

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT - 2022 -

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



Issuer: Garofalo Health Care S.p.A.
Website: www.garofalohealthcare.com
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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.

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 2021).

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, which also acts as the Related Party Transactions Committee.

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

Related Parties Committee: the Control, Risks and Sustainability Committee, as the Related Party Transactions Committee.

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

Trading Commencement Date: the date on which trading commenced on the Euronext Milan (at that time the MTA), 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, 2022, to which the present Report refers.

Euronext Milan (formerly known as *Mercato Telematico Azionario* or MTA): this is a regulated market organised and managed by Borsa Italiana S.p.A.

Euronext STAR Milan (formerly known as the STAR segment): this is a segment of the regulated market Euronext Milan (formerly known as MTA) organised and managed by Borsa Italiana S.p.A.

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..

Market Abuse Regulation/MAR: Regulation (EU) No. 596/2014 relating to market abuse.

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

Report: this Corporate Governance and Ownership Structure Report 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 32 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 progressively and increasingly focused on sustainability or "ESG" issues. 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. 254/2016, with reference to the financial year 2022 (from January 1 to December 31). The NFS also includes information on how and to what extent the activities of Group companies are associated with economic activities that qualify as environmentally sustainable, as required by Article 8 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment ("**Taxonomy Regulation**"), as supplemented by Delegated Regulation (EU) 2021/2178.

As envisaged by Article 5 of Legislative Decree No. 254/2016, 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, 2022.

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. 254/2016.

* * *

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 Board of Directors has assumed the role of the main driver in relation to the objective, for the Company and for the Group more generally, of creating long-term value for the benefit of Shareholders - while also considering the interests of other relevant stakeholders - in the pursuit of sustainable success. The Company has always paid particular attention to sustainability or "ESG" issues, which are closely bound up with this objective. In fact, the Group considers that these issues lie at the heart of the precious "intangible" heritage that comprises its reputation, its history and the set of principles that underpin its socially responsible action, particularly given the specific - health and personal care in which it operates

In order to implement that above, the GHC Group has created a Governance system specifically dedicated to the supervision and management of sustainability issues at Group level, in order to operate responsibly and to increasingly integrate sustainability into its strategic actions. This governance system involves a number of players who, each with their own roles and responsibilities, work together to ensure that the principles of sustainable success form an increasingly fundamental part of their daily actions. This is specifically based on the impetus and strategic directions outlined by the Board of Directors.

Specifically, as of December 31, 2022, the Company had (and as of the date of approval of this Report has):

- A Control, Risks and Sustainability Committee, consisting of three Independent Directors with investigative, propositional and advisory functions vis-à-vis the Board of Directors on sustainability issues;
- Group Investor Relations and Sustainability Officer, reporting directly to the Chief Executive Officer, with responsibility for promoting corporate sustainability activities in order to create a Group sustainability culture, preparing the Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254/2016 and supporting top management in the implementation of activities relating to medium- and long-term ESG objectives.

In addition to this, in 2022 Standard Ethics Ltd. ("**Standard Ethics**"), an independent agency that issues non-financial sustainability ratings, increased GHC's ESG rating from investment grade EE- ("Adequate") to EE ("Strong").

Also in 2021, at the instigation of the Board of Directors, the Group updated the Code of Ethics approved on August 8, 2018. This update has allowed for the inclusion in the Code of Ethics of important references to some of the main supranational recommendations, in line with the principle that views sustainability as a continuous and constant practice of alignment with global and systemic strategies deemed appropriate for preserving the planet and the interests of future generations.

On April 30, 2021, and at the proposal of the Board of Directors, GHC's Shareholders' Meeting approved a long-term incentive plan involving the free assignment of GHC ordinary Shares. This is known as the "2021-2023 Performance Share Plan" and is reserved for the Chief Executive Officer, the General Manager and key figures of the Company and/or the Group as identified by the Board of Directors where applicable. This Plan has a multi-year duration and is subdivided into three rolling allocation cycles, each lasting three years. It stipulates that the assignment of Shares is linked to the achievement of certain performance objectives, with a significant weighting (15%) given for the first time to ESG objectives (i.e. improvement in the Standard Ethics rating and environmental energy performance). In 2022, the Control, Risks and Sustainability Committee and/or the Board of Directors continued their preparatory and in-depth work in relation to various aspects concerning sustainability issues, both through internal corporate functions (including The Group Investor Relations and Sustainability Officer and the Legal and Corporate Affairs Office) and through participating in specialised conferences and seminars (including "*The development of the Board of Directors in terms of sustainability and digital transformation*" organised by Assonime - Association of Italian joint-stock companies).

In particular, the issues covered by such investigative or in-depth work include:

- recommendations of the Corporate Governance Committee for 2022;
- analysing the sustainability recommendations received from Standard Ethics;
- updating the Global Reporting Initiative (GRI) reporting standards;
- the changes introduced by the Taxonomy Regulation.

With reference to the "Shareholder Communication Policy," up until now the Company has (intentionally) not had such a policy, in view of its size and nature, believing that developing, sharing and adopting a procedure for such communications could constitute a stage of greater "maturity" on the part of GHC, once it has been listed. To that end, the Board of Directors decided to look into the matter in depth, in order to carefully assess the aspects that would apply in practice and, therefore, the principles that it could usefully adopt in this regard, taking a practical and not merely theoretical approach. It has, therefore, decided to begin a period of research into the possible adoption of a policy for communication with

shareholders and other relevant Company stakeholders, led by the Board with the support of relevant corporate functions and external consultants.

In this regard, it should also be noted that since 2019 the Company has had an "Investor Relations Procedure" setting out the role and processes relating to reporting to and communicating with the financial market. Since its listing, the Company has also developed – in compliance with current regulations on the disclosure of inside information and confidential information – a consolidated operating practice consisting of maintaining relations with shareholders, particularly the financial community, which sees the Company's top management involved as much as possible, especially at meetings with financial analysts and investors.

Specifically, during the Financial Year, the Company stepped up its participation in marketing events and roadshows with the domestic and international financial community organised by the three corporate brokers (Equita, BNP Paribas Exane, Mediobanca), including by participating in the STAR Conference organised by Borsa Italiana in March 2022. All the presentations delivered to participants were made available to the public on the Company website. In addition, following the approval of quarterly, half-yearly, and annual financial disclosures, the Company organised conference calls with investors and financial analysts (open to the public, with connection details freely accessible on the Company website), the transcripts of which are likewise freely accessible on the Company website, in both Italian and English.

* * *

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 (I) of the Report.

* * *

The SME Issuer and its classification under the Corporate Governance Code

Pursuant to Article 1, paragraph 1, letter w-*quater*.1) of the CFA, "SMEs" are: "*without prejudice to the provisions of other legal provisions, small and medium-sized enterprises, issuers of listed shares, with a market capitalization 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 at December 31, 2022 (corresponding to the average of the daily capitalisations calculated based on the official price, recorded during 2022, in accordance with the provisions of Article 2-*ter* of the Consob Issuers' Regulation) was approximately Euro 386.6 million. In consideration of the above, the Issuer is categorised as an "SME" for all purposes set out by current legislation.

Pursuant to the Corporate Governance Code (Definitions), and as confirmed by the Board of Directors, the Issuer may be classified as a "non-large" company (having recorded capitalisation of less than Euro 1 billion on the last trading day of each of the three calendar years preceding the reporting year) and as a "concentrated ownership" company (since there is a Shareholder who, directly and indirectly, holds the majority of votes that may be exercised at the Ordinary Shareholders' Meeting, as described in more detail below).

As regards the Issuer's application of proportionality measures and of the other provisions contained in the Corporate Governance Code for companies that can be classified in this manner, a summary of the choices made is provided below, while for further details reference should be made to the relevant sections of this Report.

| <u>Topic</u> | <u>"Large" companies</u> | | <u>"Non-large" companies</u> | | <u>GHC ("non-large" and "controlled")</u> |
|--|-------------------------------|----------------------|-------------------------------|---------------------|---|
| | <u>Non-subsidiary company</u> | <u>Subsidiaries</u> | <u>Non-subsidiary company</u> | <u>Subsidiaries</u> | |
| Portion independent | At least half | At least one third | At least two | At least two | 4 out of 11 (approx. 36%) |
| Meeting of Independent Directors | At least once yearly | At least once yearly | Not recommended | Not recommended | Not held |
| Lead Independent Director (LID) at the request of Independent Directors | Recommended | Recommended | Not recommended | Not recommended | Not designated |

| | | | | | |
|---|-------------|--|--|--|--|
| Suggested maximum number of assignments | Recommended | Recommended | Not recommended | Not recommended | Not defined |
| Establishment of an Appointments and Remuneration Committee | Recommended | Ability to assign functions to the Board | Recommended | Ability to assign functions to the Board | Established (as an autonomous committee) |
| Establishment of a Control, Risks and Sustainability Committee | Recommended | Recommended | Ability to assign functions to the Board | Ability to assign functions to the Board | Established (as an autonomous committee) |
| Self-assessment | Annually | Three-year plan | Three-year plan | Three-year plan | Three-year plan |
| Guidelines for optimal Board composition | Recommended | Not recommended | Recommended | Not recommended | Not defined |
| Succession plans | Recommended | Recommended | Not recommended | Not recommended | Not adopted |

* * *

The Company's Shares are traded on Euronext STAR Milan (formerly known as the STAR Segment), a segment of the regulated market organised and managed by Borsa Italiana.

* * *

The information contained in this Report relates to the fiscal year ended December 31, 2022 or, where indicated, to the date of approval of this Report by the Board of Directors (March 16, 2023).

2. INFORMATION ON THE OWNERSHIP STRUCTURE (as per Article 123-bis, paragraph 1, CFA) at March 16, 2023.

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, divided into 90,200,000 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 (two votes for each Share), as detailed in letter d) below. Of the 88,254,600 Shares with simple voting rights, 1,400,110 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.

On April 30, 2021, the Ordinary Shareholders' Meeting approved a new long-term incentive plan for the 2021-2023 period, known as the "2021-2023 Performance Share Plan" (the "**Performance Share Plan**").

The Performance Share Plan arose from the need to further strengthen the retention of key resources in order to achieve strategic objectives and create sustainable value for Shareholders and stakeholders, enabling the Group to look towards an even longer-term horizon of growth and corporate development. This is partly due to the use of more than one three-year cycle - 2021-2023, 2022-2024 - with a three-year vesting period and a subsequent 24-month deferral period for each cycle. For recipients who are members of the Board, there is also a lock-up period until the termination of their current term of office on the date of delivery of each set of Shares, during which 25% of the Shares may not be transferred in any way to a third party.

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' Regulation, approved by the Board of Directors on March 16, 2023 (the "**Remuneration Report**"), (ii) to the "*Disclosure Document regarding the incentive plan known as the "2021-2023 Performance Share Plan"*" prepared in accordance with Article 84-bis and Annex 3A, Schedule 7 Consob Issuers' Regulation, and (iii) the public disclosure pursuant to Article 84-bis, paragraph 5, of the Consob Issuers' Regulation, available on the Company's website www.garofalohealthcare.com in the "*Governance/Remuneration*" section.

Subject to that outlined above, at the Report Date 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, in the section "Governance/Loyalty Shares", which in accordance with Article 143-*quater* of the Consob Issuers' Regulation also presents the identification details, where present, 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 e), CFA)

The By-Laws do not contain any special provisions relating to the exercise of employee voting rights. The 2021-2023 Performance Share 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, to the "Disclosure Document regarding the incentive plan known as the "2021-2023 Performance Share Plan" prepared in accordance with Article 84-*bis* and Annex 3A, Schedule 7 Consob Issuers' Regulation, and (iii) the public disclosure pursuant to Article 84-*bis*, paragraph 5, of the Consob Issuers' Regulation, available on the Company's website 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 (as per 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 2021-2023 Performance Share Plan states that if there is a change of control,¹ the Board of Directors, having consulted the Appointments and Remuneration Committee and availing itself - where appropriate - of the advice of independent third parties, shall have the right (but not the obligation), in relation to the purposes of the Plan and the changed reference context, to change the Entry Gate, the "minimum payout" condition and the Performance Targets or other conditions of the Plan initially established, or to decide to bring forward in full or in part the vesting of the Rights (and, therefore, the allocation of the Shares) according to the pro-rata temporis criterion, under terms and conditions to be established by the Board of Directors, based on the level of achievement of the Performance Targets at the date of the Change of Control; for details, please refer to the public disclosure pursuant to Article 84-bis, paragraph 5, of the Consob Issuers' Regulation available on the Company's website www.garofalohealthcare.com, in the "Governance/Remuneration" section;
- 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 multi-line medium-/long-term cash loan agreement for up to Euro 221 million signed between the Issuer, UniCredit S.p.A., Banco BPM S.p.A. and Intesa Sanpaolo S.p.A., under which the lending banks have granted the Issuer (and its subsidiaries) two lines of credit: (i) a "Refinancing Line" of Euro 140 million, which can be used to remodel, simplify and centralise the financial structure of the whole Group at the Issuer (Holding company) and (ii) an "Acquisition Line" of Euro 81 million dedicated to potential new acquisitions linked to the Group's growth plan - which provides for the compulsory repayment of all or part of the amounts disbursed and of the interests accrued upon the occurrence of one of the following change of control events: (i) the Issuer 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 an acquired company involved in the financing transaction or of a company acquired with resources deriving from the financing; and (ii)

¹ "Change of control" means the acquisition, including indirectly, by one or more persons (acting in agreement with each other) of the control of the relevant company pursuant to Article 93 of the CFA.

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.

As of December 2022 (a) the Refinancing line, which expires on December 31, 2026, has been used for an amount of Euro 138,864,162.98, with a residual debt of Euro 116,645,896.90, and (b) the Acquisition Line, which expires on December 31, 2027, has been used for an amount of Euro 16,578,240.31, with a residual debt of the same amount.

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

As of the Report Date – taking into account the lapsing of the powers granted under the motion of the Shareholders' Meeting held on September 26, 2018, due to, respectively, the conclusion of the "2019 - 2021 Stock Grant Plan" and the completion of the accelerated bookbuilding transaction approved by the Board of Directors on January 20, 2021 – the Board of Directors does not have any powers to increase the Company's share capital.

Authorisation of share buy-back plan

On April 29, 2022, the Shareholders' Meeting approved a new proposal, authorising the purchase and sale of treasury shares, including in several tranches, pursuant to Articles 2357 and subsequent of the Civil Code and other applicable provisions in force, to: (i) establish a "securities' stock", to be allocated, where needed, in view of executing the 2019-2021 Stock Grant Plan approved by the Shareholders' Meeting on September 26, 2018 and the 2021-2023 Performance Share Plan approved by the Shareholders' Meeting of April 30, 2021; this, in addition to any other share incentive plans, including of a long-term nature, reserved for company and/or subsidiaries Directors and/or managers, which may be approved in the future by the Company Shareholders' Meeting, and (ii) to take action, pursuant to applicable provisions, and via intermediaries, to stabilise the share price and ensure normal trading and share prices, with a view to countering distortions related to excessive volatility or scarcity of shares.

The plan approved establishes that the unitary price for the purchase of the Shares is set on a case-by-case basis for each transaction but that it may not in any case be 10% lower or higher than the share price recorded in the trading session before each individual transaction.

The authorisation was requested for a period of 12 months from the date of the Shareholders' Meeting and is intended to allow the Company to purchase a total number of treasury shares not exceeding 1,804,000 shares (including those already held by the Company as of the date of the Shareholders' Meeting), representing 2% of GHC's share capital as of the date of the Shareholders' Meeting (April 29, 2022).

At the Report Date, the Company holds 1,400,110 treasury shares, representing approximately 1.55% of the total number of outstanding Shares, equal to 90,200,000.

On March 16, 2023, the Board of Directors approved the motion to submit to the Shareholders' Meeting of the Company a new authorisation to purchase and dispose of treasury shares, including in several tranches, pursuant to Articles 2357 and following of the Civil Code and other applicable provisions (further details on the above proposal may be found in the relevant illustrative report, available in the "Governance/Shareholders' Meeting" section of the Company's website) www.garofalohealthcare.com.

