

**ANIMA Holding S.p.A.**

**Internal Control and Risk Management System**

Approved by the Board of Directors on February 12, 2021

## Summary

<b>1. Introduction.....</b>	<b>3</b>
<b>2. The Internal Control and Risk Management System: aims and funding elements .....</b>	<b>3</b>
2.1 Purpose and Principles.....	3
2.2 Components .....	4
2.3 Articulation of control levels .....	4
<b>3. The Governance of the Internal Control and Risk management System Error! Bookmark not defined.</b>	
3.1 The Board of Directors.....	5
3.2 The Board of Statutory Auditors .....	5
3.3 The CEO and General Manager.....	5
3.4 The Controls, Risks and Sustainability Committee .....	6
3.5 The Head of Internal Audit.....	6
3.6 The Head of Compliance .....	7
3.7 The Manager in charge of corporate financial reporting.....	7
3.8 “231” Supervisory Body .....	8
<b>4. Risk Management .....</b>	<b>8</b>
<b>5. The risk management and internal control system in relation to the financial reporting process.....</b>	<b>9</b>
5.1 Funding elements of the System and operation phases.....	10
5.2 Roles and subjects .....	11

## Definitions

- **Corporate Governance Code**- means the Corporate Governance Code for listed companies approved by the Corporate Governance Committee promoted by Borsa Italiana Spa.
- **Group** - means Anima Holding S.p.A. and its subsidiaries
- **SCIGR** - means the Internal Control and Risk Management System
- **Company** -Anima Holding S.p.A.
- **Top Management** - for the purposes of this document, the Chief Executive Officer and General Manager

## 1. Introduction

This document provides the guidelines of the Internal Control and Risk Management System (hereinafter also the "SCIGR") that the Company has adopted, in line with the civil law and with the indications of the Corporate Governance Code, suitable to continuously monitor the typical risks of the company.

This document constitutes the reference framework within which the objectives and principles that must inspire the planning, operation and continuous evolution of an effective control system, as well as the roles, tasks and responsibilities of the Corporate Bodies and Functions.

The SCIGR is also structured to ensure correct financial information and adequate control over all the Group's activities, ensuring the reliability of accounting and management data, compliance with laws and regulations and the safeguarding of corporate integrity, also in order to prevent fraud to the detriment of the Company and the financial markets.

## 2. The Internal Control and Risk Management System: aims and funding elements

### 2.1 Purpose and Principles

The SCIGR consists of the set of rules, procedures and organizational structures aimed at ensuring, in compliance with sound and prudent management, the achievement of the following purposes, contributing to the sustainable success of the Company and the Group:

- a) verification of the implementation of corporate strategies and policies;
- b) effectiveness and efficiency of company processes;
- c) reliability and security of company information and IT procedures;
- d) compliance with sector regulations, as well as with company policies and procedures;
- e) identification, measurement, assessment, prevention or mitigation and communication of strategic, operational and reputational risks.

The SCIGR adopted by the Company is proportionate to the nature and intensity of corporate risks (so-called risk based approach), to the size and operational characteristics of the company.

The key principles on which it is based are:

- the rationalization and subdivision of the control tasks and the perimeters of activities aimed at avoiding organizational redundancies;
- the provision of periodic information flows and institutionalized moments of confrontation between the corporate internal control functions in order to favor the exchange of information and the rationalization of activities;
- the provision of periodic and ad hoc information flows to the Corporate Bodies in order to allow the latter to continuously monitor the risks to which the Company is exposed and the state of the Internal Control System;
- the consistency of conduct and organizational safeguards with respect to the strategies and connotations of the operating and market context.

The SCIGR is an integral part of the business processes.

## 2.2 Components

The qualifying components of the SCIGR are:

- the control environment, which concerns the adequate formalization of roles and responsibilities in company processes, as well as the definition of clear and verifiable operational limits, together with a system of articulated powers of attorney and an efficient internal communication system, with indication of the recipients and the timing;
- risk control, represented by the set of activities related to the identification, assessment, management and monitoring of the risks arising from the various operating segments, as well as the definition of their management policies;
- the control structure, which relates to the rules and tools that the individual company functions adopt to ensure an adequate control process;
- information and communication, through which relevant information is identified, collected and disseminated in the form and timing that allow everyone to fulfill their responsibilities;
- monitoring, which includes periodic verification activities in order to continuously ensure the adequate design and effective functioning of the SCIGR.

