors, the Executive Director in charge of the Internal Control and Risk Management System, the Executive Officer for

Financial Reporting and the Head of the Internal Audit Department. The Risk Manager and any other person whose presence is requested by the Committee may also be invited, in relation to the issues to be addressed;

- the Head of the Internal Audit Department periodically reports to the Control, Risks and Sustainability Committee on its activities, so that the latter can report to the Board of Directors;
- the Head of the Internal Audit Department transmits to all ICRMS stakeholders the reports containing the results of the audits in order to allow them to promptly activate the corrective actions identified and aimed at mitigating the risks that have emerged;
- periodic meetings are held between the Head of the Legal and Corporate Affairs Office, the Head of the Internal Audit Department and the Executive in charge of the coordination of the control activities falling within their respective remit, also by sharing the results of the activities and the respective action plans;
- appropriate information flows are provided which ensure the periodic alignment of the parties involved in the ICRMS for issues relevant to their area of competence;
- periodic coordination meetings are held between the Parent Company's Supervisory Board and the Supervisory Boards of the subsidiaries regarding their respective responsibilities and activities;
- the Risk Manager implements and develops the methodology of the ERM model and ensures that the identification and monitoring of the main business risks is carried out correctly.

## 12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

On November 27, 2018, the Board of Directors of the Issuer approved, subject to the opinion of the Control, Risks and Sustainability Committee acting as the competent committee for related party transactions ("**Related Parties Committee**"), the Related Party Transactions Procedure, pursuant to Article 2391-*bis* of the Civil Code and the Consob RPT Regulation ("**RPT Procedure**").

The RPT Procedure was therefore amended by Board of Directors' motion of December 17, 2020 (effective as of January 1, 2021), subject to the favourable opinion of the Related Parties Committee pursuant to Article 4, paragraph 3 of the Consob RPT Regulation, in order to implement certain guidelines drawn up by the relevant authorities on related party transactions, as well as to make the process of mapping related parties and of monitoring, assessing and approving related party transactions more effective and efficient, in accordance with the requirements of primary and regulatory legislation and on the basis of best practice.

The RPT Procedure, which applies to GHC and to all its direct and indirect subsidiaries, governs the rules relating to the identification, approval and execution of related party transactions carried out by the Issuer, directly or through its subsidiaries. Specifically, the RPT Procedure regulates the procedures for the investigation and approval of related party transactions defined as of greater importance on the basis of the criteria indicated in the Consob RPT Regulation and related party transactions defined as of lesser importance, meaning those other than transactions of greater importance and transactions of negligible amounts (as defined in the RPT Procedure). It also identifies the cases in which the rules provided for in the RPT Procedure do not apply.

The full text of the RPT Procedure is available on the Company's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) in the "*Governance/Corporate Governance/Procedures*" section.

It should be underlined that the Board did not deem it necessary to adopt specific operational solutions aimed at facilitating the identification and adequate management of those situations in which a Director has an interest on his own behalf or on behalf of third parties; the Board believes the safeguards contained in Article 2391 of the Civil Code ("Directors' Interests") to be sufficient.

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

In accordance with applicable regulation and Article 34 of the By-Laws, the Board of Statutory Auditors verifies compliance with law and the By-Laws and the principles of correct administration and in particular on the adequacy of the administration and accounting organisation adopted by the Company and on its correct functioning. It also carries out all other duties attributed to it by applicable laws and regulations.

The Board of Statutory Auditors consists of three Statutory Auditors and two Alternate Auditors.

The Statutory Auditors remain in office for three years and may be re-elected. Their mandate expires at the date of the Shareholders' Meeting called to approve the financial statements relating to their third year of office. The termination of the appointment is effective from the moment the new Board is reconstituted.

Statutory Auditors are chosen from among those meeting the requirements - including those concerning the maximum number of offices held - set out by applicable legislation and regulations, including those of professionalism pursuant to Decree No. 162 of the Ministry of Justice dated March 30, 2000 or with the applicable *pro tempore* legislation in force.

Persons who find themselves in the situations described by Article 2399 of the Civil Code may not be appointed to the office of Statutory Auditor, and if appointed or in office, they shall forfeit their office.

To ensure that a Statutory Auditor and an Alternate Auditor are elected from the Minority Slate, the Board of Statutory Auditors is appointed on the basis of slates presented by shareholders in which candidates are listed in numerical order. The slate is composed of two sections: one for the candidates for the office of Statutory Auditor and the other for candidates for the office of Alternate Auditor. The slates presenting a number of candidates equal to or greater than three shall in addition include candidates of each gender, as set out in the Shareholders' Meeting call notice, in order to ensure that the composition of the Board of Statutory Auditors complies with the applicable legislation on gender balance.

Shareholders representing, either singularly or jointly, at least 2.5% of the share capital represented by shares granting the right to vote on Shareholders' Meeting resolutions concerning the appointment of members of the Board of Directors, or any different amount set out by mandatory provisions of law or regulations, may submit a slate of candidates.

In Executive Determination No. 44 of January 29, 2021, Consob established, without prejudice to any lower quota provided for in the By-Laws, the minimum shareholding required for the submission of candidate slates for the election of the management and control boards of listed companies that closed their fiscal year on December 31, 2020.

Specifically, the quota fixed for the Company was as follows:

CRITERIA FOR DETERMINING THE HOLDING			PERCENTAGE HOLDING
CLASS OF CAPITALISATION	<u>FREE FLOAT SHARE &gt;25%</u>	<u>MAJORITY SHARE &lt;50%</u>	
>Euro 375 million and <= Euro 1 billion	not relevant	not relevant	2.5%

The minimum share ownership required to present slates is established considering the shares registered in favour of the shareholder on the day on which said slates are filed at the Company's registered office. In order to prove ownership of the number of shares necessary to submit slates, shareholders presenting slates shall submit or have delivered to the Company's registered office a copy of the relevant certification issued by the statutory intermediary, which must be presented within the term established for the presentation of slates.

Each Shareholder - as well as the Shareholders belonging to the same group, belonging to the same shareholders' agreement pursuant to Article 122 of the CFA, the controlling entity, the subsidiaries and those subject to joint control pursuant to Article 93 of the CFA - cannot submit or take part in the submission of more than one slate, neither through a third party or a trust company, nor vote for different slates, and each candidate can be included in one slate only, otherwise he/she will be ineligible. For the purposes of the application of the preceding point, a party - even if it is not a company - that directly or indirectly exercises control over a shareholder pursuant to Article 93 of the CFA, is considered as belonging to the same group as all of that party's direct and indirect subsidiaries.

In the event of violation of the above-mentioned provisions by one or more shareholders, the vote of such shareholder/s shall not be taken into account with regard to any of the slates submitted.

Without prejudice to the incompatibilities set out by the law, candidates who hold positions as Statutory Auditor in five other listed companies or who are in breach of the limits to the number of offices held, as set out by the applicable legal or regulatory provisions, or those who do not comply with the requirements of integrity and professionalism set out by the applicable legal or regulatory provisions, may not be included in the slates.

The outgoing Statutory Auditors may be re-elected. Slates must be filed at the Company's registered office at least 25 days prior to the date of the Shareholders' Meeting called to appoint the Board of Statutory Auditors, and shall be made available to the public at the Company's registered office, on the Company's website and in accordance with the other procedures set out in the applicable legal and regulatory provisions at least 21 days prior to said Meeting.

This shall be mentioned in the call notice. If within the above-mentioned term of 25 days only one slate has been deposited, or only slates submitted by shareholders who are connected pursuant to *pro tempore* legal and regulatory provisions, slates may be submitted until the third day following that date, unless otherwise provided for by applicable legal and regulatory provisions. In this case, shareholders holding, either singularly or jointly, shares representing half of the capital threshold previously identified shall have the right to submit slates.

Together with each slate, the following must also be deposited within the time limits indicated above: (i) information regarding the identity of the shareholders submitting the slate and the total percentage of share capital held by them; ii) declarations with which each candidate accepts their candidacy and attests - under his/her own responsibility - to the absence of causes for ineligibility and incompatibility, including regarding the limit on the maximum number of offices held, as well as the existence of the requirements

set out by law and by the By-Laws for the respective offices; iii) a declaration from the shareholders other than those who hold, including jointly, a controlling or relative majority shareholding, confirming the absence of connecting relationships with these latter, as defined by applicable legislation, and iv) a curriculum vitae for each candidate, which shall contain detailed information on the personal and professional characteristics of each candidate and indicate any management and control positions held in other companies.

