

# CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT - 2021 -

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



Issuer: Garofalo Health Care S.p.A.  
Website: [www.garofalohealthcare.com](http://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, 2021, 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:** EU Regulation 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 28 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. 254/16, with reference to the financial year 2021 (from January 1 to December 31).

As envisaged by Article 5 of Legislative Decree No. 254/16, the NFS is a separate report containing specific wording in order to bring it in line with the Consolidated Non-Financial Statement required by law. The data and information in the NFS refer to the companies included in the consolidation scope used for the Consolidated Financial Statements as of December 31, 2021.

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

\* \* \*

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

The 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, 2021, 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;
- a General Manager, who, *inter alia*, is responsible for promoting and guaranteeing corporate sustainability activities in order to create a Group-wide culture of sustainability;
- a Chief Sustainability Officer, who is responsible for preparing the Non-Financial Statement pursuant to Legislative Decree No. 254/16 and supporting top management in introducing activities relating to medium- and long-term ESG objectives.

In addition to this, we note that during 2021 Standard Ethics Ltd. ("**Standard Ethics**"), an independent agency that issues non-financial sustainability ratings, confirmed the investment grade EE- ("Adequate") rating on environmental, social and governance ("**ESG**") issues of GHC. Specifically, we note that in 2021 Standard Ethics upgraded GHC's outlook from "Stable" to "Positive", with an expected long-term rating of investment grade 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 given for the first time to ESG objectives.

Lastly, it should be noted that in 2021 GHC was particularly committed to integrating sustainability issues even further into its strategic planning, which has led the Company to organise numerous periods of group and structured reflection on ESG issues, both at the parent company and within subsidiaries. Specifically, in 2021 the Company organised:

- an induction on sustainability issues, involving the entire Board of Directors and the Board of Statutory Auditors;
- three days dedicated to sustainability, involving all the Chief Executive Officers and General Managers of the subsidiaries.

As regards the promotion of dialogue with relevant stakeholders, in 2021 GHC carried out an extensive Stakeholder Engagement activity for the second consecutive year. This involved four main categories of stakeholders, both internal (Group staff, doctors and researchers) and external (investors, banks and suppliers).

This led to the collection of about 275 Questionnaires (more than double the amount collected in 2020) completed by the different categories of stakeholder on the issues considered relevant for GHC. Collecting these questionnaires enabled the Company to update its "Materiality Matrix", which was also specifically approved by the Board of Directors.

As for the specific involvement of Shareholders, during the year the Company increased its participation in marketing events and roadshows with the national and international financial community, organised by the three corporate brokers (Equita, Exane BNP Paribas, Mediobanca), and October saw the Company participate for the first time in the STAR Conference organised by Borsa Italiana. All presentations given to participants were also simultaneously made available to the public via a special link in the Investor Relations / Presentations section of the Company's website. Further meetings with investors were organised after the publication of the periodic operating results and also after the two acquisitions made during the year (i.e. those of the Clinica S. Francesco, Verona and to Domus Nova, Ravenna).

With regard to the "shareholder communication policy", the Company decided not to adopt such a formal policy at present, given the recent nature of this regulatory provision, reserving the right to wait for developments and best practices in this area.

At the same time, the Company - which is aware of the importance of this aspect - reports that it has begun a process aimed at analysing this issue internally, in order to carefully assess the specifically applicable profiles and, therefore, the principles that the Board could usefully adopt in this regard. It also plans to take into account the practices already adopted and the type of information that the financial community has shown most interest in receiving. In this regard, it should 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. It should also be remembered that, since the IPO, the Company has developed relations with the financial community which provide for maximum involvement of top management, who attend every meeting with financial analysts and investors. In addition to the Chief Executive Officer, all the senior figures with responsibility within the parent company are also present.

\* \* \*

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

\* \* \*

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

\* \* \*

#### **The SME Issuer 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 capitalisation of less than Euro 500 million. Listed issuers who have exceeded both these thresholds for three consecutive years are not considered SMEs"*.

The market capitalisation of the Issuer at December 31, 2021 (corresponding to the average of the daily capitalisations calculated based on the official price, recorded during 2021, in accordance with the provisions of Article 2-*ter* of the Consob Issuers' Regulation) was approximately Euro 485.1 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), 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). This classification was decreed by the Board of Directors on March 1, 2021 and subsequently confirmed on January 25, 2022.

As regards the Issuer's application of proportionality measures and the other provisions contained in the Corporate Governance Code for companies classified in this way, reference should be made to the more detailed statements in later sections of this Report.

\* \* \*

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, 2021 or, where indicated, to the date of approval of this Report by the Board of Directors (March 16, 2022).

## **2. INFORMATION ON THE OWNERSHIP STRUCTURE (as per Article 123-bis, paragraph 1, CFA) at March 16, 2022.**

### **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, 1,176,155 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.

During fiscal year 2021, the 3<sup>rd</sup> cycle of the incentive plan ended. This had been approved by the Shareholders' Meeting on September 26, 2018, effective as of the Trading Commencement Date, and was reserved for Directors and managers of the Company or of Group companies, identified by the Board of Directors, after consulting the Appointments and Remuneration Committee, from among those holding managerial positions deemed to be significant within the Group and with a significant impact on the creation of value for the Company and Shareholders. The Plan had established the possibility to grant rights

to receive Company Shares free of charge up to an aggregate maximum of 2,775,000 Shares within three cycles (in 2019, 2020 and 2021), subject to set performance targets at the end of each performance period (the "**2019 - 2021 Stock Grant Plan**").

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, 2022 (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](http://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](http://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](http://www.garofalohealthcare.com) in the "Governance/Remuneration" section.

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

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

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

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

**h) change of control clause (as per Article 123-bis, paragraph 1, letter h), CFA) and statutory provisions concerning Public Purchase Offers (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,<sup>1</sup> 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](http://www.garofalohealthcare.com), in the "Governance/Remuneration" section;

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<sup>1</sup> "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 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 operation or of a company acquired with resources deriving from the financing; and (ii) 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 2021 (a) the Refinancing line, which expires on December 31, 2026, has been used for an amount of Euro 138,864,162.98, and (b) the Acquisition Line, which expires on December 31, 2027, has not yet been used.

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***

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

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

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

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

***Authorisation of Share buy-back plan***

On April 30, 2021, the Shareholders' Meeting approved a new proposal to authorise to purchase and disposal of treasury shares, including in several tranches, pursuant to Articles 2357 and subsequent of the Civil Code and other applicable provisions in force, in order to: (i) establish a "securities stock" to be allocated where needed to any other share incentive plans, including of a long-term nature, reserved for Directors and/or managers of the Company or its subsidiaries; and (ii) take action, in compliance with the applicable provisions and through intermediaries, to stabilise the share price and ensure normal trading and share prices, countering distortions related to excessive volatility or scarcity of shares.

The 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 18 months starting from the date of the Shareholders' Meeting and is designed to allow the Company to purchase a total number of treasury shares not exceeding 1,353,000 Shares, representing 1.5% of GHC's share capital at the date of the Meeting (April 30, 2021), including the treasury shares already held by the Company which totalled 389,136 (equal to 0.43% of the share capital) on that date.

At the Report Date, the Company holds 1,176,155 treasury shares, representing approximately 1.304% of the total number of outstanding Shares, equal to 90,200,000.

