

Considerations of the outgoing Board of Statutory Auditors in accordance with the *Rules of Conduct for the Board of Statutory Auditors of listed companies of the CNDCEC (Italian National Council of Chartered Accountants and Accounting Experts)* of 26 April 2018

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1. Introduction - the *Rules of conduct for the Board of Statutory Auditors of listed companies of the CNDCEC* of 26 April 2018 and purpose of the document

As is known, the mandate of the Board of Statutory Auditors of Moncler S.p.A. (the “Company”) currently in office will expire on the date of the shareholders’ meeting called to approve the Company's financial statements as at 31 December 2022. On that occasion, the shareholders' meeting will be called on to appoint a new supervisory body.

According to the provisions of point Q.1.6. of the *Rules of Conduct for the Board of Statutory Auditors of listed companies of the CNDCEC* of 26 April 2018 (hereinafter the “*Rules of conduct*”), “*Before the expiry of its mandate, the outgoing Board of Statutory Auditors summarises the work it has performed in a document, specifying the number of meetings and their average duration, the time required for each of the activities it performed, and the professional resources employed*”.

The document was produced by the incumbent Board of Statutory Auditors in accordance with the above instruction, with a view to providing information to the Shareholders' Meeting to shareholders interested in presenting lists for the appointment of the new control body and to candidates for the office statutory auditors, and to provide an overview of the work that the Company's control body is required to perform in order to facilitate a detailed review of the professional skills necessary and an assessment of the adequacy of the proposed remuneration for performance of the mandate.

In fact, with respect to the professionalism aspect, rule Q.1.2 of the Code of Conduct provides that “*The composition of the Board should be appropriate for the characteristics of the company*” and that “*when submitting lists of candidates, the professional characteristics, experience – including managerial experience – and gender of candidates should be assessed in relation to the size of the issuer, the complexity and specific nature of the business sector in which it operates, and the size of the Board of Statutory Auditors*”¹. Indications to this effect can also be found in Article 19, paragraph 3 of Legislative Decree 39/2010, according to which “*the members of the internal control and audit committee are generally competent in the sector in which the audited entity operates*”.

With regard to the question of remuneration, Rule of Conduct Q.1.6. states that “*The remuneration of the members of the Board of Statutory Auditors must be adequate and in all cases determined with due regard to the complexity and onerousness of each position, also in relation to the scale of the task and the business of the issuing company, the number and size of the companies included in the consolidation, and the extent and articulation of its organisational structure.*”

¹ For ease of reading, see the text of Rules Q.1.2. and Q.1.6 are appended to this document.

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In the determination of adequate remuneration, particular attention should also be paid to the commitment required to fulfil the various duties, in particular active participation in the meetings of internal Board committees". Similar instructions can also be found in the Corporate Governance Code currently in force (Article 5, Recommendation No. 30).

Before being made available to shareholders, the document was sent to the Chairman of the Board of Directors to be brought to the attention of the Nomination and Remuneration Committee and the Board of Directors of the Company for their respective assessments.

2. Evolution of the statutory work of the Board of Statutory Auditors

2.1. It should be noted that the evolution of the work of Board of Statutory Auditors has been strongly influenced over the years by legislative provisions introducing a number of reforms, of which the following deserve mention.

2.2. Firstly, reference should be made to the reform of the rules governing statutory auditing implemented at European level (the so-called "European reform") with the promulgation of the following acts:

- **Regulation (EU) No 537/2014** on the statutory audit of the accounts of public-interest entities, which is directly applicable as of 17 June 2016;
- **Directive No 2014/56** transposed into Italian legislation by Legislative Decree 135/2016, which amended the provisions of Legislative Decree 39/2010.

With the European Reform, the Legislator intended to strengthen the quality of auditing, and in particular to reinforce the mechanisms for verifying the independence of the auditor, entrusting to the Supervisory Body, in its capacity as the Internal Control and Audit Committee, with specific monitoring duties.

