

**PROCEDURE GOVERNING TRANSACTIONS  
WITH RELATED PARTIES**

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Approved by the Board of Directors on 12 May 2021

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## 1. INTRODUCTION

This procedure (the “**Procedure**”) governs related-party transactions put in place by BIESSE S.p.A. (“**Biesse**” or “**Company**”) and by its subsidiaries, in accordance with the Regulation adopted by the Commissione Nazionale per le Società e la Borsa – CONSOB with Resolution no. 17221 of 12 March 2010, as last amended and supplemented with Resolution no. 21624 of 10 December 2020 (the “**CONSOB Regulation**”), with the aim of ensuring the transparency and substantial and procedural fairness of related-party transactions put in place by the Company.

The Regulation aims to identify the principles and procedures which Biesse uses in order to ensure the substantial and procedural transparency and fairness of Related-Party transactions (as defined below), executed by the Company, directly or through its subsidiaries.

For the purposes of the Regulation, related-party transactions (“**RPT**”) may be defined as any transfer of resources, services or obligations between Biesse and one or more Related Parties, regardless of whether or not a consideration has been agreed, which may include:

- 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 otherwise provided for by the CONSOB Regulation).

Taking into account the reports and comments made by other company bodies, the Board of Directors of the Company reviews the effectiveness of the Regulation at least every three years and decides whether any changes are necessary or appropriate.

## 2. CONCEPT OF RELATED PARTY

Related parties are those parties defined as such by the international accounting standards adopted in accordance with the procedure referred to in article 6 of Regulation (EC) no. 1606/2002 (“**Related Party**”) and referred to below:

### Related Parties

A Related Party is a person or entity that is related to the reporting entity.

- a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i). has control or joint control over the reporting entity;
  - (ii). has significant influence over the reporting entity; or
  - (iii). is a key manager of the reporting entity or one of its subsidiaries.
- b) An entity is related to a reporting entity if any of the following conditions apply:
  - (i). the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and group company is related to the others);
  - (ii). one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii). both entities are joint ventures of the same third party;

- (iv). one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v). the entity is a post-employment defined benefit plan for the benefit of employees of the reporting entity or an entity related to the reporting entity;
- (vi). the entity is controlled or jointly controlled by a person identified in (a);
- (vii). a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) [IAS 24, paragraph 9].

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture. Thus, for example, a subsidiary of an associate and the investor that has significant influence over the associate are related to each other [IAS 24, paragraph 12].

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.[IAS 24, paragraph 9]. Consob, in its Functional Definitions, does not explicitly include members of control bodies among Key Management Personnel, but gives an indication in the Communication in which it has indicated that “effective” members of control bodies fall into this category, in line with what Consob itself has already stated in a consultation document.

#### Close family members

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person’s children and spouse or domestic partner;
  - (b) children of that person’s spouse or domestic partner;
  - (c) dependants (i.e. someone depending financially) of that person or that person’s spouse or domestic partner
- [IAS 24, paragraph 9].

#### Principles of interpretation of definitions

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form [IAS 24, paragraph 10].

The above definitions are interpreted with reference to all the international accounting standards adopted in accordance with the procedure provided for in article 6 of Regulation (EC) 1606/2002.

Pursuant to article 4, paragraph 2, of the CONSOB Regulation, this procedure does not apply to parties other than the Related Parties identified pursuant to this article.

### 3. MAJOR AND MINOR TRANSACTIONS

3.1 For the purposes of this Regulation and in accordance with the provisions of Annex 3 to the CONSOB Regulation, major RPTs (“**Major RPTs**”) are the following transactions:

- (i). RPTs for which at least one of the Importance Indices pursuant to Annex 3 of the CONSOB Regulation (“**Importance Indices**”) applicable depending on the specific transaction, exceeds 5%;
- (ii). RPTs with the listed parent company (if any), or with parties related to the latter who are in turn also related to Biesse, if at least one of the Importance Indices is higher than 2.5%.