## 2.3 Articulation of control levels

The design of the ICRMS is divided into three levels of control as illustrated below:

- **First level controls (or line controls)**, which constitute the actual operational management of risks and which aim to ensure the proper performance of the operations carried out within the company processes. These controls, implemented by the managers of operating activities (so-called risk owners), are of a hierarchical, systematic and sample type, or incorporated into the IT procedures available to the Company.
- **Second level controls**, aimed at verifying the risks to which the Company is exposed in carrying out its business. These checks are carried out by the Compliance function as regards the risks of non-compliance with the legislation on Anti-Money Laundering, Market Abuse and Conflict of Interest, by the Internal Audit function for all other areas and in particular on administrative procedures and accounting prepared pursuant to Law 262/05.
- **Third level controls**, aimed at assessing the completeness, functionality and adequacy of the SCIGR in relation to the nature and intensity of the risks and the overall business needs on a fixed basis. These controls are implemented by the Internal Audit function, also for the subsidiaries.

## 3. The governance of the Internal Control and Risk Management System

The actual functioning and verification of the adequacy of the ICRMS is entrusted to the responsibility of the following corporate bodies and functions:

- The Board of Directors;
- the Board of Statutory Auditors;
- the Chief Executive Officer and General Manager;
- the Risks, Controls and Sustainability Committee;
- the Head of the Internal Audit function;
- the Head of the Compliance function;
- the Financial Reporting Manager pursuant to art. 154 bis of the TUF;

- the Supervisory Body pursuant to Legislative Decree 231/2001.

### 3.1 The Board of Directors

The Board of Directors has ultimate responsibility for the SCIGR and defines its guidelines, in line with the strategic objectives and the risk profile of the Company. It identifies the members of the Controls, Risks and Sustainability Committee, designating the Chairman and approving the relative Regulation.

In particular, the Board of Directors, with the support of the Control, Risks, and Sustainability Committee:

- defines the guidelines of the internal control system so that the main risks affecting the Company and its subsidiaries are adequately identified, assessed and managed;
- annually assesses the adequacy, effectiveness and efficiency of the SCIGR with respect to the business activity and the risk profile assumed;
- appoints and dismisses the Head of the Internal Audit and Compliance functions and defines their remuneration in line with company policies, after hearing the opinion of the Board of Statutory Auditors;
- ensures that the control functions are equipped with adequate resources to carry out their responsibilities;
- approves, on the proposal of the Control, Risks, and Sustainability Committee and in conjunction with the approval of the financial statements, the plans of the Internal Audit and Compliance functions, after consulting the Chief Executive Officer and General Manager and the Board of Statutory Auditors;
- after consulting the Board of Statutory Auditors, evaluates the results presented by the statutory auditor in any letter of suggestions and in the additional report addressed to the Board of Statutory Auditors;
- appoints the Supervisory Body pursuant to Legislative Decree 231/2001 with at least one Head of a control function of the Company within it;
- describes in the report on corporate governance the main characteristics of the internal control and risk management system and the methods of coordination between the subjects involved in it, indicating the reference models and national and international best practices, expresses its overall assessment on the adequacy of the system itself and takes into account the choices made regarding the composition of the Supervisory Body referred to in the previous point

### 3.2 The Board of Statutory Auditors

The Board of Statutory Auditors oversees the effectiveness of the SCIGR. In carrying out its functions, the Board of Statutory Auditors may ask the Head of the Internal Audit function and the Head of the Compliance function, in their respective areas of competence, to carry out checks on specific business areas or operations, notifying the Chairman of the Board of Administration. The Board of Statutory Auditors also participates in the meetings of the Control, Risk and Sustainability Committee.

### 3.3 The CEO and General Manager

The Chief Executive Officer and General Manager is in charge of the establishment and maintenance of the SCIGR. He/she:

- identifies the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and periodically submits them for examination by the Board of Directors;
- implements the guidelines defined by the Board of Directors, overseeing the design, implementation and management of the SCIGR and constantly verifying its adequacy and effectiveness, as well as ensuring its adaptation to the dynamics of operating conditions and the legislative and regulatory landscape;
- may entrust the Internal Audit function to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of company operations, simultaneously notifying the Board of Directors, the chairman of the Risk and Sustainability Controls Committee and the chairman the Board of Statutory Auditors;
- promptly reports to the Controls, Risks and Sustainability Committee on problems and criticalities that emerged in the performance of its business or of which it has in any case become aware, so that the Committee itself can take appropriate initiatives.

