

# 2022 REMUNERATION POLICY

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## SECTION I

# 1. Governance

In accordance with current legislation, the Remuneration Policy engages various company bodies in various capacities in its preparation, approval and implementation: The Shareholders' Meeting (the "Meeting"), the Board of Directors (the "Board"), the Remuneration Committee (the "Committee"), the Human Resources Department (the "HR Department") and the Board of Statutory Auditors. These bodies may be involved in any revision of the Remuneration Policy, if necessary.

In exercising its powers and with the support of the HR Department, the Committee will provide the Board with proposals regarding the structure and content of the Remuneration Policy. Together with the entire Board, the Committee will also monitor the correct implementation of the policy with the support of the competent company offices.

On the basis of proposals made by the Committee and by HR, the Board will examine and approve the Remuneration Policy and will then present it to the Shareholders' Meeting, whose vote will be binding. Since the introduction of the Shareholder Rights Directive II, the Shareholders' Meeting has also been asked to cast an advisory vote on Section II of this Report, which concerns the compensation paid in the previous financial year.

To avoid any conflicts of interest, no director can attend meetings of the Committee during which proposals are made about his/her remuneration, except in the case of proposals relating to all the members of the Board Committees.

The Board of Statutory Auditors will attend the meetings of the Remuneration Committee and will give the opinions required by law, in particular about the remuneration of directors with specific responsibilities (as defined in Article 2389 paragraph 3 of the civil code).

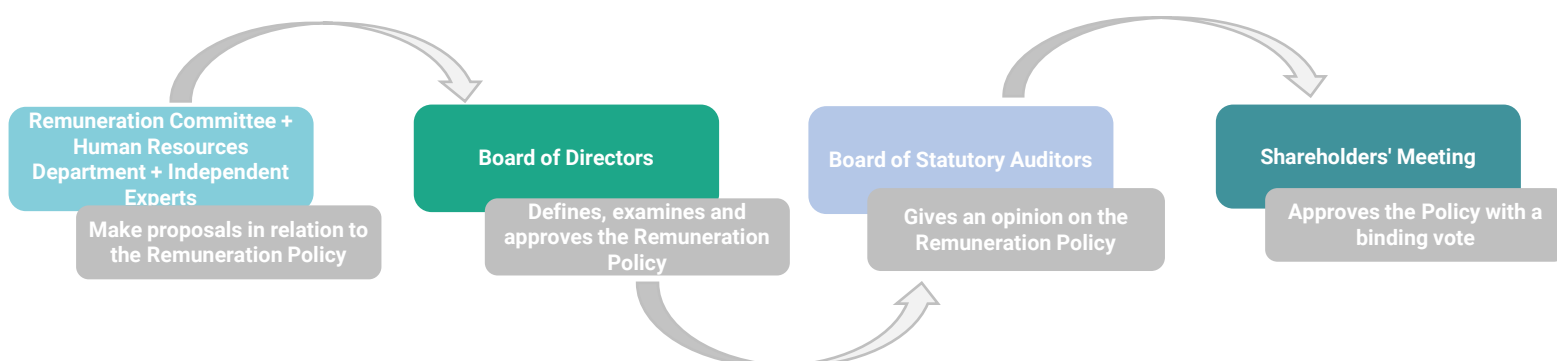


Figure 1 – Process of defining the Remuneration Policy

## 1.1 Remuneration Committee

The Remuneration Committee, which is formed exclusively of independent directors, supports the Board in preparing the short and long-term plans and in supervising the Policy, of which it will periodically assess the adequacy, overall cohesion and concrete application.

The Committee is tasked with providing advice and proposals to the Board in relation to the determination of remuneration for the Executive Directors and those with special responsibilities as well as the key personnel ("Key Management Personnel" or "KMP") of the Group, and in relation to the appointment/replacement of independent directors and sizing and composition of the Board.

