



**CORPORATE GOVERNANCE AND OWNERSHIP  
STRUCTURE REPORT**

**FY 2023**

**IN ACCORDANCE WITH ARTICLE 123-*BIS* OF THE CFA  
AND 89-*BIS* OF THE CONSOB ISSUERS' REGULATION**

(traditional administration and control model)

Issuer: Avio S.p.A.

website: [www.avio.com](http://www.avio.com)

**Report approval date: March 13, 2024**

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## GLOSSARY

The main terms used in the Report are presented below. These terms, except where otherwise specified, are defined as follows:

<b>Shareholders' Meeting</b>	The Shareholders' Meeting of the Issuer
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., a <i>London Stock Exchange</i> Group company, with registered office at Piazza degli Affari No. 6, Milan.
<b>Civil Code</b>	Royal Decree No. 262 of March 16, 1942 - XX and subsequent amendments and supplements.
<b>Code or CG Code</b>	The Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.
<b>Inside Information Processing Policy</b>	The Inside Information Processing Policy aimed at regulating, in accordance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, market abuse conduct and related delegated and executive regulations. The Code was last updated and approved at the September 9, 2022 Board meeting.
<b>Board of Statutory Auditors</b>	The Board of Statutory Auditors of the Issuer.
<b>CG Committee</b>	The Italian Committee for the Corporate Governance of listed companies, promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria.
<b>Control and Risks Committee</b>	Internal committee to the Board of Directors set up in accordance with Article 6 of the Corporate Governance Code.
<b>Appointments and Remuneration Committee</b>	Internal committee to the Board of Directors set up in accordance with Articles 4 & 5 of the Corporate Governance Code.
<b>Planning and Scenarios Committee</b>	Internal committee to the Board of Directors set up in accordance with Article 12.2 of the company By-Laws.
<b>Board or Board of Directors</b>	The Board of Directors of the Issuer.
<b>Sustainability Committee</b>	Internal committee to the Board of Directors set up in accordance with Article 6 of the Corporate Governance Code.
<b>Consob</b>	The National Commission for Companies and the Stock Exchange, with registered office

	in Rome, Via G.B. Martini No. 3.
<b>Effective Merger Date</b>	April 10, 2017.
<b>Listing Date</b>	The trading commencement date of ordinary shares and warrants of Space2 on the MIV professional segment, i.e. July 31, 2015.
<b>NFS</b>	The 2023 Consolidated Non-Financial Statement, as required by Legislative Decree No. 254/2016, by the Issuer for the purpose of reporting on the Group's performance for the year ended December 31, 2023.
<b>Issuer, Avio or Company</b>	Avio S.p.A., with registered office at via Leonida Bissolati No. 76, Rome, enrolled at the Rome Companies Registration No. 27 and Tax No. 09105940960.
<b>ESA</b>	European Space Agency.
<b>Year</b>	The fiscal year 2023.
<b>EXM (STAR segment)</b>	The Euronext Milan market, STAR segment, in which the shares of mid-cap companies are traded which fulfil particular disclosure and corporate governance requirements. STAR stands for Segmento Titoli con Alti Requisiti (Securities with High Requirements Segment).
<b>DPCM 24/11/2016</b>	Prime Ministerial Decree of November 24, 2016 on the exercise of special powers for the defence and national security system with respect to the significant transaction regarding the merger between Space2 and Avio, approved by Space2's Shareholders' Meeting on December 1, 2016.
<b>Merger</b>	The merger by incorporation of the Incorporated Company into Space2, approved by the Extraordinary Shareholders' Meeting of Space2 and that of the Incorporated Company on December 1, 2016, and completed on the Effective Merger Date.
<b>Avio Group or Group</b>	Collectively, Avio S.p.A. and its subsidiaries pursuant to Article 2359 of the Civil Code and Article 93 of the Consolidated Finance Act and IFRS 10 – Consolidated Financial Statements.
<b>In Orbit</b>	The Company In Orbit S.p.A., with registered office at via Latina SP 600 Ariana Km 5.2 SNC, Colleferro (Rome), Rome Companies Registration Office No. 14029441004.
<b>Stock Exchange Instruction Regulation</b>	The Instructions to the Regulation for Markets organised and managed by Borsa Italiana, in force at the reporting date.
<b>Leonardo</b>	Leonardo S.p.A., a joint-stock company governed by Italian law, with registered office at Piazza Monte Grappa No. 4, Rome.
<b>Golden Power Regulation</b>	Refers to Decree-Law No. 21 of March 15, 2012, converted

<b>or Decree-Law 21/2012</b>	with Italian Law No. 56 of May 11, 2012 setting forth “ <i>Provisions on special powers concerning the ownership structure of companies in the defence and national security sectors, as well as strategic activities in the energy, transport and communications sector</i> ” and relative implementing provisions.
<b>Transaction</b>	The significant transaction approved by Avio S.p.A.’s Shareholders’ Meeting on December 1, 2016, principally the Merger.
<b>SMEs</b>	Small and medium-sized issuers of listed shares pursuant to Article 1, paragraph 1, letter w- <i>quater</i> ), of the CFA.
<b>Shareholder Engagement Policy</b>	The Policy approved - upon proposal of the Chairperson in agreement with the Chief Executive Officer, as well as subject to the favourable opinion of the Control and Risks Committee - by the Issuer's Board of Directors on March 3, 2022, also taking into account the commitment policies adopted and notified to the public by institutional investors and active managers and in line with Recommendation No. 3 of the CG Code.
<b>Policy on qualitative and quantitative criteria</b>	The Policy on qualitative and quantitative criteria for assessing the independence requirements of Directors and Statutory Auditors, adopted by the Issuer on March 14, 2022, pursuant to Recommendation 7, first sentence, points c) and d) of Article 2 of the CG Code.
<b>RPT Policy</b>	The Related Party Transactions Policy adopted by the Issuer in compliance with the provisions of Article 2391- <i>bis</i> of the Civil Code and the Related Parties Regulation.
<b>Stock Exchange Regulation</b>	The Regulation of Markets organised and managed by Borsa Italiana, approved by the Borsa Italiana Board of Directors, in force at the reporting date.
<b>Issuers’ Regulation</b>	The enacting regulation of the CFA concerning the governance of issuers, adopted by Consob with motion No. 11971 of May 14, 1999 and subsequent amendments and supplements.
<b>MAR Regulation</b>	Regulation (EU) No. 596/2014 of the European Parliament and Council of April 16, 2014 on market abuse which nullifies Directive 2003/6/EC of the European Parliament and Council and Directives 2003/124/EC, 2003/125/EC and 2004/72/EC of the Commission.
<b>Consob Market Regulation</b>	The Market Regulation issued by Consob Resolution No. 20249 of December 28, 2017.
<b>RPT Regulation</b>	The regulation incorporates the related party transactions provisions adopted by Consob Resolution No. 17221 of March 12, 2010 (as subsequently amended

	and supplemented).
<b>Report</b>	This Corporate Governance and Ownership Structure Report, prepared in accordance with Article 123- <i>bis</i> of the CFA.
<b>Remuneration Report</b>	The Remuneration Policy and Report that companies are required to prepare and publish in accordance with Article 123- <i>ter</i> of the CFA and Article 84- <i>quater</i> of the Consob Issuers' Regulation.
<b>Subsidiary Companies</b>	The companies directly or indirectly controlled by the Company pursuant to Article 93 of the CFA. " <b>Control</b> " and " <b>to control</b> " have the corresponding meanings.
<b>Independent audit firm</b>	The independent audit firm listed in the special register of independent audit firm managed by the Ministry for the Economy and Finance, pursuant to Legislative Decree No. 39 of January 27 2010, tasked with the independent audit of the Issuers' accounts.
<b>Incorporated Company</b>	Avio S.p.A., with registered office at via No. Leonida Bissolati No. 76, Rome, operating office at SP Ariana Km 5.2, Colleferro (RM), Tax, VAT and Rome Companies Office Registration No. 05515080967, REA No. 1177979.
<b>Space2</b>	Space2 S.p.A., with registered office in Milan, Via Mauro Macchi, No. 27, Milan Companies Registration Office and Tax No. 09105940960.
<b>Space Holding S.r.l.</b>	Space Holding S.r.l., with registered office at Piazza Cavour No. 1, Milan, the Company establishing Space2 as sole shareholder on May 28, 2015, promoting its listing on the MIV.
<b>By-Laws</b>	The By-Laws of the Company in force at the reporting date.
<b>CFA</b>	The "Consolidated Finance Act", adopted under Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented.

## INTRODUCTION

This Report, approved by the Board of Directors on March 13, 2024, provides a comprehensive overview on the Issuer's **Corporate Governance** at March 13, 2024, pursuant to Article 123-*bis* of the CFA and in light of the Code's provisions, as well as the "*Format for the Corporate Governance and Ownership Structure Report*" document (IX Edition, January 2022) prepared by Borsa Italiana.

On April 10, 2017, the Merger became effective - i.e. the merger by incorporation of the Incorporated Company into Space2 (now Avio S.p.A.), as a result of which Space2 (now Avio S.p.A.), assumed all rights and obligations of the Incorporated Company and was renamed "Avio S.p.A.". The definitions "**Company**", "**Avio**" and "**Issuer**" refer in this Report to the Company resulting from the Merger.

On March 29, 2017, Borsa Italiana approved, effective as of April 10, 2017, the listing of ordinary Avio shares on the EXM market, STAR Segment (formerly "Mercato Telematico Azionario"), with the simultaneous discontinuation of trading on the MIV market.

\* \* \*



## 1. ISSUER PROFILE

The Avio Group is the leader in the manufacturing and development of solid and liquid propulsion systems for launchers, acting as sub-contractor and prime contractor for the Ariane and Vega space programmes, both funded by the ESA. These space programs seek to develop and manufacture launchers to position useful loads in geostationary and low orbit, respectively.

Avio intends to contribute to precise ESG - Environmental, Social and Governance - objectives through a progressive improvement of its performance, correlated to business objectives and in line with the SDGs.

In this regard, during the Board meeting of July 22, 2021, Avio approved the Sustainability Policy, initiating a concrete path to strengthen and implement the values of ethics, integrity and responsibility in respect of people, the environment and society as a whole, and in order to integrate sustainability in the strategy and management of its business, defining with the different Company departments, the Sustainability Committee and the Board of Directors, the objectives to be enhanced in a Sustainability Plan aligned to the Strategic Plan and the Audit Plan. Based on the aforementioned Sustainability Policy, the Sustainability Plan was prepared, founded upon qualitative and quantitative ESG indicators to be developed over a five-year timeframe, subject to monitoring by the relevant corporate owners, who report at least semi-annually to the Sustainability Committee.

Moreover, it is committed to managing dialogue with all its shareholders through fair, transparent and differentiated forms of engagement, believing that establishing and maintaining a constant and ongoing relationship with all the main stakeholders is in its own specific interest, as well as a duty towards the market.

In this sense, on March 3, 2022, Avio's Board of Directors approved an ad hoc policy in order to conform the rules of corporate governance and the management of the dialogue with the Shareholders to the principles established by the Corporate Governance Code. In fact, the Policy intends to pursue the objective of raising the level of transparency and involvement of investors, as promoted by the Shareholder Rights Directive II with reference to institutional investors and asset managers, as a functional instrument to guarantee the sustainable success of Avio, which is substantiated by the creation of long-term value to the benefit of Shareholders, taking into account the interests of all other stakeholders and the impacts that its operations may have at an environmental, social and economic level.

Pursuant to Legislative Decree No. 254/2016, the Company published the 2023 Non-Financial Statement included in the Directors' Report of Avio's Annual Financial Report (available at [www.avio.com](http://www.avio.com)).

Pursuant to the provisions of Article 1, paragraph 1, letter *w-quater.1)* of the CFA and Article 2-*ter* of the Issuers' Regulation, the Company was an SME

from the year 2015 to-date. The existence of the requisites to qualify as an SME, as required

by the CFA, are confirmed on the basis of:

- the unweighted average of the daily capitalisations calculated with reference to the official price, and recorded during the financial year; and
- the turnover in the same year's consolidated financial statements calculated in compliance with the criteria envisaged in the Annex, paragraph 1.1, of the Regulation on Sanctions Procedures adopted by Consob with Resolution No. 18750 of December 19, 2013 and subsequent amendments.

We note that:

- the value of the Company's average capitalisation in 2023 was approx. Euro 230,000 thousand.
- the turnover in 2023 was Euro 339,813 thousand. The components that contributed to the value of turnover were (i) revenues from the sale of goods and services Euro 31,503 thousand; (ii) the change in contract work-in-progress Euro 308,310 thousand.

Pursuant to Article 2-*ter*, paragraph 4 of the Issuers' Regulation, these data will be published on the website of Consob which will also publish the list of SME issuers of listed shares.

It should also be noted that the Company does not fall within the Corporate Governance Code's definitions of "large company" and "concentrated ownership company."

Avio's corporate governance system is structured according to a traditional management and control model and consists of the following bodies:

- the Shareholders' Meeting;
- Board of Directors, and
- Board of Statutory Auditors.

Avio's Governance also consists of the following internal committees of Avio's Board of Directors: (i) the Control and Risks Committee; (ii) the Sustainability Committee; (iii) the Appointments and Remuneration Committee; and (iv) the Planning and Scenarios Committee.

Accounting control is required, as per the applicable regulations, by an independent audit firm enrolled in Consob's special register. In accordance with Legislative Decree No. 231/2001, a Supervisory Board was also appointed to oversee the correct functioning of the Organisation, Management and Control Model of the Company, pursuant to Legislative Decree No. 231/2001 and subsequent amendments.

Avio implements and complies with the Corporate Governance Code, approved by the Corporate Governance Committee of Borsa Italiana in January 2020, with the supplements and adjustments for Groups with the features indicated in this report (available on Borsa Italiana's website: <http://www.borsaitaliana.it>).

## 2. INFORMATION ON THE OWNERSHIP STRUCTURE

### 2.1 Share capital structure (as per Article 123-*bis*, paragraph 1, letter a) CFA

At the Report approval date, Avio's share capital amounted to Euro **90,964,212.90**, consisting of 26,359,346 ordinary shares without par value. At the date of this Report, Avio holds 1,091,207 ordinary shares with no voting rights pursuant to Article 2357-*ter* of the Civil Code, equal to approx. 4.14% of the share capital. The shares are listed on Euronext Milan, STAR Segment, organised and managed by Borsa Italiana.

SHARE CAPITAL STRUCTURE				
CLASS OF SHARES	NO. OF SHARES	% OF SHARE CAPITAL	LISTING MARKET	RIGHTS AND OBLIGATIONS
Ordinary Shares	26,359,346	100%	Italian Stock Exchange – Euronext STAR Milan	The ordinary shares are to bearer, indivisible, freely transferable and confer to the owners equal rights. In particular, each ordinary share attributes the right to one vote at the Ordinary and Extraordinary Shareholders' Meeting of the Company, as well as additional equity and administrative rights pursuant to the By-Laws and statutory law.
Multi-votes shares	-	-	-	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

At the Report approval date, the following financial instruments that grant the right to subscribe newly issued Avio ordinary shares had been issued.

OTHER FINANCIAL INSTRUMENTS				
WARRANTS	LISTING MARKET	NO. OF INSTRUMENTS OUTSTANDING	CLASS OF SHARES FOR EXERCISE	NO. OF SHARES FOR EXERCISE
Warrants named "Sponsor Warrant Avio S.p.A." <sup>1</sup>	Not admitted	800,000	Ordinary Shares	800,000

Avio S.p.A. shares and Sponsor Warrants are issued in de-materialised form pursuant to Articles 83-*bis* and subs. of the CFA.

## 2.2 Restrictions on the transfer of shares (as per Article 123-*bis*, paragraph 1, letter b), CFA)

At the Report's Approval date, there were no restrictions to the free transfer of Avio ordinary shares imposed by statutory clauses or conditions of issue.

There are no limits to holding shares of the Company, nor any clauses to restrict becoming a shareholder.

## 2.3 Significant share holdings (as per Article 123-*bis*, paragraph 1, letter c), CFA)

The ordinary shares of the Company are traded within the management system authorised pursuant to the CFA.

At the Report approval date, the Company is an SME; therefore, pursuant to Article 120, paragraph 2 of the CFA, the significance threshold for the purposes of the communication obligations of significant shareholdings is equal to 5% of the voting share capital.

With regard to transparency on investment target statements, as of April 14, 2021, the reporting requirement will be triggered when the 10% threshold is exceeded, and no longer the 5% threshold that was temporarily introduced by the enhanced transparency regime.

Based on the communications received as per Article 120 of the CFA and the internal company assessments concerning the effect of the dilution from the conversion of the special shares and market warrants of Avio, the shareholders who, at the Report approval date, have holdings of above 5% of the voting share capital of the Issuer, directly or indirectly, including through nominees, trusts and subsidiaries, are reported in the table below:

<sup>1</sup> The Avio S.p.A. Sponsor Warrants may be exercised subsequently to the Effective Merger Date, within 10 years from such date, on condition that the official Avio post-Merger ordinary share price is equal or greater than Euro 13 on at least one open trading day.

## SIGNIFICANT SHAREHOLDINGS

Shareholder	% of ordinary share capital	% of voting share capital
Leonardo S.p.A.	29.63	29.63
Cobas Am	9.2	9.2
Servizi CGN	7.37	7.37

### 2.4 Special control rights (as per Article 123-*bis*, paragraph 1, letter d), CFA)

The Company has not issued shares which confer special controlling rights.

### 2.5 Voting rights mechanism for any employee share ownership system (as per Article 123-*bis*, paragraph 1, letter e) of the CFA)

At the Report approval date, the Company had not adopted any employee share ownership system.

### 2.6 Voting rights restrictions (as per Article 123-*bis*, paragraph 1, letter f), CFA)

Each ordinary share attributes voting rights without limitations.

### 2.7 Shareholder agreements (as per Article 123-*bis*, paragraph 1, letter g), CFA)

At the Report's approval date, the Company is not aware of any shareholder agreements.

### 2.8 Change of control clause (as per Article 123-*bis*, paragraph 1, letter h), CFA) and statutory provisions concerning Public Purchase Offers (Article 104, paragraph 1-*ter* and 104-*bis*, paragraph 1, CFA)

#### Change of control clauses

At the Report approval date, various agreements on the space programmes in which the Avio Group operates as sub-contractor and prime contractor were in place.

Some of the aforementioned agreements entered into by Avio and other Avio Group companies with the European Space Agency, the Italian Space Agency and Arianespace S.A. and launcher market operators may entail, *inter alia*, clauses to govern the effects of a change in Avio's ownership structure (so-called "change of control" clauses), based on which (i) Avio may be required to notify a change in its ownership structure to its counterparties and (ii) contractual counterparties may be entitled to amend certain contractual rights and/or terminate the relevant agreements and/or request the transfer of specific know-how.

#### Statutory provisions in relation to Public Purchase Offers

Pursuant to Article 14 of the By-Laws, if Avio's shares are subject to a takeover/change of control bid, the Board of Directors reserves the right to resolve, with no need for Shareholders' Meetings' authorisation, on (i) the performance of any action or transaction, including looking for higher and competitive bids and/or (ii) the implementation of decisions adopted before the publication of the notice pursuant to Article 102 of the CFA and not yet fully or partly implemented, also where the activities referred to under points (i) and (ii) above may result in the

frustration of the objective of the bid.

## **2.9 Power to increase the share capital and authorization to purchase treasury shares (as per Article 123-bis, paragraph 1, letter m), CFA)**

### ***2.9.1. Share capital increases***

In compliance with Article 5 of the By-Laws, the Board of Directors was granted - pursuant to Article 2443, paragraph 1, of the Civil Code - for the maximum period of five years from the date of registration of the By-Laws on the Companies' Registry which occurred in April 2017, powers to increase the share capital in a non-divisible manner, against payment and with exclusion of the pre-emption right, in accordance with Article 2441, paragraph 4, clause one, of the Civil Code, for a maximum amount of Euro 9,076,167, through the issue in one or more tranches of a maximum number of ordinary or preferential shares or, in any case, with rights other than those enshrined in already issued shares or shares and financial instruments provided for by Article 2349 of the Civil Code, equal to 2,316,391, with rights, reserved, (i) in the case of hostile public bids or bids initiated by competitors of the Company, only to entities in which the Italian State directly or indirectly holds at least 20% of the share capital or (ii) in all other cases, to entities identified by the Board of Directors with the favourable vote of at least all Directors in office less one. The unit price of the aforementioned shares (including any premium) shall not be lower than the market value of the shares. The Board motions on the exercise of the power of attorney shall identify the entities to which the options to subscribe the share capital increase/s shall be assigned, shall set the subscription price based on the market value of the shares and a specific deadline for the subscription and shall provide, pursuant to Article 2439, second paragraph, of the Civil Code, that, when the resolved increase is not subscribed by the deadline set, the share capital shall be increased by an amount (excluding any premium) equal to the subscriptions received up to such deadline.

As of the expiry date stipulated in Article 2443, paragraph 1 of the Civil Code, the Board has not implemented this power, even partially.

## 2.9.2. Treasury shares

At the Report's approval date, the Shareholders' Meeting of the Company, held on April 29, 2021, resolved to authorise, pursuant to Articles 2357 and 2357-ter of the Civil Code, the purchase of treasury shares of the Company, in one or more tranches, to an extent freely determinable by the Board of Directors for a total maximum value of 10% of the share capital (equal to approximately Euro 9.1 million) and disposals, to be carried out in one or more tranches, of the shares in portfolio, including those purchased in execution of the resolution (already subject to disclosure also pursuant to Article 144-bis of the Issuers' Regulation).

On February 3, 2022, the Board of Directors resolved on:

- (i) the commencement of the Share Buyback Program, in execution of the Shareholders' Meeting motion of April 29, 2021;
- (ii) the appointment of the independent intermediary Equita SIM S.p.A. to coordinate and execute the Share Buyback Program on behalf of Avio, and to make the negotiation decisions regarding the timing of the purchase of the issuer's shares in full independence from Avio.

The main objectives that the Issuer's Board of Directors intends to pursue through the purchase and disposal of treasury shares are the following:

- (i) efficiently utilising liquidity generated by Company operations, also through medium-long-term investment in treasury shares;
- (ii) offering shareholders an additional tool to monetise their investment;
- (iii) using treasury shares as consideration in corporate transactions, to receive funds for acquisition projects and/or in exchanges of shareholdings, or for other uses deemed of interest to the Company in financial, managerial and/or strategic terms;
- (iv) using the treasury shares purchased or already in portfolio to support any share incentive plans, including in the future, for Directors, employees and collaborators of the Company and/or its subsidiaries, in addition to free share assignment plans for shareholders.

Therefore, through the appointment of the independent intermediary Equita Sim S.p.A. (in line with the conferment of the appointment resolved by the Board of Directors on February 3, 2022), the Company purchased 49,706 ordinary shares (equal to 0.1886% of the share capital) on the Euronext Milan Market, STAR segment in the period between 17 and October 21, 2022, at the average unitary price of Euro 10.9754, for a total value of Euro 545,543.24.

Thus, the total number of treasury shares held by Avio as of the date of this Report is 1,091,207 ordinary shares, or 4.14 % of the share capital.

Following the expiry of the authorisation to purchase treasury shares approved by the Shareholders' Meeting on April 29, 2021, on October 28, 2022 Avio announced the closure of the treasury share purchase programme.

## **2.10 Management and co-ordination activities (as per Article 2497 of the Civil Code)**

At the Report approval date, the Company was not subject to management and co-ordination.

At the Report approval date, the Company was not controlled by any entity pursuant to Article 93 of the CFA.

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The information required by Article 123-*bis*, paragraph 1, letter i) of the CFA (“*the agreements between the Company and Directors .....which provide indemnity in the case of resignation or dismissal from office without just cause or termination of employment following a public tender offer*”) is illustrated in the Remuneration Policy and Report, published as per Article 123-*ter* of the CFA and Article 84-*quater* of the Issuers’ Regulation.

The information required by Article 123-*bis*, paragraph 1, letter l) of the CFA) relating to the “*applicable regulations concerning the appointment and replacement of Directors (.....), in addition to the amendment of the By-Laws if differing from applicable law and regulations*” is illustrated in the section of the Report concerning the Board of Directors (Section 4).

## **3. COMPLIANCE (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), CFA)**

Avio has formally adopted the Corporate Governance Code, which is accessible to the public on the website of the Corporate Governance Committee at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

The Company's Board of Directors adopted the principles contained in the Code, also aligning its governance system to regulatory provisions.