Slates presented in violation of the above rules shall be considered null;

The procedure for electing Statutory Auditors is as follows:

- a) from the slate which obtained the highest number of votes in the Shareholders' Meeting ("**Majority Slate**") two Statutory Auditors and one Alternate Auditor shall be elected based on the numerical order of the slate;
- b) from the slate that obtained the second largest number of votes at the Shareholders' Meeting ("**Minority Slate**"), and which is not related in any manner, even indirectly, with the Majority Slate and/or the shareholders that presented or voted for the Majority Slate, the remaining Statutory Auditor and Alternate Auditor shall be elected based on the numerical order of candidates on the Minority Slate;
- c) in the event of a tie between slates, the slate submitted by the shareholders holding the largest shareholding, or subordinately by the largest number of shareholders, shall prevail;
- d) if the Board of Statutory Auditors thus formed does not ensure compliance with current legislation on gender balance, the last candidate elected from the Majority Slate shall be replaced by the first candidate not elected from the same slate belonging to the under-represented gender. Where this is not possible, the effective member of the under-represented gender is appointed by the Shareholders' Meeting by statutory majority, replacing the last candidate from the Majority Slate;
- e) where only one or no slate is presented the Statutory and Alternate Auditors elected are all the candidates for the office indicated in the slate or, in the case of no slate, those voted by the Shareholders' Meeting, provided they are voted by a majority of the votes cast in a Shareholders' Meeting. In any case, compliance with applicable *pro tempore* legislation on gender balance shall be ensured.

The Chairperson of the Board of Statutory Auditors shall be the first candidate on the Minority Slate.

Where his/her legal requisites no longer exist, the Statutory Auditor must leave office.

In the event of the substitution of a Statutory Auditor, an Alternate Auditor is taken from the same slate as the Statutory Auditor leaving office. If the replacement does not result in compliance with the applicable legislation on gender balance, the Shareholders' Meeting must be called as soon as possible to ensure compliance with said legislation.

Where the Shareholders' Meeting is required to appoint Statutory and/or Alternate Auditors necessary to supplement the Board of Statutory Auditors, the following procedures apply: where Auditors elected from the Majority Slate are to be replaced, the appointment is made with the favourable votes of a statutory majority without being tied to a slate; where instead Auditors elected from the Minority Slate are to be replaced, the Shareholders' Meeting replaces them with the favourable votes of a statutory majority, choosing from among the candidates from the Minority Slate.

Where the application of these procedures does not permit, for any reason, the replacement of the Statutory Auditors elected from the Minority Slate, the Shareholders' Meeting votes in accordance with the statutory majority; however, the results of this latter vote will not include the votes of shareholders that, according to the communications received pursuant to current regulations, hold, even indirectly or together with other shareholders through a shareholders' agreement, in accordance with Article 122 of the CFA, the majority of the votes exercisable in the Shareholders' Meeting, as well as the shareholders that control, are controlled or are subject to joint control of the same. The mandate of the appointees concludes at the same time as those already in office. In any case, the obligation to comply with current legislation on gender balance remains in place.

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

##### **(as per Article 123-bis, paragraph 2(d) and (d-bis), CFA)**

The Company's Board of Statutory Auditors was composed as follows at December 31, 2020:

1. Alessandro Musaiò (Chairman of the Board of Statutory Auditors)
2. Francesca di Donato (Statutory Auditor)
3. Andrea Bonelli (Statutory Auditor as from October 1, 2020)
4. Jacopo Doveri (Alternate Auditor)

The members of the current Board of Statutory Auditors were elected with the majorities provided for by law for companies not listed on regulated markets and not according to the voting mechanism based on slates. The above mechanism will apply when the Board is re-elected.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on July 31, 2018 for the three-year period 2018-2020 and will remain in office until the Shareholders' Meeting called to approve the 2020 Annual Accounts.

It is noted that on September 30, 2020, Giancarla Branda, Statutory Auditor of the Company since July 31, 2018, resigned from the Board of Statutory Auditors for reasons related to the accumulation of offices held, effective from October 1, 2020. Pursuant to law and the By-Laws, on the same date, Mr. Andrea Bonelli, formerly Alternate Auditor appointed by the Shareholders' Meeting motion of GHC on July 31, 2018, took over the position of Statutory Auditor.

There have been no changes in the composition of the Board of Statutory Auditors since the end of the year and up to the Report Date.

The Board of Statutory Auditors - as part of the self-assessment process for the year - verified the independence requirements for Statutory Auditors pursuant to Article 148, paragraph 3 of the CFA, as well as the adequate provision of time for each Auditor to carry out his/her duties.

Further information on the composition of the Board of Statutory Auditors and the attendance at meetings of the Board is provided in Table 3 attached to the Report.

Personal and professional information on each Statutory Auditor are reported in detailed in their curriculum vitae that, pursuant to Article 144-*decies* of the Consob Issuers' Regulation, are attached to this Report and available on the Issuer's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) under "*Governance/Board of Statutory Auditors*" (Annex 2.A).

The list of management and control positions held by Statutory Auditors in the companies under Book V, Title V, Chapters V, VI and VII of the Civil Code, is attached to the Report (Annex 2.B). The complete list of offices held is published by Consob on its website pursuant to Article 144-*quinquiesdecies* of the Consob Issuers' Regulation.

The remuneration of Statutory Auditors is currently adequate in relation to the commitment required, subject to that indicated in greater detail later in this Report (Section 19).

The Board of Statutory Auditors shall meet at least every 90 days. Where deemed necessary by the Chairperson, meetings of the Board of Statutory Auditors may be validly held via video or audio

conferencing, provided that the participants may be properly identified by the Chairperson and the other attendees and, further, that they may follow the discussion and take the floor in real time on all the topics under discussion, and that they can both examine and receive documentation relating to those topics, and that all such matters are specifically included in the relevant minutes. If all the above-mentioned conditions are complied with, the meeting of the Board of Statutory Auditors shall be deemed to have been held in the place where the Chairperson is present.

During the year, the Board of Statutory Auditors met 11 times on the following dates: January 24, February 14, February 21, April 3, April 7, April 27, June 18, September 16, November 12, December 2, and December 14, 2020. The meetings lasted on average approx. 2 hours and 30 minutes and were attended by all members of the Board of Statutory Auditors, bearing in mind that from the meeting of November 12, Mr. Andrea Bonelli took over from Ms. Giancarla Branda.

Ten meetings of the Board of Statutory Auditors are scheduled for 2021, four of which have already been held, on January 19, 2021, February 3, 2021, March 2, and March 10, 2021.

Further information on the composition of the Board of Statutory Auditors and the attendance at meetings of the Board is provided in Table 3 attached to the Report.

### **Diversity criteria and policies**

The Company applies diversity criteria in the composition of the Board of Statutory Auditors, in compliance with the priority objective of ensuring adequate expertise and professionalism of its members, both at the time of their appointment and during their term of office.

The current composition of the Board of Statutory Auditors - as confirmed in the self-assessment report of the Board of Statutory Auditors relating to the year - continues to comply with the regulations on gender balance, also in view of the new paragraph 1-*bis* of Article 148 of the CFA, according to which at least two fifths of the Board of Statutory Auditors must be made up of the under-represented gender - subject to the fact that, for the first renewal after the Trading Commencement Date, at least one fifth of the Board of Statutory Auditors must be made up of the under-represented gender - and also in view of Communication No. 1/20 of January 30, 2020 by which Consob specified that, in corporate boards made up of three members, the application of the quota of at least two fifths is rounded down, rather than up as currently provided for. The composition of the Board of Statutory Auditors is adequately diversified in terms of age, gender and educational and professional background as can be seen from the curriculum vitae of the Statutory Auditors.

In relation to the approval by the Board of Directors, on March 1, 2021, of the diversity policy on the composition of the Company's administrative, management and control boards, applicable from that date, please refer to section 4.2 of the Report.

In accordance with Application Criterion 8.C.1 of the Self-Governance Code, the Board of Statutory Auditors verifies compliance with the independence requirements of the Statutory Auditors on an annual basis and the results of this verification are transmitted to the Board of Directors.

On March 2, 2021, the Board of Statutory Auditors verified the independence requirements of its members. All Statutory Auditors in office at the end of the year and at the Report Date meet the independence requirements pursuant to Article 148, paragraph 3 of the CFA and Articles 8 and 3 of the Self-Governance Code and Recommendation 9 of the Corporate Governance Code<sup>7</sup>. The result of these reviews was forwarded to the Board of Directors, which acknowledged the findings at its meeting on March 16, 2021.

The Company requires that Statutory Auditors who, on his/her own behalf or that of third parties, has an interest in a determined transaction of the Issuer, informs the other Statutory Auditors and the Chairperson of the Board, in a timely and comprehensive manner, regarding the nature, terms, origin and extent of his/her interest.

The Statutory Auditors periodically monitor the independence of the Independent Audit Firm, expressing their opinion annually in their report to the Shareholders' Meeting.

In carrying out its activities, the Board of Statutory Auditors liaised regularly with the Internal Audit Department, also taking part in the meetings of the Control, Risks and Sustainability Committee, where the Internal Audit Manager reported on his activities.

