

# Corporate governance and Ownership Report

pursuant to Article 123-*bis* of the  
Consolidated Law on Finance

2023 Financial Year

Traditional Administration and  
Control model

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## Glossary

**Biesse or the Issuer or the Company:** Biesse S.p.A., with its registered office at 16 Via della Meccanica, Pesaro.

**Italian Stock Exchange:** Borsa Italiana S.p.A., with registered office in Milan, Piazza degli Affari No. 6.

**Code/Corporate Governance Code:** the Corporate Governance Code for listed companies, approved in January 2020 by the Corporate Governance Committee (promoted by Abi, Ania, Assogestioni, Assonime, Borsa Italiana and Confindustria).

**Italian Civil Code:** the Italian Civil Code.

**Committee/CG Committee/Corporate Governance Committee:** the Corporate Governance Committee set up, in its current configuration, in June 2011 by the Business Associations (Abi, Ania, Assonime and Confindustria), Borsa Italiana S.p.A. and the Association of Professional Investors (Assogestioni).

**Board of Statutory Auditors:** the Board of Statutory Auditors of the Issuer.

**Board/ Board of Directors:** the Issuer's Board of Directors.

**Consob:** Commissione Nazionale per le Società e la Borsa (National Commission for Companies and the Stock Exchange) with registered office in Rome, Via G.B. Martini n. 3.

**Financial Year:** the financial year to which the Report refers.

**Biesse Group or Group:** collectively, the Issuer and its subsidiaries as per Article 93 of the Consolidated Law on Finance.

**Long Term Incentive Plan 2021-2023 or LTI:** the 'Long Term Incentive Plan 2021-2023' of Biesse S.p.A. submitted for review by the Remuneration Committee on 6 May 2021 and approval by the Board of Directors of the Company on 12 May 2021 and available on the Company's website.

**Consob Issuers' Regulations:** the Regulation adopted by Consob with resolution No. 11971 of 14 May 1999, as amended.

**Consob Market Regulations:** the Regulation laying down rules for the implementation of Legislative Decree No. 58 of 24 February 1998 on markets, adopted by Consob with resolution No. 20249 of 28 December 2017.

**Consob Related Party Regulations:** the Regulation adopted by Consob with resolution No. 17221 of 12 March 2010, as amended, on related party transactions.

**Report:** this Corporate Governance and Ownership Structure Report, pursuant to Article 123-bis of the Consolidated Law on Finance.

**Remuneration Report:** The report on the remuneration policy and remuneration paid prepared pursuant to Article 123-*ter* of the Consolidated Law on Finance and Article 84-*quarter* of the Consob Issuers' Regulation and available at the Company's registered office and on the website [www.biessegroup.com](http://www.biessegroup.com) the Investor Relations / Corporate Governance section.

**TUF or Consolidated Law on Finance:** Legislative Decree No. 58 of 24 February 1998, as amended.

Unless otherwise specified, the definitions of the Corporate Governance Code apply relating to: directors, executive directors, independent directors, significant shareholder, chief executive officer (CEO), management body, control body, business plan, concentrated ownership company, large company, sustainable success, top management.

## 1. Issuer Profile

### a) Operations

Biesse S.p.A. ("**Biesse**" or the "**Company**") is an issuer with shares listed on the Euronext Milan regulated market, STAR segment, organised and managed by Borsa Italiana S.p.A.

The Issuer is the parent company of the Biesse Group, operating in the market of integrated lines and machines for the processing of wood, glass, stone, plastic and composite materials.

The Group offers modular solutions that range from the design of turnkey systems for large furniture manufacturers to individual automatic machines and workstations for small- and medium-sized companies, to the design and sale of individual hi-tech components.

To date, about 80% of the consolidated turnover is achieved abroad thanks to a constantly growing global network with 4 production campuses and over 30 showrooms around the world.

The Biesse Group's mission is to provide customers with the most suitable solutions, making its expertise available to them to allow them to "free the potential" inherent in each material.

All the activities carried out by the Group are carried out with an awareness of its moral and social responsibility towards all its stakeholders (employees, shareholders, customers, suppliers, communities, commercial and financial partners, institutions, trade associations, union representatives, etc.), in the belief that the achievement of the Group's objectives (the first of which is to give added value to shareholders, customers and the community in which it operates) must be accompanied, not only by respect for specific company values, but also by compliance with current regulations and the general duties of honesty, integrity, fair competition, fairness and good faith.

Ethics and business integrity are at the heart of the Group's daily operations and its medium- and long-term sustainability strategy. The adoption of the Code of Conduct and the Anti-Corruption Code, among many other policies, codes and regulations, reflects the Group's commitment to absolute fairness and maximum transparency in the conduct of business activities and stakeholder relations.

The Issuer also actively pursues the sustainability of its business activities, under the Corporate Governance Code, to which the Board of Directors of Biesse resolved to adhere in January 2021.

Since 2019, the Group has adopted a sustainability policy (the "**Sustainability Policy**", available on the Company's website at [https://www.biessegroup.com/it/andamento\\_annuale\\_di\\_biesse/corporate\\_governance](https://www.biessegroup.com/it/andamento_annuale_di_biesse/corporate_governance)), approved by the Board of Directors on 26 February, with the aim of explaining the key principles on which its approach to Sustainability is based.

For the Group, Sustainability is not only a factor of competitiveness and differentiation concerning other players in the sector. Nevertheless, it is an essential principle for contributing healthily and constructively to the creation of value for shareholders and investors, to the generation of decent work opportunities for all employees, as well as to the promotion of the well-being of the local areas and ecosystems of which it is an integral part.

The Sustainability Policy has been drafted based on the 2030 Agenda for Sustainable Development, bearing the Sustainable Development Goals (SDGs), the Paris Agreement (COP21 - Conference of the Parties to the UNFCCC), the ten Principles issued by the UN Global Compact and considering the EU (Directive 2014/95/EU) and national regulations (Italian Legislative Decree No. 254/2016) concerning the reporting of non-financial information and information on diversity from certain large companies and groups, as well as the principles, values and rules in the Group's Code of Conduct and other corporate regulations and policies aimed at ensuring business ethics and integrity.

The pursuit of sustainability is entrusted first and foremost to the Board of Directors, which approves the non-financial statement and providing regular and transparent communication to stakeholders, in line with the requirements of national legislation on non-financial reporting (Italian Legislative Decree 254/2016).

With this in mind, the Board of Directors guides the Issuer, to gradually integrate sustainability objectives into the business plan, the remuneration policies and the internal control and risk management system and, as better specified in Sections 4.1, 8 and 9 of the Report respectively.

In support, the Biesse Control and Risk Committee's task is to oversee Sustainability issues relating to the management of the Company's impact on the environment and people, connected to the Company's operations and its interaction with all stakeholders; It also advises and supports the Board of Directors on these matters.

Finally, Biesse Group employees and collaborators are required to apply the principles, rules and values contained in the Group Code of Conduct and other company regulations and policies aimed at guaranteeing business ethics and integrity.

The Group's approach to sustainability is based on an analysis of the 17 Sustainable Development Goals (SDGs), the key principles of the 2030 Agenda for Sustainable Development, and EU and national legislation on non-financial reporting, under which the Group has identified the following macro-areas of reference on which to base its approach to sustainability, as part of an ethical and sustainable business management strategy: **Financial** Sustainability, **Social** Sustainability and **Environmental** Sustainability. In particular, the sustainability path undertaken by the Group is aimed at progressively achieving a strategic understanding of sustainability in these macro-areas, to identify useful actions to expand and extend the positive externalities of its operations, implementing innovative solutions to control and mitigate the

negative ones.

**Financial sustainability:** For the Group, financial sustainability is synonymous with creating and distributing added value for its shareholders and all other stakeholders in its value chain, including business partners, end customers and local communities. To ensure that these ambitious objectives are achieved, the Group aims to continuously improve the reliability, safety and innovation of the products and services it offers through the careful selection of its suppliers, constant investment in research and development and the adoption of commercial choices aimed at expansion into cutting-edge sectors and strategic markets, both in Italy and abroad;

**Social sustainability:** The Group believes that people are the cornerstone of its success and that all business activities should be inspired by their protection and the development of their well-being, in full respect of cultural diversity. In particular, it is essential to strive for sound health and safety conditions for its employees in the workplace: This must be a priority in managing each activity, from the conception and design of the machines to their installation and the provision of after-sales services. It must involve employees, suppliers, vendors and end customers. Aware of its strong link with the community, the Group is committed to social and cultural initiatives aimed at contributing to the development of the local areas in which it operates;

**Environmental sustainability:** the Group firmly believes that considering the environment in all business activities is essential to creating a harmonious coexistence between people, technology and nature and that a commitment to sustainable development is an important variable in the Company's management strategy. The Group's environmental management system is based on the principles of energy saving, reduction of the impact of production systems on the environment and compliance with relevant legislation.

To report the results, the Issuer prepares and publishes, voluntarily, a non-financial statement pursuant to Italian Legislative Decree No. 254/2016, which can be found on the Company's website [www.biessegroup.com](http://www.biessegroup.com)-Sustainability section, under the 'Global Reporting Initiative Sustainability Reporting Standards' defined by GRI - Global Reporting Initiative, according to the 'In accordance - Core' option and in line with the corporate procedure for drafting the NFS.

## **b) Corporate Governance System**

Biesse shareholders exercise their rights through shareholders' meetings. Decisions taken at shareholders' meetings in compliance with law and the Articles of Association are binding on all shareholders, including those that dissent or abstain from voting. Ordinary and extraordinary shareholders' meetings and shareholder decisions are valid where the quorum, voting majorities, and other statutory requirements set out in existing laws are satisfied.



The Company has adopted a traditional governance and control model consisting of a Board of Directors, a Board of Statutory Auditors, and an independent auditor.

The Board of Directors is vested with all powers of ordinary and extraordinary administration. As such, it plays a central role in the Company's corporate governance. The Board has set up an internal Remuneration Committee, a Control and Risk Committee and a Related Parties Committee.

The Board of Statutory Auditors monitors compliance with the law and the Articles of Association, compliance with the principles of proper administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company and its actual functioning.

As required by law, an independent auditor appointed by the shareholders and registered with Consob is responsible for auditing accounts.

Further on in this Report, a detailed description is provided of the role, responsibilities, composition and operation of each of the aforementioned governance bodies.

#### **c) SMEs, large companies and companies with concentrated ownership**

The Issuer falls within the parameters identified by Article 1, paragraph 1, letter *w-quater*.1) of the Consolidated Law on Finance - which provides that 'SMEs' are 'without prejudice to other provisions of law, small and medium-sized enterprises, issuers of listed shares, with a market capitalisation of less than EUR 500 million. Issuers of listed shares that have exceeded that limit for three consecutive years are not considered SMEs' - and by Article *2-ter* of the Consob Issuers' Regulations, as amended by Article *44-bis* of Decree-Law No. 76 of 16 July 2020 and subsequent Consob Resolution No. 21625 of 11 December 2020, containing the implementing provisions of the definition of SMEs applicable to listed companies. On 21 December 2018, the Company submitted to Consob the information relating to its qualification as an SME, specifying the value of its capitalisation and turnover, as prescribed by resolution No. 20621 of 10 October 2018. As of the date of this report, the Issuer thus falls within the above definition of 'SME', as the Issuer's market capitalisation as of 31 December 2021, 31 December 2022, and 31 December 2023 was Euro 719,178,000.00, Euro 415,423,310.00 and Euro 348,013,000, respectively.

As the Company's capitalisation did not exceed Euro 1 billion on the last trading day of each of the previous three calendar years, the Issuer does not qualify as a 'large company' within the meaning of the Corporate Governance Code.

Instead, the Issuer falls within the definition of a 'concentrated ownership company' under the Corporate Governance Code, i.e. a company in which one or more shareholders participating in a shareholders' agreement hold, directly or indirectly (through subsidiaries, trustees or intermediaries), the

majority of the votes exercisable at an ordinary shareholders' meeting. For more information, please refer to section 2 of this Report. By virtue of this qualification, the Issuer has availed itself of certain specific simplification options recognised by the Corporate Governance Code in compliance with the principle of proportionality introduced by the same, with particular reference to the frequency of the self-assessment of the Board and the formulation of guidelines on the quantitative and qualitative composition considered optimal for the administrative body in view of its renewal, as specified in Section 7.1 below of this Report.

## 2. Information on ownership structure (pursuant to Article 123-bis, paragraph 1 of the Consolidated Law on Finance) as of 14/03/2024

### a) Share capital structure (pursuant to Article 123-bis, paragraph 1, letter a) of the Consolidated Law on Finance)

The share capital of the Issuer, fully subscribed and paid-in, is equal to Euro 27,402,593, consisting of as many ordinary shares of par value Euro 1 each. There are no other classes of shares. Each share entitles one vote, without prejudice to the following with regard to the increase in voting rights described in paragraph 2, letter d) below.

SHARE CAPITAL STRUCTURE						
	No. of shares	% of share capital	Voting rights	% of total voting rights	Listing	Rights and obligations
<b>Total ordinary shares</b>	27,402,593	100%	41,373,093	100%	Euronext Milan STAR	As per law and the Articles of Association
- of which with increased voting rights	13,970,500	50.98%	27,941,000	67.53%	Euronext Milan STAR	As per law and the Articles of Association

All Biesse ordinary shares grant the holders the same rights, which may be exercised without any limitation, except as provided for in relation to shares with increased voting rights.

The Company has not approved capital increases to service share-based incentive plans. Biesse's 'Long Term Incentive Plan 2021-2023' received a fairness opinion from the Remuneration Committee on 6 May 2021, after being reviewed by the Related Parties Committee. This plan provides for the payment of cash awards to the beneficiaries subject to achieving the Company's economic and financial objectives, therefore, not providing for the allocation

of shares, pursuant to Article 114-*bis* of the Consolidated Law on Finance, a resolution of the Shareholders' Meeting in this regard was not necessary, since a resolution of the Issuer's administrative body was deemed sufficient. The Long Team Incentive Plan 2021-2023 was approved by the Board of Directors on 12 May 2021.

**b) Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1, letter b) of the Consolidated Law on Finance)**

As of the date of the Report, there are no restrictions on the transfer of securities.

**c) Significant shareholdings in the capital (pursuant to Article 123-bis, paragraph 1, letter c) of the Consolidated Law on Finance)**

At the date of the Report, the significant shareholdings in Biesse's share capital, whether direct or indirect, as shown in the communications received pursuant to Article 120 of the Consolidated Law on Finance, are shown in the table below.

Declarant	Direct shareholder	% of ordinary share capital	% of voting share capital
Selci Giancarlo	Bi.Fin. S.r.l.	50.98%	67.53%

**d) Securities conferring special rights (pursuant to Article 123-bis paragraph 1, letter d) of the Consolidated Law on Finance)**

As of the date of the Report, the Issuer has not issued securities that grant special controlling rights.

The Extraordinary Shareholders' Meeting of 24 April 2018 – in order to obtain, on the one hand, the stabilisation of control and, on the other, a shareholder base that is more active in the management of shareholdings and less attentive to speculative and short-term logics – introduced into the Articles of Association the institution of voting rights increases pursuant to Article 127-*quinquies* of the Consolidated Law on Finance. Therefore, by way of derogation from the general principle according to which each ordinary share gives the right to one vote, pursuant to Article 6 of the Articles of Association, each share entitles the holder to two votes provided that:

- (i) the share belonged to the same person, by virtue of a right in rem legitimising the exercise of the right to vote (full ownership, bare ownership with voting rights and usufruct with voting rights), for a continuous period of at least 24 (twenty-four) months; and
- (ii) that this is attested by registration in the special list established by the Company pursuant to this article for a continuous period of at least 24 (twenty-four) months and by a notice issued by the intermediary with whom the shares are deposited and referring to the date of expiry of

the continuous period.

At the date of the Report, only the shareholder Bi.Fin. S.r.l. is registered in the special list for the entitlement to the benefit of the increased voting rights. At the date of approval of the Report, only the shareholder Bi.Fin. S.r.l. has accrued this benefit.

The excerpt of the rules on shares with increased voting rights is available on the Issuer's website [www.biessegroup.com](http://www.biessegroup.com), in the *Investor Relations /Increased voting rights* section.

**e) Employee share ownership: mechanism for the exercise of voting rights (pursuant to Article 123-bis, paragraph 1, letter e) of the Consolidated Law on Finance)**

The Issuer has not adopted any system of employee participation in its share capital or share-based incentive plans.

**f) Restrictions on voting rights (pursuant to Article 123-bis, paragraph 1, letter f) of the Consolidated Law on Finance)**

There are no restrictions on the voting rights attaching to ordinary shares.

**g) Shareholders' agreements (pursuant to Article 123-bis paragraph 1, letter g) of the Consolidated Law on Finance)**

To the best of the Company's knowledge, as of the date of the Report, the Company has not been notified of any agreements between shareholders pursuant to Article 122 of the Consolidated Law on Finance.

**h) Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h), Consolidated Law Finance) and statutory provisions on takeover bids (pursuant to Articles 104, paragraph 1-ter and 104-bis, paragraph 1, Consolidated Law Finance)**

***Change of control clauses***

The following are the significant agreements to which Biesse or its subsidiaries are parties and which become effective, are modified or terminate in the event of a change of control of Biesse.

**BNL BNP Financing**

On 9 September 2021, the Issuer entered into a medium/long-term unsecured loan up to a maximum amount of Euro 50 million, with Banca Nazionale del Lavoro S.p.A., which provides for a change of control, i.e. the possibility for the bank to withdraw from the loan agreement pursuant to Article 1845 of the Italian Civil Code upon the occurrence of an event and/or a series of events as a result of: (i) the Selci family – defined as Giancarlo Selci and Roberto Selci and all their direct descendants and/or the companies directly or indirectly controlled by them – ceases to hold, directly or indirectly, 51% (fifty-one percent) of the voting rights in the ordinary and/or extraordinary

shareholders' meeting of the Borrower; or (ii) in any event, the Selci Family ceases to control the Borrower.

On 19 December 2023, the Issuer opened a credit line of up to Euro 60 million with Crédit Agricole Italia S.p.A. The bank credit agreement provides for mandatory early repayment, without the right to use the line again, upon the occurrence of a series of events, such as: (i) the Selci family ceases to hold, directly or indirectly, the majority (50% + 1) of the voting rights in the ordinary and extraordinary shareholders' meeting of Bi.Fin. S.r.l.; or (ii) Bi.Fin. S.r.l. ceases to hold, directly or indirectly, at least 33% of the voting rights in the ordinary shareholders' meeting of Biesse.

#### **Statutory provisions on takeover bids**

The Company's Articles of Association do not derogate from the provisions of Article 104, paragraphs 1 and *1-bis*, of the Consolidated Law on Finance. and does not provide for the application of the neutralisation rules provided for by Article 104-bis, paragraphs 2 and 3, of the Consolidated Law on Finance.

#### **i) Powers to increase share capital and authorisations to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m) of the Consolidated Law on Finance)**

No authorisation has been given to the Board of Directors to increase the share capital in accordance with Article 2443 of the Civil Code, or to issue equity instruments.

#### **j) Management and coordination activities (pursuant to Article 2497 et seq. of the Italian Civil Code)**

At the date of this Report, Bi.Fin. S.r.l. holds 50.98% of the share capital and 67.53% of the voting rights of the Company and, therefore, controls the Issuer pursuant to Article 93 of the Consolidated Law on Finance. The Issuer is subject to management and coordination activities pursuant to articles 2497 et seq. of the Italian Civil Code by Bi.Fin. S.r.l.

As required by Article 2497-*bis* of the Civil Code, all the Italian subsidiaries controlled directly by the Issuer have disclosed that they are managed and coordinated by the Issuer.



Finally, it should be noted that:

- the information required by Article 123-bis, paragraph 1, letter i) of the Consolidated Law on Financial Intermediation concerning *'agreements between the company and the directors [...] providing for indemnities in the event of resignation or dismissal without just cause or if their employment ceases following a takeover bid'* is contained in the section of the Report dedicated to Remuneration (section 8.1);
- the information required by Article 123-bis, paragraph 1, letter l), part 1 of the Consolidated Law on Financial Intermediation, concerning *'the rules*

*applicable to the appointment and replacement of directors [...] if different from the laws and regulations applicable in addition* is illustrated in the section of the Report dedicated to the Board of Directors (section 4.2);

- - the information required by Article 123-*bis*, paragraph 1, letter l), part 1, of the Consolidated Law on Finance, concerning *'the rules applicable [...] to the amendment of the articles of association if different from the laws and regulations applicable in the alternative'* is illustrated in the section of the Report dedicated to the Shareholders' Meeting (section 13).

### 3. Compliance (pursuant to Article 123-bis, paragraph 2, letter a), first part of the Consolidated Law on Finance.)

In accordance with Article 123-bis, paragraph 2, letter a), first part of the Consolidated Law on Finance), the Issuer adheres to the Corporate Governance Code in force at the date of the Report and which became applicable on 1 January 2021 and accessible to the public on the website of the Corporate Governance Committee on page <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

This Report indicates whether the Company has decided not to implement specific recommendations contained in the Code, highlighting the reasons for the failure to comply with it and providing information on the process that led to the decision to deviate from it and any alternative course of conduct adopted.

In compliance with Article 123-*ter* of the Consolidated Law on Finance and Article 5 of the Corporate Governance Code, also taking into consideration what is stated in the Recommendations of the European Commission No. 2004/913/EC, 2005/162/EC and 2009/385/EC, the Company has adopted a general Remuneration Policy (which will be referred to in section 8 below).

Intending to protect its values and compliance in general, the Company has adopted an Antitrust Code (which will be referred to in section 5 below).