With respect to the non-adoption of one or more recommendations of the Code, see the detail of the various sections of this Report.

The Issuer and its strategic subsidiaries are not subject to non-Italian legal provisions that influence the Issuer's corporate governance structure.

## **4. BOARD OF DIRECTORS**

In accordance with current regulations for companies with listed shares on regulated markets and as per the recommendations of the Corporate Governance Code, the Board of Directors is central to the governance system.

Avio intends to contribute to precise ESG - Environmental, Social and Governance - objectives through a progressive improvement of its performance, correlated to business objectives.

In this regard, during the year 2021, Avio started up a process for the definition of a sustainability policy with the objective of strengthening and implementing the values of ethics, integrity and responsibility in respect of people, the environment and society as a whole, in order to integrate sustainability into the strategy and management of its business, defining with the different company departments the objectives to be enhanced in a sustainability plan aligned to a Group business plan. Based on the aforementioned Sustainability Policy, the Sustainability Plan was prepared, founded upon qualitative and quantitative ESG indicators to be developed over a five-year timeframe, subject to monitoring by the relevant corporate owners, who report at least semi-annually to the Sustainability Committee.

Moreover, it is committed to managing dialogue with all its shareholders through fair, transparent and differentiated forms of engagement, believing that establishing and maintaining a constant



and ongoing relationship with all the main stakeholders is in its own specific interest, as well as a duty towards the market.

In this sense, on March 3, 2022, Avio's Board of Directors approved an ad hoc policy in order to conform the rules of corporate governance and the management of the dialogue with the Shareholders to the principles established by the Corporate Governance Code. In fact, the Policy intends to pursue the objective of raising the level of transparency and involvement of investors, as promoted by the Shareholder Rights Directive II with reference to institutional investors and asset managers, as a functional instrument to guarantee the sustainable success of Avio, which is substantiated by the creation of long-term value to the benefit of Shareholders, taking into account the interests of all other stakeholders and the impacts that its operations may have at an environmental, social and economic level. Please refer to Chapter 16 of this Report for the management of communications with Shareholders.

Article 14 of By-Laws establishes that the Board shall have the widest powers of ordinary and extraordinary administration of the Company, with the power to carry out all acts it deems appropriate for attaining the corporate purpose, with the sole exception of those attributed exclusively by law to the Shareholders' Meeting. The Board of Directors, in accordance with Article 2365, paragraph 2 of the Civil Code is also empowered to pass the following resolutions, without prejudice to the concurrent competence of the Shareholders' Meeting. (i) the opening and closing of secondary offices; (ii) the reduction of the share capital as a result of a return of shares; (iii) updating the By-Laws in accordance with the law; (iv) transfer of the registered office within Italy; (v) the indication of which Directors may represent the Company. (vi) the indication of which Directors may represent the Company.

As per Article 11.1 of the By-Laws, the Board of Directors shall appoint a Chairperson from its membership, if the Ordinary Shareholders' Meeting has not already done so. The Board is also entitled to appoint a Secretary, who may also be external to the Company, upon a proposal from the individual chairing the meeting.

Under Article 12.2 of the By-Laws, within the limits of the Law and the By-Laws, the Board of Directors may delegate part of its powers to an Executive Committee, determining the limits of such mandate as well as the number of members of the committee and its operating procedures. The Board may appoint one or more Chief Executive Officers, granting them the relevant powers. Moreover, the Board of Directors may also establish one or more committees with advisory, investigating, proposing or control functions, vested with the powers set out by the Board of Directors. The Board of Directors may also appoint General Managers, defining their powers and granting power of attorney to third parties for certain acts or categories of acts.

Pursuant to Article 12.1 of the By-Laws, the matters and the activities on which the Italian Government has a right to object pursuant to the Golden Power Regulation applicable to the companies operating in the defence and national security sectors fall under the exclusive remit of the Board of Directors and may not be delegated.

#### **4.1 Appointment and replacement (as per Article 123-*bis*, paragraph 2, letter l), CFA)**

As per Article 11 of the By-Laws, Avio is managed by a Board of Directors consisting of nine members or 11 members, as decided by the Shareholders' Meeting. The Directors remain in office for three years, unless a lesser term is set out by the appointment motion, with the term concluding on the date of the Shareholders' Meeting called to approve the financial statements pertaining to the last financial year of their term, and may be reappointed.

All Directors shall possess the eligibility and standing requirements provided for by law and other applicable provisions, as well as the integrity requirements provided for by Italian Ministerial Decree No. 162 of March 30, 2000 and the applicable legislation in force. Pursuant to Article 147-*ter*, paragraph 4 of the CFA, at least two Directors must also possess the independence

requirements set out therein.

As per applicable legislative and regulatory provisions for listed companies, Article 11 of the By-Laws establishes that the Shareholders' Meeting appoints the Board of Directors on the basis of slates presented by the shareholders, in accordance with the procedure outlined below, except where otherwise established by obligatory laws or regulations.

Shareholders can present a slate for the appointment of Directors, in addition to the departing Board of Directors, who, alone or together with other presenting shareholders, have a shareholding at least equal to that determined by Consob in accordance with applicable provisions and regulations. Ownership of the minimum shareholding is determined according to the shares that are registered in favour of the shareholder on the day in which the slates are filed with the issuer; certification can also be presented subsequent to the filing provided that it is within the deadline for the publication of the slates.

The slates are filed at the registered office, and subsequently published, in accordance with the methods and the deadlines provided for by applicable law.

The slates provide for a number of candidates of no less than two and not exceeding the number of Directors to be appointed, each linked to a progressive number. Each slate shall contain and expressly indicate at least two Directors considered as independent as per applicable laws and the Corporate Governance Code. The slates containing three or more candidates may not be composed of candidates only from the same gender (male or female); these slates should include a number of candidates of the under-represented gender to guarantee the composition of the Board of Directors in accordance with legal and regulatory provisions in relation to gender equality (male or female) rules, rounded upwards.

Each slate must include as an attachment, at the risk of ineligibility: (i) the curriculum vitae of the candidates; (ii) a declaration in which all the candidates accept the candidature, and attest, under their own responsibility, that no grounds for ineligibility and incompatibility exist, as well as the existence of the requirements prescribed by applicable law and the By-Laws for the office of Director of the Company and including the declaration on the possession of the independence requirements; (iii) the identity of the shareholders who have submitted the slates and the total percentage of shares held; (iv) any additional or differing declaration, information, and/or documents provided for by applicable law and regulations.

Each Shareholder may not - even through a nominee or a trust - submit, or contribute to submitting, more than one slate or vote upon different slates. Moreover, each candidate may be included only in one slate, under penalty of ineligibility.

At the end of the voting process, the candidates of the two slates that have obtained the highest number of votes shall be elected, on the basis of the following criteria: (i) from the slate obtaining the majority of votes cast (the "**Majority Slate**"), a number of Directors equal to the total number of the members to be appointed less three shall be taken; and (ii) from the slate obtaining the second highest number of votes cast (the "**Minority Slate**") and not linked even indirectly with the Shareholders that submitted or voted the slate that achieved the highest number of votes, three Directors shall be taken, including at least one Independent Director, according to the progressive order of the candidates on the slate.

If the Majority Slate, or the Minority Slate, depending on the case, does not contain a sufficient number of candidates in order to appoint the number of Directors required for each of them based on the aforementioned criteria, the remaining Directors to be elected shall be taken from the other slate, i.e. either the Minority or the Majority Slate depending on the case - in the progressive order in which they appear.

Consideration is not taken of the slates which have not obtained at least half of the votes required

for the presentation of slates.

Should two slates receive the same number of votes, a second vote of the Shareholders' Meeting shall decide by considering only the slates receiving the same number of votes.

If, at the end of the vote, the legal and regulatory provisions applicable from time to time on (male and female) gender parity (including rounding up to the next whole number if the implementation of gender quotas does not result in a whole number), the replacement mechanisms detailed below shall apply.

A) The last of the candidates that would have been elected from the Majority Slate and belonging to the over-represented gender shall be replaced with the first of the non-elected candidates taken from the same slate and belonging to the under-represented gender;

B) Where the replacement under letter A) above does not allow the achievement of the minimum threshold set out by legal and regulatory provisions applicable from time to time to gender parity (including rounding up to the next whole number if the implementation of gender quotas does not result in a whole number), the last of the candidates that would have been elected in the Minority Slate and belonging to the over-represented gender shall be replaced with the first non-elected candidate taken from the same slate belonging to the under-represented gender;

C) Where the replacements under letters A) and B) above do not allow the achievement of the minimum threshold set out by legal and statutory regulations applicable from time to time on gender parity (including rounding up to the next whole number if the application of gender quotas does not result in a whole number), the second-last candidate that would have been elected from the Majority Slate and belonging to the over-represented gender shall also be replaced, and so on, from the bottom of the ranking, considering only the candidates that would have been elected taken from the aforementioned slate.

Where, as a result of the mechanism detailed above, no Independent Director is appointed from the Majority Slate, the last non-independent candidate elected from the Majority Slate shall be replaced by the first independent candidate not elected from the aforementioned slate, in progressive order, without prejudice in any case to the compliance with the gender parity provided for by legal and/or regulatory provisions as applicable. If, based on the aforementioned mechanism, no Independent Director is appointed from the Minority Slate, the same procedure shall be followed, *mutatis mutandis*.

Where only one slate is presented, the Shareholders' Meeting will vote on that slate and, where this slate receives the majority of the votes, all the members of the Board of Directors will be taken from this slate in accordance with applicable law and regulations, including gender equality regulations (rounded upwards where resulting in a fraction).

In the absence of slates, or if only one slate is presented and this does not obtain the majority of votes, or if the number of elected directors on the basis of slates presented is lower than the number of members to be elected, or if the entire Board of Directors is not to be renewed, or if it is not possible for any reason to elect the Board of Directors in the manner provided for in this Article, the members of the Board of Directors will be elected by the Shareholders' Meeting by statutory majority, without the application of slate voting, save for the obligation to maintain the minimum number of Independent Directors established by law and in accordance with the applicable law and regulations in terms of gender equality quotas.

In the event that, for whatever reason, one or more Directors are no longer sitting, the Board of Directors will proceed with co-option, where possible, from among the non-elected candidates from the slate from which the Director leaving office had been elected, according to the progressive numbering of the slate, while maintaining the obligation of a minimum number of Independent Directors as established by law and these By-Laws and in accordance with the

applicable law and regulations on gender equality quotas.

In the event of termination of office, for any reason, of more than half of the Directors elected by the Shareholders' Meeting, the entire Board shall be deemed to lapse with effect from the moment in which the Board of Directors has been renewed and the Directors still in office will urgently call the Shareholders' Meeting for the election of the new Board of Directors.

On February 28, 2020, the Board of Directors, on the proposal of the Appointments and Remuneration Committee, approved a succession plan for the Executive Director.

Avio maintains that the succession plan is an instrument to ensure the consistent management of risk, business continuity and the long-term sustainability of the Company, by governing the process of replacing the Executive Director in the potential situation of early conclusion of office.

In addition, the existence of a succession plan ensures continuity and certainty in business operations as well as the selection of the best possible candidates for the office of Executive Director in order to avoid decisions being taken without the support of a structured process.

Recommendation No. 7, paragraph 1, of Article 2 of the Corporate Governance Code for listed companies adopted by the Corporate Governance Committee in January 2020 (the "Code"), in which Avio includes among the circumstances that compromise, or appear to compromise, the independence of a Director or Statutory Auditor the following:

- "c) if, directly or indirectly (for example through subsidiary companies or where they are an Executive Director, or as partner of a professional advisory firm or a consultancy company), has, or has had in the three previous years, a significant commercial, financial or professional relationship:
  - with the Company or its subsidiaries, or its Executive Directors or Top Management;
  - with a party that, also together with others through a shareholder agreement, controls the Company; or if the Parent is a company or corporation, with the relevant Executive Directors or Senior Management; and
- "d) if he/she receives, or has received in the previous three 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".

In order to apply the aforementioned provisions, Recommendation No. 7, second paragraph, of the Code requires the Board of Directors 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 7, first paragraph, of the Code.

In relation to this, the Recommendation indicates that "In the case of a Director who is also a partner in a professional firm or consulting firm, the Board of Directors assesses the significance of any professional relationships that may affect his/her position and role within the firm or consulting firm, or that otherwise relate to significant transactions of the firm and its group, regardless of the quantitative parameters".

On March 14, 2022, the Board of Directors, with the assistance of the Appointments and Remuneration Committee, approved, for the purposes of assessing the independence of Directors and Statutory Auditors, a Policy containing qualitative and quantitative criteria aimed at pre-determining the significance of the relationships referred to in Article 2, Rec. 7, letters c)

and d), of the Corporate Governance Code.

The aforementioned document illustrates the quantitative and qualitative criteria approved by Avio's Board of Directors, with the assistance of the Appointments and Remuneration Committee, to assess the significance of relationships, including economic, that may compromise the independence of Directors/Statutory Auditors (the "**Quantitative and Qualitative Criteria**" or the "**Criteria**").

More specifically, with particular reference to quantitative criteria, any commercial, financial or professional relationship that the Director or Statutory Auditor - whose independence is subject to assessment - has or has had during the financial year in which the declaration of independence is made, or in the three financial years prior to the date on which the declaration is made, with the following significant parties are relevant:

- (i) the Company or its subsidiaries, or its Executive Directors or Top Management;
- (ii) the party that, also together with others through a shareholder agreement, controls the Company; or if the parent is a company or corporation, with the relevant Executive Directors or Senior Management.

For the purposes of Recommendation 7, paragraph one, letter c) of the Corporate Governance Code "significant" is to be deemed:

- a relationship of a commercial or financial nature of a professional nature with Relevant Persons if the total annual consideration for such relationships exceeds 50% of the total amount of the fixed annual remuneration received by the Relevant Person for the office or for participation in committees.

It should be underlined that, for the purposes of the above, also the relationships with the relevant persons held by close family members are taken into account, i.e.: (i) parents, (ii) children, (iii) the spouse who is not legally separated and (iv) cohabitants.

The "additional remuneration" to be considered in evaluating the independence of a member of the Board of Directors includes the sum of any additional remuneration paid by Avio, one of its subsidiaries or the parent company, even indirectly, with respect to the "fixed remuneration for the office" and "the remuneration for participation in the committees recommended by the Code or by the laws in force".

To this end, the remuneration received in the form of participation in incentive plans linked to company performance is also included.

Additional remuneration is normally to be considered significant - and therefore capable of compromising the independence of the Relevant Person concerned - if the total annual consideration for such relationships exceeds 50% of the total amount of the fixed annual remuneration received by the Relevant Person for the office or for participation in committees.

Even if these quantitative parameters are not exceeded, a relationship of a commercial, financial or professional nature shall be deemed "significant" for the purposes of Recommendation 7, first paragraph, letter c) of the Code if it is deemed by the Board of Directors to be capable of affecting the autonomy of judgement and independence of a Director of Avio in their duties.

Therefore, purely by way of example, in the event that the party is also a partner of a professional firm or consulting company, the Avio Board of Directors - independently of the aforementioned quantitative parameters - may consider as "significant" the professional relations of the firm and/or consulting company with the relevant persons who:

- (i) may have an effect on the Director's position and/or role in the firm; and/or
- (ii) pertain to important operations of the Company and the Group it heads.

The significance of the aforementioned relationships is assessed taking into account the overall professional activity normally carried out by the party, the tasks normally assigned to them, as well as the importance that these relationships may have for the party in terms of reputation within his own organisation.

The information required by Article 123-*bis*, paragraph 1, letter l) of the CFA) relating to the “*applicable regulations concerning the appointment and replacement of Directors (.....), in addition to the amendment of the By-Laws if differing from applicable law and regulations*” is illustrated in the section of the Report concerning the Board of Directors (Section 4).

## 4.2 Composition (as per Article 123-bis, paragraph 2, letter d) of the CFA)

### 4.2.1. Members of the Board of Directors

The Shareholders' Meeting of Avio S.p.A. called on April 28, 2023 appointed the Board of Directors, having first resolved on the number of members, their term of office and remuneration. In particular, the Shareholders' Meeting of Avio S.p.A. set the number of the members of the Board of Directors as eleven, establishing their term in office. Subsequently, by implementing the slate voting system provided for by Article 11 of the By-Laws, the Shareholders' Meeting appointed the Board of Directors of Avio with effect from the date of the Shareholders' Meeting (April 28, 2023) until the approval of the Financial Statements at December 31, 2025.

As better specified in the table on page 31 of this Report, Avio's Board of Directors is made up of 11 members, of which (i) 1 executive member; and (ii) 6 independent members.

The members of Avio's Board of Directors in office on the Report approval date are listed in the table below.

Name	Place and date of birth	Date of appointment
Giovanni Soccodato	Rome, October 31, 1961	April 28, 2023
Raffaele Capiello (*)	Rome, September 17, 1968	April 28, 2023
Letizia Colucci	Foggia, August 6, 1962	April 28, 2023
Giovanni Gorno Tempini (*)	Brescia, February 18, 1962	April 28, 2023
Donatella Isaia (*)	Turin, December 21, 1974	April 28, 2023
Roberto Italia	Rome, July 5, 1966	April 28, 2023
Marcella Logli (*)	Milan, October 14, 1964	April 28, 2023
Luigi Pasquali	Rome, October 2, 1957	April 28, 2023
Elena Pisonero Ruiz (*)	Madrid (Spain), January 17, 1963	April 28, 2023
Giulio Ranzo	Rome, January 29, 1971	April 28, 2023
Donatella Sciuto (*)	Varese, January 5, 1962	April 28, 2023

(\*) Independent Director pursuant to Article 148 of the CFA and Article 2 of the Corporate Governance Code.

We note that:

- (i) Mr. Roberto Italia holds the office of Chairperson of the Board of the Issuer;
- (ii) Mr. Giovanni Gorno Tempini holds the office of Vice-Chairperson of the Board of the Issuer;
- (iii) Mr. Giulio Ranzo holds the office of Chief Executive Officer.

The members of Avio's Board of Directors declared themselves in possession of the standing requirements set out for control members with regulation of the Italian Ministry of Justice pursuant to Article 148, paragraph 4, of the CFA.

A short *curriculum vitae* of each Director of Avio, detailing the relevant business management skills and experience, is provided below.

### ***Raffaele Cappiello***

Born in Rome on September 17, 1968. He graduated in Law at the University La Sapienza of Rome with honours. Since 1992, he has been providing legal assistance and consultancy, including representation in court, on corporate, banking, financial and insolvency matters at the legal firm of Prof. Libonati in Rome, also as a partner of the legal firm "Libonati-Jaeger", until 2010 when he founded his own firm in Rome. He is a lecturer in Commercial Law at the School of Specialization for the Legal Profession of the University of Rome La Sapienza (2013/2019) and in Bankruptcy Law for the Master in Bankruptcy Curator at the University of Studies Niccolò Cusano (since 2018). He is a Member of the Financial Banking Arbitrator College of Rome (2015/2021). He has served and continues to serve as an officer in bankruptcy proceedings on behalf of the Bankruptcy Court, the Ministry for Economic Development and the Bank of Italy, including: Judicial Commissioner of the Consorzio Venezia Nuova Preventive Arrangement (implementation of the Mose Venice project) and the Consorzio Costruzioni Mose Arsenale Preventive Arrangement; Extraordinary Administrator of Stefanel s.p.a. in A.S., of Gruppo Cotorossi in A.S., of Gruppo Cogolo in A.S., of Gruppo Altiforni e Ferriere di Servola in A.S., of Cavorinvest s.p.a. in A.S. and as Liquidator of Il Manifesto soc coop in lca and Judicial Commissioner of the Preventive Arrangement of Acqua Marcia RE S.p.A. He has held positions as an Independent Director in financial and listed companies. He currently holds the following positions: Independent Director, appointed by the minority shareholders, of B&C Speakers S.p.A., listed on the Milan Stock Exchange; Independent Director, appointed by the minority shareholders, of AVIO S.p.A., listed on the Milan Stock Exchange; Independent Director, appointed by the minority shareholders, of MFE – MediaforEurope N.V. (formerly Mediaset S.p.A.), listed on the Milan Stock Exchange; Member of the Advisory Committee of Fondo Tessalo - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato - managed by DeA Capital Real Estate SGR S.p.A.

### ***Letizia Colucci***

Born in Foggia on August 6, 1962, she has consolidated over 30 years of professional experience in the Defence and Space sectors of the Leonardo Group. Graduated in Law from the University Federico II of Naples, she has held positions of responsibility in various companies of the Group. Specifically, she was Head of Corporate Affairs of Alenia Difesa - a branch of Finmeccanica and in this role she was in charge of the establishment of the Joint Venture Alenia Marconi Systems, in which the Civil and Military Radar Systems and the Missile Systems of Alenia Difesa were merged. Subsequently, she assumed the position of Legal and Corporate Management of Alenia Marconi Systems. In the same period, she was entrusted with the responsibility of the due diligence process and of the contribution activities aimed at setting up the MBDA missile Joint Venture. Thereafter she became General Affairs Director of MBDA Italy with responsibility for Legal and Corporate Affairs, Safety and Licensing,



Purchasing, Plant Management and Institutional Relations. In 2005, she joined Selex Sistemi Integrati as General Affairs Manager. She was then appointed Deputy General Manager and in the same period she also had responsibility for the project of rationalisation of electronic activities for defence of the Leonardo Group. In 2010, she assumed the role of Co-General Manager with responsibility for all of the Company's central support departments. In 2013, she was appointed Secretary General of the company Telespazio, with responsibility for various central support functions. From 2019 to 2022, she served as Chairperson of MBDA Italia S.p.A. She is currently General Manager of Med-Or Foundation, Member of the Supervisory Board at Hensoldt AG, a Director of Avio and a Director of e-GEOS.

### ***Giovanni Gorno Tempini***

Giovanni Gorno Tempini has been Chairperson of the Board of Directors of Cassa Depositi e Prestiti S.p.A. since October 24, 2019, Chairperson of CDP Reti S.p.A. since November 28, 2019, Chairperson of CDP Equity S.p.A. since April 2, 2020 and Chairperson of Fondazione CDP since November 11, 2021. He chairs the Board of Directors of F.I.L.A. - Fabbrica Italiana Lapis ed Affini - and is a member of the Board of Directors of Avio S.p.A., both listed on the Star segment of the Italian Stock Exchange. On March 31, 2021, he joined the Board of Directors of TIM S.p.A.

In April 2020, he was appointed as a member of the Committee of Experts on Economic and Social Matters (so-called Colao Committee established by Prime Ministerial Decree of April 10, 2020) at the Presidency of the Council of Ministers. The Committee, convened in order to elaborate the measures and initiatives necessary to face the COVID-19 epidemiological emergency, has drawn up the report "Initiatives for the relaunch of Italy 2020-2022". He is a member of the Scientific Committee of the Aristide Merloni Foundation, of the Board of Assonime, of the General Council of AIFI (Italian Association of Private Equity and Venture Capital) and a member of the Board of ISPI (Institute for International Policy Studies). He teaches at the MBA Program of the SDA Bocconi School of Management and at the L. Bocconi University in Milan, as an adjunct professor. He has also taught at the LIUC University of Castellanza (Varese) and at the Ca' Foscari University of Venice. He has worked with Intercultura for many years and in various roles and has been appointed member of the Advisory Board of H-FARM Education. Previously, he was Chairperson of Fondazione Fiera Milano and Director at LUISS University (July 2016-July 2019). He was on the Board of Intesa Sanpaolo S.p.A. and Willis Towers Watson S.p.A. (April 2016-November 2019), and also on the Board of FIRG - AIRC, Italian Cancer Research Foundation and Association (May 2016-April 2020).