3.2 All RPTs that cannot be defined as Major RPTs pursuant to this paragraph 3 are defined, for the purposes of this Regulation, as minor RPTs (“**Minor RPTs**”), without prejudice to the fact that the definition of Major RPT or Minor RPT does not include transactions falling within the cases of exclusion and exemption indicated in article 5 below.

### 4. RELATED PARTY TRANSACTION PROCEDURES

#### 4.1 Procedure for Minor RPTs

The procedure illustrated below, unless otherwise expressly provided for in this paragraph 4.1 or in paragraph 4.2 below, applies exclusively to Minor RPTs.

4.1.1 Approval of Minor RPTs is the responsibility of the Board of Directors or Managing Directors who, according to the case in point, are competent in relation to the specific Minor RPT on the basis of the powers conferred on them by virtue of the board resolution appointing them as the delegated body of Biesse. Directors involved in the transaction are required to abstain from voting on it<sup>1</sup>.

4.1.2 Managing Directors, where they deem it appropriate, can always submit Minor RPTs for which they are competent in accordance with paragraph 4.1.1 for the approval of the Board of Directors.

4.1.3 In any case, Minor RPTs are approved subject to the non-binding opinion of a committee consisting exclusively of independent and unrelated directors (“**Committee**”). The Committee has the right to be assisted by one or more independent experts of its choice, at the Company’s expense, up to a maximum amount of 5,000 euros – taking due account of the flexibility due to the market rates at the time – for each Minor RPT, without the need for further authorisation from the Board or the Managing Directors with competence regarding the transaction, or the higher amount agreed with the latter case by case, depending on the characteristics of the transaction and the assistance to be provided by the independent experts. The Committee shall verify in advance the independence of the experts, taking into account the reports indicated in Annex 4 of the Consob Regulation.

4.1.4 If one or more members of the Committee are related to a specific RPT, they shall be replaced – where possible – with reference to all the formalities relating to such RPT, by one or more of the other unrelated independent directors, in order of seniority where present. If, with respect to a given RPT, there are not at least two unrelated independent directors able to participate in the Committee, the Committee’s functions shall be performed by the sole unrelated independent director, assisted by an unrelated non-executive director or, as a

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<sup>1</sup> By “directors involved in the transaction” is meant directors having an interest in the transaction, on their own behalf or on that of third parties, in conflict with that of the Company.

secondary measure, by an external independent unrelated expert, specifically appointed by the Board of Directors.

**4.1.5** The Committee's opinion shall focus on the Company's interest in carrying out the transaction, on the cost-effectiveness and substantial fairness of the related conditions, but it may not express any opinion on further aspects and, in particular, on the management choices that are exclusively attributed to the discretionary power of the executive directors. The Committee members shall meet collectively and consult with each other in order to share and compare their opinions. At the end of this consultation, the Committee members shall vote in line with the provisions of a specific regulation that the Committee itself shall approve in the first meeting following its establishment. The Committee shall express its opinion at least 1 day before the date scheduled for approval of the transaction. This opinion shall be attached to the minutes of the Committee meeting.

**4.1.6** At least 10 days before the date scheduled for approval of the transaction, the body competent to resolve on the Minor RPT, i.e., depending on the case in question, the delegated body or the Board of Directors, shall provide the Committee with complete and adequate information regarding the specific transaction to be approved, such as, *inter alia*:

- information about the nature of the relation;
- methods of execution of the transaction;
- conditions (also financial) for its implementation;
- underlying interest and motivations and any risks for the Company.

Within the same deadline, all the documentation relating to the specific Minor RPT in the possession of the persons and/or bodies involved in the negotiation and preliminary phase shall be provided to the aforesaid bodies.

**4.1.7** The delegated bodies or the Board of Directors (depending on the case in question), shall, on at least a quarterly basis, report on the execution of Minor RPTs and provide all the documentation necessary for a clear representation of such RPTs to the Board of Directors (in the case of the delegated bodies), to the Board of Statutory Auditors and to the Committee on the execution of Minor RPTs.

**4.1.8** Where applicable, the minutes of the resolutions approving the Minor RPTs shall be adequately justified with regard to the Company's interest in carrying out the transaction as well as the cost-effectiveness and substantial fairness of the related conditions for the Company. Should the conditions of the transaction be defined as market equivalent or standard, the documentation prepared shall contain objective supporting evidence.

