



**NEXI SpA**

**REPORT ON CORPORATE GOVERNANCE AND CONTROLLING STRUCTURES OF NEXI  
S.P.A.**

**pursuant to article 123a of the TUF**

**AND ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF LISTED  
COMPANIES**

**(Financial Year 2020)**

**Report approved by Nexi SpA's Board of Directors on March 11, 2021**

**Available to the general public on the website [www.nexi.it](http://www.nexi.it) and on the authorised storage mechanism  
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## GLOSSARY

Below is a list of the main terms used in hereby Report, alongside the relevant definitions. Said terms and definitions, unless otherwise indicated, bear the meaning specified below. Other terms appearing in the Report carry such meanings as are assigned to them in the text.

<b>Supervisory Authority</b>	As appropriate, the Bank of Italy, the Borsa Italiana stock exchange, CONSOB watchdogs and/or any other independent authority and/or EU Member's domestic administration, considered either jointly or severally.
<b>Borsa Italiana</b>	Borsa Italiana SpA (Italian stock exchange) headquartered in Milan, Piazza degli Affari 6.
<b>Corporate Governance Code</b>	The governance code for listed companies, as approved by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria.
<b>Nexi Corporate Governance Code</b>	The 2020 Corporate Governance Code as approved by Nexi's Corporate Governance Committee in January 2020.
<b>Italian Civil Code</b>	Royal Decree Law 262 of March 16, 1942 and subsequent amendments.
<b>CONSOB</b>	<i>Commissione Nazionale per le Società e la Borsa</i> , Italian stock market supervisory authority, headquartered in Rome, Via G.B. Martini 3.
<b>Board or Board</b>	Nexi's Board of Directors.
<b>Report Date</b>	March 11, 2021, when Nexi's Board of Directors approved the hereby Report.
<b>Issuer or Nexi or Company</b>	Nexi SpA, headquartered in Milan, Corso Sempione 55, registered at the Milan, Monza Brianza and Lodi Registry of Companies, Tax Code 09489670969, VAT number 10542790968.
<b>Legislative Decree 231/2001</b>	Legislative Decree 231 of June 8, 2001, which regulates the administrative liability of legal entities, companies and associations (including those with no legal status) and subsequent amendments.
<b>FTSE Mib</b>	The <i>Financial Times Stock Exchange</i> Milano Indice di Borsa.
<b>Group</b>	Nexi and its subsidiaries.
<b>MTA</b>	The <i>Mercato Telematico Azionario</i> equities market organised and run by Borsa Italiana.
<b>Mercury Payment Services</b>	Mercury Payment Services SpA, (previously Setefi Services SpA), Italian public company headquartered in Milan, Corso Sempione 55, entered in the

	Registry of Companies of Milan, Monza Brianza, Lodi, Taxpayer's Code 08449660581, VAT number 10542790968.
<b>Nexi Payments</b>	Nexi Payments SpA, Italian public company headquartered in Milan, Corso Sempione 55, entered in the Registry of Companies of Milan, Monza Brianza, Lodi, Taxpayer's Code 04107060966, VAT number 10542790968.
<b>Borsa Italiana regulation</b>	The regulation of markets, organised and managed by Borsa Italiana.
<b>Remuneration Report</b>	The report on remuneration policies and payments made by the Issuer in financial year 2020, drafted pursuant to article 123b of the TUF.
<b>Issuers Regulation</b>	The Regulation, issued by CONSOB through resolution no. 11971 of May 14, 1999 concerning issuers, as subsequently amended and supplemented.
<b>OPC Regulation</b>	The Regulation that sets forth provisions concerning related-party transactions, issued by CONSOB through resolution no. 17221 of March 12, 2010, as subsequently amended and supplemented.
<b>Report</b>	This Report on corporate governance and ownership structure, drafted pursuant to article 123a of the TUF.
<b>TUF (consolidated law on finance)</b>	Legislative Decree 58 of February 24, 1998 as subsequently amended and supplemented.

## INTRODUCTION

The Report was drafted pursuant to article 123a of the TUF, in compliance with the provisions set forth under the Corporate Governance Code and the template updated yearly and published by Borsa Italiana (VIII edition – January 2019), taking due account of the Corporate Governance Committee’s recommendations.

The Report contains information on the conduct by which the individual recommendations formulated contained in the principles and application criteria of the Corporate Governance Code were actually applied in the period to which the Report refers.

In addition, since, starting from financial year 2021, the Corporate Governance Code will be replaced by the new 2020 Corporate Governance Code, this Report contains some information on the activities already undertaken by the Company for the implementation, during the next exercise, of the new recommendations.

## 1. NEXI’S PROFILE AND CORPORATE GOVERNANCE SYSTEM

### 1.1 PROFILE

Nexi Group<sup>[1]</sup>, a leader in Italy’s paytech sector, provides services – through its partner banks – to some 900,000 merchants and 30 million cardholders. The business builds on long-standing relations with affiliate banks, which together account for approximately 80% of the national banking sector, in terms of number of branches<sup>[2]</sup>.

Nexi’s history dates back to 1939, when six Italian banks formed a single company (ICBPI – *Central Institute of Italian Cooperative Banks*) set up in order to create a single technological facility providing services supporting Italian cooperative banks.

In December 2015 the entry of a new major shareholder, Mercury Italy Srl<sup>[3]</sup>, triggered an important transformation process, which led to Nexi’s establishment: the banking sector’s paytech provider. Over time, the Company has gradually expanded its offer through a growth based both on the organic development of new products and services, and on synergistic takeovers (some of the most relevant ones include CartaSì SpA, Basilichi SpA, Mercury Payment Services SpA).

Consistent with Nexi Group’s transformation process, in October 2020 the Boards of Directors of Nexi Payments SpA and Mercury Payment Services SpA (both Nexi Group companies), approved the draft project of a partial, proportional spinoff of Mercury Payment Services to Nexi Payments, by transferring – to Nexi Payments – Mercury Payment Service’s payment services branch, which specifically includes acquiring, processing and issuing activities. The draft project was endorsed by the shareholders on December 29, 2020. Following the spinoff, Mercury Payment Services shall no longer be a Payment Institute; its activities will focus on the existing “Card Manufacturing” and “Contact Center” Business Units. The spinoff shall be effective as of April 1, 2021.

In October 2020, Nexi and SIA SpA (a leading European hi-tech company operating in technological services and payment infrastructure sector, owned by *Cassa Depositi e Prestiti* via CDP Equity) signed a Memorandum of Understanding (“MoU”) aimed at integrating the two groups via merger by incorporation of SIA into Nexi. The MoU was also signed by the major shareholders – CDP Equity and FSIA FSIA Investimenti Srl for SIA and Mercury UK HoldCo Limited for Nexi.

In November 2020, Nexi signed a binding framework agreement with Nets, one of the foremost pan-European paytech companies, which holds a leading position in northern European countries and is owned by a syndicate

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<sup>[1]</sup> The following companies fall within the consolidation perimeter: Nexi S.p.A., Nexi Payments S.p.A., Mercury Payment S.P.A., Help Line S.p.A.

<sup>[2]</sup> Source: Company data

<sup>[3]</sup> Company in which the funds *Advent International*, *Bain Capital* and *Clessidra* indirectly hold stakes

of private equity funds led by Hellman & Friedman. The purpose of the agreement is the integration of the two groups via a merger to be carried out on an all-stock basis.

On 3 March 2021 the shareholders' meeting approved, on an extraordinary basis, in compliance with the provisions of Article 49, paragraph 1, letter g), of the Issuers' Regulation for the purposes of the takeover bid exemption (so-called whitewash procedure) the cross-border merger by incorporation of Nets Topco 2 Sarl into Nexi SpA. It should be noted that the Merger has already been approved by the shareholders' meeting of Nets Topco 2 S.à r.l.

On 9 March 2021, the European Commission issued its authorization for the proposed merger between Nets and Nexi.

Concurrently, following the approval by the Boards of Cassa Depositi e Prestiti, CDP Equity, Mercury UK HoldCo Limited, SIA and Nexi, the companies signed the final agreement on the merger by incorporation of SIA into NEXI (the “Merger” and the “Framework Agreement”, respectively), consistent with the terms and conditions set forth under the Memorandum of Understanding signed and announced in October 2020. The closing of the Merger is subject to the performance of conditions precedent which are standard for this type of transaction.

The Framework Agreement envisages that, should the closing of the merger by incorporation of Nets into Nexi (“Nets Transaction”) be completed before the closing of the transaction with SIA, CDP Equity shall hold the right to resolve on a capital increase of SIA, aimed at balancing the dilutive effect on its future stake in Nexi’s capital, resulting from the closing of the Nets Transaction.

Should the Merger be completed after the closing of the Nets Transaction, a Shareholders' Agreement shall be signed by Mercury UK HoldCo Limited, CDP Equity and FSIA together with Nexi’s current shareholders.

Nexi was listed on the MTA on April 16, 2019 and joined the FTSE Mib index in June 2019.

Nexi as the Parent Company, pursuant to articles 2497 and subsequent of the Italian Civil Code, manages and coordinates subsidiaries Nexi Payments, Mercury Payment Services and Help Line SpA.

Nexi does not qualify as “SME” pursuant to article 1(1) (wc.1) of the TUF.

2020 was also a year of strong acceleration of the company's sustainability strategy. All categories of stakeholders were involved to update the materiality matrix, which fully reflects the priorities relevant to the Group. The Sustainability Policy was approved, which establishes the reference principles on which the management of environmental, social and governance (ESG) issues is based. The Enterprise Risk Assessment process was strengthened, integrating the sustainability aspects and the commitment was made to progressively adhere to the Task Force on Climate-related Financial Disclosures recommendations of the Financial Stability Board for reporting on risks and opportunities deriving from the climate change. The inventory of greenhouse gas emissions has been revised, extended and made more transparent, with the aim of defining emission reduction targets in accordance with the Science Based Target Initiatives criteria, aligned with the Paris Accords.

In 2020, the Company was included for the first time in the ESG ratings of S&P Global, CDP and Standard Ethics.

## 1.2 CORPORATE GOVERNANCE SYSTEM

Nexi, a holding of the Group bearing the same name – is structured according to the current Articles of Association and the standard organisational model under articles 2380-bis et seq. of the Italian Civil Code. Provides for Shareholders’ Meetings, a Board of Directors and a Board of Statutory Auditors:

- **Shareholders’ Meeting:** resolves, in both ordinary and extraordinary meetings, on the matters assigned to it by the law and by the company’s Articles of Association.
- **Board of Directors:** holds full power concerning the ordinary and extraordinary management of the Company and may perform all actions deemed suitable for the purposes of achieving corporate goals,

excluding the powers assigned to the Shareholders' Meeting by the law or by the company's Articles of Association.

- **Board of Statutory Auditors:** tasked with monitoring:

- compliance with the law and the Articles of Association;
- compliance with principles of a proper administration;
- the adequacy of the Company's organisational structure, as well as the appropriateness and effectiveness of the internal control and risk management system, of the internal audit and of accounting and administrative systems, including the latter's reliability in terms of fair reporting;
- the means and methods adopted for actual enforcement of corporate governance rules – provided for by the codes of conduct drafted by regulated market management companies or by trade associations – which the Company declares to comply with, as disclosed to the general public;
- the appropriateness of instructions provided to subsidiaries in respect of information required disclosure requirements;
- the financial disclosure process, independent audits and the independence of the independent auditors.

The Board of Statutory Auditors also acts as the Supervisory Body as provided for under Legislative Decree 231/2001 and under applicable rules and regulations, and pursuant to the organisational, management and control model adopted by Nexi in accordance with Legislative Decree 231/2001.

Furthermore, the Board of Statutory Auditors is part of the Internal Control and Audit Committee, pursuant to article 19 of Legislative Decree 39/2010.

- **Independent Auditors.** Nexi's financial statements are subject to independent audit by an auditing firm, pursuant to the provisions set forth under the TUF, under Legislative Decree 39 of January 27, 2010 and under EU Regulation 537/2014, and whose appointment is subject to approval by the Shareholders' Meeting upon proposal by the Board of Directors, in turn subject to a prior favourable opinion of the Board of Statutory Auditors (acting as the Committee for Internal Control and Auditing, according to the selection procedure set forth under article 16 of the aforesaid EU Regulation).

The following are the main governance instruments the Company has set up (in compliance also with the regulatory provisions and standards of the Corporate Governance Code and with national and international best practices):

- Articles of Association;
- Shareholders' meeting regulation;
- Board of Directors' regulation;
- Guidelines on the Operation of the Strategic Committee;
- Regulation of the Control, Risk and Sustainability Committee;
- Regulation of the Remuneration and Appointments Committee;
- Procedure concerning Related-Party Transactions and Regulation of the Related Parties Committee (pursuant to article 2391a of the Italian Civil Code and to the Regulation on Related-Party Transactions);
- Group Regulation on Management and Coordination Activities;
- Regulation concerning the treatment of relevant/privileged information, the setting up and keeping of the RIL and of the insider and internal dealing list.

The Company has also adopted an organisational model pursuant to Legislative Decree 231/2001, as well as a Whistleblower policy.



## **2. INFORMATION ON CONTROLLING STRUCTURES**

### **2.1 SHARE CAPITAL STRUCTURE**

The share capital, as at December 31, 2020, fully paid up, was Euro 57,070,707.00, subdivided into no. 627,777,777 no-par value shares, all having the same rights. There are no other categories of shares. Each share grants the right to one vote in the Company's shareholders' meetings. The shareholders' rights and duties are the ones set forth under article 2346 et seq. of the Italian Civil Code.

### **2.2 LIMITATIONS TO THE TRANSFER OF SHARES**

The shares are indivisible, registered and may be freely transferred.

### **2.3 RELEVANT STAKES**

As at the date of this Report, based on the information received by the Company and CONSOB pursuant to article 120 of the TUF, the data of the shareholders' register and other information available to Nexi, the shareholders that either directly or indirectly hold a stake in the share capital, in terms of voting shares, are the following:

<b>Shareholder</b>	<b>% of ordinary capital held</b>
Mercury UK Holdco	19.98
Intesa San paolo SpA	10.49
GIC	3.82
Trembland Capital LP	1.29
Norges Bank	1.06
Floating	63.37

### **2.4 SPECIAL VOTING RIGHTS**

No shares granting special control rights have been issued.

### **2.5 SHARES HELD BY EMPLOYEES: MECHANISM FOR EXERCISING VOTING RIGHTS**

There is no mechanism for exercising the voting rights of employees.

### **2.6 LIMITATIONS TO VOTING RIGHTS**

There are no limitations to voting rights.

### **2.7 AGREEMENTS BETWEEN SHAREHOLDERS (RELEVANT PURSUANT TO ARTICLE 122 OF THE TUF)**

#### **A. MERCURY SHAREHOLDERS' AGREEMENT**

On March 11, 2019 funds *Advent International Corporation* (“**Advent**”), *Bain Capital Private Equity Europe LLP* (“**Bain**”), *Clessidra SGR SpA* (“**Clessidra**” and, jointly with Advent and Bain, the “**Investors**”),

companies *Mercury AI, Mercury BC, Fides, Mercury A Capital Limited, Mercury B Capital Limited, Mercury ABC Capital Limited* and *Mercury UK Holdco Limited* (jointly, the “**Parties**”), entered into a shareholders’ agreement, subject to English law (the “**Shareholders’ Agreement**”), amending and renewing the investment agreement and shareholders’ agreement they had previously entered into in 2015.

In respect of the expected cross-border merger by incorporation of Nets Topco 2 Sarl into Nexi (the “**Nets Merger**”), on November 15, 2020 the Parties signed an agreement amending the Mercury Shareholders’ Agreement (the “**Amending agreement**”) in order to include certain covenants issuing from the Nets Merger and from the future merger by incorporation of SIA SpA into Nexi (the “**SIA Merger**”).

The Shareholders’ Agreement regulates, among other things:

- Mercury’s governance;
- Specific limitations to the possible transfer of Mercury shares;
- Nexi’s governance;
- Specific limitations to the possible transfer of Nexi shares;
- Cases whereby said information may be disclosed.

The Shareholders’ Agreement is subject to relevant covenants pursuant to article 122, paragraphs 1 and 5, letters a) and b) of the TUF.

Below are the Shareholders’ Agreement’s relevant provisions concerning the Mercury Shareholders’ Agreement and Nexi’s governance and the specific limitations to the possible transfer of Nexi shares. Further information on the Mercury Shareholders’ Agreement, as subject to disclosure pursuant to article 122 of the TUF and article 130 of the Issuers’ Regulation published on Nexi’s website at [www.nexi.it](http://www.nexi.it).

#### **Membership of the Board of Directors**

Investors undertake to make sure that when the Company’s Board of Directors is appointed:

- (i) Mercury shall submit a slate of thirteen candidates, three of whom designated by Advent, three by Bain, two by Clessidra, three jointly by Advent and Bain (all meeting the due independence criteria set forth by the Corporate Governance Code) and two by Advent and Bain, following talks with Clessidra, without prejudice to different arrangements set forth under the agreements accepted by Mercury within the context of the Nets Merger and SIA merger, which shall be enforced, respectively, as of the effective date of the Nets and the SIA mergers;
- (ii) at the Company’s shareholders’ meeting that must appoint the Board of Directors, Mercury shall:
  - (a) propose that the number of members of the Board of Directors shall be thirteen and vote in favour of said proposal;
  - (b) vote for the slate submitted by Mercury itself;
  - (c) propose to appoint as Chairperson of the Board of Directors one of the two Directors designated by Advent and Bain, following talks with Clessidra, and vote in favour of said proposal.
- (iii) if, following the Nets Merger and/or the SIA Merger, Mercury shall not be able to designate a director of Nexi’s Board among the ones freely appointed by each Investor, Clessidra shall be the first of such Investors, depending on the circumstances, to:
  - a. appoint a Nexi Board independent director; or
  - b. lose its right to appoint a Nexi Board director;
  - c. for the sake of clarity, as long as Mercury shall be able to designate a Nexi Board director among the ones freely appointed by each Investor, then Advent, Bain and Clessidra shall in turn hold the right to appoint one of the latter.
- iv) without prejudice to the circumstance under which Nexi directors must be appointed by an Investor, the directors designated by Advent and the directors designated by Bain in Mercury shall jointly appoint the individual designated by Mercury as a Nexi director.

### **Operation of the Board of Directors**

As for the operation of Nexi's Board of Directors, Investors and Mercury undertake to do whatever is in their power to ensure that:

- (i) the Board shall discuss and resolve on all matters concerning the fundamental strategic and operational profiles associated with Nexi and its subsidiaries, including the following topics:
  - (a) approval or amendment of multi-year business plans and yearly budgets;
  - (b) appointment, removal and remuneration of the Board of Directors' Chairperson (if the relevant resolutions have not been passed by the Shareholders' Meeting), of the Chief Executive Officer, Chief Financial Officer and other senior managers;
  - (c) acquisition or divestment of stakes, companies or assets worth Euro 25 million or more;
  - (d) signing of financing or refinancing contracts, issuance of bonds or other debt securities;
  - (e) approval of capital expenditure not included in the yearly budget should the overall amount exceed Euro 5 million per year;
  - (f) possible modifications to the enforcement of accounting standards (when falling under Nexi's jurisdiction) or of the independent auditor;
  - (g) creation or modification of incentive and retention plans
- (ii) should a Director cease to hold office, regardless of the reason, they shall be replaced by an individual designated by the same Investor that designated the Director no longer in office.

The Mercury Shareholders' Agreement does not envisage qualified majorities at Board meetings, hence the Board of Directors shall be deemed validly constituted if the majority of its standing members are in attendance and shall resolve through a majority of the Directors in attendance. In the event of a tie, the prevailing vote shall be that of the meeting's Chair.

### **Membership of the Board of Statutory Auditors**

The Investors have undertaken to make sure that when the Board of Statutory Auditors is appointed, Mercury shall:

- (i) submit a slate of three candidates – the first one designated by Advent, the second by Bain and the third by Clessidra – for the position of statutory auditor – and two candidates – the first designated by Advent, the second by Bain – for the position of alternate auditor.
- (ii) vote in favour of the aforesaid slate at the appropriate meeting.

### **Operation of the Shareholders' meeting**

The Shareholders' Agreement requires no qualified majorities at shareholders' meetings, hence the attendance and approval quorums are the ones set forth under the Italian Civil Code.

\* \* \*

With reference to specific limitations to the possible sale of Nexi shares, the Mercury Shareholders' Agreement establishes that until Mercury holds Company shares, it can sell said shares to third parties (hence to parties other than their subsidiaries, controlling parties or parties under joint control) solely: (i) with the consent of Advent and Bain, should the provision allow the Investors to enjoy a return on their initial investment in Nexi (to be calculated presuming that 100% of the Company's capital will be sold at the price per Nexi share indicated in the latest distribution) which can be no lower than the minimum threshold agreed upon by the Parties based on specific parameters (the "**Minimum threshold**"); and (ii) with the consent of all Investors (therefore Advent, Bain and Clessidra) should the return on the initial investment in Nexi fall below the Minimum Threshold.

Should, upon expiry of the third year of the listing of the Company shares, Mercury still hold Nexi shares, or before said expiry – if, based on the average market price for seven days running, the value of Nexi’s capital fall below the Minimum Threshold – each Investor shall have the right to ask that each Investor (or one of their entirely owned subsidiaries) be distributed a number of Nexi shares that is proportional to the stake in Mercury’s capital directly or indirectly held by each (or, alternatively, the proceeds resulting from Mercury’s sale of Nexi shares).

Should, following said distribution, an Investor directly or indirectly hold a share exceeding 5% of the Company’s capital, said Investor shall sign an agreement that includes: (i) an orderly market clause that aims to ensure that the sale of the stake comprising the shares distributed as above take place in such a way as to guarantee an orderly functioning of the market, and (ii) a co-sale right to each of the other Investors that, as at such date, hold at least 5% of the Company’s capital. The aforesaid undertakings shall not include the Investors that, as at said date, directly or indirectly hold less than 5% of the Company’s capital.

## **B. IRREVOCABLE MERCURY UNDERTAKING**

Also within the Nets Merger context, on November 15, 2020, Mercury signed an Irrevocable Undertaking, under the English law (the “**Irrevocable Undertaking**”) through which it pledges, before the Company, to (i) vote in favour of the Nets Merger, (ii) not to sell the Nexi shares it holds before complying with the commitment referred to under sub (i) (save for specific cases of authorised sale), and (iii) not to perform any activity that may somehow hinder the positive outcome of the Merger, as detailed below.

The following are the relevant provisions of the Irrevocable Undertaking concerning Nexi’s governance and the specific limitations to the possible sale of Nexi shares. Please refer to the essential information pursuant to article 122 of the TUF and article 130 of the Issuers Regulation, available on Nexi’s website at [www.nexi.it](http://www.nexi.it) for further information on the Irrevocable Undertaking.

### **Voting commitment**

At Nexi’s shareholders’ meeting convened in late February to resolve on the Merger (the “**Meeting**”), Mercury undertook to exercise (or compel to exercise) all votes related to Nexi Shares as follows:

- (i) Mercury shall vote in favour of each resolution (amended or otherwise) necessary for implementation of the Nets Merger, as indicated in the summons notice of the Meeting and in the reports to be disclosed by Nexi, containing, among other things, a summary report on the Nets Merger;
- (ii) Mercury shall vote against any proposal to adjourn the Meeting or to amend the merger project submitted by any Nexi shareholder; and, under all circumstances,
- (iii) Mercury shall undertake to not renounce, revoke or modify said exercise of its voting right or of any other power for the entire term of the Irrevocable Undertaking.

### **Transactions on Nexi shares**

Mercury may not sell or transfer Nexi shares, establish, grant or guarantee any option, obligation or other warranty on Nexi shares, nor enjoy any other right associated with Nexi shares unless it has fulfilled the tasks referred to under the paragraph above, without prejudice to the possibility of executing any transaction classified as “Excluded Transfer” pursuant to the Irrevocable Undertaking.