He has been Industry Advisor for Italy for the Permira Private Equity Fund and Senior Advisor of Partners S.p.A. From May 2010 until July 2015, he served as Chief Executive Officer of Cassa Depositi e Prestiti S.p.A. and CDP Reti S.p.A. (December 2014-July 2015). He also served as Chairperson of Fondo Strategico Italiano (August 2011-July 2015). During his professional career he has also been General Manager and Board Member of the Mittel Group, Vice-Chairperson of Sorin S.p.A., Chairperson of Hopa S.p.A. and Director of A2A S.p.A. Between 2001 and 2007, he held various roles within the Intesa San Paolo Group, in particular, from 2001 to 2005, the position of Head of Investment Banking and Structured Finance and Chief Executive Officer of Banca Caboto - now Banca IMI) and, from 2006 to 2007, Head of Group

Finance and Treasury. Over the years he has served as Chairperson of the "Technical Commission for Finance" of ABI-Associazione Bancaria Italiana and as Director of Borsa Italiana S.p.A., MTS- European Bond Exchange, EuroMTS, ISDA-International Swaps and Derivatives Association and AIFI-Associazione Italiana Private Equity and Venture Capital. He started his career at JP Morgan in 1987, in the Global Markets sector, holding various Executive roles in Milan and London, with responsibility for Italy and EMEA. Giovanni Gorno Tempini graduated in Business Administration from the Luigi Bocconi University in Milan in 1987. On April 21, 2021, he was awarded the honour of Grand Officer of the Order of Merit of the Italian Republic. On May 30, 2022, he was knighted "Cavaliere del Lavoro". On

November 21, 2023, he was awarded the Parete Prize, an award given to entrepreneurs, bearing witness to the value of knowledge, showing the centrality of education as a commitment to ourselves and to Society.

### ***Donatella Isaia***

Born in Turin on December 21, 1974. Donatella Isaia has a degree in Education Sciences; she has been a member of the Organising Committee for the XX Olympic Winter Games in Turin. She developed most of her professional experience in Vodafone where she held roles of increasing responsibility within the Human Resources function. She has operated in multiple locations including the UK, India, Romania, Egypt and Hungary, among others; she has been part of the Ghana Telecom integration and start-up operations in Qatar. From 2015 to 2019, she was HR & Organisation Director at Vodafone Italia leading the HR strategic agenda and digital transformation. Since January 2021, she has been a member of the TeamSystem Group leadership team in the role of Chief People and Culture Officer.

From 2016 to 2022 she was a member of the Board of Directors of the Vodafone Italia Foundation and from 2016 to 2019 she was a member of the Board of Directors of AssTel. She joined the Board of Directors of Avio S.p.A. in 2020.

### ***Roberto Italia***

Born in Rome on July 5, 1966, Roberto Italia graduated in Economics and Commerce magna cum laude from the LUISS, Rome in 1990 and began working with the STET/Telecom Italia group. After achieving an MBA With Distinction in 1994 from INSEAD, Fontainebleau, he began working in the alternative equity sector, firstly with Warburg Pincus, thereafter with Henderson Private Capital and following that with the European group Cinven. After founding in 2013 Red Black Capital and Space Holding, he promotes and executes growth capital investments in private and listed companies in Continental Europe. He has been the Chief Executive Officer of the Verlinvest Group since 2020. He is a Director at many Italian and overseas companies.

### ***Marcella Logli***

Born in Milan in 1964, one of the first women to graduate in Computer Science (1989) at the University of Milan, she has always been attracted by technological innovation. She began her career at Apple Computer S.p.A., covering various roles in marketing, communication, new business and development of new services, specializing in digital media, Internet technologies and ICT.

She then joined Olivetti Telemedia, where in 1994 she launched the first ISP in Italy, "Italia Online".

She continued in the TELECOMITALIA Group as Dir. Mktg "TIN.it", launching in 1997 the leading national ISP, and the first Virgilio portal.

During her 20 years with the Group, she has held numerous positions, both in the Business field - Dir. Directory System, Dir. Mktg Sanità, Dir. Mktg & Comm. Top Client&Public Sector - and in the Institutional field as EVP - Dir. Institutional Communication and External Relations, Director of the Corporate Shared Value Function (ex CSR) and General Manager of Fondazione TIM.

From 2018 to 2020 she was Chief Digital Officer at Gruppo San Donato, a leader in Italy in the healthcare market.

She currently holds the position of Head of Public Engagement and Communication at the

Polytechnic University of Milan.

She has held numerous positions as a member of the councils of Associations and Foundations such as: member of the Council of ValoreD, member of the Council of Anima, member of the National Council of WWF, member of the Board of Directors of the Olivetti Historical Archives Association, member of the Council of the Mangini Bonomi Museum Foundation.

From 2017 to 2021, she served as an Independent Director at Isagro S.p.A.

### ***Luigi Pasquali***

Born in Rome in 1957, he graduated in Electronic Engineering from "La Sapienza" University in Rome in 1982 and thereafter attended Business Administration and Finance courses at the IRI Management School and SDA- Bocconi. In 1983, he served in the Italian Army as Engineer Corps Officer responsible for the testing of Defence telecommunications systems, as part of his national military service. In 1984, he joined Selenia as System Engineer for air traffic control systems and networks, managing projects in Europe, Australia and the United States, including the refurbishment and expansion of the network in Germany. In 1995, he joined STET/Telecom Italia, in the international strategy and development area, with responsibility for strategic planning projects for telecommunications services. During this period, he was involved in strategic alliance projects with international telecommunications operators (AT&T, DT). In 2000, he was appointed Business Development Director of Atlant, a Telefonica de España company specialised in added-value services for companies and, in 2002, he was appointed Director of the Telecommunications Division of Alenia Spazio (currently Thales Alenia Space Italia), with development, marketing and management responsibilities for satellite telecommunication system programmes for Defence and Security, commercial applications and broadband development. In 2005, he was appointed General Manager of Telespazio, becoming its Chief Executive Officer from February 2013. In June 2008, he was appointed Chairperson and Chief Executive Officer of Thales Alenia Space Italia and became Deputy CEO of Thales Alenia Space. He is a member of the Board of Directors of Avio S.p.A., board member of the federation of Italian Aerospace, Defence and Security Companies (AIAD) and Vice Chairman of the Eurospace Council (Aerospace and Defence Industries Association of Europe).

### ***Elena Pisonero Ruiz***

Born in Madrid on January 17, 1963. An economist and executive with 37 years of international experience, providing a broad, strategic and transformative vision, she believes in people-centered leadership and lifelong learning. With this in mind, she has taken part in several post-graduate executive courses in digitalisation, sustainability and corporate governance in the best global business schools. She has held senior roles in both the public and the private sectors. She was Secretary of State for Trade, Tourism and SMEs and Spanish Ambassador at the OECD in Paris. She worked as an analyst at Siemens and was a KPMG partner. She has been in the space sector for the last 12 years, in both the business and defence areas, as Chairperson of Hispasat and a Director at Hisdesat (satellite operators) and is currently an Independent Director at AVIO S.p.A., a leader in the launch sector. She has been a board member in other listed companies in various sectors (PRISA, Solaria, Bruegel) and is a member of several advisory committees (RIE, UNICEF, Ethic, EOI, and Fundación Reformismo 21). In 2018 she founded Taldig, a strategic consulting firm, and Relathia, a knowledge platform focused on action in the face of the challenges of the 21st century (proposing a systematic vision for a change of paradigm organised around four aspects: geopolitics and leadership, together with digital and sustainable transformation). She is regularly in the media (Spanish National and SER) and is an Independent Director of the Andalusian State-Owned Tourism and Sports Company (EPTDA).

### ***Giulio Ranzo***

Born in Rome on January 29, 1971, he graduated in Civil Engineering from the La Sapienza University of Rome in 1995, while in 2000 completing a joint Research Doctorate with the University of California San Diego (USA), at which he was a Graduate Research Assistant between 1996 and 1999. He has been the Chief Executive Officer and General Manager of Avio since October 2, 2015. Previously, he was the Strategies, Marketing and Government Affairs Director at Avio Aero. He joined Avio in 2011, holding various positions such as Group Strategy Manager (2011-2013), Investor Relations Director (2012) and Board member (2013). He in addition managed Avio's Stock Exchange listing preparation in 2011-2012, the disposal to General Electric Aviation in 2013 and the post-merger integration in 2014. For the 2011-2013 period, he joined the Board of Directors of Europropulsion, the space propulsion joint venture between Safran and Avio. Between 2007 and 2011, he was the Finance Director and General Co-Manager of Italian operations at Cementir Holding, the construction materials enterprise. He began his career at Booz Allen Hamilton, a leading Aerospace and Defence strategic consultancy firm, acting as Associate, Senior Associate and Principal between 2000 and 2007. During these years, he developed strategic projects for leading European Groups operating in the Civil Aerospace and Military, Technologies and Space Launchers, Defence Electronics, Business Jets and General Aviation sectors.

### ***Donatella Sciuto***

Donatella Sciuto is Rector of the Polytechnic University of Milan. She is the Ordinary Professor of Processing Systems at the Electronics, Information and Bioengineering Department. She gained a degree in Electronic Engineering from the Polytechnic University of Milan and a Ph.D. in Electrical and Computer Engineering from the University of Colorado, Boulder. She has received a master's in Business and Administration (CEGA) from the Business Management School of Bocconi University.

She was appointed IEEE Fellow for her scientific contribution in "embedded systems design". Since 2013, she has been a member of the Superior Council of the Bank of Italy and Chairperson of the Supervisory Council of the Milan Branch. Since 2017, she has been an independent member of the Board of Directors of AVIO S.p.A and since 2021 of Fila S.p.A., and since 2022 member of the Supervisory Board of ST Microelectronics.

Since 2022 she has been on the board of the Italian Institute of Technology.

She was Chairperson of the Council on Electronic Design Automation of IEEE (the largest

technological professional organisation in the world) from 2011 to 2013. She was named IBM Women Leaders in AI in 2021 and Inspiring Fifty Italy in 2018.

### ***Giovanni Soccodato***

Born in Rome, on October 31, 1961, he graduated in information technology at the University of Pisa in 1985 with a 110/110 mark and honours [a first-class honours degree]. He went on to work for highly prominent companies in the aerospace and defence industry: Alenia Spazio, Finmeccanica S.p.A., Alenia Marconi, Leonardo S.p.A., holding various positions including program management, business development and business and strategy manager. He currently holds the position of Executive Group Director Sales and Business Development at the MBDA group and is Chief Executive Officer of MBDA Italia.

He is also currently a member of the Board of Directors of A.I.A.D., the Italian Federation for Aerospace, Defence and Security.

He was previously a member of the BoD of numerous other companies that are very well known on the market: Alenia Aeronautica S.p.A, Alenia Aermacchi S.p.A., Selex Sistemi Integrati S.p.A., Ansaldo Energia S.p.A., Eltag Datamat s.r.l., Superject International, Eurotech S.p.A, Telespazio S.p.A., Thales Alenia Space, GEM Elettronica, and Hensoldt.

**STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES FROM JANUARY 1, 2023 TO APRIL 28, 2023 (EXCLUSIVE)**

Board of Directors														Control and Risks Committee		Appointments and Remuneration Committee		Sustainability Committee	
Office	Member	Year of birth	Date first appointment *	In office from	In office until	Slate **	Slate (m/M) ***	Exec.	Non-exec.	Ind. Code	Ind. CFA	No. other offices (***)	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairperson	Roberto Italia	1966	1.12.2016	B.o.D. 10.4.2017	Approv. 2022 Accounts	B.o.D.	M		X			7	5/5					2/2	M
Chief Executive Officer	Giulio Ranzo•	1971	1.12.2016	B.o.D. 10.4.2017	Approv. 2022 Accounts	B.o.D.	M	X				4	5/5						
Director	Monica Auteri	1970	1.12.2016	B.o.D. 10.4.2017	Approv. 2022 Accounts	B.o.D.	M			X	X	-	5/5			5/5	M		
Director	Raffaele Cappiello	1968	6.5.2020	B.o.D. 6.5.2020	Approv. 2022 Accounts	Shareholders	M			X	X	3	5/5	4/4	M				
Director	Letizia Colucci	1962	6.5.2020	B.o.D. 6.5.2020	Approv. 2022 Accounts	B.o.D.	M		X			3	5/5	4/4	M				
Director	Giovanni Gorno Tempini	1962	1.12.2016	B.o.D. 10.4.2017	Approv. 2022 Accounts	B.o.D.	M			X	X	6	5/5			5/5	C		
Director	Donatella Isaia	1974	6.5.2020	B.o.D. 6.5.2020	Approv. 2022 Accounts	Shareholders	M			X	X	1	5/5			5/5	M		
Director	Marcella Logli	1964	28.4.2020	B.o.D. 28.4.2020	Approv. 2022 Accounts	Shareholders	M			X	X	1	5/5					2/2	M
Director	Luigi Pasquali	1957	1.12.2016	B.o.D. 10.4.2017	Approv. 2022 Accounts	B.o.D.	M		X			6	5/5						
Director	Elena Pisonero Ruiz	1963	6.5.2020	B.o.D. 6.5.2020	Approv. 2022 Accounts	B.o.D.	M			X	X	2	5/5					2/2	C
Director	Donatella Sciuto	1962	1.12.2016	B.o.D. 10.4.2017	Approv. 2022 Accounts	B.o.D.	M			X	X	4	3/5	4/4	C				

**Quorum required for the presentation of slates by minority shareholders for the election of one or more members (as per Article 147-ter CFA): 4.5%**

## NOTES

The following symbols must be indicated in the “Office” column:

- This symbol indicates the Director in charge of the Internal Control and Risk Management System.

- This symbol indicates the Lead Independent Director (LID).

\* The first appointment of each Director refers to the date on which the Director was appointed for the first time to the Board of the Issuer.

\*\* This column indicates whether the slate from which each Director was selected was submitted by shareholders ("Shareholders") or by the BoD ("BoD"). \*\*\* This column indicates whether the slate from which each Director was selected is a "Majority Slate" ("M") or a "Minority Slate" ("m").

\*\*\*\* This column indicates the number of offices a Director or Statutory Auditor holds in other listed companies or large enterprises. The Corporate Governance Report indicates all offices held.

(\*) This column indicates the percentage of attendance of the Director in relation to the number of BoD and Committee meetings (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

(\*\*) This column indicates the position of the Director on the Committee: “C”: Chairperson; “M”: member.

**STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES FROM APRIL 28, 2023 (INCLUSIVE) TO DECEMBER 31, 2023**

Board of Directors														Control and Risks Committee		Appointments and Remuneration Committee		Sustainability Committee	
Office	Member	Year of birth	Date first appointment *	In office from	In office until	Slate **	Slate (m/M) ***	Exec.	Non-exec.	Ind. Code	Ind. CFA	No. other offices (***)	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairperson	Roberto Italia	1966	1.12.2016	B.o.D. 10.4.2017	Approv. 2025 Accounts	B.o.D.	M		X			7	9/9					3/3	M
Chief Executive Officer	Giulio Ranzo•	1971	1.12.2016	B.o.D. 10.4.2017	Approv. 2025 Accounts	B.o.D.	M	X				4	9/9						
Director	Raffaele Cappiello	1968	6.5.2020	B.o.D. 6.5.2020	Approv. 2025 Accounts	Shareholders	M			X	X	3	9/9	6/6	M	3/3	M		
Director	Letizia Colucci	1962	6.5.2020	B.o.D. 6.5.2020	Approv. 2025 Accounts	B.o.D.	M		X			3	9/9	6/6	M				
Director	Giovanni Gorno Tempini	1962	1.12.2016	B.o.D. 10.4.2017	Approv. 2025 Accounts	B.o.D.	M			X	X	6	9/9						
Director	Donatella Isaia	1974	6.5.2020	B.o.D. 6.5.2020	Approv. 2025 Accounts	Shareholders	M			X	X	1	9/9			3/3	C		
Director	Marcella Logli	1964	28.4.2020	B.o.D. 28.4.2020	Approv. 2025 Accounts	Shareholders	M			X	X	1	9/9					3/3	M
Director	Luigi Pasquali	1957	1.12.2016	B.o.D. 10.4.2017	Approv. 2025 Accounts	B.o.D.	M		X			6	8/9						
Director	Elena Pisonero Ruiz	1963	6.5.2020	B.o.D. 6.5.2020	Approv. 2025 Accounts	B.o.D.	M			X	X	2	9/9					3/3	C
Director	Donatella Sciuto	1962	1.12.2016	B.o.D. 10.4.2017	Approv. 2025 Accounts	B.o.D.	M			X	X	4	8/9	6/6	C				
Director	Giovanni Soccodato	1961	28.4.2023	B.o.D. 28.4.2023	Approv. 2025 Accounts	B.o.D.	M		X			●	8/9			3/3	M		

**Quorum required for the presentation of slates by minority shareholders for the election of one or more members (as per Article 147-ter CFA): 4.5%**



## NOTES

The following symbols must be indicated in the “Office” column:

- This symbol indicates the Director in charge of the Internal Control and Risk Management System.

- This symbol indicates the Lead Independent Director (LID).

\* The first appointment of each Director refers to the date on which the Director was appointed for the first time to the Board of the Issuer.

\*\* This column indicates whether the slate from which each Director was selected was submitted by shareholders ("Shareholders") or by the BoD ("BoD"). \*\*\* This column indicates whether the slate from which each Director was selected is a "Majority Slate" ("M") or a "Minority Slate" ("m").

\*\*\*\* This column indicates the number of offices a Director or Statutory Auditor holds in other listed companies or large enterprises. The Corporate Governance Report indicates all offices held.

(\*) This column indicates the percentage of attendance of the Director in relation to the number of BoD and Committee meetings (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

(\*\*) This column indicates the position of the Director on the Committee: “C”: Chairperson; “M”: member.

#### **4.2.2. Diversity policies**

National and European Law ensure and promote diversity in age, gender and nationality, and expertise among the members of company administrative boards.

Specifically, Directive 2014/95/EU enacting amendments to Directive 2013/34/EU as regards the communication of non-financial information and information on diversity, was implemented in Italy through Legislative Decree No. 254 of December 30, 2016. The Directive envisaged that the Corporate Governance and Ownership Structure Report referred to in Article 123-*bis* of the CFA provides information concerning the diversity policies adopted in accordance with the comply or explain principle.

In addition, pursuant to Article 147-*ter*, paragraph 1-*ter* of the CFA (introduced by Law No. 120 of July 12, 2011 and recently amended with Law No. 160 of December 27, 2019), the by-laws of listed companies must provide that, for six consecutive mandates, Directors are elected on the basis of a criterion which ensures gender balance.

Consequently, in accordance with the provisions of Principle VII of the Corporate Governance Code, Avio has applied diversity criteria, including gender criteria, to the composition of the Board of Directors, in line with the priority objective of ensuring sufficient skills and professionalism in its members.

Pursuant to Article 11.6 of the Avio By-Laws and Recommendation 8, Article 2 of the Corporate Governance Code, slates containing three or more candidates may not be composed of candidates only from the same gender (male or female); these slates should include a number of candidates of the under-represented gender to guarantee the composition of the Board of Directors in accordance with legal and regulatory provisions in relation to gender equality (male and female), provided that should the application of the gender equality quota not result in a full number, this should be rounded up to the next unit.

Recommendation 22 of the Corporate Governance Code recommends that a self-assessment of the functioning of the Board and its Committees be conducted at least every three years in preparation for the renewal of the Board, taking into account the following general principles regarding diversity with respect to its composition: (i) age, length of service and international experience; (ii) gender parity; (iii) diversity of professional and managerial skills and recommends, in large companies other than those with concentrated ownership that the self-assessment be conducted annually. Although Avio does not fall into the category of large companies, the self-assessment is conducted on an annual basis.

It should also be noted that, in order to implement the provisions of applicable law, the Board of Directors of March 15, 2018, approved the "Diversity Policies". These Policies were subsequently updated with Board of Directors' motion in the meetings of March 14, 2019, February 28, 2020, March 19, 2021 and latterly on March 14, 2022.

The Policies are targeted at (i) guaranteeing a better knowledge of the needs and requests of stakeholders; (ii) reducing the risk of homologation of the opinions of the members of the corporate bodies; (iii) making the decision-making process more effective and thorough; (iv) enriching the discussion within the corporate bodies thanks to expertise, of a general strategic or specific technical nature, formed outside Avio; (v) nurturing dialogue, a distinctive prerequisite for a well-considered and conscious decision; (vi) allowing the members of the corporate bodies to constructively question the decisions of management as well as (vii) encouraging turnover within the corporate bodies.

In any case it should be noted that Avio closely focuses on the issues of diversity and inclusion

irrespective of that set out in the primary regulation.

Copies of the Codes are available on the website [www.avio.com](http://www.avio.com), “Corporate Governance” section.

#### **4.2.3. Maximum number of offices permitted in other companies**

At the Report approval date, the Board of Directors has not defined the criteria relating to the maximum number of offices of administration and control in other companies that may be considered compatible with the proper carrying out of their duties as directors of Avio.

The Board evaluation process for 2023 undertaken by the external consultancy company *BoardClic* confirmed the positive assessment in terms of the functioning of the Board and its Committee, also with regards to this aspect.

The company intends to comply with the recommendations contained in Principle XII of the Corporate Governance Code, relating to the obligation of the members of the Board of Directors to accept the office of Director only when they believe they can dedicate the necessary time to diligently carry out their duties, also taking into account their work and professional commitments and offices held in financial, banking and insurance companies or companies of significant size listed on regulated markets (including abroad).

If Directors believe that they cannot devote the necessary time to the diligent performance of their duties, they shall promptly inform the Board of Directors, which shall evaluate the situation in light of the specific case and/or the Company's interest. As a result of these assessments, the Board of Directors calls upon the Director to take the ensuing decisions, subject to the power of this Board to agree to any justified waivers.

In relation to the offices held by the Directors of the Issuer at the Report approval date in financial, banking and insurance companies or of significant size listed on regulated markets (including abroad), other than the Issuer, reference should be made to the table below.

<b>Name</b>	<b>Company</b>	<b>Office in the Company</b>	<b>Status</b>
Luigi Pasquali	Telespazio S.p.A.	Chief Executive Officer	In office
	AIAD (the Italian Federation for Aerospace, Defence and Security)	Director	In office
	ESOA (International Ass.)	Board Member	In office
	Eurospace (International Ass.)	Vice Chairman of Council	In office
Giovanni Soccodato	Italian Federation for Aerospace, Defence and Security	Member of the Board of Directors	In office
Giulio Ranzo	Europulsion S.A. (*)	Director	In office
	Regulus S.A. (*)	Director	In office
	Arianespace S.A	Director	In office
	Arianespace Participation S.A	Permanent representative of the Director	In office
Roberto Italia	Billy's Sp. Zoo.	Director	In office

PetSerCo Holding S.r.l.	Director	In office
Red Black Capital S.A.	Chairperson BoD	In office
Red Black Alternative Investment S.A.	Director	In office
Space Holding S.r.l.	Director	In office
Verlinvest S.A.	Chief Executive Officer	In office

Giovanni Gorno Tempini	Cassa Depositi e Prestiti S.p.A.	Chairperson of the Board of Directors	In office
	CDP Reti S.p.A.	Chairperson of the Board Administration	In office
	CDP Equity S.p.A.	Chairperson of the Board of Directors	In office
	F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.P.A.	Chairperson of the Board Administration	In office
	TIM S.p.A.	Member of the Board of Directors	In office
	Fondazione CDP	Chairperson of the Board of Directors	In office
Donatella Sciuto	Bank of Italy	Member of the Superior Council	In office
	Fila S.p.A.	Non-Executive Director	In office
	STMicrollectronics	Member of the Board of Directors	In office
Letizia Colucci	Hensoldt AG	Member of the Supervisory Board	In office
	Fondazione Med-Or	General Manager	In office
	e-GEOS	Member of the Board of Directors	In office
Marcella Logli	Fondazione Emilio Carlo Mangini	Member of the Board of Directors	In office
Raffaele Cappiello	B&C Speakers S.p.A.	Independent Director	In office
	MFE MediaForEurope NV (formerly Mediaset S.p.A.)	Independent Director	In office
	Fondo Tessalo	Member of the Executive Committee	In office
Donatella Isaia	Fondazione Vodafone Italia	Member of the Board of Directors	In office

#### **4.2.4. Induction Programme**

The Directors received an induction that enabled them to acquire adequate knowledge of the sector in which the Issuer operates, of corporate dynamics, of the principles of correct risk management, as well as of the regulatory and governance reference framework, in compliance with Recommendation 12(d) at Article 3 of the Corporate Governance Code.

#### **4.3 Role of the Board of Directors (as per Article 123-*bis*, paragraph 2, letter d), of the CFA)**

As per Article 13 of the By-Laws, the Board of Directors shall meet either at the Company's registered office or at another location, as long as in Italy.