On March 16, 2022, the Board of Directors resolved to submit for the Company's Shareholders' Meeting approval 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, following revocation, for the portion not yet exercised, of the Board of Directors' approval to purchase and dispose of treasury shares resolved on April 30, 2021, which was due to expire in October 2022 (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](http://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 Board of Directors of the Company approved the Garofalo Health Care Group Regulation, which aims at identifying the scope and defining the procedures for the exercise of management and co-ordination activities of the Issuer towards the direct or indirect subsidiaries, in line with the strategic objectives, development policies and management guidelines defined by the Issuer as Parent Company. In particular, the Group's Regulation governs:

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

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

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

- A. the definition by GHC of policy and coordination acts for the pursuit of Group interests, as well as the development of all the constituent companies;
- B. the authorisation by GHC (represented by the Chief Executive Officer or the Board of Directors where applicable) for subsidiaries to carry out transactions deemed by the Parent Company to be of particular significance, identified by the Board of Directors pursuant to Article 1, 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) (*“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](http://www.garofalohealthcare.com) in the "Governance/Remuneration" section.

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

### 3. COMPLIANCE

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

The Company 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-corporateovernance/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 to the By-Laws to the Shareholders' Meeting.

#### **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. 60 of January 28, 2022, 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, 2021.

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

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

Each Shareholder - as well as the Shareholders belonging to the same group, belonging to the same 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.<sup>2</sup> There are no professionalism requirements for serving as a Director. The Independent Directors in office at the Report Date have also declared their independence pursuant to the Corporate Governance Code.

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

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

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

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<sup>2</sup> With regard to the definition of the quantitative and qualitative criteria for assessing the significance of relationships that compromise, or may compromise, the independence of Directors and Statutory Auditors, as set out in Recommendation 7 of the Corporate Governance Code, reference should be made to paragraph 4.7 of the Report.

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**

The Board of Directors has deemed it appropriate to adopt a succession plan for the Chief Executive Officer and the other Executive Directors, in line with the provisions of the Corporate Governance Code (Recommendation 24), although not an addressee of such (only concerning "large enterprises"). In particular, on November 16, 2020, taking into account the preliminary investigation carried out by the Appointments and Remuneration Committee, the Board adopted a succession plan for Executive Directors that identifies possible successors within the Group. It should be noted that the Committee did not deem it necessary to propose a contingency plan, aimed at regulating the actions to be taken in order to ensure the normal management of the Company in case of early termination of the Chief Executive Officer's mandate, taking into account, on the one hand, the non-operational nature of the Company (in its capacity as a holding company) and, on the other hand, the fact that - given that the succession plan has already identified the persons involved - the time lapse between the early termination of the Chief Executive

Officer's mandate and the actual granting of powers by the Board to the relevant successors should not entail any problems for the ordinary operations of the Company.

The Appointments and Remuneration Committee has launched the necessary preliminary work to assist the Board in updating and introducing the above succession plan for Executive Directors.

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

Until the Meeting to approve the Financial Statements for the year ended December 31, 2020, held on April 30, 2021, the Board of Directors was composed as follows:

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

On April 30, 2021, the Shareholders' Meeting appointed a new Board of Directors, 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., owners 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 slate submitted by a group of institutional minority Shareholders owning 5.24086% of GHC's share capital and voted in favour by 10.542% of the votes at the Shareholders' Meeting.

On April 30, 2021, the Board of Directors verified the independence of the Directors Giancarla Branda, Franca Brusco, Federico Ferro-Luzzi and Nicoletta Mincato appointed by the Shareholders' Meeting on that date, pursuant to both Article 148, paragraph 3 of the CFA, as referred to by Article 147-ter, paragraph 4 of the CFA, and that indicated in the Corporate Governance Code (as detailed in Section 4.7 of this Report).

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

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

There have been no changes in the composition of the Board since the end of the Financial Year and 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, one Director under the age of 30, one Director 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 boards thanks to the different skills and experience gained by the Directors.

In addition to the above, during 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, 2021, 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. 1,445 out of a total of approx. 1,860, or approx. 78%).

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 and 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 boards.

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

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

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. 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 16 times. The duration of the meetings were on average approx. 1 hours and 55 minutes.

Board meetings were regularly and assiduously attended by Directors, with an average attendance of 93.2%.

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 12 Board meetings scheduled for FY 2022, 4 of which have already been held on the following dates: January 25, February 18, March 8, and March 16. The average duration of these meetings was about 2 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, in view of the ongoing emergency situation linked to the SARS-CoV2 virus pandemic, Board meetings were mainly held via audio/video conference in full compliance with the above, in accordance with the By-Laws.

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

The 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, resolutions concerning the review and approval of transactions of the Company and its subsidiaries are reserved for the Board of Directors when such transactions have a significant strategic, economic, equity or financial significance for the Company.

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

- a. extraordinary corporate transactions, such as capital transactions (including the issue of convertible bonds and with the exception of share capital reductions required by law), transformations, mergers, spin-offs (including real estate);
- b. purchase or sale of company shareholdings;
- c. purchase, transfer or disposal of business units;
- d. corporate transactions involving changes in the corporate mission with an impact on the authorisation and/or accreditation structure of the Group's healthcare facilities;
- e. requests for admission to bankruptcy proceedings, definition of out-of-court debt restructuring agreements, reorganisation plans and similar agreements.

#### **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 sub-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; ensured the adequacy and transparency of the self-assessment process; 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:

- Meeting with Assonime member companies to discuss the significant innovations introduced with regard to remuneration;
- Meeting for GHC only, dedicated to the Board's role in light of the new Corporate Governance Code;
- Training for GHC only by Standard Ethics on "ESG & Sustainability";
- Preliminary internal induction for Directors and Statutory Auditors only, on cyber risk assessment and planned actions for risk mitigation,

to which the members of the Board of Directors and the Board of Statutory Auditors were invited, as were some Company managers. The following meetings were also held between early 2022 and the date of approval of this Report:

- Induction on business, for Directors and Statutory Auditors only, at the Mid Cap conference;
- First Assonime seminar on corporate governance: the function of the Code in terms of self-governance and regulation: adherence, degree of enforcement, proportionality;
- Training activities in Enterprise Risk Management for the GHC Group Management and Control Bodies, aimed at sharing rationales, tools and sector best practices;
- Assonime Observatory on policies for dialogue with Shareholders;
- Fourth Assonime seminar on corporate governance: the role of the Board in nominating Directors: from self-assessment to the presentation of slates/candidates,

to which all members of the Board of Directors and the Board of Statutory Auditors were invited, as were some Company managers.

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.

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 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.

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

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

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

### **Executive Committee**

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

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

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**Reporting to the Board**

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

**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 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 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, the Board - as part of its annual assessment - 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 next Shareholders' Meeting that has been called, *inter alia*, to approve the 2021 Annual Report.

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. 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 in 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.

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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](http://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, most recently, by a motion of October 28, 2021. 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 Implementing Regulation (EU) 2016/347 of March 10, 2016; 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 boards, 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 amended, 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:

<b>Role</b>	<b>Appointments and Remuneration Committee</b>	<b>Control, Risks and Sustainability Committee</b>
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. 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.

As regards the first months of the year 2021, until the date of the Shareholders' Meeting held on April 30, 2021, called to approve the Financial Statements at December 31, 2020, the Committees were composed as follows:

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

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

## **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 Self-Governance Code, the self-assessment process was conducted annually, most recently in March 2021.

This self-assessment, which concerned 2020, was conducted through the compilation by all Board members of a questionnaire prepared by the Appointments and Remuneration Committee without the aid of an external consultant and approved by the Board of Directors, the results of which were collected and examined by the Appointments and Remuneration Committee and submitted to the Board of Directors.

The annual assessment produced a positive outcome regarding the functioning, size and composition of the Board of Directors and the Board Committees.

The Board of Directors in office until April 30, 2021, having consulted with the Appointments and Remuneration Committee, deemed it appropriate to propose the appointment of 11 Directors, a numerical

that ensures a solid and balanced combination of profiles and experience in terms of geographical origin and diversification in terms of age and professional backgrounds. Such qualities will be necessary to face and tackle effectively the challenges that will emerge from the foreseeable evolution of the healthcare sector and the preparation and realisation of strategic objectives.