### **Commitments associated with the Nets Merger**

With reference to any existing or proposed transaction that competes or that may otherwise hinder the Nets Merger or any of stage of the aforesaid (an “**Alternative Transaction**”), Mercury undertakes:

- (i) not to exercise any voting right connected to Nexi shares for voting in favour of an Alternative Transaction;
- (ii) not to take any action (other than in the event of an Excluded Transfer) that may undermine the Nets Merger (without prejudice to the fact that such obligation shall not prevent the possibility of voting in favour of the possible SIA Merger);

- (iii) not to accept, with reference to any Nexi share, any submitted offer associated with an Alternative Transaction;
- (iv) not to publicly express its support to any Alternative Transaction;
- (v) not to encourage any solicitation, nor start, continue or encourage any talks and/or enter into any agreement or contract, under any circumstance, with any other party concerning any Alternative Transaction;
- (vi) to exercise the voting rights associated with Nexi shares in such a way as to allow the Nets Merger to become effective (including meeting the conditions the Nets Merger entails) and to oppose any action that may cause failure to meet any of the conditions the Nets Merger entails;
- (vii) not to enter into any contract or agreement or allow that any form of obligation with any party may arise, and not to provide any declaration of intent, to perform any of the forbidden actions indicated in the paragraphs above, including through third parties, and that may somehow limit or hinder the effectiveness of the Nets Merger or the ability to comply with all that is set forth under the Irrevocable Undertaking;
- (viii) not to take any action that may hinder the positive outcome of the Nets Merger and to take all the actions – not forgetting to take any action falling within its powers, including as a Company shareholder – necessary for implementing the Nets Merger, while always being consistent with each one of the requirements provided for by the law and applicable regulations, or with the requirements provided for by the relevant supervisory authorities (without prejudice to the possibility of performing Excluded Transfers),

## C. NETS SHAREHOLDERS' AGREEMENT, LOCK-UP AGREEMENTS, MANAGEMENT SELL-DOWN AGREEMENT

On November 15, 2020, within the scope of the Nets Merger, Evergood H&F Lux S.à r.l., (“**H&F**”), AB Europe (Luxembourg) Investment S.à r.l., (“**AB Europe**”), Eagle (AIBC) & CY SCA (“**Eagle SCA**”) and, together with AB Europe, the “**AB Investors**” and the AB Investors, jointly with H&F, the “**Investors**”) and Mercury signed an agreement, under English law, which governs, *inter alia*, Nexi’s governance and the limitations to the possible transfer of Nexi shares, as further detailed below.

On December 4, 2020, the Investors and Mercury signed an agreement amending said Shareholders' Agreement, through which such parties amended and adjusted some of the relevant provisions (as last amended, the “**Nets Shareholders' Agreement**”).

On the same date, Nexi signed – respectively and individually – a lock-up agreement with (i) AB Europe; (ii) Eagle; (iii) H&F; (iv) Bamboh Co-Investments ApS (“**Bamboh**”); (v) EmpCo A/S (“**Empco**”); (vi) nInvestment 1 ApS (“**Danish Manco**”); (vii) nInvestment Lux S.C.Sp. (“**nIv Lux**”); (viii) Stargazer Invest ApS (“**Stargazer**” and, together with Bamboh, Empco, Danish Manco e nIv Lux, the “**Nets Vehicles**”) (the “**Lock-up Agreements**”).

Finally, still on November 15, 2020, the Investors and the Nets Vehicles signed an agreement (the “**Management Sell-Down Agreement**”) whose purpose was, *inter alia*, to transfer and distribute Nexi shares.

The relevant provisions of the Nets Shareholders' Agreement concerning Nexi’s governance and the specific limitations to the transfer of Nexi shares, are described below, as well as the Lock-up Agreements and the Management Sell-Down Agreement. Please refer to the essential information pursuant to articles 122 of the TUF and 130 of the Issuers Regulation, available on Nexi’s website at [www.nexi.it](http://www.nexi.it) for further information on the Nets Shareholders' Agreement.

### Membership of Nexi’s Board of Directors

As long as – pursuant to the applicable laws and to Nexi’s Articles of Association – Mercury and/or any AB Investor hold the right to submit to the shareholders' meeting a slate of candidates for the appointment of Nexi’s directors, they shall have to submit said slate (or vote in favour of said slate, should, for example, it be submitted by Nexi’s Board of Directors) in accordance with the following provisions:

- (i) Before the effective date of the SIA Merger, including (a) two candidates designated by H&F, as long as it holds a share of at least 70% of the shares issued to it within the scope of the Nets Merger, or (b) a candidate designated by H&F, as long as it holds a share between 50% and 70% of the shares issued to it within the scope of the Nets Merger.
- (ii) After the effective date of the SIA Merger, including (a) two candidates designated by H&F, provided that it holds a share of at least 70% of the Nexi shares held as at the effective date of the SIA Merger (provided that, before the effective date of the SIA Merger, H&F has not lost its right to designate two candidates, in accordance with paragraph (i)(a) above, or (b) a candidate designated by H&F, as long as H&F itself holds a share of at least 50% /and, if paragraph (ii)(a) is applicable, consistent with said share, less than 70%) of the Nexi shares held as at the effective date of the SIA Merger.
- (iii) Under any circumstance, should Mercury submit said slate of candidates, it shall make sure that the candidates indicated by H&F be placed in a position that ensures their appointment if said slate wins the highest number of votes at the Nexi Shareholders' meeting convened to resolve on the appointment of Nexi Board directors.
- (iv) Should, regardless of the reason, one or more of the candidates indicated by H&F cease to hold their office before their term expires, Mercury shall exercise its powers as Nexi shareholder, to the extent permitted by law, so as to ensure that Nexi's Board be convened in order to replace, pursuant to article 2386 of the Italian Civil Code, the director no longer in office with a director designated by H&F.
- (v) Should the stake held by H&F drop below the thresholds referred to in paragraphs (i) and (ii) above, H&F shall promptly, depending on the case, make sure that both Nexi directors it has designated resign from office (or the parties shall have to promptly cooperate and make sure that, depending on the case, one or both such individuals be removed from office), without prejudice to the fact that, should this provision be enforced and one of Nexi's directors designated by H&F before the relevant stake reduction be Mr Bo Nilsson, H&F shall not be compelled to make Mr Bo Nilsson resign (or the parties shall not be compelled to cooperate to make Mr Bo Nilsson resign) from office and he shall continue to be a Nexi director should such continuation be approved by each of the following: H&F, Nexi's CEO, Nexi's Board Chairperson and, as long as Mercury is a Nexi shareholder, Mercury itself; if Mr Bo Nilsson shall continue to be a Nexi director under such circumstances, he shall no longer be considered a Nexi director designated by H&F.

As long as Mercury and/or any AB Investor holds the aforesaid right, no other party of the Nets Shareholders' Agreement shall submit a slate of candidates to Nexi's Board of Directors, without prejudice to the fact that, should Mercury and the AB Investors lose the aforesaid right, H&F may, but shall not be compelled to, submit its own slate of candidates in accordance with the laws, with Nexi's Articles of Association and/or with the CDPE Agreement (as defined below).

The candidates designated by H&F do not have to meet any independence or gender-related (or other requirement, pursuant to the applicable laws, other than those that all Nexi directors must meet), without prejudice to the fact that, under all circumstances, for the entire period H&F holds the right to designate two candidates to be appointed on Nexi's Board of Directors, one of them must be chosen between (i) Mr Bo Nilsson or (ii) a suitable independent candidate.

As long as at least one director designated by H&F is a director on Nexi's Board, the parties shall make sure that said actor be a member of: (i) Nexi's strategic committee; and (ii) each committee of Nexi's Board of Directors in which one or both AB Investors and/or Mercury are represented from time to time.

### **CDPE Agreement**

The Investors and Mercury undertake to do all that is reasonably in their power to reach, in good faith, a Shareholders' Agreement they can enter into along with, among others, CDP Equity SpA (the "**CDPE Agreement**") when signing legally binding documents related to the SIA Merger, without prejudice to the following:

- (i) the CDPE Agreement shall give H&F the right to designate, from time to time, the number of Nexi directors provided for by the Nets Shareholders' Agreement, in accordance with terms and conditions that must not be less favourable than the ones set forth under the Agreement itself;

- (ii) insofar as the CDPE Agreement includes the provisions governing the sell-down agreements concerning Nexi shares, such provisions shall be consistent with the relevant standards provided for under the Nets Shareholders' Agreement;
- (iii) the CDPE Agreement shall grant H&F the right to take part, on a pro-rata basis, in any sale of Nexi shares by the AB Investor and/or Mercury to CDP Equity SpA pursuant to any contractual right granted to CDP Equity SpA

### **Sell-Down**

Pursuant to the Nets Shareholders' Agreement the parties acknowledge and agree that, in order to ensure an orderly sale of their Nexi shares, each Investor and/or Mercury may start – either individually or jointly with the other parties, in one single transaction or in several – a transfer of Nexi shares, which shall be subject to specific terms and conditions and to a procedure defined under the Nets Shareholders' Agreement (the “**Transfer Procedure**”).

Without prejudice to the lock-up commitments taken, each Nexi shareholder, including the shareholders not taking part in the Transfer Procedure, undertakes to enter into lock-up agreements, based on ordinary conditions, with reference to the Nexi shares held (the “**Subscriber Lock-Up**”), without prejudice to the following:

- (i) no Subscriber Lock-Up can by any means limit the transfer to parties related to them that have joined the Subscriber Lock-Up or other transfers held safe by the Nets Shareholders' Agreement;
- (ii) no Subscriber Lock-Up applicable to one of the parties may last more than 90 (ninety) calendar days starting from the effective date of the transfer proposal (possibly lasting less); and
- (iii) insofar as the Subscriber Lock-Up of one of the parties related to said transfer proposal be dissolved, renounced or completed, even the Subscriber Lock-Ups entered into by other Nexi shareholders related to the very Transfer Procedure shall be automatically dissolved, renounced or completed with the same terms and conditions.

\* \* \*

Regarding the specific limitations to the possible transfer of Nexi shares, the Nets Shareholders' Agreement envisages that until the effective date of the Nets Merger, the parties shall reciprocally undertake (i) not to purchase or transfer, and to make sure that the parties related to them do not purchase or transfer, Nexi shares, save for the transfers explicitly authorised by the Agreement itself, and (ii) not to resort to the obligation of launching a mandatory public takeover bid pursuant to articles 106 and subsequent of the TUF, concerning the Nexi shares held by any of the parties, either individually or jointly.

Under all circumstances, Mercury shall have the right to (i) execute specific transactions on its Nexi shares, should said transactions derive from obligations taken pursuant to the Nets Shareholders' Agreement or if previously disclosed by H&F, (ii) transfer to Fides SpA a part of Nexi shares if specific conditions come about, and (iii) fulfil any duty it has related to Nexi shares, pursuant to any call option granted after the effective date of the Nets Shareholders' Agreement, in accordance with the specific terms and conditions and all as regulated under the Nets Shareholders' Agreement.

Should Mercury propose to transfer any of Mercury's Nexi shares, in accordance with the above and whenever a lock-up commitment taken by a Nexi shareholder (the “**Subscriber's Lock-Up**”) is in force and related to Mercury's Nexi shares, said transfer shall be subject to the assignee's acceptance of the Subscriber's Lock-Up regarding Mercury's Nexi Shares being transferred.

Furthermore, the parties acknowledge and agree that, respectively, neither Nexi shares held by the Investors, nor Nexi shares held by Mercury be transferred on and starting from the date the Nets Shareholders' Agreement was signed, until:

- (i) the date falling exactly six months after the effective date of the Nets Merger, with reference to 100% of the Nexi shares held, depending on the case, by the Investors or by Mercury;
- (ii) the date falling exactly 12 months after the effective date of the Nets Merger, with reference to 66% of the Nexi shares held, depending on the case, by the Investors or by Mercury; and

- (iii) the date falling exactly 24 months after the effective date of the Nets Merger, with reference to 33.4% of the Nexi shares held, depending on the case, by the Investors or by Mercury.

Without prejudice to the above, the parties shall, under all circumstances, be allowed to complete certain transfers specifically identified pursuant to the Nets Shareholders' Agreement; yet the transfer cannot be prohibited by the terms and conditions of the lock-up commitments taken by Nexi shareholders.

Finally, should the effective date of the SIA Merger occur within 24 months of the effective date of the Nets Merger, the provisions set forth under the paragraph above shall cease to be effective for Mercury, which acknowledges and accepts that no transfer of its Nexi shares shall be allowed starting from the date of the Nets Shareholders' Agreement, until:

- (i) the date that falls exactly six months after the effective date of the SIA Merger, with reference to 100% of the Nexi shares held, depending on the case, by the Investors or by Mercury; and
- (ii) without prejudice to the provisions set forth under paragraph (i) above, with reference to 50% of Nexi shares held by Mercury, the 12 months following the effective date of the SIA Merger, it being understood that this provision shall not limit the transfer of Nexi shares for a price per share exceeding Euro 15.50 for each Mercury share.

#### **Lock-up agreements**

Pursuant to the Lock-Up Agreements, the Investors and the Nets Vehicles, each insofar as it concerns them, including on behalf of parties they control, that control them, under joint control or acting, on behalf of them, undertake, in the absence of a prior written consent by Nexi, not to:

- (i) directly or indirectly offer, sell, negotiate the sale, pledge or grant any guarantee on, grant any option on or otherwise distribute (or committing to any transaction that aims to or may reasonably be deemed to be aiming to distribute) any share subject to lock-up or any financial instrument that may be converted into, exercised or swapped with shares subject to lock-up, regardless of the fact that said transactions must be regulated, via the assignment of Nexi's ordinary shares or of other financial instruments, cash or otherwise;
- (ii) enter into any swap agreement or any other agreement or become a party of any transaction that may entail (including upon conditions) the transfer, entire or partial, direct or indirect, of the economic effects deriving from the ownership of any share subject to lock-up, regardless of the fact that said transactions must be regulated via the assignment of Nexi's ordinary shares or of other financial instruments, cash or otherwise (each one of the aforesaid transactions, including the ones mentioned under paragraph (i) above, a "Sale"); and
- (iii) publicly disclose the intention of performing any of the aforesaid transactions.

The aforesaid obligations shall not apply: (a) to Empco, with reference to one or more Sales involving up to one million shares assigned to them upon the effectiveness of the Nets Merger and (b) to Danish Manco, with reference to one or more Sales involving up to two million shares assigned to them upon the effectiveness of the Nets Merger.

#### **Management Sell-Down agreement**

Pursuant to the Management Sell-Down Agreement, the Nets Vehicles have undertaken, as of the date said agreement was signed and until the effective date of the Nets Merger, to refrain from and give instruction to its employees and managers holding a stake in the Nets Vehicles (the "Managers") to refrain from purchasing, directly or indirectly, Nexi shares unless it is compliant with the provisions set forth under the framework agreement governing the Nets Merger or that fall within the scope of possible incentive plans for employees, which may be concurred by the Nets Vehicles and/or Managers and Nexi following the subscription of the Management Sell-Down Agreement.

Should, following the closing of the Nets Merger and without prejudice to the terms of the Lock-Up Agreements, one or more Nets Vehicles or Investors propose to sell, transfer or otherwise distribute Nexi shares, such transfer must be executed based on the specific provisions set forth under the Management Sell-Down Agreement and, in the case in point, promptly informing, respectively, depending on the case, the



Investors or Nets Vehicles. Following said transfer, further Lock-Up Agreements shall be subscribed, depending on the case, by the Nets Vehicles or the Investors, it being understood that said agreements must not last more than ninety calendar days.

Should a Nets Vehicle sell or transfer, by any means, any stake directly held in Nexi shares to a Manager, including through the distribution by a Nets Vehicles, which entails that a Manager holds aggregate Nexi shares whose value exceeds Euro 5,000,000, said Nets Vehicle shall make sure that the Manager in point shall undertake, before the Investors, to comply – via a consent agreement or otherwise – with the provisions set forth under the Management Sell-Down Agreement (the sale or transfer being subject to said commitment taken by the relevant Manager).

#### **D. SIA FRAMEWORK AGREEMENT AND SIA SHAREHOLDERS' AGREEMENT**

On February 11, 2021 Nexi, SIA SpA (“**SIA**”), CDP Equity SpA (“**CDPE**”), FSIA Investimenti Srl (“**FSIA**”) and Mercury signed a binding framework agreement (the “**Framework Agreement**”) which aims to govern the terms and conditions of the merger by incorporation of SIA into Nexi (the “**SIA Merger**”).

More specifically, the SIA Framework Agreement envisages, inter alia, a series of covenants that are relevant including for the purposes set forth under article 122 of the TUF.

Furthermore, within the scope of of the SIA Merger, the parties undertook to sign a Shareholders' Agreement (the “**SIA Shareholders' Agreement**”) and, together with the SIA Framework Agreement, the “**SIA Shareholders Covenants**”) substantially consistent with one of the two versions, depending on the case, attached to the SIA Framework Agreement (release “A” or release “B”) that will come into force as of the effective date of the SIA Merger, itself too comprising specific relevant covenants pursuant to article 122 of the TUF with reference, inter alia, to the corporate governance of the entity resulting from the SIA Merger (the “**Resulting Entity**”) and to the transferability of shares that the shareholding parties shall come to hold upon closing of the SIA Merger.

In particular, (i) release “A” of the Shareholders' Agreement, to be signed by CDPE, FSIA, Mercury and the Nets Investors should the Nets Merger be completed as at the effective date of the SIA Merger, as expected (“**Covenant A**”), and (ii) release “B”, to be signed exclusively by CDPE, FSIA and Mercury should the Nets Merger not be completed as at the effective date of the SIA Merger (“**Covenant B**”). Should the Nets Merger come into force following the effective date of the SIA Merger, CDPE, FSIA and Mercury shall terminate Covenant B initially signed and shall sign Covenant A with the Nets Investors too, in the form previously agreed upon and attached to the SIA Framework Agreement.

Below are the relevant provisions of the SIA Shareholders Covenants. Please refer to the essential information pursuant to articles 122 of the TUF and 130 of the Issuers’ Regulation, available on Nexi’s website at [www.nexi.it](http://www.nexi.it) for further information on the SIA Shareholders Covenants.

##### *Section I – SIA Framework Agreement*

Please note that the SIA Merger is subject to, as is typical for these transactions, to happening, by June 30, 2022 (the “**Long Stop Date**”) of specific conditions precedent, including but not limited to: (a) the approval of the SIA Merger by Nexi’s extraordinary Shareholders' meeting, including through the whitewash mechanism for the purpose of exemption from Public Takeover Bid obligations; (b) the approval by Nexi’s extraordinary Shareholders' meeting of the new articles of association of the Resulting Entity, in force as at the effective date of the SIA Merger (the “**Effective Date**”) and (c) obtaining Italian and foreign regulatory and antitrust clearance should it be requested by the applicable laws (“**Regulatory Conditions**”).

Taking into account the effects of the Nets Merger on the SIA Merger, the SIA Framework Agreement sets forth some specific provisions concerning the closing of the SIA Merger based on the timing of the closing of the Nets Merger, aimed at neutralising or attenuating the dilutive effect for CDPE and FSIA deriving from the transaction with Nets, which include, among other things and very briefly, CDPE’s right, at its exclusive and unquestionable discretion, to request a resolution in favour of a SIA capital increase that allows, in the event of a full subscription of said capital, (a) SIA shareholders to hold, at the closing of the SIA Merger, an overall stake not exceeding 30.08% of the Resulting Entity’s share capital; and (b) CDPE and FSIA to hold,

jointly, at the closing of the SIA Merger, an overall stake not exceeding 25.0005% of the Resulting Entity's share capital (the "**SIA Capital Increase**"). Furthermore, should the closing of the Nets Merger occur after the meeting of the Boards of Directors of SIA and Nexi for approving, inter alia, the SIA merger documents, but before the closing of the SIA Merger itself, the Parties shall discuss, in good faith, the terms, modalities and mechanisms for: (a) neutralising (or minimising) the impact of the Nets Merger closing on the timing for the closing of the Transaction, (b) granting CDPE the right to request, alternatively, the SIA Capital Increase or a Nexi capital increase to be subscribed by CDPE and FSIA following the closing of the SIA Merger, or the execution of any other corporate/contractual transaction that allows CDPE and FSIA to hold (at the closing or subsequently) a number of Nexi shares or other financial instruments convertible into Nexi shares that can neutralise or minimise the dilutive effect of the Nets Merger.

**Designation of Directors upon closing, commitments as to the confirmation of the Chief Executive Officer and new Articles of Association**

The SIA Framework Agreement sets forth that:

- (i) as soon as possible and, under all circumstances, at least 30 days prior to the date of the Merger Meeting, the parties shall discuss and agree on the amendments to be made to the New Articles of Association connected to Nexi's corporate purpose;
- (ii) at least 6 calendar days prior to the closing date, CDPE and FSIA shall submit to Mercury and Nexi the names of the individuals they have designated to be appointed directors of the Resulting Entity at the closing;
- (iii) CDPE and FSIA, at the closing of the transaction, shall undertake to confirm Nexi's current Chief Executive Officer, Mr Paolo Bertoluzzo (a confirmation that cannot be unreasonably denied) including for the term that will commence at the Meeting that shall appoint the new Board of Directors, to succeed the one in office at the Effective Date (whose term shall expire at the meeting that will approve the financial statements as at December 31, 2021) and to stay in office until the date the Resulting Entity's financial statements as at December 31, 2024 are approved.

Lastly, please note that the SIA Framework Agreement envisages that, at any time following the date of subscription of the SIA Framework Agreement, CDPE may decide to transfer, for any reason and through any modality, all (not part of) the SIA shares it holds to CDP and, consequently, designate CDP as the entity that shall take on all the rights and obligations of CDPE, pursuant to the SIA Framework Agreement, and that shall execute said SIA Framework Agreement (including possible rights and obligations arisen prior to the designation date and to be entirely or partially fulfilled after such date).

**Interim Lock-Up of Mercury, CDPE and FSIA and Allowed Transfers**

Pursuant to the SIA Framework Agreement, throughout the Interim Period, (i) CDPE and FSIA undertook not to transfer any SIA share they held at any time and (ii) Mercury undertook not to transfer the Nexi shares it held at any time (the "**Interim Lock-Up**").

CDPE and FSIA may still transfer all or part of the SIA shares they hold to another company that, either directly or indirectly, is controlled by, controlling, or subject to joint control with, the transferor, including – as regards CDPE – the CDPE Vehicle. Said transfers shall be effective solely if specific conditions provided for by the SIA Framework Agreement occur. Likewise, Mercury may transfer all or part of its Nexi shares only if specific conditions provided for by the SIA Framework Agreement occur.

**Section II – below are the main contents of the Shareholders' Agreements provided for under Covenant A, concerning Nexi.**

**No separate agreement, no mandatory public takeover bid**

Each party of Covenant A (hereinafter, individually referred to as the "**Party**" and, collectively, as the "**Parties**") shall confirm and undertake to make sure that the actors associated with it are not a party of - and shall not enter into – any Shareholders' Agreement concerning Nexi, other than: (i) the SIA Shareholders' Agreement; (ii) the rights and obligations of shareholders proceeding from or related to the SIA Framework Agreement; (iii) the Shareholders' Agreement between Mercury shareholders entered into on March 11, 2019, as subsequently amended or supplemented, concerning Mercury and Nexi; (iv) the Nets Shareholders'

Agreement; (v) the Management Sell-Down Letter, as subsequently modified or supplanted, as provided for under the Nets Framework Agreement (the “**Management Sell-Down Letter**”); (vi) any type of Shareholders' Agreement entered into (or to be entered into) by CDPE and one or more strategic partners, acting as shareholders of the CDPE Vehicle, concerning the CDPE Vehicle itself and – without prejudice to the compliance with the several covenants concerning the CDPE Vehicle and set forth under the SIA Shareholders' Agreement – the Resulting Entity; (vii) any Shareholders' Agreement entered into (or to be entered into) by H&F and its current or future shareholders as H&F partners insofar as said agreements do not directly or indirectly concern Nexi's governance; and (viii) any agreement to be entered into by CDPE and Poste Italiane SpA that sets the terms for the Reorganisation of FSIA and the transfer to CDPE (or any of its affiliated companies, including the CDPE Vehicle) of Nexi shares possibly held by Poste Italiane SpA (all rights, obligations and agreements set forth under paragraphs (iii) to (viii) above, hereinafter, jointly and for the purposes of Covenant A, shall be referred to as “**Other Shareholders' Agreements**”).