The Board of Directors is called by the Chairperson or, in his/her absence, by the Vice-Chairperson if appointed, or whenever the Chief Executive Officer submits a relevant written request, detailing the issues on the Agenda, with notice to be sent - by registered letter, telegram, fax or e-mail with acknowledgement of receipt - to the domicile of each Director and Statutory Auditor at least five days before the date set for the meeting; in the event of urgency, the Board of Directors can be called on the date prior to that set for the meeting. The meetings of the Board of Directors and its motions are valid, even without formal calling, where all the Directors and Statutory Auditors in office are present. If the absence of the Chairperson, the meeting shall be chaired by the eldest Vice-Chairperson, if appointed, or, in his/her absence, by the eldest Chief Executive Officer, where appointed or, in his/her absence, by the Director appointed by the majority of attendees.

Meetings of the Board of Directors may also be held by audio or video conference, provided that: (i) the Chairperson and the Secretary, if appointed, are present in the same location, who will write and sign the minutes, verifying that the meeting was held in that location; (ii) the Chairperson of the meeting is able to verify the identity of the participants, direct the course of the meeting and witness and announce the results of the vote; (iii) that the person taking the minutes is able to adequately observe the events of the meeting that is the subject of the minutes; and

(iv) attendees may participate in the discussions, vote simultaneously on the matters on the Agenda and view, receive and transmit documents.

In addition to the powers expressly reserved to the Board of Directors pursuant to the law and the By-Laws, the regulation applicable on the Report approval date provides that the Board of Directors shall:

- a) examines and approves the strategic, business and financial plan of the Company and the Group it heads, also on the basis of an analysis of the issues that are important for the generation of long-term value, carried out with the possible support of a committee whose composition and functions are determined by the Board of Directors;
- b) periodically monitors the implementation of the business plan and assesses the general operating performance, periodically comparing the results achieved with those planned;
- c) defines the nature and level of risk compatible with the strategic objectives of the

Company, including in its assessments of all risks considered significant with regard to the sustainability success of the Company;

- d) defines the Company's corporate governance system and the structure of the Group it heads, evaluating the adequacy of the Company's organisational, administration and accounting system and that of its strategically significant subsidiaries, with particular reference to the Internal Control and Risk Management System;
- e) resolves on the Company's transactions and those of its subsidiaries when the aforementioned transactions have particular strategic, economic, asset or financial relevance for the Company; to this end, lay down general criteria for the identification of significant transactions;
- f) in order to ensure the correct management of corporate information and in compliance with the prescriptions contained in the Decree of the President of the Council of Ministers of November 24, 2016 (by which the Presidency of the Council of Ministers deemed the merger operation of Avio S.p.A. into Space2 S.p.A. suitable with respect to the protection of the strategic interests of the State, imposing some implementing measures), adopts, on the proposal of the Chief Executive Officer or the Chairperson of the Board of Directors, a procedure for the internal management and external communication of documents and information concerning the Company, with particular reference to inside information;
- g) appoints, if the requirements are met, an Independent Director as Lead Independent Director to represent a point of reference and coordination for the contributions of the Non-Executive Directors and, in particular, of the Independent Directors; and coordinates the meetings of the Independent Directors;
- h) sets up internal Committees with investigative, proposal and advisory functions on appointments, remuneration and control and risks, and distributing them separately or combining them, and defines their duties and responsibilities;
- i) ensures that the Executive Officer for Financial Reporting has adequate powers and means to perform the tasks assigned, and that the administrative and accounting procedures are effectively complied with;
- j) assesses the appropriateness of adopting measures to ensure the effectiveness and impartiality of judgement of the other corporate functions involved in the audits, verifying that they possess adequate levels of professionalism and resources;
- k) assesses the independence of each Non-Executive Director, immediately after appointment and during the term of office when circumstances relevant to independence occur and, in any case, at least once a year;
- l) sets, at least at the beginning of its term of office, quantitative and qualitative criteria for assessing the significance of the relationships referred to in letters c) and d) of Recommendation 7 in Article 2 of the CG Code;

- m) carry out, at least every three years, in view of the renewal of the Board of Directors, a board evaluation on its functioning and that of its Committees, and also in relation to its size and composition, taking account also of the professional qualifications, experience - also of a managerial nature - and the gender balance of its members, in addition to their years of service. If the Board relies on the services of external consultants for such self-assessment, the report on corporate governance shall provide information about the identity of the aforementioned consultants and the other services they provide to the Company or to companies controlled by it;
- n) subject to the provisions of Article 11.3 of the By-Laws, with respect to the possibility of submitting a slate for the appointment of the members of the Board of Directors, taking into account the findings of the assessment under letter m) above, it may provide to the Shareholders, before the appointment of the new Board, guidelines about the managerial and professional profiles whose presence in the Board is deemed appropriate;
- o) describes, in the Corporate Governance Report, the main features of the Internal Control and Risk Management System and the methods of coordination between the parties involved, indicating the models and national and international reference best practices, expressing its overall assessment of the adequacy of the system and outlining the choices made in relation to the composition of the Supervisory Board;
- p) in the Corporate Governance Report, it provides information about: (i) its composition, indicating, for each member their relevant category (executive, non-executive, independent), the role performed within the Board, the key professional characteristics, as well as the length in service since first appointment; (ii) the implementation methods of Article 1, 2 and 3 of the CG Code and, in particular, on the number and average duration of the meetings of the Board, of the Executive Committee (if established) and of Board committees held during the financial year, as well as on the relevant attendance percentage for each Director; (iii) the methods for carrying out the assessment process under letter m) above;
- q) adopts, upon the proposal of the Chairperson of the Board of Directors, in agreement with the Chief Executive Officer, a Shareholder Engagement Policy, also taking into account the engagement policies adopted by institutional investors and asset managers;
- r) Provides guidelines on the maximum number of Director or Statutory Auditor positions held in other companies listed on regulated markets (including foreign ones) and banking, insurance, financial or large enterprises that may be considered compatible with the effective performance of the duty of Director of Avio, considering the Directors' participation at Board committees. General criteria are set out by the Board based on the commitment related to each role (Executive Director, non-Executive or independent), also in relation to the nature and to the size of the companies as well as whether belonging to the Company;
- s) expresses, in view of each renewal, an orientation on the quantitative and qualitative composition considered optimal, also taking into account the self-evaluation results;
- t) if deemed necessary in order to define a better corporate governance system for the



Company's needs, draws up justified proposals to be submitted to the Shareholders' Meeting with regard to the following issues: (i) choice and characteristics of the corporate model (traditional, one-tier, two-tier); (ii) size, composition and appointment of the board and duration in office of its members; (iii) allocation of administrative and property rights of the shares; (iv) percentages for the protection of minorities;

- u) assesses whether to implement a succession plan for Executive Directors;
- v) defines the Company's remuneration policy for Directors and Senior Executives, in compliance with the recommendations of the CG Code;
- w) chooses from within its ranks one or more Directors tasked with developing and maintaining an effective Internal Control and Risk Management System ("ICRMS"); it appoints, upon proposal of the Director in charge of the ICRMS and with the prior favourable opinion of the Control and Risks Committee, having heard the Board of Statutory Auditors, the Internal Audit Manager; it defines the guidelines for the internal control and risk management system and performs all the other tasks that the Corporate Governance Code recommends to be attributed to the Board of Directors with respect to the ICRMS;
- x) approves, at least annually, the work plan drawn up by the Internal Audit Manager, after consultation with the Board of Statutory Auditors and the Chief Executive Officer;
- y) adopts the organisation, management and control model and appoints the relevant Supervisory Board pursuant to Italian Legislative Decree No. 231/2001;
- z) in compliance with the provisions of the Stock Exchange Regulation of Borsa Italiana S.p.A., approves a calendar of the main corporate events each year, to be published without delay and at least within thirty days from the end of the previous financial year.

The Board of Directors carries out the aforementioned tasks, as well as the other tasks assigned by the Corporate Governance Code, by making use - where envisaged by the Corporate Governance Code and/or by the respective organisational regulations - of the support of the committees set up.

In implementation of the above and at the Reporting date, the Board of Directors, *inter alia*:

- positively assessed the suitability of the organisational, administrative and general accounting structure of the Company and of the subsidiaries with strategic importance (which have been identified by principally referring to dimensional criteria (turnover) or by considering the particularity of the market where the subsidiary operates, in Spacelab S.p.A. (formerly ELV S.p.A.), Regulus sa, Secosvim S.r.l. and Avio Guyane Société par actions simplifiée à associé unique, with particular reference to the internal control and risk management system; this assessment was carried out on the basis of information and evidence gathered with the support of the preliminary activity performed by the Control and Risks Committee and with the contribution of the Company's management and the Internal Audit Manager;
- assessed the general operating performance, taking into account, in particular, the information received from the Chief Executive Officer, as well as periodically comparing the results with that budgeted;

- set out in a procedure the general criteria to identify transactions which have a significant strategic, economic, equity or financial impact for the Company. The following are generally considered significant transactions
  - (i) the approval of the budget and the strategic plan;
  - (ii) investments - not included in the budget or the strategic plan - of a value greater than (i) Euro 10 million for property, plant and equipment, and (ii) Euro 10 million for intangible fixed assets and up to Euro 15 million overall per year, as regards (i) property, plant and equipment and (ii) intangible fixed assets, including costs for participation in international collaboration programmes;
  - (iii) acts of disposal relating to holdings or other interests in companies, divisions, businesses or business units of a value greater than Euro 20 million, excluding, in any case, acts of disposal relating to businesses or business units operating in the defence sector and any holdings or other interests held by the Company in subsidiaries, associates or investee companies operating in the same sector;
  - (iv) merger or spin-off transactions of the Company or of any company under its control which, with reference to the individual merged or spun-off company, are of a value greater than Euro 30 million;
  - (v) the transfer of operational research and development centres abroad;
  - (vi) the transfer, sale, licensing or any other acts of disposal or restrictions on the disposal of production or technological processes, “know-how”, patents, industrial projects and any other intellectual property held by the Company or the companies under its control of a value greater than Euro 15 million, provided that, in the defence sector, the Company’s intangible assets are excluded regardless of their value;
  - (vii) the transfer, sale, conferment, lease, usufruct, any act of disposal, the creation of constraints and/or liens of any kind of a value greater than Euro 20 million, excluding, in any case, acts of disposal relating to businesses or business units operating in the defence sector and any holdings or other interests held by the Company in subsidiaries, associates or investee companies operating in the same sector;
  - (viii) the transfer, sale, conferment, lease, usufruct, any act of disposal, the establishment of constraints and/or liens of any kind of a value greater than Euro 20 million, excluding, in any case, acts of disposal relating to businesses or business units operating in the defence sector and any holdings or other interests held by the Company in subsidiaries, associates or investee companies operating in the same sector;

In 2023, the Board of Directors met 14 times, with meetings lasting an average of approximately 2 hours and 30 minutes, on the following dates: January 23, 2023, February 21, 2023, March 8, 2023, March 13, 2023, April 17, 2023, April 28, 2023, May 9, 2023, June 20, 2023, July 21, 2023, October 24, 2023, September 8, 2023, October 17, 2023, November 13, 2023, and December 21, 2023. Four meetings are scheduled for the current year, held on January 26, 2023, March 4, 2024, March 8, 2024, and on the date of approval of this Report. Each Director’s participation at the meetings of the Board and its committees are presented in the table at the bottom of Table 4.2.1.

The timeliness and completeness of pre-meeting information is ensured by the Chairperson through the distribution to Directors of documentation relating to items placed on the Agenda in the days immediately prior to the date scheduled for the Board meeting and, in particular,

generally at the same time as the call notice in accordance with the Board of Directors' Regulation. This deadline of sending documents three days before the meeting, as set out in the Regulation of the Board of Directors, has always been respected. On some occasions, for reasons of confidentiality and urgency, it was only possible to provide information on some items on the Agenda during the Board meeting itself. On these occasions, the items were still discussed preliminarily within the spheres of responsibility of the committees established by the Board and in any case, the Chairperson ensured that adequate insights were provided during the Board sessions.

In order to provide appropriate insights on the items on the Agenda, participants at Board meetings during 2023 included, among others: the Chief Financial Officer, the General Counsel, the Internal Audit Manager, the Programmes Manager, the Quality Manager, the Sales Manager, Engineering Manager, the Chairperson of the Supervisory Board as well as those Departments identified in the minutes of the Board's meetings with reference to specific items on the Agenda.

Lastly, in the meeting of March 13, 2023, the Board discussed and approved the Company's 2023-2027 Business Plan, having received the favourable opinion of the Control and Risks Committee in its meeting of March 9, 2023, consistent with the provisions of the Corporate Governance Code Recommendations.

In this regard, as of 2022 and throughout 2023, the Chief Executive Officer punctually and regularly involved the Board of Directors in the preparation of the strategic content of the 2023-2027 Business Plan and on the developments involved in implementing the 2023-2027 Business Plan.

#### **4.4 Self-assessment**

On February 19, 2024, the Board concluded the periodic self-assessment process on the adequacy of the Board and that of its Committees in terms of composition and functioning. The self-assessment process was carried out with the assistance of the external consulting firm *BoardClic*.

In order to comply with the provisions of Recommendations 21 and 22 of Article 4 of the Corporate Governance Code, the Board of Directors made a positive assessment on the activities carried out in 2023, on the size, composition and functioning of the Board and its Committees, based on the results of the report prepared by the external consulting firm *BoardClic*.

In addition to analysing the activities of the Board of Directors and of its Committees undertaken during the year 2023, the assessment also provided deeper insight into potential areas for improvement.

Among the significant aspects that emerged from the board evaluation, the positive picture regarding the qualitative-quantitative profile of the Board of Directors and the dynamics that take place within it, both in relations with Management and with the Board of Statutory Auditors, was substantially confirmed. A review of the self-assessment questionnaires also shows that the Board of Directors, as a whole, contributes to the Company's strategy. The results of the self-assessment also showed board members' broad satisfaction with the Chairperson of the Board of Directors, the composition and activity of the Committees and with the relationship of mutual trust and respect established by the members of the Board of Directors.

As regards the Board's skills, the report highlighted how to improve Company performance by means of a greater focus on the "Value Creation and Strategy" area, the strategy implemented to achieve the purpose and planning to create value within the Company. Regarding "Talent and culture", the report shed light on the importance of the Board conversing more frequently with the Company's key employees (with the exception of the Chief Executive Officer) and establishing greater alignment between the Board and the management about the main strategic priorities. In terms of level of adequacy of the organisational structure, on the other hand, the

introduction of the role of Chief Operating Officer was deemed important. Finally, the report demonstrated that the results achieved in the Company's areas of excellence are above or in line with the benchmark.

It should be noted that Recommendation 22 of the Corporate Governance Code recommends that the self-assessment be conducted at least every three years in view of the renewal of the Board of Directors and recommends, in large companies other than those with concentrated ownership that the self-assessment be conducted annually. Although Avio does not fall into the category of large companies, the self-assessment is conducted on an annual basis.

#### **4.5 Executive bodies**

As per Article 12.2 of the By-Laws, the Board may delegate part of its powers to an Executive Committee, determining the limits of the powers of attorney as well as the number of the members and the operating methods, appointing one or more Chief Executive Officers and granting relevant powers to them, without prejudice to the fact that the delegated bodies shall report to the Board of Directors and the Board of Statutory Auditors on a quarterly basis. Moreover, the Board of Directors may also establish one or more committees with advisory, investigating, proposing or control functions, vested with the powers set out by the Board of Directors. In these cases, the Board of Directors also sets out the composition and the operating methods of the committees established. The Board of Directors may also appoint General Managers, defining their powers and granting power of attorney to third parties for certain acts or categories of acts.

As per Article 12.3 of the By-Laws and on the favourable opinion of the Strategic Activities Committee, the Board of Directors can appoint an Executive responsible for strategic activities. The company's Chief Executive Officer, after consultation with the Appointments and Remuneration Committee, will be responsible for the appointment and revocation of Executives who, according to the Company's organisational structure, report directly to the Chief Executive Officer and for Directors with Executive powers in the Company's subsidiaries.

As per Article 12.4 of the By-Laws, the Chairperson of the Board of Directors and the Vice-Chairperson/s, if appointed, jointly and severally represent the Company before third parties and in legal proceedings (with the power to appoint lawyers and legal representatives in disputes). The Company may also be represented by Directors who have been granted powers by the Board of Directors, as well as by General Managers, proxies and lawyers within the limits of the powers granted to them.

##### ***4.5.1 Chief Executive Officer***

On April 28, 2023, the Board approved the appointment of Mr. Giulio Ranzo as Chief Executive Officer of the Issuer and granted him the powers described below.

The Chief Executive Officer is the main party responsible for the management of the Issuer.

##### ***Powers of the Chief Executive Officer***

The Chief Executive Officer is granted the following system of powers and proxies, to be exercised severally, without prejudice to the limitations provided for by the Law, the By-Laws and this resolution:

1. to perform all acts that fall within the corporate purpose, save for the limitations provided for by law, the By-Laws and this motion;
2. to promote legal actions in the name of the Company for debt collection, from anyone and

for any reason and title claimed by the Company; to file petitions for injunction and precautionary measures, even as a matter of urgency, in the name of the Company; to promote and support legal actions in the name of the Company, both as the plaintiff or the defendant in any judicial, civil, criminal, administrative, tax or arbitral court and at any stage, state and degree of judgment and, therefore, also before the higher courts and any other or special judiciary, as well as in judgments of revocation and third-party opposition, appeal, foreclosure and disposal at any stage and degree of execution, to file civil actions in criminal proceedings in which the Company is the injured party, to appoint and revoke lawyers and defence lawyers including experts; to settle disputes and appoint arbitrators, including out-of-court mediators;

3. to represent the Company, with the broadest powers at law and without any limitation, before Italian, foreign, international and supranational States, ministries, regions, provinces, municipalities, public authorities, organisations and institutions, and central and peripheral financial and tax authorities and offices, as well as before any natural and/or legal person;
4. to make, before any judicial authority and in any court, stage, state and degree of judgement, third-party garnishee and third-party seizure statements, fulfilling all applicable legal provisions, with special reference to the provisions of Article 547 of the Code Civil Procedure et seq.;
5. to raise protests and serve injunctions, proceed with conservatory and enforcement measures, intervene in bankruptcy proceedings, lodge claims in these bankruptcy proceedings, sign agreements, demand partial and full repayments, intervene in arrangements with creditors and approve or reject them;
6. to represent the Company in relation to the labour inspectorate, employer and employee organisations and social security, social insurance, insurance and industrial accident institutions, for all labour relations;
7. up to the amount of Euro 20 million for each individual act and, up to the amount of Euro 20 million in relation to a series of acts carried out under the same transaction, to enter into and sign unilateral deeds and agreements, including of a real estate nature and content, for the fulfilment of any type of infrastructure expenses, in accordance with applicable town-planning and building laws and regulations in respect of the competent authorities, administrations and local authorities, to request and obtain building permits, concessions and authorisations for the construction, extension and renovation of corporate buildings, assuming any consequent obligation, including in relation to the determination, acceptance and payment of indemnities, fees and charges in general, for the purpose of implementing the building construction works in question;
8. up to the amount of Euro 20 million per act, and up to the amount of Euro 20 million for a series of acts carried out as part of the same transaction, to administer real estate owned by the Company or granted to it under rent, lease or loan, with the right to order the execution of works, and enter into, extend and rescind deeds and agreements with any administration, authority and natural and/or legal person;
9. to agree to the reduction and cancellation of mortgages and, in general, of collateral and personal guarantees granted by third parties in the Company's favour, even independently of the redemption of credit;
10. up to the amount of Euro 25 million for each individual act, and up to the amount of Euro 25 million in relation to a series of acts carried out under the same transaction, to obtain sureties, endorsements and guarantees in general, including collateral, and to issue or have issued financial guarantees and other guaranteed loans from institutions, credit companies and financial companies as regards the performance of the Company's activities;

11. to set up joint ventures, and join and participate in consortia and temporary business associations having a value not exceeding Euro 20 million and to withdraw from them;
12. to acquire and/or carry out acts of disposal relating to corporate holdings or other interests held in companies, businesses or business units of a value not exceeding Euro 20 million, excluding, in any case, acts of disposal relating to businesses or business units operating in the defence and national security sector pursuant to the Golden Power Regulation and holdings or other interests possibly held by the Company in subsidiaries, associates or investee companies operating in the same sector;
13. to make investments not already approved during the budget or strategic plan's approval, whose amount does not exceed Euro 10 million for each individual act, Euro 10 million in relation to a series of acts carried out under the same transaction and Euro 15 million overall per year, as regards (i) tangible fixed assets and (ii) intangible fixed assets, including costs for participation in international collaboration programmes;
14. to represent the Company in the Ordinary and Extraordinary Shareholders' Meetings of subsidiary and/or investee companies (by exercising relative rights including the right to vote), with the power of representation and authorisation, to this end, to establish legal and authorised representatives pursuant to law;
15. up to the amount of Euro 20 million for each individual act, and up to the amount of Euro 20 million in relation to a series of acts carried out under the same transaction, to purchase, sell and execute any instrument, for cash and futures, on Italian and foreign transferable securities, including shares, share capital assets and bonds and entering into the relative contracts;
16. up to the amount of Euro 20 million for each individual act, and up to the amount of Euro 20 million in relation to a series of acts carried out under the same transaction, to purchase, sell and execute any instrument on real estate, including rent receivable and payable, even if over nine years, with the right to grant and accept grant and accept mortgage registrations, allow their reduction and cancellation, waive them, releasing the registrars of real estate registers from any liability in this regard;
17. up to the amount of Euro 20 million for each individual act, and up to the amount of Euro 20 million in relation to a series of acts carried out under the same transaction, to purchase, sell and trade machinery, plant, equipment and any other movable asset, by entering into, renewing and rescinding contracts for this purpose, as well as to sign orders and any other deed and document, to provide for the execution of orders and deliveries and to assist with testing;
18. to purchase, sell and trade motor vehicles, sign authorisations to drive vehicles owned by the Company both in Italy and abroad, deal with any associated customs procedures, and carry out any formalities at public automobile registries, prefectures, driver and vehicle licensing authorities and any other office and competent institution for matriculations, transfers, registrations, transcriptions and annotations;
19. within the Company's core operations, to purchase and sell without any amount limits, raw materials, goods, semi-finished products and consumables, and, furthermore, to deal with water and energy supplies, with the right to sign orders and contracts before any entity, company or private individual;
20. within the Company's core operations, to purchase and sell products and services without any amount limits and with the broadest negotiating and signatory power;

21. except as provided for in the preceding points 19 and 20, up to the amount of Euro 20 million for each individual act, and up to the amount of Euro 20 million in relation to a series of acts carried out under the same transaction, to enter into, renew, supersede, rescind and terminate contracts for advertising and services in general, collaboration, consultancy, rent, hire, gratuitous bailment, deposit, loan for use, utilities, procurement, supply and execution of works and services, fire insurance, transport, accidents and any other risk; in the event of a claim, to deal with all the associated procedures, including the filing of complaints and the appointment and removal of experts; to request, process, define and collect damage settlements;
22. up to the amount of Euro 20 million for each individual act, and up to the amount of Euro 20 million in relation to a series of acts carried out under the same transaction, to enter into, renew and rescind collaboration agreements with the right to validly engage the Company, commission studies and - in any form – the execution of works by signing associated contracts and documents, to confer and revoke professional assignments, and enter into, renew and rescind contracts for intellectual property services;
23. to ask for patent certificates and patents for industrial inventions and utility models, extensions and supplements in Italy and abroad, and assert the Company's rights in the field of intellectual property, as well as to request the registration of trademarks, however established in Italy and abroad, by carrying out any consequent requirement;
24. up to the amount of Euro 20 million for each individual act, and up to the amount of Euro 20 million in relation to a series of acts carried out under the same transaction, to purchase trademarks, patents and 'know-how';
25. up to the amount of Euro 15 million for each individual act, and up to the amount of Euro 15 million in relation to a series of acts carried out under the same transaction, to transfer, sell, grant under licence, create constraints and/or liens of any kind and to perform any other act of disposal concerning trademarks, patents, technological processes, 'know-how' and, in general, any intellectual property held by the Company or any company under its control, provided that, in the defence sector, the Company's intangible assets are excluded regardless of their value;
26. up to the amount of Euro 25 million for each individual act, and up to the amount of Euro 25 million in relation to a series of acts carried out under the same transaction, (i) to negotiate and define credit facilities and financing, usable in any form and currency, including credit facilities and financing usable in current accounts, for portfolio discount, credit facilities including in favour of third parties and in any other form, by signing the corresponding deeds, documents and contracts with banks and credit institutions and any other public or private, Italian, EU or foreign entity; (ii) to make waivers and discharges, as well as to give consent in accordance with the provisions of credit and bank loan contracts to which the Company is a party;
27. up to the amount of Euro 25 million for each individual act, and up to the amount of Euro 25 million in relation to a series of acts carried out under the same transaction, to negotiate, obtain, refine and manage in all their phases – by acting on the banking and non-banking financial system, on special credit institutions as well as on the public administration, ministries and public and private, Italian, EU and foreign entities and institutions – medium/long-term financing transactions at an ordinary or subsidised rate, as well as an interest rate subsidy on capital and expense accounts and defining these transactions by entering into and signing the relative deeds; to provide or have provided guarantees, including collateral securities, for such transactions within the limits set out in points 10 and 31;

