

Sanlorenzo S.p.A. – Considerations of the outgoing Board of Statutory Auditors in accordance with the *Rules of Conduct of the board of statutory auditors of listed companies of the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (the Italian National Council of Chartered Accountants and Accounting Experts or “CNDCEC”)* of 26 April 2018

1. Introduction – the *Rules of Conduct of the board of statutory auditors of listed companies of the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (the Italian National Council of Chartered Accountants and Accounting Experts or “CNDCEC”)* of 26 April 2018 and purpose of the document
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1. Introduction – the Rules of Conduct of the board of statutory auditors of listed companies of the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (the Italian National Council of Chartered Accountants and Accounting Experts or “CNDCEC”) of 26 April 2018 and purpose of the document

The term of office of the current Board of Statutory Auditors of Sanlorenzo S.p.A., as known, will expire on the date of the Shareholders’ Meeting called for the approval of the financial statements as at 31 December 2021. The Shareholders’ Meeting will then be called upon to appoint a new board.

According to Q.1.6. of the *Rules of Conduct of the board of statutory auditors of listed companies of the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (the Italian National Council of Chartered Accountants and Accounting Experts or “CNDCEC”)* of 26 April 2018 (hereinafter referred to as the “*Rules of Conduct*”), it is “*appropriate that, before the expiry of its term of office, the outgoing board of statutory auditors summarize in a specific document the activities carried out by the board of statutory auditors, specifying the number of meetings and their average duration, as well as the time required for each activity and the professional resources used*”.

The current Board of Statutory Auditors has drawn up this document in compliance with the above indication and to provide to the Shareholders’ Meeting and the candidates for the office of statutory auditors a comprehensive overview of the activities that the Board of Statutory Auditors of the Company is called upon to perform, in order to assess, in a considered manner, the necessary professional competences and the adequacy of the remuneration proposed in carrying out their duties.

Indeed, with reference to the professionalism profile, Rule of Conduct Q.1.2. states “*The composition of the board of statutory auditors should be tailored to the characteristics of the company*” and “*when the list of the candidates is submitted, the professional characteristics, experience, including managerial, and gender of the candidates should be considered in relation to the size of the issuer, the complexity and specific nature of its business sector, as well as the size of the board of statutory auditors*”. Indications of this type are also set out in Article 19, paragraph 3, of Italian Legislative Decree 39/2010 whereby “*the members of the internal control and audit, as a whole, are competent in the sector in which the entity under audit operates*”.

With regard to remuneration, Rule of Conduct Q.1.6. states “*Determination of the remuneration of the members of the board of statutory auditors must be adequate and in any case determined in consideration of the complexity and onerousness of each office, also in relation to the size and activities of the issuer, the number and size of the companies included in the consolidation perimeter, as well as the extent and articulation of the organisational structure. The commitment to board of statutory auditors’ activities and specifically to the active involvement in the meetings of the committees set up within the board of directors will need a special attention in the determination of an adequate remuneration*”. Similar indications are set out in the current Corporate Governance Code (Recommendation no. 30).

Before being made available to the Shareholders, this document was sent to the Chairman of the Board of Directors to be brought to the attention of the Board of Directors of the Company for their valuations in their respective areas of competence.

2. Activities of the Board of Statutory Auditors envisaged by law

Reference is made to the reform of legislation governing statutory audits at European level («European Reform») with the promulgation of the following acts:

- **Regulation (EU) no. 537/2014** regarding statutory audit of public-interest entities (known as PIE), which is directly applicable as from 17 June 2016;
- **Directive no. 2014/56/EU** enacted into Italian law with Italian Legislative Decree 135/2016 which amended the provisions of Italian Legislative Decree 39/2010.

With the European Reform, Legislator intended to strengthen audit quality and, specifically, the mechanisms for verifying the independence of the auditor, by assigning specific monitoring activities to the Board of Statutory Auditors, in its capacity as internal control and audit committee.

In this context, the Board of Statutory Auditors:

- informs the board of directors of the company under audit of the outcome of the statutory audit (Article 19, paragraph 1, letter a) of Italian Legislative Decree 39/2010) and forwards to the board of directors the additional report accompanied by any observations (Article 11 of Regulation (EU) no. 537/2014);
- monitors the financial disclosure process and presents recommendations/proposals to guarantee the integrity of the process (Article 19, paragraph 1, letter b) of Italian Legislative Decree 39/2010);
- checks the efficacy of the company's internal quality audit and risk management systems and, if applicable, of the internal audit system in relation to the financial disclosure of the entity under audit (Article 19, paragraph 1, letter c) of Italian Legislative Decree 39/2010);
- monitors the statutory audit of the separate and the consolidated financial statements, also considering any results and conclusions of the Consob quality controls (Article 19, paragraph 1, letter d) of Italian Legislative Decree 39/2010);
- verifies the independence of the external auditor (Article 19, paragraph 1, letter e) of Italian Legislative Decree 39/2010);
- is responsible for the procedure for selection of the external auditor (Article 16 of Regulation (EU) no. 537/2014 and Article 19, paragraph 1, letter f) of Italian Legislative Decree 39/2010);
- approves the performance of the non-audit services by the external auditor and entities of their network (Article 5 of Regulation (EU) no. 537/2014).