As a "company with concentrated ownership", and on the basis of the provisions of Paragraph 23 of the Corporate Governance Code, the Company, in view of its internal renewal, has not drafted a guideline on the quantitative and qualitative composition it considers optimal. However, the outgoing Board of Directors invited the Shareholders, when submitting the slates and subsequently appointing the Directors, to consider: (i) in view of the application for admission to Euronext STAR Milan (at the time called STAR, a segment of the Euronext Milan market, at the time called MTA ) submitted by the Company, to include on the slate at least 3 (three) Directors who meet the independence requirements, in compliance with the provisions of Article IA.2.10.6 (Independence Requirements) of the Markets Regulation for markets organised and managed by Borsa Italiana, according to which the number of Independent Directors is considered adequate when at least 3 (three) Independent Directors are present for administrative bodies composed of 9 (nine) to 14 (fourteen) members; (ii) in line with the recommendations of the Corporate Governance Code and in light of the diversity criteria identified by the Company - especially in its policy on the diversity of the administrative and control bodies approved and available on the website of the Company [www.garofalohealthcare.com](http://www.garofalohealthcare.com) in the Governance/Corporate Governance section - the professional characteristics, experience, including managerial experience, and gender of the candidates, in relation to the size of the Company, the specific nature of the business sector in which it operates, and the size of the Board of Directors.

## **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.

Until the Shareholders' Meeting called to approve the Financial Statements at December 31, 2020, the Non-Executive and Independent Directors Federico Ferro-Luzzi (Chairperson), Grazia Bonante and Franca Brusco were members of the Appointments and Remuneration Committee. In accordance with Article 6.P.3 of the Self-Governance Code, all Directors who are members of the Appointments and Remuneration Committee had appropriate experience in financial matters or remuneration policies.

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 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 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 2022 Remuneration Policy and 2021 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](http://www.garofalohealthcare.com), in the "*Governance/Remuneration*" section.

The Committee met eleven times during the year, for an average duration of approximately 2 hours and 10 minutes, with regular and assiduous average attendance rates of approximately 97%, 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.

For 2022, 12 Committee meetings are scheduled, 4 of which have already been held with all members present, except for one meeting where two out of three members were present. Meetings held during 2022 averaged approximately 1 hour and 50 minutes. The Chairperson of the Board of Directors, the Chief Executive Officer, the General Manager and the Chief Financial Officer were invited to take part in the proceedings, depending on the matters under discussion.

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

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

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

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

The Board of Directors meeting of March 14, 2021, resolved, on the proposal of the Committee, to allocate an expense budget to the Appointments and Remuneration Committee, to be used to carry out its duties, amounting to Euro 30,000 for the year 2021.

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

1. preliminary investigation for the annual assessment of the independence and good standing requirements of the Directors;
2. identification of Senior Executives;
3. review of the self-assessment of the Board of Statutory Auditors;
4. analysis of the results of the self-assessment process of the Board of Directors and its Committees (board evaluation) and issue of the opinion to the Board of Directors concerning the assessment of the functioning of the Board and its Committees as well as their size and composition;
5. finalisation of the MBO/LTIP results;
6. definition of the remuneration policy;
7. review of the Remuneration Report;

8. assess the adequacy, overall consistency and application of the remuneration policy for the Directors and Senior Executives;
9. evaluation of the Chief Executive Officer's and General Manager's remuneration;
10. determinations regarding the granting of Shares for the second Cycle (2020) and the granting of Shares for the third Cycle (2021) of the 2019-2021 Stock Grant Plan;
11. review and definition of regulations related to the first Cycle of the 2021-2023 Performance Share Plan; determinations regarding the first Cycle (2021);
12. assessments concerning the appointment of the General Manager and the new Executive Officer for Financial Reporting, as well as adherence to the succession plan for Senior Executives;
13. appointment of the Committee Chairperson;
14. committee budget proposal for FY 2021;
15. approval of the Committee's Internal Rules;
16. review of the short-term incentive system;
17. analysis of the Shareholders' Meeting results on remuneration;
18. remuneration proposal for Senior Directors, in addition to establishing the performance objectives related to the variable component of this remuneration;
19. assessments concerning the accumulation of offices as Director and Statutory Auditor in other companies, compatible with the office held;
20. preliminary investigation regarding diversity policies in relation to the composition of administrative, management and control boards;
21. review of the Corporate Governance Committee's 2021 recommendations on remuneration policies.

## **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](http://www.garofalohealthcare.com), in the "*Governance/Remuneration*" section.



On March 16, 2022, the Board of Directors approved, upon the recommendation of the Appointments and Remuneration Committee, the policy adopted by GHC for the compensation of Directors, Statutory Auditors and the General Manager for 2022 (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, 2022, 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 2021 Annual accounts pursuant to Article 2364, paragraph 2, of the Civil Code, is also convened to resolve, by means of a binding vote, on Section I of the Remuneration Report, (containing (i) the policy of the Company concerning the remuneration of the members of the management boards, General Managers and Senior Executives with reference to at least the following financial year and, without prejudice to the provisions of Article 2402 of the Civil Code, of the members of the control boards), and (ii) the procedures for the adoption and implementation of this policy) and, by means of a non-binding vote, on Section II of the Remuneration Report (containing, in a clear and comprehensible manner and individually, for the members of the management and control boards, the General Managers and, in total, for the Senior Executives, the items that make up the remuneration and the compensation paid in 2021 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.

## **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);
- 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 and Internal Audit 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 (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, 2022, 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, in 2021 the Company continued its activity targeted at developing 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 2017<sup>3</sup>), which is capable of identifying and managing risks pertaining to the Group's processes, in line with risk management and industry best practices. As part of the Internal Control and Risk Management System, the basis was established for the adoption of a single, integrated Risk Management system within the Company's organisational and governance structure for the periodic analysis, assessment, management and monitoring of risks within the organisation.

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<sup>3</sup> 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 2021 the Risk Manager continued to implement an 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 the Enterprise Risk Management activities, the Group defined the Group Risk Assessment methodology and carried out a Risk Assessment in 2019 targeted at identifying, analysing and evaluating the main risks, in addition to identifying the relative mitigating controls through the application of self risk assessment methodologies extended to some subsidiaries that formed part of the Group at that time, integrated following the acquisitions.

In particular, the activities carried out identified the various risks for the Group and led to an initial assessment of GHC's exposure level, in terms of impact and probability of occurrence, identifying the controls for risk mitigation.

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 2021, the activity planned during the previous year to introduce the model has slowed due to the pandemic, but risk assurance activities were carried out with respect to the following macro-environments:

- analysis of the risk associated with specific risk areas, and particularly: cyber security, following a vulnerability assessment carried out on a sample of four Group facilities and data centres, assessment of the risk associated with human capital, in particular with reference to healthcare staff, assessment of the risk associated with the external growth strategy and therefore with particular reference to two companies acquired in 2021;
- feeding information flows 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 a plan of initiatives to strengthen the Holding's organisational structure, with the insertion of a full-time staff member (Head of Group Risk Management) supported by an external expert consultant;
- 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 internal control system on the financial disclosure process ("**ICIFS**"), which constitutes an integral part of the Group's overall internal control system.

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

- **Assurance:** the information provided is correct and complies with the accounting standards and the requirements of national and international laws and regulations.
- **Accuracy:** Disclosures are free from bias to influence the decision-making process of users in order to achieve a predetermined outcome.
- **Reliability:** Disclosures provide clarity and completeness in order to enable investors to make informed and consistent investment decisions.
- **Timeliness:** Disclosures meets 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 ICIFS assessment method for the Group, providing the subsidiaries with the rules, principles and timeframes necessary for the correct assessment of their Internal Control and Risk Management Systems in relation to the financial disclosure process.