### **Induction Programme**

No specific induction program was developed during the year. In any case, in compliance with Article 2.C.2. of the Self-Governance Code, the Chairman of the Board of Directors has taken steps to ensure that the Statutory Auditors have adequate knowledge of the sector in which the Company operates, of corporate dynamics and their evolution, of the principles of proper risk management and of the regulatory

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<sup>7</sup> With regard to the definition of the quantitative and qualitative criteria for assessing the significance of relationships that compromise, or may compromise, the independence of Directors and Statutory Auditors, as set out in Recommendation 7 of the Corporate Governance Code, reference should be made to paragraph 4.6 of the Report.

and self-regulatory framework. During the year, the Board of Statutory Auditors held meetings with some managers of the Company, who reported on the activities carried out by them and of relevance to the activities of the Board. The Board also met periodically with the independent audit firm, receiving information on the activities carried out for the audit of the financial statements and the consolidated financial statements.

### **15. RELATIONS WITH SHAREHOLDERS**

The Company has deemed it to be in its own specific interest - as well as a duty towards the market - to establish an ongoing dialogue, based on mutual understanding of roles, with all shareholders, as well as with institutional investors, in compliance with the provisions of the applicable legislation on public disclosure and dissemination of regulated and inside information and in line with best practices on investor engagement.

In this regard, it has been assessed that this relationship with all shareholders, as well as with institutional investors, can be facilitated by the establishment of dedicated corporate structures, equipped with appropriate personnel and organisational means.

The Company has set up a specific section on its website, where any information concerning the Issuer that is relevant for its shareholders and stakeholders is made available.

Since its listing, the Issuer has created a corporate function to manage the relationships with investors and appointed an Investor Relator in the person of Mr. Mimmo Nesi.

The provision of information to investors is also ensured by making available, on a timely basis and on an ongoing basis, the corporate documents whose publication is required by the regulations in force, as well as the most relevant documentation, on the Company's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com).

In particular, investors can freely consult on this website all press releases issued to the market (in Italian and English), the periodic accounting documents of the Company approved by the corporate boards (annual and consolidated financial statements; half-yearly report; quarterly reports, if any), as well as the presentations distributed on the occasion of the participation in public events with institutional investors, analysts and the financial community.

Moreover, the Company's By-Laws, the documents prepared for the Shareholders' Meetings, the notices on internal dealing, this Report and any other document whose publication on the website is required by the applicable regulations may be consulted on the Company's website.

In order to fully communicate the results achieved within the framework of the strategy communicated to the market, during 2020 activities with the financial community were organised together with activities aimed at increasing the coverage of GHC stock by financial analysts and increasing the interest of institutional investors.

During the year, these activities were also carried out by means of two virtual roadshows held with the direct participation of the Chief Executive Officer and the Company's top management.

## **16. SHAREHOLDERS' MEETINGS**

### **(pursuant to Article 123-bis, paragraph 2, letter c), CFA)**

The Shareholders' Meeting of the Company meets in ordinary and extraordinary session in accordance with the law and the By-Laws. The duly constituted Shareholders' Meeting represents all the members, and the resolutions taken in accordance with the law and the By-Laws are binding on all members, even if they are absent, abstaining or dissenting.

Pursuant to Article 15 of the By-Laws, the Shareholders' Meeting is called by the Board of Directors or by any other parties so entitled. Calling by shareholder request is not permitted for those matters on which the Shareholders' Meeting passes resolutions, as prescribed by law, on proposals of the Directors or in relation to a project or report prepared by the Board. Without prejudice to the application of any special laws concerning companies with shares listed on regulated markets, the Ordinary Shareholders' Meeting must be called at least once a year, within 120 days of the end of the financial year. If the Company is required to prepare consolidated financial statements or if particular needs relating to the company's structure and purpose so require, the Ordinary Shareholders' Meeting may be called within 180 days of the end of the financial year. In such cases, the Directors shall indicate the reasons for the delay in the Directors' Report.

The Shareholders' Meeting shall be held at the registered office or elsewhere, including outside the municipality where the registered office is located, provided that it is in Italy or another country of the European Union.

The Shareholders' Meeting shall be called in accordance with the terms and procedures established by law and the relevant applicable regulatory provisions.

The Shareholders' Meeting shall be held in single call, in which case the statutory quorums for constituting and passing resolutions shall apply, unless the call notice indicates not only the first call, but also for the dates of any subsequent calls, including a possible third call.

As an exception to the general rule that each share confers the right to one vote, pursuant to Article 7 of the By-Laws and in accordance with Article 127-*quinquies* of the CFA, each share held by the same person for a continuous period of at least twenty-four months from the date of inclusion on the special list specifically established by the Company shall be assigned two votes (subject to that indicated in Section 2, letter d)). The person entitled to vote may irrevocably waive, in whole or in part, the multi-voting rights for the shares held by him/her.

Shareholders representing, either singularly or jointly, at least 1/40 of the share capital may request supplementations to the list of items on the agenda within ten days of publication of the Shareholders' Meeting call notice, unless otherwise provided for by law. Such a request shall set out the additional items to be proposed, within the limits and in the manner provided for by the applicable legal and regulatory provisions. Supplementations to the list of items on the agenda at the Shareholders' Meeting, following requests for such, shall be communicated in the same form as prescribed for the publication of the call notice, at least fifteen days before the date set for the Shareholders' Meeting, unless otherwise provided for by law. Supplementation is not permitted for those matters on which the Shareholders' Meeting passes resolutions, as prescribed by law, on proposals of the Directors or in relation to a project or report prepared by the Board.

Even in the absence of a formal call, the Shareholders' Meeting shall be considered regularly constituted when the entire share capital is represented and the majority of the members of the Board of Directors and the Board of Statutory Auditors attend the Meeting. In such a case, the members of the Board of Directors and of the Board of Statutory Auditors who are not present shall be promptly informed of the resolutions passed.

The right to attend and vote at the Shareholders' Meeting shall accrue to the holders of the shares on the seventh trading day prior to the date of the Shareholders' Meeting (or on such other date as may be specified by applicable *pro tempore* legislation). Persons entitled to attend and vote at the Shareholders' Meeting may be represented by another person, natural or legal, including non-members, by means of a written proxy in the cases and within the limits set out by law and by the applicable regulatory provisions.

This proxy may be communicated electronically by certified e-mail or by using the relevant section of the Company's website and by any other notification method provided for in the call notice, in compliance with the applicable legal and regulatory provisions.

Pursuant to Article 19 of the By-Laws, the Company does not make use of the option set out in Article 135-*undecies*, paragraph 1 of the CFA, concerning the Designated Agent. However, it should be noted that, with reference to the Ordinary Shareholders' Meeting held on April 29, 2020, in order to minimise the risks related to the ongoing health emergency linked to the spread of the COVID-19 virus, the Board of Directors decided to avail of the option established by Article 106 of Law Decree No. 18 of March 17, 2020, concerning "*Measures to strengthen the National Health Service and economic support for families, workers and businesses related to the epidemiological emergency from COVID-19*", converted with amendments into Law No. 27 of April 24, 2020 (the so-called "Italian Healthcare Decree"), resolving (on March 23, 2020) that the intervention in said Meeting could take place exclusively through the Designated Agent pursuant to Article 135-*undecies* of the CFA.

In light of the ongoing COVID-19 emergency, by virtue of the new extension of Article 106 of Decree-Law No. 18 of March 17, 2020 (so-called Italian Healthcare Decree), as most recently amended by Article 3, paragraph 6 of Decree Law No. 183 of December 31, 2020 (so-called Mille Proroghe Decree) converted, with amendments, by Law No. 21 of February 26, 2021, with reference to the Shareholders' Meeting of April 30, 2021, the Board of Directors of March 16, 2021 resolved that intervention in said Meeting may take place exclusively through the Designated Agent pursuant to Article 135-*undecies* of the CFA.

Also in accordance with Article 19 of the By-Laws, participants may attend Ordinary and Extraordinary Shareholders' Meetings by means of teleconferencing and videoconferencing, provided that their identification can be guaranteed, that they are able to actively take part in the discussion of the issues under consideration and to cast their vote in real time, as well as to receive, transmit and view documents. Their ability to view and pass resolutions simultaneously must also be guaranteed, and the audio and/or video locations in which the participants may be connected by the Company must be indicated and/or communicated; however the Chairperson of the Shareholders' Meeting and the secretary must be present in the location chosen for the meeting. In such cases, the Shareholders' Meeting shall be deemed to have been held at the place where the Chairperson and the Secretary or the Notary Public are present. The method of telecommunication shall be recorded in the minutes.

Pursuant to Article 127-*ter* of the CFA, shareholders may ask questions on the items on the agenda, even before the Shareholders' Meeting, by sending them by registered mail with return receipt to Garofalo

Health Care S.p.A. - Corporate Affairs Office - Piazzale delle Belle Arti 6, 00196 Rome (RM) or by certified email to [ghcspa@legalmail.it](mailto:ghcspa@legalmail.it). The exercise of the right will be considered validly carried out only if accompanied by the certification of the intermediary proving the shareholder's status, unless the Company has already received the communication from the intermediary required for participation in the Shareholders' Meeting. For the questions sent before the Shareholders' Meeting, a response will be given at the latest at the meeting. The Company reserves the right to provide a single answer to multiple questions on the same topic.