The tasks entrusted to the Remuneration Committee by the management body are as follows:

- Assisting the Board in preparing the Remuneration Policy;
- Making proposals to the Board on the remuneration of the Executive Directors and other directors who hold special offices, as well as setting performance targets related to the variable component of remuneration;
- Monitoring the implementation of the Remuneration Policy and verifying in particular that performance targets have been met;
- Periodically evaluating the adequacy and overall cohesion of the policy of remuneration for directors and top management.

### 1.1.1. Composition

The Committee comprises two Non-Executive and Independent directors (as defined in the TUF) who have adequate knowledge and experience in this area:

- Federica Ricceri
- Rossella Schiavini

### 1.1.2. Activities

During 2021 the Committee met 5 times. All members of the Committee attended all the meetings. The Group Chief HR, Safety & General Affairs Officer and the Group Chief Legal & Corporate Affairs Officer attended all the Committee meetings, the latter in the capacity of Secretary. The Board of Statutory Auditors was invited to attend the Committee meetings, and duly attended all of them.

During 2021 the Committee verified the proper application of the existing policy, expressing a favourable opinion on the Report on the Remuneration Policy and compensation paid in 2021 and, following periodic updates, on the proposed Remuneration Policy for 2022.

These activities also included an assessment – after a careful comparison against the market benchmark – of the proposed distribution of the total compensation authorised for the members of the Board of Directors and of the Board of Statutory Auditors, with a vote in favour. The Committee was also asked to give an opinion on the possibility of payment of the LTI 2018-2020 and to analyse the short-term (MBO) and medium long-term (LTI) incentive plans.

**January - March**

## Activities

- Opinion on the Report on the Remuneration Policy and compensation paid in 2021
- Evaluation of the remuneration for re-election of company officers
- Approval of liquidity: LTI 2018-2020

**April - June**

## Activities

- Analysis of MBO 2021 and LTI 2021-2023
- Analysis of division of the total remuneration for the Board of Directors
- Analysis of the rules of operation of the Remuneration Committee

**July - September**

## Activities

- Updating of plan for the new Remuneration Policy
- Quarterly approval of Remuneration Committee to the BoD
- Annual calendar of the Remuneration Committee

**October - December**

## Activities

- Updating of plan for the new Remuneration Policy
- Ratification of quarterly report to the BoD on the work done by the Committee in 3Q 2021
- Opinion on the Remuneration Policy for 2022

Figure 2 – Cycle of Activities of the Remuneration Committee

## 1.2 Intervention by independent experts and market benchmarking

In preparing the Remuneration Policy, Biesse also verifies its remuneration structure on the basis of market benchmarking studies, which are based on companies within its peer group:

- listing in the STAR segment;
- inclusion in the manufacturing and industrial sector with a high level of exports; comparable in terms of % margins and similar to the Biesse Group;
- headquartered in the centre or north of Italy (Marche, Emilia Romagna, Veneto, Lombardy; Piedmont) on the assumption that these types of company will have pay structures that are essentially the same.

The Company relied on the services of firms in the KPMG network to provide methodological and market benchmarking assistance in relation to Compensation and Executive Compensation.

## 1.3 Approval of the Remuneration Policy and principal changes

The 2022 Policy, described in this section of the Report, is essentially a continuation of the policy outlined and implemented during 2021, although it has been extended in order to provide greater transparency and compliance with the provisions of the recent Consob Deliberation No. 21623 of 10 December 2020 (implementing the provisions of the Shareholder Rights Directive II).

the annual and medium long-term incentive systems will still be regulated in the same way as for the 2021 Policy, and the exclusively monetary composition of the Group's remuneration offer will remain. This is intended to support the creation of medium-long-term value and to align the interests of Management with those of the shareholders, taking into account the interests of other stakeholders who are relevant for the Group.

In accordance with Article 123-ter paragraph 3-bis of the Finance Consolidation Act (TUF), the Board of Directors refers the Remuneration Policy to the vote of the Shareholders' Meeting at least once every three years after the date of approval, or where there have been changes to the Policy.