The Issuer's *corporate governance* system complies with the principles contained in the Corporate Governance Code, in the belief that they contribute decisively to achieving the following key points:

- the clear definition of roles and responsibilities and thresholds for determining the materiality of corporate transactions;
- boosting the confidence of and protection afforded to *stakeholders*;
- maximising value for shareholders and other *stakeholders*;
- improving transparency in financial reporting to the market;
- improving transparency and the propriety of transactions performed by related parties and relevant persons and of intra-group transactions;

- improving internal control systems.

The documents relating to the *governance* of the Issuer are:

- The Articles of Association;
- The Shareholders' Meeting Regulations;
- Internal regulations for the management of inside information and the establishment of an insider list;
- Internal Dealing Regulations approved by the Board of Directors on 3 August 2016 and updated on 27 February 2023;
- Organisation, Management and Control Model pursuant to Legislative Decree No. 231 of 8 June 2001, updated in October 2023;
- ICFR Model (Internal Control over Financial Reporting) Law No. 262 of 28 December 2005;
- Procedure to regulate Related party transactions according to the Consob Resolution No. 17221 of 12 March 2010 and subsequent amendments and additions;
- Remuneration policy;
- Biesse Group Antitrust Code, updated on 26 October 2023;
- Code of Conduct, updated on 26 October 2023;
- Anti-Corruption Code of Conduct, updated on 26 October 2023;
- Sustainability Policy;
- Group Treasury Policy;
- Regulations on the functioning of the Board of Directors;
- Policy for the management of dialogue with shareholders and other *stakeholders*, updated on 27 February 2023.

To promote the market's broader knowledge of the governance model adopted by the Issuer, the documents indicated above (except the ICFR model and the Treasury Policy) are available (in Italian and English) on the website [www.biessegroup.com](http://www.biessegroup.com), Investor Relations/Corporate Governance section.

This Report has also been prepared considering the indications in the format prepared by Borsa Italiana for the Corporate Governance Report (9th Edition January 2022).

As of the date of the Report, neither the Issuer nor its strategically important subsidiaries are subject to non-Italian legal provisions that affect the Issuer's corporate governance structure.

## 4. Board of Directors

### 4.1 Role of the Board of Directors

To pursue its strategies, the Company has adopted a traditional governance

and control model that includes a Board of Directors, a Board of Statutory Auditors and an external auditor.

The Board of Directors is the central body of the Company's corporate governance system and is responsible for defining, applying and updating the rules of corporate governance, in compliance with the regulations in force, as well as determining the strategic management guidelines and top management of the Company and Group (understood as Biesse and the companies under its control, in accordance with the definition provided by Article 93 of the Consolidated Law Finance).

The actions and decisions of the directors are shaped by the primary aim of creating value for shareholders, in consideration of the directives and policies of the Group and the benefits connected with belonging to the Group.

The Board of Directors is vested with all powers of ordinary and extraordinary administration. It has the power to make all the decisions deemed necessary or conducive to pursuing the Company's business purpose, with the exclusion of decisions reserved to shareholders by law.

On 28 April 2021, the Shareholders' Meeting assigned to the Board of Directors in office a strategic and organisational role, in addition to responsibility for verifying the existence of the checks needed for monitoring the conduct of the Company and the Group as a whole.

On particular, the following are reserved for the Board in office:

- examination and approval of the Issuer's and the Group's business plan;
- periodically monitoring the implementation of the business plan, as well as assessing the general management performance, periodically comparing the results achieved with those planned;
- defining the nature and level of risk compatible with the Issuer's strategic objectives, including in its assessments all factors that may be relevant to the sustainable success of the Issuer;
- defining the Issuer's corporate governance system and the Group's structure;
- assessing the adequacy of the organisational, administrative and accounting structure of the Issuer and its strategically important subsidiaries, with particular reference to the internal control and risk management system (see section 9 below for detailed information);
- resolving on transactions by the Issuer and its subsidiaries that have significant strategic, economic, capital or financial importance for the Issuer, establishing the general criteria for identifying significant transactions;
- the adoption, on the proposal of the Chairman of the Board of Directors, in agreement with the Chief Executive Officers, of a procedure for the internal management and external communication of documents and information concerning the Issuer, with particular reference to inside information (see Section 5 below).



In particular, in compliance with the provisions of the Regulations on the functioning of the Issuer's Board of Directors approved on 15 March 2021 and in line with the provisions of the Corporate Governance Code, during the Year the Board of Directors:

- a) periodically monitored the implementation of the business plan approved on 30 July 2021 and assessed at least quarterly – specifically at the meetings of 11 May, 28 July and 26 October 2023 – the general performance of operations, periodically comparing the results achieved with those planned;
- b) defined the Company's corporate governance system and the Group's structure and on 11 May 2023, assessed the adequacy of the organisational, administrative and accounting structure of the Company and its strategically important subsidiaries, with particular reference to the internal control and risk management system. On the same occasion, the Board of Directors took note of the adoption by the Group of a procedure for the qualitative and quantitative composition of the administrative bodies of the Italian and foreign subsidiaries;
- c) decided on transactions of the Company and its subsidiaries that have significant strategic, economic, capital or financial importance for the Company. In this regard, please note that on 14 March, the Board of Directors granted severally, to the Chairman of the Board of Directors and the Managing Directors, all the broadest powers to intervene on behalf of the Issuer at the shareholders' meeting of the Group company Forvet S.p.A. to resolve on the approval of the merger by incorporation of Movetro S.r.l. into the parent company Forvet S.p.A.; at its meeting of 11 May, the Board approved the plan for the merger by incorporation of Montresor & Co. S.r.l. into Biesse, conferring on the Chairman of the Board of Directors and the Chief Executive Officers, separately, all the widest possible powers with regard to the execution of the transaction; on 26 October, the Board granted the Chief Executive Officers, separately from each other, all the widest powers with regard to the completion of the acquisition of the shares of the entire share capital of GMM Finance S.r.l., the *holding company* at the head of the GMM Group;
- d) assessed the independence of each non-executive director immediately after appointment and during the term of office upon the occurrence of circumstances relevant to independence and in any event at least on an annual basis and predefined, at least at the beginning of its term of office, the quantitative and qualitative criteria for assessing the significance of the independence criteria identified by the Corporate Governance Code, as subsequently detailed in paragraph 4.7;
- e) has defined the nature and level of risk compatible with its strategic objectives, including in its assessments all the elements that may be relevant with a view to the sustainable success of the Issuer, with the constant support of the Control and Risk Committee;
- f) monitored the correct management of corporate information, with particular reference to inside information, through the application of the "Internal Regulations for the management of inside information and the establishment

of the register of persons who have access to it", adopted by resolution of the Board of Directors on 27 March 2006, and subsequently amended on 9 September 2020, which will be discussed in more detail in paragraph 5 below;

g) resolved in favour of the adoption of a Group *whistleblowing* system, in accordance with the provisions of Legislative Decree No. 24/2023 implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019;

h) during the meeting of 18 December 2023 viewed the guidelines of the new 2024-2026 Three-Year Plan, in order to express any observations useful for the final drafting of the plan.

On 30 July 2021, the Board adopted the 2021-2023 strategic plan, which, besides defining the nature and level of risk compatible with the Company's strategic objectives, included a specific programme to develop sustainability (currently reported through the relevant budget) for its explicit inclusion in the next three-year plan and in the remuneration linked to it.

Concerning the prior approval by the Board of Directors of related-party transactions and/or transactions affecting the interests of one or more directors or third-party interests they may represent, see section 10 below.

The Shareholders' Meeting has not authorised in advance waivers to the prohibition of competition pursuant to Article 2390 of the Italian Civil Code.

It should be noted that during the year the Board did not consider it necessary or appropriate to draw up reasoned proposals to be submitted to the Shareholders' Meeting for the definition of a corporate governance system that is more functional to the needs of the company (see section 13 below)

#### **4.2 Appointment and replacement (pursuant to Article 123-bis, paragraph 1, letter l), first part of the Consolidated Law on Finance)**

Pursuant to Article 16 of the Articles of Association, the Company is managed by a Board of Directors composed of 2 to 15 members, who may or may not be shareholders.

In compliance with the laws and regulations applicable to listed companies, Article 16 of the Articles of Association establishes that the Board of Directors is appointed by the Shareholders' Meeting on the basis of lists submitted by shareholders in which the number of candidates must be indicated in no greater number than those to be appointed and indicated according to a progressive number.

Only shareholders who, alone or together with others, represent at least 2.5% (two point five percent) of the share capital or hold the different minimum stake established by Consob with Regulation are entitled to submit lists (in this regard, it should be noted that, pursuant to Consob Management Resolution No. 92/2024, the minimum percentage established by Consob for the financial year 2024 is 2.5%).

No Shareholder may submit or participate in submitting more than one list by proxy or fiduciary Company. Shareholders who form part of a voting syndicate may submit only one list. In the event of a violation of this rule, the vote of the Shareholder in question will not be counted for any of the lists presented. Every vote holder may vote on only one list.

The lists of candidates, accompanied by exhaustive information regarding the personal and professional characteristics of the candidates, with an indication of their suitability to qualify as independent, must be filed at the registered office by the twenty-fifth day prior to the scheduled date of the Shareholders' Meeting and are made available to the public, in the manner prescribed by law and by Consob with Regulations, at least twenty-one days before the Shareholders' Meeting.

Pursuant to Article 16 of the Articles of Association, the election of the directors shall be carried out as follows: a) all the directors to be elected, minus one, are selected from the candidate list which receives the highest number of shareholder votes, based on the sequential order in which they appear in the list; b) the first name on the candidate list, which obtains the second-highest number of shareholder votes, is selected as the remaining director to be elected. The first candidate on the candidate list receiving the most shareholder votes is appointed Chairman of the Board of Directors. Where only one candidate list is filed or voted for, all the candidates on the list are appointed to the Board. In the absence of lists, the Board of Directors is appointed by the Shareholders' Meeting with the majorities established by law, without prejudice in any event to compliance with the proportion of genders required by law.

The election of the Board of Directors takes place in compliance with the regulations applicable to the election of the minimum number of independent directors required by Article 147-ter, paragraph 4, of the Consolidated Law on Finance. The Articles of Association do not provide additional independence requirements for directors to those required by the Consolidated Law on Finance.

The Articles of Association provide that to ensure gender balance within the Board, the less represented gender must have a number of members equal to that established by the applicable laws and regulations. Therefore, the lists must contain several candidates belonging to the less represented gender equal to that required by the aforementioned legislation. Furthermore, if, as a result of the slate voting mechanism, the composition of the Board does not respect the gender ratio, Article 16 of the Articles of Association provides that the next candidate, in progressive order, from the same list belonging to the less represented gender, will be elected as a director instead of the last candidate indicated in progressive order from the list that has obtained the highest number of votes that would be entitled to be elected.

In relation to the replacement of directors, Article 16 of the Articles of Association provides that if during the financial year one or more directors are absent for any reason, the Board of Directors will replace them by co-opting

candidates with the same requirements, also taking into account the provisions of the law regarding gender balance. The Articles of Association also provide that the resolution relating to the replacement of directors must be approved by the Board of Statutory Auditors. The directors thus appointed remain in office until the next Shareholders' Meeting. If, due to resignation or other causes, the number of directors in office is reduced to less than half, all directors shall be deemed to have ceased to be directors and the Shareholders' Meeting shall be convened to appoint the entire Board of Directors.

The Articles of Association do not provide for professional requirements for the assumption of the office of Director.

The Company is not subject to any further provisions regarding the composition of the Board of Directors than the provisions established by the Italian Civil Code and the Consolidated Law on Finance.

For information on the role of the Board of Directors and Board committees in the processes of self-assessment, nomination and succession of directors, please refer to section 7 of the Report.

#### **4.3 Composition (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis) of the Consolidated Law on Finance)**

The Board of Directors in office as at 31 December 2023 comprises seven members, whose term of office expires upon approval of the financial statements as at 31 December 2023.

The seven members were appointed by the Shareholders' Meeting of 28 April 2021 based on (i) the list submitted by the majority shareholder Bi.Fin. S.r.l., which was voted by shareholders representing 28,085,494 shares equal to 81.150649% of the voting rights represented at the meeting (hereinafter, "**list No. 1**"), and (ii) the minority list jointly submitted by Shareholders in no way related to the majority Shareholder: "Amundi Asset Management SGR S.p.A. fund manager of Amundi Risparmio Italia; Anima Capital SGR S.p.A., fund manager of: Anima Crescita Italia, Anima Iniziativa Italia; Arca Fondi SGR S.p.A. fund manager of Arca Economia Reale Equity Italia; Bancoposta Fondi S.p.A. SGR fund manager of Bancoposta Rinascimento; Eurizon Capital SGR S.p.A., fund manager of: Eurizon Pir Italia 30, Eurizon Progetto Italia 20, Eurizon Progetto Italia 70, Eurizon Azioni Pmi Italia, Eurizon Progetto Italia 40, Eurizon Pir Italia Azioni; Fideuram Asset Management Ireland fund manager of Fonditalia Equity Italy; Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. fund manager of: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50, Piano Bilanciato Italia 30; Interfund Sicav - Interfund Equity Italy; Mediolanum Gestione Fondi SGR S.p.A. fund manager of: Mediolanum Flessibile Futuro Italia, Mediolanum Flessibile Sviluppo Italia, which was voted by shareholders representing 6,268,587 shares, equal to 18.112550% of the voting rights represented at the Shareholders' Meeting (hereinafter, "**List No. 2**"). The Board of Directors in office at the date of this Report comprises executive and non-executive directors, all of whom have the

professionalism and skills appropriate to the tasks entrusted to them. The number and expertise of the non-executive directors are such to ensure that they have significant weight in the adoption of board resolutions and to guarantee effective monitoring of management. The majority of non-executive directors are independent.

As of December 31, 2023, the Board of Directors is composed of three executive directors, in the persons of:

- Giancarlo Selci (Chairman of the Board of Directors);
- Roberto Selci (Chief Executive Officer);
- Massimo Potenza (Co-Chief Executive Officer);

and four non-executive directors, three of whom meet the independence requirements pursuant to the Consolidated Law on Finance and the Corporate Governance Code, in the persons of:

- Alessandra Baronciani (Director);
- Ferruccio Borsani (Independent Director - drawn from the minority list);
- Federica Ricceri (Independent Director);
- Rossella Schiavini (Independent Director).

<b>Term served by Directors since their initial appointment</b>		
<b>Directors</b>	<b>Date of initial appointment</b>	<b>Total number of years in office</b>
Giancarlo Selci	1994	30
Roberto Selci	2000	24
Massimo Potenza	2020	4
Ferruccio Borsani	2021	3
Alessandra Baronciani	2021	3
Federica Ricceri	2021	3
Rossella Schiavini	2021	3

The Shareholders' Meeting determined the directors' remuneration during the Board meeting on 28 April 2021. For further information, please refer to the Remuneration Report.

Brief information is reported below on the personal and professional backgrounds of the individual members of the Board of Directors.

**Giancarlo Selci**, born in Pesaro on 02/01/1936, is the Company's founder. Awarded the honours of Ufficiale e Cavaliere del Lavoro, he has always been actively involved in all Biesse operations. Under his guidance, the Group has

grown steadily in size to reach international proportions, becoming a leading multinational in the sector.

As of 31/12/2023, Giancarlo Selci does not own any shares in the Issuer.

**Roberto Selci**, born in Pesaro on 18/04/1960, joined the Biesse Group in 1988. Initially holding various Sales/Marketing roles in the Company's Asian and US branches, he eventually promoted the internationalisation of the Biesse Group in subsequent years. Roberto Selci is the son of Giancarlo Selci, the Company's founder.

As of 31/12/2023, Roberto Selci does not own any shares in the Issuer.

**Massimo Potenza**, born in Bari on 23 April 1960, graduated in Business Administration from the University of Bari and subsequently received a Master's in the Tertiary Sector (Rome).

After taking on increasing responsibilities in finance and control, he became General Manager of the Bakery Products Division and subsequently CEO and member of the Board of the Barilla Group until 2011.

In the following years, he held the roles of Board Member and Senior Strategic Advisor in leading consulting companies for the Fashion & Luxury, Food, Pharma and Mechanical sectors.

He joined Biesse in October 2020 and is Co-Chief Executive Officer.

As of 31/12/2023, Massimo Potenza owns 2,050 shares of the Issuer, which he already held before taking office as Co-CEO.

**Ferruccio Borsani**, born in Locate Varesino on 30 April 1958, has a degree in Mechanical Engineering from Milan Polytechnic and a specialisation in Executive Management from the Luigi Bocconi University. He has extensive experience in top management positions in multinational telecoms services companies and served as General Manager of Vodafone Italia from 1996 to 2014. Subsequently, he worked as a senior manager consultant at innovative start-ups.

He is an Independent Director of De' Longhi S.p.A.

As of 31/12/2023, Ferruccio Borsani does not own any shares in the Issuer.

**Alessandra Baronciani**, born in Pesaro on 26 January 1962, has a degree in Economics and Commerce from the University of Ancona.

She began her career in the family company (Scatolificio M.B.N. Srl), and later joined Isopak Adriatica S.p.A. as a member of the Board of Directors and Financial Administrative Manager. She holds the position of President of Confindustria Pesaro Urbino.

As of 31/12/2023, Alessandra Baronciani does not own any shares in the Issuer.

**Federica Ricceri**, born in Padua, on 18 October 1972, has a degree in Business Economics from Luigi Bocconi University. She subsequently obtained a PhD in Business Economics from Ca' Foscari University.

She is currently Associate Professor at IULM University in Milan and Visiting Professor at Maquarie University and Sydney University. She has published articles and researches on economic and financial communication, corporate sustainability (ESG, CSR), intangible resources, planning, control and performance measurement systems.

As of 31/12/2023, Federica Ricceri does not own any shares in the Issuer.

**Rossella Schiavini**, born in Gallarate on 8 May 1966, graduated in Political Science from the LUISS University in Rome and received a Master of Science from the London School of Economics and Political Science in 1991. She has many years of professional experience in the Italian and international banking-financial sector in the Wholesale and Corporate & Investment banking area. She is currently a member of the Board of Directors and the Control and Risk Committee at Marr S.p.A., as well as a member of the Board of Directors, Appointments and Remuneration Committee and Chairman of the Control and Risk Committee at IGD S.p.A.

During the year, Rossella Schiavini also became an Independent Director of Credit Suisse Italiana S.p.A.

As of 31/12/2023, Rossella Schiavini does not own any shares in the Issuer.

For all the members of the Board of Directors, the Company has examined the requisites of honourableness and professionalism required by current legislation, which was confirmed at the meeting of 28 July 2023. More specifically, the members of the Board of Directors meet the integrity requirements under Article 147-ter, paragraph 4 of the Consolidated Law on Finance and the Regulation adopted by Decree No. 162 of the Ministry of Justice of 30 March 2000.

On the same occasion, the existence of the requirement of independence pursuant to Article 147-ter, paragraph 4 of the Consolidated Law on Finance and Article 2 of the Corporate Governance Code in the hands of the directors Ferruccio Borsani, Federica Ricceri and Rossella Schiavini.

Unless otherwise stated in the personal information relating to the Directors, no other member of the Board of Directors has any personal ties as referred to in Book I, Title V of the Italian Civil Code with other members of the Board of Directors, nor between them and the members of the Board of Statutory Auditors of the Issuer or executives and other persons in a strategic role.

As of the end of the financial year, no member of the Board of Directors has ceased to hold office, nor has there been any change in the composition of the Board of Directors.

#### **Diversity criteria and policies in Board composition and corporate organisation**

As of 31 December 2023, the composition of the Company's Board of Directors ensures a balanced representation of genders, in accordance with the regulations in force on that date. The Company, in line with the above provisions and with the recommendations of the Corporate Governance Code, applies criteria of diversity, including gender, in the composition of the Board

of Directors, in compliance with the priority objective of ensuring adequate competence and professionalism of its members.

To date, Biesse has not adopted diversity policies regarding matters such as age and educational and professional background, considering this assessment primarily the responsibility of the shareholders in designating directorships and, subsequently, of each director in accepting the appointment.

In terms of gender diversity, the Issuer applies articles 147-*ter*, paragraph 1-*ter* and 148, paragraph 1-*bis* of the Consolidated Law on Financial Intermediation (based on the regulations before the amendment by Law No. 160 of 27 December 2019) pursuant to which the lesser represented gender must obtain at least two-fifths of the elected directors and standing members of the Board of Statutory Auditors. Three of the seven members of the Board of Directors in office as of 31 December 2023 belong to the least represented gender.

In the Company's Code of Conduct, Biesse clarifies its commitment to guaranteeing a working environment free from direct or indirect discrimination based on trade union affiliation, political views, religious views, race, language, gender or other reasons and to offering equal opportunities under equal conditions. At all stages of the employment relationship, the Group is constantly focused on respecting diversity and equal opportunities and preventing discrimination.

#### **Maximum number of offices held in other companies**

With reference to the maximum number of positions held in the administrative and control bodies of other listed or large companies that can be considered compatible with the effective performance of the role of director, the Issuer, within the framework of the Regulations on the functioning of the Board of Directors adopted at the meeting of 15 March 2021 (available on the website [www.biessegroupp.com](http://www.biessegroupp.com), Investor Relations section) recalled the limits provided for by the legal and regulatory framework, also specifying that the acceptance of the office entails a prior assessment left in the first place to the shareholders when appointing the directors and, subsequently, to the individual directors at the time of acceptance of the office and whose prior assessment is based on the possibility of being able to devote the necessary time to the diligent performance of the duties of the director, also taking into account the commitment related to one's work and professional activities, the number of positions of Director or Statutory Auditor held in other companies listed on regulated markets (including foreign ones), in financial, banking, insurance or large companies, paying particular attention to those positions that require greater involvement in ordinary business activities.

