

**Aeffe S.p.A.**

Regulation on the functioning of the Board of Directors

CONTENTS

INTRODUCTION ..... 3

ART. 1 – COMPOSITION..... 3

ART. 2 – MEETINGS ..... 3

ART. 3 – SECRETARY ..... 4

ART. 4 – PRE-MEETING INFORMATION..... 5

ART. 5 – MINUTES ..... 5

ART. 6 – CONFIDENTIALITY ..... 6

ART. 7 – SELF-ASSESSMENT PROCESS ..... 6

ART. 8 – BOARD INDUCTION ..... 7

ART. 9 – CALENDAR OF CORPORATE EVENTS ..... 7

ART. 10 – FINAL REGULATIONS ..... 7

**REGULATION ON THE FUNCTIONING OF THE BOARD OF  
DIRECTORS OF AEFPE S.p.A.**

**INTRODUCTION**

In compliance with the law and mandatory regulations, the Articles of Association and the recommendations of the Corporate Governance Code, this Regulation (the “Regulation”) governs the functioning of the Board of Directors (the “Board”) of Aeffe S.p.A. (“Aeffe” or the “Company”), including the procedures for minuting meetings and providing information to the directors.

**ART. 1 – COMPOSITION**

1.1 Unless already appointed at the Shareholders’ Meeting, the Board appoints a Chairman and, if necessary, a Deputy Chairman from among its members at the first meeting held.

If the Chairman is absent, unavailable or requests it, the meeting of the Board of Directors is chaired by another director designated by the Board.

1.2 The Chairman of the Board of Directors or his authorized representative maintains relations with the Shareholders, recommends to the Board the policy to be followed in relations with them, and promotes and encourages the Board to establish rules for governing those relations.

1.3 The Board of Directors appoints a Lead Independent Director who:

(i) represents a point of reference and coordination for questions and contributions from the non-executive directors and, in particular, the independent directors;

(ii) works with the Chairman of the Board of Directors to ensure that the directors receive complete and timely flows of information;

(iii) may call - on his own initiative or upon request from other directors and, in the latter case, coordinate - meetings attended solely by the independent directors (executive sessions of the independent directors), to discuss matters considered of interest, on a case-by-case basis, regarding the functioning of the Board of Directors or the management of the Company.

1.4 The Board of Directors may also appoint from among its members a Compensation Committee, a Control, Risks and Sustainability Committee and a Nominations Committee, fixing the number of members, the duration of the mandate, and the related duties, powers and rules

of functioning; where necessary, the Board may also appoint other committees to provide advice and/or recommendations, as well as to align the structure of corporate governance with the recommendations issued from time to time by the competent authorities. The functioning of each of these committees is governed by a specific regulation.

## **ART. 2 – MEETINGS**

2.1 Board meetings are usually held at least 4 times each year at the registered office of the Company, on the calendar dates approved annually or on the initiative of the Chairman or his deputy whenever deemed appropriate by him.

The notice of the Board meeting may be sent to each director and serving statutory auditor by e-mail or certified e-mail at least five calendar days prior to the date fixed for the meeting; in urgent cases, this notice period may be reduced to 24 hours. In addition to the date, time and place of the Board meeting, the notice of meeting also contains a list of matters to be discussed (to the extent already known) and indicates, where applicable, the locations which will be linked by audio/videoconference.

2.2 Board meetings may be attended from remote locations by using suitable systems pursuant to art. 17.4 of the Articles of Association.

2.3 Without prejudice to the requirements that govern pre-meeting information, prior to each Board meeting the Chairman, assisted by the Secretary, arranges to provide each director and serving statutory auditor with all the information needed to talk knowledgeably about the matters to be discussed. The documentation to be examined by the Board is sent in good time and at least two days prior to that fixed for the meeting, unless this is not possible for specific reasons that must be explained by the Chairman at the start of business: in that case, the documentation is provided as soon as it becomes available. If deemed appropriate by the Chairman, in exceptional cases justified by the urgency explained at the start of business, the documentation may be provided directly during the meeting; in that case, the Chairman or a director designated by him will arrange to provide all necessary clarifications and explanations during the session.

2.4 The information provided is supplemented and, when deemed appropriate, replaced by that explained during the session, thus ensuring that the directors make informed decisions.

2.5 The Chairman and/or the Deputy Chairman may invite one or more Company executives and/or employees to attend the meetings, in order to provide appropriate detailed information

about the matters on the agenda. For specific reasons, persons external to the Company may also be invited to attend the meetings. It is understood that those persons must, in all cases, comply with the confidentiality requirements envisaged for Board meetings.

2.6 The Meeting Chairman establishes the order in which the matters on the agenda are discussed, which may differ from that indicated in the notice of meeting.

2.7 If authorized by the Chairman, an audio recording of Board meetings may be made in order to facilitate the taking of minutes.