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 Company's Board of Directors approved the Garofalo Health Care Group Regulation, which was subsequently amended by a Board of Directors' motion on July 28, 2022 in order to incorporate the "Guidelines on transactions of the Company and its subsidiaries of significant strategic, economic, equity or financial significance" approved by the Board on June 23, 2022, and to take into account the changes made to the organisational chart by the Chief Executive Officer on June 1, 2022 following the Board's adoption of the new organisational structure. The Regulation seeks to identify the scope and define the manner in which the Issuer will carry out management and coordination activities with respect to the companies it directly or indirectly controls, in accordance with the strategic goals, development policies and management guidelines defined by the Issuer as the 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 bodies; 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, Recommendation 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, paragraph 1, letter i) of the CFA (*“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 tender 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 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 has complied with the Corporate Governance Code (promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria) since 2021 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/comitato-corporate-governance/codice/2020.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 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. ROLE OF THE BOARD OF DIRECTORS

The Company is managed exclusively by the Directors, who carry out the necessary operations to achieve the 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 9 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.

With reference to the activity of the Board of Directors in steering the Company and the Group in pursuit of sustainable success, as well as to the forms of dialogue with Shareholders and other relevant stakeholders, please see the details under section 1. Issuer Profile.

The Company is organised according to the traditional model, which is the administration and control system that has formed the basis of the Company's governance structure since its incorporation and is still considered to be the most suitable model for carrying out the Company's activities and pursuing its strategies. As described in greater detail in this Report, the Board of Directors has established and approved an overall corporate governance system that is based on the presence of the bodies typical of the traditional system (Shareholders' Meeting, Board of Directors and Board of Statutory Auditors), of internal committees (see paragraphs 7, 8 and 9 of this Report) and a detailed individual and group organisation chart, as well as the assignment to the Chief Executive Officer of a top management function within the Company. At this time, the Board of Directors does not believe it is necessary to submit proposals for amendments of the By-Laws to the Shareholders' Meeting with reference to the governance structure of the Company.

4.2. APPOINTMENT AND REPLACEMENT (as per Article 123-bis, paragraph 1, letter l), 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. 76 of January 30, 2023, 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, 2022.

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

| CRITERIA FOR DETERMINING THE HOLDING | | | PERCENTAGE HOLDING |
|--------------------------------------|---------------------------------|---------------------|--------------------|
| CLASS OF CAPITALISATION | <u>FREE FLOAT SHARE >25%</u> | MAJORITY SHARE <50% | |
| <= Euro 375 million | yes | no | 2.5% |

Each Shareholder - as well as the Shareholders belonging to the same group, belonging to the same Shareholder agreement pursuant to Article 122 of the CFA, the parent company, 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 nominees 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 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 By-Laws do not provide that the outgoing Board of Directors may submit a slate of candidates to serve as Directors.

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.² 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.

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

² 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 4.7 of the Report.

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 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 and the Corporate Governance Code, the Issuer is not subject to other requirements concerning the composition of the Board of Directors.

Succession plans

On November 16, 2020, the Board of Directors adopted a succession plan for the Chief Executive Officer and the other Executive Directors, even though the Company is not an addressee of Corporate Governance Code Recommendation 24, which only concerns "large enterprises". Following the development and approval in May and June 2022 of the Company's new organisational structure and, in particular, the removal of the General Management and the revision of the Company's organisational chart (which now provides, among other things, for direct reporting by the Chief Financial Officer to the Chief Executive Officer and a strengthening of the associated functions), the succession plan no longer applies. The Appointments and Remuneration Committee does not currently feel it necessary to propose the adoption of a new succession plan.

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

On April 30, 2021, the Shareholders' Meeting appointed the Board of Directors currently in office, made up of 11 (eleven) members, the majority of whom are female, who will remain in office for three financial years and, therefore, until the Shareholders' Meeting called to approve the financial statements at December 31, 2023. It is made up of:

1. Alessandro Maria Rinaldi (Chairperson of the Board of Directors)
2. Maria Laura Garofalo (Chief Executive Officer)
3. Claudia Garofalo (Executive Director)
4. Alessandra Rinaldi Garofalo (Director)
5. Giuseppe Giannasio (Director),
6. Guido Dalla Rosa Prati (Executive Director),
7. Javier de La Rica (Director),

8. Federico Ferro Luzzi (Independent Director),

9. Nicoletta Mincato (Independent Director),

10. Giancarla Branda (Independent Director),

drawn from the slate submitted by the majority Shareholders Larama98 S.p.A., Maria Laura Garofalo and An.Rama S.p.A., holders, at the time of the presentation of the slate, of a total stake of 64.3% of GHC's share capital and voted in favour by 89.458% of the votes at the Shareholders' Meeting, and

11. Franca Brusco (Independent Director),

drawn from the slate submitted by a group of institutional minority Shareholders holding, at the time of the presentation of the slate, 5.24086% of GHC's share capital and voted in favour by 10.542% of the votes at the Shareholders' Meeting.

On March 16, 2022 and March 16, 2023, the Board of Directors verified the independence of the Directors Giancarla Branda, Franca Brusco, Federico Ferro-Luzzi and Nicoletta Mincato, pursuant to both Article 148, paragraph 3 of the CFA, as referred to by Article 147-ter, paragraph 4 of the CFA, and that indicated in the Corporate Governance Code (as detailed in Section 4.7 of this Report).

Additional information regarding the composition of the Board of Directors at the end of the financial year can be found 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, under section "*Governance/Shareholders' Meeting*".

There have been no changes in the composition of the Board since the end of the Financial Year and up to 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 managerial and professional skills, including at an international level, and the composition of the Board's internal committees ensured the presence of Directors with the specific skills required by law and by the 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, managerial and professional background, as well as origin, as can be seen from the above, and from the curricula vitae of the Directors.

Specifically, two Directors between the ages of 30 and 40, and nine Directors over the age of 50 sit on the Board of Directors. Six out of eleven 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 corporate bodies thanks to the different skills and experience gained by the Directors.

In addition to the above, from 2021 GHC embarked on a journey to formally recognise and support the values of diversity and inclusion within the Group.

To this end, in 2021 GHC approved the Diversity and Inclusion Policy, both at the level of the parent company and at the level of individual subsidiaries, developed in order to define approaches, guidelines and commitments on Diversity and Inclusion issues, based on the understanding, respect and enhancement of the different qualities of each person within the Group.

Specifically, through this Policy the Group is committed to introducing all the actions needed to prevent instances of discrimination in relation to the characteristics of individuals concerning age, gender, emotional and sexual orientation, different abilities, geographical origin, ethnicity, nationality, skin colour, religious affiliation, political and trade union affiliation, marital status, state of pregnancy, maternity, paternity, socio-economic status and professional background, and contractual employment status.

As of December 31, 2022, the Company had a real and concrete focus on gender equality and opportunity issues, as confirmed by the presence of:

- A female Chief Executive Officer;

- Females in the majority on the Board (6/11, or approx. 55%);
- Females in the majority on both internal committees (2/3, or approx. 67%);
- Females in the majority on the Supervisory Board (2/3, or approx. 67%);
- Females in the majority among employees (approx. 77 out of a total of approx. 1,907).

Specifically, this Policy identifies five main action areas:

- non-discrimination and promotion of diversity;
- equal opportunities and gender balance, with particular attention to: (i) equal opportunities in all human resources management processes, (ii) the development of personal growth plans, offered on an equal-access basis, and (iii) fairness in all stages of the employment relationship, from selection to assignment of roles;
- inclusive work environment, with a commitment to ensuring that there is no harassment, intimidation or bullying of any kind in internal or external working relationships, and rejecting any intimidating or hostile attitudes;
- culture of diversity and willingness to listen, to encourage a corporate culture that, from the selection process onwards, values the diversity of all people regardless of gender, generation and the other dimensions in which diversity is apparent;
- diversity in the composition of the corporate bodies.

For the full text of the Policy, please refer to the "Sustainability/ESG Policy" section of the Issuer's website www.garofalohealthcare.com.

With specific reference to diversity within GHC's corporate bodies – in terms of gender, age, educational and professional background – on March 1, 2021 the Board of Directors approved a "Policy on the Diversity of the Governing and Supervisory Bodies of Garofalo Health Care S.p.A.", which it updated on February 18, 2022. The Policy provides non-binding indications on aspects such as gender, age, educational and professional background. These are to be taken into account in order to identify a qualitative and quantitative composition of the Board of Directors and the Board of Statutory Auditors of the Company that is optimal to ensure the effective discharge of the duties and responsibilities entrusted to the management and control bodies through the presence of individuals who, on the one hand, ensure a sufficient diversity of viewpoints and, on the other hand, are equipped with the skills necessary for a good understanding of the Company's business, risks and the long-term opportunities for GHC.

For the full text of the Policy, please refer to the "*Governance/Corporate Governance*" section of the Issuer's website www.garofalohealthcare.com.

Maximum number of offices held in other companies

Since the Company is not one of the addressees of Recommendation No 15 of the Corporate Governance Code, which refers only to "large companies", the Board of Directors did not express its position in relation to the maximum number of management and control positions held in other listed or large companies which may be considered compatible with the proper fulfilment of the role of Director of the Company, deeming it appropriate to leave the individual Directors to assess such compatibility. Subject to Article 3, Principle 12 of the Corporate 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.).

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).

4.4. FUNCTIONING OF THE BOARD OF DIRECTORS (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), CFA)

On April 7, 2021, the Board of Directors adopted the "Board of Directors' Regulation", a document that governs the functioning of the Board of Directors in accordance with the provisions of the law, regulations and By-Laws and is consistent with the recommendations of the Corporate Governance Code, subsequently with the motion dated February 18, 2022.

The Regulation recalls the provisions of law, regulations and By-Laws concerning the appointment, composition and role of the Board of Directors, in line with the provisions of the By-Laws, and identifies the requirements and duties of the Chairperson, the Vice-Chairperson (where appointed) and the Secretary of the Board of Directors. It stipulates that, for the organisation and documentation of meetings,

the Chairperson shall make use of the Secretary, as well as of the corporate functions of the Company coordinated by the latter, in order to ensure that each Director and Statutory Auditor is provided with effective and timely information. Specifically, GHC's Director of Legal and Corporate Affairs: (i) is responsible for the collection by the relevant GHC Departments and/or functions of the documentation to support Board meetings, making it available to Directors and Statutory Auditors within the timeframe deemed appropriate by the Board of Directors; (ii) prepares a preliminary draft of the minutes of the meeting and (iii) after receiving any contributions and reports from the Chairperson and the Chief Executive Officer, shares this draft with them and makes it available to Directors and Statutory Auditors, where possible, prior to the meeting. The Company thus enables Directors to participate on an informed basis in meetings and to make informed decisions, in accordance with Article 2381, paragraph 6, of the Civil Code and with the provisions of the Corporate Governance Code.

With the assistance of the Secretary, the Chairperson ensures that the preparatory documents for the items on the Agenda are brought to the attention of the Directors and Auditors well in advance of the Board meeting and, in any case, at least three days before the date set for the meeting. In the event that it is not possible to provide the necessary information in advance, the Chairperson, with the assistance of the Secretary, ensures that adequate and timely information is provided during the meeting. The Board of Directors' Regulation does not provide for generic exemptions to the timeliness of disclosure on the grounds of confidentiality of data or information. During the Year, the above notice period was generally complied with (on average, documents were made available around 3.5 days before the date of the meeting). For a more detailed description of the Chairperson's role, see section 4.5 below.

Supporting documentation is made available to Directors and Statutory Auditors by means of access to a dedicated cloud-based platform created to support the Board's work, which is accessed using personal and exclusive passwords. This platform's aim is to organise all the items on the Agenda in an orderly fashion, enabling retrieval of previous documentation at any time, and to maintain the integrity and confidentiality of data, preventing any unauthorised access, applying the highest standards of encryption, and thus maintaining the utmost confidentiality of corporate material.

During the Year, the Board of Directors met 13 times. The duration of the meetings were on average approximately 2 hours and 6 minutes.

Board meetings were regularly and assiduously attended by Directors, with an average attendance of 93.4%. The following company department managers were involved in Board meetings, with the frequency of attendance set out below: General Counsel (100%), CFO (85%), Head of Administration and Accounts (62%), General Manager (38%), Group Investor Relations and Sustainability Officer (38%), Internal Audit Manager (23%), Risk Manager (23%).

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 6 Board meetings scheduled for FY 2023, three of which have already been held on the following dates: January 26, March 10 and March 16. The average duration of these meetings was about 3.25 hours, with an average of 91% attendance.

Pursuant to Article 30 of the By-Laws, the Board is called at the registered office or elsewhere by the Chairperson or, in his/her absence or impediment, by the eldest Vice-Chairperson, if appointed, or, in the absence of the Vice-Chairperson, by the eldest 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 place, and the Secretary or the Notary who drew up the minutes are located.

During the Year, 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 items on the Agenda are dealt in the order set out in the meeting call notice, without prejudice to the right of the person chairing the meeting to change the order of discussion - giving reasons for this change - which may be at the proposal of the Chief Executive Officer or one or more Directors.

The Board's By-Laws provide that the person chairing the meeting:

- shall manage the timing of Board meetings, encouraging the widest possible discussion in relation to the importance of the topics addressed;
- on his or her own initiative or at the proposal of the Chief Executive Officer or of individual Directors, may invite to attend meetings - with regard to specific items on the Agenda - representatives of the Company or of the other GHC Group companies or external parties (such as, for example, strategic, legal or tax consultants, etc.).
- the power to propose Board resolutions is ordinarily assigned to the person chairing the meeting; however, the Chief Executive Officer or any other Director may make proposals to be submitted to the Board for approval. Any dissent expressed during the discussion or vote and any abstention from voting are duly recorded in the minutes, together with an indication of the reasons that may be given.

The discussion and the deliberations of the Board of Directors are recorded in the minutes, drawn up in Italian, signed by the person who chaired the meeting and by the Secretary (or if the Secretary is absent, by the person asked at the beginning of the meeting by the chair of the meeting to act as secretary). In the cases provided for by the applicable regulations, the minutes shall be drawn up by a notary public and signed by him/her.

The minutes of the meetings shall set out the decision-making process and the rationale behind the decisions, including the voting statements made. More specifically, the minutes shall list votes for and against, and abstentions, for each individual motion; the minutes shall also contain the reasons for votes against and for abstentions, if any are provided.

Directors and Statutory Auditors may make any observations they wish to and ask for their statements to be recorded in the minutes of the Board meeting.

With the prior consent of the person chairing the meeting - which shall be mentioned in the minutes - the Secretary may record meetings, both in audio and video, in order to facilitate the production of the minutes.

* * *

As per Recommendation 1(e) of the Corporate Governance Code, motions 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 the proposal of the Control, Risks and Sustainability Committee, on June 23, 2022, replacing that determined on October 19, 2020, the Board identified the following transactions (with the exclusion of merely exploratory or preparatory activities) 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. issue of bonds or other financial instruments, including unlisted ones;
- b. capital transactions (worth more than Euro 5 million if relating to subsidiaries) – with the exception of share capital reductions required by law – heterogeneous transformations, mergers and spin-offs (including real estate);
- c. purchase or sale of company shareholdings;
- d. purchase, transfer or disposal of business units;
- e. transactions that result in the Group entering a new business sector to render services that are radically different from those already offered by the Group (i.e. a sector that is not similar, necessary, ancillary or complementary to that in which the Group operates);
- f. transactions that require GHC to make available to the public a disclosure document, prepared in accordance with the provisions laid down by Consob 1;
- g. transactions to enter into derivative contracts that do not have the sole aim of hedging financial risks;
- h. transactions whose total value is more than 5% of the GHC Group's equity as reported in the most recently published consolidated balance sheet.

The "Guidelines on transactions of the Company and its subsidiaries of significant strategic, economic, equity or financial significance" approved by the Board on that date do not affect the safeguards on related party transactions; they also lay down the standards of conduct to be adopted when implementing such transactions.

4.5. ROLE OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

Pursuant to Article 28 of the By-Laws, if the Shareholders' Meeting has not done so, the Board of Directors shall elect a Chairperson from among its members. S/he is entrusted with the tasks assigned to him/her by law, and by the By-Laws, internal regulations and GHC Group procedures.