In this context, the Supervisory Body:

- informs the administrative body of the audited company of the outcome of the statutory audit (Article 19, paragraph 1, letter a) of Legislative Decree 39/2010) and sends to that body the additional report accompanied by any observations (Article 11 of EU Regulation 537/2014);
- monitors the financial reporting process and presents recommendations/proposals designed to ensure its integrity (Article 19, paragraph 1, letter b) of Legislative Decree 39/2010);
- verifies the effectiveness of the company's internal quality control and risk management systems and, where applicable, its internal audit, in relation to the financial reporting of the audited entity (Article 19, paragraph 1, letter c) of Legislative Decree 39/2010);

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- monitors the statutory audit of the annual and consolidated financial statements, also taking into account any findings and conclusions of quality controls carried out by Consob - the Italian National Stock Exchange Supervisory Commission (Article 19, paragraph 1, letter d) of Legislative Decree 39/2010);
- verifies the independence of the statutory auditor (Article 19, paragraph 1, letter e) of Legislative Decree 39/2010);
- is responsible for the procedure for selection of the statutory auditor (Article 16 of Regulation (EU) No 537/2014 and Article 19(1)(f) of Legislative Decree 39/2010);
- approves the performance of non-audit services by the auditor and the entities of the relevant network (Article 5 of Regulation (EU) No 537/2014).

2.3. Also worth mentioning is the regulation governing non-financial information introduced by **Legislative Decree 254/2016**, according to which the Supervisory Body:

- monitors compliance on the part of directors with the provisions of Legislative Decree 254/2016 on the preparation of a non-financial statement (Article 3, paragraph 7 of Legislative Decree 254/2016);
- reports to the shareholders' meeting on the outcome of this monitoring (Article 3, paragraph 7 of Legislative Decree 254/2016);
- is consulted by the administrative body in the event that, in exceptional circumstances, information that could compromise the commercial position of the company could have been omitted from a non-financial statement (Article 3, paragraph 8 of Legislative Decree 254/2016).

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

In view of the sector in which the Company operates, the complexity of its corporate organisation, and the scale and structure of the Group that the Company heads, it is believed that the performance of the duties entrusted to the Board of Statutory Auditors requires specific expertise in the following areas:

- principles and rules of operation of listed companies
- accounting processes and the drafting of annual and consolidated financial statements
- national and international accounting standards
- economic and financial assessments
- impairment testing process and assessments
- risk management and internal control systems
- internal audit
- statutory audit

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- financial management
- Legal and tax management

It is also believed that a high degree of complementarity between each board member's training and previous experience is a factor that favours the efficiency of the Board as a whole and its work. Moreover, it is important that individual members of the supervisory body have a variety of backgrounds enabling them collectively to cover the relevant areas of expertise. These characteristics ensure complete functional coverage of the various topics that the Board is called upon to oversee, resulting in fruitful operation that facilitates, *inter alia*, the continuous professional enrichment of each member of the Board.

On the basis of the self-assessments that are conducted annually, the incumbent Board of Statutory Auditors has concluded that it possesses the required expertise.

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

4. The work the Board of Statutory Auditors: areas of operation and commitment required

4.1. The main areas of the work of the Board of Statutory Auditors are as follows:

- (i) supervision of compliance with the law and articles of association
- (ii) supervision of compliance with the law, with particular regard to Legislative Decree No 254/2016
- (iii) supervision of compliance with the principles of sound administration
- (iv) monitoring of the adequacy of the organisational structure
- (v) monitoring of the adequacy of the administrative and accounting system
- (vi) monitoring of the adequacy and functioning of the internal control and risk management system (ICRMS), which is part of structures and systems referred to in points (iv) and (v)
- (vii) control and monitoring related to the statutory audit.

4.2. Accordingly, the main duties performed by the Board of Statutory Auditors include, *inter alia*:

- attendance at all meetings of the Board of Directors (BoD) and of its various committees (see the table below);
- selective meetings with management functions for detailed analysis of significant transactions;