## 1.4. Derogations to the Remuneration Policy

In accordance with the provisions of Legislative Decree 49/2019, specific rules apply for temporary derogations from the Remuneration Policy, in cases where there are exceptional circumstances that require such derogations in order to pursue the long-term interests and sustainability of the Group as a whole or to assure its capacity to remain on the market, without affecting the provisions of paragraph 4.3.2 with reference to the long-term incentive plan (LTI 2021-2023).

Exceptional circumstances would be:

- extraordinary or unpredictable events occurring nationally or internationally which affect the Group or its industries and/or markets, and which may significantly impact its results;
- substantial changes to the way in which the Group organises its activities following extraordinary operations such as mergers, sales or purchases of companies or business units;
- unexpected events that require the replacement of a strategic role and the rapid negotiation of a pay package that is not fully aligned with the guidelines and principles of the Policy, in order to attract the professional profiles best suited to the fulfilment of objectives;
- the need to make payments other than those regulated in the policy (such as entry bonuses or retention bonuses) in order to attract or retain people with specific expertise or high-level professional ability.

In accordance with the reference legislation and in close connection with the specific circumstances, below is a list of the elements of the Remuneration Policy that may be varied:

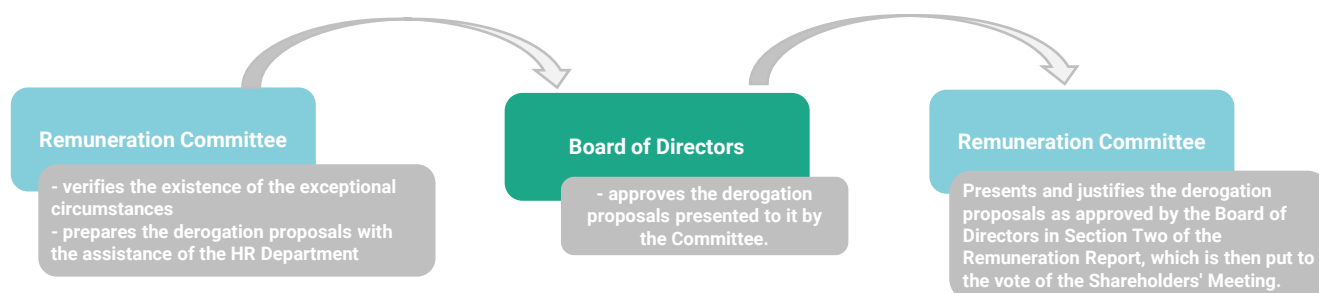
- a change in the ratio between fixed and variable remuneration;
- a variation in the performance targets and/or respective weightings and/or entry conditions for the incentive plans;
- the award of a one-off bonus;
- the award of special indemnities;
- the types of benefit granted.

The process involves the following steps:

The Remuneration Committee

- 1) verifies the existence of the exceptional circumstances;
- 2) prepares the derogation proposals with the assistance of the HR Department;
- 3) presents the derogation proposals for approval by the Board of Directors;
- 4) presents and justifies the derogation proposals as approved by the Board of Directors, in Section Two of the Remuneration Report which is then put to the vote of the Shareholders' Meeting in the financial year after the year in which the derogation was adopted.

The derogation will be adopted in conformity with the Related Party Transactions Procedure, as approved by the Company and in the version in force from time to time, and with Consob Regulation No. 17221 of 12 March 2010 (Related Party Transactions).



## 2. Purposes, principles and recipients of the Remuneration Policy

The Remuneration Policy proposed for 2022 is designed to attract and retain all the key roles who have the professional profiles needed to reach the set objectives, while at the same time guaranteeing a close link between the interests of Management and those of all the company's stakeholders. The Policy is inspired by the following principles:

### Shared objectives

A substantial part of Management's remuneration is aimed at attaining defined objectives over a multi-year period, so that the executive roles are focused on creating sustainable long-term value in line with the expectations of shareholders and of all stakeholders.