### **ART. 3 – SECRETARY**

3.1 In order to call, organize, hold and minute Board meetings, the Chairman uses the services of a Secretary, who need not be a director and who is appointed on each occasion by the Chairman.

### **ART. 4 – PRE-MEETING INFORMATION**

4.1 The supporting documentation for Board meetings is prepared by the competent function and subsequently brought to the attention of each director and serving statutory auditor, usually by e-mail.

4.2 The Chairman, assisted by the Secretary, ensures that the directors have an adequate flow of information about the matters on the agenda for Board meetings and about any follow-up to the decisions made together.

### **ART. 5 – MINUTES**

5.1 The discussions, the resolutions adopted and any dissent or contrary votes cast by the directors must be documented in minutes, prepared in Italian, and signed by the Meeting Chairman and the Meeting Secretary.

5.2 The minutes of each meeting are transcribed into the formal Minute Book, which is available to the directors and the members of the Board of Statutory Auditors upon request.

5.3 If not attached to the minutes, the supporting documentation made available to the directors and the serving statutory auditors is retained on file by the Company for at least until the end of the Board mandate.

5.4 Parts of the minutes, regarding resolutions adopted that require immediate execution, may be certified or used in extract form by the Meeting Chairman or the Secretary, even if the

process of preparing and then transcribing the minutes has not yet been completed.

5.5 The copies of and extracts from minutes not taken by a Notary are certified as true by the Chairman, the Meeting Chairman or the Secretary.

#### **ART. 6 – CONFIDENTIALITY**

6.1 The directors and serving statutory auditors who attend Board meetings must keep confidential the documents and information obtained in the performance of their functions. They are forbidden to use them for purposes other than pursuit of the corporate objects.

6.2 The directors and serving statutory auditors are subject to specific obligations and prohibitions deriving from their access to internal information, especially when classified as privileged pursuant to the Market Abuse Procedure, as well as in compliance with current Consob instructions.

6.3 The maintenance of Company relations and relationships with external parties is reserved for the directors assigned this task, to the extent of the powers granted to them by the Board. The other directors and the serving statutory auditors are explicitly forbidden to discuss externally, with the media, press or others, the activities of and decisions made by the corporate bodies, without explicit authorization from the Chairman.

6.4 The Chairman, assisted by the Board Secretary, identifies the most suitable operational procedures for ensuring that the information and documentation regarding Board business is retained in an accessible, confidential, complete and accurate manner.

#### **ART. 7 – PROCESS OF SELF-ASSESSMENT AND PRACTICAL CRITERIA FOR ASSESSING THE INDEPENDENCE OF BOARD MEMBERS**

7.1 In the year in which corporate appointments are renewed, the Board of Directors must, prior to renewal, make an assessment of the size, composition and functioning in practice of the Board and its committees. At the discretion of the Board, this assessment can also be carried out in subsequent years. The Company informs the market about this assessment in the Report on corporate governance and the ownership structure, considering also the need to provide information about the outcome of the assessment.

7.2 The independence of the members of the Board of Directors and the Board of Statutory Auditors is assessed at a Board meeting, considering the statements made by each director and serving statutory auditor and applying the guidelines for the Corporate Governance Code

approved and published by the Corporate Governance Committee in January 2020 (and subsequent amendments and additions), attached to the Regulation sub 1.

#### **ART. 8 – BOARD INDUCTION**

8.1 With assistance from the Board Secretary, directors are encouraged subsequent to their appointment and during their mandate to participate, in the most appropriate manner, in initiatives intended to provide them with adequate knowledge of the business sector in which the Company operates, the changing dynamics affecting the business, the principles of proper risk management and the relevant regulatory and self-regulatory environment.

#### **ART. 9 – CALENDAR OF CORPORATE EVENTS**

9.1 In compliance with the obligations placed on listed issuers by the Market Regulations issued by Borsa Italiana S.p.A., each year the Company publishes the planned dates of the Board Meetings called to approve the draft financial statements and the periodic financial reports, as well as the planned date of the Shareholders' Meeting called to approve the annual financial statements; these dates must be made known to the market without delay and, in all cases, by 30th January each year.

#### **ART. 10 – FINAL REGULATIONS**

10.1 The Board of Directors checks periodically the adequacy of this Regulation and is responsible for making any updates and/or amendments to it.

10.2 Unless specified otherwise in this Regulation, it is understood that the provisions of the Article of Association that govern the functioning of the Board of Directors are applicable.

10.3 The Board of Directors checks periodically the adequacy of this Regulation and approves any amendments or additions.

**ATTACHMENT 1**

**PRACTICAL CRITERIA FOR THE ASSESSMENT OF INDEPENDENCE  
PURSUANT TO THE CORPORATE GOVERNANCE CODE**



## 1. INTRODUCTION

This document contains practical criteria for assessing the independence of the members of the Board of Directors and the Board of Statutory Auditors pursuant to Recommendations 6, 7, 9 and 10 of the Corporate Governance Code, approved and published by the Corporate Governance Committee in January 2020 (the “**Corporate Governance Code**” or the “**Code**”).