However, if the Board deems it to be appropriate based on the information received from the directors (and in light of the self-assessment process), it may carry out a check on it using primarily the following evaluation criteria: (i) the role of director in the Company (executive, non-executive, independent, member of one or more committees); (ii) the nature and size of the



organisation in which the positions are held and the role of the director in these organisations (concerning, among other things, the organisation's corporate purpose, the *governance* structure, the number of meetings the director must attend as a result of his role, the responsibilities assigned to the directors, and any other mandates; (iii) whether these organisations are related to the Issuer's group.

#### **4.4 Operation of the Board of Directors (pursuant to Article 123-bis, paragraph 2, letter d), Consolidated Law on Finance)**

The Issuer adopts a Regulation on the functioning of the Board of Directors, approved at the meeting held on 15 March 2021 and subsequently updated on 29 October 2021, which governs its organisation and functioning in compliance with the applicable laws, regulations and Articles of Association, also considering the principles and recommendations of the Corporate Governance Code.

Under this regulation, the Board of Directors normally meets quarterly, convened by the Chairman or their deputy, based on a calendar defined by the end of each financial year or, in any event, by January of each year and whenever the need arises.

Unless otherwise provided for by current regulations, the meetings are normally convened by the Chairman on their initiative or, in the event of the Chairman's absence or impediment, by the Chief Executive Officer(s) or at the request of at least two-thirds of the Directors by prior communication to the Chairman of the Board of Directors, by the Board of Statutory Auditors or individually by each member of the Board of Statutory Auditors.

Meetings are called by notice to be sent by any suitable means at least five days before the date set for the meeting, except in cases of urgency for which the time limit is reduced to one day.

A majority of the Directors in office must be present for the meetings of the Board of Directors to be valid.

Pursuant to Article *16-bis* of the Articles of Association, participation by audio or video conference in the meetings of the Board of Directors is permitted, provided that each of the participants (i) can be identified by the other participants; (ii) can participate in real-time during the discussion of the topics examined; and (iii) can receive and transmit documents. If these conditions are met, the Meeting is deemed held where the person chairing it and the secretary are located.

If the Chairman deems it appropriate, including at the request of one or more Directors, he/she may agree with the Chief Executive Officer that the Company's executives and those of Group's companies, responsible for the relevant corporate functions according to the subject, as well as external consultants, may participate in the Board meetings to provide the appropriate in-depth analyses of agenda items. These persons are present at Board meetings only for the discussion of items falling within their remit. They are, in

any event, bound by the confidentiality obligations laid down for Board meetings.

Following the meeting, a draft of the minutes is sent through a document sharing system that ensures the confidentiality of the information to all Directors and Statutory Auditors for comments. The final text of the minutes is then drafted by the Secretary of the Board of Directors and submitted to the Chairman for approval, and then transcribed in the appropriate company book.

Supporting documentation for Board meetings is brought to the attention of each Director and Statutory Auditor using a document-sharing encrypted digital system capable of ensuring the confidentiality of the information on the same date as the meeting is called, where possible, and no later than three days before the date set for the meeting, except in cases of urgency when the documentation will be made available as soon as possible. If the documentation to be made available is voluminous or complex, it may be accompanied by a document summarising the most significant and relevant points for the decisions on the agenda, it being understood that this document cannot be considered in any way a substitute for the complete documentation sent to the Directors.

The supporting documentation shall be prepared by the competent corporate function, based on information/resolution sheets gathering the main assessment factors necessary for each member of the Board to acquire the due knowledge for the purposes of the relevant resolution, and then sent by the Company Secretariat. Company personnel preparing documentation for Board meetings are bound by the same rules of confidentiality as Board members.

The information provided may be supplemented to ensure that Directors can make informed decisions and, where the documentation is voluminous or particularly complex, may be accompanied by a summary document.

The Issuer also adopts regulations for the functioning of the board committees, which are described in the relevant Sections of the Report.

The aforementioned documentation is available on the [www.biessegroupp.com](http://www.biessegroupp.com) website, in the *Investor Relations* section.

In addition to the provisions of the Articles of Association, the Board, by resolution of 28 April 2021, reserved its powers in respect of the following matters:

- a. Start-up of new businesses.
- b. Opening or closing factories, branches, remote facilities, sales offices and the like.
- c. Acquiring or disposing of shareholdings, branches or companies and the like.
- d. Stipulation of agreements with third parties of strategic importance (alliances, associations, joint ventures, long-term cooperation, etc.).

- e. Purchase or sale of real estate (land and buildings) and associated rights; establishment of guarantees on immovable property such as, for example, the granting of mortgages, privileges and guarantees.
- f. Issuing of sureties in the interest of third parties and for reasons other than those of commercial management and granting of privileges on movable assets, issuing guarantees and granting loans; this limit will not be effective for transactions involving the acceptance and endorsement of credit instruments.
- g. Stipulation of contracts that create a situation of conflict of interest between the Company and its directors, internal auditors or managers. A conflict of interest is presumed, in particular, if the other party to the contract is a relative either direct or by marriage of directors, auditors or managers of the Company, or is a Company or entity with direct or indirect links to such relatives.
- h. Stipulating, substantially modifying or terminating contracts which may be subject to notification to the competent national or international antitrust authorities due to their possibly stifling competition by their nature or content.

On taking office, the adequacy of the time available to the members of the Board of Directors was verified based on the results of the Time Commitments of each director, based on which the Board is called upon to assess whether each of its members, in the light of all the professional activities normally carried out besides the office of Director of the Issuer, has the time to devote to the management of the Company itself, subsequently confirmed for the 2023 financial year at the meeting held on 28 July 2023.

During the financial year ended 31 December 2023, the Board of Directors met 6 times with an average duration of 3.5 hours. For the year ending 31 December 2024, 7 meetings of the Board of Directors are scheduled, 2 of which have already been held on 5 February and 28 February 2024.

The attendance percentage of each director in office on 31 December 2023 at the meetings of the Board of Directors is shown below (as detailed in Table 2 below): Giancarlo Selci 85%, Roberto Selci 100%, Massimo Potenza 100%, Alessandra Baronciani 85%, Ferruccio Borsani 85%, Federica Ricceri 100%, Rossella Schiavini 85%.

Achille Marchionni participates at Board meetings as the permanent secretary of the Board of Directors for the entire duration of the mandate of the administrative body currently in office.

Besides the secretary, the following directors normally attend board meetings as guests: the Group's Chief Financial Officer, Mr Pierre La Tour, and the Group's Head of Legal and Corporate Affairs, Ms Elena Grassetti.

#### **4.5 Role of the Chairman of the Board of Directors**

During the Year, the Chairman, pursuant to Article 2381 of the Italian Civil Code and Article 16 of the Articles of Association, Article and Recommendation 12 of

the Corporate Governance Code, through the Company Secretariat and the digitised and encrypted platform dedicated to the sharing of corporate documents:

- checked that the pre-meeting briefing and additional information provided at meetings was adequate to enable directors to act in an informed manner in carrying out their role;
- ensured the coordination of the activities of the board committees with the activities of the governing body;
- in agreement with the Chief Executive Officer, ensured that the appropriate in-depth analyses of the items on the agenda were provided, also ensuring that the Issuer's executives and those of the group companies it heads, competent in their respective fields, attended the Board meetings.

In particular, the permanent presence at Board meetings of the *Group Chief Financial Officer*, Mr Pierre La Tour, called upon to support the meetings to approve the financial reports for the period and extraordinary operations, and of the *Group Legal and Corporate Affairs Manager*, Ms Grassetti.

The meetings were also attended by the *Chief Audit Executive* Mr Ciccopiedi, called upon to report periodically on audit activities, the *Group Chief Human Resources* Mr Enrico Tinti, for the illustration of the MBO objectives of strategic managers and the Remuneration Report which will be discussed in section 8 below, the *CSR Manager* Ms Sofia Provenzano, on the occasion of the resolution on the 2022 Consolidated Non-Financial Statement and the materiality matrix for the purposes of preparing the 2023 Consolidated Non-Financial Statement, the *Chief Strategy and Sustainable Development Officer* Mr Sandro Vitale, called upon to support the Co-CEO in illustrating the guidelines of the strategic plan for the three-year period 2024-2026, the periodic reporting of the M&A activities conducted during the year and the presentation of the budget proposal for the year 2024.

Aware that, in compliance with the Corporate Governance Code, it is appropriate to adequately inform directors and statutory auditors about the business sector in which the Issuer itself operates, the company dynamics and their evolution (also with a view to the Issuer's sustainable success), the regulatory or self-regulatory framework of reference, the Issuer, during the financial year, also through the relevant corporate functions, which were invited to attend Board meetings in this regard, informed and updated the Directors, among other things, on:

- the organisational structure and changes with a significant impact on the Company's organisational chart;
- the new commercial and product initiatives presented to the organisation and thus to the market;
- changes in the relevant legislative and regulatory framework.

In addition, in implementation of the *induction* plan approved by the Board of Directors on 27 February 2023, in adherence to recommendation 12, letter d)

of the Corporate Governance Code, *induction* sessions were organised in June 2023, lasting approximately one hour each, in order to provide directors and statutory auditors with in-depth information on issues of specific corporate importance:

The *Group Chief Information & Technology Officer* and the consulting firm Yoroï S.r.l., operating in the *cyber security* sector, provided training on the measures adopted by the Issuer in order to preserve information security in the Machinery Industries & Supply Chain sector.

The law firm Gianni & Origoni has been entrusted with training on *whistleblowing* and, therefore, on the scope of Legislative Decree No. 24/2023 transposing Directive (EU) 2019/1937 and on the Issuer's work for *compliance* with Italian legislation.

All members of the Board of Directors and the Board of Statutory Auditors actively participated in the *induction* sessions.

Regarding the self-assessment process of the operation of the Board and its committees, the Chairman and the Board, due to the Issuer's affiliation to companies with concentrated ownership under the Corporate Governance Code, the Company has exercised the right to carry out a self-assessment process of its own and its internal committees, concerning their size, composition and actual operation, every three years.

The Issuer carried out the self-assessment during the year, in anticipation of the renewal of the corporate bodies for the year 2024 (for more information, please refer to section 7 of the Report).

If significant content emerges from the dialogue with the shareholders, the Chairman of the Board shall inform the Board at the first available meeting.

#### **Secretary of the Board of Directors**

The Board of Directors, on the proposal of the Chairman, has appointed a Secretary, who has adequate requirements of professionalism, experience and independence of judgement, as stated in the Regulation for the functioning of the Board of Directors.

The Secretary supports the activities of the Chairman in the functioning of the Board and provides assistance and advice to the Board of Directors on any matter relevant to the proper functioning of the corporate governance system. They distribute the documents, draw up the minutes of each meeting, sign them together with the Chairman and, once confirmed, release them. They keep and maintain the minutes, annexes and company books.

On the occasion of the renewal of the Board of Directors which took place during the 2021 financial year, the Board, on the proposal of the Chairman, confirmed the appointment of Mr Achille Marchionni, who also held this position in previous years, due to his deep and longstanding knowledge of the Issuer's corporate affairs.

During the Year, the Secretary supported the Chairman of the Board of Directors in the performance of his duties pursuant to Article 12 of the

Corporate Governance Code, providing impartial assistance and advice to the Board on all aspects relevant to the proper functioning of the corporate governance system.

#### 4.6 Executive Directors

Pursuant to Article 16 of the Articles of Association, the Board of Directors can delegate all or some of its powers to the Chairman. It may delegate to its members and third parties the concrete execution of regularly approved resolutions. The Chief Executive Officer(s) and Executive Committee, if appointed, will have all or part of the powers conferred on the Board of Directors with the sole exception of those which the law states may not be delegated.

##### Chief Executive Officers

In a resolution of 28 April 2021, the Board of Directors defined the allocation of management powers and identified which of the executive directors would hold the position of chief executive officer.

The Chief Executive Officer, Roberto Selci, was granted legal representation of the Company, as well as the following powers and responsibilities:

- a. on safety as referred to in Italian Legislative Decree No. 626 of 19 September 1994, as well as in Italian Legislative Decree No. 81 of 9 April 2008 as amended concerning the health and safety of workers in the workplace, all without any spending limit and with the power to delegate;
- b. with regard to the role of 'Employer' pursuant to and for the purposes of Article 2 of Italian Legislative Decree 19 September 1994 No 626 and of Article 2 of Italian Legislative Decree 9 April 2008 No 81 as amended, with the duties laid down therein with the power to delegate, to the extent permitted by law, the performance of any useful and/or necessary activity aimed at ensuring compliance with the law, all with no spending limit and with the power to delegate;
- c. in environmental matters pursuant to Italian Legislative Decree No. 152 of 3 April 2006, and the subsequent and inherent reference regulations, with the tasks provided for therein, with the right to delegate, to the extent permitted by the regulations, the performance of any useful and/or necessary activity aimed at ensuring compliance with the law, all without any spending limit and with the power to delegate;
- d. with regard to machine safety standards, broader powers in relation to the assembly and production of machines for which the Company assumes responsibility as 'manufacturer', or in any event marketed by the Company, including outside the EU, under the name and/or trademark of Biesse S.p.A. and/or Group companies, or under the name and/or trademark of third-party manufacturers, so that the same, with the greatest decision-making and management autonomy, carries out all necessary activities and issues the most appropriate directives to ensure that the assembly and production of the

machines takes place in full compliance with the instructions and under the directives, the designs and technical specifications decided by the Company and, in any event, in such a way as to ensure compliance with the safety standards and requirements applicable to the same machines, also based on the market of the EU member state of destination, all with no spending limit and with the power to delegate;

e. concerning the protection of personal data, the representation and care of any necessary fulfilment under the relevant legislation and in particular EU Regulation 2016/679 ('GDPR') and Italian Legislative Decree No. 196 of 30 June 2003, as amended by Italian Legislative Decree No. 101 of 10 August 2018 ('Privacy Code') and any related or consequential responsibilities, all without any spending limit and with the power to delegate;

f. as an executive director of the Company in charge of the internal control and risk management system;

g. as FGIP, i.e. the Department in charge of the Management of Inside Information, according to the Company's 'Internal Regulation for the Management of Inside Information'.

The Chief Executive Officer is also granted the following powers, with a spending limit of €1,500,000 per individual transaction, unless otherwise indicated, and it being understood that in no case shall this spending limit apply to the matters referred to in points (a) to (e) above:

1) at the request of the Chairman and/or in the event of their absence or impediment, convening the Board of Directors and setting the Agenda, as well as convening the Shareholders' Meeting if there are urgent reasons that prevent or make it burdensome to convene the Board of Directors in advance;

2) executing the decisions of the Shareholders' Meeting and the Board of Directors within their competence;

3) the strategic definition of the Group's policies, general coordination of the same with the relative power to implement the policies established in every sphere (including, by way of example but not limited to, in relation to the functional areas Supply Chain, Offering Management, Services Management, Customer & Markets Management [conception, development and design of machines and plants, procurement, management of warehouses and manufacturing processes, installation and sale of machines, management of commercial relations and with distributors] and in relation to all the areas of support to the company's business) and assumption of the consequent responsibilities;

4) proposing to the Board all the initiatives deemed useful in the interest of the Company and the Group, and formulate proposals in the matters reserved to the competence of the Board itself;

5) preparing the annual budget and the multi-year business plan for submission to the Board of Directors;

6) the supervision, control and coordination of extraordinary transactions,

with particular reference to acquisitions or divestments of shareholdings and/or companies, branches of companies and/or specific assets, mergers and demergers of negotiations relating to agreements with third parties of strategic importance (by way of example but not limited to, alliances, associations, joint ventures, long-term cooperation), without prejudice to the powers of the Board of Directors, with the power to sign confidentiality agreements, letters of intent and memoranda of understanding or similar agreements, provided they are non-binding;

7) managing and coordinating relations with subsidiary companies, participating in the relevant Shareholders' Meetings and voting in the name and on behalf of the Company, both in ordinary and extraordinary sessions, within the limits of the spending powers indicated above and unless the CEO has an interest in the resolution; power to sign documents, in compliance with the rules of foreign subsidiaries, concerning reductions and/or increases in share capital

8) defining and implementing the functional and organisational structures of the Company and its subsidiaries, within the framework of the general organisational guidelines established by the Board, with the coordination and management of all foreign subsidiaries for these purposes, responsibility for the organisation of activities and said functional areas, services and offices, as well as employees;

9) defining, directing and supervising the activities aimed at ensuring the economic sustainability of the Company's business within the framework of the general guidelines established by the Board, with all inherent powers of representation and signature;

10) defining, directing and supervising the activities of conception, development and design of machines and plants, with inherent activities of purchase of materials, management of warehouses of materials and semi-finished products, the manufacturing processes of machines, setting up and management of warehouses of finished products, activities of support to customers for assistance, installation and sale of machines, management of commercial relations with customers and dealers aimed at sales of company products and services, all without limits of amount in compliance with current company procedures;

11) setting criteria for recruitment and management of staff within the annual budget; hiring, appointing, dismissing staff including the rank of manager; the adoption and implementation of disciplinary measures, dismissal (including collective) and other provisions with regard to blue and white-collar workers, sales staff and auxiliary personnel;

12) entering into agreements for leases (including long leases), rent and gratuitous loan of immovable property and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

13) entering into contracts of sale of movable property and movable property entered in public registers, transactions and movable lease transactions



and/or the conclusion of lease contracts, including long lease contracts, and gratuitous loan contracts on such movable property and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

14) entering into, renewing, modifying and terminating contracts for the sale of the Company's products and those of its subsidiaries – also with reservation of title – and for distribution with or without representation, with or without exclusive rights, fixing prices, terms and conditions, granting commercial exclusivity, rebates, discounts and signing the relative deeds, overseeing the export of the products by signing the relative contracts and the necessary documentation and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts; these powers may be exercised without limits on the amount;

15) entering into contracts for the supply, tendering and subcontracting, hire, exchange, shipment, lease, transformation of products, materials, equipment or machinery and in general any other contract concerning raw materials, stocks, semi-finished products, finished products, spare parts and movable property in general or services of any nature (including multimedia services) and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts; for supplies under multiannual framework contracts, the expenditure limit is to be understood as annual;

16) entering into contracts for consultancy and/or professional services and with all consequent powers to cancel, terminate, resolve and withdraw from such contracts;

17) entering into contracts with business brokers, agency contracts, mediation contracts, with or without representation, with or without exclusive rights, agreeing terms and conditions and having the power to cancel, terminate, resolve and withdraw from such contracts;

18) entering into insurance contracts on behalf of the Company, agencies and representations, and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

19) requesting mortgages and financing with the conclusion of the relative contracts, credit mandates, and patronage with all consequent powers to cancel, terminate, resolve and withdraw from the same; the granting of mortgages and liens on real estate and/or movable property and the issuance of guarantees to third parties with the exception of bank guarantees issued to third parties within the scope of, and within the limit of, the credit lines granted and approved by the Board of Directors of Biesse; entering into forfeiting, factoring, assignment of credit and discounting agreement contracts;

20) management of relations with credit institutions, with all inherent powers of representation and signing of the documents and deeds connected thereto, by way of example but not limited thereto, operating and withdrawing from the Company's current accounts in favour of the Company or third parties by issuing bank receipts, cheques, bank transfers or through instructions by correspondence, both from liquid assets and from the credit

lines granted; acceptance and endorsement for payment on and for discount of promissory notes, bills of exchange, and cheques of any nature, and payment orders in general issued to the Company by third parties (including but not limited to, bills of exchange, lines of credit, notes, postal wires payable at banks, postal and telegraphic offices, and with any individual or legal person), including the subscription and negotiation of promissory notes issued pursuant to Law 1329/1965 (so-called Sabatini Law); arranging wire transfers and transfers to current accounts in the Company's name; issuing declarations to the banks, which grant loans to the Company's personnel, certifying the Company's commitment to withhold the amounts of repayment instalments and/or residual debt from the aforementioned personnel; opening and closing bank accounts, securities accounts and safety deposit boxes; wire transfers, payment of taxes, duties and salaries may be exercised without limits on the amount;

21) overseeing the identification of the main corporate risks, including credit and exchange rate risks, and the implementation of the risk control guidelines defined by the administrative body, as well as carrying out checks and liaising with the relevant corporate bodies and functions;

22) definition and management of customer care structures, outsourcing customer care services to external parties, handling complaints also by granting discounts or rebates;

23) direction and management of marketing and promotional-advertising activities, defining any form of advertising or communication, with all powers to sign agreements or contracts with advertising agencies, film companies, publishing houses; maintaining and representing the Company in relations with the press and trade associations;

24) managing participation in events, fairs and exhibitions, both in Italy and abroad, signing the relevant agreements;

25) management of research and development activities, the development, registration and management of industrial property rights and intellectual property rights, representing the Company in the administrative procedures for the registration of such rights, filing and cultivating the relevant applications, as well as representing the Company before the Board of Appeals at the Central Patent Office and before similar bodies of foreign offices competent in patent matters, as well as in any other procedure, petition or appeal before the said central patent office and other Italian or foreign administrative offices; providing for the claiming of priority rights;

26) representation of the Company before any Administrative authority or Court or arbitration, in any seat and degree of jurisdiction, appointing attorneys and representatives ad litem, vesting them with appropriate powers with the power to revoke them; settling and reconciling any dispute or litigation of the Company, including those with its workers, self-employed or employees in any capacity; the ability to file requests for evidence or oppose such proof, make a free or formal questioning, elect domicile; stipulation of agreements of conventional sequestration and filing for court-ordered

sequestration; appointing experts to ascertain and estimate the damages suffered by the Company or caused by it to third parties;

27) representing the Company with public and/or private entities, employee training institutes and Universities, in Italy and abroad, dealing with developing and maintaining a cooperation network with Universities or centres of excellence potentially interesting for the Company, also to initiate, develop and implement product and process innovation processes as well as new concepts, new applied technologies, new multimedia and digital processes and new materials; signing in the name and on behalf of the company all deeds (e.g. ministerial decrees) relating to the granting of public funding of various kinds (e.g. subsidised and non-repayable, but not limited to) in favour of research, development and innovation programmes;

28) representation of the Company before representatives of the Savings and Loan Office, the Bank of Italy, and the Italian Exchange Office for all financial and commercial transactions in foreign currency, as well as before any credit institution or private bank, execute any transaction with customs offices, postal and telegraphic offices to make shipments, deposits, release and withdrawal of merchandise, values, packages and parcels, certified letters and insured correspondence, issuing receipts;

29) representation of the Company before any public or private office and in particular with the financial administration, central and local, public, state, regional and provincial officials, carrying out all transactions, bar none or no exceptions, as set forth by the respective laws and necessary for correct company management; representation of the Company before the Regional Tax Offices, the Revenue Offices, the Technical Tax offices, Tax Offices, Financial Administration, including local offices for local taxes, preparing, signing and filing statements, petitions, appeals, and claims, reports and certifications for third-party income subject to withholding and any other tax statement, filing claims against tax assessments and assessed taxes before the Tax Commissions at every level and degree, the Court of Cassation, suggest and accept to agree and settle disputes, sign them, request licenses and permits;

30) representation of the Company before the Inspectorate of Labour, provincial and regional labour offices, mandatory workers' insurance institutes, social security institutions, the reconciliation commissions and arbitration tribunals contemplated under applicable collective bargaining regulations, trade unions and their committees, for the resolution of disputes with employees and contract staff, as well as in negotiations on employment contracts, agreements and disputes, with the power to sign deeds and compound and settle any dispute or issue pending with the said bodies, with no financial limit;

31) the representation of the Company with utilities, phone services and similar providers, as well as with the post office, depositing and withdrawing from these accounts, in the framework of prevailing regulations;

32) the representation of the Company before any Administrative authority,

central or branch office, including police, local and autonomous bodies for issue of licenses, authorisations and permits;

33) the execution of any transaction at the Department of Motor Vehicle, filing applications for legal transfers, updates and identification of situations, validly endorsing the related documents and files on behalf of the Company;

34) signing confidentiality and privacy agreements with customers, suppliers, consultants within the framework of the ordinary administration of the Company.