In accordance with the duties assigned to him/her by law, the By-Laws and GHC Group procedures, the Chairperson shall ensure that the Board's activities are effectively carried out, coordinate its work, and act as a liaison between the Executive Directors and the Non-Executive Directors.

In accordance with the provisions of applicable laws and regulations, the Company's By-Laws and the Corporate Governance Code, and with the support of the Secretary of the Board of Directors, the Chairperson shall also, *inter alia*, be responsible for:

- a. the effective functioning of Board proceedings, also acting as a liaison between Executive and Non-Executive Directors;
- b. ensuring that the pre-meeting briefing and additional information provided at meetings is adequate to enable Directors to carry out their roles in an informed manner;
- c. ensuring that the activities of the sub-committees with investigative, proposing and advisory functions are coordinated with the activities of the Board of Directors;
- d. in agreement with the Chief Executive Officer, ensuring that the Executives of the Company and of the GHC Group companies, in charge of the corporate departments responsible for the relevant issues attend Board meetings, also upon request of individual Directors, in order to provide any necessary information or clarifications on the issues on the Agenda;
- e. that all members of the Board of Directors and the Board of Statutory Auditors may take part, after their appointment and during their term of office, in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Company operates, of corporate dynamics and changes therein, including as regards the Company's sustainable success, in addition to the principles of proper risk management and of the reference regulatory and self-regulatory framework;
- f. the adequacy and the transparency of the self-assessment process of the Board of Directors, with the support of the Appointments Committee;
- g. in order to ensure proper management of corporate information, in agreement with the Chief Executive Officer, proposes a procedure for the internal management and external communication of documents and information concerning the Company, with particular reference to inside information.

During the year, and with the support of the Secretary and the competent corporate functions of the Company, the Chairperson: ensured the effective functioning of the Board's activities (including by providing the appropriate pre-meeting and supplementary information and coordinating management of the dedicated cloud-based platform), ensuring that the Directors received information sufficiently in advance to allow them to engage on the issues on the Agenda, and leading discussions during the meetings; coordinated the activities of the Board of Directors with those of the internal committees; provided the information necessary to respond to Directors' doubts during the meetings; invited the Company's Executives to take part in Board meetings in order to provide any necessary information and clarifications; informed the Board of Directors about the performance of the stock and the opinion of analysts, as well as the results of meetings with institutional investors. More detail on each of these activities is provided in the relevant sections of this Report.

With regard to the induction sessions organised by the Chairperson, with the assistance of the Secretary, it should be noted that the following meetings were held during the year, open to members of the Board of Directors and of the Board of Statutory Auditors of the Company:

- induction on business at the Mid Cap conference;
- meetings organised by Assonime on corporate governance in relation to:
 - the function of the Code in terms of self-governance and regulation: adherence, degree of enforcement, proportionality;
 - towards the new Code: governance of sustainable success and stakeholder dialogue;
 - the role of the Board in nominating Directors: from self-assessment to the presentation of slates/candidates,
- training activities in Enterprise Risk Management for company management, aimed at sharing rationales, tools and sector best practices;
- meeting organised by Assonime in relation to the 2022 Shareholders' Meeting season: emergency regime and future outlook;
- meeting organised by Assonime on policies for dialogue with shareholders;
- meeting organised by Consob, the Italian Corporate Governance Committee and Assonime on the subject of "Corporate Governance in times of transition."

The following meetings were also held between early 2022 and the date of approval of this Report, open to members of the Board of Directors and of the Board of Statutory Auditors of the Company:

- meeting organised by Assonime on the development of the Board of Directors in terms of sustainability and digital transformation;
- meeting organised by Assonime on the corporate governance report.

With regard to the management of corporate information and the adoption of relevant corporate regulations, please see the details under section 5. *Management of corporate information*.

Secretary to the Board of Directors

The Board of Directors' Regulation, referring to the relevant provisions of the By-Laws and the Corporate Governance Code, indicates that the Company has decided that the Director of Legal and Corporate Affairs shall assist the Chairperson as Secretary of the Board.

The Secretary is entrusted with the activities of organising and acting as secretary for the meetings of the Board of Directors in addition to taking the minutes. In accordance with the provisions of the Corporate Governance Code, the Secretary also provides basic support to the activities of the Chairperson, and impartially assists and advises the Board of Directors on all aspects relating to the proper functioning of the corporate governance system. With regard to the requirements for the Secretary, the Regulation provides that the Secretary shall have a master's degree and proven experience in the corporate affairs of listed companies.

Giulia Scirpa, the Company's Director of Legal and Corporate Affairs (who holds a master's degree and has proven experience in the corporate affairs of listed companies), was appointed Secretary of the Board at the meeting held on April 30, 2021. In this capacity, she took part in all the Board's meetings during the year, and was responsible for the regular organisation and secretarial activities of the Board's meetings and for taking the minutes. Similarly, the Secretary attended all the meetings of the Board's sub-committees during the year, and was responsible for the regular organisation and secretarial activities of the meetings of each Committee and for taking the minutes.

In addition, the Secretary performed her other duties in accordance with the law, the By-Laws, the provisions of the Corporate Governance Code and the provisions of the Board of Directors' Regulation and the internal Board committee Regulations. Specifically, the Secretary continuously supported the Chairperson in the performance of their functions, as set out in more detail under section 4.5 - Role of the Chairperson of the Board of Directors. Those functions included the functioning of the Board's activities,

information provided prior to Board meetings (by managing the dedicated cloud-based platform) and additional information, coordination with the activities of the Committees, and the organisation of the induction sessions.

4.6. EXECUTIVE DIRECTORS

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 April 30, 2021, the Board of Directors appointed Ms Maria Laura Garofalo as Chief Executive Officer of the Company, as well as "employer" pursuant to Legislative Decree No. 81/2008 for the purposes of occupational health and safety regulations. The powers delegated on that date were subsequently amended on July 28, 2022, to align the Chief Executive Officer's powers with the provisions of "Guidelines on transactions of the Company and its subsidiaries of significant strategic, economic, equity or financial significance," approved by the Board of Directors on June 23, 2022.

Specifically, the Chief Executive Officer is vested with all powers of ordinary and extraordinary administration of the Company, giving him or her the power to legally represent the Company in accordance with the law and the By-Laws, with the exception only of those powers reserved to the Board of Directors, subject to the limits set out in the preceding paragraph. 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, supply, acquisition or provision of services, and anything else for the Company's proper functioning; 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 third parties. 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 and transfer employees (including Executives), establish their qualifications and remuneration, manage and/or 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) as employer, pursuant to and for the purposes of Article 2, paragraph 1, point (b) of Legislative Decree No. 81/2008, to take all the measures and steps necessary to ensure compliance with the provisions of Legislative Decree No. 81/2008 as amended, as well as all other applicable regulations in force on occupational health and safety, carry out and take responsibility for all the duties laid down by the above regulations, with the broadest management powers, with the widest managerial, organisational and representative powers and without any limit on expenditure (including outside any

- annual budget limits and/or any limitations or exclusions provided for with reference to other delegated powers, without prejudice to the need in such cases to promptly call the Board of Directors to inform it of the measures taken) and with the power to appoint persons with special powers of attorney and delegate to third parties and/or employees of the Company, pursuant to Article 16 of Legislative Decree No. 81/2008, within the limits of what may be delegated pursuant to the Decree, with the additional power to authorise sub-delegations. This is accompanied by the obligation to report to the Board of Directors at least every six months on the exercise of the powers in question;
- 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, the observance of any and all provisions or rules in force, whether legislative, administrative, fiscal, contractual, regulatory, including those concerning 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 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 making sure that the competent offices of the Company provide all employees with adequate assistance in this regard;
 - s) take out insurance policies, including on behalf of subsidiaries, collecting the relevant indemnities and any reimbursements;
 - t) appoint agents and proxies for specific acts or categories of acts within the scope of their powers, determining their remuneration;
 - u) 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.

The Board of Directors has also resolved that, in addition to matters that under the law and By-Laws cannot be delegated, the following powers shall not be included in the powers delegated to the Chief Executive Officer, and shall therefore remain the sole responsibility of the Board of Directors:

- approval of GHC's Annual Budget and Multi-Year Business Plan, and the GHC Group's Consolidated Budget and Consolidated Multi-Year Business Plan (including investment plan);
- transactions involving the increase and reduction of Company share capital, and transformations, mergers and spin-offs of the Company;
- the exercise of voting rights by GHC in the Shareholders' Meeting of subsidiaries, but only where the motion concerns the increase and/or reduction of share capital by more than Euro 5 million (with the exception of reductions of share capital pursuant to Articles 2446, 2447, 2482-*bis* or 2482-*ter* of the Civil Code), heterogeneous transformations, mergers and spin-offs;
- the establishment of new companies whose share capital is greater than Euro 300,000;
- the issue of bonds or other financial instruments, including unlisted ones;
- the purchase and sale of real estate, companies and businesses, shareholdings in companies or other bodies;
- the signing of derivative contracts that do not have the sole aim of hedging financial risks;
- transactions that, while falling within the powers delegated to the Chief Executive Officer, have a total value exceeding 5% of the GHC Group's shareholders' equity as reported in the most recently published consolidated balance sheet.

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

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.

Chairperson and Vice-Chairperson of the Board of Directors

On April 30, 2021, the Shareholders' Meeting appointed Alessandro Maria Rinaldi as Chairperson 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 eldest Vice-Chairperson, if appointed, or - in the absence of a Vice-Chairperson - by the eldest Director.

Executive powers have not been delegated to the Chairperson, nor does s/he qualify as CEO under the Corporate Governance Code, nor has s/he 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.

Reporting to the Board

During the Year, the Chief Executive Officer Ms. 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.

Other Executive Directors

In addition to Chief Executive Officer Maria Laura Garofalo, the following Directors are classified as Executive Directors pursuant to the relevant definition contained in the Corporate Governance Code:

- the Director Claudia Garofalo is an Executive Director since, in her role as the Company's Head of Finance, she holds a management position within the Issuer;
- the Director Guido Dalla Rosa Prati is an Executive Director by virtue of the fact that he holds the position of Chief Executive Officer of Group Company Poliambulatorio Dalla Rosa Prati S.r.l., and has limited management powers in Group Company Hesperia Hospital Modena S.r.l.

4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

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 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 of Directors in office, appointed by the Shareholders' Meeting on April 30, 2021, at the end of the year and at the Report Date there are four Independent Directors: (i) Ms Franca Brusco (candidate for the office of member of the Board of Directors on the slate submitted by a grouping of minority institutional Shareholders, at the time of the presentation of the slate, holding a stake equal to

5.24086% of the share capital and voted for by 10.542% of the votes attending the Shareholders' Meeting), (ii) Giancarla Branda, (iii) Federico Ferro-Luzzi and (iv) Nicoletta Mincato (candidates for the office of member of the Board of Directors on the slate submitted by the majority Shareholders Larama98 S.p.A., Maria Laura Garofalo and An.Rama S.p.A., owners, at the time of the presentation of the slate, of a total 64.3% interest in GHC's share capital and voted for by 89.458% of the votes cast at the Shareholders' Meeting), and they comply with the independence requirements set out in the combined provisions of Article 147-ter, paragraph 4 and Article 148, paragraph 3 of the CFA and the requirements set out in Article 2 of the Corporate Governance Code. The verification of the aforementioned independence requirements for the four Independent Directors was carried out by the Board of Directors on their appointment by the Shareholders' Meeting of April 30, 2021 and announced to the market on the same date, on the basis of the following documents provided by the interested parties and specifically the (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 the criteria indicated in the Corporate Governance Code.

On March 16, 2022 and March 16, 2023, the Board - as part of its annual assessment activities - verified the independence requirements for the four Non-Executive Directors.

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 Annual Shareholders' Meeting.

On the basis of the above, it can be stated that the Directors qualifying as "independent" at the end of the Year meet the independence requirements set out in Article 148, paragraph 3 of the CFA and in Article 2 of the Corporate Governance Code.

Moreover, it can be affirmed that these Independent Directors meet the independence requirements pursuant to Article 148, paragraph 3 of the CFA and Article 2 of the Corporate Governance Code also at the Report Date.

In the above review, the Board also took into account the quantitative and qualitative criteria for assessing the significance of relationships that may compromise the independence of Directors and Statutory Auditors set out in Recommendation 7 (paragraph 2) of the Corporate Governance Code, which were adopted by the Board on April 30, 2021 (also in accordance to the provisions for STAR issuers under Article 2.2.3, paragraph 3, letter m), of the Regulations of Markets organized and managed by Borsa Italiana S.p.A.). 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 s/he is an Executive Director, or of the professional firm or consultancy firm of which s/he is a partner; 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 on supervisory boards;
- B. 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 GHC's annual costs incurred for consulting and/or professional activities by category shall be impaired.

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

Lead Independent Director

At the Report Date, the Board - as the Company is not in any of the situations referred to in Recommendation No. 13 of the Corporate Governance Code - has not appointed an Independent Director as Lead Independent Director pursuant to Recommendation No. 13 of the Corporate Governance Code, given that the circumstances that require their appointment did not apply.

5.0 MANAGEMENT OF CORPORATE INFORMATION

In order to regulate the use of inside information, the Board of Directors has adopted the following procedures: (i) a procedure to manage inside information and the Insider Register (the “**Inside Information Procedure**”) and (ii) the **Internal Dealing Procedure**.

Both documents are available on the Issuer's website www.garofalohealthcare.com in the sections “*Corporate Governance/Procedures*” and “*Governance/Internal Dealing*”, respectively.

The following is a brief description of the Inside Information Procedure, and the Internal Dealing Procedure.

5.1 PROCEDURE FOR HANDLING INSIDE INFORMATION AND KEEPING THE INSIDER REGISTER

The Inside Information Procedure was approved by the Board of Directors on August 8, 2018 (with effect from October 30, 2018). It was subsequently amended by a Board of Directors’ motion on January 28, 2020 and October 28, 2021 and, most recently, by a motion of December 14, 2022 (pursuant to Article 9 of the Procedure). In its most up-to-date version, it also contains the provisions previously included in the “Procedura per la tenuta e l’aggiornamento del Registro Insider e del Registro delle informazioni Rilevanti - Procedure for keeping and updating the Insider Register) issued on August 8, 2018 (with effect from October 30, 2018) and amended most recently by a Board of Directors’ motion on December 17, 2020, and therefore no longer in force.

The Inside Information Procedure contains the provisions relating to the management of Relevant Information and of external communication of Inside Information concerning the Company and its subsidiaries, in accordance with the provisions of Consob's Guidelines No. 1/2017 on the “Management of Inside Information”, in addition to Article 1, Paragraph 1, Letter f) of the Corporate Governance Code. The Inside Information Procedure also governs the methods for keeping and updating: (i) the register of persons who have access to Inside Information in the performance of certain tasks and with whom GHC has a professional working relationship, whether as employees or otherwise, such as consultants,

accountants or personnel of credit rating agencies, in compliance with the provisions of Article 18 of the Market Abuse Regulation (MAR) and the Commission's Implementing Regulation (EU) 2022/1210 of July 13, 2022 (which repealed and replaced, during the Year, the previous Implementing Regulation (EU) 2016/347 of March 10, 2016; the new features introduced by the first of the aforementioned Implementing Regulations formed the basis of the revision of the Procedure by the Chief Executive Officer carried out on December 14, 2022); and (ii) where it is established, the register of persons who have access to individual pieces of Relevant Information, and with whom GHC has the same type of relationship as mentioned above.

All members of the corporate bodies, employees and collaborators of the Company and its subsidiaries, as well as other individuals who act in the name and on behalf of GHC or its Subsidiaries, and who have access, on a permanent or occasional basis, to Relevant and/or Inside Information, are required to comply with the Inside Information Procedure.

5.2 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 nominees - by Internal Dealing Persons 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.