The Ordinary and Extraordinary General Meeting resolves on the matters assigned to it by law and by the By-Laws. The conduct of Shareholders' Meetings is governed by law, the By-Laws and the Shareholders' Meeting Regulation approved by Shareholders' Meeting motion of July 31, 2018, available on the Issuer's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) under the section "*Governance/Shareholders' Meetings*" (the "**Shareholders' Meeting Regulation**").

The Shareholders' Meeting Regulation define the procedures for the orderly and effective conduct of the meetings, guaranteeing the right of each shareholder to take the floor on the items on the agenda and specifying some aspects aimed at facilitating the proper conduct of the meeting's business.

\* \* \*

During the Year, a Shareholders' Meeting was held on April 29, 2020, which was attended by ten Directors and, for the Board of Statutory Auditors, the Chairperson and one Statutory Auditor, to resolve on the following agenda: 1. Financial Statements of Garofalo Health Care S.p.A. at December 31, 2019. 2019 Directors' Report. Report of the Board of Statutory Auditors and of the Independent Audit Firm. Presentation of the Consolidated Financial Statements at December 31, 2019 and of the Consolidated Non-Financial Statement in accordance with Legislative Decree No. 254 of December 30, 2016 for 2019. Resolutions thereon. 2. Allocation of the net profit for the year; resolutions thereon. 3. Appointment of three members of the Board of Directors in accordance with Article 2386 of the Civil Code and allocation of the relative remuneration; resolutions thereon. 4. Approval of the Remuneration Policy and Report as per Article 123-ter of the CFA.

On each of the items on the Agenda, the shareholders received the reports pursuant to Article 125-ter of the CFA within the time limits required by law.

In this meeting, the Chairperson of the Appointments and Remuneration Committee spoke on the fourth item on the agenda concerning the approval of the remuneration policy and report pursuant to Article 123-ter of the CFA.

The documentation relating to that meeting is available on the Company's website [www.garofalohealthcare.com](http://www.garofalohealthcare.com) under the section "*Governance/Shareholders' Meeting*"

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During the year and as of the Report Date, there have been no significant changes in the Company's shareholder structure.

During the year, the market capitalisation of the Company's shares was affected by the effects related to the Sars-CoV2 virus pandemic and the related climate of uncertainty and volatility on international financial markets; after the end of the year, the share capital increase with exclusion of pre-emptive rights pursuant to Article 2441, paragraph 4, of the Civil Code resolved by the Board on January 20, 2021 for a maximum nominal amount of Euro 2,870,000.00, corresponding to 10% of GHC's share capital existing at that date, by issuing up to 8,200,000 new ordinary shares, had a consequent significant effect on the market capitalisation of the Company's shares.

### **17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (as per Article 123-bis, paragraph 2, letter a), CFA)**

As of the Report Date, no additional corporate governance practices have been adopted beyond those already disclosed in this Report.

### **18. CHANGES SUBSEQUENT TO THE YEAR-END**

It should also be noted that on March 1, 2021 the Company's Board of Directors approved the new organisational structure which will come into effect as of the effective date of the resignation of Mr. Fabio

Tomassini as Chief Financial Officer and Executive Officer for Financial Reporting of GHC and, therefore, after the Shareholders' Meeting scheduled for April 30, 2021, called, among other matters, to approve the 2020 Annual Accounts and present the Group's consolidated financial statements<sup>8</sup>.

In particular, the new organisational structure approved by the Board of Directors envisages the creation of the position of General Manager (pursuant to Article 29, paragraph 3 of the By-Laws) and the appointment of Mr. Umberto Suriani (at the Report Date an Executive Director of the Company) to this position until revocation by the Board of Directors.

As of the end of the year, there have been no changes in the corporate governance structure other than those reported in the specific sections.

### **19. CONSIDERATIONS ON THE LETTER OF DECEMBER 22, 2020 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

The recommendations contained in the letter of December 22, 2020 from the Chairperson of the Corporate Governance Committee - which was set up, in its current configuration, in June 2011 by the Associations of businesses (ABI, ANIA, Assonime, Confindustria) and professional investors (Assogestioni), as well as Borsa Italiana S.p.A. - concerning Corporate Governance were brought to the attention of the Control, Risks and Sustainability Committee and the Appointments and Remuneration Committee, as well as the Board of Directors and the Board of Statutory Auditors.

The following are the Company's considerations and steps taken with respect to the Committee's recommendations.

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*“On the sustainability issue, taking account of the upcoming application of the new edition of the Code, the Committee invites the Board of Directors to integrate the sustainability of the business in the definition of strategies, of the Internal Control and Risk Management System and of the remuneration policy, also on the basis of a relevance analysis of the factors that may affect the generation of value in the long term.”*

Sustainability represents a priority for the Group, which is convinced that the monitoring of these issues, i.e. the determinants of environmental, social and governance (ESG) impacts, in addition to formalising GHC's founding values, make it possible to contain risks or rather to consciously monitor significant issues

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<sup>8</sup> With regard to the resignation of Mr. Fabio Tomassini as Chief Financial Officer and Executive Officer for Financial Reporting of GHC, please refer to paragraph 11.5 of the Report.

for the development and maintenance of its business over time. Sustainability is also deeply rooted in the mission of the Group, which carries out its activities on the basis of a "patient-centred" approach, i.e. one which places the patient at the centre of the system, as regards not only the clinical but also the psychological and relational aspects.

During 2020, the Company, aware of the founding value of these issues, carried out a Stakeholder Engagement activity aimed for the first time also at external stakeholders, which enabled the definition of a "Materiality Matrix" (represented in the Non-Financial Statement), i.e. the prioritisation of "relevant issues" as progressively identified by the Company from 2018 onwards.

We also report that ESG issues are being progressively integrated into Risk Management activities, considered fundamental by GHC in strengthening the Group's ability to create value for shareholders and stakeholders and to ensure the sustainability of the business over the medium/long term. Directly as a result of these considerations, in 2020 the Board of Directors of GHC S.p.A. approved the adoption of the Risk Management model based on the 2017 version of the COSO framework "Enterprise Risk Management (ERM). As part of the Internal Control and Risk Management System, the basis was established for the adoption of a single, integrated Risk Management system within the Company's organisational and governance structure for the periodic analysis, assessment, management and monitoring of risks within the organisation. The approach followed by GHC, which outlines the nature and profile of the main risks that can undermine the achievement of business planning and sustainability objectives, highlights the focus and importance that the Group places on risk management.

It should also be noted that in 2020 GHC received from Standard Ethics Ltd., an independent agency that issues non-financial sustainability ratings, the investment grade EE- ("Adequate") rating on ESG issues, testifying to the company's willingness to go beyond the "compliance-based" logic to seize instead the wider transformative opportunity arising from the integration of sustainability into its strategic considerations. The rating assigned by Standard Ethics is an independent assessment that expresses the level of compliance with voluntary institutional and international sustainability guidelines (and related governance aspects) from the United Nations (UN), the Organisation for Economic Cooperation and Development (OECD) and the European Union (EU). As regards GHC's rating, Standard Ethics confirmed that the policies and reporting on ESG issues appear to be in line with good sector practice, with a well-designed risk management system covering non-financial issues. In addition, the agency stressed that

*"GHC's non-financial reporting is integrated in a sophisticated and transparent way".* Standard Ethics' outlook on GHC is positive, with an expected long-term rating of investment grade EE ("Strong").

Finally, it should be noted that in March 2021 the Company, as part of an overall strengthening of the managerial and governance structure and with the aim of strengthening the focus on the ESG objectives envisaged in the Company's short, medium and long-term plan and relating to the alignment with the best practices on environmental, social and governance sustainability issues, set up the new function of Chief Sustainability Officer precisely to implement the new long-term plan on sustainability, assigning this task to the Group's current Investor Relator, Mr. Mimmo Nesi, already in charge of drafting the NFS.

***"On the pre-board reporting issue, the Committee urges Boards of Directors to:***

- *explicitly determine the timeframe deemed appropriate for submitting documentation;*
- *provide in the Corporate Governance Report a clear indication of the deadlines identified and compliance with them;*
- *not to provide that such time limits may be waived merely for the sake of confidentiality."*

In 2019 and 2020, the Board had considered as appropriate a deadline of five days prior to the Meeting to provide Directors with documentation, albeit provisional, for discussion of Agenda items. During 2020, the documentation was always made available to Directors and Statutory Auditors in advance of individual board meetings, with a timeline that ranged from two to six days before the related meeting. Moreover, this deadline has never been waived for mere confidentiality reasons.

In view of the above and the assessments made, at the meeting of January 28, 2021, the Board considered that during 2020 the above deadline (of five days prior to the meeting to transmit to the Directors the documentation, albeit provisional, useful for the purposes of discussion of the items on the Agenda) had been substantially complied with and agreed to consider it appropriate.