### 3.4 The Controls, Risks and Sustainability Committee

The Controls, Risks and Sustainability Committee carries out consultative, propositional and monitoring functions to support the Board of Directors in evaluating the SCIGR, as well as in the Sustainability and "ESG" issues.

The composition, functioning and duties of the Controls, Risks and Sustainability Committee are governed by specific Regulation approved by the Board of Directors, to which reference is made.

### 3.5 The Head of Internal Audit

The main objective of the Internal Audit function is to verify that the SCIGR is functioning and adequate.

To this end, the Head of the Internal Audit function:

- verifies, both 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 process of analysis and prioritization of the main risks;
- prepares periodic reports containing adequate information on his activities, on the ways in which risk management is conducted and on compliance with the plans defined for their containment. The periodic reports contain an assessment of the suitability of the internal control and risk management system;
- also at the request of the Board of Statutory Auditors, promptly prepares reports on events of particular importance;
- transmits the aforementioned reports to the Chairman of the Board of Statutory Auditors, the Controls, Risks and Sustainability Committee and the Board of Directors, as well as to the Chief Executive Officer and General Manager, except in cases in which the subject of such reports specifically concerns these subjects;
- verifies, as part of the audit plan, the reliability of information systems including accounting systems.

The Head of the Internal Audit function is not responsible for any operational area, he/she reports hierarchically to the Board of Directors and has direct access to all information useful for carrying out his duties.

### 3.6 The Head of Compliance

The main objectives of the Compliance function are the verification of the suitability of internal procedures to ensure compliance with the regulations in force and the assessment of the non-compliance risk control process.

In this context, the Head of the Compliance function:

- prepares the Compliance plan by submitting it to the Control, Risk and Sustainability Committee so that it can propose its adoption to the Board of Directors;
- carries out a proposal activity for the transposition and implementation of new legal provisions, taking care of their dissemination within the Company;
- provides assistance and advice to corporate structures for the analysis and management of non-compliance risks;
- carries out the control and assessment of the adequacy of internal procedures to the legislation applicable to the Company;
- prepares, at least annually, a report containing adequate information on its activities, on the ways in which the management of the risks for which it is responsible is carried out, on compliance with the actions defined for their containment, sending a copy to the Controls, Risks and Sustainability Committee and to the Board of Statutory Auditors;
- provides a report to the corporate bodies on the verification activities carried out, highlighting the criticalities detected and proposing appropriate corrective actions;
- guarantees the information flows to the Corporate Bodies and Top Management regarding anti-money laundering.

The Head of the Compliance function reports directly to the Board of Directors.

### 3.7 The Manager in charge of corporate financial reporting

Art. 154 bis of the TUF provided for the introduction, within the corporate organization of issuers with securities listed on regulated markets, of the Manager in charge of corporate financial reporting.

The Financial Reporting Manager is responsible for preparing adequate administrative and accounting procedures for the preparation of financial information documents (financial statements, consolidated financial statements, half-yearly reports and other documents subject to audit).

The Financial Reporting Manager:

- occupies a managerial position reporting directly to the CFO & HR Director;
- has the power to supervise existing company procedures;
- has access to information deemed relevant for the performance of the duties, both within the Company and its subsidiaries;
- interacts with the administrative and control bodies in relation to matters pertaining to their activities and responsibilities.

In accordance with the provisions of Article 154 bis paragraph 4 of the TUF, as well as art. 19.3 letter g) of the Articles of Association the Board of Directors is exclusively entrusted for the appointment, revocation and determination of the resources, powers and remuneration of the Manager in charge of corporate financial reporting, subject to the opinion of the Board of Statutory Auditors.

### 3.8 "231" Supervisory Body

The Supervisory Body established pursuant to Legislative Decree 231/2001 carries out the tasks set out in the Organizational Model adopted by the Company. It reports to the Board of Directors, sending a report on the activity carried out every six months.