For the entire term of the SIA Shareholders' Agreement, each Party undertakes, before the others: (a) not to, (b) to make sure that its subsidiaries do not and (c) take all reasonable actions to make sure that any other party acting jointly with it or with one of its subsidiaries does not cause the launching of a mandatory public takeover bid by one of the Parties, individually or collectively (including following the purchase of any share or the execution of any Shareholders' Agreement). To this regard, each Party shall undertake to (i) promptly inform the other Parties as to any purchase or transfer of shares of the Resulting Entity or as to the execution of any Shareholders' Agreement that may be relevant in view of the above, and (ii) hold the other Parties harmless from any liability that the latter may incur should said Party have caused the compulsory launch of a mandatory public takeover bid on the shares of the Resulting Entity for one or all the other Parties.

#### **Key governance standards**

The Parties shall set some key governance standards in accordance, among other things, with the best practices and governance standards applicable to the national and foreign, similar-sized listed companies. Furthermore, the Parties agree that Nexi Group shall be administrated by a highly specialised management team that is appreciated by institutional investors, leveraging the professional expertise at several organisational levels of the inhouse resources of both Nexi and SIA, in place as at the date of the SIA Shareholders' Agreement. In particular, the management team shall be identified by the Resulting Entity's Chief Executive Officer: (a) based on the best practices for similar sized listed companies and consistent with the relevant standards and guidelines, and (b) taking due account of the expertise and professionalism – in both SIA and Nexi – required for the future growth of the Resulting Entity.

The Parties (other than H&F) agree that Nexi's Board of Directors shall adopt, as quickly as possible following the date of the SIA Shareholders' Agreement: (a) an initial Business Plan that reflects and amplifies the guidelines agreed upon by Nexi, SIA, Mercury, CDPE and FSIA pursuant to the SIA Framework Agreement; and (b) an adequate management retention system (in cash and/or shares) that envisages lock-up obligations and, if necessary, vesting obligations, consistent with the best practices adopted by similar-sized listed companies. For the entire term of the SIA Shareholders' Agreement, said Parties shall monitor compliance with the concurred guidelines and shall exercise their voting and other rights as shareholders of the Resulting Entity so as to fully enforce the guidelines while pursuing the primary and common goal of creating value for and in the best interest of all shareholders.

#### **Resolutions of Nexi's Shareholders' meeting and Board of Directors**

Each Party shall exercise its voting rights as shareholder of the Resulting Entity in a coordinated way and collectively with the other Parties in terms of resolutions concerning: (i) with the exception of H&F, some confidential matters (as detailed under the SIA Framework Agreement), so that, should AB Investors, Mercury, CDPE and FSIA fail to reach a common stance with reference to the relevant resolution, all the Parties (save for H&F, which may vote at its discretion) shall vote together to turn down the resolution, and (ii) the appointment of Nexi's Board of Directors and Nexi's Board of Statutory Auditors, while always complying with the provisions of the SIA Shareholders' Agreement. Furthermore, each Party shall, to the extent permitted by the applicable laws and in accordance with their fiduciary duties, make sure that each director designated by said Party, from time to time, for the Resulting Entity (but, for the sake of clarity, excluding any independent director), exercise their voting rights and powers in a coordinated way and collectively with the directors designated by the other Parties in terms of resolutions concerning: (i) with the

exception of H&F, Confidential Matters (as detailed under the SIA Framework Agreement) applicable in such a way that, should the non-independent directors designated by AB Investors, Mercury, CDPE and FSIA fail to reach a common stance as to the relevant resolution, all directors designated by the Parties (other than the directors designated by H&F, who may vote at their discretion) shall vote together to turn down the resolution and (ii) the appointment/replacement of the Chief Executive Officer, the replacement of the Board of Directors' members pursuant to article 2386, paragraph 1, of the Italian Civil Code and any other applicable issue, so as to always comply with the provisions set forth under the SIA Shareholders' Agreement.

### **Composition of Nexi's Board of Directors and Board of Statutory Auditors**

#### **Board of Directors**

Starting from the Effective Date and until the first of the following dates – (i) the date of the Shareholders' meeting summoned to approve the yearly financial statements as at December 31, 2020, and (ii) the date of the Shareholders' meeting summoned to appoint a new Nexi Board of Directors to succeed the one in office at the Effective Date (hereinafter, the “**First Term**”) – the breakdown of the Board of Directors shall be as follows:

- (i) six directors (one non-independent director to be appointed as deputy chairperson, four independent directors and one director that must meet the gender requirements provided for by the applicable laws) designated jointly by CDPE and FSIA;
- (ii) Paolo Bertoluzzo, as Nexi Chief Executive Officer (“**Initial CEO**”);
- (iii) four directors (one to be appointed as chairperson, three including non-independent directors and one independent director and two directors that must meet the gender diversity requirements provided for by the applicable laws) designated by Mercury;
- (iv) one director – including non-independent – designated by AB Europe;
- (v) one director – including non-independent – designated by Eagle SCA; and
- (vi) two directors – including non-independent – designated by H&F.

Such breakdown of the Board of Directors may be modified should, during the First Term, the percentage of the aggregate stake in the Resulting Entity's share capital directly or indirectly held (including through the CDPE Vehicle) by CDPE and FSIA drop below a specific Governance Threshold (as defined under the SIA Shareholders' Agreement). In the latter case, CDPE and FSIA shall make sure that one independent director they have designated promptly resigns from office and the Parties shall make sure that said resigning director be replaced by one independent director designated jointly by Mercury and by AB Investors. Departing from the above, each of the rights set forth under points (iii), (iv) and (v) above shall be deemed assigned to Mercury and to AB Investors.

Starting from the expiry of the First Term (excluded) and until the date of the Shareholders' meeting that must approve the yearly financial statements of the Resulting Entity as at December 31, 2024 (hereinafter, the “**Second Term**”), should CDPE and FSIA hold, directly or indirectly (including through the CDPE Vehicle) an aggregate percentage in the Resulting Entity's share capital that is equal to or greater than the Governance Threshold, Nexi's Board of Directors shall be composed as follows:

- (i) six directors (five independent directors and one of whom to be appointed as chairperson, and two of whom must meet the gender requirements provided for by the applicable laws) designated jointly by CDPE and FSIA;
- (ii) two directors – including non-independent – designated jointly by Mercury and AB Investors;
- (iii) without prejudice to as otherwise provided for under the SIA Shareholders' Agreement, the Initial CEO;
- (iv) two directors – including non-independent – designated by H&F;
- (v) two directors designated by the minorities.

Otherwise, starting from the expiry of the First Term (excluded) and until the Second Term, should CDPE

and FSIA directly or indirectly hold (including through the CDPE Vehicle) an aggregate percentage of the Resulting Entity's share capital that is below the Governance Threshold, Nexi's Board of Directors shall break down as follows:

- (i) five directors (four independent directors - one of whom to be appointed as chairperson – and two of whom must meet the gender requirements provided for by the applicable laws) designated jointly by CDPE and FSIA;
- (ii) three directors (one of whom independent and, in this case, one of whom that meets the gender requirements provided for by the applicable laws) designated jointly by Mercury and AB Investors;
- (iii) without prejudice to as otherwise provided for under the SIA Shareholders' Agreement, the Initial CEO;
- (iv) two directors – including non-independent – designated by H&F; and
- (v) two directors designated by the minorities.

Such breakdown of the Board of Directors may be modified should there be, during the Second Term, an increase or decrease of the percentage of the aggregate stake directly or indirectly held in the Resulting Entity's share capital (including through the CDPE Vehicle) by CDPE and FSIA that leads to exceed or drop below the Governance Threshold. In the latter case, Mercury and AB Investors, or CDPE and FSIA (depending on the case) shall make sure that one independent director they have designated promptly resigns from office and that all Parties shall make sure that the resigning director be replaced by one independent director designated jointly by CDPE and FSIA, or Mercury and AB Investors (depending on the case).

Each director designated pursuant to the above, save for the individual that shall be appointed as Nexi CEO (the “**Chief Executive Officer**”), may be revoked (with or without just cause) from time to time, at any time, by the Shareholders' meeting, upon request of the Party or Parties that designated them. The requesting Party or Parties shall hold Nexi and/or the other Party or Parties harmless from any claim or action the revoked director may respectively submit or take with reference to said revocation from office. Should a designated director, save for anyone who is CEO of the Company, resign or terminate their office, regardless of the reason, during the First or Second Term (depending on the case), the Party or Parties that have designated them shall have the right to designate the new director, in order to retain the aforesaid membership of the Board of Directors.

The Parties agree that there shall be no prejudice to the rights of H&F provided for under the Nets Shareholders' Agreement.

During the First Term, the Initial CEO (a) shall be the Chief Executive Officer and general manager of Nexi and Nexi Group, and (b) shall hold, in the other subsidiaries of the Group, the same powers/proxies and the same roles/titles held as at the date of the SIA Shareholders' Agreement.

Without prejudice to the above, should the Initial CEO cease to be Chief Executive Officer, regardless of the reason, no later than 15 (fifteen) days of the effective date of their termination of office (unless CDPE, FSIA, AB Investors and Mercury have, in the meantime, agreed in writing on the individual who shall replace the Initial CEO as Nexi Chief Executive Officer and General Manager – hereinafter, the “**New Chief Executive Officer**”), CDPE, FSIA, AB Investors and Mercury (who shall pre-emptively consult with H&F), supported by a specialised head-hunter – identified jointly – shall proceed to select the New Chief Executive Officer, in accordance with the modalities and criteria set forth under the SIA Shareholders' Agreement.

#### Board of Statutory Auditors

During the First Term, the Board of Statutory Auditors shall break down as follows:

- (i) one statutory auditor and one alternate auditor designated jointly by CDPE and FSIA; and
- (ii) the remaining two statutory auditors – one acting as chairperson of the Board of Statutory Auditors and one alternate auditor – jointly designated by Mercury and AB Investors.

Each Party shall make sure that, for the entire duration of the Second Term, the Board of Statutory Auditors be composed as follows (in accordance with the applicable laws and the New Articles of Association):

- (i) one statutory auditor and one alternate auditor designated jointly by CDPE and FSIA;
- (ii) one statutory auditor designated jointly by AB Investors and Mercury; and
- (iii) one statutory auditor that shall be chairperson of the Board of Statutory Auditors and one alternate auditor designated by the minorities.

Should a statutory auditor and/or alternate auditor designated pursuant to the above resign or cease to be in office, regardless of the reason, before their term expires, the Party/ies that have designated said auditor shall designate (in accordance with the applicable laws and with the New Articles of Association) the new auditor so as to retain the aforesaid membership of the Board of Statutory Auditors.

**Lock-ups, allowed transfers and call options**

The Parties (other than AB Investors and H&F) agree that for a period of:

- (i) 6 months starting from the effective date of the SIA Merger (hereinafter, “**First Lock-Up Period**”), no Party may transfer the Resulting Entity’s shares and may not perform any hedging of the Resulting Entity’s shares; and
- (ii) 12 months starting from the First Lock-Up Period (hereinafter, “**Second Lock-Up Period**”), no Party may transfer the Resulting Entity’s shares, unless specific exceptions are provided for under the SIA Shareholders' Agreement.

Departing from the above, at any time, including during the First Lock-Up Period and the Second Lock-Up Period:

- (i) each Party may transfer all or part of their shares in the Resulting Entity (a) to their affiliated companies, or (b) in accordance with the mandatory laws or following the order of any authority holding jurisdiction; and
- (ii) Mercury shall have the right to transfer (all or part) of its Nexi shares (a) to its affiliated companies and to Intesa SanPaolo SpA (in the latter case up to 2.5% of Nexi’s share capital); (b) to parties bound to Nexi by subordinate employment relationship at the date of the SIA Shareholders' Agreement (and any other party for the purpose of possible sell-to-cover procedures); (c) in accordance with the lock-up obligations explicitly taken on by Mercury under the placement agreements subscribed by Mercury itself on October 6, 2020; (d) to Clessidra (or to Fides, or any other of its affiliated companies) as a result of the reorganisation of Mercury, subject to the fact that the party receiving the shares accepts to join in the SIA Shareholders' Agreement; (e) in accordance with the obligations and/or rights that Mercury has granted and that compel it to transfer Nexi shares, under all circumstances insofar as said obligations and/or rights have been disclosed to CDPE and FSIA before the subscription date of the SIA Shareholders' Agreement; and (f) pursuant to (i) any security interest, margin loan or similar financing taken out by Mercury and/or its partners, including indirect ones, concerning shares and/or (ii) any application of the latter;

without prejudice to some specific conditions (as provided for under the SIA Framework Agreement) for the purpose of the effectiveness of any transfer, pursuant to point (i)(a) above, to an affiliated company that is not already a Party of the SIA Shareholders' Agreement.

Departing from any contrary provision set forth under the Other Shareholders' Agreements, for the entire term of the SIA Shareholders' Agreement, AB Investors shall undertake, including without prior written consent by CDPE (which shall not be unreasonably denied should CDPE, along with FSIA and their affiliated companies, on the whole, retain a stake that exceeds that of each of the AB Investors, Mercury and their affiliated companies), not to: (i) transfer their shares in the Resulting Entity to any affiliated party (directly or indirectly through their subsidiaries), neither from AB Europe, nor from Eagle SCA; and (ii) not to transfer their shares in the Resulting Entity to Mercury or one of its subsidiaries. ***In the event that*** Mercury, AB Europe and/or Eagle SCA all decide to make an individual or joint transfer of all or part of their shares accounting for at least 1% of Nexi’s share capital, CDPE shall hold an irrevocable option concerning the right to purchase the shares being transfers. Said call option, if applicable, shall be exercised by CDPE in accordance with the specific terms and conditions set forth under the SIA Shareholders' Agreement, including the fact that exercising said call option shall not lead to the obligation of launching a mandatory public

takeover bid on the shares and that all mandatory authorisations provided for by the laws and regulations be obtained. The procedure concerning the exercise of the call option shall apply, mutatis mutandis, including in the event of further transfers of all or part of the shares held in the Resulting Entity by one of the aforesaid parties, accounting for at least 1% of the Resulting Entity's share capital, until the total shares held account for at least 5% of the Resulting Entity's share capital.

Mercury and AB Investors shall undertake, with the SIA Shareholders' Agreement, (i) not to promote, support and/or encourage any stake building strategy concerning the Resulting Entity by digital payments business operators or by any of their affiliated companies, and (ii) not to search, encourage or submit any offer by said operators/competitors or any of their affiliated companies for the direct or indirect purchase of all or part of the shares held. For the purpose of clarity, it is understood that any general talks with the aforesaid operators concerning matters other than the ones mentioned above shall not constitute a breach of the aforesaid commitments.

*Section III – below are the main contents of the Shareholders' Agreements provided for under Covenant B, concerning Nexi*

*No separate agreement, no mandatory public takeover bid*

Each party of Covenant A (hereinafter, individually referred to as the “**Party**” and, collectively, as the “**Parties**”) confirms and undertakes to make sure that the actors associated with it are not a party of - and shall not enter into – any Shareholders' Agreement concerning Nexi, other than: (i) the SIA Shareholders' Agreement; (ii) the rights and obligations of shareholders proceeding from or related to the SIA Framework Agreement; (iii) the rights and obligations proceeding from or related to the Nets Framework agreement; (iv) the Shareholders' Agreement between Mercury shareholders entered into on March 11, 2019, as subsequently amended or supplemented, concerning Mercury and Nexi; (v) the Nets Shareholders' Agreement; (vi) the Management Sell-Down Letter; (vii) any type of Shareholders' Agreement entered into (or to be entered into) by CDPE and one or more strategic partners, acting as shareholders of the CDPE Vehicle (as defined below), concerning the CDPE Vehicle itself and – without prejudice to the compliance with the several covenants concerning the CDPE Vehicle and set forth under the SIA Shareholders' Agreement – the Resulting Entity; and (viii) any agreement to be entered into by CDPE and Poste Italiane SpA that sets the terms for the Reorganisation of FSIA and the transfer to CDPE (or any of its affiliated companies, including the CDPE Vehicle) of Nexi shares held by Poste Italiane SpA at the outcome (all rights, obligations and agreements set forth under paragraphs (iii) to (viii) above, hereinafter, jointly and for the purposes of Covenant A, shall be referred to as “**Other Shareholders' Agreements**”).

For the entire term of the SIA Shareholders' Agreement, each Party undertakes, before the others: (a) not to, (b) to make sure that its subsidiaries do not and (c) take all reasonable actions to make sure that any other party acting jointly with it or with one of its subsidiaries does not cause the launching of a mandatory public takeover bid by one of the Parties, individually or collectively (including following the purchase of any share or the execution of any Shareholders' Agreement). To this regard, each Party shall undertake to (i) promptly inform the other Parties as to any purchase or transfer of shares of the Resulting Entity or as to the execution of any Shareholders' Agreement that may be relevant in view of the above, and (ii) hold the other Parties harmless from any liability that the latter may incur should said Party have caused the compulsory launch of a mandatory public takeover bid on the shares of the Resulting Entity for one or all the other Parties

*Key governance standards*

For further information on this paragraph, please refer to the provisions set forth under the pertinent paragraph under Covenant A, it being understood that said provisions, pursuant to Covenant B, do not apply to AB Investors and H&F.

*Resolutions of Nexi's Shareholders' meeting and Board of Directors*

For further information on this paragraph, please refer to the provisions set forth under the pertinent paragraph under Covenant A, it being understood that said provisions, pursuant to Covenant B, do not apply to AB Investors and H&F.

*Composition of Nexi's Board of Directors and Board of Statutory Auditors*

### Board of Directors

The Parties shall undertake to make sure that the Board of Directors, as at the effective date of the SIA Merger, be composed as follows:

- (i) six directors (two of whom must meet the gender requirements provided for by the applicable laws and four of whom must be independent – one, independent, to be appointed chairperson) designated jointly by CDPE and FSIA;
- (ii) the Initial CEO;
- (iii) four directors (one of whom independent and meeting the gender requirements provided for by the applicable laws) designated by Mercury; and
- (iv) two directors designated by the minorities.

Such breakdown of the Board of Directors may be modified should Mercury (either directly or indirectly, through one of its Affiliated Companies) not longer hold an aggregate percentage of at least 13.5% of the Resulting Entity's share capital (owing to reasons other than any authorised transfer). Mercury shall make sure that an independent director (that meets gender requirements) it has designated promptly resigns from office and all the Parties shall make sure that the resigning director be replaced by an independent director (that meets the gender requirements) designated by CDPE and FSIA.

Should Mercury (directly or indirectly, through one of its Affiliated Companies) no longer hold an aggregate percentage of at least 12% of the Resulting Entity's share capital (owing to reasons other than any authorised transfer), Mercury shall make sure that an director it has designated resigns promptly from office and all the Parties shall make sure that the resigning director be replaced by an independent director designated by CDPE and FSIA.

The Parties shall make sure that at least one director designated by Mercury and CDPE and FSIA be a member of: (x) the Resulting Entity's strategic committee; and (y) any committee of the Board of Directors where, from time to time, at least one director designated by the other Party/ies is a member.

Each director designated pursuant to the above, save for any Chief Executive Officer, may be revoked (with or without just cause), from time to time, at any time, by the Shareholders' meeting, upon request of the Party or Parties that have designated them. The requesting Party or Parties shall hold Nexi and/or the other Parties harmless from any claim or action the revoked directors may submit or take with reference to said removal from office. Should a designated director, save for any Chief Executive Officer, resign or otherwise cease, regardless of the reason, to be in office, the Party or Parties that have designated them shall hold the right to designate the new director in order to retain the aforesaid membership of the Board of Directors.

For the entire term of Covenant B, the Initial CEO (a) shall be the Chief Executive Officer and General Manager of Nexi and Nexi Group, and (b) shall retain, in the other subsidiaries of the Group, the same powers/proxies and the same roles/titles held as at the date of the SIA Shareholders' Agreement.

With reference to the possible appointment of the “**New Chief Executive Officer**”, the rules and procedures, mutatis mutandis, set forth under Covenant A shall apply.

### Board of Statutory Auditors

For the term of the SIA Shareholders' Agreement, the Board of Statutory Auditors shall break down as follows:

- (i) one statutory auditor and one alternate auditor designated jointly by CDPE and FSIA;
- (ii) one statutory auditor designated by Mercury; and
- (iii) one statutory auditor, who shall act as chairperson of the Board of Statutory Auditors, and one alternate auditor, designated by the minorities.

Should a statutory and/or alternate auditor designated pursuant to the above resign or otherwise cease to be in office, regardless of the reason, before their term of office expires, the Party/ies that designated said auditor shall designate (in accordance with the applicable laws and with the new articles of association of the



Resulting Entity) the new auditor so as to retain the aforesaid membership of the Board of Statutory Auditors.

### **Permitted Lock-ups and transfers**

Further information on this paragraph can be found under the pertinent paragraph under Covenant A, it being understood that said provisions, pursuant to Covenant B, do not concern AB Investors and H&F. For the purpose of clarity, please note that pursuant to Covenant B, the provisions concerning the call option granted to CDPE shall not apply.

## **2.8 CHANGE OF CONTROL CLAUSES AND TAKEOVER-RELATED STATUTORY PROVISIONS**

### **2.8.1 CHANGE OF CONTROL CLAUSES**

The following are the relevant contracts in which the Company or its subsidiaries appear as parties and that shall be enforced, modified or terminated should the Company undergo a change of control.

#### **ISP Transaction**

The strategic transaction defined as ISP Transaction, approved by the Company's Board of Directors on December 19, 2019, had the purpose of and featured, inter alia, *a*) the conferral of all tangible and intangible assets, organised by ISP for performing the merchant acquiring activity, to Nexi Payments (the "**Transferee**") under the subscription and endorsement of a capital increase for ISP itself, excluding the option right pursuant to article 2441, paragraph 4 of the Italian Civil Code, as well as the subsequent all-cash acquisition, by the Company, of all shares held in ISP following said capital increase in the Transferee upon said conferral and *b*) the signing of a 25-year agreement between the Transferee and ISP concerning ISP's marketing and distribution, among its merchant clients, of the products and services of the Group's Merchant Digital Acceptance business (the "**Distribution Agreement**"). For the sake of completeness, please note that the Distribution Agreement envisages ISP's termination right should, following a direct or indirect change of control in the Transferee, a direct competitor of ISP acquire, on its own or jointly with other parties, control (including jointly with third parties) of the Transferee. The ISP Transaction was finalised on June 30, 2020, following the happening of the conditions precedent set forth under said agreements, including obtaining clearance from the Bank of Italy and the European Antitrust Authority. For further information on the ISP Transaction please refer to the report published by the Company on December 23, 2019, available on the website [www.nexi.it](http://www.nexi.it) and on the authorised storage mechanism "eMarket STORAGE".

#### **Loan Agreements**

- On March 20, 2019, the Company, subsidiaries Nexi Payments and Mercury Payment Services and a number of banks signed a financing agreement ("**IPO Facilities Agreement**") pursuant to which the banks granted the Company, Nexi Payments and Mercury Payment Services, in accordance with the terms and conditions set forth therein, a line of credit (term loan) originally of Euro 1,165,000,000 – currently Euro 1,000,000,000 – and a revolving line of credit of Euro 350,000,000 to be used, inter alia, respectively, to partially refund the Group's financial indebtedness in place at the time and fund or refund working capital needs and/or to meet the Group's general corporate requirements.
- On June 26, 2020, the Company and a number of banks signed a financing agreement (the "**Term Facility Agreement**") and, together with the IPO Facilities Agreement, the "**Financing Agreements**") pursuant to which the banks granted the Company, consistent with the terms and conditions set forth therein, a line of credit (term loan) for an overall amount of Euro 466,500,000 used, together with the proceeds of the EL Notes 2020 and other cash equivalents of the Company, to comply with the Company's payment obligations to ISP stemming from the ISP Transaction and to pay for all fees, costs and expenses related to said transactions.

Nexi shall refund the relevant lines of credit should, among other things:

- i) a party, or a group of parties acting collectively (with the exception of parties defined as "Equity Investors", pursuant to the Financing Agreements) that do not control Nexi, come to directly or indirectly hold a stake of 50%+1 of the relevant share capital with voting rights; or

- ii) in the event of a sale of all or substantially all the Group's assets to parties not belonging to said Group (both through individual sales or via several related transactions).