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- attendance at all meetings of the Control, Risks and Sustainability Committee (CRSC), the Nomination and Remuneration Committee and the Related Parties Committee, with the presence of the Chairman and/or one or more Statutory Auditors;
- specific meetings with the Internal Audit function in order to review audit planning and to conduct an executive session for verification of independence, and also in relation to the Enterprise Risk Management project;
- dedicated meetings with the Company's internal functions (including People & Organisation, Corporate Affairs & Compliance, Finance & Taxation, Planning & Control) in order to review their work and any organisational developments, resources, etc., in synergy with information obtained at the CRSC meetings;
- at least one dedicated meeting per year with the Financial Reporting Officer and with the Director in charge of the internal control and risk management system;
- meetings with the supervisory bodies of the main subsidiaries;
- meetings with the Supervisory Body (SB) pursuant to Legislative Decree 231/2001;
- regular meetings to monitor the process of drafting the non-financial statement (NFS) and the relevant methodological approach, until the approval of the NFS by the Board of Directors;
- specific meetings with heads of departments dealing with sustainability issues, meetings that have become increasingly frequent over the years due to the increasing importance of the issues in question;
- meetings with the external auditor's team several times during the year, to understand its work plan, the execution of the various phases, decisions on its audit approach based on control and/or substantive systems, the performance of the team, its scheduled hours and geographical control, etc.;
- regular meetings with the external auditors and review of the additional report produced by them pursuant to Article 11 of Regulation (EU) No 537/2014;
- analysis and discussion of declarations of independence with the independent auditors;
- targeted meetings with the external auditors on the work plan, verifications carried out and their outcomes in relation to the NFS, and on representation and disclosure issues concerning the NFS;
- approval of permitted non-audit services (NAS) according to the Group Procedure, created for the purposes of protecting the independence of the statutory auditor;

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- analysis of the annual and interim financial report;
- analysis of the annual Corporate Governance Report and the relevant procedures for adherence to the Corporate Governance Code in force at the date of the Report and applicable from 1 January 2021;
- Analysis of the Non-Financial Statement;
- further analysis whenever deemed appropriate, for example in the area of cyber security, tax management, etc.

In addition to the above duties, it should be noted that during 2021 and early 2022, the Board of Statutory Auditors was particularly occupied with the process of selecting the new external auditor, as provided for in Article 16 of Regulation (EU) No 537/2014. This is obviously a non-recurring activity, as the statutory audit mandate for public-interest entities has a term of nine years.

Finally, it should be noted that the Board of Statutory Auditors has paid particular attention to aspects of the acquisition of Sportswear Company S.p.A. ("SPW"), meeting on several occasions with the consultants and advisors for the transaction, and following the acquisition of SPW, which was finalised on 31 March 2021, it took a particular interest in aspects of the integration process between the Company and the newly-acquired Sportswear Company S.p.A. ("SPW"). The Board of Statutory Auditors has also held specific meetings with the control body of SPW on this matter.

4.2. The following table summarises the number of meetings that the Board of Statutory Auditors attended in 2020, 2021 and 2022.

Table 1

Body or Board committee	2022	2021	2020
	No of Meetings	No of Meetings	No of Meetings

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Board of Statutory Auditors	13	17 ²	15 ³
Board of Directors	8	12	14
Control, Risks & Sustainability Committee	8	6	4
Nomination / Remuneration Committee	5	3	7
Related Parties Committee	1	3	6
Total no. of meetings	35	41	46

The Board of Statutory Auditors took part in all meetings of the Board of Directors, the Control, Risks and Sustainability Committee, the Nomination and Remuneration Committee and the Related Parties Committee, mostly with all its members attending, or by the attendance of its Chairman and/or another auditor.

It should be noted that the attendance of the entire Board of Statutory Auditors in all Committee meetings, although not mandatory, was considered by the control body to be of great benefit for the purposes of more autonomous understanding of the issues and critical review of information relevant to its duties.

The commitment required of statutory auditors does not end with attendance of meetings of the Board of Directors, as it also involves a prior analysis of the documentation made available for each meeting of the Board of Directors and of the Board of Statutory Auditors, as well as participation in committees, informal strategy sessions and training and induction sessions.

The Chairman of the Board of Statutory Auditors, mainly with the support of the other auditors, also spends his/her time to the planning of meetings, review of the relevant minutes, drafting the reports of the control body, exchanging correspondence and discussion with management, with the chairmen of the Boards of Statutory Auditors of subsidiaries, with the chairmen of the committees and with the supervisory body, in order to ensure optimal coordination of the control body's work.