28. to open and close bank and post office current accounts, and operate on them, (i) in relation to the execution of contractual obligations assumed in accordance with the preceding and following points, without value limits and (ii) in any other case, up to the amount of Euro 20 million for each individual act, and up to the amount of Euro 20 million in relation to a series of acts carried out under the same transaction, also in overdraft, in Italy and abroad, and in any currency, with the right to arrange the granting and use of credit facilities, and to sign cheques, documents and receipts and order wire transfers;
29. to make payments on the Company's current accounts with the right, to this end, *inter alia*, to negotiate and endorse collection bills (drafts and promissory notes), money orders, cheques, vouchers, warrants, credit instruments and any other title or effect of trade by signing the corresponding documents, endorsements and receipts;
30. to make payments, including in foreign currency and, in general, to perform any act of disposal of sums, values, credits, trade effects and currencies by obtaining a receipt (i) in relation to the execution of contractual obligations assumed in accordance with the preceding and following points, without value limits and (ii) in any other case, up to the amount of Euro 20 million for each individual act, and up to the amount of Euro 20 million in relation to a series of acts carried out under the same transaction;
31. up to the amount of Euro 25 million for each individual act, and up to the amount of Euro 25 million in relation to a series of acts carried out under the same transaction, to provide collateral securities, endorsements and sureties connected with the Company's activity;
32. up to the amount of Euro 20 million for each individual act, and up to the amount of Euro 20 million in relation to a series of acts carried out under the same transaction, to assign receivables with and without recourse;
33. to demand receivables, collect sums and withdraw securities due to the Company from anyone and for any reason;
34. to receive and set up, repay and withdraw deposits of sums, stocks, securities pledged as a deposit, as a guarantee, as a cautionary deposit, issuing and receiving discharges and receipts, to carry out any transaction in respect of customs offices, the administration of public debt, and with any office of the deposits and loans fund, for obligations and redemptions of stocks and securities;
35. to fulfil the obligations provided for by laws regulating the circulation of equities and the distribution of dividends, with the right to sign statements, communications and certification attestations;
36. to ensure compliance with all administrative and tax regulations and the requirements to which the Company is bound, with the right, to this end, to sign - *inter alia* - statements, declarations, claims, certifications and any act;
37. to make statements to the Chambers of Commerce on resolutions and documents concerning the Company;
38. to open and close the Company's dependent branches and independent offices in Italy and abroad, and make the prescribed statements;
39. with the exclusion of the post of General Manager of the Company, to hire, suspend, dismiss employees, including Executives, determining their remuneration, fees and duties and to enter into, amend and terminate employment contracts. It is understood that the Board of



Directors, having consulted with the Appointments and Remuneration Committee, will be responsible for the appointment and revocation of Senior Executives and for establishing their remuneration;

40. with the exclusion of the position of General Manager of the Company, to transfer, set and change duties, qualifications, categories and grades of personnel, including executives;
41. to propose, with the support of the Company's General Counsel, the appointment of Directors of the Company's subsidiaries and/or investees;
42. to appoint and revoke senior managers and general and special attorneys-in-fact, and confer powers to them within the scope of their responsibilities;
43. to delegate, for all consequent legal purposes, the organisation's responsibility and the management of certain sectors of the business with all the necessary powers;
44. to sign the Company's correspondence, confidentiality agreements and documents within the scope and for the exercise of powers conferred;
45. up to the amount of Euro 50,000 for each individual act, and up to the amount of Euro 50,000 in relation to a series of acts carried out under the same transaction, to make charitable donations within the limits of the law.

The Chief Executive Officer, by virtue of his office, is vested with the broadest powers for the protection of health and safety at the workplace (Legislative Decree No. 81/2008), the environment, privacy protection and the processing of personal data (Legislative Decree No. 196/2003), permits, approvals, authorisations, concessions, licences and the like, necessary for the exercise of company activities and, therefore, to deal with the implementation of the resolutions adopted by the Board of Directors on the abovementioned matters, including by appointing special or general attorneys-in-fact.

He/she is vested with the title of "Employer" and "Principal" pursuant to and in accordance with the Consolidated Law on Safety (Legislative Decree No. 81/2008), with full and effective powers, including:

- (a) The right to identify and designate, taking into account the organisational structure and business operations, and with the objective of promoting efficiency and effectiveness in the management of issues relating to hygiene, and health and safety in the workplace;
  - (i) additional Employers of individual Production Units in accordance with Article 2, paragraph 1, letter b) of the Consolidated Law on Safety, it being understood that in this case these latter shall be exclusively responsible for the production units within their scope, while the Chief Executive Officer will coordinate the Employers so appointed,
  - (ii) one or more delegates in accordance with Article 16 of the Consolidated Law on Safety.
- (b) all powers of initiative and organisation, as well as spending autonomy in line with the annual budget approved by the Board of Directors, to be managed, at his/her sole discretion, to implement all the interventions deemed necessary, with the right to carry out urgent and non-deferable interventions to restore safety conditions in working environments, even beyond the limits of the abovementioned financial availability, and by immediately notifying the Board of Directors
- (c) the authority to freely exercise the powers of hierarchical superior with respect to any other

employee of the Company and with the right to assume, at any time, including without any prior consultation with the Board of Directors, any decision, even if not expressly provided for under this appointment, that is useful or necessary for the purposes of full compliance with the mandate.

The Chief Executive Officer is also assigned the following powers and responsibilities:

- a) all powers and responsibilities in environmental matters with all powers of determination and initiative and autonomy of expenditure in line with budgeted sums and any greater sums that may be required if necessary, with the power to carry out urgent and non-deferrable work to restore safety conditions and environmental restoration even beyond the limits of the aforementioned financial availability, giving immediate notice to the Board of Directors;
- b) all powers and responsibilities corresponding to the formal and substantive role of "plant operator" pursuant to Legislative Decree No. 105 of June 26, 2015 and subsequent amendments and supplements (Seveso III), with the express power to reconcile and settle, and with the power to delegate and appoint attorneys-in-fact and representatives and, moreover, to identify "plant operators" as part of the Organisation pursuant to Legislative Decree No. 105/2015 and subsequent amendments and supplements, conferring upon them all the necessary and suitable powers, including the power of expenditure.

The powers attributed to the Chief Executive Officer, in possession of the necessary legal requirements, also encompass the Company's representation in all the obligations envisaged by Law No. 185 of July 9, 1990 and subsequent amendments and additions, which regulates the import, export and transit of military equipment, and the implementing regulation referred to in Ministerial Decree No. 19 of January 7, 2013 including, *inter alia*, but not limited to, the right to sign the following documents:

- communications on the commencement of contractual negotiations referred to in Article 9 of Law No. 185/1990 and subsequent amendments and additions;
- clearance requests according to the provisions of Article 9, paragraph 5 of Law 185/1990 and subsequent amendments and additions;
- authorisation requests to import, export and transit the military equipment referred to in Article 11 of Law 185/1990 and subsequent amendments and additions;
- deeds and documents provided for by Article 3, paragraph 1, of the abovementioned Ministerial Decree No. 19 of January 7, 2013 and subsequent amendments and additions.

The abovementioned powers and rights, all in relation to Law No. 185 of July 9, 1990 and its implementing regulation are solely and exclusively attributed to the Chief Executive Officer, with the right to sub-delegate – through a notarial power of attorney - solely to persons residing in Italy and who are in possession of the necessary legal requirements.

The following matters do not fall within the powers as conferred above to the Chief Executive Officer:

- a. the approval of the budget and the strategic plan;
- b. investments - not included in the budget or the strategic plan - of a value greater than (i) Euro 10 million for property, plant and equipment, and (ii) Euro 10 million for intangible fixed assets and up to Euro 15 million overall per year, as regards (i) property, plant and equipment and (ii) intangible fixed assets, including costs for participation in international collaboration programmes;

- c. acts of disposal relating to holdings or other interests in companies, divisions, businesses or business units of a value greater than Euro 20 million, excluding, in any case, acts of disposal relating to businesses or business units operating in the defence sector and any holdings or other interests held by the Company in subsidiaries, associates or investee companies operating in the same sector;
- d. merger or spin-off transactions of the Company or of any company under its control which, with reference to the individual merged or spun-off company, are of a value greater than Euro 30 million;
- e. the transfer of operational research and development centres abroad;
- f. the transfer, sale, licensing or any other acts of disposal or restrictions on the disposal of production or technological processes, “know-how”, patents, industrial projects and any other intellectual property held by the Company or the companies under its control of a value greater than Euro 15 million, provided that, in the defence sector, the Company’s intangible assets are excluded regardless of their value;
- g. the transfer, sale, conferment, lease, usufruct, any act of disposal, the creation of constraints and/or liens of any kind of a value greater than Euro 20 million, excluding, in any case, acts of disposal relating to businesses or business units operating in the defence sector and any holdings or other interests held by the Company in subsidiaries, associates or investee companies operating in the same sector

The Chief Executive Officer of Avio is not in an interlocking directorate situation.

#### ***4.5.2. Chairperson of the Board of Directors***

On April 28, 2023, the Board of Directors appointed Mr. Roberto Italia as the Chairperson of Avio’s Board of Directors.

The Chairperson of Avio's Board of Directors is not a controlling shareholder of the Issuer.

#### ***4.5.3. Vice-Chairperson of the Board of Directors***

On April 28, 2023, in line with the intentions already expressed in the "*Guidance Opinion on the quantitative and qualitative composition of the Board of Directors of Avio S.p.A. considered optimal for the three-year Period 2023-2025*," issued on November 29, 2022, and in the "*Directors' Explanatory Report to the Shareholders' Meeting of April 28, 2023 prepared pursuant to Article 125-ter of Legislative Decree No. 58 of February 24, 1998, as amended*," issued on March 14, 2023, the Board of Directors appointed Mr. Giovanni Gorno Tempini as Vice-Chairperson of the Avio Board of Directors.

The Vice-Chairperson of Avio's Board of Directors is not a controlling shareholder of the Issuer.

#### ***4.5.4. Executive Committee***

As per Article 12.2 of the By-Laws, the Board may delegate part of its powers to an Executive Committee, determining the limits of the powers of attorney as well as the number of the members and the operating methods, appointing one or more Chief Executive Officers and granting relevant powers to them, without prejudice to the fact that the delegated bodies shall report to the Board of Directors and the Board of Statutory Auditors on a quarterly basis.

As per Article 2389, paragraph 1 of the Civil Code, the remuneration of the Executive Committee members is to be decided by the Shareholders’ Meeting.

At the Report approval date, an Executive Committee had not been established.

#### **4.5.5. Reporting to the Board of Directors**

The Chief Executive Officer reported to the Board at each board meeting, on the activities carried out in accordance with the powers conferred by the Board. In particular, the Chief Executive Officer at each Board meeting and regardless of the time period since the last meeting, briefed upon the activities carried out and the main operations executed by the Company and its subsidiaries, even where not requiring prior approval by the Board of Directors.

#### **4.6 Other Executive Directors**

At the Report approval date, there were no Executive Directors other than the Chief Executive Officer.

None of the Non-Executive Directors therefore i) hold the office of Chief Executive Officer or Executive Chairperson in a strategic subsidiary of the Issuer or ii) hold management positions at the Issuer, in a strategic subsidiary or in the parent company.

#### **4.7 Independent Directors**

On April 28, 2023, the Shareholders' Meeting of Avio S.p.A appointed six Directors considered independent as per Article 148, paragraph 3 of the CFA, in addition to recommendation 7 of the Corporate Governance Code.

In accordance with this criterion, on April 28, 2023, as announced to the market on the same date, the Board assessed the independence as per Article 148, paragraph 3 of the CFA and Article 2 of the Corporate Governance Code of the non-Executive members of the Board of Directors.

The next annual assessment was performed on March 13, 2024.

The Board of Statutory Auditors confirmed the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members.

On April 28, 2023, the Shareholder's Meeting appointed the new Board of Directors of the parent company Avio S.p.A., which in turn, on April 28, 2023, decided upon the internal appointments and the granting of the powers required to complete company operations.

Avio's Independent Directors met in the absence of the other Directors on March 12, 2024, to consider the following matters:

1. Adequacy of the number of Independent Directors;
2. Considerations on the contribution of the Independent Directors to the work of the Board of Directors.

#### **4.8 Lead Independent Director**

At the Report approval date, the Board did not appoint any Independent Director as Lead Independent Director pursuant to Recommendation 14 of the Code, given that the circumstances that require his/her appointment pursuant to the Corporate Governance Code did not apply.

## 5. PROCESSING OF CORPORATE INFORMATION

The Company has adopted the following policies: (i) Inside Information Processing Policy, approved by the Board of Directors on September 9, 2022; and (ii) Internal Dealing Policy, as latterly updated by the Board of Directors' motion on September 13, 2017.

Copies of both codes are available on the website [www.avio.com](http://www.avio.com), "Corporate Governance" section.

The Inside Information Processing Policy governs, in compliance with the Regulation (EU) No. 596/2014 of the European Parliament and Council of April 16, 2014 concerning market abuse and the relative delegative and Executive regulations (the **MAR Regulation**): (i) the management and handling of inside information, as well as the procedures to be complied with, both inside and outside the Company, in order to disclose the aforementioned information; and (ii) the creation and management of the list of individuals who, due to their work or professional activities or duties performed, have access to inside information on an occasional or regular basis ("**Insider Register**").

Moreover, this incorporates certain Consob recommendations concerning the processing of inside information contained in the Guidelines published by Consob on October 13, 2018 and Legislative Decree No. 10/2018 introduced by Legislative Decree No. 107 of August 10, 2018, enacting the "*National Regulation Adjustment Rules to the MAR Regulation provisions*".

On July 14, 2022, the text of Implementing Regulation (EU) 2022/1210 was published in the Official Journal of the European Union. It lays down implementing technical standards for the application of the MAR Regulation with regard to insider lists, repealing and replacing Implementing Regulation (EU) 2016/347.

However, the substantive changes made by EU Regulation 2022/1210 affect only companies listed on SME Growth Markets and may be summarised as follows:

- companies listed on SME growth markets may only compile a list of persons who, due to the nature of their function or position within the issuer, have regular access to inside information (these include, by way of example, Executive Directors, members of management and supervisory bodies, the General Manager, the CFO, the head of the legal department and in-house counsel and related staff functions); thus, the companies do not have to maintain a register for each specific piece of inside information;
- if Member States intend to use the option of requiring issuers listed on SME growth markets to include all persons with access to inside information in their lists by providing a section specific to each piece of inside information, they cannot provide the same level of personal information as is required of companies that do not fall into this category.

As far as Avio is concerned, therefore, the changes made concerned the references to the repealed EU regulation and the new EU regulations, aligning the text of the Code adopted by Avio with the regulations currently in force and providing for a schedule of meetings of the Inside Information Management Function (IIMF) "in line with needs, instead of quarterly".

The Internal Dealing Policy regulates disclosure obligations in respect of Consob, the Issuer and the public, and the rules of conduct connected to the execution of transactions involving financial instruments issued by the Issuer, by persons who exercise administrative, control or management functions at the Issuer and by persons closely connected to them (as defined by Article 19 of the MAR Regulation).

The essential elements of the Inside Information Processing Policy and the Internal Dealing

Policy, applicable at the Report's date of approval, are briefly illustrated below.

### **Inside Information Processing Policy**

#### *Definition of inside information*

Inside Information, as per Article 7, paragraph 1, letter a) of the MAR Regulation, is taken to mean information: (i) of a precise nature, namely that (a) such refers to a set of circumstances which exists or may reasonably be expected to come into existence or an event which has occurred or may reasonably be expected to occur, and (b) is specific enough to enable conclusions to be drawn on the possible effect of the set of circumstances or event referred to in subparagraph (a) on the prices of the financial instruments issued by the Company (as identified by the applicable regulation); (ii) that has not been made public; (iii) that directly or indirectly concerns the Issuer or the companies directly or indirectly controlled by the Issuer or the Financial Instruments of the Issuer; and (iv) that, if made public, may have a significant effect on the prices of the Financial Instruments of the Issuer or that a reasonable investor would use as one of the elements on which to base investment decisions.

In this regard, in the case of an extensive process undertaken to achieve, or which results in, a particular circumstance or a particular event, this future circumstance or future event, in addition to the interim steps taken as part of the process linked to the achievement or the occurrence of the circumstance or future event, may be considered as information of a precise nature.

#### *Addressees of the Inside Information Processing Policy*

Those required to comply with the procedures outlined in the Inside Information Processing Policy are: (i) the members of the administrative and control bodies, in addition to employees of the Company and the subsidiaries (ii) any natural or legal persons who, because of their work or professional activities or duties, have access on a regular or occasional basis to significant and/or inside information concerning the Company and its subsidiaries.

#### *Processing of significant information and inside information*

The Policy's addressees - as identified above - must maintain the complete confidentiality of the significant and/or inside information of which they are aware. All inside information must be processed with the necessary care to ensure that its circulation within the Company does not threaten its confidential nature, unless such is announced to the market according to the means established by the Policy and the applicable regulation. The same obligation applies to the processing of significant information, until it is disclosed to the public according to the manner prescribed by the Policy and the applicable procedure (as becoming inside information or as considered by the competent bodies of the Company as necessary or appropriate), or until it no longer may be considered as significant. The addressees must also promptly inform the competent functions with regards to information within their respective scope concerning any act, event or omission which may constitute a violation of the Policy.

Subject to Article 184 and subsequent of the CFA, in addition to Articles 14 and 15 of the MAR Regulation, the addressees may not: (a) acquire, sell or otherwise execute operations on Financial Instruments issued by the Company (including the cancellation or amendment of orders where the order has been sent before the interested party came into possession of Inside Information), on their own behalf or on behalf of third parties, directly or indirectly, utilizing Inside Information; (b) advise or induce others, on the basis of Inside Information, to carry out any operations at point (a); (c) communicate to third parties Inside Information outside of the normal exercise of their duties, profession, function or office; in particular it is absolutely prohibited to provide interviews to press organisations or declarations in general which contain inside information concerning the Company and its subsidiaries, not yet communicated to the market

as per the Policy. The communication to third parties of advice or inducements as per letter (b) is considered as unlawful communication of Inside Information where the person communicating the advice or inducement knows or should know that such is based on Inside Information.

The Company has set up the Inside Information Management Function (IIMF) in the form of a committee comprising the Chief Executive Officer, the CFO, the Investor Relator, the Head of the organisational function in which the information was generated, the Communications Manager and the Information Referent, identified in the person of the General Counsel, responsible for managing and applying the Code.

The Board of Directors, in addition, established the Insider Register and Relevant Information Register (RIL), setting out the policy for the maintenance of these lists and appointing the Disclosure Officer as the person responsible for its maintenance and updating in order to ensure easy consultation and the simplified extraction of data.

The RIL is managed according to the means established for the Insider Register, with a number of adjustments (and remaining in the register until the significant information no longer qualifies as Confidential).

### **Internal Dealing Policy**

In accordance with the provisions of the MAR Regulation and the CFA and the relative Executive regulations, the Internal Dealing Policy imposes upon the “Managers” and the “Covered Persons” stringent communication obligations to the Issuer and Consob with regards to transactions concerning company shares (or other associated financial instruments (the “**Significant Transactions**”), carried out by, or on behalf of, such persons and/or closely related persons, excluding transactions whose overall amount does not reach Euro 20,000 by year-end (the “**Relevant Amount**”). In particular, once the Relevant Amount is exceeded:

- with regards to Managers and closely related persons thereto, all of the transactions subsequently carried out by year-end should be communicated;
- with regards to Covered Persons and closely related persons thereto, transactions whose total value does not exceed Euro 20,000 by year-end need not be disclosed.

In accordance with the Internal Dealing Policy: \_

- “**Managers**” are:
  - (a) the members of the Board of Directors and of the Board of Statutory Auditors of the Issuer;
  - (b) all Senior Executives of the Company who, although not belonging to the bodies at letter (a) above, have regular access to inside information concerning directly or indirectly the Company and have the power to adopt management decisions which affect the future development and prospects of the Company;
- “**Relevant Persons**” are any persons with a holding, calculated as per Article 118 of the Issuers’ Regulation, of at least 10% of the Company’s voting share capital, in addition to any other person with a controlling position at the Company.

The Managers and the closely related persons are required to communicate to Consob the Significant Transactions carried out by them or on their behalf within 3 working days from the execution of such transactions. The Covered Persons communicate to Consob and publish the

information concerning Significant Transactions carried out by them or closely related persons thereto by the end of the fifteenth day of the month subsequent to the transaction's execution.

Where the Managers and the Covered Persons intend to utilise the Company to communicate to Consob the Significant Transactions, they should inform the Company of such, respectively, within 2 working days from the execution date of the transaction and by the end of the tenth day subsequent to the transaction's execution. The Company communicates to the public the Significant Transactions communicated to them, respectively, by three working days from the transaction's execution and by the end of the open trading day subsequent to that in which they received the information from the Covered Persons.

Finally, the Internal Dealing Policy prohibits Managers from executing - on their own behalf or on behalf of third parties, directly or indirectly, transactions on Avio financial instruments and associated financial instruments in the 30 calendar days before the announcement ("black-out period): (i) of the preliminary results (or, where the Company does not approve the preliminary results, the statutory financial statements and the consolidated financial statements); (ii) the half-year report; (iii) additional periodic financial disclosure to the annual and half-year financial report.

The Board of Directors approved the appointment of General Counsel Mr. Giorgio Martellino as the Internal Dealing Policy contact person.



## 6. INTERNAL COMMITTEES TO THE BOARD OF DIRECTORS

In accordance with the Corporate Governance Code, which recommends that listed companies appoint internal committees to the Board of Directors, with expertise regarding specific matters, Article 12.2 of the By-Laws assigns the Board of Directors the option to set up internal committees with consultation, proposal or control functions, in accordance with the applicable legislative and regulatory provisions.

At the Report approval date, a Control and Risks Committee was set up by the Issuer as per Article 6 of the Corporate Governance Code, whose functioning is governed by the regulation adopted with the Board of Directors resolution of June 20, 2023.

At the Report approval date, the Issuer had also set up a Sustainability Committee, with oversight of the activities related to sustainability, as well as an Appointments and Remuneration Committee, in compliance with the provisions of Articles 4 and 5 of the CG Code.

In addition, after assessing the Company's organisational needs, its operations and the size of the Board of Directors, the Company deemed it appropriate to set up, on a voluntary basis, the Planning and Scenarios Committee, even though the latter is not among the internal committees of the Board of Directors recommended by the CG Code.

The Board of Directors meeting of April 9, 2023 resolved:

- to appoint as members of the Appointments and Remuneration Committee, until the approval of the 2025 Annual Accounts, Donatella Isaia and Raffaele Cappiello, both Independent Directors, and Giovanni Soccodato, conferring the role of Chairperson to Donatella Isaia;
- to appoint as members of the Control and Risks Committee, until the approval of the 2025 Annual Accounts, Donatella Sciuto and Raffaele Cappiello, both Independent Directors, and Letizia Colucci, conferring the role of Chairperson to Donatella Sciuto;
- to appoint as members of the Sustainability Committee, until the approval of the 2025 Annual Accounts, Elena Pisonero and Marcella Logli, both Independent Directors, and Roberto Italia, conferring the role of Chairperson to Elena Pisonero.

Regulations for internal committees to the Board of Directors provide that meetings are to be minuted, that the committee's Chairperson is to provide information to the next appropriate Board meeting and that, in addition to the Board of Statutory Auditors, other external parties including other members of the Board of Directors or of the Avio structure, may participate in meetings by invitation and for individual items on the Agenda. It should be noted that the Board of Statutory Auditors takes part in the meetings of the Control and Risks Committee, the Appointments and Remuneration Committee and the Sustainability Committee.