### The Company's attractiveness as an employer

The pay levels, which are partly set according to the market benchmarks for comparable roles, are set at a level that will attract and retain key roles within the organisation.

### Equality

Pay-related decisions are not influenced by differences in gender, age, ethnicity or cultural background. On the contrary, we support and value inclusivity by involving people in the Company's success, in the firm belief that this is the best way to motivate them fully.

In determining the Remuneration Policy for key personnel, the Company consistently takes into account the salaries and working conditions of all employees, in order to avoid any unjustified imbalances.

### Transparency

Our governance system is clear and efficient, and hinges on the principle of maximum transparency for all stakeholders, with regard to remuneration.

These principles underpin the new Performance Evaluation and Pay 4 Performance system, which the Biesse Group plans to introduce for Management as part of a new salary review process in line with the 2021-2023 strategic plan.

### 2.1 Recipients

The Remuneration Policy applies to members of the Board of Directors, to the other Key Management Personnel and to the members of the Biesse Group's Board of Statutory Auditors. As of the reporting date, in its decision of 12 May 2021 the Board of Directors had identified Key Management Personnel as the holders of the following roles, and also the Director General who also holds the position of Co-CEO.

- Group Chief Financial Officer
- Group Chief Product Strategy & Development Officer
- Group Chief Services Officer
- Group Chief Supply Chain Officer
- HSD Division General Manager

### 3. Connection to strategy

The Company's Remuneration Policy has been defined in order to align the variable component with the Company's strategy and to guarantee sustainable performance over the long term.

In application of the Pay 4 Performance principle, the pay packages of the recipients of the Policy are structured in such a way as to give significant weighting to the variable component (linked to the attainment of pre-set objectives) over the fixed component, while still providing a well-balanced pay mix.

Strategic pillars	Strategic actions	Short-term incentives	Medium-term incentives
Empower offering & go-to-market	<ul style="list-style-type: none"> <li>Strengthen product portfolio</li> <li>Accelerate services growth</li> <li>Focused commercial development</li> <li>Empower brand positioning</li> </ul>	<b>Growth Sales EBIT Investments</b>	<b>Growth Sales EBITDA Investments</b>
Ensure sustainable growth	<ul style="list-style-type: none"> <li>Integrated Global Supply Chain</li> <li>CSR Journey</li> <li>Inspire People</li> <li>Finance Evolution</li> </ul>		
Enhance digital manufacturing	<ul style="list-style-type: none"> <li>HSD &amp; Lighthouse plant</li> <li>Digital Evolution &amp; IIoT</li> </ul>		
Enable future development	<ul style="list-style-type: none"> <li>One Company model fully operational</li> <li>Explore additional growth opportunities</li> </ul>	<b>Completion One Company</b>	

**Figure 3** – Strategic Plan for 2021-2023 and remuneration policy

With reference to Article 123-ter, paragraph 3-bis of the TUF, the above model shows the link between the performance targets used in the short and long-term incentive systems and the fundamental guidelines of the 2021-2023 strategic plan, showing the clear and complete link between the Company's strategic plan and its incentive systems.

## 4. Information about the Company Remuneration Policy

In preparing this Policy, the Board of Directors took into consideration the principles and recommendations of Article 5 Recommendation 27 of the Code of Corporate Governance, which covers the remuneration of the executive directors and top management, in particular:

- A balancing of the fixed and variable components that is adequate and consistent with the Company's strategic objectives and risk management policy, taking into account the characteristics of the business activity and the industry, while determining that the variable component should represent a significant part of the overall remuneration;
- Capping of payments of variable components;
- The performance objectives underlying the payment of variable components are predetermined, measurable and also linked as to a significant part to a long-term time horizon. They are consistent with the Company's strategic objectives and are aimed at promoting the sustainable success of the business – they may include non-financial components where relevant;
- Contractual provisions that allow the Company to reclaim all or part of the variable remuneration paid (or to retain deferred sums) if those sums were determined on the basis of data that proved to be manifestly misstated, or in other circumstances identified by the Company;
- Clear, predetermined rules about the payment of indemnities for termination of a director's role, which place a cap on the total amount that can be paid by linking it to a certain sum or certain number of years' remuneration. This type of indemnity cannot be paid if the contract was terminated because the results achieved were objectively inadequate.