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

The effective application of the administrative and accounting procedures of the Group companies included in the scope of application of Law No. 262/2005 is verified through the definition and deployment of a monitoring plan, defined from a risk-based perspective 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.

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

Since the Shareholders' Meeting which approved the 2020 Annual accounts, the Non-Executive and Independent Directors Grazia Bonante, Franca Brusco and Federico Ferro-Luzzi have been members of the Control, Risks and Sustainability Committee.

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

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.

During the Year, the Control, Risks and Sustainability Committee met 18 times, for an average duration of approximately 2 hours, with the regular and consistent attendance of its members (average of 94,4%) and of the Chairperson of the Board of Statutory Auditors and/or at least one other Statutory Auditor.

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

For 2022, 13 committee meetings were scheduled, 5 of which have already been held with all Committee members present. Meetings held during 2022 averaged approximately 3 hours. At the invitation of the Control, Risks and Sustainability Committee, the Executive Director in charge of the Internal Control and Risk Management System, the Chief Financial Officer, the Control and Planning Manager, the Risk Manager, the Group Head of Administration and Accounts, the Investor Relator, the Chief Sustainability

Officer, the Internal Audit Manager, the Supervisory Board, the Executive Officer for Financial Reporting and the Independent Audit Firm attended the meeting.

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

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

The Control, Risks and Sustainability Committee is a body with advisory and proposing functions which, pursuant to 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) evaluates, 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) carry out additional duties assigned by the Board of Directors;

The Committee also provides its opinion to the Board of Directors in carrying out its tasks related to the Internal Control and Risk Management System, 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 2021, the Control, Risks and Sustainability Committee performed the following key control and risk activities:

1. review of the Chairperson's letter and 2021 recommendations from the Corporate Governance Committee on the topic of sustainability;
2. monitoring of the activities of the Internal Audit Function and analysis of the audits carried out during the Year;
3. examination of the periodic reports of the Internal Audit Function and of the audit reports;
4. examination of the audit plan;
5. updating of audit methodology with ESG objectives;
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 2021 Consolidated Budget and the multi-year Consolidated Business Plan;
9. review of the Annual Financial Report at December 31, 2020, the Half-Year Report at June 30, 2021, and the Interim Reports at March 31, 2021 and September 30, 2021.
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. analysis of the proposed Variable Remuneration Policy for the Chief Executive Officer for the three-year period 2021 - 2023 and guidelines for the remuneration policy of the General Manager;
14. analysis of decisions regarding the 2021-2023 Performance Share Plan, first Cycle;
15. analysis of two M&A transactions;
16. analysis and issue of the opinion on the revision of the Related Party Transactions Procedure;
17. analysis of the project to support the Group in updating its 231 Models and formalising the internal organisational and regulatory system;
18. analysis of the cyber security assessment conducted and review of an IT plan;
19. review of the COVID-19 emergency situation within the GHC Group;
20. review of the Group's medical and nursing staffing needs;
21. review and assessment of a Shareholder Communication Policy;
22. review of the loan agreement signed by the Company with a pool of banks in November 2021.

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

On June 16, 2021, in its capacity as Committee responsible for Related Party Transactions and pursuant to Article 4, Paragraph 3 of the Consob RPT Regulations, the Control, Risks and Sustainability Committee issued a favourable opinion on the amendments, revisions and updates to the Related Party Transactions Procedure (which came into force on July 1, 2021) targeted at implementing the amendments to the

Consob Related Parties Regulation, which pursue a complete alignment of the regulatory text with Directive (EU) 2017/828, Shareholders Rights Directive 2.

During the financial year, in its capacity as the Committee responsible for Related Party Transactions, the Control, Risks and Sustainability Committee analysed three 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 head of Investor Relations, who is also responsible for consolidating the non-financial information reported by each GHC Group Company and for preparing the Consolidated Non-Financial Statement (which GHC must prepare pursuant to Legislative Decree No. 254/2016), also attends. S/he is also responsible for the investigative activities regarding sustainability issues.

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

1. carried out assessments regarding materiality analysis and stakeholder engagement results;
2. analysed the progress of the planned initiatives and assessment of their consistency with the new materiality matrix approved;
3. reviewed the 2021-2023 Strategic Sustainability Plan;
4. monitored the progress of activities with respect to commitments made in the 2020 Consolidated Non-Financial Statement;
5. 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;
6. analysed the proposed revision of the Group's Code of Ethics;
7. analysed the annual report issued by Standard Ethics on GHC.

\* \* \*

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

\* \* \*

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

Minutes are kept of the Committee meetings.

The Board of Directors meeting of March 14, 2021, 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 2021.



### **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, the Supervisory Board and the Executive Officer for Financial Reporting.

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 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) verifies, on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the Group Internal Control and Risk Management System, through an audit plan, approved by the Board of Directors, based on a structured analysis process and prioritisation of principal risks (risk-based);
- b) prepares periodic reports containing sufficient information on activities, on the manner in which risk management is carried out, as well as compliance with the plans for their containment (Action Plans). The periodic reports contain an evaluation of the suitability of the Internal Control and Risk Management System;
- c) also at the request of the Board of Statutory Auditors, prepares in a timely manner reports on significant events;

- d) 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;
- e) verifies, in the audit plan, the reliability of the IT systems, including the accounting systems.

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 231 Model and Law No. 262/05 (Savings Law), 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. 231/01, (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**”). 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 Sector;
- 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.

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

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

members of the Supervisory Board have access, and which is - for this purpose - communicated by the Company to all those concerned.

#### **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 April 30, 2021, having heard the opinion of the Board of Statutory Auditors, the GHC Board of Directors appointed Danilo Barletta, Head of Group Administration and Financial Statements, as Executive Officer for Financial Reporting, pursuant to Article 154-*bis* of the Consolidated Finance Act 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, as the appointment of Fabio Tomassini, Chief Financial Officer of the Company until April 30, 2021, concluded with the approval of the 2020 Financial Statements by the Ordinary Shareholders' Meeting.

Following the resignation of Mr. Danilo Barletta, 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 Consolidated Finance Act 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 2021, 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 2021.

On the basis of the information and documentation available, the Chief Executive Officer in charge of the ICRMS considered that the Risk Manager possesses adequate levels of professionalism and resources to be able to perform the functions assigned to him both effectively and impartially.

#### **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 transactions of greater importance and transactions of negligible amounts (as defined in the RPT Procedure). It also identifies the cases in which the rules provided for in the RPT Procedure do not apply.

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

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

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. 60 of January 28, 2022, 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, 2021. Specifically, the quota fixed for the Company was as follows:

CRITERIA FOR DETERMINING THE HOLDING			PERCENTAGE HOLDING
CLASS OF CAPITALISATION	<u>FREE FLOAT SHARE &gt;25%</u>	<u>MAJORITY SHARE &lt;50%</u>	

>Euro 375 million and <= Euro 1 billion	not relevant	not relevant	2.5%
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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)**

The members of the Board of Statutory Auditors, who were appointed by the Ordinary Shareholders' Meeting of the Company on July 31, 2018 for the three-year period 2018-2020, were in office until 30 April 2021, the date of the Shareholders' Meeting held to approve the financial statements at 31 December 2020. The Company's Board of Statutory Auditors therefore comprised:

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

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 Musai 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, as well as the adequate provision of time for each Auditor to carry out his/her duties.

Further information on the composition of the Board of Statutory Auditors and the attendance at meetings of the Board is provided in Table 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](http://www.garofalohealthcare.com) under "*Governance/Board of Statutory Auditors*" (Annex 2.A).