### **HY Notes**

On October 21, 2019, Nexi issued senior notes, governed by the laws of the State of New York, worth Euro 825 million due in 2024, listed on the multilateral trading facility "Euro MTF" of the Luxembourg Stock Exchange and placed with qualified investors ("**HY Notes**"). The proceeds of the HY Notes issuance have been used, together with other cash equivalents of the Company, for the entire, early refund of the "825,000,000 4 $\frac{1}{8}$ % Senior Secured Notes due 2023" bond, worth Euro 825 million, issued in May 2018 by Nexi Capital SpA (company merged by incorporation into Nexi in December 2018) and for the payment of the relevant costs and expenses.

The Financing Agreements, the indenture related to the HY Notes of October 21, 2019 ("**HY Notes Indenture**") and the *Terms and Conditions* of the EL Notes set forth under the *trust deed* of April 24, 2020 (le "**EL Notes T&Cs 2020**") and the *Terms and Conditions* of EL Notes 2021 set forth under the trust deed of [February 24, 2021] (the "**EL Notes T&Cs 2021**") envisage, inter alia, the possibility of an early refund under specific circumstances, including the ones listed below, associated with a possible change of control.

Each holder of *HY Notes* may ask the Company for an entire or partial early redemption of the HY Notes held, for an amount equivalent to 101% of the principal amount, as well as the accrued interest not paid at the early refund date, under one of the following circumstances:

- 1) the sale or any other provision other than a merger, a consolidation, a transfer of Nexi Voting Stocks (as defined under the HY Notes Indenture) concerning all (or substantially all) the assets and properties of the Company and of its subsidiaries, jointly considered, to any party (as defined under Section 13(d)(3) of the *United States Securities Exchange Act* of 1934, as amended) other than one or more of the Permitted Holders (as defined in the HY Notes Indenture), except for the sale or other provision concerning all (or substantially all) the assets and properties of the Company and its subsidiaries to a Company's affiliated company (as defined in the HY Notes Indenture), so as to reincorporate the Company under another jurisdiction, change its residence or company structure upon condition that said transaction be performed in accordance with the commitments and limitations set forth under the section "*Certain Covenants – Merger, Consolidation or Sale of Substantially all Assets*" under the HY Notes Indenture; or
- 2) the completion of any transaction (including, for example, any merger or consolidation) following which a person (as defined under Section 13(d)(3) of the *United States Securities Exchange Act* of 1934, as amended) other than one or more of the Permitted Holders (as defined in the HY Notes Indenture) directly or indirectly becomes the Beneficial Owner (as defined in the HY Notes Indenture) of more than 50% of the Company's voting stock (as defined in the HY Notes Indenture) considering voting rights and not the number of shares, without prejudice to the fact that, for the purposes of this provision, the event in point s shall not be considered occurred should the Company become a subsidiary of a Parent Holdco (as defined in the HY Notes Indenture),

provided that, in each case (sub 1) and 2)), during the 90 days following the occurrence of the events indicated in sub 1) and 2) (such period may be extended for a further 90 days should a rating agency announce to the general public that it is considering a possible downgrade of the HY Notes) there has been a *Rating Event*, as defined and provided for under the HY Notes Indenture.

### **EL Notes 2020**

On April 24, 2020, Nexi issued an equity-linked bond, governed by the English law, worth Euro 500 million due in 2027, listed on the multilateral trading facility "Vienna MTF" of the Vienna Stock Exchange, starting on May 8, 2020 ("**EL Notes**"). EL Notes are bonds that may be converted into ordinary shares of the Company, consistent with the terms and conditions set forth under the EL Notes regulation 2020. The proceeds of the EL Notes issuance have been used, together with other cash equivalents of the Company, to partially fund the amount due for the strategic transaction with Intesa SanPaolo SpA ("**ISP**" and "**ISP Transaction**") described below.

Each holder of EL Notes 2020 may ask the Company for an early redemption of the held EL Notes 2020, for an amount equivalent to the issue price and the interest accrued and not paid at the date of the early redemption (excluded), under one of the following circumstances:

- 1) (x) the submission of an offer (by a party other than a Permitted Holder (as defined under the EL Notes T&Cs 2020) to all the shareholders (or to a number of shareholders that is as close as possible to the overall number) other than the bidder and/or parties related to it for the takeover of all or of the majority of the Company shares and the takeover, by the bidder, of the ownership of the Company; or (y) a person (other than a Permitted Holder) or more people that act in agreement or collectively, taking over the Company's ownership, in each case sub (x) and (y) unless said circumstances result from an *Exempt Newco Scheme* (as defined under the EL Notes T&Cs 2020), without prejudice to the fact that (A) with reference to paragraphs (x) and (y), "control" means the taking over, the holding, the legal or beneficial ownership or the control of an overall share of voting rights (as defined under the EL Notes T&Cs 2020) in the Company exceeding 50% and (B) with reference to paragraph (y), should a Permitted Holder act in agreement with or collectively with one or more people, the voting rights ascribed to the shares held by said Permitted Holder shall not be taken into consideration when determining whether said person (or people) have taken over control of the Company; or
- 2) on each market trading day, throughout a period of at least 30 consecutive trading days, the Floating amount (as defined under the EL Notes T&Cs 2020) is equal to or less than 25% of the Company's ordinary shares issued and circulating (it being understood that, for the purposes of said calculation, the shares held by the Company and by the companies controlled by it shall be deemed not issued and not circulating).

### **EL Notes 2021**

On February 24, 2021, Nexi issued an equity-linked bond, governed by the English law, worth Euro 1 billion for principal due in 2028, listed on the multilateral trading facility "Vienna MTF" on the Vienna Stock Exchange, starting on the date of issuance (the "**EL Notes 2021**"). The EL Notes 2021 are bonds convertible into ordinary shares of the Company in accordance with the terms and conditions set forth under the regulation of the EL Notes 2021. The proceeds deriving from the issuance of the EL Notes 2021 shall be used to partially refinance the Nets group's indebtedness as at the merger disclosed to the market on November 15, 2020 and/or for performing Nexi's trademark activity.

Each holder of EL Notes 2021 may ask the Company for an early redemption of the held EL Notes 2021, for an amount equivalent to the issue price, under one of the following circumstances:

- 1) (x) the submission of an offer (by a party other than a Permitted Holder (as defined under the EL Notes T&Cs 2021) to all the shareholders (or to a number of shareholders that is as close as possible to the overall number) other than the bidder and/or parties related to it for the takeover of all or of the majority of the Company shares and the takeover, by the bidder, of the ownership of the Company; or (y) a person (other than a Permitted Holder) or more people that act in agreement or collectively, taking over the Company's ownership, in each case sub (x) and (y) unless said circumstances result from an *Exempt Newco Scheme* (as defined under the EL Notes T&Cs 2021), without prejudice to the fact that (A) with reference to paragraphs (x) and (y), "control" means the taking over, the holding, the legal or beneficial ownership or the control of an overall share of voting rights (as defined under the EL Notes T&Cs 2021) in the Company exceeding 50% and (B) with reference to paragraph (y), should a Permitted Holder act in agreement with or collectively with one or more people, the voting rights ascribed to the shares held by said Permitted Holder shall not be taken into consideration when determining whether said person (or people) have taken over control of the Company; or
- 2) on each open market trading day, throughout a period of at least 30 consecutive trading days, the Floating amount (as defined under the EL Notes T&Cs 2021) is equal to or less than 25% of the Company's ordinary shares issued and circulating (it being understood that, for the purposes of said calculation, the shares held by the Company and by the companies controlled by it shall be deemed not issued and not circulating).

## **2.8.2 TAKEOVER-RELATED STATUTORY PROVISIONS**

Regarding public takeover and exchange/swap bids, please note that the Company's Articles of Association do not provide for exceptions to the provisions concerning the passivity rule, set forth under article 104, paragraphs 1 and 1a of the TUF, nor for the enforcement of neutralisation/annulment rules set forth under article 104a, paragraphs 2 and 3, of the TUF.

## **2.9 POWER OF ATTORNEY FOR INCREASING SHARE CAPITAL AND AUTHORISING THE PURCHASE OF TREASURY SHARES**

The extraordinary Shareholders' Meeting held on March 12, 2019 resolved on a share capital increase – whose terms and conditions were approved by the Company's Board of Directors on March 26, 2019 and April 11, 2019 – for a maximum amount of Euro 750,000,000 to be used for the institutional placement of the Company's ordinary shares, itself functional to the listing on the MTA (which took place on April 16, 2019). Said capital increase has been subscribed and paid up for an overall amount (par value and share premium) of Euro 699,999,993, for a nominal capital of Euro 7,070,707 with a consequent issuance of a total of 77,777,777 shares. Following this, the Company's share capital, subscribed and paid in, was Euro 57,070,707. The certification of the new share capital total was filed at the Registry of Companies of Milan on April 16, 2019, together with the Company's updated Articles of Association.

The extraordinary Shareholders' Meeting held on March 12, 2019 also resolved to grant the Board of Directors, pursuant to article 2443 of the Italian Civil Code, the power to authorise, within sixty months, a free share capital increase – divisible and in one or several tranches – pursuant to article 2349, paragraph 1 of the Italian Civil Code, by means of the available profits or reserves, for a maximum amount of Euro 1,000,000.00 to be ascribed entirely as capital through an issuance of an overall number of shares that must not exceed 1.5% of the number of Company shares existing following the listing, with regular dividend rights, to be used for the three-year Long Term Incentive plan (LTI), which provides for the free ascription of Nexi's ordinary shares to selected employees following the achievement of the pre-set targets. For further information on the aforesaid plan please refer to the Remuneration Report.

The ordinary Shareholders' Meeting, held on May 5, 2020, resolved to: i) revoke the plan for the purchase and distribution of treasury shares approved by the Shareholders' meeting held on March 12, 2019; ii) authorise, pursuant and within the limits set by article 2357 of the Italian Civil Code, the purchase, in one or more tranches, of a maximum number of ordinary shares that allows the Company to hold – should the granted option be fully exercised within eighteen months – a number of shares not exceeding 1.5% of the share capital, abiding all limits set by the law, for achieving the goals and in compliance with the terms and conditions set forth under the Board of Directors' illustrative report submitted to the Shareholders' meeting (drafted and published pursuant to the law); iii) authorise, pursuant to article 2357b of the Italian Civil Code, the execution of acts of disposition, in one or more tranches, on treasury shares purchased or previously held by the Company as at the Shareholders' meeting date, in accordance with the rules and regulations applicable from time to time, for achieving the goal set forth under said report of the Board of Directors. As at the date of the Report, Nexi holds no treasury shares, nor did it hold any as at December 31, 2020.

The extraordinary Shareholders' Meeting, held on June 29, 2020, resolved to increase the share capital paid in cash, divisible, excluding option rights pursuant to article 2441, paragraph 5 of the Italian Civil Code, for an overall amount – which includes a possible share premium – of Euro 500,000,000 (five hundred million) for the conversion of the bond issued by the Company, named “€500,000,000 1.75 per cent. Equity-Linked bonds due 2027”, to be paid up in one or more tranches by issuing ordinary shares of the Company, with a regular dividend, for an maximum amount of Euro 500,000,000 (five hundred million) in accordance with the criteria set forth under the relevant Regulation, provided the deadline for subscribing new shares is 30 April 2027.

## **2.10 MANAGEMENT AND COORDINATION ACTIVITIES**

Nexi is subject to no management and coordination activities.

The Company performs the management and coordination of its subsidiaries. Said activities are governed by the Group's general regulations, approved by Nexi's Board of Directors and transposed by the subsidiaries

Boards. Management and coordination of said companies is performed, in particular, via the approval of business, financial and strategic plans that are relevant for the group, the drafting of Group directives, procedures and guidelines and the appointment of their corporate bodies.

For further information set forth under article 123a, paragraph 1, letter i) of the TUF concerning possible agreements between the company and the Directors that provide for indemnities in the event of an early termination of the employment relationship, please refer to the Remuneration Report.

The information requested under article 123a, paragraph 1, letter 1) of the TUF, concerning the applicable rules for the appointment and replacement of Directors are set forth under the Report section on the Board of Directors (Section 4.1).

Regarding the rules concerning amendments to the Articles of Association, pursuant to article 123-a of the TUF, said rules have been approved by the Shareholders' Meeting as provided for by the law. However, it should be noted that, based on article 16 of the Articles of Association, the Board of Directors has the power to, inter alia, resolve on the amendment of the Articles of Association so as to make them compliant with the laws. The ascription of said power to the Board of Directors shall not prejudice the jurisdiction of the Shareholders' meeting, which shall retain the power to resolve on the topic.

### **3. COMPLIANCE**

Nexi SpA has adopted the Corporate Governance Code.

The Corporate Governance Code is available on the Corporate Governance Committee website, <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

The Company and its subsidiaries are not subject to the provisions set forth under non-Italian laws that affect its corporate governance structure.

### **4. BOARD OF DIRECTORS**

#### **4.1 APPOINTMENT AND REPLACEMENT**

The Articles of Association, pursuant to article 147b of the TUF, include a clause that sets forth the slate voting system for appointing Directors.

The Board of Directors shall be appointed by the ordinary Shareholders' Meeting based on the slates, in accordance with the procedures set forth below, without prejudice to further provisions envisaged by mandatory rules provided for by the law and by the regulations.

Slates may be submitted by: (i) the shareholders that, upon submission of the slate, hold – either alone or together with other submitting partners – a share of at least 2.5% of the voting share capital in the ordinary Shareholders' meeting or the minority stake of the share capital provided for by the rules and regulations applicable from time to time; and (ii) the outgoing Board of Directors.

Every partner, the partners that have joined a Shareholders' Agreement concerning the relevant company pursuant to article 122 of the TUF, the parent company, the subsidiaries and companies subject to joint control and other subjected parties among which there is a connection, including indirect, pursuant to the rules and regulations applicable from time to time, may not submit – nor participate in the submission, including via intermediary person or trust company – more than one slate, nor vote for different slates.

Each candidate may be presented in one single slate, under penalty of exclusion. Each slate shall bear the names, marked by a number appearing in sequential order, of a number of candidates that cannot exceed the number of the members to be appointed.

Each slate shall indicate at least 1 (one) candidate – to be at the top of each slate – meeting the independence requirements called for by the rules and regulations applicable from time to time and applicable to independent Directors, and shall specify which candidate/s meet said requirements.

For the enforcement period of the rules and regulations applicable from time to time concerning gender equality, each slate presenting more than 3 (three) candidates must also include candidates of both genders, complying with the minimum ratio provided for by the laws and regulations applicable from time to time, as set forth under the shareholders' meeting summons notice.

The slates are to be submitted along with the following: a) information on the shareholders that submitted the slate and indication of the percentage of capital held; b) a declaration of shareholders other than those that hold, including jointly, a majority or relative majority share, certifying there are no connection, including indirect, pursuant to the rules and regulation applicable from time to time, with the latter; c) the resumé of the candidates and a declaration with which each candidate certifies, under their responsibility, that there are no causes for ineligibility or incompatibility, and that they meet the due requirements for holding the office; d) a report on the candidates, possibly indicating they duly qualify as independent pursuant to the applicable laws and the corporate governance codes of conduct the Company may adopt; e) a declaration with which each candidate accepts their candidature; f) any further declaration, report and/or document provided for by the rules and regulations applicable from time to time.

The slates shall be submitted to the Company by the deadlines set forth under the rules and regulations applicable from time to time, as indicated in the summons notice at the Company's head office or via remote communication means, as indicated in the summons notice, and shall be disclosed to the general public in accordance with the terms and modalities set forth under the rules and regulations applicable from time to time.

Each shareholder shall vote for the slate, hence for all the candidates listed in it, with no variations or exclusions.

The elected candidates shall be the ones that won the highest number of votes, based on the following criteria:

- a) all the Directors, except for two, shall be selected, following the sequential number of appearance on the slate, from the slate that obtained the highest number of votes;
- b) the remaining Directors shall be selected from the other slates; for this purpose, the votes won by the very slates shall be subsequently divided by one, two, three, four, etc. following the candidates' sequential order of appearance in the relevant slates. The resulting quotients shall be sorted in one single list, in decreasing order. At least one director shall be selected from the minority slate that obtained the highest number of votes which may not be associated in any way, even indirectly, with shareholders who have submitted or voted for the list which came in first by number of votes.

The two candidates with the highest quotients shall be elected.

Should a number of candidates obtain the same quotient, the candidate of the slate that still has elected no Director or that has elected less Directors, shall be appointed. Should no such slate have yet elected a Director, or if all slates have elected the same number of Directors, the candidate of these slates that won more votes shall be elected. In the event of a tie (in terms of number of votes and quotient), a new voting session shall take place and the Shareholders' meeting shall resolve based on the majorities provided for by the law.

Should, following the implementation of the above, the Shareholders' meeting fail to appoint the minimum required number of independent Directors and/or Directors of the less represented gender, in accordance with the rules and regulations applicable from time to time, the following procedure shall be adopted:

- a) the candidates elected in the several slates shall be arranged in one single list, in decreasing order, formed based on the quotients system mentioned under item b) above;
- b) should the minimum required number of independent Directors not be elected, the candidate not meeting the independent requirements and with the lowest quotient in the list mentioned under item a) shall be replaced by the first candidate meeting the independence requirements that has not been elected and belongs to the same slate of the replaced candidate. If said slate features no other eligible candidate, the Shareholders' meeting shall resolve on the replacement in accordance with the majorities provided for by the law;
- c) should the minimum required number of Directors of the less represented gender not be elected, the candidate of the most represented gender with the lowest quotient in the list mentioned under item a) shall be replaced, without prejudice to the minimum number of independent Directors, by the first

candidate of the less represented gender resulting non-elected and appearing in the same slate of the replaced candidate. If said slate features no other eligible candidate, the Shareholders' meeting shall resolve on the replacement in accordance with the majorities provided for by the law.

The slates that fail to reach a percentage of votes equivalent to at least half of the one required for the submission of the slates themselves shall not be considered.

Should one single slate be submitted, the Shareholders' meeting shall cast its vote on said slate and should it obtain the relative majority, the candidates appearing in a sequential order shall be elected Directors, until the number set by the Shareholders' meeting is reached, without prejudice to the obligation of appointing a number of independent Directors, pursuant to article 147b of the TUF, equivalent to the minimum number set forth under the Articles of Association and under the law, nor to the compliance with gender equality, in accordance with the rules and regulations applicable from time to time. Failure to elect a minimum number of Directors of the less represented gender and of independent Directors, as provided for by the Articles of Association and by the rules and regulations applicable from time to time shall lead the Shareholders' meeting to replace the Directors marked by the lowest sequential number and not meeting the requirements in point, selecting the subsequent candidates meeting said requirements from the slate and appointing them. Should, even by resorting to said replacement criterion, suitable substitutes not be found, the Shareholders' meeting shall resolve on the point through a relative majority. In this event, the replacements shall be made starting from the candidates marked by the lowest sequential number.

Should the number of candidates included in the submitted slates, both majority and minority ones, be lower than the one of the Directors to be appointed, the remaining Directors shall be elected by the Shareholders' meeting through the majorities provided for by the law, without prejudice to the Shareholders' meeting's obligation of appointing a minimum number of Directors belonging to the less represented gender and independent Directors, as provided for by the Articles of Association and by the rules and regulations applicable from time to time. Through said modalities and majorities, the Shareholders' meeting shall proceed to appoint all the Directors, even if no slate is submitted.

Regarding the termination of office, pursuant to article 15 of the Articles of Association, failure to meet the requirements set forth by the law or the regulations for holding the office of Director shall lead to forfeiture of office, duly noting that failure to meet the independence requirement – without prejudice to the obligation of immediately disclosing said condition – shall not lead to forfeiture of office if said requirement is still met by a minimum number of Directors that, in accordance with the Articles of Association and with the rules and regulations applicable from time to time, must meet said requirement. Without prejudice to the above, failure to meet the independence requirement shall, however, lead to termination of the offices for which said requirement is provided for by the rules and regulations applicable from time to time.

Furthermore, in the event of termination of office, regardless of the reason, of one or more Directors, they shall be freely replaced pursuant to the provisions of article 2386 of the Italian Civil Code, with the new ones being selected, whenever possible, from the pool of candidates who were originally included in the same slate of the terminated member and have confirmed their candidature, without prejudice to the obligation of retaining a minimum number of independent Directors pursuant to article 147-b of the TUF, as provided for by the Articles of Association and by the law, nor to the obligation of ensuring gender balance, based on the regulations.

## **Succession planning**

In January 2020, the Board of Directors – upon proposal of the Remuneration and Appointment Committee – adopted a succession planning for the leading positions of Nexi Group, in order to achieve a twofold objective: (i) to ensure management continuity in the medium-long run; (ii) to promote business sustainability for relevant shareholders and stakeholders, mitigating risk factors.

The perimeter and scope of the succession planning involves the Chief Executive Officer and General Manager and the foremost reporting offices, including the supervisory ones.

In defining the succession planning, Nexi adopted an approach that is aligned to the best practices of the Italian and international markets and consistent with CONSOB and Corporate Governance Code provisions, an integrated method featuring instruments that manage, develop and enhance the staff of Nexi Group.

The adopted process for the foremost reporting offices, is based on a rigorous and objective comparison of internal candidates, also broadly taking into account diversity and inclusion.

Regarding succession planning in the ongoing year, Nexi Group has confirmed the perimeter (following the corporate transactions with Nets and SIA currently being completed), the methods and the process adopted last year. For the years 2022-2023, the succession planning shall be revised based on the new organisation defined following the Nexi-SIA and Nexi-Nets mergers.

Compared with the group's current perimeter and organisation, as regards the Chief Executive Officer and General Manager, for the Chief Financial Officer and for the Chief Information Officer, the update of the pipeline for the external candidates pooled last year has been postponed to the completion of the future corporate structure, while the list of inhouse candidates for the remaining leading positions has been updated. For each inhouse successor candidate, the due development actions have been identified, based on a structured process, shared with the Executive Committee.

With reference to the succession of the Chief Executive Officer and General Manager in the event of a sudden and unexpected termination of the employment relationship, the enforcement of a contingency plan is envisaged, pursuant to which the key role for managing the transition is entrusted to the Chairperson of the Board of Directors, together with a Committee specifically set up for the purpose in this discontinuity phase, without prejudice to the powers of the Board itself. In such an event, the Chairperson of the Board of Directors shall take on, provisionally and for a limited period, the executive powers of attorney previously assigned to the Chief Executive Officer/General Manager until the successor takes office.

## 4.2 MEMBERSHIP

The Company is managed, pursuant to article 12 of the Articles of Association, by a Board of Directors consisting of at least 7 (seven) and no more than 15 (fifteen) members holding the due professional skills and expertise. The Directors shall stay in office for the term established by the Shareholders' meeting appointment resolution, for a maximum of 3 (three) financial years and may be re-elected. Their term expires at the date of the Shareholders' meeting convened for the approval of the financial statement of the last financial year they were in office, without prejudice to the causes leading to termination and forfeiture of office provided for by the laws and Articles of Association.

Nexi's Board of Directors in office as at the date of this report consists of 13 members and was appointed by Nexi's ordinary Shareholders' meeting held on February 13, 2019 for a period of three financial years, until the approval of the financial statements on December 31, 2021.

Membership of Nexi's Board of Directors as at December 31, 2020, unchanged as at the date of publication, is shown under Table 1 attached to this Report, along with the relevant pertinent information on each Director. The curricula of the individual Directors are summarised below:

**Michaela Castelli (Chairperson - independent)** – born in Rome on September 7, 1970. She has a degree in Law and a post-graduate degree in Financial Law. She started her working experience in London, dealing with Capital Markets. She then gathered further experience in some of the major Italian law firms, her field of work being corporate law and financial markets. She worked for nine years at Borsa Italiana SpA, working on primary markets and providing assistance to listed issuers in terms of extraordinary transactions, corporate reporting, compliance and corporate governance. Admitted to the Bar Association of Milan, she has gathered significant experience as a member of the Boards of Directors of some major listed and non-listed companies. She is also a member of Boards of Statutory Auditors, Internal Board Committees and Supervisory Bodies and Chairperson of Utilitalia. Author of several finance-related publications and professor of several continuous education classes on corporate and financial markets law, she has been a speaker at several conventions.