Mention should be made to the legislation governing non-financial information introduced by **Italian Legislative Decree 254/2016**, whereby the Board of Statutory Auditors:

- supervises compliance by the directors with Italian Legislative Decree 254/2016 on the preparation of the non-financial statement (Article 3, paragraph 7, of Italian Legislative Decree 254/2016);
- informs the Shareholders 'Meeting about the outcome of said supervision (Article 3, paragraph 7, of Italian Legislative Decree 254/2016);
- shall be heard by the board of directors in the event that, in exceptional circumstances, information that could compromise the commercial position of company may be omitted in the non-financial statement (Article 3, paragraph 8, of Italian Legislative Decree 254/2016).

3. Considerations on the composition of the Board of Statutory Auditors

Considering the sector in which the Company operates, the corporate organisation, as well as the size and articulation of its Group, the performance of the duties of Board of Statutory Auditors requires specific competences in the following areas:

- Principles and rules of operation of listed companies;
- Accounting process and preparation of the separate and consolidated financial statements;
- National and international accounting principles;
- Economic and financial assessments;
- Impairment testing process and assessments;
- Internal control and risk management system;
- Internal audit;
- Compliance;
- Statutory auditing.

Competences and expertise are particularly important in the listed companies. It is also appropriate for the board of statutory auditors to have access to the competences of people with complementary experience in the above areas. In other words, it is relevant that the members of the board of statutory auditors have different backgrounds and together cover the various sectors.

In its annual self-assessment, the current Board of Statutory Auditors ascertained to be in possession of the above competences.

The Board of Statutory Auditors also found that an important element for efficient and effective execution of its duties is high complementarity among the backgrounds and previous experiences of its individual members. This ensures functional and complete coverage of the various issues the Board of Statutory Auditors is required to monitor, a result that enables the professional enrichment of each member of the Board of Statutory Auditors.

The Board of Statutory Auditors also reached a positive assessment of its membership in terms of gender diversity, competences and professionalism, as well as work experience.

4. Report on activities carried out by Sanlorenzo Board of Statutory Auditors: areas of operation and commitment

4.1. The main areas of operation and the activities performed by the Board of Statutory Auditors are the following:

- (i) Surveillance of compliance with the law and the By-laws
 - participation in the Board of Directors (BoD) and its various committees (see Table below); issuance of opinions and statements on each resolutions;
 - specific meetings with the Internal Audit (IA) function and the Supervisory Body (SB);
 - any in-depth analysis.

- (ii) Surveillance of compliance with the law, specifically with Italian Legislative Decree 254/2016
 - regular meetings to monitor the process for the preparation of the consolidated non-financial statement (NFS) and the related methodological approach through to approval by the BoD;
 - specific meetings with the independent auditing company to discuss representation and disclosure with regard to the NFS.

- (iii) Surveillance of compliance with the principles of correct governance
 - participation in the BoD and its various committees (see Table below);
 - selective meetings with managerial functions for in-depth analysis on relevant information;
 - additional in-depth analysis, whenever appropriate.

- (iv) Surveillance of the adequacy of the organisational structure
 - participation in the BoD and its various committees, with specific reference to the Control, Risks and Sustainability Committee (CRSC) (see Table below);
 - in-depth analysis at specific meetings with the Group Chief HR & Organisation Officer function (HRO) (at least one meeting per year);
 - specific meetings with the IA and the Chief Financial Officer (CFO);
 - meetings with the control bodies of the Italian subsidiary (at least one meeting per year);
 - visits and inspections of the shipyards;
 - meetings with the Chief Executive Officer (CEO).

- (v) Surveillance of the adequacy and operation of the internal control and risk management system (ICRMS)
 - participation in the BoD and its various committees, with specific reference to the CRSC (see Table below);
 - meetings with the IA;
 - meetings with the SB pursuant to Italian Legislative Decree 231/2001 and the CEO (at least one meeting per year);
 - additional in-depth analysis, whenever appropriate.

- (vi) Surveillance of the adequacy of the administrative-accounting system
 - participation in the BoD and its various committees, with specific reference to the CRSC (see

Table below);

- regular meetings with the CFO and his team;
- regular meetings with the Independent Auditing Company and examination of its additional report drawn up pursuant to Article 11 of Regulation (EU) no. 537/2014.