***"On the issue of the application of the independence criteria, the Committee invites Boards of Directors to:***

- *always justify on an individual basis any non-application of one or more independence criteria;*
- *define ex ante the quantitative and/or qualitative criteria to be used in assessing the significance of the relationships under review."*

The assessment of the independence requirements of the Independent Directors who are members of GHC's Board of Directors was carried out at the time of their appointment by the Shareholders' Meeting held on April 29, 2020, complying with both the independence requirements set forth in the CFA and the independence criteria indicated in the Self-Governance Code, with no exceptions to the same. The continuing existence of these requirements is then assessed annually (at the meeting of the Board of Directors that approves the draft financial statements and the consolidated financial statements), and the outcome of this assessment is communicated to the market by means of a specific press release.

This assessment was last carried out by the Board of Directors on March 16, 2021, in the presence of the Board of Statutory Auditors, also based on the criteria set forth in the Corporate Governance Code, and will be carried out again after the Shareholders' Meeting of April 30, 2021, which will be called to appoint the entire Board of Directors.

With reference to the *ex-ante* definition of quantitative and/or qualitative criteria to be used for the assessment of the significance of relations that may compromise the independence of Directors and Statutory Auditors in the cases referred to in letters c) and d) of Recommendation No. 7 of the Corporate Governance Code, please refer to paragraph 4.6 of the Report.

***"On the issue of board self-evaluation, the Committee urges Boards of Directors to:***

- *evaluate the Board's contribution to the development of strategic plans;*
- *oversee the board review process."*

At its meeting of December 17, 2020, GHC's Board of Directors approved the new self-assessment questionnaire proposed by the Appointments and Remuneration Committee and assigned that Committee the task of assisting it in the self-assessment activities of the Board of Directors and the internal committees. The results were submitted to the Board of Directors at its meeting on March 16, 2021. With regard to the specific profile of the strategy, one of the strengths of the Board is precisely its strategic supervision and management oversight, with a level of satisfaction equal to "Completely adequate", the highest level on a scale of four.

***"On the issue of appointment and succession of Directors, the Committee urges Boards to:***

- *report promptly on the activities carried out by the Appointments Committee in the event that it is merged with the Remuneration Committee or its functions are assigned to the full Board;*

- *ensure the completeness and timeliness of the proposals for resolutions functional to the process of appointment of the corporate boards and express, at least in companies with non-concentrated ownership, an orientation on its optimal composition;*
- *provide, at least in large companies, a succession plan for Executive Directors that at least identifies the procedures to be followed in the event of early termination of office."*

The Corporate Governance Report approved and published in 2020 reported on the Appointments and Remuneration Committee's functions in relation to nominations in a timely manner, as well as the key activities carried out by the Committee in 2019. Similar disclosures are included in this Report.

With reference to the second aspect noted by the Corporate Governance Committee, the Board noted that in view of the Shareholders' Meeting held on April 29, 2020, called, among other matters, to appoint the three Directors co-opted in 2019, the Company had provided all the necessary information in a timely manner, in compliance with the regulations, so that the shareholders could express their opinion on the appointment.

With reference to the third point - although the Issuer does not fall within the category of "large companies", as defined in the Corporate Governance Code - on November 16, 2020, the Board of Directors approved a succession plan for the Executive Directors, upon proposal of the Appointments and Remuneration Committee. During the Year, the Company also approved, with the support of the Appointments and Remuneration Committee, a SDE succession plan.

***"On the issue of remuneration policies, the Committee invites Boards of Directors to:***

- *provide clear indications regarding the weight of the variable component, distinguishing between components linked to annual and medium/long term objectives;*
- *strengthen the link of variable remuneration to long-term performance objectives, including, where relevant, non-financial parameters;*
- *limit to exceptional cases, subject to adequate explanation, the possibility of disbursing sums not linked to predetermined parameters (i.e. ad hoc bonuses);*
- *define criteria and procedures for the allocation of termination indemnities;*
- *verify that the remuneration paid to Non-Executive Directors and members of the control board is appropriate to the knowledge, professionalism and commitment required by their office.*

The Remuneration Policy has undergone significant changes with respect to that of the previous financial year both in order to respond to regulatory requirements, as per the recommendations of the Corporate Governance Code in force as of January 1, 2021, and to reflect the best market practices also in order to fully adhere to the requirements for companies belonging to the STAR segment, in particular with the inclusion of an MBO system for the role of the CEO and the introduction of a new medium-long term equity incentive plan (2021-2023 Performance Share).

With reference to the recommendations, the 2021 Remuneration Policy provides that:

- remuneration is made up of a fixed component, a short-term variable component linked to performance objectives assigned to each beneficiary in line with the role covered and/or a medium-/long-term component linked to performance objectives that are developed over a period of at least three years;
- the performance objectives - or rather the financial results and any other objectives linked to the variable components - are predetermined, measurable and focused on the creation of value for shareholders over the medium/long term. They are consistent with the company's strategic objectives and are designed to promote its sustainable success, including non-financial parameters;
- there are no indemnities in case of termination of office or termination of employment in favour of Executive Directors and SDE, except for that provided for by law and by the relevant collective bargaining agreement for one of the Executive Directors;
- the remuneration of Non-Executive Directors is not linked to financial performance objectives and is appropriate to the competence, professionalism and commitment required by the tasks assigned to them within the Board of Directors and internal committees;
- the remuneration of the members of the control body is appropriate to the competence, professionalism and commitment required by the importance of the role covered and the size and sector characteristics of the company and its situation.

No amounts were disbursed during 2020 that were not tied to undetermined parameters.

\* \* \*

***Adaptation to the new edition of the Code***

The Company noted the approval of the new edition of the Code, to be known as the "Corporate Governance Code," on January 31, 2020.

The Company has commenced work to bring its corporate practices into line with the guiding principles of the revised Corporate Governance Code, and will inform the market of this in its Corporate Governance and Ownership Structure Report to be published in 2022.

It should be noted that the Corporate Governance Code prescribes simplified methods for applying certain recommendations for companies with concentrated ownership and companies other than "large" companies, as defined in the Code, which includes GHC.

March 16, 2021

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**The Chairman of the Board of Directors**  
**Alessandro Maria Rinaldi**

**ANNEX 1.A: CURRICULUM VITAE OF THE MEMBERS OF THE BOARD OF DIRECTORS IN OFFICE AS AT DECEMBER 31, 2020**

**Alessandro Maria Rinaldi**

Graduated in Economics and Business at the University "LUISS Guido Carli" of Rome in 1983, he began his career first in the IMI - Fideuram Group and then in 1988, after a brief experience in a New York investment company (Findim Investment SA), he founded in Italy a brokerage firm operating on the Italian retail market, then transformed in 1992 into Cofib Investimenti SIM S.p.A. Later he integrated his brokerage company with Fineco Investimenti Sim, becoming part of the Banca Popolare di Brescia banking group, listed on the Milan Stock Exchange. In 1999 he was appointed Director of BIPOP-Carire, dealing in 2001 with the restructuring of the private banking area until 2002. In the same year he founded a Family office, COFIB - Compagnia Fiduciaria di Beni S.p.A. - which in 2012 was merged with the Banca Leonardo Banking Group, GBL Fiduciaria, in which he assumed the role of CEO. After joining CA Indosuez Wealth SA Group, he currently holds the position of Vice-Chairman of Credit Agricole Indosuez Fiduciaria S.p.A. and member of the Investment Committee of the bank CA Indosuez Wealth (Italy). Since 2003, he has worked with several Italian universities as a contract professor, first at the Faculty of Business Administration for the course of Corporate Finance at the University of Chieti and Pescara "Gabriele D'Annunzio" (2003-2014) and since 2016, at the course "Financial Methods for the Stock Exchange - Technical Analysis" of the Master in "Management Engineering" at the University of Tor Vergata in Rome. He has also taught at the Faculty of Economics for the course of Corporate Finance and for the course of Valuation & Accounting in M&A transactions at the University "LUISS Guido Carli" (2003-2020).

**Maria Laura Garofalo**

Graduated in Law at the University "La Sapienza" of Rome, she has gained experience in several Roman law firms and is enrolled in the Bar Association of Rome. She supplemented her training with courses at the University "LUISS Guido Carli" of Rome, in "Preparation, interpretation and analysis of financial statements", "Management of small and medium-sized enterprises" and finally she obtained a "Master's in tax law and tax accounting of enterprises". Subsequently, she attended the course "The evaluation of companies" at IPSOA in Rome. From 1991 to 1994 she was a member of the Board of Directors of Cofib Investimenti Sim, authorised to carry out securities brokerage activities. In 1991 she began her career in the accredited private healthcare sector as Administrative Director of the European Hospital in Rome. In 1994 she was appointed CFO of the Aurelia '80 Group and of the Casa di Cura Città di Roma, before

becoming its General Manager in 1997. Following the incorporation of Larama 98 S.p.A., 1999 saw the beginning of a process of geographic and sector diversification in the GHC Group, which resulted in exponential growth over a short period. This process led to GHC's listing on the MTA of the Italian Stock Exchange on November 9, 2018, as the first and currently only private operator in the healthcare sector, and which, based on a precise growth strategy defined by Maria Laura Garofalo, is set to continue. Since 2008 she has been a founding member of "Federlazio Salute" and in 2011 she received the Ernst&Young "Entrepreneur of the Year" award for the Science & Health Care sector. Since May 2019, she has been a Member of the General Council of Confindustria. At the Report Date, she holds the position of Chief Executive Officer of the Issuer and member of the Board of Directors of some companies of the GHC Group. On June 2, 2020, she was awarded by Italian President Sergio Mattarella with the honour of *Cavaliere al Merito del Lavoro* and in October she received the prestigious 2020 Marisa Bellisario Award for entrepreneurship.