6. INTERNAL BOARD COMMITTEES

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

On April 30, 2021, the Board of Directors, following the Shareholders' Meeting that resolved on its composition for the three-year period 2021-2023, in consideration of the provisions of Recommendations 16 and 17 of the Corporate Governance Code, set up the following Board Committees, in continuity with the previous three-year period, with investigative, proposing and advisory functions:

- (i) the Control, Risks and Sustainability Committee, assigning it the tasks identified by the Corporate Governance Code, in addition to those of the committee responsible for related party transactions pursuant to the Consob Regulation adopted with Resolution No. 17221 of March 12, 2010, as subsequently amended and supplemented, with the exception of remuneration matters, which are the responsibility of the Appointments and Remuneration Committee;
- (ii) the Appointments and Remuneration Committee, assigning it the functions identified under the Corporate Governance Code, thus combining the functions of the Appointments Committee and the Remuneration Committee, in accordance with a corporate governance system deemed to be more efficient and effective, taking into account the Company's activities and organisational structure and its qualification as a "non-large" company pursuant to said Code, and without prejudice to the Company's compliance with the provisions of the Code concerning composition of the Committee.

At the Report Date, the Committees established on April 30, 2021 are composed as follows:

| Role | Appointments and Remuneration Committee | Control, Risks and Sustainability Committee |
|-------------|--|--|
| Chairperson | Federico FERRO-LUZZI | Franca BRUSCO |
| Member | Giancarla BRANDA | Federico FERRO-LUZZI |
| Member | Franca BRUSCO | Nicoletta MINCATO |

All the members of the aforementioned Committees meet the independence requirements pursuant to Article 148, Paragraph 3 of the CFA and Article 2 of the Corporate Governance Code.

The Board of Directors' Regulation provides that each internal Board committee shall adopt rules, approved by the Board of Directors for the functioning of said internal Board committee, which shall be consistent with the provisions of the Regulations of the Board of Directors.

The Board of Directors, on the proposal of the Committees, approved the Committees' regulations on May 14, 2021 and lastly on February 18, 2022. These regulations, which shall be described in greater detail in the sections dedicated to the individual Committees set up and operating within the Company, lay down rules on the composition and functioning of the relevant Committee. These include the methods for taking minutes of meetings and the procedures for managing the information to be provided to the Directors that make up the Committees. They also specify the deadlines for sending the information in

advance and the methods for protecting the confidentiality of the data and information provided so as not to prejudice the timeliness and completeness of the information flows.

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 Corporate Governance Code attributes to committees.

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

7.1 SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

Consistent with Recommendation No. 22 of the Corporate Governance Code for "non-large" companies, self-evaluation of the Board and its Committees is conducted at least every three years, in preparation for renewal of the Board.

Until 2021, pursuant to application criterion 1.C.1 letter g) of the previous Self-Governance Code, the self-assessment process was conducted annually, most recently in March 2021. In 2022 and early 2023, applying the principle of proportionality as set out in the above Recommendation No. 22 of the Corporate Governance Code, no such process was conducted during the Year. The self-assessment will be conducted – during the course of the Year and, if appropriate, in early 2024 – with a view to the reappointment of the Board of Directors, to be carried out following the approval of the financial statements as at December 31, 2023.

Regarding the succession of Directors, see section 4.2 of this Report.

7.2 APPOINTMENTS AND REMUNERATION COMMITTEE

The Board has established an Appointments and Remuneration Committee, which combines the functions set forth in the Corporate Governance Code for the Appointments Committee and the Compensation Committee.

Following the appointment of the Board of Directors for the three-year period 2021-2023, and until the date of this report, the Appointments and Remuneration Committee comprises the Non-Executive and Independent Directors Federico Ferro-Luzzi, Giancarla Branda and Franca Brusco. All the members of the Committee has appropriate knowledge and experience in finance or remuneration policy.

The Chairperson 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 Committee Chairperson.

The Chairperson, with the help of the Secretary, also makes sure that the preparatory documents concerning the items on the Agenda are brought to the attention of the Committee members and the Auditors well in advance and, in any case, at least two days before the date set for the Committee meeting. In those cases where it is not possible to provide the necessary information well in advance, including by virtue of the time limits observed for the calling of the meeting, the Chairperson, with the help of the Secretary, shall ensure that adequate and timely investigations are carried out during the Committee meeting. The Committee's Regulation does not provide for generic exemptions to the timeliness of disclosure on the grounds of confidentiality of data or information. During the Year, the above notice period was complied with (on average, documents were made available around 2.3 days before the date of the meeting).

The minutes are duly taken by the Secretary of the Committee and are sent to those present at the meeting and signed by the Chairperson and the Secretary, who keeps a copy at the disposal of the Committee and the Board of Directors.

The Committee met ten times during the year, for an average duration of approximately 1 hours and 10 minutes, with regular and assiduous average attendance rates of approximately 93%, along with the presence of the Chairperson of the Board of Statutory Auditors and/or at least one other Auditor. At the invitation of the Chairperson of the Appointments and Remuneration Committee, the Chairperson of the Board of Directors, the Chief Executive Officer, the General Manager and the Chief Financial Officer and some of the Company's consultants attended the meeting. The following company department managers were involved in meetings of the Committee held in 2022, with the frequency of attendance set out below: General Counsel (100%), CFO (40%), General Manager (60%) (we note that the limited participation of the CFO and General Manager, on an individual basis, is due to the departure of the latter individual during

the Year and, following this, the invitation of the CFO, for the relevant activities and functions, to the meetings of the corporate bodies).

There are 7 Board meetings scheduled for FY 2023, four of which have already been held on the following dates: Meetings held during 2023 averaged approximately 1 hour and 54 minutes. The Chairperson of the Board of Directors and the Chief Financial Officer were invited to take part in the proceedings, depending on the matters under discussion. The following company department managers were involved in the Committee meetings held in 2023 up to the date of this report, with the frequency of attendance set out below: General Counsel (100%), CFO (100%).

Additional information on the attendance of members of the Appointments and Remuneration Committee at meetings is provided in Table 3 attached to the Report.

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 2023 Remuneration Policy and 2022 Report, approved and published pursuant to Article 123-*ter* of the CFA and Article 84-*quater* of the Consob Issuers' Regulation (the "**Remuneration Report**"), available on the Company's website www.garofalohealthcare.com, in the "*Governance/Remuneration*" section.

Functions of the Appointments and Remuneration Committee

The 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.

The Committee's By-Laws, which were approved by the Board of Directors on May 14, 2021 (subsequently amended on February 18, 2022), confer the same tasks and functions of the Committee regarding the appointment of Directors and self-assessment of the Board of Directors, assisting the latter in carrying out the following activities:

- a) self-assessment of the Board of Directors and its committees. Specifically, the Committee draws up criteria for assessing the professionalism and independence requirements of the companies' Directors. As regards the assessment of the independence of the Company's Directors, pursuant to the Corporate Governance Code, it proposes to the Board of Directors the quantitative and qualitative criteria to be considered in assessing the significance of (i)

- significant commercial, financial or professional relationships pursuant to Paragraph 7, letter c) of the Corporate Governance Code, where applicable, entertained by the Directors, and (ii) any relevant additional remuneration pursuant to Paragraph 7, letter d) of the Corporate Governance Code received by the Directors from the Company, one of its subsidiaries or the parent company with respect to the fixed remuneration for the office and the remuneration received for participation in the internal Board committees recommended by the Corporate Governance Code or provided for under current legislation;
- b) definition of the optimal composition of the Board of Directors and its committees. Specifically, in view of each renewal of the Board of Directors, and taking into account the results of the self-assessment referred to in letter a) above, it makes its recommendation to the Board of Directors concerning the optimal quantitative and qualitative composition of the Board of Directors and its internal Board committees, and makes further proposals concerning the professional and managerial resources whose presence on the Board is deemed appropriate;
 - c) identifying candidates for the position of Director in the event of co-option. In particular, the Committee supports the Board of Directors in selecting directorship candidates to be co-opted where during the year one or more vacancies arises on the Board (Article 2386, paragraph 1 of the Civil Code), ensuring compliance with the minimum number of Independent Directors requirement and the under-represented gender quota;
 - d) any presentation of a slate by the outgoing Board of Directors, where provided by the By-Laws, to be carried out according to methods that ensure its transparent formation and presentation;
 - e) preparation, updating and execution of any succession plan for the Chief Executive Officer and other Executive Directors;

The 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.

The Board of Directors meeting of January 25, 2022, 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 (both as regards appointments and remuneration), amounting to Euro 30,000 for the year 2022.

During the Year, the Committee's main activities (as Appointments Committee) involved:

1. preliminary investigation for the annual assessment of the independence and good standing requirements of the Directors;
2. diversity policy of the management and control bodies;
3. review of quantitative/qualitative criteria for assessing the significance of relationships that may compromise the independence of Directors and Statutory Auditors;

8.0 REMUNERATION OF DIRECTORS - 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' Regulation and made available on the Company's website www.garofalohealthcare.com, in the "Governance/Remuneration" section.

On March 16, 2023, the Board of Directors approved, upon the recommendation of the Appointments and Remuneration Committee, the policy adopted by GHC for the compensation of Directors and Statutory Auditors for 2023 (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, 2023, 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 2022 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 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 and the General Managers, the items that make up the remuneration and the compensation paid in 2022 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.

Upon the termination of the relationship with the Company's previous General Manager, effective June 1, 2022, the Company informed the market: (i) of updates to the organisational structure resulting from the termination of this position; (ii) of the fact that the General Manager held 3,600 shares in the Company and that the termination of the professional relationship did not result in the allocation of any indemnities or other benefits for termination of employment.

9 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL, RISKS AND SUSTAINABILITY COMMITTEE

The Internal Control and Risk Management System ("ICRMS") plays a central role in the decision-making process of Garofalo Health Care S.p.A. (hereinafter "GHC" or "Parent Company") and is defined, in accordance with the principles set out in Article 6 of the Corporate Governance Code, as the set of rules, procedures and organisational structures targeted at ensuring the effective and efficient identification, measurement, management and monitoring of the main business risks within the Group, and a method for running the Company that is consistent with the objectives set out by the Board of Directors.

Specifically, the ICRMS aims to:

- contribute to the sustainable success of the GHC Group in the medium and long term;
- support sound management of the Company in line with strategic and operational objectives with a view to creating and maintaining value and safeguarding the Company's assets;
- ensure the correct identification and handling of potentially negative events that may have an impact on the achievement of company objectives, defining appropriate prevention and containment plans in this regard;
- using of an appropriate control system, verify that the risk levels identified are not exceeded;
- ensure compliance with applicable laws and regulations;
- ensure verification of the accuracy, completeness, truthfulness and transparency of information for internal diffusion or for disclosure to the market.

The ICRMS, in compliance with the applicable legislation, the Corporate 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:

- implementation of an ICRMS integrated 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 segregation during the performance of activities by the organisational Departments/Functions, in order to avoid the performance/verification of incompatible activities by company subjects with shared responsibilities;
- 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 in the medium to long term.

The Company's Board of Directors, which is responsible for the Internal Control and Risk Management System, has drawn up and updated, 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.

Specifically, in order to ensure the effectiveness of the ICRMS, and 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 and 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 etc.);
- Third level: controls carried out by the Group's Internal Audit Function, responsible for providing independent assurance through a risk-based approach to first and second level controls and the overall architecture and functioning of the Internal Control and Risk Management System, in addition to controls designed 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 the Chief Executive Officer (of GHC) responsible for setting up and maintaining an effective Internal Control and Risk Management System;
- the presence of a Control, Risks and Sustainability Committee, which provides support of a propositional and/or consultative nature to the Board of Directors in relation to the design and implementation of the ICRMS;
- the presence of organisational structures in charge of carrying out risk management activities (Risk Management Function);
- the presence of an Internal Audit Function 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 a Group regulatory system that includes specific information programmes on its regulatory instruments (i.e. the Group 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, 2023, 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, risk profile and the areas for improvement identified by the Control, Risks and Sustainability Committee.

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. On the basis of these medium- to long-term objectives, the Company completed the implementation of the Enterprise Risk Management model, basing itself on the Enterprise Risk Management (ERM) framework published in 2017 by the Committee of Sponsoring Organizations of the Treadway Commission (CoSO 2017³), which is capable of identifying and managing risks pertaining to the Group's processes, in line with risk management and industry best practices. Key Risk Indicators for all Group companies were also defined, and measurement began, in order to tap into any risk dynamics and/or confirm the outcomes of the assessments. In this context, on May 13, 2022, the Board of Directors approved the "Enterprise Risk Management Procedure", which states, among other things, that: (i) the Board of Directors is to establish guidelines on risk management; (ii) the Control, Risks and Sustainability Committee is to review and express its views on the Group's ERM RASs, ERM Work Plan and Risk Profile monitoring activities; and (iii) the Group's Risk Manager is to perform a management and coordination function for the entire ERM Model. Within this structure, a key role is also played by the Group companies' Risk Coordinators, who are responsible for facilitating the transmission of information flows, and for the network operation of the ERM Model at the organisational level. The process described in the Procedure is "interactive" (together with Risk Owners) and "iterative" (Group business sector: Hospital, Outpatient and Social Care), with a view to maximum participation by all stakeholders not only in assessing risks but also in identifying and taking action. Finally, the Procedure sets out the main "inbound" information flows to the Risk Management Function (risk assessment and Key Risk Indicator enhancement) and "outbound" information flows from that function (progress of Enterprise Risk Management activities and Corporate Risk Profile monitoring).

³ Enterprise Risk Management - Integrating with Strategy and Performance" published in 2017 by the Committee of Sponsoring Organizations of the Treadway Commission

A.1) Enterprise Risk Management system

The Enterprise Risk Management (ERM) system is a component of the ICRMS and is established by the Board of Directors (with the support of the Control, Risks and Sustainability Committee) and top management, in order to identify, measure, manage and monitor the Group's main risks, making it possible at the same time to determine the degree of compatibility of the latter with the risk-taking propensity of the Board and the relative tolerance thresholds.

In this regard, and with the involvement of the organisational functions, in 2022 the Risk Manager concluded the implementation of the Group Integrated Enterprise Risk Management model that puts forward an approach geared towards representing the nature and profile associated with the main risks that could jeopardise the achievement of the Group's objectives.

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

- Risk Appetite Framework: a tool approved by the GHC Board with which the Group's value system, in terms of both the level of risk the Group is willing to take (Risk Appetite) and the related tolerance level (Risk Tolerance), have been defined for the various risk areas related to the strategic objectives;
- Risk Framework: a map of the Group's key risks in which each risk is associated with an assessment of the likelihood and impact of jeopardising the achievement of the Company's objectives (inherent risk), as well as the high-level controls that reduce the impact (residual risk);
- Key Risk Indicators (KRI): indicators for periodic and constant monitoring of the main areas of risk;
- Risk Governance: setting of the roles and responsibilities of the various Group stakeholders, in addition to information flows for the management and monitoring of risks considered significant for the organisation.

A.2) Risk Assessment Activity

As part of Enterprise Risk Management activities, in 2022 risk mapping was produced and refined at both the holding company and subsidiary levels for all Group sectors. These activities identified the various risks for the Group and led to an assessment of GHC's exposure level, in terms of impact and probability of occurrence, identifying the relative 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 Function, 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.

In detail, during 2022, pursuant to the submitted Work Plan, risk assurance activities were carried out with respect to the following macro-areas:

- analysis of the risk levels associated with all processes of an operational, strategic, health, compliance and economic/financial nature in inherent and residual terms, mapping out the associated operational, IT and organisational control safeguards;
- feeding information flows half-yearly concerning specific Key Risk Indicators on risk areas relevant to the Group, highlighting any anomalous trends, and any in-depth studies and mitigation actions required;
- definition of an Operational Plan of activities for 2022.

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 system of control over financial disclosure (“**SICFD**”), 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 training for the personnel involved.

Within this scope, the Executive Officer for Financial Reporting:

- in compliance with 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, for the preparation of the separate and consolidated financial statements;
- defined the SICFD 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 and 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.

9.1. CHIEF EXECUTIVE OFFICER

In line with the provisions of Article 6 of the Corporate Governance Code, GHC's Chief Executive Officer, Maria Laura Garofalo, is in charge of setting up and maintaining the Internal Control and Risk Management System.

The Chief Executive Officer:

- 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, supervising the planning, realisation and management of the Internal Control and Risk Management System, constantly verifying its adequacy and efficiency, and adapting it to changes in operating conditions and legal and regulatory frameworks.
- c) may assign the Internal Audit Function to 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;
- d) 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.