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

² Note that during 2021 and early 2022, the Board of Statutory Auditors was particularly occupied with the process of selecting the new external auditor Article 6 of Regulation (EU) No 537/2014

³ Of these, 3 meetings were held by the former Board of Statutory Auditors

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In respect of the activities described in the preceding paragraphs, the annual consideration for each Standing Auditor, as resolved by the Company's Shareholders' Meeting on 11 June 2020, is €41,000. The annual fee of the Chairman of the Board of Statutory Auditors is €60,000. It should be noted that these fees are unchanged from with the fees resolved for 2016.

With regard to the adequacy of the remuneration of the new control body, the Board considers it advisable for the Company to conduct a benchmarking analysis comparing the remuneration the Company granted to the Board with those granted by comparable international issuers⁴ for evaluation by the shareholders' meeting. In any event, it should be noted that any such benchmarking, if limited to a domestic market, may not entirely provide a common indicator of the adequacy of the remuneration to be paid to the Company's Board of Statutory Auditors, since within this market there is still no complete and conscious recognition of the need to provide fees for Board members that are commensurate with the increased effort that is required in order to comply with current legislation.

This issue deserves further reflection to take into account the legislative evolution that has significantly widened the duties and consequent responsibilities of the control body, as indicated in paragraph 2 above⁵.

From this perspective, on the occasion of the consultation launched in 2019 by Borsa Italiana for the purposes of updating the Corporate Governance Code, Nedcommunity suggested that, in order to assess the fairness of the control body's remuneration, a comparison should be made not only between similar issuers, but also within the same issuer, for instance by comparing the remuneration of members of the Board of Statutory Auditors with that of Directors who are members of the Control, Risks and Sustainability Committee, and assessing the misalignment in remuneration by taking account of the work performed by members of the control body and their participation in meetings of the Board of Directors and the various Committees.

On this point, it should be recalled that during 2020, 2021 and 2022, the number of meetings attended, in most cases by all of the members of the Board of Statutory Auditors (including the meetings of the Board of Statutory Auditors), was 46, 41 and 35, respectively.

⁴ It should be noted that at the international level, where the governance system is predominantly one-tier or two-tier, the control body is not represented by a Board of Statutory Auditors but by a Management Control Committee, which is an internal committee of the Board of Directors (in the one-tier system), or by the Supervisory Board (in the two-tier system).

⁵ This issue has been raised at various levels, including by the association of independent directors (Nedcommunity) during the consultation promoted by Borsa Italiana for the purposes of updating the Corporate Governance Code in 2019.

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6. Conclusions

In conclusion, from the standpoint of the professional expertise of members of the Board of Statutory Auditors, given the size and complexity of the Group, it is considered desirable, if not advisable, that the new control body should be characterised by complementary skills and experience in the relevant disciplinary areas mentioned in section 3 above. It is particularly important that this mix of skills be well balanced and distributed across the various members of the control body and be accompanied by considerable knowledge of the sector in which the Company operates and of the principles and rules of operation of listed companies.

In terms of the adequacy of remuneration, taking into account (i) the misalignment in Moncler between the remuneration of members of the Board of Statutory Auditors and members of CRSC, (ii) calls for attention to the remuneration of statutory auditors arising from industry analyses, and (iii) the constant growth in duties and effort required of the supervisory body in the light of regulatory changes in recent years, it would be desirable for the Company to renew its assessment of the adequacy of the remuneration paid to members of the Board of Statutory Auditors and submitted to the Shareholders' Meeting for approval.

The Chairman of the Board of Statutory Auditors

Annex: Extract of the *Rules of Conduct for the Board of Statutory Auditors of listed companies of the CNDCEC (Italian National Council of Chartered Accountants and Accounting Experts)* of 26 April 2018 - points Q.1.2 and Q.1.6



Rules of conduct for the Board of Statutory Auditors of listed companies

April 2018

Appendix to the End-of-Term Report of the Board of Statutory Auditors of Moncler, 3 March 2023:
Extract of the *Rules of Conduct for the Board of Statutory Auditors of listed companies of the CNDCEC (Italian National Council of Chartered Accountants and Accounting Experts of 26 April 2018*
- points Q.1.2 and Q.1.6

Rule Q.1.2. Composition of the Board of Statutory Auditors

Principles

The number of members of the Board of Statutory Auditors and the gender balance criterion are established by law and by the deed of incorporation.