Co-Chief Executive Officer Massimo Potenza was granted legal representation of the Company, as well as the following powers, with a spending limit of EUR 1,500,000 per individual transaction, unless otherwise provided for:

1. at the request of the Chairman and/or in the event of their absence or impediment, convening the Board of Directors and setting the Agenda, as well as convening the Shareholders' Meeting if there are urgent reasons that prevent or make it burdensome to convene the Board of Directors in advance;
2. executing the decisions of the Shareholders' Meeting and the Board of Directors within their competence;
3. the strategic definition of the Group's policies, general coordination of the same with the relative power to implement the policies established in every sphere (including, by way of example but not limited to, in relation to the functional areas Supply Chain, Offering Management, Services Management, Customer & Markets Management [conception, development and design of machines and plants, procurement, management of warehouses and manufacturing processes, installation and sale of machines, management of commercial relations and with distributors] and in relation to all the areas of support to the company's business) and assumption of the consequent responsibilities;
4. proposing to the Board all the initiatives deemed useful in the interest of the Company and the Group, and formulate proposals in the matters reserved to the competence of the Board itself;
5. preparing the annual budget and the multi-year business plan for submission to the Board of Directors;
6. the supervision, control and coordination of extraordinary transactions, with particular reference to acquisitions or divestments of shareholdings and/or companies, branches of companies and/or specific assets, mergers and demergers of negotiations relating to agreements with third parties of strategic importance (by way of example but not limited to, alliances, associations, joint ventures, long-term cooperation), without prejudice to the powers of the Board of Directors, with the power to sign confidentiality agreements, letters of intent and memoranda of understanding or similar agreements, provided they are non-binding;
7. managing and coordinating relations with subsidiary companies, participating in the relevant Shareholders' Meetings and voting in the name

and on behalf of the Company, both in ordinary and extraordinary sessions, within the limits of the spending powers indicated above and unless the CEO has an interest in the resolution; power to sign documents, in accordance with the rules of foreign subsidiaries, concerning reductions and/or increases in share capital;

8. defining and implementing the functional and organisational structures of the Company and its subsidiaries, within the framework of the general organisational guidelines established by the Board, with the coordination and management of all foreign subsidiaries for these purposes, responsibility for the organisation of activities and said functional areas, services and offices, as well as employees;

9. defining, directing and supervising the activities aimed at ensuring the economic sustainability of the Company's business within the framework of the general guidelines established by the Board, with all inherent powers of representation and signature;

10. defining, directing and supervising the activities of conception, development and design of machines and plants, with inherent activities of purchase of materials, management of warehouses of materials and semi-finished products, the manufacturing processes of machines, setting up and management of warehouses of finished products, activities of support to customers for assistance, installation and sale of machines, management of commercial relations with customers and dealers aimed at sales of company products and services; all without limits of amount in compliance with current company procedures;

11. setting criteria for the recruitment and management of staff – including the grade of manager in relation to functions accountable to the General Management other than the General Management itself – in compliance with the annual budget; hiring, appointing, dismissing staff including the grade of manager in relation to functions answerable to the General Management other than the General Management itself; the adoption and implementation of disciplinary measures, dismissal (including collective) and other provisions with regard to blue and white-collar workers, sales staff and auxiliary personnel;

12. entering into agreements for leases (including long leases), rent and gratuitous loan of immovable property and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

13. entering into contracts of sale of movable property and movable property entered in public registers, transactions and movable lease transactions and/or the conclusion of lease contracts, including long lease contracts, and gratuitous loan contracts on such movable property and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

14. entering into, renewing, modifying and terminating contracts for the sale of the Company's products and those of its subsidiaries – also with reservation of title – and for distribution with or without representation, with or without

exclusive rights, fixing prices, terms and conditions, granting commercial exclusivity, rebates, discounts and signing the relative deeds, overseeing the export of the products by signing the relative contracts and the necessary documentation and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts; these powers may be exercised without limits on the amount;

15. entering into contracts for the supply, tendering and subcontracting, hire, exchange, shipment, lease, transformation of products, materials, equipment or machinery and in general any other contract concerning raw materials, stocks, semi-finished products, finished products, spare parts and movable property in general or services of any nature (including multimedia services) and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts; for supplies under multiannual framework contracts, the expenditure limit is to be understood as annual;

16. entering into contracts for consultancy and/or professional services and with all consequent powers to cancel, terminate, resolve and withdraw from such contracts;

17. entering into contracts with business brokers, agency contracts, mediation contracts, with or without representation, with or without exclusive rights, agreeing terms and conditions and having the power to cancel, terminate, resolve and withdraw from such contracts;

18. entering into insurance contracts on behalf of the Company, agencies and representations, and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

19. requesting mortgages and financing with the conclusion of the relative contracts, credit mandates, and patronage with all consequent powers to cancel, terminate, resolve and withdraw from the same; the granting of mortgages and liens on real estate and/or movable property and the issuance of guarantees to third parties with the exception of bank guarantees issued to third parties within the scope of, and within the limit of, the credit lines granted and approved by the Board of Directors of Biesse; entering into forfaiting, factoring, assignment of credit and discounting agreement contracts;

20. management of relations with credit institutions, with all inherent powers of representation and signing of the documents and deeds connected thereto, by way of example but not limited thereto, operating and withdrawing from the Company's current accounts in favour of the Company or third parties by issuing bank receipts, cheques, bank transfers or through instructions by correspondence, both from liquid assets and from the credit lines granted; acceptance and endorsement for payment on and for discount of promissory notes, bills of exchange, and cheques of any nature, and payment orders in general issued to the Company by third parties (including but not limited to, bills of exchange, lines of credit, notes, postal wires payable at banks, postal and telegraphic offices, and with any individual or legal person), including the subscription and negotiation of promissory notes issued pursuant to Law 1329/1965 (so-called Sabatini Law); arranging wire

transfers and transfers to current accounts in the Company's name; issuing declarations to the banks, which grant loans to the Company's personnel, certifying the Company's commitment to withhold the amounts of repayment instalments and/or residual debt from the aforementioned personnel; opening and closing bank accounts, securities accounts and safety deposit boxes; wire transfers, payment of taxes, duties and salaries may be exercised without limits on the amount;

21. overseeing the identification of the main corporate risks, including credit and exchange rate risks, and the implementation of the risk control guidelines defined by the administrative body, as well as carrying out checks and liaising with the relevant corporate bodies and functions;

22. definition and management of customer care structures, outsourcing customer care services to external parties, handling complaints also by granting discounts or rebates;

23. direction and management of marketing and promotional-advertising activities, defining any form of advertising or communication, with all powers to sign agreements or contracts with advertising agencies, film companies, publishing houses; maintaining and representing the Company in relations with the press and trade associations;

24. managing participation in events, fairs and exhibitions, both in Italy and abroad, signing the relevant agreements;

25. management of research and development activities, the development, registration and management of industrial property rights and intellectual property rights, representing the Company in the administrative procedures for the registration of such rights, filing and cultivating the relevant applications, as well as representing the Company before the Board of Appeals at the Central Patent Office and before similar bodies of foreign offices competent in patent matters, as well as in any other procedure, petition or appeal before the said central patent office and other Italian or foreign administrative offices; providing for the claiming of priority rights;

26. representation of the Company before any Administrative authority or Court or arbitration, in any seat and degree of jurisdiction, appointing attorneys and representatives ad litem, vesting them with appropriate powers with the power to revoke them; settling and reconciling any dispute or litigation of the Company, including those with its workers, self-employed or employees in any capacity; the ability to file requests for evidence or oppose such proof, make a free or formal questioning, elect domicile; stipulation of agreements of conventional sequestration and filing for court-ordered sequestration; appointing experts to ascertain and estimate the damages suffered by the Company or caused by it to third parties;

27. representing the Company with public and/or private entities, employee training institutes and Universities, in Italy and abroad, dealing with developing and maintaining a cooperation network with Universities or centres of excellence potentially interesting for the Company, also to initiate,

develop and implement product and process innovation processes as well as new concepts, new applied technologies, new multimedia and digital processes and new materials; signing in the name and on behalf of the company all deeds (e.g. ministerial decrees) relating to the granting of public funding of various kinds (e.g. subsidised and non-repayable, but not limited to) in favour of research, development and innovation programmes;

28. representation of the Company before representatives of the Savings and Loan Office, the Bank of Italy, and the Italian Exchange Office for all financial and commercial transactions in foreign currency, as well as before any credit institution or private bank, execute any transaction with customs offices, postal and telegraphic offices to make shipments, deposits, release and withdrawal of merchandise, values, packages and parcels, certified letters and insured correspondence, issuing receipts;

29. representation of the Company before any public or private office and in particular with the financial administration, central and local, public, state, regional and provincial officials, carrying out all transactions, bar none or no exceptions, as set forth by the respective laws and necessary for correct company management; representation of the Company before the Regional Tax Offices, the Revenue Offices, the Technical Tax offices, Tax Offices, Financial Administration, including local offices for local taxes, preparing, signing and filing statements, petitions, appeals, and claims, reports and certifications for third-party income subject to withholding and any other tax statement, filing claims against tax assessments and assessed taxes before the Tax Commissions at every level and degree, the Court of Cassation, suggest and accept to agree and settle disputes, sign them, request licenses and permits;

30. representation of the Company before the Inspectorate of Labour, provincial and regional labour offices, mandatory workers' insurance institutes, social security institutions, the reconciliation commissions and arbitration tribunals contemplated under applicable collective bargaining regulations, trade unions and their committees, for the resolution of disputes with employees and contract staff, as well as in negotiations on employment contracts, agreements and disputes, with the power to sign deeds and compound and settle any dispute or issue pending with the said bodies, with no financial limit;

31. the representation of the Company with utilities, phone services and similar providers, as well as with the post office, depositing and withdrawing from these accounts, in the framework of prevailing regulations;

32. the representation of the Company before any Administrative authority, central or branch office, including police, local and autonomous bodies for issue of licenses, authorisations and permits;

33. the execution of any transaction at the Department of Motor Vehicle, filing applications for legal transfers, updates and identification of situations, validly endorsing the related documents and files on behalf of the Company;



34. signing confidentiality and privacy agreements with customers, suppliers, consultants within the framework of the ordinary administration of the Company.

The Chief Executive Officer Roberto Selci and the Co-Chief Executive Officer Massimo Potenza, by virtue of the powers delegated to them, can be considered the main individuals responsible for company management.

#### **Chairman of the Board of Directors**

The Chairman of the Board of Directors, Giancarlo Selci, because of the size of the Company and the activities of the same, as well as the many years of knowledge and experience gained in managing the Group, with a resolution of the Board of Directors adopted on 28 April 2021, has been delegated all powers of ordinary administration:

- supervision and control of extraordinary transactions, acquisitions/disposals of shareholdings, business units and the like, purchase/sale of real estate, as resolved by the Board of Directors;
- the power to propose to the Board all the initiatives deemed useful in the interests of the Company and the Group;
- the legal representation of the Company before any authority, in any court and at any level of jurisdiction, at any public or private office and at the shareholders' meetings, both ordinary and extraordinary, of the Italian and foreign subsidiaries.

The Chairman Giancarlo Selci also controls Bi.Fin. S.r.l. and, as a result, is the Issuer's indirect controlling shareholder.

#### **Executive board**

As of the date of the Report, an Executive Board has not been constituted.

#### **Disclosure to the Board by directors/delegated bodies**

The executive directors mentioned above all duly reported to the Board of Directors on the performance of their duties and responsibilities at meetings of the Board of Directors.

#### **Other executive directors**

There are no other executive directors on the Board of Directors other than those indicated in this chapter.

### **4.7 Independent directors and lead independent directors**

In adherence to the recommendations contained in Article 2 of the Corporate Governance Code, three independent directors are members of the Board of Directors in office as of 31 December 2023 and as of the date of the Report, in the persons of Ferruccio Borsani, Federica Ricceri and Rossella Schiavini.

The Board of Directors, appointed by the Shareholders' Meeting of 28 April 2021, at the meeting held on the same date, assessed, in compliance with the criteria set out in the Consolidated Law on Finance and the Corporate

Governance Code, the existence of the independence requirements for each of the non-executive independent directors. The Board, on the basis of the documentation provided by the aforementioned directors, has therefore recognised them as independent in the absence of circumstances that, pursuant to recommendation 7 of the Corporate Governance Code and the Regulations on the functioning of the Board of Directors of the Issuer, compromise or appear to compromise the independence of a Director.

The independent directors appointed by the Shareholders' Meeting of 28 April 2021 are such, pursuant to the Consolidated Law on Finance (as they are not in any of the situations referred to in Article 148, paragraph 3 Consolidated Law on Finance) and recommendation 7 of the Corporate Governance Code. The Corporate Governance Code provides that the circumstances that compromise, or appear to compromise, the independence of a director are at least the following: a) if they are a significant shareholder of the Company; b) if they are, or have been in the preceding three financial years, an executive director or employee: - of the company, a strategically important subsidiary of the company or a company under common control; - of a significant shareholder of the Company; c) directly or indirectly (e.g. through subsidiaries or companies of which they are an executive director or as a partner in a professional firm or consulting company) have, or have had in the previous three financial years, a significant commercial, financial or professional relationship: - with the Company or its subsidiaries, or its executive directors or top management; - with a party who, also together with others through a shareholders' agreement, controls the Company; or if the parent is a company or entity and its executive officers or top management; d) receive, or have received in the preceding three financial years, from the Company, one of its subsidiaries or the parent company significant remuneration besides the fixed remuneration for the office and to that provided for participation in the committees recommended by the Code or provided for by the regulations in force; e) if they have been a director of the company for more than nine financial years, even if not consecutive, in the last twelve financial years; f) if they hold the office of executive director in another company in which an executive director of the Company holds the office of director; g) if they are a partner or director of a company or entity belonging to the network of the company appointed for the statutory audit of the company; h) they are a direct relative of any person in any of the positions identified above.

The Board of Directors considers a significant commercial, financial or professional relationship to be one whose total value exceeds: (i) 5% of the annual turnover of the Company or entity of which the Director has control or of which they are an executive director, or of the professional firm or consulting Company of which they are a partner; and/or (ii) 5% of the annual costs incurred by the Group that are attributable to the same type of contractual relationships or assignments of a similar nature; In the case of a Director who is also a partner of a professional firm or of a consulting company, the Board of Directors shall assess the significance of the

professional relationships that may influence their position and role within the firm or the consulting Company or that otherwise relate to significant transactions of the Company and the Group, even independently of quantitative parameters.

The Board of Directors believes that significant additional remuneration regarding the fixed remuneration for the office and the remuneration for participation in the Board committees should be understood as remuneration for professional or consulting services over Euro 150,000.00 per annum, without prejudice, however, to the discretion of the Board of Directors in assessing the specific situation, considering the best interests of the Company, the significance of the relationship and the likelihood of it affecting the independence of the Director holding the relationship.

Independent directors are adequate in number and authority to meet the needs of the Company and to ensure that their opinion has a significant weight in decisions taken by the Issuer's Board of Directors, in the light of the size and organisational structure of the Board in office at 31 December 2023; These directors bring their specific competencies to Board discussions and contribute to decisions being made in the Company's interest.

The procedure followed by the Board of Directors to verify independence provides that the existence of the requisite is declared by the director at the time of the presentation of the candidatures, as well as at the time of acceptance of the office, and ascertained by the Board in the first meeting following the appointment also based on the available information. The assessment is renewed when circumstances relevant to independence occur and, in any event, annually. In making the above assessments, the Board considers all available information (in particular that provided by the directors being assessed), considering all circumstances that appear to compromise independence as identified by the Consolidated Law on Finance and the Corporate Governance Code.

On 28 July 2023, the Board of Directors, in compliance with Recommendation No. 6 of Article 2 of the Corporate Governance Code relating to the annual verification of the existence of the independence requirements for each of the non-executive directors, verified the existence of the independence requirements for the directors Ferruccio Borsani, Federica Ricceri and Rossella Schiavini. With regard to the Board of Statutory Auditors' verification of the correct application of the assessment criteria and procedures adopted in 2023 by the Board to assess the independence of its members, the Board will report the outcome in its report to the Shareholders' Meeting.

During the 2023 financial year, the Independent Directors held two independent meetings, respectively on 8 March and 27 September 2023, coordinated and chaired by the Lead Independent Director Rossella Schiavini pursuant to recommendation 14 of the Corporate Governance Code.

At the meeting of 8 March 2023, the contents of the Letter from the Chairman of the Corporate Governance Committee for the year 2023 were analysed, in order to assess the level of adherence achieved by the Issuer to the

recommendations contained therein. In this regard, the Independent Directors expressed a general appreciation of the level of alignment achieved by the Company, suggesting for the future the strengthening of the following areas: i) dialogue with shareholders, in relation to which the directors suggested adopting the recommendation relating to regular reporting to the Board of Directors of investor relations activities and any bilateral requests for engagement by investors, in order to fully understand the contents of the dialogue and the matters of comparison with the market; and ii) Remuneration policy and long-term objectives, in relation to which the directors have suggested, for the purpose of increasing transparency towards the market, to expand the details on the individual performance measurement parameters and on the LTI variable component.

At the meeting held on 27 September 2023, the Independent Directors discussed the Board of Directors' self-assessment process that the Issuer, in anticipation of the renewal of the corporate bodies in 2024, launched in October 2023.

The results of this comparison showed a general satisfaction with the self-assessment process adopted and with the document as a whole, for which reference should be made to paragraph 7.1 below.

On the same occasion, the Independent Directors suggested, with regard to the 2024-2026 Business Plan, that its preparation be shared in several meetings in order to collect the contributions of the Directors themselves and give full role to the Board of Directors as a strategic steering body.

Finally, it should be noted that the directors Ferruccio Borsani, Federica Ricceri and Rossella Schiavini, in the declaration of acceptance of the office of directors of the Company and certification of the requirements for assuming the office, declared their suitability to qualify as independent and, at the same time, undertook to promptly notify the Board of Directors of any changes in the requirements, including those of independence.

#### **Lead Independent Director**

In compliance with Article 3, Recommendation No. 13, of the Corporate Governance Code (which provides that the administrative body shall appoint an independent director as Lead Independent Director, in the event that: (i) the Chairman of the Board of Directors is the Chief Executive Officer or holds significant managerial powers or (ii) if the position of Chairman is held by the person who controls, even jointly, the company), the Board of Directors has appointed the independent director Rossella Schiavini as Lead Independent Director. The Lead Independent Director acts as a coordinator for non-executive Board members to encourage their greater contribution to the work and operation of the Board.

The Lead Independent Director is specifically responsible for:

- working with the Chairman to guarantee that all directors are provided with timely and complete information;

- calling independent directors' meetings, either at his initiative or at the request of other directors, to discuss matters of interest concerning the workings of the Board of Directors or the management of the Company.

In 2023, the Lead Independent Director:

- called and coordinated the meetings of the independent directors held on 8 March and 27 September 2023.

## 5. Management of corporate information

### Internal regulations for the management of inside information and the establishment of an insider list

External communications of documents and information regarding the Company or/and the Group, with particular attention to inside information, are regulated by a procedure, approved by the Board of Directors in the meeting of 27 March 2006, as amended (the last time on 9 September 2020) following the entry into force of European Regulation No 596/2014 on market abuse (Market Abuse Regulation, hereinafter "**MAR**"). The aim of the regulation is to ensure the complete, correct, clear, transparent, timely, continuous and maximum dissemination of information concerning the Company and its subsidiaries and compliance with the primary and secondary legislation in force.