9.2. CONTROL, RISKS AND SUSTAINABILITY COMMITTEE

The Board set up a Control and Risk Committee which is also responsible for aspects of sustainability and related party transactions (**Control, Risks and Sustainability Committee**), with investigative, propositional and advisory functions, as recommended by the Corporate Governance Code and in compliance with the Consob Related Parties Regulation.

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

Following the appointment of the Board of Directors for the three-year period 2021-2023, and until the date of this report, the Control, Risks and Sustainability Committee comprised the Non-Executive and Independent Directors Franca Brusco, Federico Ferro-Luzzi and Nicoletta Mincato.

As per Recommendation No. 35 of the Corporate Governance Code, the Control, Risks and Sustainability Committee as a whole has adequate expertise in the business sector in which the company operates, which is functional to assess the relevant risks; at least one member of the committee has adequate knowledge and experience in accounting and finance or risk management.

The proceedings of the Committee are coordinated by the Chairperson, who is chosen from among the Independent Directors. 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.

Minutes of the meetings are duly taken by the Committee's secretary 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.

The Chairperson, with the help of the Secretary, also makes sure that the preparatory documents concerning the items on the Agenda are brought to the attention of the Committee members and the Auditors well in advance and, in any case, at least two days before the date set for the Committee meeting. In those cases where it is not possible to provide the necessary information well in advance, including by

virtue of the time limits observed for the calling of the meeting, the Chairperson, with the help of the Secretary, shall ensure that adequate and timely investigations are carried out during the Committee meeting. The Committee's Regulation does not provide for generic exemptions to the timeliness of disclosure on the grounds of confidentiality of data or information. During the Year, the above notice period was complied with (on average, documents were made available around 2.2 days before the date of the meeting).

During the Year, the Control, Risks and Sustainability Committee met 13 times, for an average duration of approximately 2 hours 54 minutes, with the regular and consistent attendance of its members (average of 100%) and of the Chairperson of the Board of Statutory Auditors and/or at least one other Statutory Auditor. The following company department managers were involved in committee meetings held in 2022, with the frequency of attendance set out below: General Counsel (100%), Finance Manager (15%), CFO (92%), Internal Audit Manager (92%), IT Manager (31%), Risk Manager (69%), Head of Administration and Accounts (69%), Group Investor Relations and Sustainability Officer (62%), General Manager (38%). The independent audit firm and the Supervisory Board also participated.

The Chairperson of the Board of Directors and the Chief Executive Officer in charge of the Internal Control and Risk Management System were invited to take part in the meetings, depending on the subjects discussed.

For 2023, 7 committee meetings are scheduled, four of which have already been held with all Committee members present and an average duration of approx. 3 hours and 18 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 and Executive Officer for Financial Reporting, the Risk Manager, the Group Head of Administration and Accounts, the Group Investor Relations and Sustainability Officer, the Finance Manager, the IT Manager, the Internal Audit Manager, the Planning and Control Manager, the Supervisory Board, and the Independent Audit Firm attended the meeting.

The following company department managers were involved in the Committee meetings held in 2023 up to the date of this report, with the frequency of attendance set out below: Group Investor Relations and Sustainability Officer (50%), Internal Audit Manager (100%), Head of Administration and Accounts (100%), General Counsel (100%), Finance Manager (25%), CFO (100%), IT Manager (25%), Risk Manager (100%).

Further information on the attendance of members of the Control, Risks and Sustainability Committee at meetings can be found in Table 3 attached to the Report.

Control, Risks and Sustainability Committee functions

The Control, Risks and Sustainability Committee is a body with advisory and proposing functions which, pursuant to Recommendation No. 35 of the Corporate 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 the periodic financial and non-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 adopted by the Board of Directors (as latterly amended on February 18, 2022), on the proposal of the Committee itself.

- (a) evaluating, having consulted the Executive Officer for Financial Reporting, the Independent Audit Firm and the Board of Statutory Auditors, the correct application of the accounting standards and their uniformity in the preparation of the consolidated financial statements;
- (b) assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, impact of its activities and performance;
- (c) examines the periodic non-financial information relevant to the Internal Control and Risk Management System;
- (d) expresses opinions on specific aspects concerning the identification of the principal corporate risks and supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the Board has become aware;
- (e) examines the periodic reports and those of particular relevance prepared by the Internal Audit Function;
- (f) assesses the autonomy, adequacy, efficacy and efficiency of the Internal Audit Function;
- (g) may entrust the Internal Audit Function, where considered necessary, with verifications on specific operational areas, simultaneously communicating such to the Chairperson of the Board of Statutory Auditors;

- (h) reports, at least upon the approval of the annual and half-yearly accounts, to the Board of Directors on the work carried out and on the adequacy of the Internal Control and Risk Management System.
- (i) carries 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, supporting the Board and in particular:

- (a) in defining the guidelines of the Internal Control and Risk Management System in line with the Company's strategies;
- (b) in evaluating - at least annually - the compliance of the Internal Control and Risk Management System with the particular characteristics of the Company and the risk profile assumed, in addition to its efficacy;
- (c) in the appointment and dismissal of the Internal Audit Manager, and in defining his or her remuneration, in line with corporate policies, ensuring that he or she is provided with adequate resources to carry out his or her tasks. If the Board of Directors entrusts the Internal Audit function, as a whole or in segments, to an entity external to the Company, the Committee supports the Board in ensuring that said external entity meets the appropriate requirements of professionalism, independence and organisation, it being understood that the Board of Directors must provide adequate justification for this choice in the Corporate Governance Report;
- (d) in the approval, at least once a year, of the work plan prepared by the Internal Audit Manager, having consulted the Board of Statutory Auditors and the Chief Executive Officer;
- (e) in the description, in the Corporate Governance Report, of the main features of the Internal Control and Risk Management System and the methods of coordination between the parties involved in it, indicating the models and domestic and international best practice, and in the overall assessment of the adequacy of the system;
- (f) in the assessment, following consultation with the Board of Statutory Auditors, the conclusions set out by the Statutory Auditor in any letter of recommendations and in the additional report addressed to the control body;
- (g) in the assessment of the appropriateness of measures to guarantee the effectiveness and impartiality of judgement of the other corporate functions indicated in Recommendation No. 32, lett. e) of the Corporate Governance Code, checking that they are equipped with adequate professionalism and resources;

(h) in assigning to the Board of Statutory Auditors or to a body specifically set up for this purpose the supervisory functions pursuant to Article 6, Paragraph 1 of Legislative Decree No. 231/2001. Where this body is not the Board of Statutory Auditors, supports the Board of Directors in assessing the advisability of appointing to the body at least one Non-Executive Director and/or one member of the control body and/or the holder of the company's legal or control functions, in order to ensure coordination between the various parties involved in the Internal Control and Risk Management System.

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

1. monitoring of the activities of the Internal Audit Function and analysis of the audits carried out during the Year;
2. examination of the periodic reports of the Internal Audit Function and of the audit reports;
3. examination of the audit plan;
4. periodic ERM monitoring;
5. analysis of the performance of GHC shares and main issues raised by investors;
6. examination of the periodic reports of the Supervisory Board;
7. analysis of the independent expert's reports on impairment testing and PPA;
8. analysis of the 2022 Consolidated Budget and the multi-year Consolidated Business Plan;
9. review of the Annual Financial Report at December 31, 2021, the Half-Year Report at June 30, 2022, and the Interim Reports at March 31, 2022 and September 30, 2022.
10. meeting with the Independent Audit Firm and the Executive Officer for Financial Reporting to assess 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 Chief Executive Officer's report on activities relating to the ICRMS and the activities carried out by the Group in relation to Legislative Decree No. 231/2001, Legislative Decree No. 81/08 and GDPR;
12. review of the Corporate Governance and Ownership Structure Report relating to the Internal Control and Risk Management System;
13. review of the 2022 Remuneration Policy and 2021 Report to the extent within its remit;
14. examination of the "Enterprise Risk Management" Procedure;
15. analysis of the possible impacts of the Russia-Ukraine conflict on the GHC Group;
16. analysis of possible impacts of high energy prices and tax risk on GHC Group;

17. development of a proposal to update the Guidelines on transactions of significant strategic, economic, capital or financial significance;
18. review of the results of the ERM Risk Assessment conducted in respect of the Holding Company and other Group companies;
19. analysis of the energy efficiency project;
20. analysis of the information technology evolution plan to support GHC's value creation;
21. analysis of an M&A transaction;
22. update of the Guidelines for the Internal Control and Risk Management System.

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 and amended lastly on June 22, 2021 (effective as of July 1, 2021) (the "**RPT Procedure**"). For information on the RPT Procedure, please refer to Section 10 below.

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

- a) expresses a prior opinion to the Board of Directors on the Related Parties Policy and on any amendments thereto, as well as on the proposals to be submitted to the Shareholders' Meeting concerning any amendments to the By-Laws identified as necessary by the Board of Directors in the context of defining the Related Parties Policy;
- b) gives a reasoned opinion on the Significant Related Party Transactions (as defined in the Related Parties Policy);
- c) expresses a non-binding reasoned opinion on Less Significant Related-Party Transactions (as defined in the Related Parties Policy);
- d) 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.

During the financial year, in its capacity as the Committee responsible for Related Party Transactions, the Control, Risks and Sustainability Committee analysed one less significant related-party transactions, issuing a favourable reasoned opinion in accordance with the Consob Related Parties Regulation and the RPT Procedure.

Sustainability

The Control, Risks and Sustainability Committee has also been assigned the functions of Sustainability, 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.

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) supports the Board in analysing issues relevant to long-term value generation, in line with Recommendation No. 1(a) of the Corporate Governance Code;
- (b) examines the sustainability policies related to the Company's business activities and the stakeholder engagement activities to be submitted to the Board of Directors for approval and monitors correct application of them;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) expresses, at the request of the Board of Directors or the Chief Executive Officer, opinions on sustainability issues;
- (g) 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. 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 Group Investor Relations and Sustainability Officer, 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.

During the year the Control, Risks and Sustainability Committee, in its capacity as Sustainability Committee, has, among other things:

1. monitored the progress of activities with respect to commitments made in the 2021 Consolidated Non-Financial Statement;
2. reviewed ESG targets for 2022 and proposals for 2023;
3. having examined the Consolidated Non-Financial Statement, expressed its opinion on the general layout of the Statement, also assessing the adequacy, transparency and completeness of the information provided therein;
4. analysed progress of activities related to the work plan supporting objectives regarding Standard Ethics' rating of GHC;
5. reviewed the structure's activities to strengthen the 2022 NFS process and the update based on GRI standards;
6. analysed relevant regulatory developments, and related GHC intervention actions to execute;
7. analysed application of the Taxonomy Regulation to the GHC Group;
8. reviewed the Group's anti-corruption policy.

* * *

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 January 25, 2022, 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 2022. Based on the additional needs identified by the Internal Audit Manager and the positive opinion of the CRSC, at its meeting on September 12, 2022 GHC's Board of Directors granted the internal audit function an incremental budget of Euro 15,000. The total budget of Euro 45,000 was found to be appropriate for the relevant needs.

9.3. INTERNAL AUDIT MANAGER

The GHC Group's Internal Audit is entrusted to GHC's Internal Audit Function which, through assurance and advisory work carried out in line with Institute of Internal Auditors (IIA) standards and industry best practices, supports the Chief Executive Officer, the Board, the Control, Risks and Sustainability Committee, the Board of Statutory Auditors, and the Supervisory Board.

The Internal Audit Function plays a central role in the ICRMS, since it carries out third-level controls on the system as a whole in its capacity as an independent entity endowed with autonomous powers of initiative in defining the Audit Plan, using a risk-based approach, and in carrying out individual verifications.

In 2020 the Board of Directors appointed Alessandra Maurelli (employed in an Executive role) as the Group's Internal Audit Manager, since she possesses the adequate requirements of professionalism, independence and organisation.

On the proposal of the Executive 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 Internal Audit Manager, 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 area, reports to the Board of Directors and, in carrying out the duties for which she was appointed, is authorised to have direct access to all the functions and information useful for carrying out her tasks, and drafts periodic reports containing information on activities performed.

The Internal Audit Manager, in line with the provisions of the Corporate Governance Code:

- a) defines internal auditing methodology and operational processes in line with relevant standards, guidelines and best practice;
- b) 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);
- c) evaluates and proposes any updates to the Audit Plan for emerging risks and considers, for the implementation of interventions not included in the plan, inputs received from the CEO, reports received or any significant red flags or other inputs obtained during the year;
- d) agrees on operational arrangements to support GHC's other control functions/bodies (e.g. Supervisory Board, Executive Officer for Financial Reporting, DPO), taking an integrated and coordinated approach to maximise the effectiveness and efficiency of internal controls;
- e) monitors the implementation status of corrective action defined as a result of audit interventions;

- f) prepares Audit Activity Reports containing the findings of the audits conducted in line with the approved Audit Plan;
- g) also at the request of the Board of Statutory Auditors, prepares in a timely manner reports on significant events;
- h) submits the reports referred to in points b) and c) to the Chairpersons of the Board of Statutory Auditors, of the Control, Risks and Sustainability Committee, of the Board of Directors, and to the Chief Executive Officer, and, when relevant, to the Supervisory Board, except in cases where the subject matter of such reports directly relates to the activities of such persons;
- i) prepares periodic (every six months) 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 assessment of the suitability of the ICRMS;
- j) verifies, in the audit plan, the reliability of the IT systems, including the accounting systems;
- k) develops and maintains quality assurance and quality improvement programmes and verifies, on an ongoing basis, that the Internal Audit Function has the necessary professionalism and resources to perform the relevant activities, reporting on them to the Board of Directors;

During the year, and up to the Report Date the Internal Audit Manager carried out the activities indicated above in accordance with the Audit Plan approved by GHC's Board of Directors, having consulted the Board of Statutory Auditors and the Chief Executive Officer, with particular reference to:

- Audits and follow-ups to analyse the ICRMS of business processes, or those that cut across the entire Group scope, identified as priorities, integrated with verification procedures regarding compliance with the main applicable regulations, with particular reference to the 231 Model, Law No. 262/05 (Savings Law) and to GDPR, monitoring completion of the agreed action plans;
- Governance, Risk & Compliance activities aimed at (i) supporting and assessing corporate risks, (ii) contributing to the procedural and organisational development and updating the Organisational and Management Models of Group companies pursuant to Legislative Decree No. 231/2001, (iii) carrying out checks targeted at applying the Group's Guidelines and procedures in the field of Governance and (iv) conducting training and awareness sessions within the Group in relation to specific areas of compliance or procedure;
- development of methodology and in-house expertise.

9.4. 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**”), updated lastly by Board motion of September 12, 2022. 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 latterly on November 12, 2021, and formally implemented by the Boards of each GHC Group company, as supplemented on the basis of individual need.

The 231 Model is divided into a general section and a number of special sections, 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 offences;
- corruption between private individuals and incitement to corruption;
- the employment of illegal aliens;
- crimes of racism and xenophobia;
- tax offences;
- offences against cultural heritage and laundering of cultural property and sacking and looting of cultural and scenic heritage;
- offences involving non-cash payment instruments.

The General Part of the 231 Model of GHC and the Group Code of Ethics are available on the Company website www.garofalohealthcare.com, in the “*Governance*” section.

In accordance with the 231 Decree and in compliance with the provisions of the adopted 231, 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.

In line with best practices in this area, in its meeting of April 30, 2021 the Board of Directors assigned these functions to a collegial Supervisory Board set up for this specific purpose. At the Report Date, in order to guarantee the coordination required between the various parties involved in the ICRMS, this Board is composed of Maurizio Bortolotto, external member, Francesca di Donato, member of the Board of Statutory Auditors, and Alessandra Maurelli, Internal Audit Manager, and meets the requirements of autonomy, independence, professionalism and continuity of action required by law for a Board of this nature.

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 September 12, 2022, the Board of Directors approved the update of the 231 Model in order, among other things, to incorporate the inclusion among predicate offences of crimes against cultural heritage and laundering of cultural property, sacking and looting of cultural and scenic heritage, and non-cash payment instruments, and to incorporate certain changes that had occurred in relation to scenarios already included in this list of offences (e.g. market abuse offences and offences in relations with the Public Administration). At the date of this Report, the Company is in the process of assessing the impact on the 231 Model of regulatory changes regarding whistleblowing and, in particular, the transposition into national law of the provisions of Directive (EU) 2019/1937.