## 2. ASSESSMENT CRITERIA

Pursuant to the Corporate Governance Code, the independence of the members of the Board of Directors of the Company is assessed in compliance with the principle of “substance over form”, remembering that independence would usually be compromised or appear to be compromised if the director:

- a) is a significant shareholder in the Company, where “significant shareholder” means a person who, directly or indirectly (via subsidiaries, trust companies or intermediaries), controls the Company or is able to exercise significant influence over it or participates, directly or indirectly, in a shareholders’ agreement via which one or more persons exercise control or significant influence over the Company;
- b) is, or has been in the three previous years, an executive director or employee of:
  - the Company, a subsidiary of the Company or a fellow subsidiary of the Company, or
  - a significant shareholder in the Company (pursuant to the definition of “significant shareholder” provided in letter a) above;
- c) directly or indirectly (e.g. via subsidiaries or companies in which s/he is an executive director, or as a partner in a professional firm or firm of advisors), has or has had in the past three years, a significant commercial, financial or professional relationship:
  - (i) with the Company or its subsidiaries, or with their respective executive directors or top management. For the purposes of the above, top management means the senior executives who, while not members of the Board of Directors of the Company, have the power and responsibility to plan, manage and control the activities of the Company and the Group that it leads; these executives coincide with the “Executives with Strategic Responsibilities” identified as such in the Report on remuneration policy and the compensation paid, published by the Company pursuant to art. 123-ter TUF;
  - (ii) with a party who, together with others via a shareholders’ agreement, controls the Company or, if the parent is a company or entity, with the related executive directors or top management.

For the purposes of this letter c), commercial, financial or professional relations are usually considered significant, unless there are specific circumstances to be assessed individually with reference to each director, if the related compensation exceeds, even if just in one year, at least one of the following parameters:

- in the case of commercial, financial and/or professional relations maintained directly between the director concerned and one or more of the persons indicated in points (i) and (ii) above, 20% of the income of the director, as reported in the most recent income tax declaration;

- 5% of the annual sales of the group to which the company or entity controlled by the director belongs, or in which s/he is an executive director, or of the professional firm or firm of advisors in which s/he is a partner.

Without prejudice to the above, if the director is also a partner in a professional firm or a firm of advisors, the Board will assess the importance of the professional relations that might have an effect on his/her position and role within the firm or that, in any case, relate to significant transactions carried out by the Company, its parent and/or its subsidiaries, regardless of the quantitative parameters;

- d) receives or has received in the past three years significant additional compensation from the Company, its subsidiaries or its parent, with respect to the fixed remuneration recognized for the position held in the Company and for membership of the corporate committees recommended in the Code or envisaged in current regulations.

For the above purposes, “fixed remuneration recognized for the position” means:

- the remuneration determined at the Shareholders’ Meeting for all directors or established by the Board of Directors for all non-executive directors in the context of any total amount authorized at the Shareholders’ Meeting for the entire Board of Directors;
- the compensation recognized for any special Board role played by the individual non-executive director (Chairman, Deputy Chairman, Lead Independent Director), as determined with reference to remuneration practices adopted in the sectors concerned and for companies of similar size to the Company, having regard for any comparable foreign experiences.

“Remuneration for membership of the committees recommended in the Code” means the remuneration that the individual director receives for his/her membership of Board committees with duties relevant to application of the Code, including the committee appointed, if applicable, pursuant to Recommendation 1, letter a) of the Code, on condition that it is not an executive committee. Remuneration for membership of committees or bodies envisaged in current regulations, such as the related-party transactions committee and the Supervisory Body, but excluding any executive committee, is also deemed equivalent to remuneration from “committees recommended by the Code” and therefore included in the “fixed remuneration recognized for the position”.

On the other hand, the remuneration received by the director of the Company for appointments made by its parent or its subsidiaries is considered to be “additional remuneration” and, therefore, its “importance” is assessed for the purposes of this letter d).

In particular, for this purpose, the additional remuneration paid to the director by the Company, its subsidiaries or its parent is considered important if it exceeds 50% of the “fixed remuneration recognized for the position” due to the director, as calculated on the basis specified above;

- e) has been a director of the Company for more than nine of the past twelve years, even if not consecutively;
- f) is an executive director in another company in which an executive director of the Company is also a director;

- g) is an owner or director of a company or entity that belongs to the network of the firm engaged by the Company to perform the legal audit of the accounts;
- h) is a close family member of a person in one of the situations described in the previous points. For the above purposes, "close family member" means the spouse if not legally separated, relations by birth or marriage up to the fourth degree (for executive directors and/or significant shareholders) and up to the second degree for other persons and members of the same household.

The above criteria also apply, *mutatis mutandis*, when the independence of the members of the Board of Statutory Auditors is assessed by that Board.