Statutory auditors must be selected from persons who meet the requirements of good repute and professionalism established by law and by the articles of association.

References

Articles 114, 148 and 148-*bis* of the Consolidated Finance Act; Articles 144-*quinquies* of the Regulation on Issuers as cited in CONSOB resolution No. 11971 of 14.5.1999, as amended (hereinafter, the Regulation on Issuers); Decree of the Minister of Justice No. 162, 30 March 2000, Regulation setting out the rules for establishing the professionalism and integrity requirements for members of the Board of Statutory Auditors of listed companies, to be issued on the basis of Article 148 of Legislative Decree No. 58 of 24 February 1998; Article 19, paragraph 3 of Legislative Decree 39/2010; Corporate Governance Committee, Corporate Governance Code, Article 3, July 2015

Application criteria

The Board of Statutory Auditors is composed of no fewer than three standing members and two alternate members.

The composition of the Board of must comply with the gender balance criterion, according to which the lesser represented gender is entitled to at least one third – or one fifth in the case of a newly listed company – of the standing members of the Board of Statutory Auditors. This distribution criterion applies for three consecutive terms.

If the application of the gender balance criterion does not result in a whole number of members belonging to the less represented gender, the number shall be rounded up to the higher unit.

One standing member and one alternate member shall be elected, by list vote and in accordance with the procedures laid down in the Regulation on Issuers, by minority shareholders who are not connected, even indirectly, with the shareholders who submitted or voted for the list that ranked first in terms of number of votes. The articles of association may provide for more than one minority auditor to be elected, provided that the positions are divided proportionally according to the criteria laid down in the articles of association.

The Chairman of the Board of Statutory Auditors is appointed by the shareholders' meeting from members elected by the minority shareholders, if any.

Statutory Auditors must meet the integrity and professionalism requirements established by legislation (see Ministerial Decree No. 162/2000) and the articles of association, as well as the independence requirements established by law and codes of conduct, for companies that have declared that they abide by such codes (Rule Q.1.4).

Professionalism requirements

Where there are three standing auditors, at least one of them, or at least two of the standing auditors if there are more than three and, in both cases, at least one of the alternate auditors, must be selected from persons listed in the register of auditors who have practised the profession of statutory auditor for a period of not less than three years.

Statutory auditors who do not meet this requirement are selected from among those who have a total of at least three years' experience of:

- administration, control or management duties in a limited company with a share capital of not less than two million Euro;
- professional activity or university teaching in legal, economic, financial and technical-scientific areas closely related to the company's business;
- managerial roles in public bodies or public administrations operating in the credit, financial and insurance sectors or in sectors closely related to that of company's business. Sectors and fields of business that are closely related to that of the company are as established in the articles of association.

Members of the Board of Statutory Auditors who serve as members of the internal control committee and the audit committee of a public-interest entity² are generally competent in the sector in which the audited

² As provided in Article 16 of Legislative Decree 39/2010, public interest entities (PIEs) are:

- a) Italian companies issuing securities that are admitted to trading on regulated Italian markets in the European Union;
- b) banks;
- c) the insurance undertakings referred to in Article 1, paragraph 1, letter u) of the Private Insurance Code;
- d) the reinsurance undertakings referred to in Article 1, paragraph 1 letter cc) of the Private Insurance Code, with headquarters in Italy, and the secondary offices in Italy of the non-EU reinsurance companies referred to in Article 1, paragraph 1, letter cc-ter) of the Private Insurance Code.

company operates.