**4.1.9** Should the Committee have issued a negative opinion on Minor RPTs, Biesse (within fifteen days of the end of each quarter of the financial year) shall make available a document containing an indication of the counterparty, the subject and the consideration of the Minor RPTs approved in the reference quarter, despite the above negative opinion, as well as the reasons why it was decided not to share such opinion to the public (at the company's registered office and according to the procedures indicated in Part III, Title II, Chapter I, of the regulations adopted by CONSOB with resolution 11971/1999 – “**Issuer Regulation**”). Within the same

deadline, the Committee's opinion shall be made available to the public as an attachment to the information document or on Biesse's website.

## **4.2 Procedure for Major RPTs**

The procedure illustrated below, unless otherwise expressly provided for in this paragraph 4.2 applies exclusively to Major RPTs.

**4.2.1** Approval of Major RPTs is the responsibility of the Board of Directors. Directors involved in the transaction are required to abstain from voting on it.

**4.2.2** In any case, Major RPTs shall be approved subject to the Committee's binding opinion on the Company's interest in carrying out the transaction and on the cost-effectiveness and fairness of the related conditions. The Committee has the right to be assisted by one or more independent experts of its choice, at the Company's expense, up to a maximum amount of 10,000 euros for each Major RPT, without the need for further authorisation from the Board, or the higher amount agreed with the latter case by case, depending on the characteristics of the transaction and the assistance to be provided by the independent experts.

**4.2.3** If one or more members of the Committee are related to a specific RPT, they shall be replaced – where possible – with reference to all the formalities relating to such RPT, by one or more of the other unrelated independent directors, in order of seniority where present. If, with respect to a given RPT, there are not at least three unrelated independent directors able to participate in the Committee, the Committee's functions shall be performed by two unrelated independent directors, assisted by an unrelated non-executive director or, as a secondary measure, by an external independent unrelated expert, specifically appointed by the Board of Directors.

**4.2.4** The Committee shall be involved in the negotiations and preliminary investigation phase by receiving a complete and timely flow of information, and shall also be entitled to request information and make observations to the delegated bodies and the persons in charge of conducting the negotiations or preliminary investigation. This information shall be provided to the Committee at least 20 days prior to the date scheduled for approval of the transaction by the Board of Directors.

**4.2.5** The Committee's opinion shall focus on the Company's interest in carrying out the transaction, on the cost-effectiveness and substantial fairness of the related conditions, but it may not express any opinion on further aspects and, in particular, on the management choices that are exclusively attributed to the discretionary power of the executive directors. The Committee members shall meet collectively and consult with each other in order to share and compare their opinions. At the end of this consultation, the Committee members shall vote in line with the provisions of a specific regulation that the Committee itself shall approve in the first meeting following its establishment. The Committee shall express its binding opinion at least 5 days before the date scheduled for approval of the transaction. This opinion shall be attached to the minutes of the Committee meeting.

**4.2.6** If the opinion is favourable and the Board of Directors approves the transaction, the market and Consob shall be informed within the deadlines and according to the procedures set out in the Consob Regulation.

In the event of a negative opinion of the Committee, the Board of Directors may approve the transaction, provided that it is authorised, pursuant to art. 2364, paragraph 1, number 5) of the Italian Civil Code, in compliance with the provisions of the Consob Regulation. In particular, the shareholders' meeting authorization resolution shall be deemed to have been approved provided that:

- (i). the quorums required by the Company's Articles of Association for the validity of the meeting and for passing resolutions are met; and
- (ii). if the unrelated shareholders present at the meeting represent at least 10% of the share capital with voting rights, the majority of the voting unrelated shareholders do not vote against the transaction.

The status of related or unrelated shareholder shall be declared by the Chairman of the meeting, based on the information in his possession and that which he may specifically request during the meeting itself.

**4.2.7** The delegated bodies or the Board of Directors (depending on the case in question), shall, on at least a quarterly basis, report on the execution of Major RPTs and provide all the documentation necessary for a clear representation of such RPTs to the Board of Directors (in the case of the delegated bodies), to the Board of Statutory Auditors and to the Committee on the execution of Major RPTs. Moreover, all the market disclosure information obligations in compliance with the provisions of the Consob Regulation shall be complied with.