The remainder of this Report presents the main characteristics of the remuneration packages for the following roles:

- Chairman of the Board of Directors and Board members, including: Executive and Non-Executive Directors;
- Key Management Personnel;
- Members of the Board of Statutory Auditors.

## 4.1 Remuneration of the Management Board and of the Key Management Personnel

On 28 April 2021, the Shareholders' Meeting appointed the new Board of Directors for 2021-2023, and set the number of members at 7. At the same time, the Meeting authorised the remuneration of the Directors, setting a maximum of Euro 1,350,000.00 for each financial year during which the Board remains in office; the maximum sum is to be distributed among the directors pursuant to Article 2389 of the civil code, as detailed below.

The current distribution of the total emoluments will apply until approval of the financial statements to 31 December 2023. The Meeting called to re-elect the Board at that time will be asked to approve the compensation payable.

In addition to the payments detailed below, the directors and key management personnel will be entitled to the reimbursement of expenses incurred in the performance of their role.

### 4.1.1. Non-Executive Directors and Independent Directors

**Euro 25,000** to each of the non-executive and independent directors (as defined in the TUF):

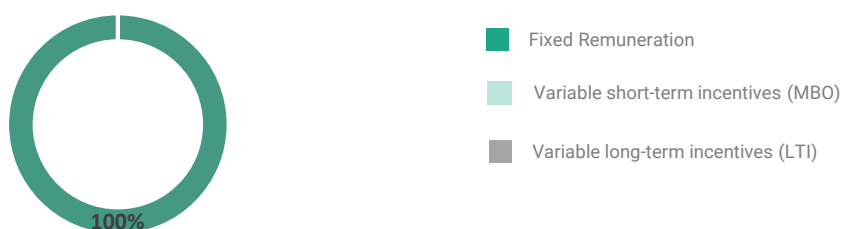
**Euro 8,333** Average compensation for each mandate of a Board Committee member

The compensation of the Non-Executive and Independent Directors as per the TUF is not linked to the attainment of performance targets. In accordance with the recommendations in Articles 5 and 29 of the Code of Corporate Governance, the fixed component is determined in a way that is consistent with the competencies, professionalism and commitment required in the duties allocated by the Board and the Board committees. The current procedure provides that directors are entitled to the reimbursement of the cost of food and accommodation if they are physically present at the Company's head office to carry out their duties.

### 4.1.2 Chairman of the Board of Directors

The remuneration of the Chairman of the Board of Directors amounts to Euro 100,000 and consists exclusively of the fixed component, paid in accordance with Article 2389 of the civil code.

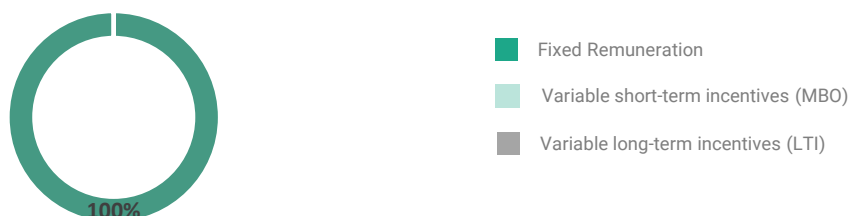
Pay mix Presidente CDA



### 4.1.3 CEO

The remuneration of the CEO amounts to Euro 1,000,000 and consists exclusively of the fixed component, paid in accordance with Article 2389 of the civil code.

