

SIT S.P.A.

**CONTROL AND RISKS
COMMITTEE REGULATION**

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Approved by the Board of Directors on July 20, 2017

1. ESTABLISHMENT OF THE CONTROL AND RISKS COMMITTEE AND FUNCTION

1.1. In accordance with the Self-Governance Code of Borsa Italiana, on July 20, 2017, the Board of Directors of SIT SpA (the “**company**”) internally established, through an *ad hoc* Board motion, a Control and Risk Committee (hereafter the “**Control and Risks Committee**”) in order to appropriately support the assessments and decisions of the Board of Directors concerning:

- i) the internal control and risk management system; and
- ii) approval of the periodic financial reports and the non-financial disclosure as per Legislative Decree 254/2016.

2. COMPOSITION

2.1. The Control and Risks Committee is composed of 3 (three) Non-Executive Directors, the majority of whom Independent; the Chairman of the Control and Risks Committee is chosen from among the Independent Directors.

2.2. The size of the Control and Risks Committee should reflect company requirements and has a 3-year mandate, which generally coincides with that of the Board of Directors.

2.3. The independence requirements of the Directors sitting on the Control and Risks Committee are those outlined in the Self-Governance Code for listed companies in its latest version. In addition to the independence requirements, the other requirements for appointment are:

- Appropriate professional competences to execute the duties of the Committee;
- The capacity to propose suggestions as part of the control activities and to identify the critical risk areas.

2.4. At least one member of the Control and Risks Committee should possess adequate accounting and financial experience.

3. DUTIES

3.1. The Control and Risks Committee, in assisting the Board of Directors:

- assesses, together with the Chief Financial Officer in charge of Financial Reporting, following consultation with the Independent Auditor and the Board Of Statutory Auditors, the correct application of the accounting principles and, in the case of groups, their uniformity in the preparation of the financial statements;

- expresses opinions on specific aspects concerning the identification of the principal corporate risks;
- examines the periodic reports concerning the evaluation of the internal control and risk management system;
- reports to the Board, at least on a half-yearly basis, on the approval of the annual and half-year reports, with regards to the activities carried out, in addition to the adequacy of the internal control system and in any case in the first appropriate meeting of the Board of Directors where significant questions emerge during its meetings.
- examines any notifications received for the purposes of monitoring the adequacy of the Internal Control and Risk Management System;
- undertakes additional duties which may on a case by case basis be assigned by the Board of Directors and examines on the indication of the Chairman the matters which they consider appropriate to submit to the Control and Risks Committee to the extent of their remit.

The Chairman oversees the Control and Risks Committee and co-ordinates its work and, in particular, has the duty to:

- establish the agenda for meetings of the Control and Risks Committee, setting therefore their number and duration;
- inform the Board of Directors, at the first appropriate meeting, upon significant events and initiatives undertaken with regards to risk management and control during the meetings of the Control and Risks Committee;
- undertake periodic meetings with the Chairman of the Supervisory Board in relation to the requirements of Legislative Decree 231/2001 or with the Chairman of the Board of Statutory Auditors for the handling of matters of common interest;
- hold *ad hoc* meetings, also following requests from the Control and Risks Committee, with company management, with the Executive Officer for Financial Reporting, with the risk management function and/or with functions, structures, committees or roles tasked with the management of risks, with regard to issues/initiatives related to compliance.

4. CONTROL AND RISKS COMMITTEE MEETINGS

4.1. The Control and Risks Committee:

- meets, on the call of the Chairman, at least three times per year and however on any occasion considered necessary;
- is considered validly constituted when the majority of Board members are present;

- adopts decisions by a majority of members present at the meeting; in the case of parity, the vote of the chair is decisive.

4.2. The following may attend meetings of the Control and Risks Committee:

- The Chairman of the Board of Statutory Auditors and the other Statutory Auditors;
- The Chairman of the Board of Directors;
- The Chief Executive Officer;
- The Chief Governance & Legal Officer, in the function of Secretary of the Control and Risks Committee.

4.3. As *ad hoc* invitees, those who are not members of the Control and Risks Committee, belonging to company management and/or to the risk management structures, in relation to issues/initiatives related to compliance, with regards to specific internal control and risk management requirements or with regards to matters on the Agenda, may also attend.

4.4. The meetings are chaired by the Chairman and in his/her absence the eldest member.

4.5. All meetings of the Control and Risks Committee are minuted and the relative minutes signed by the Chairman and the Secretary. The minutes are signed by the Chairman of the meeting and by the Secretary of the meeting and are communicated to the members of the Control and Risks Committee, to the Chairman of the Board of Statutory Auditors and to the Board of Directors;

4.6. Meetings of the Control and Risks Committee may be held by tele-conference and videoconference, on condition that all participants may be identified and that they can follow the discussions and intervene in real time with regards to the matters under discussion, and have received the material concerning the matters on the Agenda.

4.7. In the undertaking of their functions, the Control and Risks Committee may access all information and departments necessary for the undertaking of their duties, as well as utilising external consultants, within the terms and scope of the budget approved by the Board of Directors.

5. REMUNERATION

5.1. Members of the Control and Risks Committee are reimbursed for expenses incurred for the purposes of office and the Board of Directors may allocate additional remuneration.

6. AMENDMENTS

6.1. This Regulation may be amended by Board of Directors' motion.

7. FINAL PROVISIONS

- 7.1. For that not expressly stated, statutory law, in addition to the Self-Governance Code, are invoked as far as applicable.