

F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.



**QUALITATIVE AND QUANTITATIVE CRITERIA FOR THE ANALYSIS OF THE  
RELATIONSHIPS BETWEEN THE DIRECTORS AND F.I.L.A. - FABBRICA ITALIANA LAPIS  
ED AFFINI S.P.A WHEN ASSESSING THE INDEPENDENCE REQUIREMENTS PURSUANT TO  
RECOMMENDATION 7, FIRST SENTENCE, LETTERS C) AND D), OF ARTICLE 2 OF THE  
CORPORATE GOVERNANCE CODE**

This document is available on the Company's website at "[www.filagroup.it](http://www.filagroup.it)", *Governance - Corporate documents - Meetings*" section.

## Introduction

Recommendation No. 7, first paragraph, of Article 2 of the corporate governance code for listed companies adopted by the Corporate Governance Committee in January 2020 and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria (the "**Corporate Governance Code**"), which F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A. ("**Fila**" or the "**Company**") has implemented, includes among the circumstances that compromise, or appear to compromise, the independence of a director or statutory auditor the following:

- *"if, directly or indirectly (e.g., through subsidiaries or companies of which he or she is an executive director, or as a partner in a professional firm or consulting firm), he or she has, or has had in the preceding three fiscal years, a significant commercial, financial, or professional relationship: (i) with the company or its subsidiaries, or with its executive directors or top management; (ii) with a person who, including together with others through a shareholders' agreement, controls the company; or, if the parent is a company or entity, with its executive directors or top management"* - Recommendation 7, first sentence, letter c), of the Corporate Governance Code; and
- *"if he/she receives, or has received in the previous three fiscal years, from the company, one of its subsidiaries or the parent company, significant additional remuneration with respect to the fixed remuneration for the office and the remuneration provided for participation in the committees recommended by the Code or provided for by the applicable regulations"* - Recommendation 7, first sentence, letter d), of the Corporate Governance Code.

In order to apply the aforesaid provisions, Recommendation No. 7, second paragraph, of the Corporate Governance Code requires the Board of Directors of the companies applying the Code to define, at least at the beginning of its term of office and, in any case, prior to the assessment of the independence of Directors and Statutory Auditors, the quantitative and qualitative criteria for assessing the significance of the relationships referred to in letters c) and d) of Recommendation No. 7, first paragraph, of the Corporate Governance Code.

This document sets forth the quantitative and qualitative criteria approved, on March 16, 2021, by Fila's Board of Directors that will be used, in the process of verifying the independence of Fila's Directors and Statutory Auditors, to assess the significance of the relationships between a Director/Statutory Auditor and the Company and/or the group headed by Fila pursuant to Recommendation No. 7 of Article 2 of the Corporate Governance Code (the "**Quantitative and Qualitative Criteria**").

The afore-mentioned Quantitative and Qualitative Criteria will be applied commencing from the assessment of the independence of the Directors and Statutory Auditors who will be appointed by Fila's Shareholders' Meeting called for April 27, 2021.

## **1 ILLUSTRATION OF QUANTITATIVE AND QUALITATIVE CRITERIA**

The Quantitative and Qualitative Criteria, as defined by the Board of Directors on March 16, 2021, with respect to Fila, its subsidiaries (the "**Subsidiaries**" and, together with Fila, the "**Group**") and Fila's parent company (the "**Parent**") are set forth below:

- for the purposes of Recommendation No. 7, paragraph one, letter c) of the Corporate Governance Code "significance" is to be deemed.
  - (a) a relationship of a commercial or financial nature with Fila and/or with the Subsidiaries and/or with Parent and/or with the Parent's controlling entities and/or with their

respective Directors and/or their respective top managers whose total annual compensation to the Director of Fila (or companies controlled by the director of Fila or of which the Director of Fila is an Executive Director) accounts for 7.5% or more of the total annual revenues of the Fila Director (in the case of a Director who is a sole proprietor) or of the company or entity over which the Fila Director has control or of which the Fila Director is an Executive Director;

- (b) a relationship of a professional nature whose total annual compensation to the Director of Fila (or the professional firm or consulting firm of which the Director is a partner) in the case of (1) a consultant acting as a sole practitioner, accounts for 15% or more of total annual revenue; or (2) a consultant who is a partner in a law firm or consulting firm, accounts for 4% or more of total annual revenue of the law firm or consulting firm and/or

It is understood that, even if the quantitative parameters set forth in points (a) and (b) are not exceeded, a relationship of a commercial, financial or professional nature shall be deemed of "significance" for the purposes of Recommendation No. 7, first paragraph, letter c) of the Corporate Governance Code if it is deemed by the Board of Directors to be capable of affecting the autonomy of judgement and independence of a Fila Director in the performance of his or her duties. Therefore, by way of example, in the case of a Director who is a partner of a professional firm or a consulting firm, the Board of Fila, regardless of the quantitative parameters set out above, may consider as of "significance" a relationship that (i) may have an effect on the Director's position and/or role within the firm/consulting firm; and/or (ii) relates to significant Group transactions and may, therefore, have a reputational significance for the Director within the organisation;

The fact of being a "*close family member*" of a person who is in one of the above situations, where "*close family members*" includes, but is not limited to, parents, children, spouses who are not legally separated and cohabitants, also constitutes a circumstance that may compromise the independence of a Director.

- for the purposes of Recommendation No. 7, second paragraph, letter d), of the Corporate Governance Code "*significant*" is to be deemed additional compensation received by the Director for offices held in Fila, the Parent and/or its subsidiaries that is, in aggregate and on an annual basis, at least 40% greater than the fixed annual compensation received by such Director for the office of Director of Fila (including any compensation for participation on internal committees).

For the purposes of the Corporate Governance Code:

- (a) "*fixed compensation for the office*" means:
  - (i) the compensation determined by the Shareholders' Meeting for all Directors or determined by the Board of Directors for all Non-Executive Directors within the total amount approved by the Shareholders' Meeting for the entire Board of Directors; and
  - (ii) any compensation awarded on account of the particular position held by the individual Non-Executive Director within the Board of Directors (Chair, Vice-Chair (where appointed), Lead Independent Director (where appointed)),

defined according to the best practices provided for in Recommendation No. 25 of the Corporate Governance Code;

- (b) “*compensation for participation on internal committees*” means the compensation that an individual Director receives by reason of his or her participation on internal committees provided for in the Corporate Governance Code or committees/boards provided for by applicable law, excluding compensation from participation in any executive committees.

It is also deemed that, for the purposes of determining the “*additional compensation*” received by a Director of Fila, included are the “*fixed compensation for the office*” and the “*compensation for participation on internal committees*” (as defined above pursuant to the Corporate Governance Code) received by such a Director from Subsidiaries and/or from the Parent.

The fact of being a “*close family member*” of a person who is in one of the above situations, where “*close family members*” includes, but is not limited to, parents, children, spouses who are not legally separated and cohabitants, also constitutes a circumstance that may compromise the independence of a Director.

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In view of the above, shareholders are invited to take into account the Quantitative and Qualitative Criteria when preparing the slates of candidates for the renewal of Fila's Board of Directors and Board of Statutory Auditors.