**"The new Corporate Governance Code"**

Starting from 1 January 2021, the new version of the Corporate Governance Code, addressed to all companies with shares listed on the electronic share market managed by Borsa Italiana, will apply. The Code is composed of 20 principles, which identify the objectives of good governance, and 37 recommendations, which represent the behaviours considered appropriate for achieving the objectives indicated in the principles.Adherence to the Code remains voluntary and based on the "comply or explain" criterion, and responds to the obligation of issuers to indicate, in the Annual Report on Corporate Governance and Ownership Structures, information regarding "adherence to a code of conduct on corporate governance promoted by companies managing regulated markets or by trade associations, explaining the reasons for any non-adherence to one or more of the provisions", laid down in Article 123-bis of the Consolidated Law on Finance.

The new version of the Code differs from the previous one in that it is more flexible and proportional, providing for the possibility of applying certain recommendations in a simplified manner on the basis of the size of the company, in particular by companies other than those defined as "large" (with a capitalisation of more than EUR 1 billion on the last trading day of each of the three preceding calendar years) and companies with concentrated ownership.

An important innovation of the Code relates to the strengthening of the role of the board of directors, which is given a number of tasks such as:

the choice of the governance model to be adopted, through the possibility of formulating reasoned proposals to the shareholders' meeting on the choice of the model to be adopted;
the definition of the guidelines of the internal control and risk management system, in line with the company's strategies
the adoption of a policy for managing dialogue with shareholders in general, taking into account the engagement policies adopted by institutional investors and active managers.
Particular emphasis is also given to the concept of independence of directors, where an increase in the minimum quota of independent directors is foreseen, up to at least 1/3 of the administrative body in large companies with concentrated ownership, while it is equal to half of the administrative body in other large companies.

Finally, the new Code introduces the concept of 'sustainable success' as an objective guiding the action of the board, which "is substantiated by the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the company".

This innovation is part of the wide range of targeted initiatives on sustainable governance proposed in recent years by the European Commission and is intended to stimulate companies to develop a greater sensitivity to environmental and social issues that may have an impact on the sustainability of the company in the long term, against which the Code recommends that the board 'promote, in the most appropriate forms, dialogue with shareholders and other stakeholders relevant to the company'.

The identification of the objective of 'sustainable success' is therefore based on the relationship that the company establishes with its stakeholders: a broad category of stakeholders that the Code does not define, leaving companies the appropriate flexibility in identifying those it considers relevant to the pursuit of the company's sustainable success.

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