**Giuseppe Capponcelli (Deputy Chairperson)** – born in San Giovanni a Persiceto (Bologna) on May 18, 1957, he graduated in Electronic Engineering at the University of Bologna in 1983. His professional career began in IBM and continued in Olivetti. From 1999 to 2008 he was General Manager at Seceti SpA, and from July 2008 to July 2016 he was General Manager (and CEO from 2013 to 2016) at the former Gruppo ICBPI. He was also a Director and CEO at CartaSi SpA, Director at Key Client Cards & Solutions SpA, CIM Italia SpA, Hi-mtf SIM SpA (where he was also Deputy Chairperson) and Unione Fiduciaria SpA. He was CEO at



Multitel SpA and Equens Italia SpA, and a member of the supervisory board and of the auditing and accounting committee at Equens SE, and Director at VISA Europe. He attended the works of the CIPA Steering Committee at the Bank of Italy, of ABI's technical committee for payment services and of the Executive Committee of the Swift Italia Group. He is currently deputy chairperson of the Board of Directors of BPER Banca SpA

**Paolo Bertoluzzo (Chief Executive Officer and General Manager)** – born in Padua on December 11, 1965, he graduated in Managerial Engineering from the Milan Polytechnic in 1990 and in 1994 he earned an MBA (*Master in Business Administration*) from the Institut Européen D'administration Des Affaires (INSEAD) in Paris. Paolo Bertoluzzo started his professional career as a management consultant, working in Europe and in the United States. From 1995 to 1999 he was a manager at Bain & Company, in 1999 he joined Vodafone Italia SpA, where, from 2008 to 2013, he was CEO. From 2012 al 2013 he was also CEO for Southern Europe at Vodafone Group Plc; from 2013 to 2016, for the same company, he was *group chief commercial and operation officer*. In 2016 he joined Nexi Group.

**Luca Bassi** – born in Busto Arsizio on June 16, 1970, he graduated from the Luigi Bocconi University in Milan and earned an MBA (*Master in Business Administration*) from the Columbia Business School of New York in 2000. From 1994 to 1998 he was consultant at Bain & Company's Milan office, from 2000 to 2003 he worked at Goldman Sachs in London. In 2003 he joined Bain Capital Private Equity, where he holds the office of managing director and is co-head of technology financial and business services.

**Francesco Casiraghi** – born in Reggio Emilia on October 29, 1978, he graduated in Industrial Engineering at the University of Parma. He started his career at Procter&Gamble; he then joined the investment banking team at Bank of America Merrill Lynch, working in London, Hong Kong, Rome and Milan. In 2007 he joined Advent International. He has served as Board member for several companies with a strong technological/digital profile, including also Laird Ltd, an advanced IT application and IoT connectivity player, beyond Nexi.

**Elisa Corghi (independent)** – born in Mantua on 11 August 1972, she graduated in Economics from the Luigi Bocconi University in Milan in 1996. Throughout her career she has worked in the industrial sphere, holding increasingly relevant offices in the marketing sector. From 2000 to 2013 she was Senior Financial Analyst Consumer and Luxury Goods at Intermonte SIM of which she was a member. She currently non-executive Director in several listed and unlisted companies.

**Simone Cucchetti** – born in Novara on March 6, 1976, he graduated in Economics at the Luigi Bocconi University in Milan. In 1999/2000 he attended an internship at Citybank N.A. in Milan and from 2000 to 2003 he was analyst and associate at Citigroup, London. Since 2003 he has been working at Clessidra SGR SpA, where he currently is managing director.

**Federico Ghizzoni** – born in Piacenza on 14 October 1955, he graduated in Law at the University of Parma in 1979. From February 1980 to July 2014 he worked at Unicredit Group S.p.A where he also was appointed CEO. Since April 2017 he is Deputy Executive Chairperson of the Board of Directors of Clessidra SGR SpA

**Maurizio Mussi** – born in Tradate on February 25, 1978, he graduated in Business and Economics from the Luigi Bocconi University in Milan and earned an MBA (*Master in Business Administration*) from Harvard Business School in Boston, where he was named Baker Scholar for academic achievements. In 2010 he joined Bain Capital Private Equity, where he is managing director. Throughout his career he has worked in several industrial sectors, including payments, software, semiconductors and aquaculture, with a focus on the enhancement of the companies in the portfolio. Previously, Maurizio Mussi worked at La Perla, giving new momentum to the brand, and at McKinsey & Company in Milan.

**Jeffrey David Paduch** – born in Maryland (United States of America) on December 4, 1978, he earned a *Bachelor of Arts* from the University of Virginia in 2000. From 2000 to 2002 he worked as investment banker at UBS Investment Bank in New York; in 2002 he joined Advent International in Boston, then relocating to the London office in 2005. He is a managing partner at Advent International and Head of business & financial services for investments in Europe.

**Antonio Patuelli (independent)** – born in Bologna on February 10, 1951, he graduated in Law at the University of Florence. He is a columnist for several major newspapers, including *il Resto del Carlino*, *La Nazione* and *il Giorno*. In the early 1990s he was Defence undersecretary of the Ciampi cabinet and a Member of Parliament (in the Lower House) in two different parliaments. Since 2001 he has been a Director of the

*Fondo Interbancario di Tutela dei Depositi*. Since January 2013 he is president of ABI (*Associazione Bancaria Italiana* - Association of Italian Banks), where he is also a member of the Board of Directors and of the Executive Committee since 1998, deputy president in 2002-2004 and 2006-2008 and substitute deputy chairperson in 2010-2012. He is currently president of the Cassa di Ravenna SpA, parent company of the group bearing the same name.

**Marinella Soldi (independent)** – born in Figline Valdarno (FI) on November 4, 1966, she graduated in Business and Economics in 1989 at the London School of Economics and in 1994 she earned an MBA (*Master in Business Administration*) from the Institut Européen D'administration Des Affaires (INSEAD) in Paris. Throughout her career she has held managerial posts at McKinsey & Company, MTV Networks Europe, Discovery Networks International. She is currently non-executive, independent Director in several listed companies and non-executive Chairperson of Fondazione Vodafone Italia.

**Luisa Torchia (independent)** – born in Catanzaro on April 15, 1957, she graduated in Law from the University of Rome in 1978. Since 2004 she is a tenured professor of Administrative Law at the Law Faculty of Roma 3 University. Since 1994 she has attended and coordinate many research projects funded by Italian and foreign universities and by the CNR (Italian National Research Centre). She was legal advisor for the Cabinet and for several Ministries. She has been Director with several listed companies and worked with a number of journals.

Non-executive Directors bring their specific know-how to board meetings, helping better examine the topics in point, from different standpoints, consequently adopting well-pondered, aware decisions that are consistent with the company's interest.

The Directors must meet integrity requirements, as well as the requirements concerning appropriateness and expertise, as provided for under Legislative Decree 385 of September 1, 1993 and under the “Supervisory provisions for financial brokers” set forth in the Bank of Italy's Circular Letter 288 of April 3, 2015 – Title II; Chapter 2; Sections I and II – as indicated under the “Supervisory provisions for payment institutes and electronic money institutes” of Provision July 23, 2019 – Chapter III; Section IV.

Please note that, aside from the professionalism, integrity and independence requirements provided for by the law and by the Articles of Association, the Directors are also subject to prohibition of interlocking, pursuant to article 36 of Law Decree 201/2011, amended and converted into Law 214 of 22 December 2011, concerning provisions on the competition protection and cross holdings in credit, insurance and financial markets.

On the occasion of the appointment of the new Board of Directors, will apply the provisions of the Decree of the Ministry of Economy and Finance of 23 November 2020, no. 169 regarding the requirements and eligibility criteria for the performance of the office of corporate officers of banks, financial intermediaries, trust, electronic money institutions, payment institutions and depositor guarantee systems entered into force on 30 December 2020.

## **Diversity criteria and policies**

As for the measures taken in terms of the diversity policies of administration and control bodies, with reference to the provisions set forth under article 123a, paragraph 2, letter da of the TUF and to the new provisions of the Nexi Corporate Governance Code, please refer to the Board of Directors' self-assessment process, described under paragraph 4.3 below and in the self-assessment process of the Board of Statutory Auditors, detailed under paragraph 13.

Please note that at least one third of the members of the Board of Directors and of the Board of Statutory Auditors in office as at the date of this Report belongs to the less represented gender.

The Group has made the diversification of gender, experience and expertise a trademark of its staff in addressing the increasing challenges posed by the market it operates in and undertakes to promote diversity including in the administration, management and control bodies of the Group, in accordance with the requirements set by law for listed companies. In said context, the Board, on July 30, 2020, approved the Group's Sustainability Policy, which draws inspiration from major national and international standards and was drafted in accordance with the Code of Conduct, the Organisational Model 231 and with all the Group's

policies and procedures currently in force, highlighting that the Group's greatest asset is its staff and that promoting of technological development occurs by giving due value to the human capital, among other things. Said diversity is enhanced especially by promoting an inclusive culture and by implementing the principle of equal opportunities for narrowing the gender and remuneration gap within the scope of the remuneration and incentives policies. Consistent with this effort, starting in 2020, a specific target was introduced in the MBO of the Chief Executive Officer and Strategy Managers, namely *People Value*, which aims to keep management increasingly focussed on longbm growth objectives and on the creation of value for employee stakeholders. For further details, please refer to the Sustainability Policy and Remuneration Report, available on the website [www.nexi.it](http://www.nexi.it).

The set of instruments adopted in terms of People Strategy, performance management, training, reward and sustainable welfare and the Group's relevant performances in 2020 are also reported under Nexi's consolidated Non Financial Report, available on the website [www.nexi.it](http://www.nexi.it).

### **Limit to the number of offices held in other companies**

The Board of Directors reckoned there was no need to draft general rules regulating the limit to the administration and control offices held in other companies that may be deemed compatible with an efficient fulfilment of the role of Director at Nexi, claiming that the due assessment can be made from time to time, taking into account the opinion of the Remuneration and Appointment Committee, mainly resorting to the following assessment criteria: (i) the Director's role in the Company (executive, non-executive, independent); (ii) the nature and size of the body where the offices are held and the role of the Director with reference to said bodies (also considering, among other things, the body's corporate purpose, the organisation of the governance, the tasks and powers assigned); and (iii) these bodies possibly being part of Nexi's same group. Moreover, each Director must assess the compatibility of their position as Director or auditor held in other companies listed in regulated markets, in financial, banking, insurance companies or in large companies with the diligent fulfilment of the tasks taken on as a Nexi Director.

Decisions may be taken even following the Board of Directors' self-assessment process, detailed under paragraph 4.3 below.

### **Induction and training initiatives**

In the financial year 2020, a number of initiatives were taken in order to give Directors and auditors an adequate knowledge of the reference sector, of corporate and Group trends and their evolution, and of the reference regulatory and legal framework, including with the assistance of Group managers and consultants; dedicated meetings were also held, which illustrated specific aspects of Nexi's business sector. In particular, the following topics were analysed in depth: Business Plan, Group's growth opportunities abroad, ESG and Sustainability. In addition, induction initiatives also included the analysis of the new elements introduced by Directives PSD2 and GDPR.

In the ongoing financial year, a training and analysis session concerning Legislative Decree 231/2001 on the administrative accountability of legal entities was held, specifically focusing on the updates to the Organisational Model 231 adopted by the Company, namely: i) the amendments set forth under the latest update of the Model; ii) the standards provided for by Legislative Decree 231/2001; iii) the contents of the adopted Model; iv) the specific felony cases envisaged by the lawmakers; v) the Model's effects and consequences on the body; vi) the tasks of the Supervisory Authority; vii) the adopted regulation; viii) whistleblowing. This very training session provided the Board of Directors with an overview of anti-money laundering regulations, with a focus on the Board of Directors' role in terms of strategic decisions concerning money laundering risk management.

### **4.3 ROLE OF THE BOARD OF DIRECTORS**

The Board of Directors' foremost goal is to create value for shareholders in the medium-long run.

In particular, the Board of Directors plays a key role in terms of corporate organisation, leading the way in pursuing the Company's strategic, business and financial objectives, as well verifying the existence of the due checks for monitoring the Company's trend. As provided for by the Group Regulation on management and coordination, it is up to Nexi's Board of Directors to examine and approve the strategic, business and financial plans of Nexi and of the Group, and to regularly monitor their implementation, define Nexi's corporate governance system and define the organisation of the group Nexi is at the helm of. Furthermore, this Regulation gives Nexi's Board of Directors power to resolve as to the transactions of Nexi and of its subsidiaries when such transactions have a significant strategic, economic, asset-related or financial relevance for Nexi itself. In particular, with reference to the Group's Regulation, significant transactions means the ones executed by Nexi subsidiaries (or companies controlled by said subsidiaries) that: a) lie outside the ordinary activities of the subsidiaries themselves and their subsidiaries (such as, for example, capital increases, issuance of subordinated debts, merges, spinoffs, alliances, joint ventures) and other transactions that, regardless of the economic value, entail a modification of the share capital's organisation; or b) involve an investment and/or divestment, including related to stake-holding, or that concern the purchase/sale of company branches or assets that are not provided for under Nexi's business plan or consolidated budget. Nexi's Board of Director shall check, from time to time, whether the transactions Nexi itself must execute have a significant strategic, economic, asset-related or financial significance for the Company.

Pursuant to article 16 of the Articles of Association, the Board of Directors has full powers in terms of ordinary and extraordinary management of the Company.

The Board of Directors holds jurisdiction – without prejudice to the limits provided for by the law and without sub-delegating powers – for resolutions concerning: a) mergers and spinoffs, in the cases provided for under articles 2505 and 2505a of the Italian Civil Code, and under article 2506b of the Italian Civil Code; b) the institution and suppression of secondary offices; c) the designation of the Directors that may represent the company; d) the possible reduction of capital is one or more partners leave; e) amendments to the Articles of Association, adjusting them to the laws; f) the relocation of the head office on the national territory; g) resolutions concerning the issuance of bonds within the limits provided for by the rules and regulations applicable from time to time.

Pursuant to article 17 of the Articles of Association, the Board of Directors shall be deemed validly convened when the majority of its members holding office are in attendance and shall resolve validly with the favourable vote of the absolute majority of its members in attendance. In the event of a tie, the vote of the chairperson shall prevail.

Pursuant to article 19 of the Articles of Association, the Board of Directors may delegate, within the limits provided for by the rules and regulations applicable from time to time, a part of its powers to an executive committee consisting of some of its members or to one or more of its members, establishing the powers and, following talks with the Board of Statutory Auditors, the relevant remuneration. The Board of Director may also set up its own internal committees holding advisory and proactive functions, deciding on the powers including in order to align the corporate governance system with the codes of conduct the Company may adopt.

The Board of Directors may also appoint Directors-General and special proxies for specific deeds or deed categories, assigning them the relevant powers.

The Board of Directors shall appoint a Financial Reports Manager, once acknowledged the (non-binding) opinion of the Board of Statutory Auditors and may, if needed, revoke said appointment. The Board of Directors, pursuant to article 154a, paragraph 4 of the TUF, shall monitor to make sure that the Financial Reports Manager employs the adequate means and powers to fulfil the tasks ascribed to him/her pursuant to the laws, and shall monitor compliance with administrative and accounting procedures.

Pursuant to article 17 of the Articles of Association, the Chairperson of the Board of Directors shall convene and chair the Board of Directors, set its agenda and coordinate its sessions.

The Board shall be convened with all the suitable means, notifying each Director and Board of Statutory Auditors member with the due notice (typically at least 5 (five) calendar days prior to the meeting – for urgent meetings, said notice may drop to 12 (twelve) hours prior to the meeting). The Board of Directors' meetings shall still be deemed validly constituted – even if no formal summons notice is given – if all the Directors and the majority of the statutory auditors in office are in attendance, and if all the assignees have been previously

notified as to the meeting and have not objected to the items on the agenda. The power to convene the Board of Directors is also held by the Board of Statutory Auditors and by each individual statutory auditor, pursuant to article 151 of the TUF.

The Board of Directors' meetings shall also take place via video or teleconference, provided that all participants may identify one another and that each participant may take the floor in real time when the topics are being addressed and receive, send and view documents. Should all said conditions be met, the meeting shall be deemed held in the place where the Chairperson is.

Pursuant to art. 17 of the Articles of Association, the Board of Directors is validly constituted with the presence of the majority of its members in office and validly deliberates with the favorable vote of the absolute majority of the directors present. In the event of a tie, the vote of the chairman prevails.

The Board of Directors has confirmed the approach based on which a three-five day prior notice is generally considered suitable for sending Board meeting documents, while also acknowledging that said notice may be duly extended or reduced, respectively, if the documents are particularly relevant and/or complex, or if they concern urgent or evolving operations; in 2020 said notice has been complied with and, when it was concretely not possible to meet said notice in the event of extraordinary or evolving operations, the chairperson made sure that the due in-depth analyses were promptly made during meetings other than Board ones.

In 2020, the managers of the corporate offices holding jurisdiction for the topics on the agenda were regularly invited to attend the meetings of the Board of Directors; as requested by the Chief Executive Officer, they provided the due detailed reports on the topics being discussed.

On February 11, 2021, pursuant to recommendation no. 18 of the Nexi Corporate Governance Code 2020, Nexi's Board of Directors resolved on the appointment of Ms Francesca Renzulli, Head of Corporate & Regulatory Affairs, as Secretary of Nexi SpA's Board of Directors, and entrusted with the task, among others, of supporting the Chairperson's activities and providing, with due impartiality, assistance and advice to the Board of Directors as to any relevant aspect for the correct functioning of the corporate governance system. The Board of Directors has acknowledged that Ms Renzulli meets the appropriate requirements in terms of professional experience and independence and that her appointment entails no conflict of interests.

The Board's resolutions must consist of the minutes, signed by the Chairperson and by the Secretary.

In financial year 2020, the Board of Directors met 17 times. Meetings lasted on average about two hours. Regarding the attendance of the Directors at the single meetings, please see table 1.

As for the current financial year, meetings have been scheduled on a quarterly basis. As at the date of this Report, three meetings have been held, including the one concerning the approval of this Report.

Finally, the Board periodically assesses the general trend of management and its foreseeable evolution, particularly taking into account the information received and the reports of the Chief Executive Offer, while also periodically comparing the achieved results and the planned results. As at the date of this Report, the Shareholders' meeting has not authorised, in a general and pre-emptive way, exceptions to the prohibition of competition pursuant to article 2390 of the Italian Civil Code to meet organisational requirements.

Regarding the assessment of the organisational, administrative and accounting assessment, with particular reference to Nexi's system of internal controls and risk management, it should be noted that, since the listing, the Board of Directors has taken targeted measures for implementing an internal control and risk management system that is compliant with the provisions of the Corporate Governance Code and consistent with the company's nature, namely a holding company, parent company of companies operating in the payments sector. The strategic risk were also duly mapped, as well as the mitigation actions taken by management to mitigate the impacts in the event of an adverse scenario.

The implementation and the assessment of the organisational, administrative and accounting structure and of the internal controls and risk management system of the relevant subsidiaries of Nexi Payments and Mercury Payments Services are exclusively up to the corporate bodies of said companies, pursuant to the supervisory regulation as transposed in the Group's Regulation concerning the performance of management and coordination activities.

## Board Review 2020

The Board of Directors, working with the Remuneration and Appointment Committee, has completed its assessment – with reference to the year 2020 – as to its size, membership and operations and that of its Committees.

The self-assessment of the Board of Directors started in December 2020, focusing on the financial year closed at December 31, 2020 and was performed in conformity with the most recent international methods, with the assistance of consulting firm Spencer Stuart

The Board Review 2020 was conducted by directly interviewing the Directors on the effectiveness, size, membership and operations of the Board; the interviews were conducted by an external advisor, specialised in corporate governance and board effectiveness.

This year too, knowing that Self-Assessment is a useful tool supporting the corporate governance system, the Directors were willing to contribute to this process, so as to identify the possible areas of improvement, thus optimising board processes.

This second year of the term has been extremely intense and the Board of Directors had to perform extraordinary activities, above all because of the health emergency caused by the pandemic and also with reference to the closing of two important aggregation transactions on the Italian market and on a European level. On the whole, the Directors are pleased with the work the Board carried out throughout the financial year, while being aware that there is room for improvement regarding the contribution they can give in terms of vision, constrictively challenging management proposals and fostering both real debates and team spirit.

The aforesaid interviews have revealed a positive picture: 93% of the answers were in agreement with the topics proposed in the interview guide.

Summarising, the Directors expressed full satisfaction and appreciation with reference to the size, membership and operations of the Board of Directors and its Committees; the Board, owing, among other things, to the intense activity carried out during the financial years taken into consideration, is gradually boosting the knowledge and awareness of governance principles and it works substantially in accordance with the Corporate Governance Code and with the Italian and international best practices.

Please note that:

- the Company has efficiently managed the Covid-19 crisis in terms of the company's internal operativity, maintaining its market service levels unchanged and promptly implementing appropriate measures;
- the Board has always been informed, has supported and shared the management's decisions as to the handling of the pandemic;
- the Board has operated with continuity, aiming to strengthen the Group's leading position while consolidating governance rules and structures; during the term, the commitment level has been remarkable and driven by the need to assess and manage extraordinary strategic transactions;
- the working environment is positive and constructive; all contributions are greatly appreciated and there is genuine interest in making Board debates increasingly open;
- the Board features a sound balance between Directors that have a deep knowledge of Nexi and of the top management, and independent Directors, who ensure the diversified expertise that is necessary to ensure an adequate membership of the Board itself and of the Internal Board Committees;
- the leadership of the Chairperson and of the Chief Executive Officer is acknowledged and shared by all Directors; both have worked in order to prevent the emergency situation from impacting the Board's works. The Chairperson, supported by the secretariat, promptly took the due measures to ensure the utmost efficiency of Board meetings via appropriate audio/video conference systems and resorting to the document portal. The Chief Executive Officer continued to guide the top management with determination and clarity of vision, thus minimising the negative impact of the pandemic;

- the Directors greatly appreciated the induction sessions on specific business issues and relevant regulatory elements: such activities were performed by the Company's management, always willing to provide detailed information and clarifications as to the relevant topics.

Regarding the functioning of the Internal Board Committees:

- the Directors point out that the Committees have worked well and that such work is an ideal platform for debates;
- meetings have been very frequent and the consequent engagement very strong, in particular of the Control, Risk and Sustainability Committee and of the Related Parties Committee, mainly due to the importance of the extraordinary transactions;
- the preliminary work and accurate in-depth studies conducted by a specific Committee adequately flow into the Board, to the benefit of that parties outside the specific Committee, also facilitating the decision of the Board.

The following aspects should be further considered in the future:

- the general lockdown months and the enduring social distancing requirements made it difficult to plan moments for sharing, including informal moments in real physical presence, suggested by the Directors themselves in order to boost their engagement and to foster greater teamwork. All Directors confirm they are willing to take part in similar initiatives as soon as it shall be possible;
- the recent extraordinary transactions provide for a governance review and a change in the membership of the body: in this regard, the Board has been considering its size and membership with a view to enhance some of its business skills in the digital sphere (paytech) and to make the Board more international on the whole, given the Group's new geographical perimeter;
- the need to focus on Sustainability, which falls within the scope of the Control and Risk and Sustainability Committee, in order to constantly put the issue on the Board agendas.

#### **4.4 CHIEF EXECUTIVES**

##### ***Chief Executive Officer and General Manager***

Pursuant to article 19 of the Articles of Association, the Board of Directors may delegate, within the limits provided for by the rules and regulations applicable from time to time, some of its powers to one or more of its members, establishing the powers and, following consultation with the Board of Statutory Auditors, the relevant remuneration.

The Board of Directors can also appoint General Managers and special attorneys, for specific acts or categories of acts, assigning the relative powers.

Via a resolution dating February 13, 2019, without prejudice to the powers, functions and duties assigned to it, to the Chairperson and to other corporate functions under the Articles of Association, the Board of Directors delegated, further providing for sub-delegation, to the Chief Executive Officer and General Manager, Mr Paolo Bertoluzzo, in respect of all Group companies, powers to:

##### **I) General powers:**

1. carry out any Parent Company management and coordination duties affecting the Group and Group Companies with a view to implementing Group-wide plans, to that end ensuring that Group companies are subject to unified management and coordination and that said companies carry out any provisions set forth by the Bank of Italy – all of which consistent with any guidelines issued by the Board of Directors;
2. supervise the Parent Company and the Group's management;
3. ensure the Parent Company and the Group's strategic coordination and managerial control;
4. maintain and coordinate relations with public bodies and supervisory authorities, with the exception

of any such activities which the law entrusts to other bodies and corporate functions;

5. maintain and coordinate relations with partners, entities, investees, corporate third parties and other groups;
6. maintain and coordinate media relations and, on a more general footing, represent the Group in respect of the broader public and private stakeholders.