At the Report approval date, none of the functions of one or more committees provided for by the Code had been reserved to the Board as a whole, under the co-ordination of the Chairperson (Recommendation 16, Article 3 of the Code).

The main features of the committees comprising Avio's governance structure at the Report approval date are described below.

## 7. APPOINTMENTS AND REMUNERATION COMMITTEE

On May 14, 2020, the Board of Directors of Avio S.p.A., in accordance with the recommendations of the Corporate Governance Code, resolved to establish the Appointments and Remuneration Committee.

During 2023, 8 meetings were held (average duration of 1 hour and 30 minutes). The meeting attendance of Committee members is reported in the table at the bottom of Section 4.2.1 of this Report.

The Committee has its own regulations governing its operation and duties, most recently updated on June 20, 2023.

The Chief Executive Officer, the General Counsel, the Human Resources Manager, the Chief Financial Officer, in addition to consultants supporting the Company on specific projects reviewed by the Committee, usually attended the Appointments and Remuneration Committee meetings, on its invitation.

The entire Board of Statutory Auditors has always participated in the work of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee, therefore, was assigned both the duties and functions provided for by Article 4 of the Corporate Governance Code with respect to the appointment of Directors, and the duties and functions pursuant to Article 5 of the Corporate Governance Code with respect to their remuneration.

In accordance with the regulation governing the functioning of the Appointments and Remuneration Committee, it comprises three Non-Executive Directors, the majority of whom independent as per the applicable regulation and the Corporate Governance Code, from among whom the Chairperson is selected.

The following duties are assigned to the Appointments and Remuneration Committee:

- a) assist the Board of Directors in developing remuneration policy;
- b) periodically evaluate the adequacy, the overall compliance and the application of the remuneration policy of Directors and Senior Executives, utilising for this latter issue the information provided by the Chief Executive Officers; draws up for the Board of Directors related proposals;
- c) present proposals or expresses opinions to the Board of Directors on the remuneration of the Executive Directors and Senior Directors in addition to establishing the performance targets related to the variable component of this remuneration;
- d) monitor the application of the decisions adopted by the Board, verifying, in particular, the effective achievement of the performance targets;
- e) support the Chairperson of the Board of Directors in assessing the adequacy and transparency of the Board's self-evaluation process;
- f) pursuant to Recommendation 19 of the Corporate Governance Code, support the Board of Directors (i) in the self-evaluation process of the Board and its committees; (ii) in defining the optimal composition of the Board and its committees; (iii) in identifying the candidates for the office of director in case of co-optation; (iv) in the possible submission of a slate by the outgoing Board to be carried out according to methods that ensure its transparent formation and presentation; (v) in preparing, updating and implementing the possible

succession plan for the Chief Executive Officer and the other Executive Directors;

- g) support the Board of Directors in defining a plan for the succession of the Chief Executive Officer and the Executive Directors that at least identifies the procedures to be followed in the event of early termination of office and in ascertaining that adequate procedures are in place for the succession of top management.

The Committee, in exercising its duties, may access the information and departments necessary to complete their tasks, as well as utilise, at the expense of Avio, of external consultants and to the extent of the budget approved by the Board of Directors. In accordance with the Corporate Governance Code, if the Committee intends to use the services of a consultant in order to obtain information on market practices regarding remuneration policies, the Committee shall verify in advance that the consultant is not in a situation that compromises its independent judgement.

The Committee promptly exchanges information that is relevant for implementing its duties with other bodies and functions of the Company performing important tasks concerning financial and remuneration policy.

The Chairperson of the Committee reports to the next appropriate Board of Directors' meeting on the meetings held by the Committee and on the proposals and guidelines formulated in the most appropriate manner.

## **8. CONTROL AND RISKS COMMITTEE**

Pursuant to the Corporate Governance Code and the Control and Risks Committee regulation, the Control and Risks Committee comprises at least three Non-Executive Directors, the majority of whom independent as per the Corporate Governance Code; the Chairperson of the Committee is chosen from among these latter members. Furthermore, 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.

In 2023, the Control and Risks Committee held 10 meetings (average duration of 1 hour and 30 minutes). The meeting attendance percentage of Committee members is reported in the table at the bottom of Section 4.2 of this Report.

The Committee has its own regulations governing its operation and duties, most recently updated on June 20, 2023.

The entire Board of Statutory Auditors always participated in the work of the Control and Risks Committee.

On the invitation of the Committee's Chairperson, non-members participated in certain meetings for individual items on the Agenda, in particular, the Internal Audit Manager, the Director in charge of the Internal Control and Risk Management System, the CFO, representatives of the Independent Audit Firm, the General Counsel, also in his capacity of Risk Manager, the Chairperson of the Supervisory Board, representatives of the Legal and Corporate Affairs Department and the consultants called into the various meetings for a process of interaction and dialogue.

In accordance with the Control and Risks Committee regulation, the Committee supports the Board of Directors, with appropriate investigative activity, in their assessments and decisions concerning the Internal Control and Risk Management System, and with regards to the approval of the periodic financial reports.

The Control and Risks Committee in accordance with the Corporate Governance Code, in assisting the Board of Directors:

- a) evaluates, together with the Executive Officer for Financial Reporting, following consultation with the auditing firm and the Board of Statutory Auditors, the correct application of the accounting policies and, in the case of groups, their uniformity in the preparation of the consolidated financial statements;
- b) assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, impact of its activities and performance, co-ordinating with any committee as per recommendation 1, letter a) of the Code;
- c) examines the periodic non-financial information relevant to the Internal Control and Risk Management System;
- d) expresses opinions on specific aspects concerning the identification of the main corporate risks;
- e) examines the periodic reports and those of particular relevance prepared by the Internal Audit Function;
- f) monitors the independence, adequacy, efficacy and efficiency of the Internal Audit department;
- g) may request the Internal Audit Manager to carry out verifications on specific operational areas, simultaneously communicating such to the Chairperson of the Board of Statutory Auditors; for co-ordination purposes, communicates to the Chairperson of the Board of Directors and to the Director in charge of the Internal Control and Risk Management System, except where these verifications specifically refer to the activities of these parties;
- h) reports, at least quarterly, on the approval of the annual and half-yearly accounts and of the additional periodic financial information (quarterly reports), to the Board of Directors on the work carried out and on the adequacy of the Internal Control and Risk Management System.
- i) supports, with appropriate investigative activities, the evaluations and decisions of the Board of Directors concerning the management of risks from events which the Board of Directors becomes aware of;
- j) performs any additional tasks assigned to it by the Code or by the Board of Directors.

The Control and Risks Committee in addition issues a prior opinion to the Board of Directors.

In addition to that stated above, the Control and Risks Committee is also assigned the duties allocated to the competent Related Party Transactions Committee as per the RPT Policy, except with regards to remuneration related matters. Equivalent controls are applied, as provided for by Article 14 of the RPT Policy, in the case of significant related party transactions where the Control and Risks Committee is not composed of at least three Directors considered independent as per the CFA and the Corporate Governance Code.

In executing its functions, the Control and Risks Committee may access all information and departments necessary for the undertaking of its duties and may also utilise external consultants at Avio's expense, within the limits of the budget approved by the Board of Directors, except in the case where it acts as the Related Party Transactions Committee in related party transactions defined as "Significant Transactions" by the RPT Policy. In this case, no expenditure limits are applicable pursuant to the applicable regulations and the RPT Policy.

The Control and Risks Committee promptly exchanges information that is relevant for implementing its duties with other bodies and functions of the Company performing important tasks concerning internal control and risk management.

Subject to the provisions of the preceding paragraph (f), the Chairperson of the Control and Risks Committee reports to the next appropriate Board of Directors' meeting on the meetings held by this Control and Risks Committee and on the proposals and guidelines formulated in the most appropriate manner.

## 9. SUSTAINABILITY COMMITTEE

In accordance with the Corporate Governance Code and the Sustainability Committee regulation, the Sustainability Committee comprises at least three Non-Executive Directors, the majority of whom independent as per the Corporate Governance Code; the Chairperson of the Committee is chosen from among these latter members.

The Board of Directors shall appoint and replace the members and Chairperson of the Committee.

The Committee, on the proposal of the Chairperson, appoints a secretary, who may be a non-member, with responsibility to draft the minutes of the meetings. Normally the designation will favour the appointment of the Company's Chief Legal Officer if present.

During 2023, the Sustainability Committee met 5 times (average duration approx. 1 hour and 15 minutes). The meeting attendance percentage of Committee members is reported in the table at the bottom of Section 4.2 of this Report.

The Sustainability Committee's work also involved non-members. Specifically, these included the Company's General Counsel, Giorgio Martellino, Giovanni Valente, Head of Corporate Affairs & Integrated Compliance and Letizia Macri, Head of Sustainability.

The entire Board of Statutory Auditors has always participated in the work of the Sustainability Committee.

The Committee has its own regulations governing its operation and duties, most recently updated on June 20, 2023.

Pursuant to the regulations of the Sustainability Committee and the Code, the Committee assists the Board of Directors with investigative, propositional and advisory functions in the assessments and decisions on sustainability issues falling within the remit of the Board of Directors:

In this regard, the Committee is granted the following powers:

- a. examines and evaluates (a) policies based on the principles of sustainable business, which take into account the evolution of reference scenarios and identify opportunities and create value over time in the medium to long term for stakeholders, such as (i) ethics; (ii) environmental protection, with particular reference to the issue of climate change; (iii) socio-economic progress and the enhancement of the territories where the Company operates; (iv) the creation of economic development based on innovation and responsible industrialization (v) and the health, safety and welfare of people; (vi) the protection of human rights and the enhancement of differences and equality in the treatment of people;
- b. examines the general outline of the Consolidated Non-Financial Statement (hereafter also "NFS") and the articulation of its contents, as well as the completeness and transparency of the information provided through the NFS, providing observations to the Board of Directors called upon to approve this document; examines and monitors the implementation of a Group sustainability plan, which sets out the strategic priorities, commitments, objectives, also of a quantitative nature, for the development of the economic, environmental and social responsibility of the Company, in line with the UN SDGs and the objectives of the business plan and the financial reporting;
- c. examines the implementation of the sustainability policy in the business initiatives, to be also included in the Remuneration Policy and Report, based on the indications of the Board of Directors;

- d. monitors sustainability initiatives and the Company's participation in them, with a view to consolidating the Company's reputation on the international front, also with reference to the development of relations with institutions, organisations and research centres with recognised expertise in sustainability matters;
- e. strengthens the dissemination of the culture of sustainability among employees, shareholders, business partners, customers and, more generally, stakeholders through the examination and monitoring of a stakeholder engagement plan in line with the defined objectives and targets;
- f. monitors the Company's positioning with respect to the financial markets on sustainability issues, with particular reference to the relationship with ESG rating agencies and participation and inclusion in ethical sustainability indices;
- g. at the Board's request, expresses an opinion on other sustainability issues;
- h. performs any additional tasks assigned to it by the Corporate Governance Code or by the Board of Directors.

The Committee, in the undertaking of their functions may access all information and departments necessary for the undertaking of their duties as well as utilise external consultants, within the terms established by the Board of Directors; the Committee defines an annual expense budget which it submits to the Board of Directors. The Company ensures adequate financial resources to the Committee for the undertaking of their duties within the budget limits approved by the Board.

The Chairperson of the Committee reports to the next appropriate Board of Directors' meeting on the meetings held by the Committee and on the proposals and guidelines formulated in the most appropriate manner.

## **10. REMUNERATION OF DIRECTORS**

With regards to the information concerning this section, reference should be made to the relevant parts of the Remuneration Policy and Report published in accordance with Article 123-ter of the CFA on the website [www.avio.com](http://www.avio.com), "Corporate Governance" section.

## **11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Board of Directors, having consulted the Control and Risks Committee:

- defined, in drafting the strategic, business and financial plans, the nature and level of the qualitative risk compatible with the strategic objectives of the issuer, including in their assessments all risks considered significant with regard to the sustainability of the medium/long-term operations of the Issuer;
- defined the guidelines of the Internal Control and Risk Management System, so that the main risks connected to the Issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, in addition to determining the criteria of compatibility of these risks in line with the strategic objectives of the Company;

- evaluated, at least annually, the compliance of the Internal Control and Risk Management System with the particular characteristics of the Company and the risk profile assumed, as well as its efficacy.

For the purposes of the above evaluations, in the year 2023 the Control and Risks Committee particularly examined:

- the results of risk assessment activities performed by the Risk Management office;
- the outcomes of audit activities carried out by the internal audit office, based on a previously-examined Audit Plan, after consultation with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System;
- the results of meetings with the independent audit firm;
- the Supervisory Board's reports on the Organisation, Management and Control Model in relation to the profiles as per Legislative Decree No. 231/2001.

Avio continued the redefinition of its integrated risk management system to provide management, the Board of Directors and corporate bodies in general with a better identification, classification, measurement, management and monitoring of corporate risks. Specifically, the Board of Directors approved the Enterprise Risk Management (hereafter ERM) Plan in the meeting of March 8, 2023, following the positive assessment of the Control and Risks Committee and after having consulted the Board of Statutory Auditors. During 2024, the update of the ERM was submitted to the approval of Avio's Board of Directors, subject to the opinion of the Control and Risks Committee.

The Internal Control and Risk Management System of the Avio Group concerns the set of rules, procedures and organisational structures which enable the identification, measurement, management and monitoring of the principal risks. This system is integrated into the more general organisational and corporate governance structures adopted by the issuer and gives due consideration to benchmark models and existing best practices at national and international level. The Internal Control and Risk Management System contributes to conducting business in line with the objectives defined by the Board of Directors, favouring the undertaking of fully knowledgeable decisions. This ensures the safeguarding of company assets, the efficiency and efficacy of the corporate processes, in addition to the reliability of disclosure to the corporate bodies and the market and compliance with law and regulations, in addition to the By-Laws and the internal procedures.

In creating its Internal Control and Risk Management System, the Avio Group focused extensively on best practice and in particular the "Enterprise Risk Management-Integrated Framework" ("ERM Integrated Framework") international standard, drawn up and updated by the US "Committee of Sponsoring Organizations of the Treadway Commission" (COSO) body; this framework is known also as the "COSO Report" or "COSO ERM".

The structural elements of the internal control and risk management environment are the Code of Ethics, which sets out the key values and principles of the Company's ethical approach, in addition to the conduct rules; the system of powers and duties through general and special powers of attorney, as per the assigned responsibilities; the Company operating procedures; the IT systems supporting both operating and production activities and the accounting and financial processes. In terms of compliance, the Company has adopted an Organisational Model as per Legislative Decree No. 231/2001, which has been continuously updated, and a control system as per Law 262/2005 for financial disclosure (for further details, reference should be made to that outlined in terms of the "Principal characteristics of the risk management and internal

control system in relation to the financial disclosure process”).

**Principal characteristics of the risk management and internal control system in place in relation to financial disclosure (as per Article 123-bis, paragraph 2, letter b) of the CFA)**

The Internal Control and Risk Management System of the Company on financial reporting is defined as the set of activities to identify and evaluate actions or events whose occurrence or absence could partially or totally compromise the achievement of the financial information’s objectives of integrity, accuracy, reliability and timeliness. It forms part of the overall Internal Control and Risk Management System.

This system aims to guarantee that the administrative – accounting procedures adopted and their application are adequate to ensure a process capable of producing timely and reliable accounting and financial information, in accordance with applicable accounting standards.

The Internal Control and Risk Management System on financial disclosure is created in line with the frameworks, as commonly accepted and issued by the *Committee of Sponsoring Organizations of the Treadway Commission* – COSO Report, integrated in terms of the IT aspects by the *Control Objectives for Information Technology* – COBIT, and is periodically assessed and reviewed in terms of the controls put in place to minimise risks to the Company.

The administrative-accounting procedures take into account that in the analysis of risk errors occur, whether intentional or not, in the processes for the drafting of financial disclosure. Therefore, for the creation of this system the risk areas which could arise in terms of compromising the reliability of the financial disclosure are identified and assessed.

On the basis of the identification and the assessment of the risk areas, the components of the internal control system with regards to financial disclosure were analysed through:

- an analysis at the level of the main Group companies in particular in terms of the control elements with regards to the reliability of financial disclosure;
- an analysis for each operating process, of the processes concerning the significant financial statement accounts for financial disclosure purposes, through a correlation matrix considering the objectives identified regarding the process activities and the associated controls.

In accordance with the applicable regulation, the features of the system adopted, with particular regard to (a) the risk management and internal control phases in relation to the financial disclosure process and (b) the roles and functions involved and the means for coordinating the relative parties, are outlined below.

*Phases of risk management and internal control in relation to Financial Disclosure*

The internal control system is divided into the following macro-phases:

- a) identification and assessment of risks on financial reporting;
- b) identification of the control of identified risks;
- c) check on the functioning of the internal control and risk management system;
- d) monitoring and development of the control system.



The breakdown of individual macro-phases is shown below:

a) Identification and assessment of risks on financial reporting

Risks are identified with regards to the financial statement declarations (existence and occurrence, completeness, rights and obligations, correctness, valuations and recording, presentation and disclosure) and other control objectives, such as - for example - compliance with the authorisation limits, the segregation of incompatible duties, controls on physical safety and the existence of assets, the controls on security; documentation and traceability of transactions. The identification of risks includes also the risk of fraudulent activities, i.e. intentional acts undertaken to falsely represent the economic-equity-financial situation at financial statement level or to misappropriate company assets.

b) Identification of the control of identified risks

On the basis of the risk assessment, specific control activities were identified to mitigate risk, broken down into the following macro-categories:

- controls applicable to the entire organisation (Group/Company) which, as common and applicable across the entire organisation subject to assessment, are structural elements of the internal control system on financial disclosure (“Entity Level Controls”);
- specific process level controls (“Process Level Control”);
- controls on the functioning, management and security of the IT systems (“IT General Control”).

c) Check on the functioning of the internal control and risk management system

In order to verify and guarantee the operability of the internal control system on financial disclosure, specific monitoring activities on the operation of controls are in place, both by the “process owners” and by third parties independent of the operability of the processes (Internal Audit). Fraud prevention controls are among the controls monitored.

d) Monitoring and development of the control system

In order to ensure adequate monitoring of the system, the “design” of its components are subject to systematic assessment and, in any case, on the occurrence of significant events. The operability of the controls indicated by the administrative-accounting system procedures is assessed half-yearly through specific tests.

Any deficiencies both in the design and operability of the controls are reported to the process owners and to the Executive Officer for Financial Reporting to plan remedy actions - whose effective implementation is verified.

The Executive Officer for Financial Reporting, together with the Chief Executive Officer, issues the declaration required by Article 154-*bis*, paragraph 5 of the CFA.

Roles and Functions involved

The Internal Control and Risk Management System involves, each for their specific remit:

- 1) The Board of Directors, which directs and assesses the System’s adequacy, and has identified:

- (i) the Director in charge of the creation and maintenance of an effective Internal Control and Risk Management System (the Director in charge of the Internal Control and Risk Management System), and
  - (ii) the Control and Risks Committee, with a duty to support, with appropriate investigative activities, the evaluations and decisions of the Board of Directors concerning the Internal Control and Risk Management System, in addition to those concerning the approval of the relative periodic financial reports;
- 2) the Internal Audit Manager, appointed to verify if the Internal Control and Risk Management System is functional and adequate;
  - 3) other roles and corporate functions with specific tasks in terms of internal control and risk management;
  - 4) the Board of Statutory Auditors, which oversees the efficacy of the Internal Control and Risk Management System.

Article 154-*bis* of the CFA envisages the introduction of the “Executive Officer for Financial Reporting” within the corporate organisation of companies with listed shares. Appointed by the Board of Directors in agreement with the Chief Executive Officer, he is responsible for designing, implementing, and approving the Accounting and Administrative Control Model, as well as for assessing its application by issuing a statement concerning the interim, annual and consolidated financial statements.

The Executive Officer for Financial Reporting is also responsible for drawing up suitable administrative and accounting procedures for the preparation of the annual and consolidated financial statements and for providing subsidiaries, considered as relevant for the preparation of the Group’s consolidated report, with instructions for performing appropriate assessments of their own accounting control systems.

### **11.1 Executive Director in charge of the Internal Control and Risk Management System**

In order to ensure compliance with recommendation 32 of the Corporate Governance Code, the Board of Directors appointed, on January 19, 2017, with effect from the Effective Merger Date, Giulio Ranzo as Chief Executive Officer in charge of the creation and maintenance of an effective Internal Control and Risk Management System (the “**Chief Executive Officer**”). This appointment was confirmed by Avio's Board of Directors on April 10, 2017, subsequently on May 7, 2020, and finally on April 28, 2023.

The Director in charge of the Internal Control and Risk Management System, in accordance with Recommendation 34 of the Corporate Governance Code:

- identified, with the support of the Risk Manager, the main business risks, taking into account the characteristics of the activities undertaken by the Company and its subsidiaries, periodically presenting them for examination to the Board of Directors;
- has implemented the guidelines defined by the Board of Directors by dealing, with the assistance of the Internal Audit Manager and other competent corporate functions, with the design, implementation and management of the Internal Control and Risk Management System, by constantly verifying its suitability and effectiveness, and adapting it to the dynamics of the operating conditions and the legislative and regulatory framework;

- adapted, also with the support of the Internal Audit Manager and other competent functions, the system to the dynamics of the operating conditions and legal and regulatory framework;
- may request the internal audit function to undertake verifications on specific operational areas and on the compliance of internal procedures and rules in the execution of business operations, simultaneously communicating such to the Chairperson of the Board of Directors, the Chairperson of the Control and Risks Committee and the Chairperson of the Board of Statutory Auditors;
- reported promptly to the Control and Risks Committee (or to the Board of Directors) on problems and critical issues that emerged in the performance of his duties or on those which he became aware of, to enable the Control and Risks Committee (or the Board) to take the appropriate initiatives.

## **11.2 Internal Audit Manager**

On May 9, 2023, the Board of Directors renewed the concession to outsource the Internal Audit Function to the Company Protiviti S.r.l. for the three year period 2023-2025 (until approval of the 2025 Annual Accounts), considering it to suitably possess the requisites of professional standing, independence and organisation, and appointed Francesco Paolucci as Internal Audit Manager for the purposes of performing the activities set out in Recommendation 36 of the Corporate Governance Code, awarding him remuneration in line with corporate policies.

The internal audit function is not connected to any operational area and reports hierarchically to the Board of Directors, and functionally to the Control and Risks Committee.

The duties of the Internal Audit Manager are the following:

- verifies, on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the Internal Control and Risk Management System, through an Audit Plan, approved by the Board of Directors, based on a structured analysis process and prioritisation of the principal risks;
- prepares periodic reports containing sufficient information on activities, on the manner in which risk management is carried out, as well as compliance with the plans for their containment. The periodic reports contain an evaluation of the suitability of the Internal Control and Risk Management System;
- prepares in a timely manner reports on significant events;
- sends periodic reports to the Chairpersons of the Board of Statutory Auditors, the Control and Risks Committee, the Supervisory Board and the Board of Directors, as well as to the Director in charge of the Internal Control and Risk Management System;
- verifies in the audit plan the reliability of the IT accounting systems, including the accounting systems.

For these purposes, the Internal Audit Manager has direct access to all information useful for the execution of office.

In particular, during the year 2023 and the Board of Directors' meetings already held in 2024, the Internal Audit Manager:

- illustrated his office’s work plan and organisational structure to the Control and Risks Committee and to the Board of Directors;
- had direct access to all the necessary information to carry out his duties;
- carried out direct and specific control activities, in line with the annual work plan;
- monitored the effective implementation of remedial actions agreed upon during the Audit;
- supported the Company's Supervisory Board in carrying out competence assessments;
- updated the 2024 Audit Plan, which was approved in the Board meeting of March 13, 2024;
- reported on his work and on the results of activities performed to the Control and Risks Committee, to the Company’s Board of Statutory Auditors, the Supervisory Board, the Director in charge of the Internal Control System and the Chairperson of the Board of Directors of the Company.