Pay mix Amministratore Delegato



### 4.1.4 Co-CEO and Key Management Personnel

The remuneration of the Co-CEO and the KMP includes a fixed annual component and a variable component linked to the attainment of specific performance targets, which may also be non-financial.

The levels of fixed remuneration reflect various indicators such as: the complexity, responsibility and experience required by the role, and the benchmark pay market. The fixed component of a pay package is weighted in a way that is sufficient and congruent to guarantee adequate remuneration for the recipient, even if the variable component is not paid due to non-attainment of the related targets; this is in order to reduce excessively risk-oriented behaviours and to discourage actions that are only focused on short-term results.

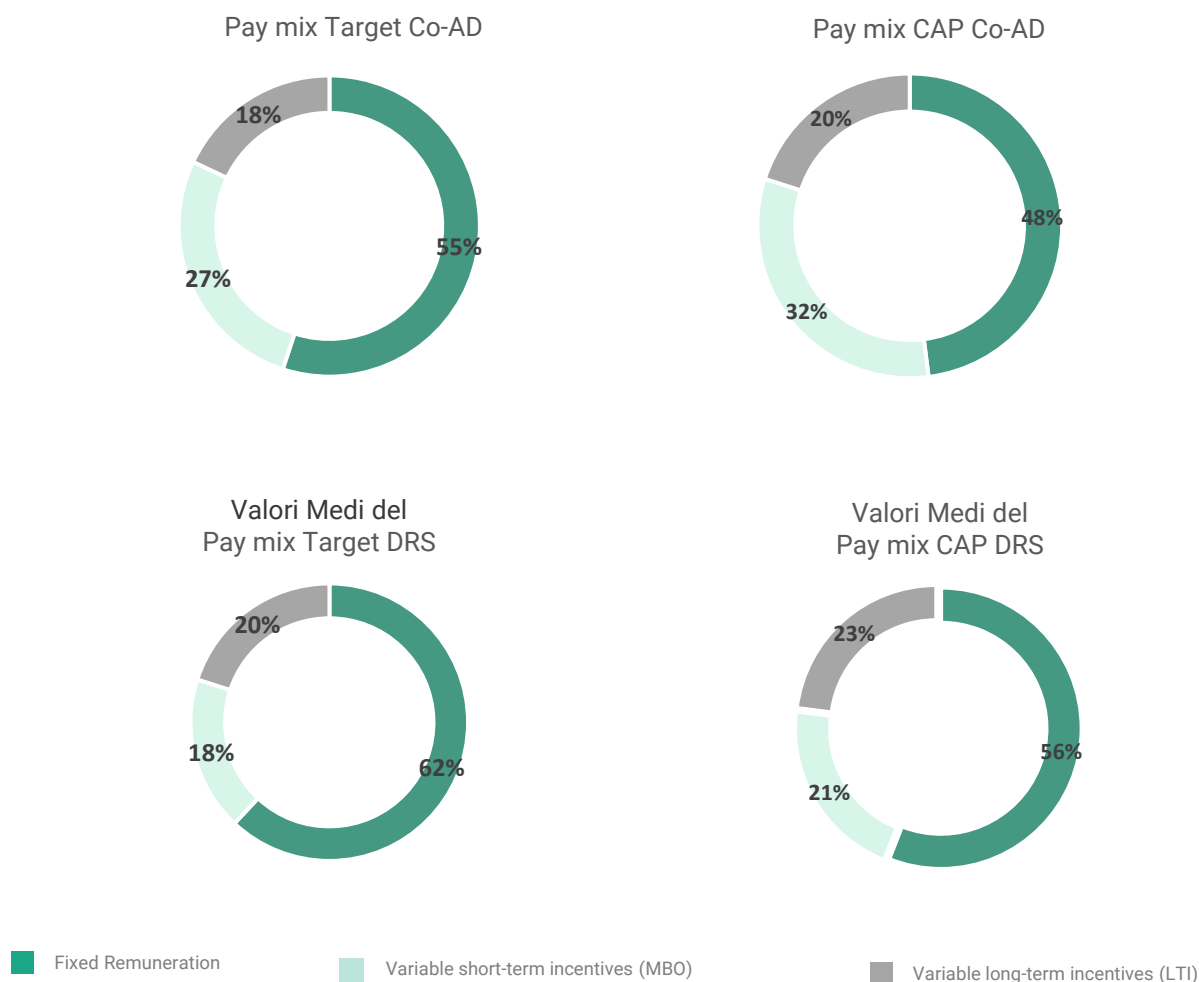
As to the variable component, the pay packages of the executive directors and KMP include a significant component that is linked to the attainment of pre-set performance targets, determined in line with the guidelines of the general Remuneration Policy prepared by the Board of Directors, with the exception of Executive Directors who have shares in the equity of the company of 5% or higher. In such cases, it is not considered necessary to include a variable component as there is no need to apply mechanisms to align the interests of these roles with those of the shareholders.