The regulation also provides for establishing a Register of persons with access to inside information in compliance with the MAR. Following the publication of the new Consob Guidelines of October 2017 concerning the management of information of a material and privileged nature, the Company deemed it necessary to update its regulation by introducing, among other things, following the recommendations of the Guidelines, the Register of persons with access to material information (RIL).

These regulations are available on the Company's website [www.biessegroup.com](http://www.biessegroup.com), in the *Investor Relations/ Corporate Governance / Market Abuse* section.

### Internal Dealing Regulations

The *internal dealing* procedure adopted by the Company on 24 December 2002 and subsequently updated in its latest version on 27 February 2023 pursuant to Article 19 of the MAR, Delegated Regulation (EU) 2016/522, Implementing Regulation (EU) 2016/523, as well as Article 114, paragraph 7, of the Consolidated Law Finance and Article 152-quinquies et seq. of the Issuers' Regulation. The Regulation is intended to regulate the methods and timing of communication to the Issuer and Consob, as well as the disclosure to the public of information relating to certain transactions on the Company's ordinary shares, or on debt securities, derivative instruments or other financial instruments related to them carried out by members of the corporate bodies, by the relevant shareholders and by persons closely associated with them, as defined by applicable regulatory law.

The Regulations are available on the Company's website [www.biessegroup.com](http://www.biessegroup.com), in the *Investor Relations/ Corporate Governance/ Internal Dealing* section.

## 6. Internal committees of the Board (pursuant to Article 123-bis, paragraph 2, letter d), Consolidated Law Finance)

Recommendation No. 16 of the Corporate Governance Code recommends that the Boards of Directors of listed companies set up committees within their own committees with investigative, propositional and advisory functions, in matters of appointments, remuneration and control and risks, and that the functions attributed to these committees may be distributed differently or merged even into a single committee, provided that adequate information is provided on the tasks and activities carried out for each of the functions assigned and the recommendations of the Corporate Governance Code for their composition are complied with.

On 28 April 2021, the Board of Directors, in consideration of the Company's organisational needs, the operating methods and the size of the Board itself, resolved to establish: (i) a Control and Risk Committee, pursuant to Article 6 of the Corporate Governance Code; (ii) a Committee for Related Party Transactions, pursuant to the Related Parties Regulation; and (iii) a Remuneration Committee, pursuant to Article 5 of the Corporate Governance Code (hereinafter, the "**Committees**"), all composed of two independent directors. As of the date of the Report, no further committees are planned within the Board of Directors.

In determining the composition of the Committees, the Board has prioritised the expertise and experience of their members and has avoided an excessive concentration of tasks, as will be discussed below, in the sections specifically dedicated to each Committee (sections 8, 9 and 10).

In consideration of the Issuer's organisational structure and ownership structure, the Board of Directors did not see the need to set up an Appointments Committee in accordance with the provisions of Article 4 of the Corporate Governance Code, assigning functions to the Board of Directors (sec. 7.2).

The internal regulations for the functioning of the aforementioned committees were approved by the Board of Directors on 3 August 2016 and, with reference to the regulations of the Remuneration Committee and the Related Party Transactions Committee, they were updated during the 2022 financial year.

The regulations of the Board committees are available on the Company's website [www.biessegroup.com](http://www.biessegroup.com), in the *Investor Relations / Corporate Governance* section.

### **Additional committees (other than those provided for by law or recommended by the Code)**

At the date of the Report, no committees other than those recommended by

the Corporate Governance Code have been set up, nor has a specific committee been set up to support the Board of Directors in the analysis of issues relevant to the generation of long-term value.

## 7. Self-assessment and succession of directors - Appointments Committee

### 7.1 Self-assessment and succession of directors

Because of the Issuer being one of the companies with concentrated ownership within the meaning of the Corporate Governance Code, the Company availed itself of the right to carry out its own and its committees' self-assessment process concerning size, composition and actual functioning concerning: the characteristics of its members in terms of their professionalism, experience, managerial experience and gender, as well as their length of time in office, every three years.

The Issuer, in anticipation of the renewal of the corporate bodies in the financial year 2024, has started the self-assessment process during the year.

The self-assessment was carried out through (i) the compilation of questionnaires addressed to all members of the Board of Directors and (ii) the collegial evaluation of the assembled body, and had as its object the analysis of the composition and internal dynamics of the Board and the Committees; examination of the tasks and duties of the Board and specific reflections on the remuneration issue.

The results were subsequently analysed at the Board meeting of 26 October 2023, at which the Board specifically assessed the adequacy of its functioning and identified corrective ideas to be applied. The following is a brief summary of the results of the analysis of the questionnaires.

With regard to the quantitative composition of the Board of Directors, the number of seven members in relation to the size category in which the Company is located and the operational complexity of the Company itself, is suitable to ensure effective management and control of the risks of the company's activities. The number of Independent Directors and the number of non-executive directors was also deemed sufficiently appropriate to the size of the Board and the Company's activities.

With regard to functioning, it was noted that the Directors consistently participated in Board meetings. The current procedures for holding and attending the meetings of the Board of Directors and the Board committees are considered adequate overall and the duration of the meetings has also been deemed appropriate and sufficient to adequately explore and debate the issues on the agenda. Largely positive results were also found in relation to the conduct of the Board's work, as it emerged that each Director is guaranteed the opportunity to express their opinions and create a constructive and positive climate.

The self-assessment activity also revealed that the Board of Directors paid

adequate attention to issues related to risk management and internal control and ESG, the latter being considered sufficiently included in strategic plans and remuneration policies.

The self-assessment activity did not identify any critical issues or situations that would require corrective action and the Board is able to understand the institution's activities on an overall basis, including the main risks.

As a starting point for improvement in relation to the composition of the Board, it was suggested to consider increasing the degree of diversification of professional experience gained among the members of the body, so as to include figures with international and managerial skills and from different industries, in order to strengthen support for the pursuit of the Company's strategic objectives and the tasks of the Board itself.

In addition, it was suggested to consider diversifying the roles and powers currently attributed to the Chief Executive Officer and Co-Chief Executive Officer through the appointment of an Honorary Chairman, an Executive Chairman and a Chief Executive Officer.

In relation to the internal Board Committees, although it is believed that the current methods of verifying their work are sufficient to identify any critical issues, the self-assessment activity has shown that the Board will evaluate the opportunity to further strengthen their supervision through an assessment of the size, composition and functioning of the committees themselves to be conducted on an annual basis. Similarly, the Board will evaluate the advisability of entrusting the Board of Directors' powers for appointments, currently assigned to the Board of Directors, to the Remuneration Committee.

Finally, while considering them to be more than sufficient overall, the Board noted that there is room for improvement in the following areas:

- Risk, with respect to which the process of adapting processes, methods and risk analysis is still in progress;
- dialogue with shareholders and other stakeholders relevant to the Company, towards whom it is considered useful to strengthen strategic communication.

As regards the advisability of entrusting an external and independent entity with the process of self-assessment of the administrative body, starting from the assumption that the Corporate Governance Code suggests such recourse to the consultant as an option and not as an obligation, the Issuer rarely proceeds in this way, considering its nature in terms of size and turnover and, finally, because of the limited size of the administrative body.

During the Year, the Board specifically assessed the adequacy of the organisational, administrative and accounting structure of the Issuer and its subsidiaries prepared by the Chief Executive Officer during the Board meeting held on 11 May 2023.

On the same date, the Board of Directors carried out an assessment of the adequacy, effectiveness and effective functioning of the internal control



system, on the basis of the activities carried out and reported by the Control and Risk Committee, and verified the substantial completion of the standardisation process of the business processes of the subsidiaries, which for the year included: (i) the implementation of the structure of the documents that constitute the formalisation of the *internal Control System* (Group Policies, Procedures and Operating Instructions) and their sharing in a new document repository accessible to the resources of the entire Group; (ii) the implementation on Oracle ERP of both a commercial credit line in order to ensure the monitoring of customer exposure and a purchase authorisation process before the issuance of orders and the adoption of software for travel and treasury management at a global level.

Under the principle of proportionality set out in the Corporate Governance Code which, in Recommendation 23, requires this requirement only of companies other than those with concentrated ownership (and therefore different than Biesse), during the year the outgoing Board of Directors did not consider it necessary to formulate any guidelines on the qualitative and quantitative composition considered optimal for the Board to be appointed.

#### Contingency Plan

The Board of Directors approved the so-called Succession Plan *Policy*, which provides that, in case of urgency (meaning the sudden incapacity of the Chief Executive Officer and Co-Chief Executive Officer for any reason), the Board of Directors defines powers and proxies to ensure ordinary and extraordinary management during the transitional period.

In particular, it is provided that the Board of Directors:

- urgently summon the Chairman of the Group, the *Group Chief Human Resources* and the *Chief Financial Officer*, who are called upon, on the one hand, to play a proactive and managerial role in any extraordinary operations deemed to be unavoidable and, on the other hand, to guarantee the ordinary management and operational decisions that are the typical responsibility of the Chief Executive Officer. They will be granted the same powers as the CEO and co-CEO;
- identifies among the Group Chairman, the *Group Chief Human Resources* and the *Chief Financial Officer* a person (preferably a director) who will play the role of liaison between the three above figures and the company structures and will manage external and internal communication;
- assess whether, for operational *management*, to temporarily extend the powers for ordinary activities within the limits of the approved budget.

In case of urgency, the three above-mentioned figures, with the aid of the Remuneration Committee, will evaluate (internal and external) candidates and submit a shortlist of candidates for the final selection to the Board of Directors. At the end of the process, the Board of Directors will co-opt the most suitable candidate and confer operational powers and proxies on the same.

## 7.2 Appointments Committee

In consideration of the Issuer's organisational structure and ownership structure, the Board of Directors did not see the need to establish a Committee for the appointment of directors pursuant to Article 4 of the Corporate Governance Code, reserving the relevant functions to the Board of Directors. In compliance with Recommendation No. 16 of the Code, the investigative, advisory and propositional functions of the Appointments Committee have therefore been assigned to the Board of Directors under the coordination of the Chairman of the Board of Directors.

The Board of Directors, where requested, shall devote adequate space within the Board meetings to the performance of the functions assigned to the Appointments Committee.

Pursuant to the Corporate Governance Code, the Board of Directors performs, among others, the following tasks: the self-assessment process of the administrative body; the definition of the optimal composition of the Board of Directors and its committees; the identification of candidates for the office of director in the event of co-optation; as well as the performance of the additional tasks deemed relevant by the Board of Directors regarding appointments and provided for by the Corporate Governance Code.

## 8. Remuneration of directors - remuneration committee

### 8.1 Remuneration of directors

#### Remuneration Policy

For all information regarding the remuneration of directors, please refer to the Report on the Remuneration Policy and Compensation Paid prepared pursuant to Article 123-ter of the Consolidated Law Finance, available at the Company's registered office and on the [www.biessegroup.com](http://www.biessegroup.com) website, in the *Investor Relations/Investor Services* section.

### 8.2 Remuneration Committee

#### Composition and functioning of the Remuneration Committee (pursuant to Article 123-bis, paragraph 2, letter d), Consolidated Law on Finance)

In consideration of Recommendation 16 of the Corporate Governance Code, the Board of Directors has set up an internal Remuneration Committee composed of two non-executive and independent directors, in the persons of:

- Federica Ricceri, Independent Director and Chair of the Remuneration Committee;
- Rossella Schiavini, Independent Director.

At the time of their appointment on 28 April 2021, the Board of Directors considered that the directors Federica Ricceri and Rossella Schiavini had adequate knowledge and experience in accounting and financial matters and

remuneration policies.

In compliance with the principles of the Corporate Governance Code, the applicable provisions and the provisions of Article 3 of the Remuneration Committee Regulations, the Committee has the task of: (i) assisting the Board of Directors in drawing up the remuneration policy; (ii) submitting proposals to the Board on the remuneration of executive directors and other directors who hold particular offices, as well as setting performance targets related to the variable component of remuneration; (iii) monitor the application of the remuneration policy, verifying, in particular, the actual achievement of performance objectives; (iv) periodically evaluating the adequacy and overall cohesion of the policy of remuneration for directors and top management.

It is understood that, in accordance with Article 2389, paragraph 3, of the Italian Civil Code, the Remuneration Committee only performs investigative, advisory and propositional functions vis-à-vis the Board of Directors, which remains responsible for determining the remuneration of executive directors, after consulting the Board of Statutory Auditors.

In accordance with the Code of Ethics, no director participates in the meetings of the Remuneration Committee in which proposals are made to the Board regarding their remuneration and consequently refrains from participating in the related resolutions.

When carrying out its duties, the Remuneration Committee can access the necessary company information and functions and call upon external consultants under the terms established by the Board of Directors.

As in previous years, no financial resources were allocated to the Remuneration Committee since, in order to fulfil its duties, it used the Issuer's corporate resources and facilities.

During the year, the Remuneration Committee held 5 meetings on 3 March, 18 July, 25 July, 24 November and 6 December 2023, coordinated by the Chairman of the Committee, lasting an average of 1 hour, duly recorded, and on these occasions it was called to:

- assess the report on remuneration for 2022;
- assess the adequacy of the remuneration package granted to a newly appointed executive with strategic responsibilities with respect to the parameters set out in the Remuneration Policy;
- assess the structure of the MBO 2023 incentive scheme applied to first-line management and Co-CEO;
- assess the existence of the conditions for the early disbursement of a percentage of the LTI premium, equal to 50%, in favour of the beneficiaries of the plan, in accordance with the combined provisions of Article 6.1 and 8.3 of the LTI Regulation 2021-2023 of the Issuer;
- assess the proposal for the installation of the MBO 2024 incentive system for Strategic Managers and the weighting of the related "KPIs";

- assess the preliminary orientations of the new LTI 2024-2026 plan.

The Committee also periodically reported to the Board on its work.

The members of the Board of Statutory Auditors and company representatives who are not members of the Board of Statutory Auditors could attend the meetings at the invitation of the Chairman of the Committee itself, in the presence of issues on the agenda that required a presentation from the competent function. The *Chief Executive Officer* was informed of the participation of these functions.

Given the renewal of the corporate offices scheduled for the shareholders' meeting to approve the financial statements for the year ended 31 December 2023, for the year 2024 the Committee has agreed to schedule its calendar of meetings limited to the first quarter, within which 3 meetings are scheduled, already held, respectively on 30 January, 22 February and 7 March 2024.

For further information on the activities carried out during the year by the Remuneration Committee, please refer to the relevant parts of the Remuneration Report prepared and published pursuant to Article 123-ter of the Consolidated Law Finance and Article 84-quarter of the Issuers' Regulation, available on the Company's website [www.biessegroup.com](http://www.biessegroup.com), in the *Investor Relations/Investor Services* section.

## 9. Internal control and risk management system - Control and Risk Committee

The internal control and risk management system of the Biesse Group (hereinafter also the "ICRMS") consists of the set of rules, procedures and organisational structures aimed at ensuring that the Biesse company is run in a sound manner, correctly and consistently with the corporate objectives defined by the Board of Directors, through an adequate process of identification, measurement, management and monitoring of the main risks. In order to contribute to the sustainable success of the Company, as well as through the structuring of adequate information flows aimed at ensuring the circulation of information.

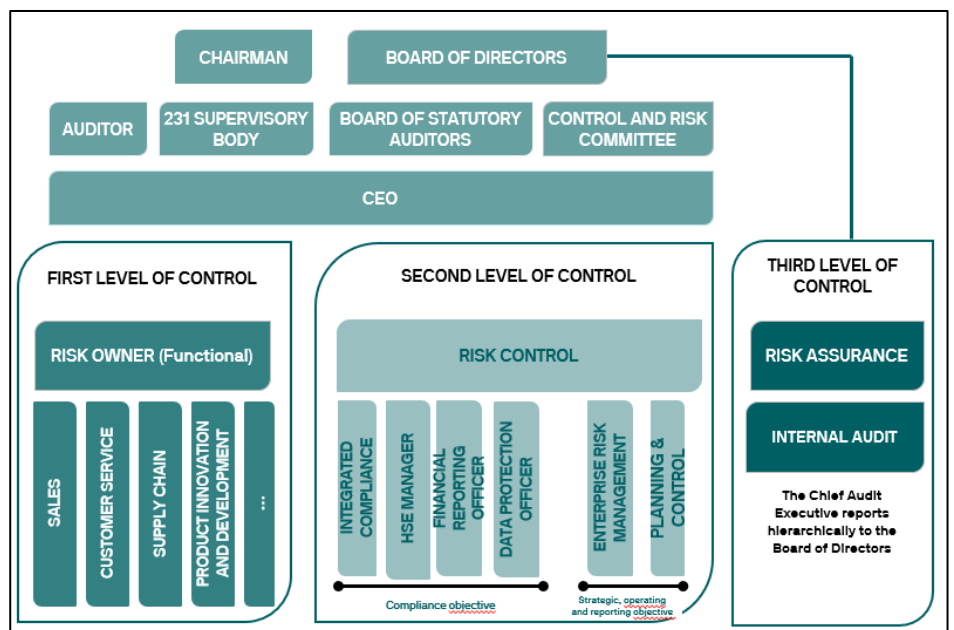
The internal control and risk management system reduces but cannot eliminate the possibility of wrong decisions, human errors, fraudulent violation of control systems and unpredictable events. Therefore, a good internal control and risk management system provides reasonable, but not absolute, assurances that the Company will not be hindered in achieving its business objectives or in the orderly and legitimate conduct of its activities, by circumstances which may reasonably be foreseen.

Biesse's internal control and risk management system, defined according to national and international *leading practice*, comprises the following three levels of control:

- First level: comprising the heads of the Group's operational Departments/Functions, i.e. the corporate entities that guide and

direct the control activities that are an integral part of the operational processes. They are the primary corporate entities responsible for the internal control and risk management process. The first level is required to establish and maintain structures and processes for internal control and risk management, to ensure compliance with relevant legislation, regulations and ethical principles, and to maintain an ongoing dialogue with the governing body, as well as to report on planned, actual or expected results related to the Group's objectives;

- Second level: consisting of the specialist functions responsible for the process of identifying, assessing, managing and monitoring risks, as well as assessing the effectiveness of first-level controls. Supports the front line in the definition and implementation of adequate risk management and control systems, evaluating any mitigation plans, and carries out reporting activities on the adequacy and effectiveness of risk management and related controls put in place;
- Third level: comprising the Internal Audit function, directly responsible to the governing body and independent of management responsibilities. Internal Audit provides objective and independent assurance, support and advice to management and the governing body on the adequacy and effectiveness of the governance structure and risk management (first and second level), reports violations of the independence and objectivity of the governing body and implements the necessary preventive measures.



**Figure 1: Biesse's ICRMS actors**

The Board of Directors is responsible for the internal control and risk

management system. It defines the guidelines so that the main risks of the Issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, also determining compatibility criteria for such risks with sound and proper business management. The guidelines also considered all the risks that could affect the long-term sustainability of the Company's business. The Board of Directors periodically verifies the adequacy, effectiveness and actual functioning of the control system also through the Control and Risk Committee and, finally, describes its essential elements in the Corporate Governance Report.

During the Year, the results of the periodic evaluation of the adequacy, effectiveness and actual functioning of the internal control system were reported at the meeting of 11 May 2023.

Besides the Board of Directors, the main players of the Issuer's SCIGR are: the Chief Executive Officer, the Director responsible for the internal control and risk management system the Control and Risk Committee, the Internal Audit function, the Risk Management function, part of the Strategy and Sustainable Development Department, and the Board of Statutory Auditors, to which reference will be made in paragraphs 9.1, 9.2, 9.3, 9.6 and 11 below, respectively.

The risk management and internal control over financial reporting of the Company is based on the 'CoSO Report' reference model, which can be defined as a set of rules, procedures and organisational structures that uses an appropriate risk identification, measurement, management and monitoring process, according to a Risk Based Approach to run a healthy, sound, correct and transparent company that meets the predefined objectives.

In particular, the internal control and risk management system, integrated into the organisational and governance structures:

- contributes to the conduct of the business consistent with the corporate objectives defined by the Board of Directors, as it allows the identification, assessment, management and monitoring of the main risks that may jeopardise the achievement of those objectives;
- contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of corporate processes, the reliability of information provided to corporate bodies and the market, compliance with laws and regulations and internal regulatory instruments;
- contributes to the adoption of conscious decisions consistent with the Group's risk appetite and to creating a culture of risk and corporate values.

### **Risk Management Policy**

The Issuer has adopted a risk/opportunity management policy (ERM - Enterprise Risk Management) (hereinafter "**ERM Policy**").

The ERM Policy comprises two documents:

- the Policy Statement, containing the main principles governing Enterprise Risk Management;
- the ERM procedure in the strict sense, comprising the set of activities, carried out since the approval of the Group's Strategic Plan, aimed at understanding the risk profile actually assumed by Biesse based on its objectives or focused on specific risk categories and based on risk analysis of significant operations, specific initiatives/activities and based on understanding the impact on the Group's overall profile.

To this end, the ERM process provides for the following activities to be conducted annually:

- Annual Corporate Risk Profile Assessment: cycle carried out during the first half of the year to identify and assess the main risks that could affect the achievement of the defined corporate objectives (overall risk profile);
- Interim Top Risk Assessment: activity that may be carried out during the second half of the year, between one cycle of the Annual Corporate Risk Profile Assessment and the next, if management has expressed the need to ensure more in-depth and up-to-date reporting on the identification, assessment and treatment of Top Risks.