Integrity requirements

A person may not be appointed as a statutory auditor, and if elected, shall forfeit the position if:

- they have been subjected to preventive measures ordered by the judicial authority provided for in anti-Mafia legislation, except in the event of rehabilitation;
- they have been convicted by a final judgment, except in the event of rehabilitation:
 - to a custodial sentence for one of the offences provided for in legislation governing the banking, financial and insurance sectors, or in legislation governing financial markets and instruments, taxation, and payment instruments;
 - to imprisonment for one of the corporate offences provided for in the Italian Civil Code (Title XI of Book V) and in the Bankruptcy Law (Royal Decree No. 267 of 16 March 1942);
 - to imprisonment for a period of not less than six months for an offence against the public administration, public trust, property, public order and the public economy;
 - to imprisonment for a term of no less than one year for any offence committed with criminal intent;
- they have been sentenced at the request of the parties to imprisonment for one of the offences provided for in legislation governing banking, financial and insurance activities, or in legislation governing financial markets and instruments, taxation and payment instruments, except where the offence is extinguished;
- they have been struck off the single national roll of stockbrokers (Article 201, paragraph 15 of the Consolidated Finance Act), or stockbrokers who have been barred from trading on a regulated market. These prohibitions shall remain in force for three years following the imposition of the relevant sanctions. The period is reduced to one year in cases where the sanction was imposed at the request of the entrepreneur or the administrative bodies of the company or of the stockbroker.

Having performed an administrative, management and control role for at least eighteen months, in the period between two financial years prior to the imposition of the relevant sanction and the current financial year, in companies subject to bankruptcy, forced liquidation or extraordinary administration, or having performed functions in companies subjected to proceedings for termination or collective removal of members of the administration and control bodies, as established in sectoral regulations for companies that operate in sectors subject to supervision, does not automatically constitute grounds for barring an auditor's appointment³.

³ It should be recalled that the Lazio Regional Administrative Court, in its judgment of 12 January 2005, annulled the regulatory provision in Article 1, paragraph 4, of Ministerial Decree 162 of 30 March 2000, which provided that: "The position of auditor cannot be held by persons who, for at least eighteen months in the period between two years prior to the imposition of the relevant sanction and the current year, have performed administrative, management or control functions in companies:

- subject to bankruptcy, forced liquidation or equivalent procedures;
- operating in the banking, financial, securities and insurance sector that are that have been subjected to extraordinary administration procedures".

Additional professionalism or good reputation requirements may be established:

- by special laws governing specific business sectors;
- by the articles of association.

Assessment of the composition of the Board of Statutory Auditors

At its first meeting and annually thereafter, the Board of Statutory Auditors assesses, on the basis of statements made by the statutory auditors and available information, the composition of the Board of Statutory Auditors, verifying in particular compliance with the requirements established by law, the articles of association, the Regulation on Issuers and the Code of Conduct to which the company has declared that it complies, as well as compliance with the requirements of good reputation and propriety established by legislation for the sector.

For the purposes of these assessments, the auditors, once elected or whenever changes occur, shall provide the Board of Statutory Auditors with the relevant complete and up to date information in written form.

Rule Q.1.1 applies.

Comment

Article 148 of the Consolidated Finance Act establishes the minimum number of members of the Board of Statutory Auditors as three standing auditors and two alternate auditors. The number of standing auditors may therefore be more than three and the number of alternate auditors may be more than two.

The composition of the Board should be appropriate for the characteristics of the company. This requirement can be indicated to the company by any interested party, e.g. the Board of Directors, shareholders, the control functions, and the Board of Statutory Auditors itself when assessing its own composition. In this regard, it should not be overlooked that Article 19, paragraph 3 of Legislative Decree 39/2010 expressly provides that members of the internal control and audit committee are generally competent in the sector in which the company operates.

In judgments No. 7064/2001 and No. 2907/2000 of the Lazio Regional Administrative Court, the analogous provisions contained respectively in Ministerial Decree No. 161 of 18 March 1998: *'Regulation containing rules for the identification of the requirements of good reputation and professionalism of the corporate officers of banks and grounds for their suspension'*, and Ministerial Decree No. 468 of 11 November 1998: *'Regulation containing rules for the identification of the requirements of professionalism and good reputation of persons performing administrative, management and control functions in brokerage firms, asset management companies and open-ended investment companies'*, and in the Ministerial Decree of No. 471 of 11 November 1998: *'Regulation containing rules for the identification of the requirements of good reputation and professionalism of corporate officers of companies managing regulated markets and centralised management of financial instruments, as well as the requirements of good reputation of shareholders and for identification of the relevant threshold'* were annulled.