### **Claudia Garofalo**

After graduating in Economics and Business Management and Health Services at the Cattolica del Sacro Cuore University of Rome (Bachelor and Master's degree), she began her professional work in 2013, in the field of business and corporate consulting at Studio Associato Sarcone Frasca and in 2014 as an analyst in the Audit Division at Deloitte & Touche S.p.A. Since 2008 she has held the position of Sole Director of Villa Von Siebenthal S.r.l. and from 2014 to 2018 she held the position of business controller at GHC Group. Since 2018, she has been responsible for the Finance Area of Holding GHC S.p.A. and was PMO (Project Management Officer) during the listing process of the Company on the MTA segment of the Italian Stock Exchange, which was successfully concluded in November 2018. On an interim basis, she holds the position of Purchasing Manager of the Parent Company GHC S.p.A.

### **Umberto Suriani**

Graduated in Economics and Management at the University of Chieti and Pescara, he obtained a Master's in Business Administration at the Business School of the University of Bologna and a Master's in Finance (Track Corporate Finance & Control) at the SDA Bocconi School of Management in Milan. He is certified as a Financial Modeling and Valuation Analyst® by the Corporate Finance Institute. He holds the position of Director and Chief Executive Officer of several GHC Group companies and, in particular, of the Fides Medica Group. He holds the position of Chairman of the Board of Directors of New Trust S.r.l. From 2010 to 2012 he was elected Chairman of the Health Section of Confindustria Genova, of which he is still a Permanent

Invitee, and from 2012 to 2014 he was Chairman of the Young Entrepreneurs Group of Confindustria Genova.

### **Patrizia Crudetti**

Graduated from the University "La Sapienza" of Rome, since 1975 she has been qualified to practice law and since 1994 she has been enrolled in the Special Register of Lawyers at the High Courts. Since 1986 she has practised law both in and out of court with particular reference to matters relating to corporate, insurance, sports and health law. She has served as head of the legal department of several listed companies operating in the real estate, financial, insurance, industrial and sports sectors. She has served as a member of the Board of Directors of listed companies including, in particular, Pacchetti S.p.A., Fincasa 44 S.p.A. and S.S. Lazio S.p.A. Since the beginning of 2000 she has been providing legal advice to the GHC Group which she follows both in and out of court, with particular reference to acquisition activities.

### **Giuseppe Giannasio**

Graduated in Business Administration with a specialisation in Corporate Finance at Bocconi University in Milan, from 1992 to 1997 he worked as finance manager in several companies of the Montedison Group. From 1997 to 2005 he worked in the Gruppo Ospedaliero San Donato reaching the position of CEO. From 2007 to 2016, he was CEO of Affidea Italy and Affidea Croatia, companies belonging to a pan-European healthcare group providing outpatient healthcare services, and from 2016 to 2017 he was head of the Western Europe area. From January to June 2018, he served as a Director of Affidea Italy and Chairman of Affidea Spain. Since February 2018, he has also been CEO of Ledcon S.r.l., a consulting company in the healthcare and life science sector.

### **Alessandra Rinaldi Garofalo**

Graduated in Medicine and Surgery at the University of Rome "Tor Vergata" with a thesis in Vascular Surgery, from 2016 to 2018 she took up internship periods at important hospitals, such as Bambin Gesù Children's Hospital, Casilino Polyclinic and "Tor Vergata" Polyclinic, also in Rome. She has volunteered at Caritas, Villa Von Siebenthal Neuropsychiatric Nursing Home and at assisted living facilities for the elderly. She has served as Vice-Chairperson of the Isabella Rossini Onlus Foundation since 2015 and as a member of the Board of Directors of Hesperia Hospital since 2018. Since March 14, 2019, she has been enrolled at No. 64914 of the Register of Surgeons of Rome OMCEO and since 2020 she has been working as a medical resident at the school of specialisation in vascular surgery at the Hospital of Padua.

### **Nicola Colavito**

Graduated in Economics and Finance from Bocconi University in Milan, he completed specialisation and advanced courses at the Stern School of Business, New York University and the London School of Economics. From 1999 to 2015, he worked in leading international investment banks holding various senior roles in the Investment Banking(Debt Capital Markets and M& A) and Securities(Solutions) divisions of JP Morgan, Goldman Sachs and Barclays. He has been a Partner at Peninsula Capital Advisors in London since 2015. From June 2017 to February 2018, he was a member of the Board of Directors of Italo S.p.A. (formerly NTV) and, starting from August 2018, he is a member of the Board of Directors of Guala Closures S.p.A. and Kiko Milano S.p.A. Since November 2018, he has been a member of the Board of Directors of GHC S.p.A. and Azimut Holding S.p.A.

### **Franca Brusco**

Graduated in Economics and Commerce at the University of Messina, since 2002 she has been enrolled in the Register of Accountants and in the Register of Auditors. She is the owner of an accountant's office in Rome and Milan and provides assistance and consultancy in corporate, accounting and tax matters to companies, trade associations and public bodies. The firm has consolidated experience in advising companies on ordinary and extraordinary operations for the matters within its competence, providing opinions on matters of corporate law, taxation and corporate reorganisation. It also offers consultancy on the setting up and monitoring of the administrative and accounting structure, the preparation of the separate and consolidated financial statements, and economic and financial planning. She is Chairperson of the Board of Statutory Auditors of Lazio Ambiente S.p.A. and Biancamano S.p.A. and is a Statutory Auditor of CDP Industria S.p.A. and Cassa Depositi e Prestiti S.p.A.. She is a member of the Board of Statutory Auditors of the Port System Authority of the Southern Mediterranean Sea, of the Galleria Borghese National Museum, of the Music for Rome Foundation and Sole Auditor of AIRRI.

From April 2016 to April 2019, she was Chairperson of the Board of Statutory Auditors of ENAV and since April 26, 2019 she has been a Statutory Auditor as well as Chairperson of the Board of Statutory Auditors of the subsidiary D-Flight S.p.A.

### **Federico Ferro-Luzzi**

Graduated in Law in 1993 at the University of Rome "La Sapienza", he began his career as a lawyer at the Libonati firm in Rome. In 2001 he became professor of II fascia, Chair of Private Law at the Faculty of Economics, University of Sassari and in 2009 full professor, holder of the chair of Private Law at the

Department of Economics and Business Studies at the University of Sassari where, since 2016, he became the reference for the prevention of corruption and transparency. From October 14, 2009 to October 13, 2015, he was appointed by the Bank of Italy as a member of the Rome College of the Deciding Body of the Arbitro Bancario Finanziario (ABF - Finance Banking Arbitrator) and from November 23, 2016 to May 2018, he was appointed by Consob as a member of the Arbitro per le Controversie Finanziarie (ACF - Arbitrator for Financial Disputes). Since May 2014 he has been an Independent Director of Saipem S.p.A. and member of the Appointments and Remuneration Committee and the Sustainability, Scenarios and Governance Committee. Since April 2018 he has been Independent Director of Banca Sistema S.p.A., member of the Internal Control and Risk Management Committee, Ethics Committee and Chairman of the Appointments Committee. Since 2015, he has collaborated with numerous scientific journals and authored essays and articles in several legal journals.

### **Grazia Bonante**

Graduated in Law at the University "La Sapienza" of Rome, she obtained an L.L.M. in Corporate and Commercial Law and Law of International Finance at the King's College of London in 1996. She is a partner of Studio Lener & Partners, specialising in particular in the fields of banking law, financial intermediation and insurance, and she provides her consulting services on an ongoing basis in banking law and financial market law to foreign intermediaries. She was Counsel at Freshfields Bruckhaus Deringer for over ten years. She served as a Director of Banca Popolare di Vicenza from December 2015 to July 2016. She collaborates in the drafting of the "recovery and resolution plan" of the Unicredit Group and, more generally, assists the Group in the adoption of the measures provided for by the provisions implementing the Directive on the recovery and resolution of credit institutions. Since the acquisition of Borsa Italiana by the London Stock Exchange Group (of which she has followed the regulatory aspects), she has been advising the companies of the London Stock Exchange Group on all aspects relating to the regulation of stock markets and trading and post-trading activities. She was a member of the legal certainly group, the group of experts that assisted the European Commission in the preparation of the draft directive on clearing and settlement.