Biesse's ERM Model provides an integrated and systemic view of activities to achieve improvements in terms of efficiency, effectiveness and cost-effectiveness. It can be traced back to the following steps:

- **context definition:** analysis of the internal and external context in which the Biesse Group operates and its evolution over time. This analysis is carried out in collaboration with the main Departments/Organisational Functions of the Biesse Group.
- **risk identification:** identification, description and assessment of risks. To this end, the Risk Management function, together with the Risk Owners, analyses the risk components of activities and processes. The identified risks are classified on the basis of the Group's "Risk Model", as a risk categorisation model, which represents a constant point of reference for the management, control and integrated reporting of risks for the Risk Management function and for the Board of Directors. Biesse's Risk Model does not provide for a category of risks classified as ESG, but each risk has been assessed according to its impact on social, environmental and governance sustainability issues (ESG related).
- **evaluation of existing risks and controls:** for each risk identified, the Risk Owner, with the support of the Risk Management function, proceeds to an assessment based on probability, impact, interconnectivity and speed. These last two items make it possible to provide a dynamic view of the risk that supports the identification of the causes, effects and speed of onset of the latter, also facilitating the optimisation of mitigation actions. Interconnectedness refers to the

analysis that identifies, qualifies and quantifies the relationships between risks. Speed refers to the rate of onset or the time it takes for a risk event to occur.

- **risk management:** Biesse's Board of Directors has the task of defining the acceptable level of risk in relation to the factors that have emerged and been analysed. Following the assessment of the residual risk, the directives to be taken are established and the most appropriate measures are implemented to minimise risks and maximise opportunities.
- **monitoring & Reporting:** The monitoring and reporting phase is aimed at ensuring the detection and analysis of the trend of the main risks that have emerged.

To create value for shareholders, Biesse Group – believing it to be essential to work towards this goal by increasing the safeguards set up to protect the integrity of information intended for shareholders – has taken action to improve efficiency and focus on complying with the provisions of Law No. 262/2005. Specifically, to protect shareholders and stakeholders in general, in 2007 the Biesse Group introduced procedures to ensure the veracity, correctness and transparency of the data by (i) a preliminary scoping activity aimed at identifying the significant types of transactions, transactions not considered routine, and accounting estimates to be included in the scope of the analysis concerning significant related accounts at a consolidated level, based on defined qualitative and quantitative criteria (e.g. materiality, inherent risk, etc.); (ii) a risk evaluation activity aimed at certifying that processes and sub-processes identified in the scoping phase are not invalidated by irregularities, errors or omissions not detected by the internal monitoring system and, generally, by the ‘corporate governance’ system; (iii) implementation of new control procedures to prevent the risk under point (ii) above; (iv) planning and implementation of a round of tests on the entire internal control system designed to verify its relevance and effectiveness and preparation of a Remediation Plan to completely achieve the control objectives defined in the scoping phase.

### 9.1 Chief executive officer

In accordance with the Corporate Governance Code, the Issuer has entrusted the Chief Executive Officer with the task of setting up and maintaining the internal control and risk management system, with supervising its implementation and evolution by identifying the main corporate risks in order to design, implement and manage the internal control system and seeking to adapt the system to the Company’s changing operating conditions in compliance with the regulations and legislation in force.

In the assessment of the main risks, the Chief Executive Officer is supported by the Risk Manager, as coordinator of the ERM process,

During the during the year, the Chief Executive Officer:



- has identified the key business risks (strategic, operational, financial and compliance), considering the characteristics of the activities carried out by the Issuer and its subsidiaries, and periodically submitted them to the Board;
- has implemented the guidelines defined by the Board, overseeing the design, implementation and management of the internal control and risk management system, constantly monitoring its adequacy and effectiveness and adapting them to the dynamics of the operational conditions and the legislative and regulatory landscape;
- entrusted the Internal Audit function with performing checks on specific areas of operation and compliance with the internal rules and procedures in the execution of business operations, providing simultaneous notification to the Chairman of the Board, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- has promptly reported to the Control and Risk Committee (or the Board of Directors) on issues and problems emerging in the course of his activities or which, nevertheless, came to his knowledge, in order for the Control and Risk Committee (or the Board) to take appropriate action.

## 9.2 Control and Risk Committee

### **Composition and functioning of the Control and Risk Committee (pursuant to Article 123-bis, paragraph 2, letter d) of the Consolidated Law Finance)**

In consideration of Recommendation 16 of the Corporate Governance Code, the Board of Directors has set up an internal Control and Risk Committee composed of two non-executive and independent directors, in the persons of:

- Rossella Schiavini, Independent Director, Chair of the Control and Risk Committee;
- Federica Ricceri, Independent Director.

At the time of their appointment on 28 April 2021, the Board of Directors considered that the directors Rossella Schiavini and Federica Ricceri had adequate experience in risk management and accounting and financial matters.

During 2021, the Board approved the updating of its operating regulations by including, in compliance with the Corporate Governance Code, specific provisions regarding the role of the Control and Risk Committee regarding issues concerning sustainability and preparing the Non-Financial Statement pursuant to Italian Legislative Decree 254/16.

During the Year, the Control and Risk Committee held seven meetings coordinated by the Chairman of the Committee, lasting an average of three hours, duly recorded in the minutes, with the participation from time to time of the members of the Board of Statutory Auditors and the *Chief Audit Executive*,

with whom the Committee liaises periodically. The Chairman of the Committee regularly reported to the Board of Directors at the first possible meeting on the activities carried out. She made the minutes of the meetings held available to all directors.

At the invitation of the Chairman, the Control and Risk Committee also met with the Co-Chief Executive Officer, the independent auditor Deloitte and the heads of certain company functions.

The Head of Group Legal Affairs also attends Committee meetings as secretary.

Both Directors Rossella Schiavini and Federica Ricceri attended 100% of the Committee meetings.

Given the renewal of the corporate offices scheduled for the shareholders' meeting to approve the financial statements for the year ended 31 December 2023, for the year 2024 the Committee has agreed to schedule its calendar of meetings limited to the first quarter, within which 3 meetings are scheduled, already held, respectively on 30 January, 12 February and 5 March.

#### **Functions assigned to the Control and Risk Committee**

The Control and Risk Committee, with preliminary functions, of a propositional and advisory nature, has the task of assisting the Board in carrying out the tasks assigned by the Corporate Governance Code in the field of internal control and risk management.

In accordance with the provisions of the Corporate Governance Code, the Control and Risk Committee, in assisting the Board, performs, among other things, the following advisory and proposal-making functions:

- assessing the suitability of the accounting principles used and their consistency in the drafting of the consolidated financial statements after consulting with the Financial Reporting Officer, the statutory auditors and the Board of Statutory Auditors;
- assessing the suitability of periodic financial and non-financial information to correctly represent the Issuer's business model, strategies, the impact of its activities and the performance achieved;
- examining the content of periodic non-financial information relevant to the internal control and risk management system;
- expressing opinions on specific aspects relating to the identification of corporate risks and supporting with adequate preliminary activity the assessments and decisions of the Board relating to the management of risks deriving from prejudicial facts of which the latter has become aware;
- examining periodic and particularly important reports prepared by the *Chief Audit Executive*;
- monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit department;

- asking the Internal Audit department – should the need arise – to perform checks on specific operating areas, simultaneously informing the Chairman of the Board of Statutory Auditors;
- reporting to the Board of Directors, at least every six months, on their activities and on the adequacy of the internal control and risk management system.

In carrying out its duties in 2023, the Control and Risk Committee:

- assessed the new organisational and governance structure of the "Risk Management" function (which will be discussed in more detail in paragraph 9.6 below) adopted by the Issuer, which, starting from the second half of the year, has set up an organisational unit within the Strategy & Sustainable Development function called Risk & Process Management dedicated to the management of the ERM process and the risk management system, so that the ERM process is linked to strategic planning;
- evaluated the short-to-medium term initiatives proposed by the newly established Risk & Process Management function for the purpose of strengthening the risk control and management system, which consist of: i) updating the Risk Assessment for ERM purposes, for the identification, measurement and management of the main risks that may compromise the objectives set out in the new 2024-2026 Strategic Plan; ii) the formalisation of a Risk Appetite Statement (RAS) for the purpose of an ex ante quantification of the maximum threshold of tolerance with respect to the risks and related entities that the Issuer is willing to assume in pursuit of its corporate objectives; iii) conducting a Process Maturity Assessment, in the self-assessment mode, aimed at assessing the level of maturity of business processes in terms of activities, people, technologies; iv) the preparation of advanced ERM reporting models through the use of advanced reporting tools;
- noted the alignment of the specific corporate risks identified as main by the Issuer with those identified globally by other operators in similar markets and verified that the risk mapping process has been correctly incorporated into the strategic planning process;
- in the ESG area, it had the opportunity to view the process of drawing up the materiality matrix underlying the Sustainability Report, based on stakeholder engagement and took note of the identification of the macro-areas in which the 2024-2026 sustainability plan will be developed and the fact that it will be integrated with the business plan planned for the same three-year period, with a view to striving for the unity of the strategic direction;
- monitored the progress of the project to adapt the Internal Control System relating to the Biesse Group subsidiaries approved by the Board of Directors on 19 December 2020 put in place by the Issuer to

implement an adequate Internal Control System to ensure the reliability of financial reporting in the individual Group companies, functional to ascertaining the adequacy and effective and continuous application of the aforesaid controls and also noted the integration of this project as part of a broader Group project, designed to map the main company processes, from an integrated management system perspective, and to prepare operating procedures and instructions related to them and usable by all Biesse Group users;

- it also assessed the accounting principles that served as a basis for the financial reports and reviewed the activities of the Internal Audit department;
- reviewed the new Audit Plan, as well as the associated risk assessments, and noted the audits carried out by the Internal Audit function at the date of this report;
- held regular meetings with the Co-CEO to discuss strategic and organisational issues and a regular update on developments in the business plan and broader cross-functional processes;
- participated in the joint meetings of all Biesse S.p.A. control bodies, called to increase the efficiency of the internal control system.

Based on the investigations carried out, the CRC considered that the Company's internal control and risk management system currently in force is adequate and prepared in line with the reference regulatory framework and the Company's organisational structure.

In carrying out the activities listed above, the Control and Risk Committee had access to the information and company functions necessary to perform its duties. In order to perform its functions, the Control and Risk Committee was provided with the human resources deemed adequate for the activities carried out.

The Chairman of the Control and Risk Committee reported on the activities carried out by the Control and Risk Committee during the Board's plenary meetings.

### **9.3 Internal Audit Manager**

On 14 July 2014, the Board, subject to the favourable opinion of the Control and Risk Committee and after consulting the Board of Statutory Auditors, appointed Mr Domenico Ciccopiedi as Internal Audit Manager, as the person in charge of verifying that the internal control and risk management system is functioning, adequate and consistent with the guidelines defined by the Board.

The Internal Audit Manager, in line with the provisions of the Corporate Governance Code, not hierarchically dependent on any head of operational areas, with free access to all corporate information and with independent financial resources, has direct access to all the information useful for the performance of his or her duties and is responsible for verifying that the

internal control and risk management system is functioning, adequate and consistent with the guidelines defined by the Board of Directors. The Internal Audit Manager reports the results of his activities directly to the Chairman of the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors. His remuneration was defined in line with corporate policies by the Board at the proposal of the Chairman. The financial resources available to the Internal Audit Manager in 2023 amounted to €100,000.00 (one hundred thousand). During that period, the Internal Audit Manager was mainly involved in audit activities to verify the correct application of Group accounting procedures (Internal Control over Financial Reporting Model) during the preparation of financial reports. The following companies were the subject of these audits: Biesse S.p.A., HSD S.p.A., Biesse Australia, Biesse Iberica, Biesse India, Biesse America, Biesse Canada, Biesse Trading Shanghai, HSD Shanghai.

During 2023, the Board of Directors approved the work plan prepared by the head of the internal audit function, having consulted the Board of Statutory Auditors and the Chief Executive Officer.

The purposes, powers and responsibilities of the Internal Audit activity are formally defined in an "Internal Audit Mandate", consistent with the definition of Internal Audit given by the Corporate Governance Code, Code of Ethics and reference standards.

The Internal Audit Manager, pursuant to Recommendation No. 36 of Article 6 of the Corporate Governance Code and, during the financial year:

- verified, both continuously and concerning specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system through an audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritisation of risks;
- prepared periodic reports containing adequate information concerning his activity, how risk management is conducted, as well as the compliance with defined plans for limitation of the same, besides evaluation of the suitability of the internal control and risk management system and has forwarded them to the Chairmen of the Board of Statutory Auditors, of the Control and Risk Committee and of the Board of Directors, as well as to the director responsible for the internal control and risk management system and the Chief Executive Officer;
- verified the reliability of information systems, including accounting systems, as part of the audit plan.

In 2023, the main activities carried out by the Internal Audit Manager were as follows: *(i)* planning, coordinating, carrying out audits at Group companies on the Audit Plan; *(ii)* analysis and testing of the internal control system pursuant to Law No. 262/05; *(iii)* participating in Supervisory Bodies and audits under D. Legislative Decree 231/01 for the companies Biesse S.p.A., HSD S.p.A. and

Forvet S.p.A.; (iv) overseeing the certification of related-party transactions involving the Group's senior management.

#### 9.4 Organisational model pursuant to Legislative Decree 231/2001

In 2007, the Board of Directors approved an organisational, management and control model pursuant to Italian Legislative Decree No. 231 of 8 June 2001 (hereinafter the '**Model**') and containing provisions on the administrative liability of entities, to prevent, as far as possible, the commission of the offences set out in Italian Legislative Decree 231/2001, including in particular environmental offences, corporate offences, offences in breach of occupational health and safety regulations, and corruption offences.

The Model results from a long and in-depth analysis of the risks associated with Biesse's legal status. It is consistent with the principles enshrined in Italian Legislative Decree 231/01, in line with national best practices and the instructions of Confindustria. It is sufficient to prevent the risk that employees and associates of the Company commit the offences outlined in the aforementioned decree and in subsequent amendments.

It represents an additional guarantee of the sense of responsibility in relationships within the Group and with external parties, offering Shareholders sufficient guarantees of correct and efficient management.

The Model contains a detailed analysis of the risks of committing the offences provided for in Italian Legislative Decree No. 231/01, with specific reference to significant offences concerning Biesse's business, and a list of procedures required to fill any gaps between the areas found to be potentially at risk and the procedures already in place and operational at Biesse.

On 26 October 2023, the Board of Directors approved the latest version of the Model, integrated in the general and special sections in the light of the legislative changes that have expanded the catalogue of offences under the Decree.

A Supervisory Board has also been set up, consisting of the Chairman Mr Giuseppe Carnesecchi, the Head of the Biesse Internal Audit Department and the Head of the Biesse Legal Affairs Department (appointed to ensure coordination between the various parties involved in the internal control and risk management system), with the task of:

- periodically mapping the areas at risk of offence (i.e. 'sensitive activities') to adapt them to the changes in the activities and/or the company structure. For said purpose, Management and employees in charge of internal control reported any situations that can expose the Company to risk of offence to the Supervisory Board;
- periodically verifying the matters set forth by the Model, especially ensuring that the procedures and controls set forth are carried out and recorded as required and ethical principles are honoured;
- periodically checking specific transactions or specific events executed, especially as part of the sensitive activities whose results

are summarised in a specific report, the contents of which are illustrated in the course of periodic reporting to corporate bodies;

- suggest actions necessary to make the Model appropriate and effective;
- gather, process and save all the relevant information received about the Model and update the list of the information that must be transmitted to it. To this end, the Supervisory Body has free access to all relevant company documentation and is constantly informed by the management on aspects of the company's activities that may expose the Company to the risk resulting from the commission of one of the offences provided for in the Decree, as well as on relations with consultants and partners;
- report periodically to the Chairman, the Board of Directors and the Board of Statutory Auditors concerning implementation of the company policies for implementing the Model;
- monitor violations of the Model, including violations of the Code of Conduct.

To complete the Model, note that the Company has set up a structured and unified system of procedures and control activities (which includes bolstering the efficacy of those already existing and by implementing new ones) aimed at covering any possible risks arising from sensitive and instrumental activities for committing the offences outlined in the aforementioned decree.

To actively promote business ethics and integrity, those most involved and top management receive regular training on issues related to Italian Legislative Decree 231/2001.

In particular, to reach as many people as possible with training courses on the subject, training initiatives were carried out in 2023 involving all the Group's Italian employees.

During 2023, no reports were received by the Supervisory Board through the reporting channels available to all interested parties for the communication of unlawful conduct relevant under Italian Legislative Decree 231/2001 and the Model itself. During 2023, reporting channels were established in accordance with the provisions of Legislative Decree 24/2023 (so-called whistleblowing).

The Model, as well as the Code of Conduct, are available on the Company's website at [www.biessegroup.com](http://www.biessegroup.com), *Investor Relations* section.

## 9.5 Independent Auditors

Pursuant to Article 13 of Legislative Decree No. 39 of 27 January 2010, the Shareholders' Meeting of 20 June 2018, on the proposal of the Board of Statutory Auditors, resolved to appoint Deloitte S.p.A. as independent auditors for the financial years 2019-2027, determining the related remuneration.

During the year, the Board evaluated, after consulting the Board of Statutory Auditors, which makes its assessments, the results presented by the statutory

auditor in the audit opinion.

## **9.6 Financial Reporting Officer and other corporate roles and functions**

On 28 April 2021, in compliance with Law No. 262 of 28 December 2005, besides the provisions of the Articles of Association, the Board of Directors, at the proposal of the Chairman and subject to the favourable opinion of the Board of Statutory Auditors, approved the appointment of Mr Pierre Giorgio Sallier de La Tour, CFO and Investor Relator of the Biesse Group, as Financial Reporting Officer.

The Financial Reporting Officer, Mr Pierre La Tour, possesses all the requirements of professionalism and integrity required by applicable law to carry out this task, being an expert in administration, finance and control and possessing the necessary integrity requirements.

The Financial Reporting Officer has also been granted all the necessary powers, pursuant to Article 154-bis of Italian Legislative Decree No. 58/1998, as introduced by Article 14, paragraph L, No. 262/2005, and for example but not limited to:

- the power to introduce administrative and accounting procedures in the parent company and all the Italian and foreign subsidiaries;
- the power to dismiss and hire employees to perform specific activities, setting the compensation within the framework of the group policy;
- the power to grant and revoke assignments to Italian and foreign professionals to carry out specific assignments, setting their term and compensation;
- the power to make direct purchases of or lease software and assets necessary to carry out the budget and related procedures;
- any other necessary power, including related expenses, with a view to the correct execution of the assignment granted.

### **Risk Manager**

During the year, the Issuer set up an organisational unit called Risk & Process Management, to which it entrusted the management of the ERM process and the risk management system, as well as the responsibility for overseeing the Group's Process Improvement initiatives. In particular, the Risk Manager, reporting directly to the Chief Strategy & Sustainable Development Officer, is, as of 1 August 2023, Mr Simone Traini.

In this context, Biesse's Risk Manager has the task of coordinating the ERM process and systematically supporting, as a methodological oversight, the Chief Executive Officer, in executing the guidelines defined by the Board of Directors, and the company management (risk owner) in identifying risks, assessing them and in the related treatment plans.

The Risk Manager periodically reports to the Director in charge of the Internal



Control System and to the Control and Risk Committee on the results of the risk assessment activities carried out and on the mitigation actions to be implemented for the adequate management of the identified risks.

Upon request, the Risk Manager reports to the other Control and Supervisory Bodies of the Issuer.

### **9.7 Coordination among those involved in the internal control and risk management system**

The Issuer provides coordination procedures among those involved in the Internal Control and Risk Management System to maximise the efficiency of the internal control and risk management system and reduce duplication of effort. To this end, the Board of Directors receives and examines the periodic reports prepared by the Internal Audit Manager, the Control and Risk Committee and the Chief Executive Officer through the Risk Manager, the function responsible for ERM coordination to verify the following (i) whether the structure of the Internal Control and Risk Management System in place within the Group is effective in achieving the objectives and (ii) whether any reported weaknesses imply the need for system improvement.

The Board of Statutory Auditors and the Control and Risk Committee are expected to promptly exchange information relevant to the performance of their respective duties. In addition, the Board of Statutory Auditors attends, as a guest, the Control and Risk Committee meetings, with which it promptly exchanges information relevant to performing their respective duties.

To increase the efficiency of the internal control system, during 2022, the Issuer also implemented, on a half-yearly basis, a practice of joint meetings of all control bodies (Control and Risk Committee, Board of Statutory Auditors, Financial Reporting Officer, Internal Audit, Independent Auditors, Supervisory Board and Director in charge of the internal control and risk management system, ERM Coordination Manager).

During the year, two meetings were held, respectively on 6 March and 16 October, from which no specific critical elements emerged.

All bodies noted the usefulness of such opportunities to exchange and share information and opinions on the subject and therefore agreed to renew the practice for 2024, providing for a first meeting in April 2024.

## **10. Interests of directors and related-party transactions**

In accordance with the provisions of the Consob Related Parties Regulation, on 12 November 2010, the Company's Board of Directors, subject to the favourable opinion of the then Internal Control Committee, adopted the procedure for the regulation of transactions with related parties ("**RPT Procedure**") last amended on 12 May 2021, with the aim of ensuring the transparency and substantial and procedural correctness of transactions with related parties carried out by the Company.

The RPT Procedure is aimed at identifying the principles and procedures to which Biesse adheres in order to ensure the transparency and substantive and procedural correctness of transactions with related parties ("**RPTs**"), carried out by the Company, directly or through its subsidiaries.