9.5. 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.

9.6. EXECUTIVE OFFICER FOR FINANCIAL REPORTING AND OTHER CORPORATE ROLES AND FUNCTIONS

On October 28, 2021, having heard the opinion of the Board of Statutory Auditors, the GHC Board of Directors appointed Mr. Luigi Celentano, the Company's Chief Financial Officer, as Executive Officer for Financial Reporting, pursuant to Article 154-*bis* of the CFA and Article 38 of the By-Laws, in compliance with the requirements of integrity and professionalism set forth under current regulations and in 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 for Financial Reporting 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 for Financial Reporting 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 2022, the Executive Officer for Financial Reporting 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 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 for Financial Reporting 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 2022.

9.7. 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.

Specifically, in order to optimise the effectiveness of the Internal Control and Risk Management System and to reduce 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 following may be invited to the meetings of the Control, Risks and Sustainability Committee, which are normally held periodically or on a case-by-case basis: the Chief Executive Officer, the Board of Statutory Auditors, the Executive Officer for Financial Reporting, the Internal Audit Manager, the Head of Risk Management and the Head of the Legal and Corporate Affairs Department, and any other person whose presence the Control, Risks and Sustainability Committee may require (also considering the issues on the Agenda);
- the Board of Statutory Auditors takes part in the work of the Control, Risks and Sustainability Committee, ensuring the timely exchange of information relevant to the performance of their respective tasks;
- the Internal Audit Manager periodically reports to the Control, Risks and Sustainability Committee on its activities, so that the latter can report to the Board of Directors;
- the Internal Audit Manager transmits to all ICRMS stakeholders the final 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;
- annual information sharing and alignment meetings are held between the Board of Statutory Auditors of the Parent Company and the subsidiaries;
- annual information sharing and alignment meetings are held between the Control, Risks and Sustainability Committee, the Board of Statutory Auditors, the Supervisory Board and the Parent Company's independent audit firm;
- periodic meetings are held between the Head of the Legal and Corporate Affairs Office, the Internal Audit Manager and the Executive Officer for Financial Reporting to guarantee 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 implemented which ensure the periodic alignment of the parties involved in the ICRMS for issues relevant to their area of competence;
- periodic meetings are organised, in a spirit of parity, between the Supervisory Board of GHC and the Supervisory Boards of its subsidiaries, in order to share any improvements that may emerge

from application of individual 231 Models; standard information flows are also implemented between the Group's supervisory bodies.

10. 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 most recently updated by the Board of Directors' motion of June 16, 2021 (with effect as of July 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 incorporate the amendments to the Consob RPT Regulation designed to fully align the regulatory text with Directive (EU) 2017/828, Shareholders Rights Directive 2.

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 significant transactions 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 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.

For an indication of the functions and activities of the Control, Risk and Sustainability Committee (in its capacity as Related Parties Committee), reference should be made to the section "Control, Risks and Sustainability Committee functions".

11. BOARD 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. 76 of January 30, 2023, 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, 2022. Specifically, the quota fixed for the Company was as follows:

| CRITERIA FOR DETERMINING THE HOLDING | | | PERCENTAGE HOLDING |
|--------------------------------------|---------------------------------|-------------------------------|--------------------|
| CLASS OF CAPITALISATION | <u>FREE FLOAT SHARE >25%</u> | <u>MAJORITY SHARE <50%</u> | |
| <= Euro 375 million | yes | no | 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 Shareholder agreement pursuant to Article 122 of the CFA, the Parent Company, 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 nominees 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 Shareholder 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.

COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (as per Article 123-bis, paragraph 2, letters d) and d-bis) CFA)

At its meeting of April 30, 2021, the Shareholders' Meeting appointed the Board of Statutory Auditors for the three-year period 2021-2023, until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2023.

1. Sonia Peron (Chairperson of the Board of Statutory Auditors)
2. Alessandro Musaio (Statutory Auditor)
3. Francesca di Donato (Statutory Auditor)
4. Andrea Bonelli (Alternate Auditor)
5. Marco Salvatore (Alternate 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 members of the Board of Statutory Auditors in office were appointed according to the slate voting mechanism and are:

- Sonia Peron, as Chairperson, elected from the slate submitted by a group of minority institutional Shareholders holding approximately 5.2% of the share capital as at the date of submission of the slate, and voted by 10.455% of the votes cast at the Shareholders' Meeting;
- Alessandro Musaio and Francesca di Donato as Statutory Auditors, elected from the slate submitted by the majority Shareholders Larama98 S.p.A., Maria Laura Garofalo and An.Rama S.p.A., who, at the date of submission of the slate, held approximately 64.3% of the share capital and were voted by 89.458% of the votes cast at the Shareholders' Meeting;

- Andrea Bonelli and Marco Salvatore, as Alternate Auditors, elected from the Majority and Minority Slates respectively.

The Chairperson of the Board of Statutory Auditors, Sonia Peron, and the Statutory Auditors Alessandro Musaio and Francesca di Donato, declared that they comply with the independence requirements set out in Article 148, paragraph 3 of the CFA and in the Corporate Governance Code.

The Board of Statutory Auditors, which met on April 30, 2021 following the Shareholders' Meeting, positively assessed the existence of the independence required for each member of the Board of Statutory Auditors provided for by law and by the Corporate Governance Code. The composition of the Board of Statutory Auditors complies with current legislation regarding gender balance.

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 and of the Corporate Governance Code, as well as the adequate provision of time for each Auditor to carry out his/her duties. Specifically, on March 1, 2022 and most recently on March 1, 2023, 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 Recommendation No. 9 of the Corporate Governance Code⁴. The result of these reviews was forwarded to the Board of Directors, which acknowledged the findings at its meeting on March 16, 2023.

Further information on the composition of the Board of Statutory Auditors and the attendance at meetings of the Board is provided in Table 4 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 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.

⁴ 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 4.7 of the Report.

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 12 times. The meetings lasted on average approx. 2 hours and were attended by all members of the Board of Statutory Auditors.

There are 10 meetings of the Board of Statutory Auditors scheduled for 2023, two of which have already been held at the date of this Report.

Further information on the composition of the Board of Statutory Auditors and the attendance at meetings of the Board is provided in Table 4 attached to the Report.

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 Function, also taking part in the meetings of the Control, Risks and Sustainability Committee, where the Internal Audit Manager reported on his activities.

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 for the financial year, complies with the regulations on gender balance, also in the light of the new Paragraph 1-*bis* of Article 148 of the CFA. 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 for the Management and Control Bodies of Garofalo Health Care S.p.A.," which was subsequently updated on February 18, 2022, please refer to section 4.2 of this Report.

12. 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.

The Company therefore, since the IPO, 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 also 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.

Specifically, 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 bodies (annual and half-yearly financial statements, and, from 2021, the Q1 and 9M reports, also available in both Italian and English), 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 under the strategy announced to the market, discussions with the financial community took place in 2022.

During the Year, these activities took the form of conference calls with the financial community on the occasion of the publication of the annual, half-yearly and quarterly results, together with various virtual roadshows, held in January (through participation in the Mid Cap Conference organised by Mediobanca), March (following the publication of the operating and financial results for 2021 by participating in the STAR Conference organised and managed by Borsa Italiana S.p.A.), and April, all with direct participation by the Company's Chief Executive Officer and top management.

With regard to the reasons for not currently adopting a specific shareholder communication policy, and in respect of Stakeholder Engagement carried out by the Company, reference should be made to Section 1. Issuer Profile.

13. SHAREHOLDER MEETINGS

(as per 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, 2022, 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 Decree-Law No. 18 of March 17, 2020, concerning "*Measures to strengthen the National Healthcare 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") as subsequently extended, resolving (on March 16, 2022) that the intervention in said Meeting could take place exclusively through the Designated Agent pursuant to Article 135-*undecies* of the CFA.

In view of the extension of the extraordinary measures provided for under Article 106 of the Italian Healthcare Decree until July 31, 2023 as per Article 3, paragraph 10-*undecies* of Decree-Law No. 198 of December 29, 2022, converted into law by Law No. 14 of February 24, 2023, (the "Milleproroghe"), on March 16, 2023, the Board of Directors resolved that the Shareholders' Meeting of April 28, 2023 should also be held exclusively through the Designated Agent pursuant to Article 135-*undecies* of the CFA under Article 106 of the Italian Healthcare Decree, still in force.

Also in accordance with Article 19 of the By-Laws, subject to that indicated above regarding the application of the extraordinary (and temporary) measure as per Article 106 of the Italian Healthcare Decree, 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. 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 Shareholders' 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 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, 2022, which was attended by nine Directors and the entire Board of Statutory Auditors, to resolve on the following Agenda: *1. Financial Statements of Garofalo Health Care S.p.A. at December 31, 2021. 2021 Directors' Report. Report of the Board of Statutory Auditors and of the Independent Audit Firm. Presentation of the Consolidated Financial Statements at December 31, 2021 and of the 2021 Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254 of December 30, 2016 and Regulation (EU) No. 2020/852 of June 18, 2020 (Taxonomy Regulation). Resolutions thereon. 2. Allocation of the net profit. Resolutions thereon. 3. Resolutions on the Remuneration Policy and Report in accordance with Article 123-ter of Legislative Decree No. 58 of February 24, 1998 (CFA) and Article 84-quater of Consob Regulation No. 11971/1999 (Issuers' Regulation): 3.1 binding vote on the remuneration policy for 2022 set out Section I of the Report. Resolutions thereon; 3.2 consultation on Section II of the report regarding compensation paid in or relating to 2021. Resolutions thereon. 4. Authorisation to purchase and dispose of treasury shares (buyback) as per and for the purposes of Articles 2357 and subsequent of the Civil Code, 132 of Legislative Decree No. 58 of February 24, 1998 (CFA), 73 and 144-bis of Consob Regulation No. 11971/1999 (Issuers' Regulation), 5 of Regulation (EU) No. 596/2014 (MAR), 3 and 4 of Delegated Regulation (EU) No. 2016/1052, 2, following revocation of the previous authorisation to purchase and dispose of treasury shares. Resolutions thereon.*

For each of the items on the Agenda, the explanatory reports pursuant to Article 125-ter of the CFA were made available to Shareholders within the terms and according to the procedures laid down by law.

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

* * *

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

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

As announced to the market, effective June 1, 2022, the relationship with the General Manager in office up to that date ended. As a result of this, the Board of Directors, among other things, (i) approved a new organisational structure for the Company, no longer including General Management in its organisation but providing for direct reporting by the Chief Financial Officer to the Chief Executive Officer and a strengthening of associated functions, (ii) defined the new organisational chart reflecting these organisational changes.

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

15. CHANGES SUBSEQUENT TO THE YEAR-END

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.

16. CONSIDERATIONS ON THE LETTER OF JANUARY 25, 2023 OF THE CHAIRPERSON OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations contained in the letter of January 25, 2023 from the Chairperson of the Corporate Governance Committee - which was set up 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

(on February 23, 2023) and the Appointments and Remuneration Committee (on February 16 and March 7, 2023), as well as the Board of Directors and the Board of Statutory Auditors (on March 10, 2023).

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

1. ***"The Committee calls on companies to adopt a Shareholder Communication Policy which allows for investors to initiate communication. The policy should outline different methods and procedures that are proportionate to the company's size and ownership structure."***

The Corporate Governance Code stipulates that the corporate body shall (i) on the one hand, promote, in the most appropriate manner, dialogue with shareholders and other stakeholders relevant to the company, (ii) and, on the other hand, upon the Chairperson's proposal, formulated in agreement with the CEO, adopt and detail, in the corporate governance report, a Shareholder Communication Policy, while also taking into account the engagement policies adopted by institutional investors and asset managers (Article 1, Principle IV and Recommendation 3). Recent analysis shows that 122 listed companies, representing 57 percent of Code member companies, have such a policy in effect: 87% of "large" companies and 45% of "non-large" companies. The concentration of assets of these companies does not have a major incidence on distribution: 88% for large-non-concentrated, 86% for large-concentrated, 52% for non-large-non-concentrated, 42% for non-large-concentrated companies.

As detailed in section 1. Issuer profile: the Company has not voluntarily adopted such a policy, due to its size and nature. In early 2023, the Company began a period of research into the possible adoption of a policy for communication with shareholders and other relevant Company stakeholders, led by the Chairperson with the support of relevant corporate functions and external consultants.

2. ***"The Committee calls on companies to provide information in its corporate governance report on the most relevant issues subject to dialogue with shareholders, and on any initiatives oriented towards any indications that may have emerged. The Committee calls on companies to provide adequate information in their Corporate Governance Report on the criteria and methods by which the Board of Directors promoted dialogue with other relevant stakeholders."***

As mentioned in the previous paragraph, the Company does not have a Shareholder Communication Policy, nor one with any other relevant Company stakeholders.

As detailed in section 1. *Issuer Profile*, despite this, since its listing the Company has also developed – in compliance with current regulations on the disclosure of inside information and confidential information – a consolidated operating practice consisting of maintaining relations with shareholders, particularly the financial community, which sees the Company's top management involved as much as possible, especially at meetings with financial analysts and investors.

Specifically, in 2022 the Company stepped up its participation in marketing events and roadshows with the domestic and international financial community organised by the three corporate brokers (Equita, BNP Paribas Exane, Mediobanca), including by participating in the STAR Conference organised by Borsa Italiana in March 2022. All the presentations delivered to participants were made available to the public on the Company website. In addition, following the approval of quarterly, half-yearly, and annual financial disclosures, the Company organised conference calls with investors and financial analysts (open to the public, with connection details freely accessible on the Company website), the transcripts of which are likewise freely accessible on the Company website, in both Italian and English.

Research into possible adoption of a Shareholder and with other relevant stakeholders communication policy, (see previous paragraph), will take due account of the Company's operational practice, which will be the basis for any decision in this regard.

3. ***“The Committee calls on companies with a Chairperson who is assigned significant management powers to adequately justify this decision in the Corporate Governance Report, even if the Chairperson is not the CEO.”***

The Recommendation under consideration is not applicable to GHC because, as is public knowledge, and as detailed in point 4.6., *Executive Directors* - the Chairperson is not endowed with executive powers, nor do they qualify as CEO.

4. ***“The Committee calls on the governing bodies to provide procedures for handling pre-Board Disclosures that do not include generic exemptions to the timeliness of disclosures for reasons of confidentiality of data and information, and to provide detailed information in the corporate governance report on any failure to comply with the notice period specified in the procedures for sending Board documents, giving reasons and explaining how adequate insights were ensured at the Board meeting.”***

As detailed in section 4.4. *Functioning of the Board of Directors*: the Board of Directors’ Regulation was amended in 2022, precisely to implement an earlier, similar, Corporate Governance Committee recommendation. The internal regulation currently provides that the preparatory documents for the items

on the Agenda are brought to the attention of the Directors and Auditors well in advance of the Board meeting and, in any case, at least three days before the date set for the meeting. In the event that it is not possible to provide the necessary information in advance, the Chairperson, with the assistance of the Secretary, ensures that adequate and timely information is provided during the meeting. The Board of Directors' Regulation does not provide for generic exemptions to the timeliness of disclosure on the grounds of confidentiality of data or information. Similar provisions also feature in the Committee regulations (see details in points 7.2. and 9.2.).

As detailed in paragraphs 4.4, 7.2 and 9.2 above, notice periods were honoured during the Year with regard to the Board and Committees.

5. **"The Committee calls on companies to establish guidelines in their Board of Directors and committee regulations on how these bodies can collaborate with relevant company departments. The guidelines should be determined based on the subject matter and coordinated by the Board of Directors or committee Chairperson in consultation with or informing the CEO. The Committee also calls on companies to provide information in the corporate governance report on the effective participation of managers in board and committee meetings, indicating functions involved and frequency of involvement."**

The Board of Directors' Regulation governs how the Board may access the relevant corporate departments, according to the matter under consideration. Similar provisions also feature in the Committee regulations. Heads of the Company's internal departments were involved in Board and Committee meetings.

For an analysis of the actual participation of the Company's managers in Board and Committee meetings, with an indication of the functions involved and the frequency of involvement, please refer to the details given in points 4.4., 7.2. and 9.2.