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

The 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 13 times. The meetings lasted on average approx. 2 hours and 10 minutes and were attended by all members of the Board of Statutory Auditors.

There are 12 meetings of the Board of Statutory Auditors scheduled for 2022, 5 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.

### **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 curricula vitae of the Statutory Auditors.

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

On March 1, 2022, 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 Code<sup>4</sup>. The result of these reviews was forwarded to the Board of Directors, which acknowledged the findings at its meeting on March 16, 2022.

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.

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<sup>4</sup> With regard to the definition of the quantitative and qualitative criteria for assessing the significance of relationships that compromise, or may compromise, the independence of Directors and Statutory Auditors, as set out in Recommendation 7 of the Corporate Governance Code, reference should be made to paragraph 4.7 of the Report.

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.

## **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](http://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 boards (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 ensure full communication of the results achieved within the framework of the strategy disclosed to the market, in 2021 discussions were held with the financial community in conjunction with activities aimed at increasing coverage of GHC stock, with the entry of Exane BNP Paribas as an additional company (in addition to Equita SIM and Mediobanca) in charge of carrying out coverage on the Issuer.



During the year, these activities were also carried out by means of various virtual *roadshows*, which took place in April (following the acquisition of Clinica San Francesco di Verona), June (following the publication of the Q1 operating and financial results), October (on the occasion of the STAR Conference organised and managed by Borsa Italiana S.p.A.) and November (with participation in the Mid Cap CEO Conference organised by Exane BNP Paribas), all of which were carried out with the direct participation of the Chief Executive Officer and the Company's 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. SHAREHOLDERS' MEETINGS**

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

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

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

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

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

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

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

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

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

The right to attend and vote at the Shareholders' Meeting shall accrue to the holders of the Shares on the seventh trading day prior to the date of the Shareholders' Meeting (or on such other date as may be specified by applicable *pro tempore* legislation). Persons entitled to attend and vote at the Shareholders' Meeting may be represented by another person, natural or legal, including non-members, by means of a written proxy in the cases and within the limits set out by law and by the applicable regulatory provisions. This proxy may be communicated electronically by certified e-mail or by using the relevant section of the Company's website and by any other notification method provided for in the call notice, in compliance with the applicable legal and regulatory provisions.

Pursuant to Article 19 of the By-Laws, the Company does not make use of the option set out in Article 135-*undecies*, paragraph 1 of the CFA, concerning the Designated Agent. However, it should be noted that, with reference to the Ordinary Shareholders' Meeting held on April 30, 2021, in order to minimise the risks related to the ongoing health emergency linked to the spread of the COVID-19 virus, the Board of Directors decided to avail of the option established by Article 106 of Law Decree No. 18 of March 17, 2020, concerning "*Measures to strengthen the National 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") and subsequently extended as per Decree-Law No. 183 of December 31, 2020, converted in Law No. 21 of February 26, 2021, resolving (on March 16, 2021) 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 ongoing state of emergency occasioned by COVID-19, and considering the extension of the extraordinary measures provided for under Article 106 of the Italian Healthcare Decree until July 31, 2022 as per Article 3 of Decree-Law No. 228 of December 30, 2021, converted into law by Law No. 15 of February 25, 2022, published in the Official Gazette, General Series No. 49 of February 28, 2022, Ordinary Supplement No. 8 (so-called "Milleproroghe"), on March 16, 2022 the Board of Directors resolved that the Shareholders' Meeting of April 29, 2022 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](mailto:ghcspa@legalmail.it). The exercise of the right will be considered validly carried out only if accompanied by the certification of the intermediary proving the Shareholder's status, unless the Company has already received the communication from the intermediary required for participation in the Shareholders' Meeting. For the questions sent before the Shareholders' Meeting, a response will be given at the latest at the meeting. The Company reserves the right to provide a single answer to multiple questions on the same topic.

The Ordinary and Extraordinary 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](http://www.garofalohealthcare.com) under the section "*Governance/Shareholders' Meetings*" (the "**Shareholders' Meeting Regulation**").

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

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During the Year, a Shareholders' Meeting was held on April 30, 2021, which was attended by seven 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, 2020. 2020 Directors' Report. Report of the Board of Statutory Auditors and of the Independent Audit Firm. Presentation of the Consolidated Financial Statements at December 31, 2020 and of the 2020 Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254 of December 30, 2016. 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. 58/1998 (CFA) and Article 84-*quater* of Consob Regulation No. 11971/1999 (Issuers' Regulation): 3.1 binding vote on the remuneration policy for 2021 set out in the first section of the Report. Resolutions thereon; 3.2 consultation on the second section of the report regarding compensation paid in or relating to 2020. Resolutions thereon. 4. Long-term incentive plan "2021-2023 Performance Share Plan". Resolutions thereon. 5. Authorisation to purchase and dispose of treasury shares (buyback) pursuant to and for the purposes of Articles 2357 et seq. of the Civil Code, 132 of the CFA, 73 and 144-*bis* of the Issuers' Regulation, 5 of EU Regulation no. 596/2014 (MAR), 3 and 4 of Delegated Regulation (EU) no. 2016/1052. Resolutions thereon. 6. Appointment of the Board of Directors: 6.1. Number of Board members. 2 6.2. Duration of office of the appointed Board of Directors. 6.3. Appointment

of the Board of Directors. 6.4. Appointment of the Chairperson of the Board of Directors. 6.5. Establishment of the remuneration of the members of the Board of Directors. Resolutions thereon. 7. Appointment of the Board of Statutory Auditors: 7.1 Appointment of the Statutory Auditors and Alternate Auditors. 7.2 Appointment of the Chairperson of the Board of Statutory Auditors. 7.3 Establishment of the relative remuneration. 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 Board of Directors in office until April 30, 2021, having consulted with the Appointments and Remuneration Committee, deemed it appropriate to propose the appointment of 11 Directors, a numerical composition that ensures a solid and balanced combination of profiles and experience in terms of geographical origin and diversification in terms of age and professional backgrounds. Such qualities will be necessary to face and tackle effectively the challenges that will emerge from the predictable developments in the healthcare sector and from the preparation and implementation of strategic objectives. The Board therefore put its proposal to the Shareholders' Meeting.

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

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

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

During the year, the Company resolved upon and implemented a share capital increase with the exclusion of pre-emptive rights pursuant to Article 2441, Paragraph 4, of the Civil Code - voted on and passed by the Board Directors on January 20, 2021 - for a maximum nominal amount of Euro 2,870,000.00, corresponding to 10% of GHC's share capital at that date, through the issue of a maximum of 8,200,000 new ordinary Shares. This capital increase was finalised on January 26, 2021. Following this transaction, the Company's share capital is divided into 90,200,000 ordinary Shares.

#### **14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

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

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

#### **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 DECEMBER 3, 2021 OF THE CHAIRPERSON OF THE CORPORATE GOVERNANCE COMMITTEE**

The recommendations contained in the letter of December 3, 2021 from the Chairperson of the Corporate Governance Committee - which was set up, in its current configuration, in June 2011 by the Associations of businesses (ABI, ANIA, Assonime, Confindustria) and professional investors (Assogestioni), as well as Borsa Italiana S.p.A. - concerning Corporate Governance were brought to the attention of the Control, Risks and Sustainability Committee (on January 27 and February 18, 2022) and the Appointments and Remuneration Committee (on February 17, 2022), as well as the Board of Directors and the Board of Statutory Auditors (on January 25 and February 18, 2022).