For the purposes of the RPT Procedure, RPT means any transfer of services, resources, or obligations between related parties regardless of whether a consideration has been agreed, including:

- merger or spin off transactions in the narrow sense and not proportional, provided these are executed with related parties;
- every decision related to the assignment of remuneration and economic benefits, in any form, to members of the Board of Directors and Statutory Auditors and to key managers (except as provided for by the Consob Related Parties Regulation).

The bodies involved in the examination and approval of the transactions and bodies which have supervisory duties on enforcement of the RPT Procedure, each for their own sphere of responsibility, to identify the RPT in compliance with the Regulation, are required to give preference to and consider the substance of the relationship and not only its legal form. Considering the reports and comments made by other company bodies, the Company's Board of Directors reviews the RPT Procedure's effectiveness at least every three years and decides whether any changes are necessary or appropriate.

The Company, as a smaller listed company, avails itself, pursuant to Article 10 of the Consob Related Parties Regulation, of the faculty to apply the procedural regime provided for RPTs of lesser importance to RPTs of greater importance.

In consideration of the Consob Related Parties Regulation and the RPT Procedure, the Board of Directors has set up an internal related parties committee (the "**Related Parties Committee**") in order to support and evaluate the decisions of the Board of Directors and management with reference to the RPTs. The Related Parties Committee is composed of two independent directors, in the persons of:

- Rossella Schiavini, Independent Director and Chairman of the Related Parties Committee;
- Ferruccio Borsani, Independent Director.

The Related Parties Committee performs the functions provided for by the RPT Procedure, the Consob Related Parties Regulation and the regulations in force at the time and, in particular:

- performs the functions provided for by current legislation and the RPT Procedure. The Related Parties Committee may propose to the Board of Directors amendments or additions to the RPT Procedure;
- on the basis of the RPT Procedure, the Related Parties Committee has the main task of formulating specific reasoned opinions on the interest of the Company – as well as of the companies directly and/or

indirectly controlled by it from time to time – in the fulfilment of the RPT, whether they are of greater or lesser importance, expressing an opinion on the convenience and substantial fairness of the relevant conditions, upon receipt of timely and adequate information flows. The Related Parties Committee also has the right to request information and make observations from the Chief Executive Officer and the persons in charge of conducting negotiations or investigations regarding the profiles covered by the information flows received, in the case of more significant RPTs;

- in carrying out its functions, the Related Parties Committee has the right to access the information and company documentation deemed necessary, as well as to avail itself, within the terms established by the Board of Directors, of the support of external consultants who are experts in the field, whose independence and absence of conflicts of interest are ascertained.

During the year, the Related Parties Committee held 3 meetings, respectively on 3 March, 14 July and 24 November, duly recorded, lasting an average of 30 minutes and with the effective participation of all members.

Given the renewal of the corporate offices scheduled for the shareholders' meeting to approve the financial statements for the year ended 31 December 2023, for the year 2024 the Committee has agreed to schedule its calendar of meetings limited to the first quarter, within which a meeting is scheduled for 4 March 2024 and therefore already held on the date of approval of this Report.

In carrying out its duties in 2023, the Related Parties Committee:

- received certificates of relations with related parties from the members of the Board of Directors, Shareholders and Top Managers of the Group, acknowledging the absence of new related parties, situations of conflict of interest or other critical issues;
- approved the Related Parties Committee's report for the period.

The RPT Procedure is available on the Company's website on page [www.biessegroup.com](http://www.biessegroup.com), in the *Investor Relations* section.

At the date of the Report, the Board of Directors has found operating solutions that can facilitate the identification and adequate management of the situations in which a director holds an interest on his own behalf or on behalf of third parties.

## 11. BOARD OF STATUTORY AUDITORS

### 11.1 Appointment and substitution

The Board of Statutory Auditors supervises compliance with the law and the Articles of Association and provides control of operations, while it is not responsible for accounting controls which are the responsibility of independent auditors designated by the Shareholders' Meeting among those

registered in the Consob roll.

Pursuant to Article 19-*bis* of the Company's Articles of Association, the Board of Statutory Auditors is composed of three standing auditors and two alternate auditors elected by the Shareholders' Meeting, which also establishes its remuneration.

The Board of Statutory Auditors is appointed based on the list presented by the shareholders, in which the candidates must be listed in numerical order.

Only Shareholders who, alone or together with others, hold a total of Shares with voting rights representing at least 2% (two percent) of the share capital with voting rights at the Ordinary Shareholders' Meeting or the other minimum share established by Consob with Regulation are entitled to submit lists (for 2024, as established by Consob Management Resolution No. 92/2024, has provided that the minimum percentage for the submission of lists for the appointment of statutory auditors of Biesse S.p.A. is equal to 2.5% - it should be noted that any lower percentage provided for in the Articles of Association and therefore the threshold of 2% established in the Company's Articles of Association shall apply in any case). No Shareholder, nor the Shareholders in the same group, may present more than one list, nor may he vote for different lists even through a nominee or trust company. If this rule is broken, the vote of the Shareholder in question will not be counted for any of the candidate lists filed. Each candidate may only be on one list. Failure to comply will mean ineligibility. Candidates who already hold the office of Statutory Auditor in five other listed companies, except controlling and controlled companies of the Company or who do not meet the integrity and professionalism requirements established by the applicable legislation, cannot be included in the lists.

For the purposes of Article 1, paragraph 2, letters b) and c), and paragraph 3 of Ministerial Decree No. 162 dated 30 March 2000 on the subject of the professional requirements for members of the Board of Statutory Auditors of listed companies, the subjects and sectors strictly pertaining to those of interest to the Company are intended to comprise commercial and Company law, business economics, financial and statistical sciences, and all the other subjects of the same or similar nature, although with different names, whereas the sectors strictly connected or relating to those in which the Company operates are understood to comprise the production, distribution and sale of machines and tools, automation systems, software and precision components.

A Statutory Auditor is elected as follows: two Standing Statutory Auditors and one Alternate Statutory Auditor are selected, in the consecutive order in which they are listed, from the candidate list that obtained the highest number of votes in the Shareholders' Meeting; the names of one standing and another alternate auditor are selected from the candidate list with the second highest number of shareholder votes, according to the sequential order in which they appear in the list. The standing auditor will assume the role of Chairman. If there is a tie among two or more candidate lists, the statutory auditors appointed will be those most senior in age.

Should the foregoing mechanism fail to produce a composition of the Board of Statutory Auditors that complies with the gender balance required by law, instead of appointing the last candidate in numerical order on the list that received the highest number of votes, the next available candidate, in numerical order, from the same list belonging to the less represented gender will be appointed as a Standing Statutory Auditor or Alternate Statutory Auditor. If a Statutory Auditor loses or relinquishes the qualifications or credentials required by law and the Articles, they will be removed from office.

The lists must be filed no later than the twenty-fifth day before the Shareholders' Meeting date and posted, as required by law and by the Consob Regulations, at least twenty-one days before the meeting. The professional curriculum vitae of each candidate must be filed together with each list along with the declarations with which each candidate accepts candidacy and certifies, under their responsibility, that there is no cause of ineligibility or incompatibility, and that the legal and statutory requirements for the respective positions are met. Where lists do not meet the above requirements, they will not be considered presented.

To ensure gender balance within the Board of Statutory Auditors, the less represented gender must have a number of members equal to that established by the applicable laws and regulations. Therefore, both sections of the lists must contain several candidates belonging to the less represented gender equal to that required by the aforementioned legislation.

To appoint Standing or Alternate Statutory Auditors to complete the composition of the Board of Statutory Auditors following substitution or departure from office, the Standing or Alternate statutory auditor belonging to the same list as the outgoing statutory auditor will replace them, without prejudice to compliance with the proportion of genders required by law. If this is not possible, the Meeting must decide based on the required majority for ordinary Meetings without prejudice to the stipulations in paragraph 1 of the present Article and compliance with the proportion of genders required by law.

The Company is not subject to further rules on the composition of the Board of Statutory Auditors, other than those provided for by the Consolidated Law Finance.

## **11.2 Composition and operation (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis), Consolidated Law on Finance)**

The Board of Statutory Auditors, in office as of 31 December 2023 and appointed by the Shareholders' Meeting of 28 April 2021, is composed of the Chairman Paolo De Mitri and the Standing Auditors Giovanni Ciurlo and Enrica Perugia, and the Alternate Auditors Silvia Muzi and Maurizio Gennari. The Board of Statutory Auditors thus composed will remain in office until the approval of the financial statements for the year ended 31 December 2023 and at least one third of the standing members of the Board of Statutory Auditors

are auditors belonging to the less represented gender.

The members of the Board of Statutory Auditors were appointed based on (i) the list submitted by the majority shareholder Bi.Fin. S.r.l, which was voted by 28,085,494 shareholders, representing 81.150649% of the voting rights represented at the shareholders' meeting, and (ii) the minority list presented jointly by Amundi Asset Management SGR S.p.A. Manager of the fund Amundi Risparmio Italia; Anima Capital SGR S.p.A., fund manager of: Anima Crescita Italia, Anima Iniziativa Italia; Arca Fondi SGR S.p.A. fund manager of Arca Economia Reale Equity Italia; Bancoposta Fondi S.p.A. SGR fund manager of Bancoposta Rinascimento; Eurizon Capital SGR S.p.A., fund manager of: Eurizon Pir Italia 30, Eurizon Progetto Italia 20, Eurizon Progetto Italia 70, Eurizon Azioni Pmi Italia, Eurizon Progetto Italia 40, Eurizon Pir Italia Azioni; Fideuram Asset Management Ireland fund manager of Fonditalia Equity Italy; Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. fund manager of: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50, Piano Bilanciato Italia 30; Interfund Sicav - Interfund Equity Italy; Mediolanum Gestione Fondi SGR S.p.A. fund manager of: Mediolanum Flessibile Futuro Italia, Mediolanum Flessibile Sviluppo Italia, voted by 6,264,565 shareholders, equal to 18.100928% of the voting rights represented at the meeting.

For more information on the Board's composition and each member's equity investment, see the summary tables.

Below is information on the personal and professional characteristics of the individual members of the Board of Statutory Auditors.

**Paolo De Mitri** (Chairman), born in Milan on 14/10/1963, obtained the qualification of accountant and commercial expert in 1982. He has been on the Register of Practitioners of the Professional Association of Chartered Accountants and Accounting Experts of the Province of Mantua since 1987 at number 215, Section A; in the Register of Arbiters, Arbitrators and Contract Experts of the Arbitration Board of Mantua since 1994; in the register of consultants to the judge in the categories: auditors, companies, Company and asset valuations and taxation since 1993; in the register of auditors at No 18347.

During the year, he did not hold positions in other companies listed on regulated markets, including foreign ones, in financial, banking, insurance or other companies of significant size.

As of December 31, 2023, Paolo De Mitri does not own any shares in the Issuer.

**Giovanni Ciurlo** (Standing Auditor), born in Genoa on 14/08/1960, he graduated in Economics from the University of Genoa in 1983 and subsequently qualified as a Chartered Accountant. He has been a member of the Order of Chartered Accountants since 1985. He is also entered in the Register of Auditors.

A partner of the firm ECOVIS STLex since 1991, he works in corporate and tax law, where he has gained significant experience assisting Italian and foreign companies and investors in M&A, LBOs and other extraordinary transactions.

During the Year, he held the following positions: Standing Auditor at Flexopack Srl, Italmatch Chemicals S.p.A., Noberasco Holding S.p.A. and So.ma.ci.s. S.p.A. and Supervisory Board Member at Gastaldi Holding S.p.A.

As of December 31, 2023, Giovanni Ciurlo did not own any shares in the Issuer.

**Enrica Perusia** (Standing Auditor), born in Turin on 27/10/1967, graduated in law and subsequently qualified to practice law. She is a member of the Bar Council of Turin.

Highly specialised in Italian and international anti-money laundering legislation, anti-corruption legislation, Italian Legislative Decree 231/2001 and Administrative Responsibility of entities and Corporate Governance, she currently works with Studio Ranalli e Associati, where she is involved, on a consultancy basis, in corporate compliance and the drafting of Organisational Models pursuant to Italian Legislative Decree No. 231/2001 in companies, including those listed on regulated markets, operating in various sectors.

During the Year, he held the following roles and positions: standing auditor in Acque Blu Fiorentina and in Aquantia srl (subsidiaries of Acea S.p.A.), Chairman of the Supervisory Board of Iren Mercato S.p.A. and of Rieti Gas S.p.A., as well as a member of the Supervisory Board in Mondadori Retail S.p.A. and Mondadori Electa S.p.A.

As of December 31, 2023, Enrica Perusia does not own any shares in the Issuer.

**Maurizio Gennari** (Alternate Auditor), born in Pesaro, 12/10/1948, graduated in Economics and Business at the University of Urbino, subsequently obtaining the title of Chartered Accountant, a profession he has been practising since 1974. Since 1981, he has been enrolled in the Register of Official Accounting Auditors and in the list of court-appointed technical consultants of the Court of Pesaro, for which he has also acted as Bankruptcy Trustee and Judicial Commissioner in various bankruptcy proceedings.

As part of his profession, he is an auditor in several corporations, non-profit organisations and major private foundations.

During the Year, he served as Chairman of the Board of Statutory Auditors of 'ESSE Industrie di Scavolini Elvino e Valter & C. S.a.p.a.', which prepares the consolidated financial statements of SCAVOLINI SPA, a company in which he held the position of Standing Auditor.

As of 31 December 2023, Maurizio Gennari does not own any shares of the Issuer.

**Silvia Muzi** (Alternate Auditor), born in Rome on 18/07/1969, graduated in Economics and Commerce at La Sapienza University of Rome. She has been practising as a Chartered Accountant and Accounting Expert, Auditor and U.N.C.I. accredited Auditor since 1999. She holds the position of Chairman of the Board of Statutory Auditors at Rai Way S.p.A. at A2A S.p.A., she is also a Standing Auditor at Esprinet S.p.A. and Banco BPM S.p.A.

As of December 31, 2023, Silvia Muzi does not own any shares in the Issuer.

The Board of Statutory Auditors met 11 times in 2023. As at the date of preparation of this Report, 5 are planned for 2024.

The meeting attendance record of the new auditors in 2023 was as follows: Paolo De Mitri: 100%; Giovanni Ciurlo: 100%; Enrica Perusia: 100%.

### **Diversity criteria and policies**

Regarding the composition of the Board of Statutory Auditors in office at 31 December 2023, the Issuer did not consider it appropriate to adopt a diversity policy for aspects such as age, gender, education and professional background, since: (i) for the election of the Board of Statutory Auditors, articles 147-ter and 148 of the Consolidated Law on Financial Intermediation, as amended by Law No. 160 of 27 December 2019 (Budget Law 2020) on gender equality, which extended the relevant obligations for six consecutive terms of office and increased the proportion of directors and statutory auditors of the less represented gender that must be elected to corporate bodies from 1/3 to 2/5, were applied (ii) for the election of the Board of Statutory Auditors, the professionalism requirements provided for by the applicable legislation, including regulations, are already required.

### **Independence**

The Board of Statutory Auditors:

- predefined, at the beginning of its mandate, the quantitative and qualitative criteria for assessing the significance of the circumstances relevant under the Code to assess the independence of auditors (pursuant to Recommendation 7, as referred to in Recommendation 9) of the Corporate Governance Code;
- carried out, after its appointment and specifying the assessment criteria concretely applied, the self-assessment of its independence and the existence of the requirements of honourableness, professionalism and limits to the accumulation of offices, as well as the self-assessment of its work. The self-assessment did not reveal any critical issues (Article 144-novies, paragraph 1-bis, Consob Issuers' Regulation and Recommendation 6 as referred to in Recommendation 9, as well as Recommendation 10) of the Corporate Governance Code;
- assessed – when circumstances relevant to independence arose and in any event at least once during the Financial Year – the continuing existence of the independence requirements for the members of the Board of Statutory Auditors (Recommendation 6 as recalled by Recommendation 9) and - in making the above assessments, considered all the information made available by each member of the Board of Statutory Auditors (Recommendation 9) assessed all the circumstances that appear to compromise independence identified by the Consolidated Law on Finance the Corporate Governance Code and applying all the criteria set out in the Corporate Governance Code with reference to independence (Recommendation 7, as referred to in



Recommendation 9).

In carrying out its activities, the Board of Statutory Auditors monitored the independence of its members and conducted a self-assessment, which it reported on at the Board of Directors meeting of 28 July 2023, from which it emerged that this requirement was also fulfilled for the financial year. Independence was assessed based on the criteria set out in Article 2 of the Corporate Governance Code, applying all the criteria set out for directors in the Corporate Governance Code as approved by the Board of Directors.

In performing its duties, the Board has supervised the independence of the external auditors, verifying compliance with legal requirements and the nature and entity of the services other than account auditing provided to the Issuer and its subsidiaries by the independent auditors.

In carrying out its duties, the Board of Statutory Auditors liaised with the Internal Audit department and with the Control and Risk Committee. It participated in all Control and Risk Committee meetings, to which the Internal Audit Manager reported on the work carried out.

In the declaration of candidacy and acceptance of the office of statutory auditor of the Company, moreover, all the statutory auditors attested (i) the non-existence of causes of ineligibility, forfeiture and incompatibility, (ii) to possess all the requirements of honourableness, independence and professionalism, required by law and by the Articles of Association for the office of Statutory Auditor in a listed company; (iii) that they do not hold directorships and auditing positions equal to or exceeding the limits established by current legislation; and (iv) to undertake to promptly notify the Company and, on its behalf, the Board of Directors and the other members of the Board of Statutory Auditors of any changes in the declaration and any grounds for disqualification.

#### **Remuneration**

As regards the remuneration paid during the year to the control bodies for any reason and in any form, please refer to Section II of the Remuneration Report published pursuant to Article 123-ter of the Consolidated Law Finance.

#### **Management of interests**

The Company requires that a Statutory Auditor who, on their behalf or that of third parties, has an interest in a particular transaction of the Issuer shall promptly and fully inform the other Statutory Auditors and the Chairman of the Board about the nature, terms, origin and extent of their interest.

## **12. Shareholder relations**

#### **Access to information**

Financial communication plays an essential role at Biesse in the value creation process for the Group: the Issuer has adopted a strategy to promote continuous and correct information flows between the financial community,

the market and the Issuer. Biesse has always actively worked to establish continuous dialogue with institutional investors, shareholders and the market, in compliance with the procedures adopted for public disclosure of internal documents and information. For this reason, the specific corporate function of 'Investor Relator' was established, for which Mr Pierre La Tour was appointed to work with the Board of Directors to ensure the systematic publication of complete and timely disclosure through press releases, meetings with the financial community and periodic updates of the Company's website [www.biessegroup.com](http://www.biessegroup.com).

In 2023, Biesse participated in all the events organised by Borsa Italiana (Euronext STAR Conference Milan and Paris) and independently created a number of opportunities for meeting and exchange with the Italian and international financial community.

Per recommendation 3 of the Corporate Governance Code, the CFO reported on the Star event to the Board during the financial year, particularly at the meetings on 11 May and 26 October.

#### **Dialogue with shareholders**

To foster financial communication, the Board of Directors of Biesse works to provide easy and timely access to the information regarding the Issuer which is relevant for its shareholders to exercise their rights knowledgeably. To this end, the Company has deemed it appropriate to set up, within its website, an adequate space where both economic and financial information (financial statements, quarterly and half-yearly reports) and data and documents of interest to shareholders, including the Code of Conduct, the Organisation, Management and Control Model and the Sustainability Report can be found. The documentation is published on the Biesse website for at least five years.

On 29 October 2021, the Board, on the proposal of the Chairman in agreement with the Chief Executive Officer and in compliance with Principle IV and Recommendation No. 3 of the Corporate Governance Code, resolved to adopt a Policy for the management of dialogue with shareholders and other stakeholders, subsequently updated on 27 February 2023, in order to optimally manage the dialogue with shareholders and, more generally, with all other stakeholders.

The Policy for the management of dialogue with shareholders and other stakeholders provides for the identification of one or more executive directors in charge of organising and managing dialogue with shareholders and other stakeholders, with the help of the corporate function of Investor Relator, with the possibility that this task may be delegated to other reference managers.

This position was assigned to the Chief Executive Officer Roberto Selci and the Co-Chief Executive Officer Massimo Potenza and to the Chief Financial Officer and Investor Relator Mr Pierre La Tour by resolution of the Board of Directors of 29 October 2021.

Pursuant to the Policy for the management of dialogue with shareholders and other stakeholders, the directors in charge, in coordination with the Chairman

of the Board of Directors and with the support of the corporate function of Investor Relator:

- identify the times and methods of meeting with shareholders and other stakeholders, also making use of external consultants and specialised financial intermediaries if necessary;
- assess whether to action the requests for personalised dialogue by individual shareholders and other stakeholders, in the light of the best interests of the Company, shareholders and other stakeholders, considering, among other assessment factors, the purposes for which dialogue is requested, the professional or non-professional nature of the investor, the nature and size of the investment and the possible contributions that may derive from the dialogue itself;
- assess requests for information from shareholders and investors and the methods of a possible response in the light of the interests of the Company and applicable legislation;
- identify the people and functions within the Company organisation to be involved from time to time in dialogue with shareholders and other stakeholders.

The Policy for managing dialogue with shareholders and other stakeholders is available on the Company's website at [www.biessegroup.com](http://www.biessegroup.com), in the Investor Relations / Corporate Governance section.

### 13. Shareholders' Meetings

Pursuant to Article 8 of the Articles of Association, Shareholders' Meetings are legally constituted when all shareholders are represented and its resolutions, taken in compliance with the law and the Articles of Association, are binding for all shareholders, even if absent or in disagreement. Shareholders' Meetings may be called in Italy at the company headquarters or elsewhere. The Board of Directors calls the Shareholders' Meeting by issuing a notice to be published according to the deadlines and procedures provided for by applicable legislation. The notice of call may also contain an indication of the day, time and place of any meeting on second or third call, in accordance with the law and, the Board of Directors may establish, where it deems it appropriate, that the Shareholders' Meeting, whether extraordinary or ordinary, be held following a single call; in the latter case, the Shareholders' Meeting shall be constituted and deliberate with the majorities provided for this purpose by law.