**4.2.8** For Major RPTs, also to be carried out by Biesse subsidiaries, the Company shall (in accordance with article 114, paragraph 5 of the Consolidated Finance Act) prepare a disclosure document drawn up in compliance with Annex 4 of the CONSOB Regulation, in accordance with the provisions of article 5 of said CONSOB Regulation. Biesse shall prepare the aforementioned disclosure document even if, during the course of the financial year, it concludes with the same Related Party, or with parties related to both the latter and to Biesse itself, transactions that are homogeneous or carried out in execution of a unitary plan, which – although not individually qualifying as Major RPTs – exceed, when considered cumulatively, the thresholds of importance identified in accordance with article 3 of this regulation.

#### **4.3 Control and Risk Committee and Remuneration Committee**

The functions attributed to the Committee pursuant to this Regulation may be carried out by the Control and Risk Committee or, if the Related Party transaction concerns remuneration, by the Company's Remuneration Committee, provided that the latter has the composition requirements envisaged by the applicable legal and regulatory provisions. In such case, the functioning of the Committee shall be governed by the regulations of the Control and Risk Committee or of the Remuneration Committee, without prejudice to the specific provisions of paragraphs 4.1 and 4.2 above.

#### **4.4 Procedures under the responsibility of the shareholders' meeting**

In the event that, on the basis of provisions of the law or of the Articles of Association, RPTs fall under the responsibility of the shareholders' meeting or need to be authorised by the latter, in negotiations, in the preliminary investigation and in the approval of the proposed resolution to be submitted to the shareholders' meeting, the procedure mentioned in paragraph 4.1 for Minor RPTs and in paragraph 4.2 for Major RPTs, respectively, shall be applied.



#### **4.5 Procedures for transactions of subsidiaries**

Should Biesse examine in advance or approve transactions carried out by Italian or foreign subsidiaries of the Biesse Group with parties related to Biesse, the procedural rules contained in paragraph 4.1 for Minor RPT's shall be applied – insofar as they are compatible – without prejudice to the fact that, also with reference to the RPT's referred to in this article, Biesse shall fulfil the disclosure requirements contained in article 5 of the CONSOB Regulation.

### **5. CASES OF EXCLUSION AND EXEMPTION**

**5.1** The procedures set forth in article 4 above shall not apply to:

- (i). Shareholders' Meeting resolutions regarding Directors' fees pursuant to article 2389, paragraph 1, of the Italian Civil Code;
- (ii). Board resolutions concerning the remuneration of Directors holding specific offices within the overall amount previously determined by the Shareholders' Meeting pursuant to art. 2389, paragraph 3 of the Italian Civil Code;
- (iii). Shareholders' Meeting resolutions pursuant to article 2402 of the Italian Civil Code concerning the remuneration due to the members of the Board of Statutory Auditors;
- (iv). transactions resolved by the Company and addressed to all shareholders on equal terms, including:
  - a) subscription rights issues, including those servicing convertible bonds, and free capital increases pursuant to article 2442 of the Italian Civil Code,
  - b) full or partial demergers in the strict sense of the term, with proportional share allocation criteria;
  - c) reductions in share capital by means of reimbursement to shareholders pursuant to article 2445 of the Italian Civil Code and purchases of treasury shares pursuant to article 132 of the Consolidated Finance Act.
- (v). RPT's of negligible amount, i.e. RPT's whose foreseeable maximum amount of the consideration or the foreseeable maximum value of the services to be provided by the Company does not exceed, for each transaction or for several transactions concluded with the same Related Party which are homogeneous or carried out in execution of a unitary plan, 500,000 euros if the Related Party is a legal person and 300,000 euros if the Related Party is a natural person.