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

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- 1. "It is recommended that companies provide adequate and concise information in their corporate governance report on how they are pursuing "sustainable success" and on their approach to promoting dialogue with the relevant stakeholders. In this regard, it is recommended that concise information be provided regarding the content of the policy for dialogue with the generality of shareholders, though it remains advisable to publish it in full, or at least in its essentials, on the company website".***

As described in part 1. *Issuer Profile*, 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. 254/16, with reference to the financial year 2021 (from January 1 to December 31).

As envisaged by Article 5 of Legislative Decree No. 254/16, the NFS is a separate report containing specific wording in order to bring it in line with the Consolidated Non-Financial Statement required by law. The data and information in the NFS refer to the companies included in the consolidation scope used for the Consolidated Financial Statements as of December 31, 2021.

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

The 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, 2021, 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;
- a General Manager, who, *inter alia*, is responsible for promoting and guaranteeing corporate sustainability activities in order to create a Group-wide culture of sustainability;

- a Chief Sustainability Officer, who is responsible for preparing the Non-Financial Statement pursuant to Legislative Decree No. 254/16 and supporting top management in introducing activities relating to medium- and long-term ESG objectives.

In addition to this, we note that during 2021 Standard Ethics Ltd., an independent agency that issues non-financial sustainability ratings, confirmed the investment grade EE- ("Adequate") rating on environmental, social and governance ("ESG") issues of GHC. Specifically, we note that in 2021 Standard Ethics upgraded GHC's outlook from "Stable" to "Positive", with an expected long-term rating of investment grade 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 given for the first time to ESG objectives.

Lastly, it should be noted that in 2021 GHC was particularly committed to integrating sustainability issues even further into its strategic planning, which has led the Company to organise numerous periods of group and structured reflection on ESG issues, both at the parent company and within subsidiaries. Specifically, in 2021 the Company organised:

- an induction on sustainability issues, involving the entire Board of Directors and the Board of Statutory Auditors;
- three days dedicated to sustainability, involving all the Chief Executive Officers and General Managers of the subsidiaries.

As regards the promotion of dialogue with relevant stakeholders, in 2021 GHC carried out an extensive Stakeholder Engagement activity for the second consecutive year. This involved four main categories of stakeholders, both internal (Group staff, doctors and researchers) and external (investors, banks and suppliers).



This led to the collection of about 275 Questionnaires (more than double the amount collected in 2020) completed by the different categories of stakeholder on the issues considered relevant for GHC. Collecting these questionnaires enabled the Company to update its "Materiality Matrix", which was also specifically approved by the Board of Directors.

As for the specific involvement of Shareholders, during the year the Company increased its participation in marketing events and roadshows with the national and international financial community, organised by the three corporate brokers (Equita, Exane BNP Paribas, Mediobanca), and October saw the Company participate for the first time in the STAR Conference organised by Borsa Italiana. All presentations given to participants were also simultaneously made available to the public via a special link in the Investor Relations / Presentations section of the Company's website. Further meetings with investors were organised after the publication of the periodic operating results and also after the two acquisitions made during the year (i.e. those of the Clinica S. Francesco, Verona and to Domus Nova, Ravenna).

With regard to the "shareholder communication policy", the Company decided not to adopt such a formal policy at present, given the recent nature of this regulatory provision, reserving the right to wait for developments and best practices in this area.

At the same time, the Company - which is aware of the importance of this aspect - reports that it has begun a process aimed at analysing this issue internally, in order to carefully assess the specifically applicable profiles and, therefore, the principles that the Board could usefully adopt in this regard. It also plans to take into account the practices already adopted and the type of information that the financial community has shown most interest in receiving. In this regard, it should 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. It should also be remembered that, since the IPO, the Company has developed relations with the financial community which provide for maximum involvement of top management, who attend every meeting with financial analysts and investors. In addition to the Chief Executive Officer, all the senior figures with responsibility within the parent company are also present.

2. ***"In accordance with the principle of proportionality, it is recommended that the classification of the Company with respect to the categories of the Code, and the options for simplification available to "non-large" and/or "concentrated" companies, be assessed and that the choices made be indicated appropriately".***

With regard to the qualification of the Issuer as a "non-large" and "concentrated ownership" company, please refer to the detailed information under point 1. *Issuer Profile*.

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.

<b>Topic</b>	<b>"Large" companies</b>		<b>"Non-large" companies</b>		<b>GHC ("non-large" and "controlled")</b>
	<b><u>Non-subsidiary company</u></b>	<b><u>Subsidiaries</u></b>	<b><u>Non-subsidiary company</u></b>	<b><u>Subsidiaries</u></b>	
<b>Portion independent</b>	At least half	At least one third	At least two	At least two	4 out of 11 (approx. 36%)
<b>Meeting of Independent Directors</b>	At least once yearly	At least once yearly	Not recommended	Not recommended	Annual
<b>Lead Independent Director (LID) at the request of Independent Directors</b>	Recommended	Recommended	Not recommended	Not recommended	Not designated
<b>Suggested maximum number of assignments</b>	Recommended	Recommended	Not recommended	Not recommended	Not defined
<b>Establishment of an Appointments and Remuneration Committee</b>	Recommended	Ability to assign functions to the Board	Recommended	Ability to assign functions to the Board	Established (as an autonomous committee)

<b>Establishment of a Control, Risks and Sustainability Committee</b>	Recommended	Recommended	Ability to assign functions to the Board	Ability to assign functions to the Board	Established (as an autonomous committee)
<b>Self-assessment</b>	Annual	Three-year plan	Three-year plan	Three-year plan	Three-year plan
<b>Guidelines for optimal Board composition</b>	Recommended	Not recommended	Recommended	Not recommended	Not defined
<b>Succession plans</b>	Recommended	Recommended	Not recommended	Not recommended	Adopted

**3. As regards the assessment of independence, "it is recommended that the criteria used to assess the significance of professional, commercial or financial relationships and the additional remuneration, be provided in the Governance Report, including with reference to the Chairperson of the Board of Directors, if the latter has been assessed as independent under the Code".**

As detailed in section 4.7. *Independent Director and Lead Independent Director*, on March 16, 2022, the Board - as part of its annual assessment - verified the independence requirements for the Non-Executive Directors, promptly informing the market.

The Board of Statutory Auditors - as part of the tasks assigned to it by law - verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members and the outcome of such controls is disclosed to the market in the Board of Statutory Auditors' report to the next Shareholders' Meeting that has been called, *inter alia*, to approve the 2021 Annual Report.

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. 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.

- 4. "Boards of Directors are invited to ensure that Board and Committee regulations are drawn up with particular attention to the explicit setting of deadlines deemed appropriate for the submission of documents and to the exclusion of generic confidentiality requirements as possible exemptions from compliance with those deadlines. When drafting the Corporate Governance Report, companies should also adequately illustrate whether they have complied with the notice period set out above and, where in exceptional cases this has not been possible, explain why, and how appropriate follow-up has been provided to the Board".**

The regulations of the Board of Directors and the Committees in force during the financial year did not provide for fixed deadlines for forwarding documentation in support of the prior information statement.

On February 18, 2022, the Board of Directors approved certain amendments to the aforementioned regulations in order to expressly identify the deadlines deemed appropriate for sending the documentation, taking into account, among other things, market practice<sup>5</sup> and the experience gained by the Company's bodies.

As of the date of this Report, the Board of Directors' Regulation provides for a deadline of three days prior to the date set for the meeting and the rules of the Committees provide for a deadline of two days prior to the date set for their respective meetings.