6. ***"The Committee reiterates the importance that the Board of Directors, at least in companies other than those with concentrated ownership, express guidance on the optimal composition of the Board in the run-up to its renewal, and calls on companies to publish this guidance well in advance, such that those submitting slates of candidates can take it into account for the purposes of slate composition."***

The Board of Directors, having considered the capitalisation of the Company and its ownership structure, has ascertained its eligibility as a "not large" and "concentrated ownership" company, and has determined to take advantage of the simplifications offered by the Corporate Governance Code with regards to these types of companies.

The Company, therefore, and as previously reported in the Corporate Governance and Ownership Structure Report published in 2022, as required by previous recommendations of the Corporate Governance Committee, has determined not to set a guideline on the optimal composition of the Board of Directors, in compliance with the principle of proportionality in applying the best practices outlined in the Corporate Governance Code.

7. *"The Committee highlights the significance of outlining and revealing the quantitative measures and qualitative criteria utilised to evaluate the importance of business, financial, or professional relationships in the Corporate Governance Report. This should be accompanied by any other remuneration given to ensure a Director's independence." The Committee calls on companies to assess whether it is appropriate to establish quantitative measures, including those defined in monetary terms or as a percentage of the remuneration awarded for office and membership of the committees recommended by the Code."*

As detailed in points 4.7 *Independent Directors and Lead Independent Directors*, the Board of Directors has commented on the above quantitative parameters and qualitative criteria, and has deemed the following to be "significant", and thus relevant, in terms of deeming someone's independence to be potentially compromised, or likely to be compromised:

- A. commercial, financial, or professional relationships producing 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 s/he is an Executive Director, or of the professional firm or consultancy firm of which s/he is a partner; 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 on supervisory boards;
- B. 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, 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 GHC's annual costs incurred for consulting and/or professional activities by category shall be impaired.

8. *“The Committee calls on companies to incorporate a summary table in its remuneration policy for the CEO and other Executive Directors. The table should illustrate how remuneration packages are designed, including the characteristics and weighting of fixed, short-term variable, and long-term variable components in proportion to total remuneration. At a minimum, the table should refer to the achievement of a target for variable components.”*

The Company confirms that in the Remuneration Policy 2023 and 2022 Report, the Executive Summary table has been further developed compared to the versions published in previous years; this is in order to convey in a concise but effective manner the main components of the remuneration packages of the Chief Executive Officer and other executive members of the Board of Directors, highlighting the weighting of incentive elements, under conditions of both the achievement of set goals with regards to a target level, and in conditions of overperformance.

To better represent the proportion of the Chief Executive Officer's remuneration, the proportions of the different components are also presented below the summary table as a graphic.

9. *“The Committee calls on companies to include a variable component with a multi-year timeline in their remuneration policies, in line with the Company's strategic objectives and its pursuit of sustainable success.”*

As detailed in section 1. *Issuer Profile* and 2. *Information on the Ownership Structure*: the 2021-2023 Performance Share Plan, approved by the Shareholders' Meeting on April 30, 2021, provides for measuring performance over a three-year time horizon, in complement to an additional deferral of part of the award for two additional years, and in line with Recommendation 27, points (c) and (d), of the Corporate Governance Code; it also provides for a balance of financial and non-financial objectives, targeted at achieving sustainable success.

10. “The Committee calls on companies that have defined sustainability-related incentive mechanisms for their CEOs and other Executive Directors to provide clear indications of the specific performance targets to be achieved.”

Both the short-term incentive (MBO) plan, which concerns the Chief Executive Officer, and the 2021-2023 Performance Share Plan, aimed at an audience of Group key figures, include targets that follow an ESG logic.

Specifically, compared with previous years, a smaller number of initiatives was chosen for definition in the MBO 2023 plan, in order to ensure the strategic nature of the initiatives selected, and so as not to dilute the statistical relevance of the achievement of individual initiatives; in addition, more stringent parameters were introduced for the purpose of evaluating the initiatives. With reference to the initiatives selected, these were derived from a selection of strategic activities, and relate to energy efficiency, quality of care, technological innovation, and digitalisation of services.

Following on from previous years, the third cycle of the 2021-2023 Performance Share Plan also includes two ESG targets: the achievement of a Standard Ethics target rating, and the completion of a range of energy efficiency actions, with a total weighting of 15%.

A table summarising compliance with the above Recommendations is provided below.

| <u>Ref.</u> | <u>Recommendations</u> | <u>Status</u> |
|-------------|--|-------------------------------|
| Rec. 1 | Adoption of a Shareholder and other relevant Stakeholders Communications Policy | →→ (initiated study phase) |
| Rec. 2 | Disclosures in CG Report on dialogue with shareholders and other relevant stakeholders | → |
| Rec. 3 | Disclosure in CG Report of Chairperson's delegated authority or qualification as CEO | N/A |
| Rec. 4 | Adoption of procedures for handling pre-consultation disclosures that exclude generic exemptions to the timeliness of disclosures | → |
| Rec. 5 | In Board and Committee Regulations, definition of access to relevant corporate functions; disclosure in the CG Report of managers’ actual attendance at Board and Committee meetings | → |

| | | |
|---------|--|-----|
| Rec. 6 | In view of the renewal of the Board of Directors, definition of guidance on optimal composition thereof | N/A |
| Rec. 7 | Identification of quantitative parameters and qualitative criteria for assessing the significance of reports, and any additional remuneration to ensure Director and Statutory Auditor independence; disclosure in CG Report | → |
| Rec. 8 | Inclusion in the remuneration policy of an executive summary, in tabular form, showing composition of CEO and other Executive Directors' remuneration package | → |
| Rec. 9 | Provision in the remuneration policy for a variable portion, with a multi-year timeframe, consistent with strategic objectives and sustainable success | → |
| Rec. 10 | Clear indication of specific performance targets to be achieved, linked to sustainability/ESG goals | → |

* * *

March 16, 2023

The Chairman of the Board of Directors

Alessandro Maria Rinaldi



ANNEX 1.A: CURRICULA VITAE OF THE MEMBERS OF THE BOARD OF DIRECTORS IN OFFICE AS AT DECEMBER 31, 2022

Alessandro Maria Rinaldi

After graduating 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 market, then transformed in 1992 into Cofib Investimenti SIM S.p.A. Later he integrated Cofib with Fineco Investimenti Sim, becoming part of the Banca Popolare di Brescia banking group, listed on the Italian Stock Exchange, of which he also became a Director. In 2002, he founded one of the first financial family offices, COFIB (Compagnia Fiduciaria di Beni), which in 2012 became part of the Banca Leonardo banking group. He subsequently took on the role of CEO of GBL Fiduciaria. From 2018 until December 2021, after joining CA Indosuez Group, he then served as Vice-Chairperson of Credit Agricole Indosuez Fiduciaria S.p.A. Since 2022, he has held the position of Board Member of Banca Patrimoni Sella & C. S.p.A., in the Sella Group. In addition, since 2003, he has worked with several Italian universities as a 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 between 2016 and 2018 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" (2016-2020). He is also Chairperson of the Isabella Rossini Onlus Foundation, which pursues the aims of social solidarity and support for disadvantaged persons under Article 10 of Legislative Decree No. 460/1997.

Maria Laura Garofalo

After graduating in Law at the University "La Sapienza" of Rome, she 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 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.

Giuseppe Giannasio

After graduating 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 Chief Executive Officer. From 2007 to 2016, he was Chief Executive Officer 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 Chairperson of Affidea Spain. Since February 2018, he has also been Chief Executive Officer of Ledcon S.r.l., a consulting company in the healthcare and life science sector.

Alessandra Rinaldi Garofalo

After graduating 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. Since 2015, she has held the position of Vice-Chairperson of the Isabella Rossini Foundation, a non-profit. Since 2018 she has been a member of the Board of Directors of Hesperia Hospital and since 2022 member of the Board of Directors of the company Group Veneto Diagnostica e Riabilitazione S.r.l. Since March 14, 2019, she has been enrolled under No. 64914 in the Rome OMCeO (Medical Doctors, Surgeons and Dentists Registry) Register of Surgeons, and since 2020 she has been working as a medical resident at the school of specialisation in vascular surgery at Padua Hospital.

Franca Brusco

After graduating 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 professional consultancy in corporate, tax, reporting and accounting matters to companies, trade associations and public bodies. She has consolidated experience in advising companies on ordinary and extraordinary transactions in matters falling within her remit, on governance processes and on the assessment of the Internal Control and Risk Management System. She is Statutory Auditor of Cassa Depositi e Prestiti S.p.A. and its subsidiary Sismet S.p.A. and of Sacal S.p.A. and Sacal GH S.p.A. She is a member of the Board of Auditors of the Southern Mediterranean Sea Port System Authority, the Musica per Roma Foundation and Sole Auditor of AIRRI and Board Member of FS Sistemi Urbani S.r.l. (FS Group).

From April 2016 to June 2019, she served as Chairperson of the Board of Statutory Auditors of ENAV, and from April 26, 2019 and upon renewal of her term of office until June 2022, she was its Statutory Auditor.

Federico Ferro-Luzzi

After graduating 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). Between May 2014 and April 2021, he was an Independent Director of Saipem S.p.A. and member of the Appointments and Remuneration Committee and the Sustainability, Scenarios and Governance Committee. Between April 2018 and April 2021, he was an Independent Director of Banca Sistema S.p.A., member of the Internal Control and Risk Management Committee, Ethics Committee and Chairperson of the Appointments Committee. Since April 2021 he has been an Independent Director of Telecom Italia Mobile S.p.A., Chairperson of the Control and Risk Committee and a member of the Sustainability Committee. Since 2015, he has collaborated with numerous scientific journals and authored essays and articles in several legal journals.

Giancarla Branda

She has a Degree in Law and another in Economics, both obtained from the University of Rome "La Sapienza", and received an Advanced Diploma in Banking from the University of Rome "La Sapienza" in the academic year 1988-1989. She is a qualified to practice before the Court of Cassation and is also a chartered accountant and auditor.

She works as a tax lawyer and is an expert in company earnings and indirect taxation within the industrial and financial sector. She provides technical assistance in tax litigation concerning the matters of substance and legitimacy.

She holds various positions in both listed and unlisted companies. She is Chairperson of the Board of Statutory Auditors of Saras S.p.A., a member of the Board of Directors of Garofalo Health Care S.p.A., a member of the Board of Directors of Fineco Bank S.p.A., a Statutory Auditor of ACI Progei S.p.A., a Statutory Auditor of ACI Consult S.p.A. (currently in voluntary liquidation) and, finally, Chairperson of the Board of Statutory Auditors of Consorzio Studi e Ricerche Fiscali.

She is a member of the Supervisory Committee of Banca Network Investimenti (currently in compulsory liquidation) having been appointed by the Minister of Economy and Finance on the proposal of the Bank of Italy by decree on July 16, 2012.

She was previously a Statutory Auditor and member of the Supervisory Board of Rete Ferroviaria Italiana (Italian State railway); a Statutory Auditor and member of the Supervisory Body of Sara Assicurazioni S.p.A. and Sara Vita S.p.A.; a Statutory Auditor of Ala Assicurazioni S.p.A.; a Statutory Auditor of RSE S.p.A.; Chairperson of the Board of Statutory Auditors of Fon.Coop - Fondo Paritetico interprofessionale Nazionale

per la Formazione Continua nelle Imprese Cooperative by appointment of the Ministry of Labour and liquidator of FondAzienda, again by appointment of the Ministry of Labour.

She is the author of publications on taxation and has lectured at the Scuola Superiore della Economia e Finanza and on post-graduate courses.

Guido Dalla Rosa Prati

A University of Parma graduate, he immediately gained extensive experience in healthcare management through involvement in projects to construct hospitals in developing countries, funded by supranational entities (United Nations, World Bank, MFA, European Union). In 1997, he took on the role of Chief Executive Officer of Poliambulatorio Dalla Rosa Prati S.r.l. and of the Centro Diagnostico Europeo, converting the family physiotherapy centre into a leading clinic in Parma and the province, specialised in diagnostic imaging, laboratory analysis, psychiatry/physiotherapy, multi-specialist and dental services.

On joining the GHC Group in 2019, he continued to lead the clinic and also became the Chairperson of the Board of Directors of Hesperia Hospital Modena S.r.l., of Ospedali Privati Riuniti S.r.l. di Bologna and since July 2021 also of Domus Nova S.p.A. di Ravenna, supporting coherent regional management. He joined the Board of Directors of the GHC Group in April 2021.

He is also Chairperson of the Board of Directors of SO.GE.A.P. S.p.A. Parma International Airport and a partner of Bioethic Shelter & Emergency S.r.l., a company specialising in the realisation of projects in the field of international aid to developing countries financed by the WB, the UN, the EU, Cooperazione Italiana, and of the Clinica Mobile nel Mondo, a medical emergency facility to support riders in motorcycle races.

Javier De La Rica

He holds a degree in Law from the Universidad Autónoma de Madrid and an MBA from the IESE Business School in Barcelona.

He has extensive experience in the banking sector, particularly in wholesale and investment banking, to which he has been dedicated for over 40 years.

He began his professional career at Manufacturers Hanover Trust Company, working with the bank for 25 years through various merger processes. In 2003 he left his post as Managing Director and Deputy Country Head of JP Morgan Chase Bank for Spain, with responsibilities in the areas of capital markets, trading and treasury.

Within Chase Manhattan Bank Group, he was also responsible for the private banking, asset allocation and corporate client relations division and served for two years at the bank's New York office, assisting the Steering Committee during the bank's public and private debt restructuring process in Mexico.

From 2007 to 2015, he was Vice President of Mediobanca Banca di Credito Finanziario S.p.A. for Spain and Latin America, rising to the position of Vice President of Global Coverage in the following two years. It was during this decade that the bank successfully closed a number of domestic and international M&A deals and completed multiple financial transactions.

Since 2015 he has been a founding partner of the international private equity fund Peninsula Capital.

He is a member of several social and non-profit institutions.

Nicoletta Mincato

She graduated in law from the University of Rome "La Sapienza" in 1996 and is a freelance lawyer qualified to practice before the Higher Courts. After a long period at Studio Libonati and Studio Ripa di Meana in Rome, she set up her own law firm, Mincato & Russo Associati. She practices in the fields of civil law, corporate law and the administrative liability of entities.

From 2015 to 2021, she was a member of the decision-making body of the Arbitro Bancario Finanziario (first in Naples then in Rome) by appointment of the Conciliatore Bancario.

Since 2022, she has been a member of the decision-making body of the Arbitro per le Controversie Finanziarie (Arbitrator for Financial Disputes) (Single College) by appointment of the Conciliatore Bancario (Banking Ombudsman).

She gained extensive experience as a Director, as Chairperson of the Control and Risk Committee and as a member of other committees of listed companies (Astaldi S.p.A., now Astaris S.p.A., of which she is still a Director after its delisting).

She has also gained extensive experience in assisting companies as regards the administrative liability of entities, both as a member of numerous Supervisory Boards and in the preparation of 231 Models and training on that topic.