## II) Operational and organisational powers:

7. implement the Board of Directors' resolutions;
8. provide oversight and coordination in respect of drafting and reviewing the Parent Company and the Group Companies' strategic papers and/or plans and their budgets, whether ordinary or extraordinary;
9. establish or modify organisational structures and any regulations thereto relevant, to the extent that they do not impinge on (i) organisational structures directly reporting to the Chief Executive Officer, (ii) any provisions pertaining to the Internal Control Systems framework;
10. submit proposals to the Board concerning transactions or investments;
11. manage, subject to the limitations set forth under the Articles of Association, investments in respect of: (i) transactions involving investments made or to be made; (ii) transactions entailing businesses, parts thereof and grouped legal transactions; (iii) instructions pertaining to voting rights at the ordinary and extraordinary Shareholders' Meetings of investee companies; (iv) appointments at investee companies, bodies and organisations;
12. chair the Group's Steering Committee headquartered at the Parent Company;
13. supervise any measures required to ensure the presence of an efficient and effective internal control system;
14. establish workgroups tasked with analysing and researching specific issues and topics;
15. subject to annual budgets caps, provide funding and investments towards any management strategies in respect of the Parent Company, as approved by the Board of Directors;
16. approve out-of-budget expenditures for single amounts not exceeding Euro 500,000.00 and not exceeding Euro 2,500,000.00 annually;
17. supervise and carry out any activities pertaining to the sale of products and/or services, and define said products and/or services' terms and conditions and pricing;
18. promote any legal action required to protect the Parent Company and to defend the latter's rights and claims before any ordinary, tax, administrative or special court wherever filings do not exceed Euro 2.5 million, to that end appointing legal counsel and assigning said counsel a mandate to represent the Parent Company in court; approve any in- and out-of-court settlements entailing expenses or loss of income to the Parent Company no greater than Euro 500,000.00; submit to arbitration and amicable settlement, providing for the appointment and revocation of arbitrators;
19. approve entry within the Parent Company's balance sheet of any expenses or loss of income not exceeding Euro 500,000 as resulting from proceedings and/or disputes
20. sign any paperwork as required for the purposes of tender submittal; sign any paperwork pertaining to the establishment of temporary consortiums of tenderers;
21. decide as to the hiring of personnel and as to personnel promotions and transfers, improvements in remuneration and changes to assigned duties, all of which in keeping with such guidelines as are agreed to by the Board and consistent with the remuneration policies applicable from time to time, with the exception of all personnel directly reporting to the Chief Executive Officer and any management personnel with internal control duties,
22. decide as to dismissals and as to any disciplinary actions, including dismissal, concerning Parent Company personnel, with the exception of all personnel directly reporting to the Chief Executive



Officer and any management personnel with internal control duties;

23. purchase, sell, exchange, rent or rent out movable property (including any movable property subject to registration); enter into and execute contracts to or for the supply of goods and/or services, including contracts involving the sale or lease to third parties of products developed and marketed by the Parent Company under license;
24. enter into and sign insurance contracts with insurers or insurance companies, and, wherever insurance claims are filed, to carry out any activities conducive to ensuring that claims are settled or that compensation is agreed to, all of which subject to the limitations set forth under point 19 above;
25. carry out any transactions involving securities, stocks and currencies, with powers to sign share transfer forms and any other relevant documents;
26. open, manage and close bank and post office accounts, and operate said accounts within their overdraft limits; request, draw, transfer and cash bank cheques and cashier's checks, postal wire money orders, savings certificates and cheques, Bank of Italy payment orders and other payment services and instruments provided by banks;
27. perform payments (foreign currencies included), demand payment, deliver and receive securities and stocks, subject to the issue receipts to any such effect; set up and manage security, cash, stock and commodity deposits as security or collateral or for safekeeping in respect of private sector and public administration counterparts; represent the Parent Company as part of any proceedings and disputes in respect of any public or private entity; perform audits and clearance of accounts and of debit and credit entries; sign all statements and documents other than those expressly requiring the signature of the Parent Company's legal representative; sign all documents in respect of any tax and national insurance payments, including pension payments, thus filing all and any statements required at time of payment pursuant to applicable rules and regulations, and thus committing to all and any relevant obligations for and on behalf of the Parent Company;
28. act for and on behalf of the Company in its capacity as data controller for the processing of any personal data such as is stored in the Company's databases; ensure the adoption of all precautions and any measures and actions envisaged under Regulation (EU) 2016/679 of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, further ensuring the adoption of any such like as envisaged under any future EU or domestic Italian rules and regulations, with full powers to spend in excess of any allocated annual budgets, and with powers to appointment data controllers and processors providing due notice of such at the first Board meeting subsequent to appointment.

The above-listed powers apply to the Chief Executive Officer to the extent of the general powers listed under section I and of the operational and organisational powers detailed within points 7 to 22 and point 28 under section II. The above-listed powers apply to the General Manager to the extent of the operational and organisational powers detailed within points 23 to 27 under section II

Furthermore, within the general scope of the appointment, the Chief Executive Officer holds powers of representation in the form of signing authority as envisaged by the Articles of Association.

In exercising the above powers the Chief Executive Officer/General Manager may appoint or revoke legal representatives and solicitors, entrusting them with specific filings or types of procedures.

The Chief Executive Officer/General Manager shall, furthermore, report to the Board of Directors on the most relevant decisions as, from time to time, taken within the scope of his or her mandate.

#### **4.5 CHAIRPERSON OF THE BOARD OF DIRECTORS**

The Chairperson does not carry an executive role within the Board of Directors, does not carry any special duties with respect to drawing up corporate strategies and performs such duties as are envisaged by governing rules and regulations. In the latter respect, the Chairperson: (i) has powers of representation; (ii) chairs the Shareholders' Meetings; (iii) summons and chairs the Board of Directors, establishing the agenda, manages

proceedings and ensures that Directors are provided all appropriate information concerning the agenda items; (iv) ensures that Board resolutions are enacted.

#### **4.6 OTHER EXECUTIVE DIRECTORS**

At the time of publication no Board of Directors features no additional executive directors.

#### **4.7 INDEPENDENT DIRECTORS**

The Parent Company's Board of Directors comprises five independent directors each possessing the independence requirements as set forth under article 147-*ter* of the TUF and under the recommendations of the Corporate Governance Code. The Parent Company's independent directors are:

- (a) Michaela Castelli;
- (b) Elisa Corghi;
- (c) Antonio Patuelli;
- (d) Marinella Soldi;
- (e) Luisa Torchia.

Said parties satisfy independence criteria as detailed under article 3 of the Corporate Governance Code and as pursuant to paragraph 4 of article 147-*ter* of the TUF which, in turn, references article 148 of the TUF.

Chairperson Michaela Castelli ranks as an independent pursuant to recommendation no. 7 of the 2020 Corporate Governance Code.

Pursuant to article 3 of the Corporate Governance Code, the Parent Company deems the number of independent directors to be suitable in respect of both the size of the Board of Directors and the activities carried out by the Group; said number is also deemed suitable in respect of the establishment of governance committees reporting to the Board, as recommended by the Corporate Governance Code.

On March 11, 2021 the Board of Directors carried out a review so as to ascertain independent directors' continued fulfilment of independence requirements (as detailed under and pursuant to articles 147-*quinquies* and 148 of the TUF and article 3 of the Corporate Governance Code), and the same such review with respect to statutory auditors (as detailed and pursuant to articles 148 of the TUF and article 8 of the Corporate Governance Code), and in so doing applying all criteria set forth by the Corporate Governance Code).

In the course of said meeting the Board of Statutory Auditors ascertained that the Board of Directors, in performing said review, appropriately applied the criteria set forth by the Corporate Governance Code, to that end performing its assessments transparently, thus allowing the Board to gain knowledge of all information potentially relevant to such assessments.

In December 2020 the independent directors met amongst themselves, without the other directors, to discuss: i) procedures for the Board of Directors' self-assessment in 2020, ii) conflicts of interest within the Board of Directors, iii) induction courses attended by Directors during the course of the year, iv) the role of the Lead Independent Director. With reference to the latter item, the independent directors agreed that the appointment of a Lead Independent Director would prove redundant within the context of Nexi, given that the Board's Chairperson already fulfils the duties of maintaining proper governance, by ensuring appropriate information exchange between the Board of Directors and its independent directors. The meeting also ascertained the Board's full knowledge and awareness on matters of major strategic and operational relevance..

#### **4.8 LEAD INDEPENDENT DIRECTOR**

As detailed in the previous paragraph, in keeping with the opinion of the independent directors, the Board of Directors has not appointed a Lead Independent Director.

## 5. CORPORATE INFORMATION MANAGEMENT

On March 8, 2019 the Nexi Board of Directors resolved to approve:

- procedures pertaining to both the in-house management and the external communication of privileged information and the establishment and keeping of the Insider List (cf. *Guidelines on the Management of Privileged Information and the Insider List*);
- procedures on Internal Dealings (cf. *Internal Dealing Guidelines*).

The above procedures were subsequently amended and supplemented via the Board of Directors' July 29, 2019 resolution with a view to, among other things: (i) adapt certain provisions to the Group's organisational structure as at July 2019; (ii) transpose CONSOB recommendations so as to reflect the corporate structure, size and characteristics of Nexi and of its subsidiaries. Said procedures are published on Nexi's corporate website at <https://www.nexi.it/investor-relations/gruppo/governance/regolamenti.html>.

## 6. INTERNAL BOARD COMMITTEES

On February 13, 2019 the Board of Directors rubber stamped the prior July 3, 2018 appointment of the Strategic Committee, whose advisory scope covers, but is not limited to: (i) Group-level strategic planning; (ii) guidelines for Group-level business planning; (iii) business line performance; (iv) extraordinary transactions; (v) financial strategy and policy; (vi) the organisational structure of Nexi subsidiaries.

On February 25, 2019 the Nexi Board of Directors, in compliance with the corporate governance recommendations set forth by the Corporate Governance Code, further resolved to establish:

- a control, risks and sustainability committee pursuant to article 7 del Corporate Governance Code (i.e. the *Control, Risks and Sustainability Committee*);
- a related-party transactions committee pursuant to article 4 of the Corporate Governance Code and as further provided for under the Related-Party Regulation (i.e. the *RPT Committee*);
- a remuneration and appointments committee pursuant to articles 5 & 6 of the Corporate Governance Code (i.e. the *Remuneration and Appointments Committee*).

On March 8, 2019 the Board of Directors approved regulations governing said committees.

In accordance with these regulations, minutes shall be drafted for all and any committee meetings and said minutes shall be drafted by a Secretary who may be appointed from time to time or may be subject to a permanent designation. At the earliest opportunity, Committee Chairpersons shall i) inform the Board of Directors as to the issues discussed, ii) report to the Board as to any assessments and/or opinions pertaining to the issues discussed and/or resolved upon.

In performing their duties and for the purposes of fulfilling their mandates, said committees shall be granted access to all relevant information and cooperation by all relevant corporate functions, and shall be entitled to enlist external advisors at Nexi's expense, said expenses being subject to the budget caps approved by the Board of Directors for each committee.

## 7. REMUNERATION AND APPOINTMENTS COMMITTEE

Upon due consideration both of the Group's organisational needs and of its Board of Directors' size and manner of operation, Nexi, pursuant to articles 4, 5 & 6 of the Corporate Governance Code, has established a remuneration and appointments committee, assigning it inquiry, advisory and proposal duties in respect of the Board of Directors.

The Remuneration and Appointments Committee's duties are set forth by the Corporate Governance Code.

As per provisions under the Corporate Governance Code, on matters pertaining to appointments the Committee shall:

- a) deliver opinions to the Board of Directors as to: i) the size and membership of the Board itself and as to which types of professional backgrounds best suit the membership needs of the Board of Directors; ii) the maximum number of administrative and oversight appointments held at other listed, supervised or major companies deemed compatible with a Director's appointment at Nexi, to that end duly accounting for prospective committee appointments at Nexi, the varying extent of the demands which any given appointment entails and the diverse nature and size of the companies where prospective appointments are held (including those held at Nexi Group), all of which pursuant to provisions under article 1.C.3 of the Corporate Governance Code; iii) any prospective instances, as provided for under article 1.C.4 del Corporate Governance Code, whereby article 2390 of the Italian Civil Code may apply;
- b) where co-option is made necessary by the need to replace an independent director, submit candidates to Board of Directors.

Consistent with provisions under the Corporate Governance Code and with reference to matters of remuneration, the Remuneration and Appointments Committee shall also:

- a) submit proposals to the Board of Directors on remuneration policies concerning directors and senior management members tasked with strategic management duties;
- b) periodically review the adequacy, consistency and implementation of remuneration policies concerning directors and senior management members tasked with strategic management duties, and shall conduct such reviews based on the information provided to it by the Chief Executive Officer and, where appropriate, shall submit implementation proposals to the Board of Directors;
- c) review the Annual Remuneration Report ahead of its public disclosure prior to the annual shareholders' meeting;
- d) submit proposals or opinions to the Board of Directors as to the remuneration of executive directors and of any directors with special duties or responsibilities, and as to performance benchmarks attached to variable pay components of remuneration;
- e) monitor the implementation of any decisions adopted by the Board and, furthermore, assess whether the performance benchmarks referred to under c) are met or otherwise;
- f) submit proposals to the Board of Directors as to Group-level remuneration policies and/or incentive plans for directors, managers and employees.

In performing its duties and for the purposes of fulfilling their mandates, the Remuneration and Appointments Committee shall be granted access to all relevant information and cooperation by all relevant corporate functions, and shall be entitled to enlist external advisors subject to such limitations as set forth by the Board of Directors.

The Remuneration and Appointments Committee ensures disclosure and transparency with regards to both the remuneration of the Chief Executive Officer and of senior management, and the method by which remuneration is determined.

Pursuant to article 18 of the Articles of Association and in compliance with article 2389(3) of the Italian Civil Code, it is understood that the Remuneration and Appointments Committee's duties are purely advisory – power to determine the remuneration of any directors with special duties or responsibilities rests, upon consulting with Board of Statutory Auditors, with the Board of Directors.

In accordance with provisions under the Corporate Governance Code, no director shall take part in any Committee meetings concerning proposals – subject to subsequent Board approval – as to his or her remuneration.

The Remuneration and Appointments Committee currently comprises non-executive directors Marinella Soldi (the Chairperson), Luca Bassi and Elisa Corghi (replacing Luisa Torchia as of March 6, 2020), all of whom, as a whole, fulfil the independence requirements set forth under the TUF and the Corporate Governance Code and meet, in accordance with provisions under article 6 of the Corporate Governance Code, the relevant eligibility requirements, namely with respect to their knowledge and experience in the fields of finance and remuneration policies (especially Committee Chairperson Marinella Soldi),.

The meetings of the Remuneration and Appointments Committee are presided by the Chairperson and its proceedings are subject to the keeping of minutes, the contents of which are presented to the Board of Directors at the first available Board meeting.

Committee meetings are generally also attended by the Chairperson of the Board of Directors, the Chief Executive Officer, the Statutory Auditors, the Group's Chief Administrative Officer, the Group's Corporate & Regulatory Affairs Officer and the Group's People Development Officer.

In 2020 the Committee met seven times, for an average of two hours. At time of publishing, in 2021 the Committee has met twice.

Average attendance at meetings during 2020 stood at 90%.

All meetings were attended either by the Chairperson of the Board of Statutory Auditors or by a Statutory Auditor.

During meetings held in 2020 the Committee's activities focused on the following:

- honing, in the lead-up to the year's Shareholders' Meetings, remuneration policies and the rules governing Management by Objectives (MBO) and Long-Term Incentives (LTI) plans by way of market benchmarking and reviews carried out in conjunction with leading corporate governance consultants Morrow Sodali,
- setting Group-level MBO performance objectives for the CEO, Key Management Personnel (KMP), Control Functions and other management directly reporting to the CEO;
- performing appraisals as to the implementation of remuneration policies for 2019 in respect of management directly reporting to the CEO/GM; assessing the final balance for MBO plans relative to the CEO/GM and to management directly reporting to the CEO/GM;
- gauging the Group's 2019 performance for the purposes of setting MBO and Value-Added Value-Added Productivity (VAP) incentives;
- adoption of a Group-level three-year remuneration policy, as subsequently published by Nexi in its Report on the Remuneration Policy and the Compensations Paid and submitted to the annual Shareholders' Meeting for approval in 2020 (binding in respect of Section I and non-binding in respect of Section II);
- reviewing both of shareholder voting outcomes on matters of remuneration at the annual meeting and of the outcomes of meetings with major institutional investors and proxy advisors in the lead-up to the annual meeting;
- analysis of the results of Board Evaluation activities in respect of 2019 and defining board evaluation activities for 2020, both of which conducted by external advisors Spencer Stuart;
- adoption of a Succession Plan for top management roles, with the twin objectives of (i) ensuring medium to long-term continuity in management and (ii) fostering business sustainability for major shareholders and stakeholders whilst mitigating risk factors;
- periodic monitoring and review of relevant regulatory frameworks and market standards with respect to remuneration reporting, with a focus on developments issuing from the transposition of the so-called SRD II Directive (i.e. Directive (EU) 2017/828).
- charting a course towards the introduction of novel non-financial indicators into variable pay incentives in accordance with the Group's Environmental, Social & Governance (ESG) strategy.

## **8. REMUNERATION OF DIRECTORS**

In accordance with article 18 of the Articles of Association the remuneration of members of the Board of Directors are determined by the Shareholders. Directors are entitled to reimbursement of expenses incurred in carrying out their duties. The remuneration of any directors tasked with special duties, as defined by the Articles of Association, is determined by the Board of Directors upon consulting with the Board of Statutory Auditors.

On March 6, 2020 the Board of Directors approved the Report on the Remuneration Policy and the Compensations Paid (drafted pursuant to article 123b of Legislative Decree no. 58 of February 2, 1998, and pursuant to article 84c of CONSOB's so-called Issuers' Regulation and Models 7a and 7b of therein Annex

3A) as prior approved (with votes binding in respect of Section I and non-binding in respect of Section II) by Shareholders summoned May 5, 2020 to approve the Financial Statements as at December 31, 2019.

For further details please refer to the 2020 Report on the Remuneration policy and the Compensations Paid 2020. For details as to Shareholders' Meeting outcomes concerning Section II, please refer to 2021 Report on the Remuneration Policy and the Compensations Paid 2021.

## **9. CONTROL, RISK AND SUSTAINABILITY COMMITTEE**

### **Membership**

Nexi's Board of Directors internal Control, Risk and Sustainability Committee is comprised of: Elisa Corgi, the Chairperson, selected among independent directors; Francesco Casiraghi; Marinella Soldi.

The Committee, as a whole, fulfils the independence requirements set forth under the TUF and the Corporate Governance Code and meets, in accordance with provisions under article 7 of the Corporate Governance Code, the relevant eligibility requirements, namely with respect to their knowledge and experience in the fields of finance, accounting and risk management.

### **Operation**

The meetings of the Control, Risk and Sustainability Committee are presided by the Chairperson and its proceedings are subject to the keeping of minutes, the contents of which are presented to the Board of Directors at the first available Board meeting

In performing its duties and for the purposes of fulfilling their mandates, the Control, Risk and Sustainability Committee shall be granted access to all relevant information and cooperation by all relevant corporate functions, and shall be entitled to enlist external advisors subject to such limitations as set forth by the Board of Directors. In 2020 the Committee did not enlist external advisors.

Committee meetings are generally also attended by the Chairperson of the Board of Directors, the Chief Executive Officer, the Statutory Auditors, the Internal Audit Officer, the Risk Management Officer, the Compliance & AML Officer and the Corporate & Regulatory Affairs Officer.

Upon a Chairperson's invitation, meetings may also be attended by any other directors, the Financial Reports Manager and any members of staff at the Company or within the Group. Invitations to attend may also be submitted to independent auditors.

At various stages throughout 2020, Committee meetings were:

- fully attended by the Board of Statutory Auditors, to discuss matters of common interest;
- attended five times, upon invitation, by the Financial Reports Manager, to discuss matters relevant to accounting and issues thereby related;
- attended three times, upon invitation, by the Independent Auditors, to discuss matters relevant to their mandate.

### **Tasks and duties**

As per provisions under the Corporate Governance Code, in its duty to support the Board of Directors, on matters pertaining to appointments the Committee shall:

- evaluate, in conjunction with the Financial Reports Manager and upon consulting with the Independent Auditors and the Board of Statutory Auditors, the adoption of the appropriate accounting standards and their consistent implementation throughout the Group for the purposes of the consolidated financial statements;
- submit opinions on certain aspects pertaining to the identification of major risk factors;

- review any reports carrying assessments as to the Group's internal control and risk management system, as well as any relevant reports by the Internal Audit Function;
- monitor the independence, the adequacy, the effectiveness and efficiency of the Internal Audit Function;
- instruct the Internal Audit Function to carry out reviews on specific operating segments, and in so doing providing notice to that effect to the Chairperson of the Board of Statutory Auditors;
- report to the Board at least twice yearly, namely upon approval of the annual and half-yearly financial reports, as to its activities and as to the adequacy of the ICRM system in place, including, for example, cyber security risks;
- support, through appropriate inquiry, the Board of Director in its assessments and decisions as to risk management actions to be taken in response to any potentially damaging events of which the Board is aware of;
- submit proposals to and advise the Board of Directors on matters of sustainability, thus:
  - a) addressing and evaluating any sustainability issues with a bearing on business operations and on the nature of interactions with stakeholders;
  - b) addressing and evaluating the system whereby data is collected and consolidated for the purposes of drafting the Group's Sustainability Report (including the Non-Financial Statement referred to under Legislative Decree 254/2016);
  - c) reviewing, prior to approval, the Group's Sustainability Report (including the Non-Financial Statement referred to under Legislative Decree 254/2016), and providing its opinion as to said report's approval by the Board of Directors;
  - d) monitoring Nexi's positioning on sustainability issues, especially with reference to its standing with reference to non-financial sustainability indices;
  - e) submit, at the Board's request, opinions on other matters relating to sustainability.

The Committee, in accordance with provisions under the Corporate Governance Code, shall furthermore provide the Board with preliminary opinions as to:

- the ICRM system guidelines, with a focus on ensuring that major risk factors impinging on Nexi and its subsidiaries are properly identified and appropriately measured, managed and monitored, and so as to determine whether such risks are compatible with sound and proper management and Nexi's pursuit of its stated strategic goals
- the adequacy and efficacy of the ICRM system in respect of the nature of Nexi's business and its risk profile;
- any plans drafted by the Internal Audit Officer;
- the adequacy of the ICRM system, as well as opinions pertaining to the corporate governance report's presentation of the system's main features and of methods of coordination between the ICRM's relevant parties;
- key findings presented by independent auditors in their prospective letters of recommendations and in their audit reports
- proposals pertaining to the appointment, revocation and remuneration of the Internal Audit Officer as well as opinions as to the adequacy of resources allocated to said Officer for the purposes of the mandate.

### **Committee activities**

In 2020 the Committee met nine times, for an average of two and half hours. At time of publishing, in 2021 the Committee has met twice. The meetings featured full attendance eight out nine times. Committee meetings

are subject to a minimum schedule of once quarterly. At time of publishing, in 2021 the Committee has met three times.

To date the Committee has acted pursuant to the inquiry, consulting and proposal-making mandates assigned to it by the Board of Directors. The nine meetings held to date regularly featured working sessions devoted to in-depth analysis of corporate issues falling within the scope of the Committee's mandate, including: Group-level Enterprise Risk Management (ERM); Business Continuity and Cybersecurity; Corporate & Social Responsibility and the Non-Financial Statement (NFI); AML, Transparency, Privacy and PSD2 compliance; Audit findings. The Committee was constantly updated as to activities carried out and protections put in place by Nexi in response to the Coronavirus emergency.

In respect of any common activities and of the exchange of mutually relevant information, the Committee has continued to liaise with the Board of Statutory Auditors on a constant basis and with due regard for the differing scopes of their respective mandates.

