



REGULATIONS OF THE  
CONTROL AND RISK  
AND SUSTAINABILITY  
COMMITTEE

Approved by the Board of Directors of Piovan S.p.A. on July 6, 2018,  
effective as of the first day of trading and subsequently updated on March 19, 2021.



**1. ARTICLE 1**

***PURPOSE AND SCOPE***

- a. These Regulations (the “**Regulations**”), updated following the entry into force of the Corporate Governance Code issued by the Committee for the Corporate Governance of Listed Companies established by Borsa Italiana S.p.A. (the “**Corporate Governance Code**”), govern the composition, duties and functioning of the control and risk and sustainability committee of Piovan S.p.A. (the “**Company**”), established by the Board of Directors’ resolution adopted on July 6, 2018 and effective as of the date for the start of trading (hereinafter, the “**Control and Risk and Sustainability Committee**”).

**2. ARTICLE 2**

***APPOINTMENT AND COMPOSITION***

- a. The Control and Risk and Sustainability Committee members and its chairperson (the “**Chair**”) shall be appointed and removed by resolution of the Board of Directors.
- b. The Control and Risk and Sustainability Committee shall consist of at least 3 members, namely non-executive directors, a majority of which shall be independent according to the standards of independence required by the Corporate Governance Code. The Committee has expertise that is consistent with the Company’s industry and assessment of its risks. At least one member of the Control and Risk and Sustainability Committee is required to have adequate experience in accounting and financial matters or on risk management, to be assessed by the Board of Directors at the time of appointment. The Chair shall be appointed from among the independent directors.
- c. Upon the proposal of the Chair, the Control and Risk and Sustainability Committee shall appoint a secretary, who does not need to be a member of the Committee.
- d. The directors shall accept the office as Control and Risk and Sustainability Committee members only if they are convinced that they can devote the time required to diligently carry out their duties.
- e. Unless otherwise determined by the Board of Directors at the time of appointment, the term of office of the Control and Risk and Sustainability Committee members shall be the same as that of the Board of Directors to which these members belong.

**3. ARTICLE 3  
DUTIES**

- a. The Control and Risk and Sustainability Committee is in charge of assisting the Board Directors with inquiry, proactive and advisory functions in assessing and deciding on the internal control and risk management system, as well as on the approval of the regularly scheduled financial reports.
- b. The Control and Risk and Sustainability Committee assists the Board of Directors in performing its duties related to (i) the definition of the guidelines of the internal control and risk management system consistently with the Company's strategies; (ii) the periodic assessment, at least once annually, of the adequacy and effectiveness of the internal control and risk management system in relation to the Company's characteristics and the chosen risk profile; (iii) the approval, at least once annually, of the work plan prepared by the head of the internal audit function; (iv) the evaluation regarding the opportunity to take measures to ensure the effectiveness and impartial assistance of the other corporate functions involved in the control system, verifying that such functions have adequate professionalism and resources; (v) the assignment of the supervisory functions pursuant to Art. 6, paragraph 1, letter (b) of Legislative Decree No. 231/2001 to the control body or to a body established specifically for this purpose (the so-called functions of the "Organismo di Vigilanza"); (vi) the description in the corporate governance report of the main features of the internal control and risk management system and the methods of coordination among the subjects involved, providing information about the national and international reference models and best practices adopted in order to assess the overall adequacy of the system itself, also providing an adequate explanation of the composition of the "Organismo di Vigilanza"; (vii) the assessment, after consulting the board of statutory auditors, of the results illustrated in the reports of the external auditing firms or in any letter of suggestions or in the report on key matters arising from the statutory audit; and (viii) the appointment and removal of the head of the internal audit department.
- c. In assisting the Board of Directors, the Control and Risk and Sustainability Committee shall:
  - i. after hearing the manager charged with preparing the Company's financial reports, the external auditors and the board of statutory auditors, evaluate the correct application of the accounting principles, as well as their consistency for the purpose of preparing the consolidated financial statements;
  - ii. assesses whether the periodic financial and non-financial information is suitable to correctly represent the Company's business model, its strategies, the impact of its business and the performance achieved;
  - iii. express opinions on specific issues relating to the identification of the key corporate risks and supports the board of directors' assessments and