(vii) Check and monitoring of the statutory audit

- approval of non-audit services allowed (NAS);
- several meetings with the audit team during the year to examine the work plan, the materiality thresholds applied, the execution of the various stages, correction of any accounting errors etc.;
- discussions with the Independent Auditing Company with regard to the work plan, controls carried out and the outcomes with regard to the NFS;
- examination and discussion with the Independent Auditing Company on the independence declarations.

4.2. The Table below summarises the number of meetings in which the Board of Statutory Auditors participated in 2019 (from the appointment on 24 October 2019), 2020 e 2021 and the average duration of the meetings.

Meeting	2019		2020		2021	
	Average duration (minutes)	No.	Average duration (minutes)	No.	Average duration (minutes)	No.
Board of Statutory Auditors	330	2	182.7	11	220	11
Board of Directors	70	5	150	8	136	9
Control, Risks and Sustainability Committee	10	1	45	6	42	7
Related Party Transactions Committee	5	1	37	4	33	8
Nomination Committee	5	1	30	1	30	1
Remuneration Committee	10	1	35	5	25	7
Total	95	11	109	35	102	43

In accordance with the provisions of the current rules and the indications contained in the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. to which Sanlorenzo S.p.A. adheres, the statutory auditors are required to participate – in addition to the Board of Directors – the Control, Risks and Sustainability Committee, the Related Party Transactions Committee and the Remuneration

Committee.

The Board of Statutory Auditors has fully respected these rules and indications: in fact, in the three-year period 2019-2021, the members of the Board of Statutory Auditors took part in almost all the Board of Directors and the Committees mentioned above.

In addition to the average duration of the meetings shown in the Table, the time dedicated by the statutory auditors in revising the documentation and preparing the meetings, which – although not analytically quantifiable – represents a significant commitment.

The Chairman of the Board of Statutory Auditors dedicated his time in planning the meetings, preparing the minutes, drafting of the reports of the Board of Statutory Auditors, correspondence and interviews with management, with the Chairpersons of the Committees and the Supervisory Body, in order to ensure the best coordination of the Board of Statutory Auditors' activities.

5. Considerations on the remuneration of the Board of Statutory Auditors

The elements underlying the quantification of the remuneration of the Board of Statutory Auditors are defined by the Rule of Conduct Q.1.6:

- the scope and complexity of the office in relation to the nature, including the economic dimension (for example, the volume of positive income components and activities), complexity, business sector, the organisational structure and other characteristics of the Company;
- any document drawn up by the outgoing Board of Statutory Auditors, carefully evaluating the time commitment required for the performance of the office, as well as the professional skills and experience required;
- the fees paid to non-executive directors and the criteria for remuneration for participation in internal committees;
- with reference to the fee paid to the Chairman of the Board of Statutory Auditors, the time commitment required for the performance of its function, as well as the fee paid to the Chairman of the Control, Risks and Sustainability Committee.

In light of the activities described in the above paragraphs, the annual fee of each Standing Statutory Auditor, approved by the Shareholders' Meeting of the Company on 24 October 2019 is equal to €25,000; the annual fee of the Chairman of the Board of Statutory Auditors is equal to €30,000.

Following the last amendment of the Corporate Governance Code, many listed companies have provided for the integration fee of the Statutory Auditors by reason of the greater commitment required in addition to establishment of an attendance fee of equal amount for the Chairman of the Board of Statutory Auditors and for the Standing Statutory Auditors for each Committee in which they participate, that in 2021 were 23, with demanding activities of in-depth analysis and sharing between the members of the College upstream of the same.

6. Concluding remarks

In conclusion, with regard to the professional competences of the members of the Board of Statutory

Auditors, considering: (i) the sector in which the Company operates, (in) the complexity of the corporate organisation, as well as (ii) the size and high articulation of the Group, it is considered desirable, if not opportune, that the new board of statutory auditors have complementary competences and expertise developed in the significant disciplines mentioned in § 3 above.

The mix of competences should be well balanced and distributed among the members of the board of statutory auditors and combined with appropriate knowledge of the operating rules of listed companies.

Finally, in terms of remuneration, the Board of Statutory Auditors considers, in addition to the aforementioned elements, the Company's growth, the complexity of the business model adopted, the extension of the scope of the Group, as well as the new requirements as recent legislation entered into force.

For further information, reference should be made to Rules Q.1.2. and Q.1.6. from the Rules of Conduct of the board of statutory auditors of listed companies of the CNDCEC of 26 April 2018.

Ameglia, 28 January 2022

The Board of Statutory Auditors

Andrea Caretti, Chairman

Margherita Spainì, Standing Statutory Auditor

Roberto Marrani, Standing Statutory Auditor