The organization, management and control model, pursuant to Legislative Decree 231/2001, is approved by the Board of Directors. With its adoption, the Company intended to structure itself with a general set of behavioral principles, as well as procedures, which respond to the purposes and requirements of Legislative Decree 231/2001 both in terms of crime prevention and in terms of control of implementation of the same and the possible imposition of sanctions.

The Model is described in a summary document, containing the general rules suitable for preventing the commission of the offenses contemplated by Legislative Decree 231/2001 and the specific types of "predicate offenses" defined by the legislator.

## 4. Risk Management

The SCIGR aims to identify and measure the main business risks.

To this end, the Company has developed a risk assessment model, inspired by best risk management practices, which aims to support the Top Management in identifying the main business risks, in analyzing the ways in which they are managed, as well as in the assessment of the proposed mitigation actions and the extent of the residual risk.

In particular, the model adopted is based on the following process:

- analysis of the main business risks that characterize the activity carried out by the Company and its subsidiaries;
- analysis, through a self-assessment process that involves the risk-owners, of the nature of the risks inherent in company processes, with reference to the risks of an operational, reporting or non-compliance with applicable regulations;
- assessment, according to a qualitative-quantitative approach, of the risk attitude to jeopardize the ability to achieve company objectives (qualitative estimate of the impact on company results and / or on the image of the Group in the event that an unfavorable event occurs and the probability of occurrence of this event);
- assessment of the ability of corporate structures to manage the identified risks, including through the adoption of appropriate corrective actions or the activation of control measures;
- carrying out periodic verification activities of the adequacy and effectiveness of the SCIGR and monitoring the implementation of specific corrective measures in the event that weaknesses of the same are reported;
- production, by the Internal Audit function, of periodic reporting on the existence of significant risk situations and on the actions to mitigate the risks envisaged, with the aim of providing top management and corporate governance and control, an information framework on the suitability of the ICRMS to achieve an acceptable overall risk profile for the Group.

With reference to strategic risks, the Company has a specific supervision within the Finance & HR Department, which through the Strategic Risks Service, carries out targeted analysis, both qualitative



and quantitative, also at a Group level on the occasion of the budget drafting, of the Business Plan and whenever needed.

The analysis and assessment of the risks is aimed at defining, the programmatic lines of action and projects that make it possible to strengthen or consolidate the competitive positioning of the Group companies and to mitigate the risk of losses or a decrease in the economic value of the same.

The monitoring of any identified strategic risk mitigation actions constitutes an essential component of the management control process, which allows the Top Management and the Board of Directors to ascertain the degree of achievement of the objectives and projects approved and to decide on their possible adoption of corrective actions. The results of these analysis are then transmitted and acknowledged by the subsidiaries.

Taking into account that the Company mainly carries out management, coordination and management of shareholdings, the exposure to operational risks is not very significant. The supervision and articulated monitoring of operational risks is instead envisaged within the Group's operating companies. The Company also maintains an overall view of the exposure to operational risks of the entire Group through a reporting system powered by subsidiaries.

The Company, and its subsidiaries where relevant, have also adopted specific policies and controls to monitor the financial risks that may arise in the presence of an excess of company liquidity available for investment purposes. The management of these risks of a financial nature is typically carried out through the definition and control of operational limits to the risk that the portfolio owned by the Company and its subsidiaries can assume.

With specific reference to sustainability risks, the Company has progressively integrated these aspects, transversally present in its own company activities and those of subsidiaries, in the policies and procedures in place or specifically drawn up.

The Board of Directors, with the support of the Controls, Risks and Sustainability Committee regarding the assessment of the relevance of the corporate risks monitored in the periodic reporting, ascertains the nature and level of risk compatible with the corporate objectives, taking into account the parameters linked to the operating result, to the shareholders' equity and to the net financial position of the Company.

## **5. The risk management and internal control system in relation to the financial reporting process**

As part of the general process of identifying and analyzing the Group's risk areas, particular relevance is assumed by the internal control system implemented in relation to financial reporting (pursuant to Article 123 bis, paragraph 2, letter b) of the TUF).

The design and implementation of the latter shares the same methodological approach used for the creation of the risk management model.

The internal control system in relation to financial reporting is in fact an integral part of the SCIGR and is specifically aimed at ensuring the reliability, accuracy, reliability and timeliness of financial reporting.