5. ***"Non-concentrated ownership companies are urged to properly consider the recommendations made to them with respect to renewal of the Board of Directors. In this regard, it should be noted that for such companies, the Code not only recommends that the outgoing Board of Directors provide, in view of its renewal, suggestions as regard its optimal composition, taking into account the results of the self-assessment, but also disclaims this responsibility in the subsequent phase of the submission of slates by the outgoing Board and/or shareholders. Specifically, the Boards of Directors of non-concentrated companies are invited to request those who submit a slate containing a number of candidates exceeding half of the members to be elected to provide adequate information (in the documentation submitted for the filing of the slate) on the correspondence of said slate to the outgoing Board's suggestion and to indicate their own candidate for the office of Chairperson".***

As described in section 7.1 *Self-assessment and succession of Directors*, as a "company with concentrated ownership", and on the basis of the provisions of Paragraph 23 of the Corporate Governance Code, the Company, in view of its internal renewal, has not drafted a guideline on the quantitative and qualitative composition it considers optimal. However, the outgoing Board of Directors invited the Shareholders, when submitting the slates and subsequently appointing the Directors, to consider: (i) in view of the application for admission to Euronext STAR Milan (at the time called STAR, a segment of the Euronext Milan market, at the time called MTA ) submitted by the

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<sup>5</sup> The Corporate Governance Committee reported that the *ex-ante* definition of "notice" is always present among larger companies (100%) while it is lower in medium-sized (84%) and small companies (75%). Assonime notes that "21% of companies (data stable over time) do not set a specific deadline for sending the documentation to all Directors but generically refer to 'timely' dissemination. In another 79% of cases, companies identify such a prior notice deadline, whose average is about 3 days (minimum and maximum terms are, respectively, 2.6 and 3.7 days) [...]. In more than ¼ of cases companies choose to differentiate the prior notice deadline according to the nature of the item on the board agenda".

Company, to include on the slate at least 3 (three) Directors who meet the independence requirements, in compliance with the provisions of Article IA.2.10.6 (Independence Requirements) of the Markets Regulation for markets organised and managed by Borsa Italiana, according to which the number of Independent Directors is considered adequate when at least 3 (three) Independent Directors are present for administrative bodies composed of 9 (nine) to 14 (fourteen) members; (ii) in line with the recommendations of the Corporate Governance Code and in light of the diversity criteria identified by the Company - especially in its policy on the diversity of the administrative and control bodies approved and available on the website of the Company [www.garofalohealthcare.com](http://www.garofalohealthcare.com) in the Governance/Corporate Governance section - the professional characteristics, experience, including managerial experience, and gender of the candidates, in relation to the size of the Company, the specific nature of the business sector in which it operates, and the size of the Board of Directors.

6. ***"The increasing attention paid to the promotion of equal treatment and opportunities between genders within the entire Corporate organisation is noted with pleasure, and companies are invited to continue monitoring these positive developments and to ensure that adequate information is provided in the Corporate Governance Report regarding the concrete identification and application of said developments".***

The Company applies diversity criteria, including those relating to gender as set out in current legislation, in the composition of the Board of Directors and 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 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, one Director under the age of 30, one Director 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 boards thanks to the different skills and experience gained by the Directors.

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 curricula vitae of the Statutory Auditors.

In addition to the above, during 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, 2021, 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. 1,445 out of a total of approx. 1,860, or approx. 78%).

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 boards.

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

- 7. "The advisability of improving remuneration policies in determining clear and measurable rules for the disbursement of the variable component and any severance pay is here reiterated. It is also recommended that adequate consideration be given to the consistency of the parameters identified for variable remuneration with the strategic objectives of the business and the pursuit of sustainable success, assessing, where appropriate, the adoption of non-financial parameters. With particular reference to remuneration parameters linked to the achievement of environmental and social goals, it is recommended that companies ensure that these criteria are both predetermined and measurable".**

The 2022 Remuneration Policy has been prepared in line with the recommendations of the Corporate Governance Code effective as of January 1, 2021, with the purpose of reflecting best market practices



and adhering to the regulations applicable to companies with shares listed on Euronext STAR Milan (formerly known as the STAR Segment).

The 2021 Remuneration Policy:

- provides clear and measurable rules for the disbursement of the variable component and any severance pay;
- adequately considers the consistency of the parameters identified for variable remuneration with the strategic objectives of the business and the pursuit of sustainable success, assessing the adoption of non-financial parameters;
- remuneration parameters linked to the achievement of environmental and social objectives are predetermined and measurable

\* \* \*

March 16, 2022

**The Chairperson 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, 2021**

**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. in addition to being a member of the Investment Committee and senior wealth advisor of the bank CA-Indosuez Wealth Italy. 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. 460/97.

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

**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. She has served as Vice-Chairperson of the Isabella Rossini Onlus Foundation since 2015 and as a member of the Board of Directors of Hesperia Hospital since 2018. Since March 14, 2019, she has been enrolled at No. 64914 of the Register of Surgeons of Rome OMCeO and since 2020 she has been working as a medical resident at the school of specialisation in vascular surgery at the Hospital of Padua.

**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 assistance and 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 a Statutory Auditor of Cassa Depositi e Prestiti S.p.A. and of its subsidiary CDP Industria S.p.A.. She is a member of the Audit Committee of the Port Network Authority of the South Mediterranean Sea, of the Galleria Borghese National Museum, of the Fondazione Musica per Roma and is Sole Auditor of AIRRI (Association for Rehabilitation and Reintegration of the Disabled) and a member of the Board of Directors of FS Sistemi Urbani S.r.l. (Italian State Railway Group).

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

**Federico Ferro-Luzzi**

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.

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., of which she is still a Director after the 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, 2021**

Name	Company	Office in the Company
<b>Alessandro M. Rinaldi</b>	Rugani Hospital S.r.l. *	Director
	Casa di Cura Prof. Nobili S.r.l. *	Director
	Ospedali Privati Riuniti S.r.l. *	Director
	Legavela Servizi S.r.l.	Sole Director
	Isabella Rossini Onlus Foundation	Chairperson
	COFIB S.r.l.	Sole Director
<b>Maria Laura Garofalo</b>	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
	Casa di Cura Prof. Nobili S.r.l. *	Director



Name	Company	Office in the Company
	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
	Confindustria	Member of the General Council
<b>Claudia Garofalo</b>	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
<b>Giuseppe Giannasio</b>	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

Name	Company	Office in the Company
	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
<b>Alessandra Rinaldi Garofalo</b>	Isabella Rossini Onlus Foundation	Vice-Chairperson
	Hesperia Hospital Modena S.r.l. *	Director
<b>Franca Brusco</b>	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
	CDP Industria S.p.A.	Statutory Auditor
	FS Sistemi Urbani S.r.l.	Director
	Southern Adriatic Sea Port System Authority	Member of the Board of Auditors
	Authority of the Borghese Gallery National Museum	Member of the Board of Auditors
	AIRRI	Sole Auditor
	Fondazione Musica per Roma	Chairperson of the Board of Auditors
<b>Federico Ferro-Luzzi</b>	TIM S.p.A.	Director
<b>Giancarla Branda</b>	Saras S.p.A.	Chairperson of the 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
<b>Guido Dalla Rosa</b>	Poliambulatorio Dalla Rosa Prati S.r.l. *	Chairperson of the

Name	Company	Office in the Company
<b>Prati</b>		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
<b>Javier De La Rica</b>	Peninsula Capital S.à r.l.	Director
	Peninsula Promoters S.à r.l.	Director
	Peninsula Investments SCA	Director
	Peninsula Associates SCSp	Director
	Peninsula Partners SCSp	Director
	Peninsula Pet HoldCo S.à r.l.	Director
	Peninsula Holding S.à r.l.	Director
	PI1 S.à r.l.	Director
	PI2 S.à r.l.	Director
	PI3 S.à r.l.	Director
	PI4 S.à r.l.	Director
	PI5 S.à r.l.	Director
	Peninsula Capital II S.à r.l.	Director
	Peninsula Investments II SCA	Director
	Peninsula Associates II SCSp	Director
	Peninsula Partners II SCSp	Director
	PII1 S.à r.l.	Director
	PII2 S.à r.l.	Director
PII3 S.à r.l.	Director	