**ANNEX 1.B: OFFICES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AT
DECEMBER 31, 2022**

| Name | Company | Office in the Company |
|------------------------------|------------------------------------|---------------------------------------|
| Alessandro M. Rinaldi | Rugani Hospital S.r.l. * | Director |
| | Casa di Cura Prof. Nobili S.r.l. * | Director |
| | Ospedali Privati Riuniti S.r.l. * | Director |
| | Banca Patrimoni Sella & C. S.p.A. | Director |
| | COFIB S.r.l. | Sole Director |
| | Legavela Servizi S.r.l. | Sole Director |
| | Isabella Rossini Onlus Foundation | Chairperson |
| Maria Laura Garofalo | Raffaele Garofalo S.a.p.a. | General partner and Director |
| | L'Eremo di Miazzina S.r.l. * | Chairperson of the Board of Directors |
| | Casa di Cura Villa Berica S.r.l. * | Chairperson of the Board of Directors |
| | Hesperia Hospital Modena S.r.l. * | Director |
| | Rugani Hospital S.r.l. * | Chairperson of the Board of Directors |
| | Casa di Cura Villa Garda S.r.l. * | Director |
| | CMSR Veneto Medica S.r.l. * | Chairperson of the Board of Directors |
| | Fides Medica S.r.l. * | Chairperson of the Board of Directors |
| | Centro Riabilitazione S.r.l. * | Chairperson of the Board of Directors |
| | Fides Servizi Soc. Consortium* | Chairperson of the Board of Directors |
| | Genia Immobiliare S.r.l. * | Chairperson of the Board of Directors |
| | RO. E MAR. S.r.l. * | Chairperson of the Board of Directors |
| | Prora S.r.l. * | Chairperson of the Board of Directors |

| Name | Company | Office in the Company |
|-------------------------|--|-------------------------------|
| | Casa di Cura Prof. Nobili S.r.l. * | 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 |
| | Clinica San Francesco S.r.l. * | Director |
| | Domus Nova S.p.A. * | Director |
| | Gruppo Veneto Diagnostica e Riabilitazione S.r.l.* | Director |
| | Garofalo Health Care Real Estate S.p.A.* | Sole Director |
| | GHC Project 9 S.r.l.* | Sole Director |
| | Confindustria | Member of the General Council |
| Claudia Garofalo | Sanimac S.r.l. | Sole Director |
| | L'Eremo di Miazzina S.r.l. * | Director |
| | Casa di Cura Villa Berica S.r.l. * | 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 |
| | Domus Nova S.p.A. * | Director |
| | Gruppo Veneto Diagnostica e Riabilitazione S.r.l.* | Director |

| Name | Company | Office in the Company |
|------------------------------------|--|---|
| Giuseppe Giannasio | Ledcon S.r.l. | Chairperson 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 |
| | BionIT Labs S.r.l. | Director |
| | Norma-AF S.r.l. | Chief Executive Officer |
| Alessandra Rinaldi Garofalo | Hesperia Hospital Modena S.r.l. * | Director |
| | Gruppo Veneto Diagnostica e Riabilitazione S.r.l.* | Director |
| | Isabella Rossini Onlus Foundation | Vice-Chairperson |
| Franca Brusco | Cassa Depositi e Prestiti S.p.A. | Statutory Auditor |
| | Enav S.p.A. | Statutory Auditor |
| | D-flight S.p.A. | Chairperson of the Board of Statutory Auditors |
| | Sismet S.p.A. | Statutory Auditor |
| | FS Sistemi Urbani S.r.l. | Director |
| | Sacal S.p.A. | Statutory Auditor |
| | Sacal GH S.p.A. | Statutory Auditor |
| | Southern Adriatic Sea Port System Authority | Member of the Board of Auditors |
| | AIRRI | Sole Auditor |
| | Fondazione Musica per Roma | Chairperson of the Board of Auditors |
| Federico Ferro-Luzzi | TIM S.p.A. | Director |
| Giancarla Branda | Saras S.p.A. | Chairperson of the |

| Name | Company | Office in the Company |
|-------------------------------|---|---|
| | | Board of Statutory Auditors |
| | Aci Progei S.p.A. | Statutory Auditor |
| | Aci Consult (in voluntary liquidation) | Statutory Auditor |
| | Fineco Bank S.p.A. | Director |
| | Consorzio Studi e Ricerche Fiscali | Chairperson of the Board of Statutory Auditors |
| Guido Dalla Rosa Prati | Poliambulatorio Dalla Rosa Prati S.r.l. * | Chairperson of the Board of Directors and Chief Executive Officer |
| | Hesperia Hospital Modena S.r.l. * | Chairperson of the Board of Directors |
| | Ospedali Privati Riuniti S.r.l. * | Chairperson of the Board of Directors |
| | Domus Nova S.p.A. * | Chairperson of the Board of Directors |
| | SO.GE.A.P. S.p.A. Aeroporto Internazionale di Parma | Chairperson of the Board of Directors |
| Javier De La Rica | Peninsula Capital S.à r.l. | Director |
| | MBB Luxembourg S.à r.l. | Director |
| | Peninsula Promoters S.à r.l. | Director |
| | Peninsula Pet HoldCo S.à r.l. | Director |
| | Peninsula Holding S.à r.l. | Director |
| | PI1 S.à r.l. | Director |
| | PI3 S.à r.l. | Director |
| | PI4 S.à r.l. | Director |
| | PI5 S.à r.l. | Director |
| | PI6 S.à r.l. | Director |
| | PI7 S.à r.l. (Inactive company) | Director |
| PI8 S.à r.l. | Director | |

| Name | Company | Office in the Company |
|--------------------------|-------------------------------------|-----------------------|
| | PI9 S.à r.l. (Inactive company) | Director |
| | PI10 S.à r.l. (Inactive company) | Director |
| | Peninsula Capital II S.à r.l. | Director |
| | PII1 S.à r.l. | Director |
| | PII4 S.à r.l. | Director |
| | Peninsula Capital III S.à r.l. | Director |
| | Peninsula Europe GP S.à r.l. | Director |
| | PII5 S.à r.l. | Director |
| | PE1 S.à r.l. | Director |
| | PE2 S.à r.l. | Director |
| | PE3 S.à r.l. | Director |
| | PE4 S.à r.l. | Director |
| | ClubFunding Group, SAS | Director |
| | HLC SB Distribution S.L. | Director |
| | Aernnova Aerospace Corporation S.A. | Director |
| | D.M.O Pet Care S.r.l. | Director |
| | WoW Aesthetics S.L. | Director |
| | Salto Systems S.r.l. | Director |
| Nicoletta Mincato | Astaris S.p.A. | Director |

(*) Company belonging to the GHC Group

ANNEX 2.A: CURRICULA VITAE MEMBERS OF THE BOARD OF STATUTORY AUDITORS IN OFFICE AT DECEMBER 31, 2022

Sonia Peron

She holds a degree in Economics from the University of Bologna and another in Law from the University of Parma. She is a member of the institute of Chartered Accountants in Padua and is also a Registered Auditor. She has been teaching at universities for many years and currently holds the position of contract professor of Economics and Business Organisation in the Department of Engineering Management at the University of Bologna. She serves as a member of the Board of Auditors for ANRA (National Association of Risk Managers - Milan), FORMEDIL (National Body for Professional Education and Training in Construction - Rome), Chairperson of the Board of Statutory Auditors of Garofalo Health Care Real Estate S.p.A., and Sole Statutory Auditor of the company Gruppo Veneto Diagnostica e Riabilitazione S.r.l. She is the author of publications on real estate finance.

Alessandro Musaiò

He is a professor of Business Economics at "LUISS Guido Carli" University in Rome. He is enrolled to the Rome Accountants and Auditors Register. She provides consulting services in the areas of financial statements, evaluation of companies and corporate transactions. She is either a Chairperson or a member of management and control bodies in a number of companies, including listed companies, operating in various sectors.

Francesca Di Donato

Associate Professor of Business Administration at the University San Raffaele of Rome, she has developed numerous professional experiences in different sectors. In particular, she 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, Tim S.p.A., Lottomatica S.p.A. and Technogym S.p.A. She deals with corporate 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.

ANNEX 2.B: OFFICES OF THE BOARD OF STATUTORY AUDITORS AT DECEMBER 31, 2022

| Name | Company | Office in the Company |
|--------------------------|---|--|
| Sonia Peron | Garofalo Health Care Real Estate S.p.A.* | Chairperson of the Board of Statutory Auditors |
| | Gruppo Veneto Diagnostica e Riabilitazione S.r.l.* | Sole Statutory Auditor |
| | ANRA - Associazione Nazionale Risk Manager | Statutory Auditor |
| | FORMEDIL - Ente Nazionale per la Formazione e l'Addestramento Professionale in Edilizia | Statutory Auditor |
| | MARLEY ASSET REVALUE S.p.A. | Independent Director |
| Alessandro Musaio | Casa di cura Madonna della Catena S.r.l. in liquidation | Liquidator |
| | Vincenzo Zucchi S.p.A. | Chairperson of the Board of Statutory Auditors |
| | A.S.A. S.p.A. | Chairperson of the Board of Statutory Auditors |
| | Villa Tiberia S.r.l. | Extraordinary Commissioner |
| | Fi.di. Ricambi S.r.l. | Sole Auditor |
| | Openim S.p.A. | Chairperson of the Board of Statutory Auditors |
| | Ospedali Privati Riuniti S.r.l.* | Chairperson of the Board of Statutory Auditors |
| | L'Eremo di Miazzina S.r.l.* | Sole Statutory Auditor |
| | Casa di Cura Villa Garda S.r.l.* | Sole Statutory Auditor |
| | Centro Medico San Biagio S.r.l.* | Chairperson of the Board of Statutory Auditors |
| | PLF Immobiliare S.r.l. | Auditor |
| | Garofalo Health Care Real Estate S.p.A.* | Statutory Auditor |

| Name | Company | Office in the Company |
|----------------------------|----------------------------------|--|
| | Domus Nova S.p.A. * | Chairperson of the Board of Statutory Auditors |
| | Starshotels S.p.A. | Statutory Auditor |
| Francesca Di Donato | Billions S.r.l. | Chairperson of the Board of Statutory Auditors |
| | RosilSPORT S.r.l. | Chairperson of the Board of Statutory Auditors |
| | Gnetwork S.r.l. | Chairperson of the Board of Statutory Auditors |
| | Lottomatica Videolot Rete S.p.A. | Chairperson of the Board of Statutory Auditors |
| | Bludigit S.p.A. | Statutory Auditor |
| | Autostrade dell'Atlantico S.r.l. | Statutory Auditor |
| | Tim S.p.A. | Statutory Auditor |
| | Technogym S.p.A. | Chairperson of the Board of Statutory Auditors |
| | Jolly Videogiochi S.r.l. | Statutory Auditor |
| | New Matic S.r.l. | Statutory Auditor |
| | ATAC S.p.A. | Director |
| | Gamenet S.p.A. | Chairperson of the Board of Statutory Auditors |
| | Lottomatica S.p.A. | Statutory Auditor |
| | Selda Informatica S.c.a.r.l. | Statutory Auditor |
| | Goldbet S.p.A. | Statutory Auditor |
| | Domus Nova S.p.A. * | Statutory Auditor |
| | Italgas Acqua S.p.A. | Statutory Auditor |
| Noovle S.p.A. | Statutory Auditor | |
| GBO S.p.A. | Chairperson of the Board of | |

| Name | Company | Office in the Company |
|------|--|--|
| | | Statutory Auditors |
| | GGM S.p.A. | Chairperson of the Board of Statutory Auditors |
| | Big Easy S.r.l. | Statutory Auditor |
| | Telsy S.p.A. | Chairperson of the Board of Statutory Auditors |
| | Betflag S.p.A. | Chairperson of the Board of Statutory Auditors |
| | Garofalo Health Care Real Estate S.p.A. * | Statutory Auditor |

(*) Company belonging to the GHC Group

TABLE 1: INFORMATION ON THE 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 | EURONEXT STAR MILAN | <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. | 64.97% | 64.58% |
| | Larama 98 S.p.A. | | |
| | Maria Laura Garofalo | | |
| Peninsula Capital II sarl | PII 4 S.A.R.L. | 9.06% | 9.01% |

(*) Excluding treasury shares held at the date of this report

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

| Board of Directors | | | | | | | | | | | | | |
|-------------------------|-----------------------------|---------------|----------------------------|----------------|-------------------------|---------------------------|-------------------|-------|-----------|-----------|----------|--------------------------|---------|
| Office | Member | Year of birth | Date first appointment (*) | In office from | In office until | Slate (presented by) (**) | Slate (M/m) (***) | Exec. | Non Exec. | Ind. Code | Ind. CFA | No. other offices (****) | (*****) |
| Chairperson | Alessandro M. Rinaldi | 1960 | 31/07/2018 | 30/04/2021 | App. 2023 Ann. Accounts | S | M | | X | - | - | - | 13/13 |
| Chief Executive Officer | Maria Laura Garofalo | 1963 | 21/06/2017 | 30/04/2021 | App. 2023 Ann. Accounts | S | M | X | | - | - | - | 13/13 |
| Director | Claudia Garofalo | 1985 | 21/06/2017 | 30/04/2021 | App. 2023 Ann. Accounts | S | M | X | | - | - | - | 12/13 |
| Director | Giuseppe Giannasio | 1968 | 08/08/2018 | 30/04/2021 | App. 2023 Ann. Accounts | S | M | | X | - | - | - | 12/13 |
| Director | Alessandra Rinaldi Garofalo | 1992 | 29/10/2018 | 30/04/2021 | App. 2023 Ann. Accounts | S | M | | X | - | - | - | 7/13 |
| Director | Guido Dalla Rosa Prati | 1960 | 30/04/2021 | 30/04/2021 | App. 2023 Ann. Accounts | S | M | X | | | - | - | 13/13 |
| Director | Javier de La Rica | 1957 | 30/04/2021 | 30/04/2021 | App. 2023 Ann. Accounts | S | M | | X | | - | - | 13/13 |
| Director | Franca Brusco | 1971 | 18/06/2019 | 29/04/2020 | App. 2023 Ann. Accounts | S | m | | X | X | X | 2 | 13/13 |
| Director | Federico Ferro-Luzzi | 1968 | 18/06/2019 | 29/04/2020 | App. 2023 Ann. Accounts | S | M | | X | X | X | 1 | 13/13 |
| Director | Nicoletta Mincato | 1971 | 30/04/2021 | 30/04/2021 | App. 2023 Ann. Accounts | S | M | | X | x | x | 1 | 12/13 |

| | | | | | | | | | | | | | |
|--|------------------|------|------------|------------|----------------------------|---|---|--|---|---|---|---|-------|
| Director | Giancarla Branda | 1961 | 30/04/2021 | 30/04/2021 | App. 2023 Ann. Accounts | S | M | | X | x | x | 2 | 12/13 |
| Number of meetings held in the year: BOD: 13 | | | | | | | | | | | | | |
| 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 shows the slate from which each Director was taken, specifying either the slate submitted by Shareholders ("Shareholders") or by the Board of Directors ("BoD").

(***) This column shows the slate from which each Director was taken, specifying either the "Majority" ("M") or the "Minority" ("m") slate.

(****) 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 meeting (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 BOARD COMMITTEES AT THE END OF THE FINANCIAL YEAR

| B.o.D. | | C.R.S.C. | | A.R.C. | |
|---|----------------------|-----------------|-------------|---------------|-------------|
| Position/Qualification | Member | (*) | (**) | (*) | (**) |
| Independent Non-Executive Director as per CFA and Code | Franca Brusco | 13/13 | C | 9/10 | M |
| Independent Non-Executive Director as per CFA and Code | Federico Ferro-Luzzi | 13/13 | M | 10/10 | C |
| Independent Non-Executive Director as per CFA and Code | Nicoletta Mincato | 13/13 | M | - | - |
| Independent Non-Executive Director as per CFA and Code | Giancarla Branda | - | - | 9/10 | M |
| DIRECTORS RESIGNING DURING THE YEAR | | | | | |
| Independent Non-Executive Director as per CFA and Code | N/A | | | | |

(*) This column indicates the attendance of the Director in relation to the 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.

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

| Office | Member | Year of birth | Date first appointment (*) | In office From | In office until | Slate (**) | Ind. Code | Attendance at Board meetings (***) | No. other offices (****) |
|-------------------|---------------------|---------------|----------------------------|----------------|-------------------------|------------|-----------|------------------------------------|--------------------------|
| Chairperson | Sonia Peron | 1970 | 30/04/2021 | 30/04/2021 | App. 2023 Ann. Accounts | m | X | 12/12 | 5 |
| Statutory Auditor | Alessandro Musaio | 1967 | 31/07/2018 | 30/04/2021 | App. 2023 Ann. Accounts | M | X | 12/12 | 14 |
| Statutory Auditor | Francesca di Donato | 1973 | 31/07/2018 | 30/04/2021 | App. 2023 Ann. Accounts | M | X | 12/12 | 24 |
| Alternate Auditor | Andrea Bonelli | 1967 | 31/07/2018 | 30/04/2021 | App. 2023 Ann. Accounts | M | X | - | - |
| Alternate Auditor | Marco Salvatore | 1965 | 30/04/2021 | 30/04/2021 | App. 2023 Ann. Accounts | m | X | - | - |

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' Regulation. The complete list of offices held is published by Consob on its website pursuant to Article 144-*quinquiesdecies* of the Consob Issuers' Regulation.



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