### 11.3 Organisational model as per Legislative Decree No. 231 of 2001

At the Report approval date:

- On November 9, 2015, Avio S.p.A. adopted an organisation, management and control model as per Legislative Decree No. 231/2001 (“**231 Model**”), most recently updated on December 21, 2023;
- In the interests of continuity, the Board of Directors of the Issuer on May 9, 2023 appointed, for the financial years 2023-2025 (until approval of 2025 Annual Accounts) Messrs. Alessandro De Nicola, Raoul Francesco Vitulo and Giorgio Martellino as the Company’s Supervisory Board, in accordance with the first paragraph, letter b) and the fourth paragraph of Article 6 of Legislative Decree No. 231/2001, assigning them the duties, lines of reporting and powers indicated in the 231 Model adopted by the Company;
- Avio’s Italian subsidiaries, Spacelab S.p.A., Temis S.r.l. and SE.CO.SV.IM. adopted their own 231 Models, which were last updated, respectively, on December 14, 2023, December 12, 2023, and December 15, 2023. The Supervisory Boards are represented by (i) a single-member Supervisory Board in the person of Cinthia Pinotti for Spacelab S.p.A, (ii) a single-member Supervisory Board in the person of Carlo Cerreta for Temis S.r.l. and (iii) for SE.CO.SV.IM. S.r.l. a Supervisory Board composed of Giuseppe Pedrizzi and Letizia Macri;
- The 231 Model was last updated with the December 21, 2023 resolution to enact, among others, the most recent regulatory changes, including Decree Law no. 105/2023, with conversion into law, with amendments, from Law no. 137, of October 9, 2023. This law contains “*Urgent provisions on criminal trials, civil trials, fighting forest fires, recovery from drug addiction, health and culture, as well as on matters of judiciary and public administration personnel*”, which (a) included in the catalogue of predicate offences: i) the crime of disturbing the freedom of tenders (Article 353 Penal Code), ii) the crime of disturbing the freedom of the procedure for choosing a contractor (353-*bis* penal code), iii) the crime of fraudulent transfer of valuables (Article 512-*bis* penal code); and (b) made some amendments to the penalties established for the offences provided for under Articles 452-*bis* penal code (“Environmental

pollution”) and 452-*quater* penal code (“Environmental disaster”) (both referred to under Article 25-*undecies* of Legislative Decree No. 231/2001), which, despite not intervening directly on the regulation of Legislative Decree No. 231/2001, amend certain material aspects relating to the regulation regarding environmental offences.

The 231 Model comprises a General Section and 12 Special Sections.

The General Section essentially concerns the Supervisory Board and the communication of information to this latter, in addition to the reporting of the Supervisory Board to the corporate boards; the training of personnel, circulation of the 231 Model within and outside the Company and the system governing non-compliance with the Model’s provisions.

The Special Sections relating to a similar number of offences envisaged in the decree and abstractly applicable to the corporate environment are: *"Offences in relations with Government Departments, Crimes against the Administration of Justice and Organised Crime"*; *"Corporate Offences"*; *"Corruption between private parties"*; *"Crimes for the Purpose of Terrorism or the Subversion of the Democratic Order"*; *"Crimes against Individuals and Crimes relating to Immigration and Alien Status"*; *"Transnational Offences"*; *"Crimes of Manslaughter or Serious Personal Injury or Grievous Bodily Harm committed in violation of the rules on occupational health and safety"*; *Environmental Offences"*; *"Crimes against Industry and Commerce and Copyright Infringement Offences"*; *"Computer Crimes and Unlawful Processing of Data"*; *"Self-laundering Crimes"* and *"Administrative market abuse offences and illicit acts"*; *"Fiscal Offences"*.

A presentation on the 231 Model adopted by the Company may be viewed on the Company’s website:

[www.avio.com](http://www.avio.com), Corporate Governance section.

Furthermore, it should be noted that the Company has adopted a special Whistleblowing Policy within the framework of the application of the 231 Model. This policy incorporates legal provisions contained in Law No. 179 of November 30, 2017, implementing the “Provisions for the protection of whistleblowers reporting offences or irregularities that become known to them within the bounds of a private or public employment contract”.

Specifically, the policy focuses on the handling of reports through which company employees can report possible fraud, an offence, an unlawful act or any irregular conduct committed by other persons belonging to the Company. The aim of the reporting is to enable the Company to address the reported problem as soon as possible, disclosing risky or harmful situations and contributing toward preventing and counteracting any unlawful acts.

In order to guarantee the anonymity of the reporter, the Company has equipped itself with an IT tool for the transmission of the above mentioned reports.

#### **11.4 Independent audit firm**

On June 15, 2017, the Shareholders’ Meeting of the Company appointed, for financial years 2017-2025, the Independent Audit Firm Deloitte & Touche S.p.A.

During the year, the Board, having consulted the Board of Statutory Auditors, assessed the results set out by the Independent Auditors.

#### **11.5 Executive Officer for Financial Reporting**

In accordance with Article 16 of the By-Laws, the Board of Directors appoints, upon obligatory approval of the Board of Statutory Auditors, the Executive Officer for Financial Reporting pursuant to Article 154-*bis* of the CFA, providing him/her with adequate means and powers to carry out the role. The Executive Officer for Financial Reporting must be of a professional

standard such as to have qualified experience of at least three years in the exercise of administration and control activities, or in Executive or consultancy functions, with listed companies and/or relative groups of companies, or companies, entities and enterprises of large and significant size, including the preparation and control of accounting and corporate documents. The Executive Officer for Financial Reporting must also meet the requirements of good standing as provided for Statutory Auditors by the applicable legal provisions.

On January 19, 2017, the Board of Directors of Avio appointed Alessandro Agosti as the Executive Officer for Financial Reporting in accordance with Article 154-*bis* of the CFA, with effect from the Effective Merger Date. This appointment, having verified the above-stated professional standing requirements, was confirmed by the Board of Directors of the Issuer on April 10, 2017, having received the opinion of the Board of Statutory Auditors.

The office was most recently renewed by the Board of Directors on April 28, 2023.

As per Article 154-*bis* of the CFA, the Executive Officer for Financial Reporting is required to: *(i)* declare that the deeds and communications of the Company communicated to the market and concerning accounting disclosure (including interim) of the Company corresponds to the underlying accounting records and entries; *(ii)* prepare appropriate administrative and accounting policies for the drafting of the statutory and consolidated financial statements, in addition to any other communications of a financial nature; and *(iii)* jointly with the Chief Executive Officer declare through a specific report attached to the statutory financial statements, the condensed half-year financial statements and the consolidated financial statements, among others, the adequacy and effective application of the procedures at point *(ii)*, during the period to which the documents refer and declare, in addition, the correspondence of such to the accounting records and entries and their suitability to provide a true and fair view of the Company financial statements and any companies included in the consolidation, assigning for this purpose the following powers:

- (a) Full access to all information considered relevant for the execution of duties, both at the Company and at any subsidiary companies;
- (b) attend the meetings of the Board of Directors concerning matters within their scope;
- (c) faculty for dialogue with all administrative and control boards of the Company and the subsidiaries;
- (d) faculty to approve company policies with an impact on the financial statements, on the consolidated financial statements or on other documents requiring certification;
- (e) involvement in the design of IT systems impacting the Company financial statements;
- (f) the possibility to utilise IT systems.

In order to permit the Board of Directors to properly execute its supervisory powers, the Executive Responsible, in addition, reports at least quarterly to the Board with regards to activities carried out, in addition to any emerging critical issues.

\* \* \*

At the Report approval date, with reference to the Internal Control and Risk Management System, in addition to the Control and Risks Committee and the Director in charge of the Internal Control and Risk Management System and the Internal Audit Manager, there is also a Risk Manager with specific tasks relating to internal control and risk management.

## **11.6 Co-ordination of the parties involved in the Internal Control and Risk Management System**

The Company specified in detail, in the Avio and Group Internal Control and Risk Management System Guidelines, the roles and duties of those involved in the Internal Control and Risk Management System, in addition to the means for the coordination of those involved.

In this regard, it should be noted that the Company promotes meetings between these different parties for the coordination and exchange of information. In particular, the entire Board of Statutory Auditors is consistently invited to participate at the Control and Risks Committee meetings, and moreover, the Director in charge of the Internal Control and Risk Management System, the Internal Audit Manager, the CFO, the General Counsel and Risk Manager as well as representatives of the Independent Audit Firm and members of the Legal and Corporate Affairs Department participated at some meetings for individual items on the Agenda, on the invitation of the Committee's Chairperson.

With the same purpose of coordination on matters of common interest, the Company's Board of Statutory Auditors, the Control and Risks Committee and the Supervisory Board, as per Legislative Decree No. 231/01, organised and held joint meetings during the financial year.

Finally, the Board of Statutory Auditors periodically meets with the Executive Officer for Financial Reporting, the Independent Audit Firm and the various company functions affected by the processes and procedures that must be specifically audited by the Board of Statutory Auditors, including those relating to the Internal Control and Risk Management System.

## **12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS**

At the Report approval date, the Issuer has put in place a Related Parties Transactions Policy adopted, in compliance with Article 2391-*bis* of the Civil Code and the RPT Regulation, by the Board of Directors on January 19, 2017, subsequently updated with Board of Directors' motion of January 26, 2024, having received the favourable opinion of the Control and Risks Committee and the Appointments and Remuneration Committee.

The Related Parties Policy, the full text of which may be viewed on the Company's website [www.avio.com](http://www.avio.com) in the "Corporate Governance" section, defines the guidelines and criteria for identifying Related Party Transactions and outlines roles, responsibilities and operating procedures aimed to ensure suitable reporting transparency and relative procedural and substantive correctness for these transactions.

In particular, the RPT Policy:

- governs transactions executed by Avio directly, or through subsidiaries, with counterparties defined as "Related Parties" in accordance with the RPT Regulation;
- defines "Related Party Transactions" as those involving the transfer of resources, services or obligations between Avio (or its subsidiaries) and Related Parties, regardless of whether a price is charged. This includes: (i) mergers, spin-offs for incorporation or non-proportional spin-offs, where carried out with Related Parties; (ii) all decisions relating to the allocation of remuneration or benefits, in any form, to members of the corporate boards and Senior Executives.
- distinguishes between "Minor Transactions", "Significant Transactions", "Less Significant Transactions" and "Ordinary Transactions" as follows:
  - (a) "Minor Transactions": Related Party Transactions with a maximum amount to be borne

by the Issuer of not in excess, for each transaction, (i) Euro 100,000 where the Related Party is a physical person; or (ii) Euro 500,000 where the Related Party is a legal entity;

- (b) “Significant Transactions”: Transactions where at least one of the thresholds indicated at Annex 3 of the Related Parties Regulation, applicable according to the specific Transaction, is exceeded by more than 5%. Where Avio is controlled by a listed company, the above limit of 5% is reduced to 2.5% for transactions undertaken with a listed parent company or with related parties of this latter which in turn are related to Avio;
- (c) “Less Significant Transactions”: Related Party Transactions other than Significant Transactions and Minor Transactions.
- (d) “Ordinary Transactions”: Related Party Transactions that are part of the ordinary business or related financial activities of the Issuer and/or its subsidiaries. The Ordinary Transactions are concluded at market or standard conditions if they are concluded at terms similar to those usually charged to unrelated parties for transactions of a corresponding nature, extent and risk, or based on regulated rates or at fixed prices or those charged to parties with which Avio and/or its subsidiaries are obligated by law to contract at a certain price.

Article 13 of the RPT Policy establishes that it does not apply in the cases of the exemptions established under the RPT Regulation, subject to the conditions set out therein, and, in particular: (i) to the Shareholders' motions referred to in the first paragraph of Article 2389 of the Civil Code, concerning the remuneration of the members of the Board of Directors, or any decisions on the remuneration of the senior Directors included in the total amount previously determined by Avio's Shareholders' Meeting pursuant to Article 2389, third paragraph, of the Civil Code; (ii) to the Shareholders' motions referred to in Article 2402 of the Civil Code pertaining to the remuneration payable to members of the Company's Board of Statutory Auditors; (iii) to Minor Transactions. The provisions of the RPT Policy shall also not apply to transactions resolved by Avio and addressed to all shareholders on equal terms. In addition, subject to the disclosure obligations under the RPT Regulation and the relative circumstances, the Policy does not apply to (a) financial instrument-based remuneration plans approved by the Shareholders' Meeting of the Company in accordance with Article 114-*bis* of the CFA and the relative executory operations; (b) motions, other than those at paragraph (i) above considering the remuneration of Senior Directors, in addition to other Senior Executives (at the conditions established by the RPT Policy), (c) Ordinary Transactions concluded at Market or Standard conditions; and (d) Transactions with or between Subsidiaries, even jointly-held, by the Company, in addition to Transactions with associates of the Company, where other related parties of the Company do not have a significant interest (as defined by the RPT Policy) in the subsidiaries or associates acting as counterparties in the transaction.

With specific regards to the means for the approval and execution of individual categories of Related Party Transactions, the RPT Policy makes a distinction between:

- (a) Significant Transactions, in relation to which the RPT Policy establishes, among other issues, that:
  - (i) the approval of these transactions lies within the exclusive competence of the Board of Directors; (ii) the Chief Executive Officer ensures the involvement during negotiations and investigations of a Committee comprising at least 3 Independent Directors, possibly with the same membership of the Control and Risks Committee or the Appointments and Remuneration Committee, according to the type of Related Party Transaction; (iii) the Board of Directors considers the transaction having received a prior favourable reasoned opinion from the above Committee with regards to the interest of the Issuer in completion of the transaction, in addition to the benefit and substantial correctness of the relative conditions, subject to the option for the Board of Directors to approve the Significant Transaction also



in the presence of a contrary opinion of the above-stated Committee, on condition that its completion is authorised by the Shareholders' Meeting through the "whitewash" mechanism set out in the RPT Regulation; and

- (b) Less Significant Transactions, in relation to which the RPT Policy establishes, among other issues, that (i) the Board of Directors or the Executive Bodies, depending on the case, approve these transactions following receipt of the reasoned and non-binding opinion of a Committee comprising Directors, the majority of whom independent (possibly with the same membership as the Control and Risks Committee or the Appointments and Remuneration Committee, according to the type of Related Party Transaction); and (ii) the Chief Executive Officer ensures that there is an adequate flow of information to this Committee.

Where, with regards to a certain transaction, the Control and Risks Committee (or, depending on the case, the Appointments and Remuneration Committee) does not satisfy the composition requirements under the RPT Regulation, the equivalent controls under the RPT Policy in line with the RPT Regulation are applied, including the replacement, on the basis of age, with other Directors on the Board and in possession of these requirements.

With regards to related party transactions carried out in 2023, reference should be made to the Company's financial statements.

### **13. APPOINTMENT OF STATUTORY AUDITORS**

As per Article 17 of the By-Laws, the Board of Statutory Auditors is composed of three Statutory Auditors and two Alternate Auditors, elected by the Shareholders' Meeting on the basis of slates presented by shareholders, in accordance with the procedures set out below, subject to any differing and additional provisions provided for by mandatory laws or regulations.

Slates for the election of Statutory Auditors may be presented by shareholders who, at the time of presentation of the slate, hold - alone or together with other shareholders - a shareholding that is at least equal to that determined by Consob in accordance with applicable laws and regulations (equal, at the Report approval date, to 4.5% of Avio's share capital).

Ownership of the minimum shareholding is determined according to the shares that are registered in favour of the shareholder on the day in which the slates are filed with the Issuer; certification can also be presented subsequent to the filing provided that it is within the deadline for the publication of the slates.

The slates are filed at the registered office and subsequently published in accordance with the methods and the deadlines provided for by applicable law.

The slates must include the names of one or more candidates for the position of Statutory Auditor and one or more candidates for the position of Alternate Auditor. The names of the candidates are divided between each section (Statutory Auditors section, Alternate Auditors section) by progressive numbering and in any event with a number not exceeding the Board members to be elected. The slates, if they contain, in both sections, a number of candidates equal to or greater than three, must contain a number of candidates in both sections to ensure that the composition of the Board of Statutory Auditors, both for Statutory Auditors and Alternate Auditors, complies with the legal and regulatory provisions that are in force in relation to gender equality (male and female), provided that if the application of the criterion for the gender equality quota does not result in a full number, this should be rounded up to the next unit.

The following documents must be attached to each slate, or else shall be considered as not presented:

(i) information on the identity of shareholders who have presented them, with an indication of the total percentage of shares held; (ii) a declaration by shareholders other than those who hold, even jointly, a controlling or majority shareholding, attesting to the absence of any relationship with these latter in accordance with applicable law; (iii) detailed information about the personal and professional characteristics of the candidates, as well as a declaration by the candidates certifying that they meet the statutory requirements, and acceptance of the candidature, accompanied by a list of administrative and control positions held with other companies; (iv) any additional or differing declaration, information, and/or documents provided for by applicable law and regulations.

Individual Shareholders, shareholders belonging to the same group or members of a shareholder agreement pursuant to Article 122 of the CFA, may not present or be involved in the presentation, even through nominees or trust companies, of more than one slate or vote on other slates; in addition, each candidate may only be present on one slate, at the risk of being declared ineligible.

In the case where only one slate is filed at the expiry date of the term for presentation of the slates, or slates are only presented by related shareholders pursuant to the applicable directives, slates can be presented up to the third day subsequent to such date. In this case, the percentage threshold established for the presentation of the slate is reduced by half.

The procedure for electing statutory auditors is as follows: (i) from the slate that obtained the largest number of votes (“**Majority Slate**”) taken in the progressive order in which they appear in the slate, two Statutory Auditors and one Alternate Auditor; (ii) from the slate that obtained the second largest number of votes and are not connected, even indirectly, with the shareholders who presented or voted for the Majority Slate in accordance with the applicable provisions and taken in the progressive order in which they appear on the slate, the third statutory auditor will be chosen (“**Minority Statutory Auditor**”), who will chair the Board of Statutory Auditors, and the second alternate auditor (“**Minority Alternate Auditor**”).

In the case of an equal number of votes between one or more slates from which the Board of Statutory Auditors is elected, a fresh ballot shall take place, considering only the slates receiving the same number of votes and, in any case, ensuring compliance with the gender parity regulation (including rounding up to the next full number where application of the gender parity rule does not produce a full number).

Where the result of voting does not satisfy the applicable gender equality law and regulations that are in force (including the rounding up to the next unit if the application of the criterion for the gender equality quota does not result in a full number), the candidate for the office of Statutory or Alternate Auditor from the over-represented gender elected as last in progressive order from the Majority Slate will be excluded and will be replaced by the next candidate for the office of Statutory or Alternate Auditor from the same slate belonging to the other gender.

Where only one slate is presented, the Shareholders’ Meeting will vote on that slate and, where this slate receives the majority of the votes, three Statutory Auditors and two Alternate Auditors will be taken from this slate in accordance with applicable law and regulations, including gender parity regulations, which includes rounding up where necessary in relation to the under-represented gender.

They are appointed for a period of three years (and may be re-elected), which concludes on the date of the Shareholders’ Meeting called for the approval of the financial statements relating to the final year in office.

Subject to compliance with the applicable law and regulations in force in relation to gender equality, in cases where, for whatever reason, (i) a statutory auditor from the Majority Slate leaves

office, the alternate auditor elected from the Majority Slate will take their place, (ii) a Minority Statutory Auditor leaves office, they will be replaced by the Minority Alternate Auditor who will assume the Chair. Where the replacements made pursuant to this Article do not permit the formation of a Board of Statutory Auditors that complies with the applicable regulations on gender parity, he/she shall be replaced by the alternate auditor from the other slate, where this enables a composition in line with applicable gender parity regulations, provided that the Minority Statutory Auditor may only be replaced by the Minority Alternate Auditor.

In the absence of slates, or where it is not possible for whatever reason to appoint the Board of Statutory Auditors with the procedures provided for in this Article, the three Statutory Auditors and the two Alternate Auditors will be appointed by the Shareholders' Meeting through the majority provided for by law, in accordance with the laws and regulations in force also in relation to the gender equality quota (including the rounding up to the next unit if the application of the criterion for the gender equality quota does not result in a full number).

#### **14. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS**

As per Article 17 of the By-Laws, the Board of Statutory Auditors is composed of three Statutory Auditors and two Alternate Auditors, elected by the Shareholders' Meeting on the basis of slates presented by shareholders, in accordance with the procedures set out in the By-Laws, subject to any differing and additional provisions provided for by mandatory laws or regulations.

The Avio S.p.A. Shareholders' Meeting of April 28, 2023 appointed the Board of Statutory Auditors and established the relative remuneration, until the Shareholders' Meeting to be called to approve the 2025 Annual Accounts.

The members of Avio's Board of Statutory Auditors in office at the Report approval date are listed in the table below.

<b>Name</b>	<b>Office</b>	<b>Place and date of birth</b>	<b>Date of appointment</b>
Vito Di Battista	Chairperson	Lecce, January 10, 1952	April 28, 2023
Mario Matteo Busso	Statutory Auditor	Turin, March 1, 1951	April 28, 2023
Michela Zeme	Statutory Auditor	Mede (PV), January 2, 1969	April 28, 2023
Sara Fornasiero	Alternate Auditor	Merate (I.C.), September 9, 1968	April 28, 2023
Roberto Cassader	Alternate Auditor	Milan, September 16, 1965	April 28, 2023

As per Article 144-*novies* of the Issuers' Regulation and the Corporate Governance Code, the fulfilment of the above requirements by the members of the Board of Statutory Auditors was assessed, with the outcomes communicated to the Board of Directors who, following appointment, communicate such in a press release and, subsequently, on an annual basis, in the corporate governance report.

A brief *curriculum vitae* of each member of the Board of Statutory Auditors in office at the Report approval date outlining their business management expertise and experience is presented below.

##### ***Vito Di Battista***

Born in Lecce on January 10, 1952, Vito Di Battista has a degree in business administration from the Bocconi University. Accountant and Auditor, he provides tax consultancy to industrial and

financial companies, including listed companies. He is currently Chairperson and Chief Executive Officer of Angelini Finanziaria S.p.A., Chairperson of the Board of Directors of IBL Real Estate SRL and Statutory Auditor of Net Holding S.p.A., Net Insurance S.p.A. and Net Insurance Life S.p.A. - a company subject to the management and co-ordination of Poste Vita S.p.A. - and Alternate Auditor of Acea S.p.A. In the past he was a member of the Supervisory Committee of Banca Popolare Andriese in a.s., Banca di Credito Cooperativo di Pachino in a.s. and Banca di Credito Cooperativo "S. Apollonia" di Ariccia in a.s. He was also Chairperson of the Board of Statutory Auditors of Bancaperta S.p.A. and Cassa di Risparmio di Fano S.p.A.; Director of Istituto Bancario del Lavoro S.p.A. and Cuki Group S.p.A.; Chairperson of the Board of Directors of Atlantide S.p.A.; Statutory Auditor of the Fondenergia complementary pension fund; He has also been a member of the Board of Directors of Ned community.

### ***Mario Matteo Busso***

Holding a degree in economics and commerce and a master's degree in Business Administration, he is a certified accountant, auditor and Independent Director. He began his professional career at Industrial National Bank in the USA, was a Partner at Arthur Andersen, a member of the Andersen Worldwide Advisory Council and the Italian Partner Affair Group. For the Deloitte network, he was the Partner in charge of the FSI Audit Division and a member of the Audit Management Team. He has gained significant experience in auditing and certification of financial statements in multinational companies listed on the main stock exchanges in Italy, USA, UK and Spain.

He holds positions of administration and control in companies of public interest, listed or regulated by the relevant Authorities. In this role, he has extensive experience in Corporate Governance, having refined his knowledge of both the Consolidated Texts of the Consolidated Finance Act and the Consolidated Banking Act, and the Corporate Governance Code adopted by Borsa Italiana.

His participation in the work of the Board of Directors has covered all the typical governance duties: Partner of the independent audit firm, Chairperson of the Board of Statutory Auditors, Independent Director and Chairperson of the internal Board committees.

He currently holds the following positions in listed companies:

Chairperson of the Board of Statutory Auditors of Mediobanca S.p.A., Chairperson of the Board of Statutory Auditors of Terna S.p.A., Statutory Auditor of Avio Spa;

Chairperson of the Supervisory Board of Mediobanca S.p.A.;

Independent Director of Cube Labs S.p.A.;

He also holds the position of Chairperson of the Board of Statutory Auditors of the Consortia.Cepav1 and Cepav2 (Consorzio Eni Alta Velocità), Florentia.