**5.2** Moreover, the following are excluded from the provisions contained in the Regulation, without prejudice to the disclosure requirements provided for in article 5, paragraph 8 of the CONSOB Regulation:

- (i). remuneration plans based on financial instruments approved by the Shareholders' Meeting pursuant to art. 114-bis of the Consolidated Finance Act and the related implementing transactions;
- (ii). resolutions (other than those already excluded from the scope of application of the CONSOB Regulation, pursuant to article 13, paragraph 1 thereof) concerning the remuneration of directors holding special offices, as well as of other key management personnel, provided that:

- a) the Company has adopted a remuneration policy approved by the Shareholders' Meeting;
  - b) a committee consisting exclusively of non-executive directors, the majority of whom are independent, was involved in defining the remuneration policy;
  - c) the remuneration awarded is identified in accordance with this policy and quantified on the basis of criteria that do not involve discretionary assessments.
- (iii). Ordinary RPTs, as identified in paragraph 5.4 below;
  - (iv). RPTs with or between Biesse subsidiaries (including those jointly controlled), as well as RPTs with associated companies, provided that such transactions can be qualified as ordinary in accordance with paragraph below 5.4.

**5.3** Urgent RPTs are also excluded from application of the procedural requirements provided for in the Regulation, under the conditions provided for in article 6 below, without prejudice to the disclosure requirements provided for in article 5 of the CONSOB Regulation.

**5.4** For the purposes of this Regulation, ordinary RPTs concluded at market-equivalent or standard conditions (“**Ordinary RPTs**”) are RPTs that fall within ordinary operations and related financial activities, concluded at conditions similar to those usually applied to unrelated parties for transactions of a corresponding nature, size and risk, or based on regulated tariffs or imposed prices, or applied to parties with which Biesse is obliged by law to contract at a specific consideration. In particular, the transactions listed in Annex 1 to this Regulation are to be considered Ordinary RPTs.

**5.5** In the case of Major RPTs but excluded pursuant to this article 5, the Board of Directors or the delegated bodies, according to the case in question, shall promptly communicate all available information relating to the transaction to the Committee so that the latter may verify the correct application of the cases of exemption provided for therein, as well as existence of the conditions applicable for the purposes of classifying the transaction as an Ordinary RPT. The Committee shall express its consent within 5 days of the communication and, in any case, in good time to allow the communication to Consob within 7 days as provided for in the paragraph 5.6 below.

The Financial Reporting Officer of the Company (“**Financial Reporting Officer**”) shall inform the Board of Directors, on an annual basis, on the application of the exemption criteria, at least with regard to Major RPTs.

**5.6** Without prejudice to the disclosure obligations provided for by art. 114 of the Consolidated Finance Act, in the event of applicability of the cases of exclusion, the Board of Directors shall inform Consob and the Committee, within 7 days of approval of the transaction by the competent body (or, if the competent body resolves to submit a contractual proposal, within 7 days of the moment in which the contract, also of a preliminary nature, is concluded on the basis of the applicable provisions), of the counterparty, the subject and the consideration of the transactions that have benefited from exclusion from the obligations to publish the disclosure document pursuant to art. 5 of the Consob Regulation, as well as the reasons why the transaction is considered an Ordinary RPT, providing objective comparative elements.

The Financial Reporting Officer shall indicate in the interim and annual report on operations, within the scope of the information provided for by article 5, paragraph 8, of the Consob Regulation, which of the transactions subject to the disclosure requirements indicated above were concluded taking advantage of the exclusion provided for in this article.

## **6. URGENT RPTs**

If the Company intends to avail itself of the exemption referred to in paragraph 5.3 above for Urgent RPTs, it shall proceed as follows:

### **(A) RPT not under the responsibility of the Shareholders' Meeting:**

- (i). if the transaction to be carried out falls within the responsibility of a delegated body, the Chairman of the Board of Directors and at least one of the independent directors shall be informed of the reasons for the urgency in good time and, in any case, before the transaction is carried out;
- (ii). the transactions shall subsequently be subject – without prejudice to their effectiveness – to a non-binding resolution, adopted by the first ordinary Shareholders' Meeting available;
- (iii). the body convening the shareholders' meeting required to pass resolutions pursuant to point (ii) above shall prepare a report containing adequate justification for the reasons of the urgency;
- (iv). the Board of Statutory Auditors shall report to the Shareholders' Meeting on its assessment of the existence of the reasons of urgency;
- (v). the report and the assessments referred to in points (iii) and (iv) above shall be made available to the public at least twenty-one days before the date set for the Shareholders' Meeting referred to in point (ii) above, at the company's registered office and according to the procedures indicated in Part III, Title II, Chapter I of the Issuers' Regulation. These documents may also be contained in the information document referred to in article 5, paragraph 1 of the CONSOB Regulation;
- (vi). by the day following the Shareholders' Meeting referred to in point (ii) above, information on the results of the vote shall be made available to the public (according to the methods indicated in Part III, Title II, Chapter I of the Issuers' Regulation), with particular regard to the number of votes expressed by unrelated shareholders.

### **(B) RPT under the responsibility of the Shareholders' Meeting:**

- (i). the body required to convene the Shareholders' Meeting shall prepare a report containing adequate justification for the reasons of urgency;
- (ii). the Board of Statutory Auditors shall express a positive opinion on the existence of the reasons of urgency and report its assessments to the Shareholders' Meeting;
- (iii). the report and the assessments referred to in points (iii) and (iv) above shall be made available to the public at least twenty-one days before the date set for the Shareholders' Meeting at the company's registered office and according to the procedures indicated in Part III, Title II, Chapter I of the Issuers' Regulation. These documents may also be contained in the information document referred to in article 5, paragraph 1 of the CONSOB Regulation;

- (iv). by the day following the Shareholders' Meeting, information on the results of the vote shall be made available to the public (according to the methods indicated in Part III, Title II, Chapter I of the Issuers' Regulation), with particular regard to the number of votes expressed by unrelated shareholders.

## **7. INFORMATION OBLIGATIONS INSTRUMENTAL TO THE IDENTIFICATION OF RELATED PARTIES**

**7.1** Also in consideration of the obligation envisaged by article 4, paragraph 8, of the CONSOB Regulation, annually, and at least within 90 days of the closure of the financial year, all the persons indicated in article 114, paragraph 5 of Legislative Decree 58/98 ("**Consolidated Finance Act**"), and, in particular, the Directors, Key Management Personnel of the Company and of Biesse Group companies and those who, directly or indirectly, through one or more intermediaries:

- (i). control – also jointly with others – the Company, are controlled by it or are subject to joint control by it; or
- (ii). hold an equity investment in the Company such as to be able to exercise a significant influence on the latter,

who are Related Parties, shall provide the Company in writing with any information that may be useful for a correct assessment of their classification as Related Parties and of the identification of other parties that may qualify as Related Parties by virtue of various types of links with the same.

**7.2** Any change during the year in the information/data provided shall be promptly communicated in writing to the Company by the aforementioned parties within 10 days of the date on which the party became aware of such change.

**7.3** In order to implement the Regulation, the Company shall prepare, and keep constantly updated, on the basis of evidence available and statements received, a list of Related Parties, which is also brought to the attention of Biesse Group companies.

## **8. MISCELLANY**

In this Regulation, all terms and/or expressions not expressly defined and relevant for the purposes of identifying Related Parties or RPTs or definitions instrumental to the application of the Regulation have the same meaning as that attributed to them pursuant to the CONSOB Regulation and its annexes.

The Chairman of the Board of Directors or the delegated bodies shall ensure that all RPTs approved pursuant to this Regulation are promptly notified to the Financial Reporting Officer, for the purpose of complying with the disclosure obligations pursuant to art. 154-bis of the Consolidated Finance Act.

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The Regulation shall be published on the Company's website, in the *investor relations, corporate governance* section.

## **ANNEX 1**

### **PROCEDURE GOVERNING TRANSACTIONS WITH RELATED PARTIES**

#### **DEFINITION OF ORDINARY RPTs**

For the purposes of this procedure, all transactions involving the sale and/or purchase of goods, services and all commercial transactions in general, carried out by Biesse with Biesse Group subsidiaries, which fall within the scope of consolidation, are also to be considered Ordinary RPTs, since these transactions are included in that indicated in point 5.4 of the Procedure