## **10 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND THE ICRM EXECUTIVE DIRECTOR**

In compliance with Principle no. 7 of the Corporate Governance Code and in line with domestic and international best practices, Nexi has adopted an Internal Control and Risk Management (ICRM) system with a view to identifying, measuring, managing and monitoring of major corporate risks.

On February 25, 2019, to further support the Group's ICRM system and its ICRM Committee, Nexi's Board of Directors appointed, with immediate effect, Paolo Bertoluzzo as the Executive Director for ICRM, whose duties are those listed in the Corporate Governance Code.

In respect of the Chief Executive Officer's appointment in that role, the Board believes said appointment to be in keeping with provisions of the Corporate Governance Code, which indeed highlights the benefits of such a choice also in terms of the appointee's expertise.

In compliance with the provisions of article 7 of the Corporate Governance Code, the Executive Director for ICRM shall:

- ensure that major corporate risks are identified in due account of the nature of the business conducted by Nexi and its subsidiaries, and shall regularly report such risks to the Board of Directors;
- implement the Board of Directors' guidelines, overseeing the design, development and management of the ICRM system and ensuring its constant evaluation in terms of adequacy and effectiveness;
- ensure that said system is updated to reflect changes in the operating, legal and regulatory environments;
- at his or her discretion, request that the Internal Audit Function carry out reviews into specific operating segments and into compliance with internal rules and procedures in executing corporate transactions; and when so doing, shall provide immediate notice to that effect to the Chairperson of the Board of Directors, the Chairperson of the ICRM Committee and the Chairman of the Board of Statutory Auditors;
- without delay, report to the ICRM Committee (or to the Board of Directors) on any significant findings, whether the result of his or her endeavours or otherwise obtained, such that the Committee (or the Board) may take appropriate action.

### **Internal Audit Officer**

The Internal Audit Officer, Emanuele Boati, is tasked with reporting to the Board of Directors (directly or via the ICRM Committee) on the adequacy, effectiveness and functioning of Nexi's ICRM system. Such reports must be presented at least once a year or, where advisable due to the relevance of findings, at the first available Board meeting.

As well as acting in a support capacity with respect to Nexi's ICRM system, the Internal Audit Officer's duties are, among others, those set forth under article 7 of the Corporate Governance Code.



The Internal Audit Officer is not responsible for any of the Group's corporate operating segments and reports directly to the Board of Directors.

The Internal Audit Function is granted by the Board of Directors unlimited access to the premises of all other corporate functions, to recordings, to the minutes of all and any executive and consulting committees, to all other Nexi premises and personnel.

In 2020 the duties of the Internal Audit Officer were carried out in accordance with the prescribed internal rules and, wherever major issues were detected, the Officer reported without delay to the relevant corporate bodies. The Officer also compiled and submitted individual reports for each corporate business area, each designed to highlight any issues detected, their scope and extent and any instances warranting the attention of the relevant management figures. Said actions were carried out with a view to enhancing oversight as to the timely implementation of mitigation and management actions in response to risks identified during the course of audits. The methodological approaches subject to which the Internal Audit Function discharges its duties underwent continuing development. The implementation of new audit software was completed and the latter was leveraged for the purposes of carrying out audits and compiling audit reports.

In accordance with the provisions of the Corporate Governance Code, the remuneration and incentives of the Internal Audit Officer are consistent with assigned duties.

None of the duties or functions served by the Internal Audit Function have been outsourced to any third parties outside the Group.

## 10.1 ORGANISATIONAL MODEL

Nexi has adopted a so-called **Model 231** Organisational, Management and Control Model (i.e. one consistent with the provisions of Legislative Decree 231/2001).

On July 30, 2020 Nexi's Board of Directors approved updates to its Organisational, Management and Control Model in accordance with Legislative Decree 231/2001.

The updates reflect both Nexi SpA's new organisational structure and the amending and supplementing of said legislative decree, to the extent that the latter now ranks *trading in influence* and *tax offences* as predicate offences.

The Model is divided into seven parts, one general and six special.

The General Part – which defines Nexi's organisational structure, as well as the criteria, method and principles on which the Model is based – has been updated and expanded, especially in respect of its references to Public Administrations and of criteria for definitions thereof.

The Special Parts are divided as follows:

- Special Part I – Risk Mapping. The document is designed to identify the types of offence and potential avenues by which such offences may be committed at or by Nexi in performing its activities.
- Special Part II – Protocols.
- Documents summarising, for each of the relevant Nexi structures, a range of activities, controls and reporting mechanisms established for the purposes of ensuring that the organisational system complies with rules pursuant to Legislative Decree 231/2001.
- Special Part III – Code of Ethics. The document was solely amended in respect of an additional reference to whistleblower provisions.
- Part IV –
- Special Part IV – Disclosures & Reporting. The document summarises disclosure and reporting channels towards/from the Supervisory.
- Special Part V –
- Model 231 violations reporting form for submittal to the Supervisory Board

- Special Part VI –
- List of Legislative Decree 231 offences applicable to Nexi.

As allowed for by applicable law, the duties of the Supervisory Board are carried out by Board of Statutory Auditors. As such, the Supervisory Board fulfils the relevant requirements of autonomy, independence, professionalism and continuity.

## **10.2 INDEPENDENT AUDITORS**

Nexi has appointed PricewaterhouseCoopers SpA. (hereinafter, PwC) as independent auditors. PwC has registered offices in Milan, Via Monte Rosa 91, and is registered at the Ministry of Economy and Finance under the Registry of Auditors (Reg. No. 119644).

On February 13, 2019 the Nexi Shareholders' Meeting resolved to entrust PwC with (i) the independent audit of the Group's statutory and consolidated financial statements for 2019-2021, starting upon expiry of the prior mandate of KPMG SpA (hereinafter, KPMG) and expiring at the earlier between (a) the date on which Nexi's statutory financial statements for the year ending December 31, 2021 are approved and (b) the date on which Nexi shares are floated on Borsa Italiana's MTA equities market, and (ii)

the independent audit of the Group's statutory and consolidated financial statements for 2019-2027 and, for the same years, the limited audits of condensed consolidated interim financial statements for the six months ending June 30, all of which pending the actual MTA listing of Nexi shares and, hence, effective as of the first day of trading of Nexi shares on said equities market.

## **10.3 FINANCIAL REPORTS MANAGER**

On March 25, 2019, pursuant to article 154a of the TUF and as provided for by article 19 of the Articles of Association, Nexi's Board of Directors resolved to approve, effective as of the first day of trading of Nexi shares on Borsa Italiana's MTA equities market, the appointment of Enrico Marchini as the Financial Reports Manager.

Article 19 of the Articles of Association, in accordance with provisions under article 154a of the TUF, provides that the Financial Reports Manager be appointed by the Board of Directors subject to the mandatory, non-binding opinion of the Board of Statutory Auditors. Further statutory requirements are that the Financial Reports Manager have a minimum three years' experience in administration, finance and control and that he or she satisfy the same standards of integrity placed on board members. Failure to continue satisfying said requirements shall entail dismissal, to be ratified by the Board of Directors within 30 days of gaining knowledge of said failure.

In respect of the above requirements, the Board of Directors, upon due consideration of the Board of Statutory Auditors' opinion dating February 25, 2019, assessed Enrico Marchini as being suitable for the appointment.

Pursuant to article 154a of the TUF, the Financial Reports Manager shall:

- prepare accompanying statements in respect of Nexi's financial reports and communications to the public, including interim reports;
- establish appropriate administrative and accounting procedures in respect of the preparation of the separate financial statements and, where applicable, of the consolidated financial statements and any other financial disclosure;
- report on the consolidated, separate and interim financial statements and certify: (i) as to each, the adequacy and full implementation of the relevant administrative and accounting procedures; (ii) as to each, preparation in accordance with the with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, (iii) as to each, the consistency of information therein with respect to that published in the accounting ledgers and records; (iv) as to each, that they provide a true and fair

representation of the equity, economic and financial situation of the issuer and of the companies included in the scope of consolidation; (v) as to the separate and consolidated financial statements, that the Report on Operations includes reliable analysis on the performance, result of operations and the business of the issuer and of all entities included in the consolidated financial statements as well as a description of principal risks and uncertainties to which they are exposed; (vi) as to the interim financial statements, that the interim management report provides reliable analysis pursuant to article 154b(4) of the TUF.

During the first half of 2020, in line with best practices within the market, the Board of Directors oversaw the drafting (and subsequent approval) of a new body of procedures, defining rules applicable to the Financial Reports Manager in the performance of the duties set forth under article 154a of the TUF.

Titled *Rules for Financial Reports Management*, the document – the scope of which is also to ensure compliance with any duties set forth by the Articles of Association and, to that end, duly encompassing the areas in which the Financial Reports Manager is called upon to exercise his or her powers or to provide coordination – details rules and operating procedures in respect of:

- reporting and disclosures between the Financial Reports Manager and the Board of Directors and the Board of Statutory Auditors, and between said manager and any other corporate functions with a bearing on such disclosures as are subject to the requirement of said manager's reporting and certification (e.g. the consolidated, separate and interim financial statements, interim management reports, etc.);
- reporting and disclosures between the Financial Reports Manager and Nexi Group companies;
- establishing approaches to administrative and accounting checks;
- internal certification and reporting (as preparatory and prerequisite to final certification pursuant to article 154a(5) of the TUF );
- final certification of the consolidated, separate and interim financial statements (pursuant to article 154a(5) of the TUF), and of other financial disclosures, including interim reports (article 154a(2) of the TUF).

#### **10.4 COORDINATION AMONGST ICRM BODIES**

Nexi promotes information exchanges amongst those bodies engaged in the Internal Control and Risk Management system. Timely and continuous information exchange is ensured via: (i) the Board of Statutory Auditors' attendance of the Risk, Control and Sustainability Committee's meetings; (ii) the Financial Reports Manager's attendance of the Control, Risk and Sustainability Committee's meetings at least four times a year; (iii) regular reporting by the Control, Risk and Sustainability Committee to the Board of Statutory Auditors, the Executive Director for ICRM and the e al Board of Directors by the Internal Audit Officer, the Group's Chief Risk Officer and the Compliance & AML Officer concerning any ICRM activities; (iv) information exchanges amongst the Control, Risk and Sustainability Committee, the independent auditors and the Financial Reports Manager concerning accounting standards adopted and as to the adequacy of administrative and accounting procedures underpinning the preparation of Nexi and Group-level financial disclosures, reports and statements; (v) regular reporting to the Board of Directors by the Supervisory Body.

#### **11. DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS**

Nexi has adopted procedures providing for related-party transactions (hereinafter, the Procedures) pursuant to article 2391a of the Italian Civil Code and pursuant to CONSOB's RTP Regulation, including further instructions and clarification thereto issued under CONSOB Communication DEM/10078683 of September 24, 2010.

The Procedures set out the rules governing the approval and performance of Related-Party Transactions by Nexi, whether directly or through its subsidiaries, so as to ensure said transactions' transparency and fairness.

The Procedures require that the Nexi Board of Directors provide for the establishment of a Related Parties Committee, comprised of three non-executive Independent Directors, all of whom appointed by it.

The members of the Related Parties Committee shall hold office until such time as they resign, or their director's appointment expires, or they cease to qualify as independent directors.

The Related Parties Committee is governed by a specific body of rules approved by the Board of Directors.

The Committee is comprised of non-executive Independent Directors Elisa Corghi (Chairperson as of March 6, 2020, replacing Luisa Torchia), Antonio Patuelli and Marinella Soldi.

In 2020 the Related Parties Committee met 14 times. The meetings were also attended by the Chairperson of the Board of Directors and by the Board of Statutory Auditors.

The above-mentioned Procedures were approved by the Nexi Board of Directors on March 8, 2019, subject to the favourable opinion, pursuant to article 3(4) of the RPT Regulation, of the Related Parties Committee.

Nexi related parties are:

- a. entities which, whether directly or indirectly, including via subsidiaries, fiduciaries or intermediaries (each, in turn, qualifying as related parties):
  - (i) control Nexi;
  - (ii) are controlled by Nexi;
  - (iii) along with Nexi, are controlled by the same entity;
  - (iv) hold an investment in Nexi such that they are able to exercise significant influence over it;
  - (v) jointly control Nexi;
- b. Nexi associates;
- c. joint ventures to which Nexi is a party;
- d. Nexi directors and statutory auditors, key management personnel at Nexi or at the entity controlling Nexi;
- e. close family members of the parties listed under (a) or (d);
- f. parties either controlled, jointly controlled, or subject to the significant influence of any of the parties listed under (d) or (e), or parties in respect of which the latter directly or indirectly hold a stake equal to or greater than 20% of voting rights; collective and personal complementary pension schemes, Italian or foreign, in favour of the employees and/or management at Nexi or at any entity related to it;

Nexi has established the Related Parties Register, wherein Related Parties are registered. The list of Related Parties is updated half-yearly based on available information.

Transactions material to disclosure, i.e. significant, are any Related-Party Transactions for which the threshold value of one or more of the indices – applicability of which varies by type of transaction – listed in Annex 1 of the Procedures is exceeded.

In respect of identifying transactions material to disclosure, it is the Financial Reports Manager's duty to determine and update threshold values for the indices listed in Annex 1 of the Procedures.

Any transactions material to disclosure that fall outside the scope of the Shareholders' Meeting or do not require approval by the latter, are approved by Nexi's Board of Directors subject to reporting by and the favourable opinion of the Related Parties Committee as to how said transactions meet Nexi's best interests, and as to the fairness and consistency of said transactions' terms and conditions.

Nexi has made use of exemptions under article 10(1) of the RPT Regulation, allowing recently listed companies to apply, in respect of Related-Party Transactions and without prejudice to reporting requirements pursuant to article 5 of the RPT Regulation, the disclosure procedures normally applicable to immaterial transactions to material transactions – said exemptions being applicable between the Procedures' entering into force and approval of the financial statements for the second year subsequent to that of a company's listing.

Transactions not material to disclosure are any Related-Party Transactions other than transactions material to disclosure or minor transactions.

Any transactions not material to disclosure that fall outside the scope of the Shareholders' Meeting or do not require approval by the latter, are approved by Nexi's Board of Directors subject to reporting by and the favourable opinion of the Related Parties Committee as to how said transactions meet Nexi's best interests, and as to the fairness and consistency of said transactions' terms and conditions.

Without prejudice to the mandatory provisions on reporting and transparency under the RPT Regulation and under applicable rules and regulations, in respect of Related-Party Transactions (including any transactions carried out by way of a subsidiary), the Procedures, as well as not applying to transactions as defined under article 13(1) and (4) of the RPT Regulations, shall not apply to:

- a. single transactions not exceeding Euro 100,000 in which the Related Party is a natural person; or single transactions not exceeding Euro 500,000 in which the Related Party is a legal entity;
- b. equity-based compensation plans approved by Shareholders pursuant to article 114a of the TUF and any transactions thereto that are subject to an executive decision;
- c. other than those excluded pursuant to the RPT Regulation, resolutions pertaining to the remuneration of board and committee members with special duties and of key management personnel, provided that: (i) a remuneration policy is in place; (ii) a committee solely comprised of non-executive directors, the majority of whom independent, was involved in the drafting of the remuneration policy; (iii) a report on the remuneration policy was submitted for approval by the Shareholders' Meeting; (iv) remunerations are consistent with the remuneration policy;
- d. transactions with or amongst subsidiaries or entities jointly controlled by Nexi, as well as transactions with Nexi associates, provided that no other Related Party holds a significant interest in respect of such counterparties (i.e. Nexi subsidiaries, jointly controlled entities or associates).

in the latter respect, a Related Party' significant interest shall mean any interest that is the result of stakes held in either the equity or the assets of the counterparties, such that said interest is conducive to the counterparties favouring exclusively, or chiefly, the interests of the Related Party. A Related Party's significant interest may also arise whereby Nexi and either a subsidiary or an associate share one or more members of key management personnel, and said members of management not only have a role in both entities, but are also recipients of equity-based compensation (or variable pay), the amount of which is dependent on the financial performance of the counterparties. A Related-Party's significant interest shall not arise whereby Nexi and either a subsidiary or an associate merely share one or more directors or members of key management personnel

- e. Transactions falling within the scope of normal business operations and financial activities at Nexi or at a Nexi subsidiary, and which are carried out on terms comparable – given like nature, size and risk – to those involving non-related parties, or are carried out at a regulated or fixed tariff or price, or are carried out in respect of entities for which the law dictates the fees;
- f. urgent transactions that fall outside the scope of the Shareholders' Meeting or do not require approval by the latter, provided that a clause to that effect is added to the Articles of Association and that requirements under article 13(6) of the RPT Regulation are met.

The Board of Directors di Nexi shall periodically assess, at least once every three years, whether to review the Procedures, and in so doing shall take due account of, among other things, their effectiveness in practice and any prospective changes in Nexi's ownership and control structure. Modifications to the Procedures shall be approved by the Board of Directors subject either to the favourable opinion of the Related Parties Committee or, failing that, to compliance with respect to the provisions of article 4 of the RPT Regulation.

The Procedure will be amended during the first half of 2021 in order to reflect the changes made to the RPT Regulation with Consob resolution no. 21624 of 10 December 2020.

The Procedures are subject to disclosure and published on Nexi's website at the following address: <https://www.nexi.it/investor-relations/gruppo/governance/regolamenti.html>.

Nexi's Board of Statutory Auditors shall ensure that the Procedures comply with the general principles set forth by the RPT Regulation and that said Procedures are abided by, and, as to each, shall report to the Shareholders'

Meeting in accordance with the provisions of article 2429(2) of the Italian Civil Code and article 153 of the TUF.

## **12. STATUTORY AUDITOR APPOINTMENTS**

Pursuant to articles 21, 22 and 23 of the Articles of Association, Nexi has adopted procedures that ensure transparency in respect of the appointment of its Statutory Auditors. Said procedures also ensure appropriate and timely disclosure as to candidates' personal and professional qualifications.

Members of the Board of Statutory Auditors are elected by Shareholders by way of a slate voting system, as detailed below, ensuring gender diversity pursuant to the rules and regulations applicable from time to time.

The submittal of slates is governed by the rules and regulations in force from time to time, and by New Articles of Association.

Slates may be submitted by the shareholders who, either individually or as part of shareholder syndicate, at time of submittal account for a 2.5% stake in voting rights, or any such stake as is determined by the rules and regulations applicable from time to time.

The slates shall be deposited with the Company by the deadline set forth under the laws and regulations in force from time to time, as indicated in the convening notice to the Company's head office or via remote communication means, as indicated in the convening notice, and made available to the general public in accordance with the terms and modalities established by the laws and regulations in force from time to time

Each shareholder, any shareholders subscribing to a shareholders' agreement as defined under article 122 of the TUF, the controlling entity, its subsidiaries, companies controlled by it and any other parties with direct or indirect mutual ties, pursuant to the laws and regulations in force from time to time may not submit or take part in the submittal, and are barred from doing so through intermediaries or trusts, of more than one slate, nor may they vote for more than one slate. Each candidate may run in one slate only, under penalty of inadmissibility.

Each slate shall contain a number of candidates in progressive order not exceeding the number of members to be appointed.

The slates shall be divided into two sections: the first, listing candidates for statutory auditor; the second, listing candidates for alternate auditor. The first candidate listed in each section must be enrolled the auditors' register and must have a minimum three years' experience in auditing.

Any slate which, the two sections combined, features three or more candidates must also include candidates of both genders, such that the least represented gender accounts for, upon rounding up, at least one third of the candidates running for statutory auditor and, should the slate also feature candidates for alternate auditor, no less than one candidate for alternate auditor. Failure to comply with the provisions set forth under this paragraph shall lead to the slate being rendered null and void.

The slates must be submitted alongside a) information pertaining to the shareholders who have submitted the slate and their share of equity; b) a statement by shareholders other than those individually or jointly holding a controlling or majority stake, certifying the absence, pursuant to laws and regulations applicable from time to time, of any direct or indirect ties with said controlling or majority shareholders; c) candidates' CVs and a statement from each certifying, under their own responsibility, that there are no grounds for inadmissibility or incompatibility, and that they meet the requirements of the offices for which they run; d) a report on the candidates detailing any administrative and control duties held at other companies, and a statement by candidates as to their meeting all requirements – including those pertaining to integrity, professionalism, independence and to the maximum number of appointments held – as provided for by the laws and regulations applicable from time to time and by the Articles of Association, and as to their acceptance of the candidacy and, should they be appointed, of the office; e) the statement with which each candidate accepts their candidacy; f) any further statement, report and/or document required pursuant to the laws and regulations applicable from time to time.

Failure to comply with the obligations set forth under this article shall lead to the slate being rendered null and void.

The members of the Board of Statutory Auditors must meet the requirements of integrity, professionalism and independence and must comply with provisions concerning the maximum number of appointments under the laws and regulations applicable from time to time and the Corporate Governance Code. Matters deemed strictly relevant to the Company's business scope include commercial law, corporate law, financial markets law, tax law, corporate economics, corporate finance, subjects dealing with the same or similar topics and subjects and sectors linked to the Company's business sector.

The Board of Statutory Auditors is appointed as follows: a) two standing auditors and one alternate auditor shall be selected, based on the order in which they are listed, from the slate that gained most votes (the "majority slate"); b) the third and last statutory auditor, who shall be appointed Chairperson of the Board of Statutory Auditors, and the second and last alternate auditor shall be selected, based on the order in which they are listed, from the slate that both gained the second highest number of votes (the "minority slate") and has no ties, direct or indirect, with the shareholders who submitted or voted for the slate that gained the most votes. Should several slates obtain the same number of votes, a ballot is held between said slates, in which all attending and eligible shareholders may vote. Upon such a vote, the slate winning the plurality vote shall have its candidates appointed.

Failure to meet gender diversity requirements, as provided for by the laws and regulations applicable from time to time and as separately applicable to statutory auditors and alternate auditors, shall lead to any such majority slate candidate as belongs to the majority gender, as is elected and as is last in order of presentation within the relevant section of the slate being replaced by any such non-elected candidate as belongs to the minority gender and as belongs to the same section of the same slate as the replaced candidate, said minority gender candidate being selected based on order of presentation within the slate. Should the number of candidates appointed based on the submitted slates be lower than the number of auditors to be appointed, the remaining auditors shall be appointed by the shareholders via a plurality vote and in such a way as to ensure that gender diversity requirements are met, as provided for by the laws and regulations applicable from time to time.

Whereby only one slate is submitted, the Board of Statutory Auditors shall be entirely selected from said slate, in accordance with the laws and regulations applicable from time to time. If, however, no slates are submitted, as provided for by the law, Shareholders shall decide the matter via a plurality vote. In such instances, the Chairperson of the Board of Statutory Auditors shall be appointed by the Shareholders via a plurality vote based on voting rights.

The Chairperson of the Board of Statutory Auditors shall be the statutory auditor appointed by the minority slate, save for cases whereby either one or no slates have been submitted. Should that be the case, the Chairperson of the Board of Statutory Auditors shall be appointed by the Shareholders via a plurality vote based on voting rights.

### **13. MEMBERSHIP AND DUTIES OF THE BOARD OF STATUTORY AUDITORS**

The Board of Statutory Auditors consists of three statutory members and two alternate members.

The members of the Board of Statutory Auditors hold office for three financial years and mandate expires on the date of the Shareholders' Meeting wherein the financial statements pertaining to year three of their mandate are approved. Auditors are eligible for reappointment.

The members of the Board of Statutory Auditors meet the requirements of integrity and professionalism set forth under Ministry of Justice Decree 162 of March 30, 2000.

In respect of the requirements of professionalism, reference under the foregoing Ministry of Justice Decree's article 1(2)(b) and (c) to "subjects and sectors strictly relevant to a Company's activities" shall be understood as meaning the subjects and sectors of activity connected or inherent to Nexi's line of business and, hence, to its corporate purpose.

The members of the Board of Statutory Auditors meet the requirements of independence set forth under article 148(3) of the TUF and under articles 3 & 8 of the Corporate Governance Code.

The requirements, the functions and duties of the Board of Statutory Auditors are governed by the law.

Unchanged at time of publication, membership within Nexi's Board of Statutory Auditors as at December 31, 2020 is detailed in Table 2 attached to hereby report, along with relevant information concerning each member. A summary of their CVs is presented below.