He has held the following positions: Chairperson of the Board of Statutory Auditors of Saipem S.p.A., Ersel Sim S.p.A., IOR; Statutory Auditor of Ersel Investimenti, Banca di Azzoaglio, Fondamenta Sgr, Permico; Independent Director of FCA Bank, Chairperson of the Board of Statutory Auditors of Compagnia Sanpaolo

### ***Michela Zeme***

Born in Mede (PV) on January 2, 1969, Michela Zeme graduated in Business Administration at the University Luigi Bocconi in Milan. An expert in corporate governance, she is a certified public accountant and auditor in Milan. She has considerable professional experience in the corporate and tax fields. He is Chairperson of the Corporate Governance Committee of the Order of the

Accounting Profession of Milan; a member of the Reflection Group "Digital innovation & Transformation" of Nedcommunity and a Co.Vi.Soc. Inspector - the Supervisory Commission for professional soccer companies of the F.I.G.C. He holds positions on Boards of Directors and Boards of Statutory Auditors of listed companies and financial institutions. He is an Independent Director of EQUITA GROUP S.P.A., a listed company, of which he is Chairperson of the Control and Risks Committee and a member of the Remuneration Committee of EQUITA CAPITAL SGR S.P.A. He is Chairperson of the Board of Statutory Auditors of Epta s.p.a., AREC neprix s.p.a., Abilio S.p.A., Nordcom S.p.A., Gianvito Rossi S.r.l. He is Statutory Auditor of Masi S.p.A., a company listed on Euronext Growth, Quimmo Agency s.r.l., Nuo S.p.A., Luisa Spagnoli S.p.A., Spa.Im s.r.l., Spapi s.p.a. and Niba s S.p.A.

He is a member of the Supervisory Board of EUREGIO PLUS SGR S.P.A., a company in which the Autonomous Provinces of Bolzano and Trento and the Autonomous Region of Trentino-Alto Adige hold an interest.

### ***Sara Fornasiero***

Born in Merate (LC), September 9, 1968 Statutory Auditor of Leonardo since May 15, 2018

She has a degree in Economics and Commerce from Cattolica University of Milan. She is an auditor and certified public accountant. She is an advisor in the field of sustainability and corporate governance of leading groups, including listed. She was previously a member of the Governance of Listed Companies and Compliance and Organisational Models Committees of the Milan Committee of the Italian Accounting Profession.

She is Chairperson of the Board of Statutory Auditors and of the Supervisory and Control Board of Arnoldo Mondadori Editore S.p.A., Chairperson of the Board of Statutory Auditors of the companies Italiana Bricolage S.p.A., Bricoman Italia Srl, Leroy Merlin Srl and Bricocenter Srl and Statutory Auditor of Golilla Srl (Adeo Group), Statutory Auditor of MBDA Italia S.p.A. and of Leonardo Logistics S.p.A., Statutory Auditor and member of the Supervisory Board of Alenia Aermacchi S.p.A., Statutory Auditor of Lutech Advanced Solutions SpA, Chairperson of the Board of Statutory Auditors of Servizi Editoriali Milano S.p.A. and of Rotomail Italia S.p.A. and member of the supervisory body of Fondazione Conad ETS.

She currently holds the position of Lead Independent Director, Chairperson of the Control, Risks and Sustainability Committee and member of the Related Party Transactions Committee at Landi Renzo S.p.A. (a company listed on the STAR Segment) and Non-Executive Director of AWorld Srl Società Benefit.

Author of "*Sostenibilità per scettici – Come integrare pratiche efficaci in azienda*" ["Sustainability for Sceptics. How to efficiently integrate company practices"] (published by Mondadori, April 2022) with S. De Girolamo and L. Oliva.

She is a business and group advisor on the process of strengthening corporate governance and integrating sustainability into everyday activities.

She has practised, at the KPMG Network in Italy (1993-2015), statutory audit, Mergers & Acquisitions, forensic accounting, and consulting in the areas of sustainability, Internal Audit, Compliance (L.262/05 and Legislative Decree No. 231/01), and Risk Management.

She has participated in KPMG international sustainability working groups (2001-2013), organises seminars and carries out teaching and training activities on sustainability, corporate governance, risk management, forensic accounting, also in French and English. She is a member of the Italian Business Reporting Foundation and was co-coordinator of the Reflection Group Women, Diversity & Disruption of Nedcommunity, an association of Non-Executive and Independent Directors.

### ***Roberto Cassader***

Born in Milan on September 16, 1965, he graduated in Economics and Business in 1990 at the Cattolica del Sacro Cuore University of Milan. He has been a member of the Monza *Ordine dei Dottori Commercialisti e degli Esperti Contabili* (Italian Accounting Profession) since 1994 and a member of the Register of Auditors since 1999.

He is currently Chairperson of the Board of Statutory Auditors of, among others, F2i TLC 2 S.p.A. and A2A Calore & Servizi S.p.A., and Statutory Auditor of, among others, EI Towers S.p.A. and FC Internazionale S.p.A. In the past, he was also Statutory Auditor of, among others, Webuild S.p.A. (listed), Servizi Italia S.p.A. (listed), Isagro S.p.A. (listed), Coca Cola Italia S.r.l., Lidl Italia S.r.l. and Leonardo Logistics S.p.A.

He provides tax, corporate and tax litigation consulting, for companies operating mainly in the international arena, and business valuations.

**TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT YEAR-END**

<b>Board of Statutory Auditors</b>									
<b>Office</b>	<b>Member</b>	<b>Year of birth</b>	<b>Date first appointment (*)</b>	<b>In office from</b>	<b>In office until</b>	<b>Slate (M/m) (**)</b>	<b>Ind. Code</b>	<b>Attendance at Board meetings (***)</b>	<b>No. other offices (****)</b>
<b>Chairperson</b>	Vito Di Battista	1952	06.05.2020	April 28, 2023	Approv. 2025 Accounts	m	X	19/19	4
<b>Statutory Auditor</b>	Mario Matteo Busso	1951	06.05.2020	April 28, 2023	Approv. 2025 Accounts	M	X	19/19	7
<b>Statutory Auditor</b>	Michela Zeme	1969	06.05.2020	April 28, 2023	Approv. 2025 Accounts	M	X	19/19	14
<b>Alternate Auditor</b>	Sara Fornasiero	1968	06.05.2020	April 28, 2023	Approv. 2025 Accounts	M	X	N/A	12
<b>Alternate Auditor</b>	Roberto Cassader	1965	06.05.2020	April 28, 2023	Approv. 2025 Accounts	m	X	N/A	16

**Number of meetings held in the Year: 19**

**Quorum required for the presentation of slates by minority shareholders for the election of one or more members (as per Article 148 CFA): 4.5%**

**NOTES**

(\*) The first appointment of each Statutory Auditor refers to the date on which the Statutory Auditor was appointed for the first time to the Board of Statutory Auditors of the Issuer.

(\*\*) This column indicates whether the slate from which each Statutory Auditor is selected is a “majority” slate” (indicating “M”), or a “minority” slate (indicating “m”),

(\*\*\*) This column indicates the percentage of attendance of the Statutory Auditors in relation to the number of meetings of the Board of Statutory Auditors (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

(\*\*\*\*) This column indicates the number of offices of Director or Statutory Auditor in accordance with Article 148 bis of the CFA and the relative enacting provisions in the Regulation Consob Issuers’ Regulation. The complete list of offices held is published by Consob on its website pursuant to Article 144-*quinquiesdecies* of the Consob Issuers’ Regulation.

The remuneration of the Statutory Auditors was established by the Shareholders' Meeting on appointment.

The remuneration of the Board of Statutory Auditors in office was established by the Shareholders' Meeting of April 28, 2023, setting annual remuneration of Euro 55,000 for the Chairperson of the Board of Statutory Auditors and of Euro 38,000 for each Statutory Auditor, gross of tax withholdings.

The remuneration matured in 2023 is, in any case, detailed in the Remuneration Policy and Report.

In 2023 and during 2024, until the approval of this report, the Board of Statutory Auditors met on 21 occasions, with an average meeting duration of approx. 3 hours.

The attendance of the Statutory Auditors at the meetings in 2023 is shown in the table above.

In accordance with the recommendations of the Corporate Governance Code, the Board of Statutory Auditors oversees the financial disclosure and auditing process, in particular with regards to the provision of non-audit services.

The Board of Statutory Auditors, in executing its activities, coordinated with the Internal Audit Manager and with the Control and Risks Committee through continuous attendance of the Committee's meetings, at which the Internal Audit Manager usually also attended. In addition, the Board of Statutory Auditors participated at all meetings of the Committees set up within the Board of Directors.

In addition, it worked with the Supervisory Board appointed in accordance with Legislative Decree No. 231/2001. The Board of Statutory Auditors liaised with the Director in charge of the Internal Control and Risk Management System.

The Board of Statutory Auditors, as part of the supervision of implementation of the corporate governance rules, verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members. The outcome of these controls was communicated to the market.

### **Diversity policies**

In accordance with the provisions of point 4.2.2. of this Report, the provisions of the Corporate Governance Code and Article 148, paragraph 1-*bis* of the CFA, Avio has applied the diversity and gender criteria to the composition of the Board of Statutory Auditors, in line with the priority objective of ensuring sufficient skills and levels of professional standing in its members.

In fact, as per Article 17.4 of the By-Laws of Avio, the slates for the appointment of Statutory Auditors must contain, in both sections, a number of candidates equal to or greater than three to ensure that the composition of the Board of Statutory Auditors, both for Statutory Auditors and Alternate Auditors, complies with the legal and regulatory provisions that are in



force in relation to gender equality (male and female), provided that if the application of the criterion for the gender equality quota does not result in a full number, this should be rounded up to the next unit.

### **Self-assessment**

The Board of Statutory Auditors complied with the provisions of Rule Q.1.7. "Self-assessment of the Board of Statutory Auditors" included in the document "Conduct rules for Boards of Statutory Auditors of listed companies" issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) in December 2023, carrying out an annual self-assessment. This sought to, among other matters, verify the suitability of its members and the adequate composition of the board, with reference to the requirements of professional standing, competence, good-standing and independence required by applicable regulations. This check indicated, among other matters, that for 2023, all the members of the Board of Statutory Auditors in office satisfy the necessary requisites for the performance of their office.

### **Chairperson of the Board of Statutory Auditors**

In addition, we note that, in compliance with Article 144-*novies*, paragraph 1-*bis* of the Issuers' Regulation and the Rules of Conduct for the Board of Statutory Auditors of listed companies issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*), the Board of Statutory Auditors has provided, based on its own experience, and on the positive results of the evaluation of the Board of Statutory Auditors conducted by the external consulting firm BoardClic, an outline of the skills and professional experience, in addition to those provided for by law, which may result in the efficient and effective functioning of the Board of Statutory Auditors, and forwarded the outcome of these verifications contained in the "Guidelines of the Board of Statutory Auditors of AVIO S.p.A. on the composition and remuneration of the new Board of Statutory Auditors to be appointed by the Shareholders' Meeting of April 28, 2023" (the "**Guidelines**") to the Board of Directors' meeting held, most recently, on March 8, 2023.

Specifically, with regard to the qualitative and quantitative composition of the Board of Statutory Auditors, the Guidelines show that the duties of the Board of Statutory Auditors require that the professionals selected have adequate previous experience in similar roles in large companies with a structured governance system, including listed companies. In addition, the Board of Statutory Auditors recognises the value of diversity in its composition, not only in terms of gender diversity but also in terms of professional diversity. The outgoing Board of Statutory Auditors stresses that it is important for the new control body to be composed of professionals with diverse expertise and, as far as possible, to include members with proven experience and knowledge of:

- corporate governance;
- internal control and risk management systems;
- accounting and auditing principles;
- primary and secondary legislation applicable to listed companies;
- ESG standards and regulations;
- cyber security, innovation and company IT systems;
- management remuneration policies.

In addition to the above requirements, the outgoing Board of Statutory Auditors recommends that personal characteristics and abilities ("soft skills") should also be duly considered when selecting candidates. These include the ability to manage conflicts constructively, work in a team, interact with management and assess the integration of sustainability issues into business activities, and a good knowledge of English.

With specific reference to the Chairperson, the outgoing Board of Statutory Auditors recommends that the Chairperson should have adequate experience, competence and authority to perform his or her duties of organising and coordinating the activities of the audit body.

Finally, the outgoing Board of Statutory Auditors hopes that the renewal will take into account the benefits of a structure that ensures continuity in the performance of the supervisory duties for which it is responsible, capitalising on the efforts already made and the experience gained.

With regards to the Diversity Policy applied to the Board of Statutory Auditors, reference should be made to paragraph 4.2.2.

\* \* \*

The Statutory Auditors received an induction that enabled them to acquire adequate knowledge of the sector in which the Issuer operates, of corporate dynamics, of the principles of correct risk management, as well as of the regulatory and governance reference framework, in compliance with Recommendation 12, letter d) of the Corporate Governance Code.

## **15. SHAREHOLDER RELATIONS**

The Company, in accordance with Principle 4 of the Code, considers the Shareholders' Meeting as an important opportunity for the interfacing of shareholders and Directors and, consequently, adopts measures supporting participation at the Shareholders' Meeting and the exercise of voting rights by shareholders. In this regard, Article 8 of the By-Laws (in accordance with Article 2369 of the Civil Code) establishes, except for other indications within the call notice, that the Shareholders' Meetings are held in single call and Article 10.4 (in accordance with Article 135-*undecies* of the CFA) establishes that the Company may appoint, for each Shareholders' Meeting, through appropriate indication in the call notice, a party ("Designated Agent of the Company") to whom shareholders can confer proxy, with voting instructions on all or any proposals on the Agenda, in accordance with the legally established terms and means.

The Company has created a specific "Investors" section of its website, which is easily identifiable and accessible and makes available information concerning the Company of importance to its shareholders, allowing them to knowledgeably exercise their rights. The Company has also created a section in the website dedicated to corporate governance, containing an array of documentation, including this Report and its previous versions.

Relations with institutional investors are instead handled by the Investor Relator.

The duty of the Investor Relator is to constantly ensure that senior management are updated on the financial market disclosure obligations and, in particular, those concerning investors.

The Investor Relator represents, therefore, the point of contact between the Issuer and the market and has the duty to liaise with company structures to maintain and incentivise compliance with corporate disclosure regulations. Investor relation activities are shared with and supported by management.

Avio's Board of Directors meeting on April 28, 2023 appointed Mr. Agosti Alessandro as Investor Relator, in order to manage the dialogue and relationships with institutional investors and the market.

Moreover, pursuant to Recommendation 3 of the Corporate Governance Code, the Issuer's Board of Directors - upon proposal of the Chairperson in agreement with the Chief Executive Officer - as well as subject to the favourable opinion of the Control and Risks Committee -

adopted, on March 3, 2022, a Policy for the management of the dialogue with the shareholders, also taking into account the commitment policies adopted and communicated to the public by institutional investors and active managers and in line with Recommendation 3 of the CG Code.

The Policy is available on the Company's website at [www.avio.com](http://www.avio.com) in the section "Corporate Governance - Shareholder Communication Policy", and aims at favouring Avio's transparency towards the financial community and the markets, through the construction, maintenance and development of an active relationship of trust with the investors. It also aims to safeguard, at all times, the legitimate interests and requests of the Company, which the Board of Directors is able to take into account in the pursuit of its role of strategic guidance and monitoring of operating performance, with the ultimate objective of guiding the Company towards its sustainable success, in line with what is recommended in Article 1 of the CG Code.

During the Year, Avio's Board of Directors was kept constantly informed of the activities carried out with stakeholders, and was kept up to date with the most important issues that had been the subject of shareholder communication and any initiatives to be taken on the resulting feedback, in compliance with the provisions of the Shareholder Engagement Policy.

## **16. SHAREHOLDERS' MEETINGS**

As per Article 8 of the By-Laws, the Shareholders' Meeting deliberates upon matters reserved to it by law and the By-Laws. Shareholders' Meeting motions, taken in accordance with law and the By-Laws, are binding on all shareholders. The Shareholders' Meeting meets in single call and is constituted and passes motions by statutory majority, except where otherwise indicated in the call notice.

As per Article 8.3 of the By-Laws, the Related Party Transactions Policy of the Company may establish (i) that the Board of Directors approves the "significant transactions", as defined by the RPT Regulation, despite an opinion to the contrary issued by the Independent Directors Committee responsible for issuing an opinion on the aforementioned transactions, provided that the execution of such transactions are authorised by the Shareholders' Meeting in accordance with Article 2364, paragraph 1, No. 5 of the Civil Code. In this case, the Shareholders' Meeting decides by statutory majority, providing, where the unrelated shareholders attending the Shareholders' Meeting represent at least 10% of the share capital with voting rights, the majority of unrelated shareholders voting at the Shareholders' Meeting are not in opposition; and (ii) that the Board of Directors or the Executive bodies may consider, availing of the exemptions under the policy and in compliance with the conditions stated therein, execution by the Company, directly or through its subsidiaries, of urgent related party transactions which are not within the scope of the Shareholders' Meeting, nor require the latter's authorisation.

As per Article 10 of the By-Laws, those with voting rights have a right to attend the Shareholders' Meeting. The right to attend the Shareholders' Meeting and the right to vote is verified by a notice to the Company, made by the authorised intermediary in accordance with law, based on the accounting records at the end of the seventh trading day prior to the date fixed for the Shareholders' Meeting in single call, and submitted to the Company in accordance with law.

Those with Shareholders' Meeting voting rights may be represented by a proxy appointed in writing or by means of an electronic document signed in compliance with the applicable regulation. The proxy notification to the Company may be sent by Registered Letter or electronically by means of a message addressed to the certified email address indicated in the notice itself or by using the appropriate section of the Company's website, according to that indicated in the call notice.

For each Shareholders' Meeting, the Company may designate, through notification in the call notice, a person to whom shareholders can confer proxy, with voting instructions on all or some

of the proposals on the Agenda, in the terms and manner provided by law.

The Shareholders' Meeting is chaired by the Chairperson of the Board of Directors, or, in his/her absence or impediment, the eldest Vice-Chairperson where appointed or, in his/her absence or impediment, the eldest Chief Executive Officer present, where appointed, or, in his/her absence or impediment, an individual appointed by the Shareholders' Meeting. The Chairperson shall be assisted by a Secretary, even a non-Director and/or non-shareholder, elected on his proposal by a majority of those present. In the Extraordinary Shareholders' Meeting and, in any case, when the Chairperson considers it appropriate, the functions of the Secretary shall be carried out by a Notary appointed by the Chairperson.

The Shareholders' Meeting may be held in several locations, via audio/video link, on the condition that a collective approach is taken and the principles of good faith and of equal treatment of shareholders are upheld and, in particular, provided that: (a) the Chairperson of the Shareholders' Meeting may (i) ascertain the identity and right to attend of all present, (ii) govern the business of the meeting, in addition to (iii) verify and declare the voting results; (b) the minutes-taker is able to adequately note all the matters pertaining to the Shareholders' Meeting; (c) attendees may participate in the discussions and vote simultaneously on the matters on the Agenda; (d) this method is contained in the call notice of the Shareholders' Meeting which also indicates the locations. The meeting shall be considered to have been held in the place where there are, simultaneously, the Chairperson and the person taking the minutes.

On June 17, 2015, the Shareholders' Meeting of Avio approved the adoption of a Shareholders' Meeting regulation governing the Shareholders' Meeting's business and permitting an orderly and efficient hosting of such meetings, guaranteeing at the same time each shareholder the right to take the floor on matters under discussion, as suggested by the Corporate Governance Code.

The Shareholders' Meeting regulation, among other matters, establishes that:

- (i) the Chairperson may adopt any measure considered necessary to guarantee the correct execution of Shareholders' Meeting's business and the exercise of voting rights by attendees;
- (ii) in the discussion of such matters and proposals, the Chairperson, where a majority of the share capital is not in opposition, may follow a different order of consideration from that stated in the call notice of the meeting and may call for some or all of the matters on the Agenda to be discussed together;
- (iii) the Chairperson conducts the discussion, giving the floor to Directors, to Statutory Auditors and any parties so requesting. The Chairperson, prior to initiating the discussion, outlines for each point any questions received before the Shareholders' Meeting and any responses provided. Those holding the right to vote and the bondholders' joint representative may request the floor on only one occasion for each matter on the agenda, making observations and requesting information. Those persons entitled to vote may also draw up proposals. Requests to contribute may be made from the constitution of the Shareholders' Meeting until the time at which the Chairperson declares the discussion of the matter closed. In order to ensure the orderly conduct of the Meeting, the Chairperson has the power to determine, at the opening of or during the discussion of individual matters, a deadline for the submission of requests to contribute. The Chairperson establishes the manner in which contribution requests are made and the order in which they are heard. The Chairperson and, on his invitation, those assisting him/her respond to speakers at the end of all contributions under discussion, or after each contribution, taking account also of any questions drawn up by shareholders before the Shareholders' Meeting, which have not been responded to by the Company. Those who have requested the floor have the right to a brief reply;

- (iv) before voting commences, the Chairperson readmits to the Shareholders' Meeting any persons excluded during the discussion in accordance with the regulation;
- (v) the Chairperson shall decide the order in which the proposals on the individual matters on the Agenda are put to the vote, generally giving priority to those formulated by the Board of Directors.

In 2023, the Shareholders' Meeting met on April 28, 2023, in single call, with the attendance of approx. 66.664% of the share capital, approving the 2022 Annual Accounts. The Shareholders' Meeting also expressed its consultative vote on the first and second section of the Remuneration Report (today, the "Remuneration Policy and Report") as per Article 123-ter of the CFA.

In addition to the Chairperson, the following Directors were present at the above-mentioned Shareholders' Meeting: Giulio Ranzo, Elena Pisonero, Donatella Sciuto, Raffaele Cappiello, Donatella Isaia and Marcella Logli and Statutory Auditors Vito Di Battista (Chairperson), Mario Matteo Busso (Statutory Auditor) and Michela Zeme (Statutory Auditor). The document containing the statutory financial statements and consolidated financial statements, together with the accompanying reports, in addition to the reports of the Directors on the matters on the Agenda, were made available within the terms prescribed by law, in order to ensure Shareholders of adequate disclosure with regards to the matters necessary to take into consideration, with due consideration, for the decisions to be taken. This documentation, together with the results of voting, was also made available and may be accessed on the Company's website [www.avio.com](http://www.avio.com), in the section "Investors - Shareholders' Meetings - 2023". The Appointments and Remuneration Committee decided not to report to the Shareholders' Meeting upon the means of exercise of its functions, considering that this information has already been outlined in the Remuneration Policy and Report made available to the shareholders before the Shareholders' Meeting.

In 2023, there were no significant changes in the market capitalisation of the shares of the Company or in the composition of its shareholders, such as to consider it necessary to assess the possibility to propose to the Shareholders' Meeting changes to the By-Laws in relation to the percentages established for the exercise of the shares and to the protection of minority shareholders.

## **17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

The Company has adopted an Anti-corruption Code with the Board of Directors' motion of March 14, 2019 to counter corruption and prevent the risks of illegal practices at any working level and in any geographic area, both through the dissemination and promotion of ethical values and principles and through the effective provision of rules of conduct and the implementation of control processes, in line with the requirements established by applicable laws and international best practices.

The Company has adopted a Cyber Security Policy in the more general interest of protecting the Company's tangible and intangible assets and to guarantee confidentiality, integrity and availability of the same within the Company as well as to guarantee an adequate level of protection of information and cyber-security of networks and IT systems.

It should also be noted that during 2019, the Company joined the Business Integrity Forum (BIF), an initiative of Transparency International Italia, which brings together large Italian companies already involved in the issues of integrity and transparency, and which through the BIF are committed to preventing and combating corruption in business practices by adopting and circulating anti-corruption tools and practices and encouraging an improved culture of legality.

In particular, for the Company, membership of the Forum has the precise objective of continuing to raise awareness of the issues important to the Company, relating to transparency, integrity and corporate social responsibility, expressing its support for the fight against corruption in order to make an impact at system level.

#### **18. CHANGES SUBSEQUENT TO THE YEAR-END**

There were no additional changes to the corporate governance structure since year-end further to those reported above.

#### **19. CONSIDERATIONS ON THE LETTER OF DECEMBER 18, 2023 OF THE CHAIRPERSON OF THE CORPORATE GOVERNANCE COMMITTEE**

The recommendations for 2024 contained in the letter of December 18, 2023 of the Chairperson of the Corporate Governance Committee concerning the issue of corporate governance were brought to the attention of the Control and Risks Committee in the meeting of January 22, 2024 and the Board of Directors in its meeting of January 26, 2024.

On this occasion, the Board of Directors, taking account of the recommendations, decided that almost all recommendations had been implemented by Avio and will not undertake further initiatives to those already implemented or underway, since it is compliant with these and, for the moment, will not undertake specific actions.