Name	Company	Office in the Company
	PII4 S.à r.l.	Director
	Peninsula Capital III S.à r.l.	Director
	P1 SCS	Director
	Peninsula Europe GP S.à r.l.	Director
	Peninsula Investments Europe SCA RAIF	Director
	PII5 S.à r.l.	Director
	PE1 S.à r.l.	Director
	PE2 S.à r.l.	Director
	Aernnova Aerospace Corporation S.A.	Director
	D.M.O Pet Care S.r.l.	Director
	Kiko S.p.A.	Director
	Salto Systems S.r.l.	Director
<b>Nicoletta Mincato</b>	Astaldi S.p.A.	Director

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

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**ANNEX 2.A: CURRICULA VITAE MEMBERS OF THE BOARD OF STATUTORY AUDITORS IN OFFICE AT DECEMBER 31, 2021****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 is a member of the Board of Auditors for SANEDIL (National Fund for Supplementary Health Care for Building Workers - Rome), ANRA (National Association of Risk Managers - Milan) and FORMEDIL (National Body for Education and Professional Training in Construction - Rome). She is the author of publications on real estate finance.

**Alessandro Musaio**

He is full professor at the University "LUISS Guido Carli" of Rome, within the scientific disciplinary grouping SECS-P/07 - Business Economics. 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, 2021**

Name	Company	Office in the Company
<b>Sonia Peron</b>	SANEDIL - Fondo Nazionale di Assistenza Sanitaria Integrativa per i lavoratori dell'edilizia	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
<b>Alessandro Musaio</b>	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
	Domus Nova S.p.A. *	Chairperson of the Board of Statutory Auditors
Starshotels S.p.A.	Statutory Auditor	
<b>Francesca Di Donato</b>	Billions S.r.l.	Chairperson of the Board of

Name	Company	Office in the Company
		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
	Confindustria Servizi 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
	Lottomatica Scommesse S.r.l.	Statutory Auditor
	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
	Centro Medico San Biagio S.r.l. *	Statutory Auditor
	Italgas Acqua S.p.A.	Statutory Auditor
	Noovle S.p.A.	Statutory Auditor
	GBO S.p.A.	Chairperson of the Board of Statutory Auditors
	GGM S.p.A.	Chairperson of the Board of Statutory Auditors
	Big Easy S.r.l.	Statutory Auditor

<b>Name</b>	<b>Company</b>	<b>Office in the Company</b>
	Enjoy the Game S.r.l.	Chairperson of the Board of Statutory Auditors

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



**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE**

<b>SHARE CAPITAL STRUCTURE AT THE REPORT DATE</b>				
	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>

<b>SIGNIFICANT SHAREHOLDINGS AT THE REPORT DATE</b>			
Shareholder	Direct Shareholder	% of ordinary share capital	% of voting share capital*
Maria Laura Garofalo	Anrama S.p.A.	64.556	64.010
	Larama 98 S.p.A.		
	Maria Laura Garofalo		
Peninsula Capital II sarl	PII 4 S.A.R.L.	9.062	8,985

(\*) 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	A	M		X	-	-	-	16/16
Chief Executive Officer	Maria Laura Garofalo	1963	21/06/2017	30/04/2021	App. 2023 Ann. Accounts	A	M	X		-	-	-	16/16
Director	Claudia Garofalo	1985	21/06/2017	30/04/2021	App. 2023 Ann. Accounts	A	M	X		-	-	-	16/16
Director	Giuseppe Giannasio	1968	08/08/2018	30/04/2021	App. 2023 Ann. Accounts	A	M		X	-	-	-	16/16
Director	Alessandra Rinaldi Garofalo	1992	29/10/2018	30/04/2021	App. 2023 Ann. Accounts	A	M		X	-	-	-	14/16
Director	Guido Dalla Rosa Prati	1960	30/04/2021	30/04/2021	App. 2023 Ann. Accounts	A	M	X				-	7/8
Director	Javier de La Rica	1957	30/04/2021	30/04/2021	App. 2023 Ann. Accounts	A	M		X			-	8/8
Director	Franca Brusco	1971	18/06/2019	29/04/2020	App. 2020 Ann. Accounts	A	m		X	X	X	2	13/16
Director	Federico Ferro-Luzzi	1968	18/06/2019	29/04/2020	App. 2020 Ann. Accounts	A	M		X	X	X	1	15/16

<b>Director</b>	Nicoletta Mincato	1971	30/04/2021	30/04/2021	App. 2023 Ann. Accounts	A	M		X	x	x	1	8/8
<b>Director</b>	Giancarla Branda	1961	30/04/2021	30/04/2021	App. 2023 Ann. Accounts	A	M		X	x	x	2	8/8
<b>Director</b>	Umberto Suriani	1976	21/06/2017	31/07/2018	App. 2020 Ann. Accounts	-		X		-	-		8/8
<b>Director</b>	Nicola Colavito	1978	29/10/2018	09/11/2018	App. 2020 Ann. Accounts	-			X	-	-		8/8
<b>Director</b>	Grazia Bonante	1967	3/07/2019	29/04/2020	App. 2020 Ann. Accounts	-			X	X	X		7/8
<b>Director</b>	Patrizia Crudetti	1951	31/07/2018	31/07/2018	App. 2020 Ann. Accounts	-			X	-	-		4/8
<b>Number of meetings held in the year: BOD: 16</b>													
<b>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.</b>													

#### 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).

o 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 and Committee meetings (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

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

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

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

**TABLE 3: STRUCTURE OF BOARD COMMITTEES AT THE END OF THE FINANCIAL YEAR**

<b>B.o.D.</b>		<b>C.R.S.C.</b>		<b>A.R.C.</b>	
<b>Position/Qualification</b>	<b>Member</b>	<b>(*)</b>	<b>(**)</b>	<b>(*)</b>	<b>(**)</b>
<b>Independent Non-Executive Director as per CFA and Code</b>	Franca Brusco	18/18	P	10/11	M
<b>Independent Non-Executive Director as per CFA and Code</b>	Federico Ferro-Luzzi	16/18	M	11/11	P
<b>Independent Non-Executive Director as per CFA and Code</b>	Nicoletta Mincato	11/11	M	-	-
<b>Independent Non-Executive Director as per CFA and Code</b>	Giancarla Branda	-	-	6/6	M
<b>DIRECTORS LEAVING OFFICE DURING THE YEAR</b>					
<b>Independent Non-Executive Director as per CFA and Code</b>	Grazia Bonante	6/7	M	5/5	M

(\*) This column indicates the percentage of 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	7/7	4
Statutory Auditor	Alessandro Musaiò	1967	31/07/2018	30/04/2021	App. 2023 Ann. Accounts	M	X	13/13	12
Statutory Auditor	Francesca di Donato	1973	31/07/2018	30/04/2021	App. 2023 Ann. Accounts	M	X	13/13	22
Alternate Auditor	Andrea Bonelli	1967	31/07/2018	30/04/2021 (standing member between 01/10/2020 and 30/04/2021)	App. 2023 Ann. Accounts	M	X	6/6	-
Alternate Auditor	Marco Salvatore	1965	30/04/2021	30/04/2021	App. 2023 Ann. Accounts	m	X	-	-
<b>Statutory Auditors leaving office during the year</b>									
Alternate Auditor	Jacopo Doveri	1972	31/07/2018	31/07/2018	App. 2020 Ann. Accounts	-	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-*quinqüesdecies* of the Consob Issuers' Regulation.



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