- decisions relating to the management of risks deriving from prejudicial facts of which the latter has become aware;
- iv. examines the periodic and particularly relevant reports prepared by the internal audit function;
  - v. monitor the independence, adequacy, efficiency and effectiveness of the internal audit function;
  - vi. request the internal audit function to perform audits of specific operational areas, concurrently notifying the chair of the board of statutory auditors to this regard;
  - vii. report to the Board of Directors, at least every six months, on the occasion of the approval of the yearly and half-year financial report, on the activity carried out, as well as on the adequacy of the internal control and risk management system;
  - viii. perform any other duty that may be assigned to it by the Board of Directors.
- d. The Control and Risk and Sustainability Committee is also the body responsible on matters of sustainability to evaluate the sustainability report containing the non-financial information pursuant to the EU Directive 2014/95/EU. As body responsible on matters of sustainability, the Control and Risk and Sustainability Committee: (i) has supporting and advisory functions towards the Board of Directors on matters of sustainability, using this term to mean all processes, initiatives and activities aimed at overseeing the Company's commitment to sustainable development throughout the value chain; (ii) examine the content of the sustainability report and of the periodic non-financial information that is significant for the purposes of the internal control and risk management system; and (iii) reviews and assesses the sustainability policies so as to ensure value creation over time for the shareholders in their entirety and for all the other stakeholders in the medium-long term, in accordance with the principles of sustainable development as well as the resulting processes, guidelines and objectives and the reporting on sustainability submitted annually to the Board of Directors, including, in particular, the sustainability report.
  - e. The Control and Risk and Sustainability Committee is entitled to have access to information and to the corporate functions as required to perform its duties, and it may use external counsels at the Company's expense and, in any case, within the budget limits approved by the Board of Directors, provided that such consultants are not in situations that compromise their independent judgment

**4. ARTICLE 4**

***CONVOCATION, CONDUCT AND MINUTES OF MEETINGS***

- a. The Control and Risk and Sustainability Committee shall be convened by its Chair, whenever the Chair deems it appropriate, and at least once every six months, or when requested either by the Chair of the Board of Statutory Auditors, the internal audit function or the Chair of the Board of Directors.
- b. The notice of call, stating the date, time and place of the meeting and the list of the items on the agenda, together with all information required for the discussion, shall be sent by the secretary, upon the instructions of the Chair, at least five days before the date set for the meeting. In case of urgency, the notice period may be shorter.
- c. The Control and Risk and Sustainability Committee meetings shall be chaired by the Chair or, if he or she is absent or unable to participate, by a member chosen by the attendees.
- d. The Control and Risk and Sustainability Committee meetings shall be attended by the Chair of the Board of Statutory Auditors (or by another auditor appointed by the Chair); in any case the other auditors may also attend. On the occasion of each meeting of the Control and Risk and Sustainability Committee, the Chair may invite other members of the Board of Directors and of the Board of Statutory Auditors, external auditors, executives in charge of the business functions of the Company and of its subsidiaries or other third parties whose presence may help the Committee to better perform its duties.
- e. The Control and Risk and Sustainability Committee may also hold its meetings by telecommunication means, provided that all participants can be identified, and that such identification is acknowledged in the relevant minutes, and that they are able to follow and participate in real time in the discussion of the matters under examination and, if need be, to exchange documents.
- f. The Control and Risk and Sustainability Committee meetings shall be reported in writing. The Chair and the secretary shall sign the minutes of the meetings, to be kept by the secretary in chronological order.
- g. The majority of the members in office must attend the Control and Risk and Sustainability Committee meetings for the same to be valid.
- h. The decisions of the Control and Risk and Sustainability Committee shall be taken by absolute majority of the members in office.

**5. ARTICLE 5**  
***AMENDMENTS TO THE REGULATIONS***

- a. The Control and Risk and Sustainability Committee shall regularly review the adequacy of these Regulations at least annually, and submit any amendments or additions to the Board of Directors.

**6. ARTICLE 6**  
***FINAL PROVISIONS***

- a. For any matter not expressly regulated herein and for any matter relative to the functioning and functions of the Committee, reference shall be made to the provisions of the Corporate Governance Code, in the version in force from time to time, as applicable.







Regulations of the control and risk  
and sustainability committee  
of Piovan S.p.A.

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