**Piero Alonzo (Chairperson)** – Born in Rome on October 2, 1965, he graduated in Business and Economics from the Università degli Studi “La Sapienza” in Rome. He is a Chartered Accountant and Tax Adviser in Rome and is enrolled in the Registry of Auditors. He is a technical consultant to the Court of Rome and has lectured in tax law at the Scuola Superiore delle Economie e delle Finanze, and a Master's lecturer for Euroconference, Il Sole 24 Ore, the Università LUISS “Guido Carli” in Rome. His technical papers and articles on tax law have been published on major Italian sector publications and financial newspapers (i.e. Corriere Tributario, Il Fisco, Guida Normativa, L’Iva, Giurisprudenza Tributaria and Il Sole 24 Ore). Between 1989 and 1993 he was a tax consultant at Gruppo Pallavicini. Between 1993 and 2004 he was a partner at the Studio Grimaldi & Associati. Between 2006 and 2008 he was a partner at the Studio Tonucci & Partners. As of 2008 he is a partner at the Studio Alonzo Committeri & Partners. Piero Alonzo is an expert of corporate and tax law. He provides tax consulting for extraordinary financial transactions, in stock market listings, LBOs and multinational transactions. His experience on fiscal topics also covers the areas of corporate planning, structuring and restructuring, mergers and acquisitions, as well as rulings, regulation, legislation and tax litigation. He is a member at the boards of statutory auditors of major Italian companies.

**Mariella Tagliabue (Statutory Auditor)** – Born in Monza on August 31, 1970, she graduated in Business and Economics at the Università Cattolica del Sacro Cuore in Milano in 1994. A Chartered Accountant and Auditor, she is a registered technical consultant to the Court of Milan. She is a Master's lecturer in Credit Risk Management at the Faculty of Banking, Financial and Insurance Sciences at the Università Cattolica del Sacro Cuore in Milan. Her published works cover topics relating to international accounting standards. She is a consultant on financial reporting, extraordinary corporate transactions and corporate valuations. She was a Senior Manager for Financial Services at KPMG SpA where she was in charge of planning and overseeing the audits for listed Italian banks and major international corporations. She currently holds two other board appointments, as the Chairperson of the Board of Statutory Auditors at Anima Holding SpA (since 2017) and as a Statutory Auditor at Fiera Milano SpA. She is a member of the Audit Board at Fondazione Telethon.

**Marco Giuseppe Zanobio (Statutory Auditor)** – Born in Milan on March 20, 1964, he graduated in Business and Economics in 1988 at the Università Cattolica del Sacro Cuore in Milano at which also received in 2005 a doctorate in Institutions and Organisations. Since 1991 he has held appointments at the Board of Statutory Auditors of numerous Italian companies. Since 1992 he has held numerous Board of Directors appointments. A Chartered Accountant and Tax Consultant as of 1993, he is a Registered Auditor as of 1995. Since 1991 he lectures at the Faculty of Economics and Law at the Università Cattolica del Sacro Cuore in Milan.

**Tommaso Ghelfi (Alternate Auditor)** – Born in Milan on September 20, 1973, he graduated in Business Administration in 1997 at the Università Luigi Bocconi in Milan. Since 2002 he is a Chartered Accountant in Milan and a Registered Auditor. He is the statutory auditor and CEO at several companies.

**Andrea Carlo Zonca (Alternate Auditor)** – Born in Milan on June 5, 1966, he graduated in Business and Economics at the Università Cattolica del Sacro Cuore in Milano in April of 1992. He is a Chartered Accountant and Tax Adviser in Milano as of 1994, as well as a Registered Auditor. He is a registered Technical Consultant at the Court of Milan's Office for Non-Contentious Law and Technical Consultants. He is a founding partner at the Studio Dell’Apa Zonca e Associati, a corporate, business and tax consulting firm established in 2006. He serves on the Board of Statutory Auditors and the Board of Directors of companies listed on the Milan Stock Exchange and those of other non-listed companies.

As well as fulfilling the duties assigned to it under the TUF and the Corporate Governance Code, the Board of Statutory Auditors is also, pursuant to article 19 of Legislative Decree 39/2020, the Internal Control and Audit Committee.



Pursuant to said committee mandate the Board of Statutory Auditors is, among other things, tasked with monitoring:

- financial reporting processes;
- the effectiveness of the internal control, audit and risk management system;
- statutory audits of the annual and consolidated accounts;
- the independence of independent auditors, especially in respect of services extending beyond the scope of the independent audit.

Pursuant to said article 19, the Board of Statutory Auditors, as the Internal Control and Audit Committee, oversees procedures concerning the appointment of independent auditors. The Board is also tasked with reporting to the Board of Directors on the outcome of independent audits and with submitting to the same Board the independent auditors' additional reports pursuant to article 11 of Regulation (EU) 537/2014, with any appropriate comments.

The Board of Statutory Auditors carries out the duties of Supervisory Body as set forth by Legislative Decree 231/2001 and as permitted by applicable rules and regulations and by the organisational, management and control model adopted by Nexi pursuant to Legislative decree 231/2001.

Any statutory auditor having a direct or indirect interest in respect of a specific Nexi transaction shall timely and fully report to the other statutory auditors and to the Chairperson as to the nature, the terms, the cause and scope of said interest.

In 2020 and up until time of publication the Board of Statutory Auditors met 18 times. All Board meetings are subject to the keeping of meetings and all such meetings were attended by all statutory auditors. The meetings were, depending on the agenda, and for the purposes of the audits, attended by the officers the internal control functions, the Financial Reports Manager and by the officers of other corporate functions. On average, the duration of said meetings was approximately two hours.

The Board regularly engages in information exchanges with the independent auditors and, generally in its entirety, attends the meetings of the Related Parties Committee, the Remuneration and Appointments Committee and of the Control, Risk and Sustainability Committee.

In 2020 and up until time of publication, the Board has attended 3 Shareholders' Meetings, 22 Board of Directors' meetings, 12 Control, Risk and Sustainability Committee meetings, all 14 Related Parties Committee meetings and all 9 Remunerations and Appointments Committee meetings.

The Board of Statutory Auditors – pursuant to the CNDCEC's Code of Conduct for the Board of Statutory Auditors at Listed Companies of April 26, 2018 and to the CNDCEC's paper Self-Assessments at the Board of Statutory Auditors of May 2019 – has carried out its scheduled self-assessment on its membership and activities, in keeping with which each statutory auditor was required to complete a questionnaire. The self-assessment's findings were the subject of a report submitted by the Chairperson of the Board of Statutory Auditors to the Board of Directors during the Board meeting of March 11, 2021. Findings relative to the Board's activities are positive overall, indicating that the Board has carried out its duties effectively and efficiently and pursuant to applicable rules and regulations.

As for membership, the findings show that:

- all members fulfil the requirements set forth by article 2399 of the Italian Civil Code;
- each member of the Board of Statutory Auditors fulfils the independence requirements set forth by domestic laws and regulations;
- the Board of Statutory Auditors meets diversity criteria in respect of gender and professional experience, backgrounds and expertise;
- every member of the Board of Statutory Auditors has a sound grounding and experience in many of the areas listed in the self-assessment questionnaire;

As for activities carried out in 2020, the findings show that:

- the size of the Board is adequate in respect of duties;

- the Board's membership is a balanced one and does not warrant supplementing in terms of professional expertise;
- all Board members state that the time available to them is adequate in respect of their appointments and given the broad scope and complexity of the duties, the Company's nature, size, business, operational structure and other characteristics;
- overall, the Board's activities have proved adequate in meeting the needs of Nexi;
- though reporting amongst the Board of Statutory Auditors and the other statutory bodies has proved adequate, with a view to pursuing ongoing improvement, timelier submittal of documents would be required;
- the Chairperson has played a key role;
- the Board assesses remuneration to be consistent with the activities carried out in 2020.

Looking forwards to 2021, the Board proposes that:

- Board membership be expanded in light of extraordinary operations envisaged in 2021 and entailing the Group's expansion in terms of size and operations;
- Board remunerations be increased in light of the greater commitments entailed by expected changes at the Group in 2021.

Board members have taken part in the Board of Directors' training programme (see paragraph 4.2).

The Board has submitted a formal proposal for further professional training and development in 2021, with a view to enhancing its performance with respect to:

- current market developments and the international outlook;
- sustainability (e.g. concerning sustainability planning and management);
- Nexi Group's organisational model.

The meetings of the Control, Risk and Sustainability Committee rank as the main platform for reporting amongst the key parties involved in internal control. Said meetings, as such, are always attended by the Board of Statutory Auditors and the officers of the internal control functions. The meetings thus allow for the constant exchange of any information underpinning the performance of all parties with internal control duties.

## **14 INVESTOR RELATIONS**

Nexi engages in constant dialogue with its shareholders and investors and promotes regular meetings within financial community stakeholders.

With a view to ensuring proper management of investor relations, Nexi has appointed, effective as of April 1, 2019, Stefania Mantegazza as Investor Relations Officer.

Nexi has also added the "Investors" section to its corporate website, ensuring its accessibility and visibility. The section provides all information relevant to investors as well as to disclosure, and providing shareholders with a full and proper understanding of their rights.

## **15 SHAREHOLDERS' MEETINGS**

Pursuant to article 9 of the Articles of Association, Shareholders' meetings are called whenever deemed necessary by the Board of Directors or whenever mandatory by Law.

Shareholders' meetings are to be hosted at the company's registered office or at any other venue designated by the Board of Directors, provided such venue is either in Italy or in the European Union.

Ordinary and extraordinary shareholders' meetings are held on the date set forth under the notice of call. The Board of Directors may provide for more than one call date, in such instances detailing the date of the second

and, where relevant, the third call, within the notice of call. Once convened and legally constituted, ordinary and extraordinary shareholders' meetings shall pass resolutions in accordance with such majorities as set forth by Law

Shareholders' meetings are called by the Board of Directors upon providing notice of such meetings on the company's website and upon providing for all other call requirements set forth by laws and regulations in force at the time.

The company's financial statements are subject to approval by the shareholders and to that end shareholders' meetings must be called at least once a year, within 120 days of close of the company's financial year or, where article 2364(2) of the Italian Civil Code applies, within an extended term of 180 days, without prejudice to any other applicable deadlines set forth by laws and regulations in force from time to time.

Proceedings at Shareholders' Meetings are governed by the law, the Articles of Association and by the governing procedures document, the latter being available for consultation at <https://www.nexi.it/investor-relations/gruppo/governance/assemblee.html>. Shareholders' right to attend and speak is governed by articles 10, 11 and 12 of the aforementioned governing procedures.

The matter and scope of resolutions subject to a shareholders' vote are set forth by law and the Articles of Association.

Pursuant to article 10 of the Articles of Association, any persons with voting rights at a shareholders' meeting, subject to applicable provisions, also hold a right to speak at such meetings. Shareholders shall attest their right to speak and vote and the manner in which they wish to exercise them in accordance with the rules and regulations in force at the time. Furthermore, any persons with voting rights at a shareholders' meeting can choose to be represented by proxy in the manner and to the extent permissible by law. Any such arrangements are to be notified to the company at the certified email address provided in the shareholders' meeting notice, or in accordance with any other method therein specified. For the purposes any given shareholders' meeting, the company may designate one or more persons to act as proxy on behalf of shareholders, and the latter may provide said persons with voting instructions concerning all or some of the agenda items. The scope of the proxy arrangements is limited those agenda items for which instructions are provided. The parties designated by the company and the manner and method via which the proxy mandates are effected shall be detailed in the shareholders' meeting notice.

Pursuant to article 11 of the Articles of Association, shareholders' meetings are chaired by the Chairperson of the Board of Directors and, should he or she fail or be unable to attend, he or she shall be replaced by the Deputy Chairperson of the Board of Directors (should only one such person be appointed) or by the most senior Deputy Chairperson (should more than one such person be appointed) or by the Chief Executive Officer. Failing that, the meeting shall be chaired by any such person as appointed by the majority of attending shareholders.

During shareholders' meetings the Chairperson shall be assisted by a secretary, who needn't be a shareholder, appointed by attending shareholders, except as provided for in article 2371(2) of the Italian Civil Code.

In 2020 two Shareholders' Meetings were held.

The first, and ordinary shareholders' meeting, was called to approved the Nexi's separate and consolidated financial statements as at December 31, 2019, the non-financial statements, proposals concerning the authorisation to purchase and dispose of treasury shares, the report on remuneration policy and compensations paid, the appointment of director to the Board of Directors following co-option.

The second, an extraordinary shareholders' meeting, was called to approve proposals to authorise the convertibility of the €500,000,000 1.75 per cent, Equity Linked Bonds due 2027 and the divisible share capital increase, excluding shareholder pre-emption rights, in service to the aforesaid bonds via the issue of ordinary shares.

In 2021, as at time of publishing, a shareholders' meeting was called to approve, on an extraordinary basis, the cross-border merger by incorporation of Nets Topco 2 Sarl into Nexi SpA, and to approve, on an ordinary basis, an increase in the number of directors at the Board of Directors from 13 to 15 and the subject to that, to

approve the appointment of two directors effective as at the completion date of the cross-border merger by incorporation of Nets Topco 2 Sarl into Nexi SpA.

Documents relating to the shareholders' meetings are published and made available to the public in accordance with the applicable rules and regulations.

Respectively, the above shareholders' meetings were attended by seven and four directors (including the Chairperson) and by all statutory auditors.

## **16 FURTHER GOVERNING PROCEDURES**

The governing procedures are those presented in the hereby report. No further governing procedures have been adopted.

## **17 CHANGES FOLLOWING THE REPORTING PERIOD**

Except for such developments as are detailed in the hereby report, no changes have occurred in the structure of Nexi's corporate governance structure.

## **18 COMMENTS TO THE LETTER OF THE CHAIRPERSON OF THE CORPORATE GOVERNANCE COMMITTEE OF DECEMBER 22, 2020**

During the Committee meeting of January 28, 2021, at the Chairperson's invitation, the Nexi Board of Directors examined the contents of the letter of December 22, 2020 from the Chairperson of the Corporate Governance Committee.

The letter was further circulated to the Chairperson of the Board of Statutory Auditors for the purposes of further examination.

During the meeting the committee Chairperson highlighted the contents of the new Corporate Governance Code, as approved by the Corporate Governance Committee in January 2020, compliance with respect to which is to be reviewed as part of the Report on Corporate Governance and Controlling Structures of Nexi due for publication in 2022.

The Code details such principles and recommendations as applicable to Italian entities and as instrumental to the pursuit and attainment of the core value of sustainable business success by consolidating best practices and fostering long-term value creation in respect of shareholders and of the interests of all major stakeholders.

During the meeting the Chairperson presented the Committee's findings in respect of the monitoring of such practices as were implemented by the relevant entities in response to recommendations delivered the year prior by the Corporate Governance Committee (8th Report on Implementations of the Corporate Governance Code). In respect of said findings, the Chairperson highlighted Nexi's full and proper compliance.

An analysis carried out with the support of the Self-Assessment Advisor showed that all recommendations issued by the Corporate Governance Committee have been adopted and implemented and that continuing improvement is underway.

Attention was further drawn to the following:

**Sustainability:** the Nexi Board of Directors in performing its duties with respect to matters pertaining to sustainability is supported by the Control, Risk and Sustainability Committee established on February 25, 2019. The Committee is tasked with inquiry, consulting and proposal duties for and on behalf of the Board of Directors, details of which are provided in its governing rules and procedures. By strengthening its governance, Nexi has testified to its commitment towards building on sustainability as a strategic pillar.

The above is also the product of a process of consolidation with respect to a number of virtuous practices that had already been put in place by Nexi, central to which is the assignment of lead role to the Board of Directors in the pursuit of sustainable success.

The findings issuing from the Board of Directors' 2020 Self-Assessment confirm the Board's awareness as to the relevance of issues pertaining to sustainability, security and the environment. Ad hoc ESG sessions were held, witnessing suitable levels of Group-wide commitment and engagement.

Directors agree on wishing to afford sustainability issues more space in within the Board and the Committee agendas so as to further consolidate the current focus on topics thereto relevant and to set new plans and initiatives in motion.

**Briefings prior to Board Meetings:** the Board rates as aligned with best practices and with the requests of the Corporate Governance Committee.

To ensure timely, full, adequate and intelligible briefings, any supporting documents are:

- prepared by the Secretariat of the Board of Directors, complete with summaries for each of the agenda items and
- numerically and descriptively detailed, in-depth and relevant reports, which are essential to gaining of a full and proper understanding of the items subject to a resolution;
- made available to directors and auditors, three to five days prior to meetings, via a password-protected mobile app granting them exclusive access to the relevant documents prior to and during Board meetings;
- stored and made available on the basis of clearance levels which vary depending on their confidentiality classification.

The 2020 Board Review reveals consistent levels of satisfaction with respect to the deadlines subject to which documents are forwarded and with respect to the quality and level of detail of reports. Furthermore, access to and consultation of the documents in their digital form is made possible by secure platform.

Full confidentiality in respect of such documents is guaranteed and, as such, is not a current concern at the Board.

#### **Compliance with independence criteria:**

within Nexi's current Board of Directors no compliance failures have occurred in respect of independence requirements.

Pursuant to article 12 of the Articles of Association, *"The Board of Directors, based on information provided by board members, shall carry out a yearly appraisal as to members' continued fulfilment of independence requirements; said members shall, at any rate and pursuant to the corporate governance rules, inform without delay as to events leading to a loss of independence or any existing grounds for ineligibility or incompatibility."*

Hence, the Board is tasked with carrying out in-depth appraisals, above and beyond any mere procedural requirement.

None of the criteria set forth by law have ever been the subject of compliance failures, and such procedures as are in place to ascertain prospective failures in that respect have been positively appraised by the Board of Statutory Auditors.

Nexi is set to define internal quantitative benchmarks concerning independence.

#### **Self-assessment at the Board of Directors:**

on the subject of evaluations as to the Board's engagement and contributions with respect to the process of defining strategic guidelines, the Committee's Chairperson highlighted ongoing activities and Directors' sustained focus throughout each session. As for board evaluation, a standard procedure at Nexi, the process has been entrusted to a leading independent consulting firm, thus ensuring that evaluations are thorough and carried out to the highest of standards.

#### **Director appointments and succession:**

the Chairperson drew attention to the Remuneration and Appointments Committee's duties of inquiry and proposal. The latter duties, he stressed, though incumbent on both remuneration and appointments are carried

out and treated by said Committee as separate, evidence as to which is its distinct and detailed treatment of each within the annual corporate governance report.

As for said Committee's membership moving forwards, next year the Board will face a number of compliance requirements, among which those dictating changes to the allocation of duties as a result of changes in the structure of ownership. As for succession procedures pertaining to the Chief Executive Officer, the Chairperson highlighted Nexi's adoption of a plan detailing procedures applicable whereby the CEO should cease to hold office.

#### **Remuneration policy:**

with reference to the remuneration of non-executive directors and of the committee's members, the Corporate Governance Committee has drawn attention to the fact that such remuneration should be evaluated based on the commitments, demands and responsibilities that such appointments entail.

At Nexi, independent non-executive directors serve within the Board's committees, and are called upon to take on a heightened burden of inquiry, proposals and consulting. Each year, as well as attending and preparing between 14 and 16 Board of Directors' meetings, said directors' engagements include between 8 and 10 Control, Risk and Sustainability Committee meetings, between 7 and 8 Remuneration and Appointments Committee meetings, between 6 and 9 Related Parties Committee meetings.

As for the members of the Board of Statutory Auditors, whose burden of duty and responsibility includes liaising with regulatory and oversight bodies, it is worth taking into account the constant support they provide in respect of the Board's committees by attending and contributing to each and every meeting.

In the wake of the 2020 Board of Directors' Self-Assessment, Nexi, with the support of consultants Spencer Stuart, has performed a benchmark analysis which, given Nexi's market capitalisation, is referenced against the top 40 companies listed on the FTSE MIB.

On a closing note, having itself and its Committees delivered fully with respect to its duties of compliance and service, the Board of Directors is committed to continuing on its current virtuous path, so as to ensure Nexi's full alignment with the new Corporate Governance Code by bringing about such changes to its corporate governance and internal rules and procedures as are required in principle and, whereby evidenced in practice, shall be required.

## **THE BOARD OF DIRECTORS**

TABLE 1

FINANCIAL YEAR 2020

BREAKDOWN OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES

Board of Directors											Control, Risk and Sustainability Committee		Remuneration and Appointments Committee		Related Parties Committee		Strategic Committee	
	Office	Surname	Name	Year of birth	In office since	First appointed on	Expiry of term	Executive	Independent	Attendance	Office	Attendance	Office	Attendance	Office	Attendance	Office	Attendance
1	Chairperson	Castelli	Michaela	1970	13-feb-19	03-jul-18	31-dec-21	no	yes	17/17							Member	12/12
2	Deputy Chairperson	Capponcelli	Giuseppe	1957	13-feb-19	03-jul-18	31-dec-21	no	no	17/17							Member	12/12
3	CEO	Bertoluzzo	Paolo	1965	13-feb-19	03-jul-18	31-dec-21	yes	no	17/17							Chair person	12/12
4	Director	Bassi	Luca	1970	13-feb-19	21-apr-16	31-dec-21	no	no	16/17			Member	6/7			Member	12/12
5	Director	Casiraghi	Francesco	1978	13-feb-19	21-apr-16	31-dec-21	no	no	17/17	Member	8/9					Member	12/12
6	Director	Corghi	Elisa	1972	26-sept-19	26-sept-19	31-dec-21	no	yes	16/17	Chair person	9/9	Member since 6/3/20	3/7	Chair person since 6/3/20	14/14		
7	Director	Cucchetti	Simone	1976	13-feb-19	21-apr-16	31-dec-21	no	no	16/17							Member	12/12
8	Director	Ghizzoni	Federico	1955	13-feb-19	03-lug-18	31-dec-21	no	no	15/17								
9	Director	Mussi	Maurizio	1978	13-feb-19	11-dic-18	31-dec-21	no	no	12/17								
10	Director	Paduch	Jeffrey David	1978	13-feb-19	03-jul-18	31-dec-21	no	no	11/17							Member	12/12
11	Director	Patuelli	Antonio	1951	13-feb-19	03-jul-18	31-dec-21	no	yes	17/17					Member	14/14		
12	Director	Soldi	Marinella	1966	13-feb-19	13-feb-19	31-dec-21	no	yes	15/17	Member	9/9	Chairperson	7/7	Member	14/14		
13	Director	Torchia	Luisa	1957	13-feb-19	13-feb-19	31-dec-21	no	yes	16/17			Member until 6/3/20	3/7	Chair person until 6/3/20			

DIRECTORS WHO CEASED TO BE IN OFFICE IN THE FINANCIAL YEAR

	Office	Surname	Name	Year of birth	In office since	First appointed on	Termination of office	Executive	Independent	Attendance	Office	Attendance	Office	Attendance	Office	Attendance	Office	Attendance
	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/



**TABLE 2****FINANCIAL YEAR 2020****BOARD OF STATUTORY AUDITORS IN OFFICE**

	Office	Surname	Name	Year of birth	In office since	First appointed on	Expiry of term	Strategic Committee attendance	Board attendance	Control, Risk and Sustainability Committee attendance	Related Parties Committee attendance	Remuneration and Appointment Committee attendance	Shareholders' Meeting attendance
1	Chairperson	Alonzo	Piero	1965	13-feb-19	16-apr-18	31-dec-21	13/13	17/17	9/9	14/14	6/7	2/2
2	Statutory Auditor	Tagliabue	Mariella	1970	13-feb-19	13-feb-19	31-dec-21	13/13	17/17	9/9	12/14	6/7	2/2
3	Statutory Auditor	Zanobio	Marco Giuseppe	1964	13-feb-19	16-apr-18	31-dec-21	13/13	17/17	9/9	14/14	7/7	2/2
4	Alternate Auditor	Ghelfi	Tommaso	1973	13-feb-19	13-feb-19	31-dec-21						
5	Alternate Auditor	Zonca	Andrea Carlo	1966	13-feb-19	13-feb-19	31-dec-21						

**AUDITORS WHO CEASED TO BE IN OFFICE IN THE FINANCIAL YEAR**

	Office	Surname	Name	Year of birth	In office since	First appointed on	Termination of office	Strategic Committee attendance	Board attendance	Control and Risk and Sustainability committee attendance	Related Parties committee attendance	Remuneration and Appointment committee attendance	Shareholders' Meeting attendance
	/	/	/	/	/	/	/	/	/	/	/	/	/