



CONTROL AND RISKS COMMITTEE REGULATION
OF
F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.

Text approved by the Board of Directors of Space S.p.A. (now F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.) on October 15, 2013 and amended by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. on June 4, 2015, March 21, 2018 and April 27, 2018

1. **ARTICLE 1**

SCOPE

- 1.1 The present regulation (the “**Regulation**”), approved by the Board of Directors of Space S.p.A. (now F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A., the “**Company**”) at the meeting of October 15, 2013 and subsequently amended on June 4, 2015, March 21, 2017 and April 27, 2018 governs the composition, duties and functioning of the Control and Risks Committee of the Company (hereafter the “**Control and Risks Committee**”), set up in implementation of the recommendations of the Self-Governance Code of the Corporate Governance Committee for Listed Companies established by Borsa Italiana S.p.A. (the “**Self-Governance Code**”).

2. **ARTICLE 2**

APPOINTMENT AND COMPOSITION

- 2.1 The appointment and revocation of office of Control and Risks Committee members and of the Chairman (the “**Chairman**”) is by Board of Directors’ motion.
- 2.2 The Control and Risks Committee is comprised of three or four directors, as decided by the Board of Directors on appointment, all considered independent as per Article 147-ter, paragraph 4 of the CFA and the Self-Governance Code or, alternatively, non-executive directors, the majority of whom independent; in this case, the Chairman is chosen from among the independent directors. At least one member of the Control and Risks Committee must have adequate accounting and financial experience, to be evaluated by the Board of Directors on appointment.
- 2.3 The Control and Risks Committee, on the proposal of the Chairman, appoints a secretary, who may also be a non-member.
- 2.4 Directors should only accept an appointment to the Control and Risks Committee when they consider that they can dedicate the necessary time to ensure a diligent undertaking of their duties.
- 2.5 Except where otherwise decided by the Board of Directors on appointment, the mandate for the Control and Risks Committee is the same as that of the Board of Directors, on which its members also sit.

3. **ARTICLE 3**

DUTIES

- 3.1 The Control and Risks Committee shall assist the Board of Directors through investigative, proposal and consultation duties, evaluations and decision-making concerning the internal control and risks management system and also in relation to the approval of the interim financial reports.
- 3.2 The Control and Risks Committee also assists the Board of Directors with regard to its duties concerning (i) the drawing up of the internal control and risk management system guidelines, so as to ensure that the principal risks concerning the issuer and its subsidiaries may be correctly identified, adequately measured, managed and monitored, establishing the basis for whether such risks are compatible with a sound and correct management of the Company according to the identified strategic objectives; (ii) the periodic verification, undertaken at least annually,

upon the adequacy and efficacy of the internal control and risk management system according to the specific characteristics of the company and the risk profile assumed; (iii) the description, in the corporate governance report, of the principal characteristics of the internal control and risk management system, to assess its adequacy; (iv) the assessment, having consulted the Board of Statutory Auditors, of the results of the external audit firm in its report and any letter of recommendations and in the report of fundamental questions established during the audit.

- 3.3 The Control and Risks Committee, in assisting the Board of Directors:
- (a) evaluates, together with the executive officer responsible for the preparation of the financial statements and having consulted the independent audit firm and the Board of Statutory Auditors, the correct application of the accounting principles and their uniformity for the preparation of the consolidated financial statements;
 - (b) defines the control mechanisms to verify compliance with the duties allocated and periodically monitors their functioning, reporting in a timely manner any irregularities to the Board of Directors;
 - (c) express opinions on specific aspects concerning the identification of the principal corporate risks;
 - (d) examines the periodic reports concerning the evaluation of the internal control and risks management system;
 - (e) reports to the Board of Directors on the work carried out and the adequacy of the internal control system at least every six months, at the time of the approval of the annual and half-yearly accounts;
 - (f) carries out duties given to it by the Board of Directors;
- 3.4 The Control and Risks Committee may access all information and departments necessary for the undertaking of their duties, as well as utilise outside consultants where their independence of judgement is not affected, within the budget approved by the Board of Directors.

4. ARTICLE 4

CALLING, EXECUTION AND MINUTE-TAKING OF THE MEETINGS

- 4.1 The Control and Risks Committee meets when considered appropriate by its Chairman, although at least on a half-yearly basis, or upon request from the Chairman of the Board of Statutory Auditors or the Chairman of the Board of Directors.
- 4.2 The call notice, with the date, time and place of the meeting, in addition to the Agenda, accompanied by the necessary information to facilitate discussion, is sent by the secretary, on the indication of the Chairman, at least three days before the date established for the meeting. In cases of urgency, this period may be shorter.
- 4.3 The meetings of the Control and Risks Committee are chaired by the Chairman or, in the case of his/her absence or impediment, by a member chosen by attendees.
- 4.4 The Chairman of the Board of Statutory Auditors attends the Control and Risks Committee meetings (or another statutory auditor nominated by him/her), while the other statutory auditors may also attend. The Chairman on a case by case basis may invite to meetings of the Control and Risks Committee other members of the Board of Directors and the Board of Statutory

Auditors, the independent auditors, the heads of the various departments within the Company and the subsidiaries, or other parties whose presence may assist the functions of the Control and Risks Committee.

- 4.5 The meetings of the Control and Risks Committee may be held also through telecommunications, provided that all the participants can be identified and such identification is acknowledged in the minutes of the meeting and that they are allowed to follow and participate in real time in the discussion of the matters considered and exchange document where required. In this case, the meeting is considered to be held where the Chairman and the secretary who prepares the minutes are present.
- 4.6 Minutes of the Control and Risks Committee meetings are taken. The Chairman and the secretary sign the minutes of the meetings which are archived by the secretary in chronological order.
- 4.7 A meeting of the Board of Directors shall be validly constituted when the majority of its members in office are present.
- 4.8 Motions of the Control and Risks Committee are passed by absolute majority; in the case of parity, the chairperson's vote decides.

5. **ARTICLE 5**
AMENDMENTS OF THE REGULATION

- 5.1 The Control and Risks Committee periodically verifies, although at least on an annual basis, the adequacy of the present Regulation and submits any amendments or supplements to the Board of Directors for approval.