## 5.1 Funding elements of the System and operation phases

In relation to financial reporting, the SCIGR consists of a series of administrative and accounting procedures, assisted by specific IT tools for assessing the adequacy and effective functioning.

The set of these components defines an internal control model ("financial risk reporting" model) which is maintained and updated over time, also according to identified needs for rationalization and optimization.

The implementation and maintenance of the model takes place according to a process divided into three main phases:

- a) identification and assessment of the risks applicable to financial reporting;
- b) identification of controls for the risks identified at the relevant process level;
- c) assessment of the adequacy and effective application of administrative and accounting procedures and related controls.

Below is a description of the individual stages of the process:

### *a) Identification and assessment of the risks applicable to financial reporting*

The risk assessment activity is carried out annually, and it aims to define the following aspects:

- the companies in the consolidation perimeter to be included in the analysis;
- the processes that feed the consolidated balance sheet accounts deemed relevant for their inherent risk, for each operating company identified;
- the specific risks, for each relevant process, relating to financial reporting;
- the general risks of the company information systems supporting the relevant processes.

The risk assessment for determining the relevant perimeter of analysis takes place according to two survey perspectives, a quantitative one (based on the assessment of the materiality of the items in the consolidated financial statements and those of the financial statements of the companies that compose it), and a qualitative one (based on the assessment of processes in relation to their level of complexity and potential risk of unreliability of financial information).

### *b) Identification of controls*

Once the main risks associated with the relevant processes have been identified, the related controls in place are recorded and analyzed. This mapping, specially developed in relation to the control objectives of the financial reporting processes, makes it possible to have a survey tool by which:

- the main risks associated with the relevant processes and controls that are envisaged for the management of such risks are represented;
- the existing controls are analyzed to ascertain their ability to manage and mitigate the risk identified and, in particular, the correct recognition of the items in the financial statements.

The generated mappings (processes / risks / controls) also constitute the basic tool for carrying out the verification activity (testing) aimed at evaluating and monitoring both the design and the operational effectiveness of the controls in place.

### *c) Evaluation of controls and monitoring process*

In order to assess the operational effectiveness of the controls, the planning of verification activities is set annually, defining the criteria and times for carrying out the monitoring tests.

The monitoring activity is the subject of a specific report in which the activities carried out and the results of the tests carried out are explained.

The same report also suggests refinement and optimization interventions of control measures and identified corrective actions to remedy any shortcomings that may negatively impact the reliability, accuracy, reliability and timeliness of financial reporting.

## **5.2 Roles and subjects**

Consistently with the SCIGR adopted by the Company, the financial risk reporting model involves the corporate bodies and the operating and control structures in an integrated process aimed at guaranteeing, in compliance with different levels of responsibility, the adequacy of the model, ensuring its maintenance and development.

The Board of Directors, supported by the Risk Control and Sustainability Committee, ensures that the model allows for the identification, assessment and control of the most significant risks at both the Company and Group level. The Board of Directors also guarantees the Manager in charge for corporate financial reporting the means and powers necessary to carry out the tasks assigned by Law 262/05.

The Controls, Risks and Sustainability Committee schedules periodic meetings with the Manager in order to define the content of the actions to be developed for the maintenance and development of the model, involving the Board of Statutory Auditors also in the assessment of the compliance of the Manager with the provisions of the law.

The Manager in charge for corporate financial reporting is responsible for the implementation, maintenance and monitoring of the financial risk reporting model; in particular, he/she is responsible for assessing the adequacy and effective application of the administrative and accounting procedures and their suitability to provide a true and fair view of the economic and financial situation of the Company and the Group.

In this context, he/she plays a role of reference for the entire Group in terms of governance of administrative-accounting risk, also through the issuance of specific procedures (among which the Group Accounting Manual is of particular importance).

The Head of the Internal Audit function liaises with the Manager in charge for corporate financial reporting for the design and operational effectiveness of the relevant controls and provides the corporate governance and control bodies with their own independent assessment of the adequacy and effective functioning of the control adopted by the Group in compliance with current legal provisions.

The Head of the operational functions (Risk Owners) carry out the first level controls necessary to oversee the activities assigned to them and are responsible for the implementation of corrective actions resulting from any deficiencies found.