**ANNEX 1.B: OFFICES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2020**

Name and Surname	Company	Office in the company
<b>Alessandro M. Rinaldi</b>	CA Indosuez Fiduciaria S.p.A.	Vice-Chair
	CA Indosuez Wealth (Italy) - Credit Agricole Group	Member of the Investment Committee
	Rugani Hospital S.r.l. *	Director
	Casa di Cura Prof. Nobili S.p.A. *	Director
	Ospedali Privati Riuniti S.r.l. *	Director
	Legavela Servizi S.r.l.	Chair of the Board of Directors
	Isabella Rossini Onlus Foundation	Chair
<b>Maria Laura Garofalo</b>	Raffaele Garofalo S.a.p.a.	General partner and Director
	L'Eremo di Miazzina S.r.l. *	Chair of the Board of Directors
	Casa di Cura Villa Berica S.p.A. *	Chair of the Board of Directors
	Hesperia Hospital Modena S.r.l. *	Director
	Rugani Hospital S.r.l. *	Chair of the Board of Directors
	Casa di Cura Villa Garda S.p.A. *	Director
	CMSR Veneto Medica S.r.l. *	Chair of the Board of Directors
	Fides Medica S.r.l. *	Chair of the Board of Directors
	Centro Riabilitazione S.r.l. *	Chair of the Board of Directors
	Fides Servizi Soc. Consortile*	Chair of the Board of Directors
	Genia Immobiliare S.r.l. *	Chair of the Board of

Name and Surname	Company	Office in the company
		Directors
	RO. E MAR. S.r.l. *	Chair of the Board of Directors
	Prora S.r.l. *	Chair of the Board of Directors
	Casa di Cura Prof. Nobili S.p.A. *	Director
	Poliambulatorio Dalla Rosa Prati S.r.l. *	Director
	Ospedali Privati Riuniti S.r.l. *	Director
	Centro Medico San Biagio S.r.l. *	Director
	Centro Medico Università Castrense S.r.l. *	Director
	Aesculapio S.r.l. *	Director
	XRAY ONE S.r.l. *	Director
	Confindustria	Member of the General Council
	GHC Project 6 S.r.l. * (incorporated on February 2, 2021)	Sole Director (from February 2, 2021)
<b>Claudia Garofalo</b>	Sanimac S.r.l.	Sole Director
	L'Eremo di Miazzina S.r.l. *	Director
	Casa di Cura Villa Berica S.p.A. *	Director
	CMSR Veneto Medica S.r.l. *	Director
	Villa Von Siebenthal S.r.l. *	Sole Director
	Fides Medica S.r.l. *	Director
	Centro Riabilitazione S.r.l. *	Director
	RO. E MAR. S.r.l. *	Director
	Genia Immobiliare S.r.l. *	Director
	Prora S.r.l. *	Director
	Aesculapio S.r.l.*	Director

Name and Surname	Company	Office in the company
<b>Umberto Suriani</b>	New Trust S.r.l.	Chair of the Board of Directors
	Fides Medica S.r.l. *	Executive Director
	Centro Riabilitazione S.r.l. *	Executive Director
	Fides Servizi Soc. Consortile*	Executive Director
	Genia Immobiliare S.r.l. *	Executive Director
	RO. E MAR. S.r.l. *	Executive Director
	Prora S.r.l. *	Executive Director
<b>Patrizia Crudetti</b>	-	-
<b>Giuseppe Giannasio</b>	Ledcon S.r.l.	Chair of the Board of Directors and Chief Executive Officer
	Poliambulatorio Dalla Rosa Prati S.r.l. *	Director
	Vitale & Co S.p.A.	Director
	Polos S.r.l.	Director
	Centro Medico San Biagio S.r.l.*	Director
	Centro Medico Università Castrense S.r.l.*	Director
	Vista Vision S.r.l.	Director
<b>Alessandra Rinaldi Garofalo</b>	Isabella Rossini Onlus Foundation	Vice-Chair
	Hesperia Hospital Modena S.r.l. *	Director
<b>Nicola Colavito</b>	Guala Closures S.p.A.	Director
	Kiko Milano S.p.A.	Director
	Azimut Holding S.p.A.	Director
	Island of Treasures S.r.l.	Director and Member of the Executive Committee
<b>Franca Brusco</b>	Cassa Depositi e Prestiti S.p.A.	Statutory Auditor
	Enav S.p.A.	Statutory Auditor
	Biancamano S.p.A.	Statutory Auditor

Name and Surname	Company	Office in the company
	D-flight S.p.A.	Chair of the Board of Statutory Auditors
	CDP Industria S.p.A.	Statutory Auditor
	Lazio Ambiente S.p.A.	Chair of the Board of Statutory Auditors
	Southern Adriatic Sea Port System Authority	Member of the Board of Auditors
	Borghese Gallery National Museum	Member of the Board of Auditors
	AIRRI	Sole Auditor
<b>Federico Ferro-Luzzi</b>	Banca Sistema S.p.A.	Independent Director
	Saipem S.p.A.	Independent Director
<b>Grazia Bonante</b>	Banca Cesare Ponti S.p.A.	Independent Director

**(\*) Company belonging to the GHC Group**

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**ANNEX 2.A: CURRICULUM VITAE MEMBERS OF THE BOARD OF STATUTORY AUDITORS  
IN OFFICE AT DECEMBER 31, 2020****Alessandro Musaiò**

He is full professor at the University "LUISS Guido Carli" of Rome, Faculty of Economics, within the scientific disciplinary grouping SECS-P/07 - Business Economics. He currently holds the chair of Business Administration and also teaches the course of accounting and financial statements. He is enrolled to the Rome Accountants and Auditors Register. He has acted as consultant, Chairman and member of Boards of Directors and control boards in companies, including listed companies, operating in different sectors (i.e. food, large-scale retail trade, real estate, ICT, publishing, tourism, health), including Vincenzo Zucchi S.p.A., Faber Industrie S.p.A., and Credito Cooperativo Mediocrati Soc. Coop.

**Francesca Di Donato**

Associate Professor of Business Administration at the University "LUISS Guido Carli" in Rome, he has developed numerous professional experiences in different sectors. In particular, he has held and still holds the position of member of the Board of Statutory Auditors of a number of corporations including CDP Reti S.p.A., Banca Caripe, Gamenet Group S.p.A. and Technogym S.p.A. He deals with extraordinary transactions, evaluations of companies and corporate holdings, banks and banking groups in the context of extraordinary transactions, capital transactions and financial restructuring, transactions on regulated markets, management control activities and performance measurement, evaluations of internal control systems and risk analysis and business planning.

**Andrea Bonelli**

He has a degree in Economics and Commerce and has been registered as an Accountant since 1996, as well as a Registered Auditor. He holds a Master's in Corporate Tax Law and an EMIAS Master on International Accounting Principles from the Luiss Guido Carli University in Rome. Lecturer in university courses and seminars, he was a lecturer at the Ezio Vanoni School of Economics and Finance. He is a member of the scientific committee of the Accademia Romana di Ragioneria di Giorgio Giulio Maria, and a member of the scientific committee of the Istituto per il Governo Societario (IGS) as well as a member of the Commissione "Revisione Legale" of the Ordine dei Dottori Commercialisti di Roma. He holds positions as Chairman of the Board of Statutory Auditors and Statutory Auditor of listed companies and is an expert in corporate restructuring. He is a contributing editor for the "Sole 24 Ore", the "Quotidiano on line" and the magazine "Corriere Tributario" published by Ipsoa.

**ANNEX 2.B: OFFICES OF THE BOARD OF STATUTORY AUDITORS AT DECEMBER 31, 2020**

Name	Company	Office in the company
Alessandro Musaio	Casa di Cura Madonna della Catena S.r.l. in liquidation	Liquidator
	Vincenzo Zucchi S.p.A.	Chair of the Board of Statutory Auditors
	A.S.A. S.p.A.	Chair of the Board of Statutory Auditors
	Klindex S.r.l.	Liquidator
	Villa Tiberia S.r.l.	Extraordinary Commissioner
	Fi.di. Ricambi S.r.l.	Sole Auditor
	Openim S.p.A.	Chair of the Board of Statutory Auditors
	Il Ponte S.p.A.	Vice-Chairman of the Board of Directors
	Fiamm Energy Technologies S.p.A.	Director
	Ospedali Privati Riuniti S.r.l. *	Chair of the Board of Statutory Auditors
	L'Eremo di Miazzina S.r.l. *	Sole Statutory Auditor
	Casa di Cura Villa Garda S.p.A. *	Chair of the Board of Statutory Auditors
	Centro Medico San Biagio S.r.l.*	Chair of the Board of Statutory Auditors
	Starshotels S.p.A.	Statutory Auditor
<b>Francesca Di Donato</b>	Billions S.r.l.	Chair of the Board of Statutory Auditors
	RosilSPORT S.r.l.	Chair of the Board of Statutory Auditors