The Articles of Association provide that the Ordinary Shareholders' Meeting shall be convened by the Board of Directors – without prejudice to the powers of the Board of Statutory Auditors and its members, as provided for by law – at least once a year within 120 days of the end of the financial year. If the legal requirements are met and when special needs require it, the Ordinary Shareholders' Meeting may be convened within 180 days of the end of the financial year; in this case, the directors shall indicate in the management

report referred to in Article 2428 of the Italian Civil Code the reasons for this postponement.

Ordinary and extraordinary shareholders' meetings and shareholder decisions are valid where the quorum, voting majorities, and other statutory requirements set out in existing laws are satisfied.

Pursuant to Article 13 of the Articles of Association, the Shareholders' Meeting is chaired by the Chairman of the Board of Directors, or – in the event of the Chairman's absence or impediment – by a Chief Executive Officer or by the most senior director in office, who appoints a secretary, including a non-shareholder, to draw up the minutes. At extraordinary shareholders' meetings and in cases where the Board of Directors deems it appropriate, the minutes are drawn up by a notary. The resolutions of the Shareholders' Meeting must be recorded in minutes signed by the Chairman and the Secretary or by the notary.

The Articles of Association provide that, pursuant to Article 2365 of the Italian Civil Code, the Board of Directors has the power to pass resolutions on proposals concerning: mergers and demergers of companies in the cases and according to the procedures established by law; and updates of the Articles of Association in line with regulatory provisions. The right to attend and representation at the Shareholders' Meeting are governed by the applicable laws and regulations. Article 11 of the Articles of Association also provides that, without prejudice to the provisions of the law concerning the collection of proxies, the holder of voting rights may be represented at the Shareholders' Meeting by written proxy or by proxy conferred electronically under the applicable regulations.

The Company, availing itself of the option provided by law, does not designate the representative pursuant to Article 135-undecies of Legislative Decree 58/98, unless the Board of Directors, for a specific Shareholders' Meeting, has resolved on such designation by giving notice thereof in the notice of the relevant Shareholders' Meeting.

The Shareholders' Meeting of 26 April 2023 introduced Article *15-bis* of the Articles of Association, which provides that the Shareholders' Meeting, both in ordinary and extraordinary form, may also be held with participants located in several places, contiguous or distant, audio/video connected, provided that: (a) the collegial method and the principles of good faith and equal treatment of members are respected; (b) the Chairman of the Meeting, also through their appointees, is allowed to ascertain the identity and legitimacy of those present, to regulate the proceedings of the Meeting, and ascertain and proclaim the results of the vote; (c) the minute taker is able to hear the proceedings of the Meeting being recorded adequately; (d) those present are allowed to participate in the discussion and simultaneously vote on the agenda items. In this case, if the Company wishes to make use of this option, the Articles of Association provide that the Board shall indicate in the notice of call the manner in which the Shareholders' Meeting will be held, with the right to establish in the notice of call that the Shareholders' Meeting shall be held

exclusively, where permitted by the applicable regulations, by means of telecommunications, both audio-visual and audio-only, omitting, in this case, an indication of the place of call. In addition, the presence of the Chairman and the secretary or notary public at the same place is not required if the minutes are compiled after the Meeting and signed by the Chairman and the secretary or by the notary public alone with minutes in public form.

Since 2001, the Company has had a set of shareholders' meeting rules that govern the orderly and practical running of the ordinary and extraordinary meetings, ensuring each shareholder can participate in discussing items on the agenda. The Shareholders' Meeting Regulations provide that, without prejudice to the right of shareholders to ask questions on the items on the agenda even before the Shareholders' Meeting, all those who attend on behalf of shareholdings have the right to speak on each of the items discussed. Shareholders who wish to speak must ask the Chairman for the floor, submitting a written request including indication of the topic of the question. This is done after the Chairman has read aloud the items on the agenda and until he has declared the discussion of the issue closed.

It is possible to view the Shareholders' Meeting Regulations in the appropriate section of the [www.biessegroup.com](http://www.biessegroup.com) website, in the Investor Relations / Corporate Governance section.

During the 2023 financial year, the Ordinary and Extraordinary Shareholders' Meeting met on 26 April, on first call, in order to resolve, in ordinary part, on: (1) Approval of the financial statements to 31 December 2022; Directors' Report on Operations; reports of the Board of Statutory Auditors and the independent auditors on the Financial Statements for the year ended 31 December 2022. Presentation of the Consolidated Financial Statements for the year ended 31 December 2022 and presentation of the non-financial statement pursuant to Legislative Decree 254/2016 ("NFS") – Sustainability Report as at 31 December 2022; (2) on the allocation of Biesse S.p.A.'s profit for the year 2022; (3) Report on the Remuneration Policy and Compensation Paid. (Advisory vote on Section Two of the Report pursuant to Article 123-*ter*, paragraphs 4 and 6 of Legislative Decree No. 58/1998). While, for the extraordinary part, the Shareholders' Meeting resolved, regarding: (1) Amendments to the Articles of Association: amendment to Article 2 concerning the corporate purpose; (2) Amendments to the Articles of Association: amendment Article 11 concerning the company's ability to avail itself of the Appointed Representative pursuant to Article 135-undecies of Legislative Decree 58/1998; (3) Amendments to the Articles of Association: introduction of Article 15-bis relating to the procedures for holding Shareholders' Meetings remotely; (4) Amendments to the Articles of Association: amendments to Articles 16 and 19-bis and the introduction of Article 16-bis, relating to the procedures for holding the meetings of the Board of Directors and the Board of Statutory Auditors remotely.

During the Year, there were no proposals submitted by the Issuer's controlling shareholder to the Shareholders' Meeting on matters on which the directors had not formulated a specific proposal.

During the Shareholders' Meeting, 2 directors attended and the Board reported on the activities carried out and planned and worked to ensure that shareholders were adequately informed of the elements necessary for them to be able to take, with full knowledge of the facts, the decisions falling within the competence of the Shareholders' Meeting, making available to them all the documentation prepared with regard to the individual items on the agenda.

During 2023, there were no significant changes in capitalisation or corporate structure such as to suggest to the Board to propose amendments to the Articles of Association regarding the percentages required for exercise of shares and prerogatives in defence of minorities.

#### **Increased voting**

By way of derogation from the general principle that each share entitles one vote, Article 6 of the Articles of Association provides that each share shall entitle one to two votes, provided that: (i) the share has belonged to the same person because of a right in rem legitimising the exercise of voting rights (full ownership, bare ownership with voting rights and usufruct with voting rights) for a continuous period of at least 24 (twenty-four) months, and (ii) that this is attested by registration on the special list established by the Company pursuant to this article for a continuous period of at least 24 (twenty-four) months and by a communication issued by the intermediary with whom the shares are deposited and referring to the date of expiry of the continuous period.

Pursuant to current legislation, the Company establishes and maintains at its registered office a special list to which shareholders wishing to benefit from the increased voting rights for all or part of their shares must register. Any person wishing to obtain registration in the special list of all or part of the shares of which he is the holder shall apply in writing to the Company, enclosing the communication attesting to their ownership of the shares, issued by the intermediary with whom such shares are deposited.

For entities other than natural persons, the request shall indicate whether the holder of the shares is subject to direct or indirect control by a third party and, if so, shall contain the information necessary to identify the controlling entity.

The acquisition of the increased voting rights will be effective on the fifth trading day of the calendar month following the day on which the conditions required by the Articles of Association for the increased voting rights are fulfilled. Article 127-*quinquies*, paragraph 7, of Italian Legislative Decree 58/98 applies.

The increase in voting rights extends proportionally to the shares: (i) newly issued in the event of a free capital increase; (ii) in exchange for pre-existing shares in the event of a merger or demerger, provided that the draft terms of merger or demerger so provide; (iii) subscribed to as part of a capital increase through new contributions. In such cases, the newly issued shares acquire the additional voting rights from the moment of their registration in the special

list, without the need for a further continuous holding period of 24 (twenty-four) months; on the other hand, if the voting rights of the existing shares have not yet vested but are in the process of vesting, the voting rights of the newly issued shares will vest as soon as the conditions required by the Articles of Association for the increase of the voting rights of the existing shares are fulfilled.

The increased voting right shall cease to apply in the event of transfer of the share for consideration or free of charge, it being understood that transfer also includes the establishment of a pledge, usufruct or other encumbrance on the share when this results in the loss of the voting right by the shareholder. An increased vote is retained on the Issuer's shares other than those transferred or those on which a pledge or usufruct or other encumbrance on the Issuer's share has been established. The benefit is also preserved in the event that the legitimising right in rem is transferred (i) by succession mortis causa, or (ii) as a result of a transfer by virtue of a gift in favour of legitimising heirs, a family pact, or the creation and/or endowment of a trust, an estate fund or a foundation of which the transferor himself or his legitimising heirs are beneficiaries. Successors in title are entitled to apply for registration with the same seniority as the natural person in title.

The increased voting right is also lost in the event of the direct or indirect transfer of controlling interests – as defined in accordance with the rules applicable to issuers with listed securities – held in companies or entities that in turn hold shares in the Company with increased voting rights in excess of the threshold requiring notification to the Company and Consob of significant holdings pursuant to current legislation, it being understood that the benefit of the increased voting rights is maintained in the case of transfers (a) mortis causa, or (b) by virtue of a donation in favour of legitimate heirs, by virtue of a family pact, or for the constitution and/or endowment of a trust, an estate fund or a foundation of which the transferor themselves or their legitimate heirs are beneficiaries, concerning the aforesaid controlling shareholdings.

The person entitled to the increased voting right is entitled to waive the increased voting right for all or part of their shares by written notice to be sent to the Company. The waiver is irrevocable, but the increased voting right may be acquired again with respect to the shares for which it was waived, by means of a new entry in the special list and the full expiry of the continuous membership period of at least 24 (twenty-four) months.

The Company shall proceed with removal from the special list in the following cases: (i) waiver by the entitled person; (ii) communication from the person entitled or the intermediary, proving that the conditions for the increase in voting rights have ceased to exist or that he has lost the ownership of the legitimising right in rem and/or the related voting right; (iii) ex officio, if the Company becomes aware of the occurrence of facts that result in the loss of the prerequisites for the increase of the voting right or the loss of the ownership of the legitimising right in rem and/or the related voting right.

The special list shall be updated by the Company no later than the fifth trading

day after the end of each calendar month and, in any event, no later than the date of entitlement to attend the Shareholders' Meeting and exercise voting rights, known as the record date.

#### **14. Further corporate governance practices (pursuant to Article 123-bis, paragraph 2, letter a), second part, Consolidated Law Finance)**

There are no further corporate governance practices beyond those required by the laws or regulations described in this Report.

#### **15. Changes after the close of the financial period**

It should be noted that on 18 December 2023, Mr Pierre La Tour resigned from his role as Chief Financial Officer and from the positions of Financial Reporting Officer and Investor Relator with effect from the day following the meeting of the Board of Directors to approve the draft financial statements for the year ended 31 December 2023. The Issuer, after a thorough selection process, on 1 March 2024, identified the replacement in the person of Mr Nicola Sautto, who, starting from 15 March 2024 in accordance with the law and the Articles of Association, having also obtained the favourable opinion of the Board of Statutory Auditors, will also assume the position of Financial Reporting Officer pursuant to Article 154-bis of the Consolidated Law Finance, as well as the position of Investor Relator of the Company.

It should also be noted that on 29 January 2024, the acquisition of the entire share capital of GMM Finance S.r.l. was finalised, the holding company at the head of the GMM Group, which includes the companies GMM S.p.A., Bavelloni S.p.A. and Techni Waterjet Ltd., as well as their respective Italian and foreign subsidiaries, active in the sectors of machine tools for processing stone, glass and other materials.

The provisional consideration for the acquisition (the so-called Equity Value), amounting to approximately Euro 69 million, was fully settled in cash starting from an Enterprise Value of Euro 86.5 million and considering a Net Financial Position of debt. The final price, which will be calculated in the coming months, provides for the usual price adjustment mechanisms (up or down), based on the change in the net financial position of GMM Finance S.r.l.

Finally, on 28 February 2024, after discussion with the Control and Risk Committee meeting on 12 February 2024, the Board of Directors approved the Group's Business Plan for the three-year period 2024-2026.

The presentation of the main elements of the 2024-2026 Three-Year Business Plan is available on the Biesse website, in the "Investor Relations" section.



## 16. Comments on the letter from the chairman of the corporate governance committee

The recommendations made in the letter of 14 December 2023 from the Chairman of the Corporate Governance Committee were brought to the attention, first and foremost, of the Chairman of the Board of Directors, the Chief Executive Officers and the Chairman of the Board of Statutory Auditors (to whom this letter is addressed). After being assessed by the direct recipients, they were brought to the attention of the Board of Directors and the Board of Statutory Auditors during the meeting held on 28 February 2024. On that occasion, the Board of Directors assessed the progress of alignment with these recommendations.

The assessment found that:

- with regard to the advisability of adhering to the best practices recommended by the Corporate Governance Code, the Issuer has officially proceeded in this direction with a resolution of the Board of Directors of 15 March 2021;
- with regard to the advisability of involving the Board of Directors in the examination and approval of the business plan and in the analysis of the issues relevant to the generation of long-term value, on 30 July 2021, the Board adopted the 2021-2023 strategic plan in which, in addition to defining the nature and level of risk compatible with the Company's strategic objectives, in adherence to principle II of the Corporate Governance Code, it has included a specific programme for the development of sustainability (currently reported through the related financial statements) for the purpose of its explicit inclusion in the next three-year plan and in the remuneration linked to it.

In identifying and analysing issues relevant to the generation of long-term value, the Board of Directors also avails itself of the advisory and investigative function of the internal board committees. In anticipation of the new 2024-2026 business plan, the Board of Directors, already during the meeting of 18 December 2023, read the guidelines of the same in order to express any observations useful for the final drafting of the plan. For the same purpose, the Control and Risk Committee held a dedicated meeting on the subject with the Co-Chief Executive Officer on 12 February 2024.

The Board of Directors of the Issuer, in adherence to principle II of the Corporate Governance Code, defined the strategies of the company and the Group in line with the objective of sustainable success and, with reference to the current 2021-2023 strategic plan, approved it with a resolution of 30 July 2021, periodically monitoring its implementation so that the correspondence between the results achieved and those expected was constantly ensured.

In anticipation of the new 2024-2026 three-year plan, the Board of Directors has also availed itself of the advisory and investigative

function of the internal board committees for the identification and analysis of issues relevant to the generation of long-term value with reference to its sector. The support of the Committees has made it possible to identify in particular the risks and opportunities related to environmental and social sustainability and market trends;

- with regard to the invitation by the Corporate Governance Committee to adequately justify in the corporate governance report in the event of an exception to the timeliness of the pre-board information for reasons of confidentiality, which may be provided for in the Board regulations and/or adopted in practice, the Issuer uses a dedicated online portal for the sharing of documents in order to ensure their confidentiality and does not provide for exemptions from the notice periods in its Regulations on the functioning of the Board of Directors approved on 15 March 2021 and subsequent updates;
- with regard to the advisability of providing adequate justification in the report on corporate governance, the failure to express, on the occasion of the renewal of the board of directors, the guidance on its quantitative composition and/or the failure to require those who submit a "long" list to provide adequate information on the compliance of the list with the orientation expressed, it should be noted that the Issuer is a company with concentrated ownership and not direct addressee of the recommendation. The Company, in adherence to the principle of proportionality referred to in Recommendation 23 of the Corporate Governance Code, has made use of certain specific simplifications introduced by the same; In particular, it was decided to carry out a self-assessment on the functioning of the Board of Directors every three years, and not to formulate guidelines on the quantitative and qualitative composition deemed optimal for the board in view of its renewal. The Company conducted the self-assessment of its operation, without the help of external third parties, in the second half of 2023. For more information, please refer to section 7 of this Report;
- with regard to the invitation by the Corporate Governance Committee to provide adequate disclosure in the proposals of the Board of Directors to the Shareholders' Meeting on the introduction of increased voting rights, the purposes of the choice and the expected effects on the ownership and control structures and on future strategies, it should be noted that the Issuer introduced the increase in voting rights with a resolution of the Shareholders' Meeting of 24 April 2018, appropriately amending Article 6 of its Articles of Association. For more information, please refer to section 13 of this Report.

## Table 1

Information on the ownership structure as at 14 March 2024

SIGNIFICANT EQUITY INVESTMENTS IN THE SHARE CAPITAL			
Declarant	Direct shareholder	% of ordinary share capital	% of voting share capital
Giancarlo Selci	Bi.Fin. S.r.l.	67.534	67.534

**Table 2**

**Structure of the Board of Directors at the end of the financial year**

Office	Members	Year of birth	Date of initial appointment*	In office from	In office until	List (presenters) **	List (M/m) ***	Exec.	Non-exec.	Indep. Code	Indep. Consolidated Law on Finance	No. other offices	Shares (****)
Chair.	Giancarlo Selci	1936	1994	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M	x				/	85%
CEO	Roberto Selci	1960	2000	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M	x				/	100%
Co-Chief Executive Officer	Massimo Potenza	1960	2020	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M	x				/	100%
Director	Alessandra Baronciani	1962	2021	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M		x			1	85%
Director	Ferruccio Borsani	1958	2021	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	m		x	x	x	1	85%
Director	Federica Ricceri	1972	2021	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M		x	x	x	/	100%

Director (LID)	Rossella Schiavini	1966	2021	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M		x	x	x	3	85%
DIRECTORS LEAVING OFFICE DURING THE YEAR													
n/a													
Note the quorum required for filing the lists at the last appointment: 2.5%													
No. of meetings held during the financial year in question: BoD: 6													
<p>NOTES</p> <p>(*) By date of first appointment of each director is meant the date on which the director was appointed for the first time (ever) to the Board of Directors of the issuer</p> <p>(**) This column indicates whether the list from which each director was drawn was submitted by shareholders (indicating shareholders) or by the Board of Directors (indicating BoD)</p> <p>(***) This column indicates M/m depending on whether the member was voted from the majority list (M) or a minority list (m).</p> <p>(****) This column indicates the number of offices of director or auditor held by the individual in other companies listed on regulated markets, Italian or foreign, in financial, banking, insurance or other companies of significant size.</p> <p>(*****) This column indicates the directors' attendance at meetings of the Board of Directors and the committees (number of attendances / number of meetings held during the period of office).</p>													

**Table 3**

**Structure of the Board committees at the end of the year**

Board of Directors	Executive board			RPT committee		Control and Risk Committee		Remuneration Committee		Appointments Committee		Other Committee		Other Committee	
	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Non-executive director – independent as per Consolidated Law on Finance and/or Code	Ferruccio Borsani	/	/	3/3	M	/	/	/	/	/	/	/	/	/	/
Non-executive director – independent as per Consolidated Law on Finance and/or Code	Federica Ricceri	/	/	/	/	7/7	M	5/5]	C	/	/	/	/	/	/
Non-executive director – independent as per Consolidated Law on Finance and/or Code	Rossella Schiavini	/	/	3/3	C	7/7	C	5/5	M	/	/	/	/	/	/
ANY MEMBERS WHO ARE NOT DIRECTORS															

Manager of the Issuer/Other	-	/				/	/	/	/
No. of meetings held during the year:	/	3	7	5					
<p>NOTES</p> <p>(*) This column shows the attendance of directors at committee meetings (indicate the number of meetings attended compared to the total number of meetings attended; participated 6/8; 8/8 etc.).</p> <p>(**) This column indicates the qualification of the director within the committee: "C": chairman; "M": member.</p>									

**Table 4**

**Structure of the Board of Statutory Auditors at the end of the financial year**

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment*	In office from	In office until	List (M/m)**	Independence pursuant to the Code	(%) ***	Number of other offices ****
Chairman	Paolo De Mitri	1963	2018	28/04/21	Approval of the financial statements as at 31/12/23	m	x	100%	/
Standing Auditor	Giovanni Ciurlo	1960	2021	28/04/21	Approval of the financial statements as at 31/12/23	M	x	100%	5
Standing Auditor	Enrica Perusia	1967	2021	28/04/21	Approval of the financial statements as at 31/12/23	M	x	100%	6
Alternate Auditor	Maurizio Gennari	1948	2021	28/04/21	Approval of the financial statements as at 31/12/23	M	x	/	2
Alternate Auditor	Silvia Muzi	1968	2020	28/04/21	Approval of the financial statements as at 31/12/23	m	x	/	4
<b>AUDITORS LEAVING OFFICE DURING THE YEAR</b>									
n/a									
Note the quorum required for filing the lists at the last appointment: 2.5%									
No. of meetings held during the financial year in question: 11									
NOTES									
(*) By date of first appointment of each director is meant the date on which the director was appointed for the first time (ever) to the Board of Statutory Auditors of the issuer									
(**) This column indicates M/m depending on whether the member was voted from the majority list (M) or a minority list (m).									



(\*\*\*) This column indicates the auditors' attendance at meetings of the Board of Statutory Auditors (number of attendances / number of meetings held during the period of office).

(\*\*\*\*) This column indicates the number of director or auditor offices held by the individual, which are relevant for the purposes of Article 148-bis of the Consolidated Law on Finance. The complete list of the offices is attached, in accordance with Article 144(15) of the Consob Issuers' Regulation to the report on the supervisory activities, drawn up by the auditors in accordance with Article 153(1) of the Consolidated Law on Finance.