This means that an individual auditor may not possess such skills at the time of their appointment, but that they must acquire them during the course of their term of office, demonstrating this by documentation, gathering information (including from the company) and benefiting from experience in specific aspects of the sector gained from their colleagues.

It also appropriate that, when submitting lists of candidates, the professional characteristics, experience – including managerial experience – and gender of candidates should be assessed in relation to the size of the issuer, the complexity and specific nature of the business sector in which it operates, and the size of the Board of Statutory Auditors.

In practice, it may be the case that separate lists (majority and minority) are not presented. In this case, statutory auditors are elected by the shareholders' meeting on the basis of a draft resolution presented to the shareholders' meeting.

An assessment of the composition of the Board of Statutory Auditors serves the purpose of transparency and enables more effective monitoring of the correct application of the rules on incompatibility, also in consideration of the public disclosure obligations to which companies are subject by virtue of the provisions of the law and the Regulation on Issuers (see Article 144-*novies*).

Rule Q.1.6. Remuneration

Principles

Before accepting a position, the statutory auditor assesses whether the level of the proposed remuneration is adequate to remunerate the professionalism, experience and commitment that they must dedicate to the office, taking into account the public law nature of the function performed.

References

Article 2402 of the Italian Civil Code; Article 9 of Decree Law No. 1 of 24 January 2012, Urgent provisions for competition, infrastructure development and competitiveness, converted into law, with amendments, by Article 1, paragraph 1, of Law No. 27 of 24 March 2012; Corporate Governance Committee, Corporate Governance Code, Article 8.C.3., July 2015

Application criteria

The annual remuneration of statutory auditors, if not established in the Articles of Association, is determined by the Shareholders' Meeting at the time of appointment, for the entire duration of their office. In the event of a significant change in the organisational structure of the company or company scope, the remuneration of statutory auditors may be adjusted by specific and reasoned resolution of the shareholders' meeting.

In the event of a change in the auditor's work and arising developments that render the agreed remuneration inconsistent with and inadequate in relation the auditor's commitment, the Board of Statutory Auditors may, during the term of office, include in its report information on such developments with suggestions for a review of remuneration at the next shareholders' meeting.

Before the expiry of its mandate, the outgoing Board of Statutory Auditors summarises the work it has performed in a document, specifying the number of meetings and their average duration, the time required for each of the activities it performed and the professional resources employed. This document is sent to the company so that shareholders and candidate auditors can assess the adequacy of the proposed remuneration.

When accepting a candidacy, a candidate for statutory auditor assesses the adequacy of the proposed remuneration, taking into account:

- the magnitude and complexity of the task in terms of its nature and scale, including its economic scale (e.g. the volume of positive income and assets), its difficulty, the business sector, the organisational structure and other characteristics of the company;

- e) any document compiled by the outgoing Board of Statutory Auditors, carefully evaluating the time commitment required to perform the task together with the professional skills and experience required;
- f) the remuneration paid to non-executive directors and the criteria for remuneration of participation in internal committees;
- g) with reference to the remuneration of the chairman of the Board of Statutory Auditors, the time commitment required to perform the role, as well as the remuneration paid to the chairman of the control and risk committee.

Where lists of candidates are deposited for the purposes of the consequent shareholders' meeting resolutions, it is desirable that:

- h) the list of candidates be accompanied by a brief information note describing the commitment required of the statutory auditors, both in terms of supervisory duties and participation in meetings of governance bodies and committees, based on the volume and nature of the work performed by the outgoing board and taking into account the size, complexity and other characteristics of the company, together with any foreseeable changes in the organisational structure or management method;
- i) the information note should also be accompanied by a proposal for remuneration, produced with the consent of the candidates, possibly expressed within a range of values. In this way, the shareholders' meeting called to appoint statutory auditors has a tangible reference which is useful for the consequent company deliberations and the assessment of the elected members.

Comment

The remuneration of the members of the Board of Statutory Auditors must be adequate and in all cases determined with due regard to the complexity and onerousness of each position, also in relation to the scale of the task and the business of the issuing company, the number and size of the companies included in the consolidation, and the extent and articulation of its organisational structure. In the determination of adequate remuneration, particular attention should also be paid to the commitment required to fulfil the various duties, in particular active participation in the meetings of internal Board committees.