Name	Company	Office in the company
	Gnetwork S.r.l.	Chair of the Board of Statutory Auditors
	SFC Sistemi Formativi Confindustria S.C.p.A.	Statutory Auditor
	Confindustria Servizi S.p.A.	Statutory Auditor
	Cinecittà Luce S.p.A. in liquidation	Statutory Auditor
	MPS Leasing & Factoring S.p.A.	Statutory Auditor
	Technogym S.p.A.	Chair of the Board of Statutory Auditors
	Jolly Videogiochi S.r.l.	Statutory Auditor
	New Matic S.r.l.	Statutory Auditor
	Italconsult S.p.A.	Statutory Auditor
	Gamenet S.p.A.	Chair of the Board of Statutory Auditors
	Gamenet Group S.p.A.	Statutory Auditor
	Selda Informatica S.c.a.r.l.	Statutory Auditor
	Goldbet S.p.A.	Statutory Auditor
	Centro Medico San Biagio S.r.l. *	Statutory Auditor
<b>Andrea Bonelli</b>	Centro Medico San Biagio S.r.l. *	Statutory Auditor
	Caltagirone S.p.A.	Chair of the Board of Statutory Auditors
	ASTM S.p.A.	Chair of the Board of Statutory Auditors
	Tecnimont S.p.A.	Statutory Auditor
	KT- Kinetics Technology S.p.A.	Statutory Auditor
	Met Gas Processing Technology S.p.A.	Statutory Auditor
	Cefalù 20 S.c.a.r.l.	Statutory Auditor

Name	Company	Office in the company
	Birillo 2007 S.c.a.r.l.	Statutory Auditor
	Neosia Renewables S.p.A.	Chair of the Board of Statutory Auditors
	U-Coat S.p.A.	Chair of the Board of Statutory Auditors
	Genesi Due S.p.A.	Statutory Auditor
	Met Development S.p.A.	Chair of the Board of Statutory Auditors
	Met Developimenti 1 S.p.A.	Sole Statutory Auditor
	Myre Plast S.r.l.	Statutory Auditor
	Esperia Aviation Services S.p.A.	Statutory Auditor
	M.S.T. Manutenzione & Servizi Tecnici S.r.l.	Statutory Auditor
	Maire Investments S.p.A.	Statutory Auditor

**(\*) Company belonging to the GHC Group**

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE**

SHARE CAPITAL STRUCTURE AT THE REPORT DATE				
	No. of shares	% of share capital	Listed / Non listed	Rights and obligations
Ordinary shares	90,200,000	100	MTA	<p>Each share entitles the owner to one vote. In accordance with Article 127-<i>quinquies</i> of the CFA, Article 7 of the By-Laws states that each share held by the same shareholder for a continuous period of at least 24 months from the date of registration in the special list specifically established by the Company confers two votes. For further information, reference should be made to paragraph 2, letter d), of this Report.</p> <p>The shareholders' rights and obligations are as established in Articles 2346 et seq. of the Civil Code and Article 7 of the By-Laws with regard to multi-voting rights.</p>

SIGNIFICANT SHAREHOLDINGS AT THE REPORT DATE			
Shareholder	Direct shareholder	% of ordinary share capital	% of voting share capital
Maria Laura Garofalo	Anrama S.p.A.	64.473	63.112
	Larama 98 S.p.A.		
	Maria Laura Garofalo		
Peninsula Capital II sarl	PII 4 S.A.R.L.	9.062	8.870

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

The following table sets forth information regarding the composition of the Board of Directors, the Control, Risks and Sustainability Committee and the Appointments and Remuneration Committee and attendance at Board and Committee meetings, respectively, with respect to the Year 2020:

Board of Directors													C.R.S.C.		A.R.C	
Office	Members	Year of birth	Date first appointment *	In office from	In office until	Slate **	Exec.	Non Exec.	Ind. Code	Ind. CFA	No. other offices ***	(*)	(*)	(**)	(*)	(**)
Chairperson	Alessandro M. Rinaldi	1960	31/07/2018	31/07/2018	App. 2020 Ann. Accounts	-		X	-	-	1	13/13	-	-	-	-
Chief Executive Officer	Maria Laura Garofalo	1963	21/06/2017	31/07/2018	App. 2020 Ann. Accounts	-	X		-	-	-	13/13	-	-	-	-
Director	Claudia Garofalo	1985	21/06/2017	31/07/2018	App. 2020 Ann. Accounts	-	X		-	-	-	11/13	-	-	-	-
Director	Umberto Suriani	1976	21/06/2017	31/07/2018	App. 2020 Ann. Accounts	-	X		-	-	-	13/13	-	-	-	-
Director	Patrizia Crudetti	1951	31/07/2018	31/07/2018	App. 2020 Ann. Accounts	-		X	-	-	-	11/13	-	-	-	-
Director	Giuseppe Giannasio	1968	08/08/2018	09/11/2018	App. 2020 Ann. Accounts	-	X		-	-	-	12/13	-	-	-	-
Director	Alessandra Rinaldi Garofalo	1992	29/10/2018	09/11/2018	App. 2020 Ann. Accounts	-		X	-	-	-	9/13	-	-	-	-
Director	Nicola Colavito	1978	29/10/2018	09/11/2018	App. 2020 Ann. Accounts	-		X	-	-	4	11/13	-	-	-	-
Director	Franca Brusco	1971	18/06/2019	29/04/2020	App. 2020 Ann. Accounts	-		X	X	X	6	13/13	16/16	C	10/10	M
Director	Grazia Bonante	1967	3/07/2019	29/04/2020	App. 2020 Ann. Accounts	-		X	X	X	1	13/13	15/16	M	10/10	M

Director	Federico Ferro-Luzzi	1968	18/06/2019	29/04/2020	App. 2020 Ann. Accounts	-		X	X	X	2	13/13	15/16	M	10/10	C
Number of meetings held in the Reference Year: BOD: 13 C.R.S.C.: 16 A.R.C.: 10																
Quorum required for the presentation of slates by minority shareholders for the election of one or more members (as per Article 147-ter CFA): 2.5% of share capital.																

NOTES

The following symbols must be indicated in the "Office" column:

• This symbol indicates the Director in charge of the Internal Control and Risk Management System.

◊ This symbol indicates the main person responsible for the Issuer's operative management (Chief Executive Officer or CEO).

○ This symbol indicates the Lead Independent Director (LID).

\* The first appointment of each Director refers to the date on which the Director was appointed for the first time to the Board of the Issuer.

\*\* This column indicates the slate from which each Director originated ("M": Majority Slate; "m": Minority Slate; "BoD": slate presented by the BoD).

\*\*\*This column indicates the number of offices a Director or Statutory Auditor holds in other companies listed on regulated markets, including foreign markets, in holding, banking, insurance or large enterprises. The Corporate Governance Report indicates all offices held.

(\*) This column indicates the percentage of attendance of the Director in relation to the number of BoD and Committee meetings (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

(\*\*) This column indicates the position of the Director on the Committee: "C": Chairperson; "M": member;

A.R.C.: indicates the Appointments and Remuneration Committee.

C.R.S.C.: indicates the Control, Risks and Sustainability Committee.

### TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

As of December 31, 2020, the Company's Board of Statutory Auditors is comprised as shown in the following table.

Office	Members	Year of birth	Date first appointment *	In office from	In office until	Slate**	Ind. Code	Attendance at board meetings ***	No. other offices ****
Chairperson	Alessandro Musaio	1967	31/07/2018	31/07/2018	App. 2020 Ann. Accounts	-	X	11/11	14
Statutory Auditor	Francesca di Donato	1973	31/07/2018	31/07/2018	App. 2020 Ann. Accounts	-	X	11/11	16
Statutory Auditor <sup>9</sup>	Andrea Bonelli	1967	31/07/2018	01/10/2020 (as Alternate as of 31/07/2018)	App. 2020 Ann. Accounts	-	X	3/3	17
Alternate Auditor	Jacopo Doveri	1972	31/07/2018	31/07/2018	App. 2020 Ann. Accounts	-	X	-	-
-----STATUTORY AUDITORS RESIGNING DURING THE YEAR-----									
Statutory Auditor	Giancarla Branda	1961	31/07/2018	31/07/2018	01/10/2020	-	X	8/8	
<b>Number of meetings held in the Reference Year: 11</b>									
<b>Quorum required for the presentation of slates by minority shareholders for the election of one or more standing members (as per Article 148 CFA): 2.5% of share capital.</b>									

#### NOTES

\* The first appointment of each Statutory Auditor refers to the date on which the Statutory Auditor was appointed for the first time to the Board of Statutory Auditors of the Issuer.

\*\* This column indicates the slate from which each Statutory Auditor originated ("M": Majority Slate; "m": Minority Slate).

\*\*\* This column shows the attendance by Statutory Auditors at meetings of the Board of Statutory Auditors:

\*\*\*\* This column indicates the number of offices of Director or Statutory Auditor in accordance with Article 148-bis of the CFA and the relative enacting provisions in the Consob Issuers' Regulations. The complete list of offices held is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulations.

<sup>9</sup> Took over as Statutory Auditor following the resignation of Giancarla Branda, with effect from October 1, 2020.



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