The pay package of the Co-CEO and of other Key Management Personnel is made up as follows:

- Gross annual component consisting of the gross annual salary plus emoluments where applicable (this refers to the holders of Board roles and thus the CEO and the Co-CEO);
- Non-competition agreement awarded to the Co-CEO and to some key personnel, depending on the strategic nature and importance of their roles;
- Variable short and medium-long-term component awarded to the Co-CEO and to key personnel;
- Benefits.

#### 4.1.5. Pay mix of Co-CEO and of Key Management Personnel

The pay mix of the Co-CEO and the Key Management Personnel is represented below. This applies where the performance targets and maximum limit are attained, based on the current remuneration system:



In consideration of the three-year duration of this Policy, the target pay mix and cap may vary during the period of validity, but the total weighting of the variable on-target component may not exceed 55% for the Co-CEO and 45% for the key personnel.

## 4.2 Remuneration of Statutory Auditors

The resolution passed by the Shareholders' Meeting of the Biesse Group, dated 28 April 2021, authorised the remuneration payable to the statutory auditors in the total gross sum of €154,000, distributed as follows:

Chair: Euro 66,000

Standing Auditors: Euro 44,000

plus the reimbursement of the cost of food and accommodation if they are physically present at the Company's head office to carry out their duties.

In accordance with Article 2402 of the civil code, this compensation, which is not linked to the company's financial results, consists exclusively of a fixed component that reflects the skills, professionalism and commitment of the Board members.

## 4.3 Variable remuneration

The variable component of the pay packages offered by the Biesse Group consists of two main elements:

- short-term incentive (MBO);
- long-term incentives (LTI 2021-2023).

These plans involve the quantification of pre-determined targets that are measurable, challenging and achievable, as well as quality targets connected to strategically important projects. The medium-long-term objectives must cover a time horizon that coincides at least with the Group's three-year plan. This is to incentivise the attainment of all the targets and also to further encourage the reaching of the targets set for each interim year.

In order to contribute to the attainment of targets defined in the annual plans and three-year plans, the variable component may involve the use of the following indicators: Business (turnover, backlog); Profitability (EBIT, EBITDA); Financial (DSO, DSI, cash flow); The containment of costs and investments (overheads, capex, opex), which may be assigned or balanced in different ways depending on the roles.

### 4.3.1 Short-term incentive (MBO Plan)

#### Objectives

The short-term variable incentive system (MBO Plan) is designed to align individual behaviours with the annual targets of the organisation, and to reward beneficiaries for results achieved in the short-term (1 year).

#### Characteristics

The MBO Plan is managed on the basis of a clear, transparent annual process of communication with all participants. Each participant is awarded the nominal value of the incentive, which is linked to the attainment of the performance targets set each year (at on-target level). The nominal values of the incentive are defined on the basis of the strategic importance of the role, with the objective of balancing out the fixed and variable remuneration components, which depend on the position held by the individual and their potential impact on the company's results.

The final calculation and award of the incentive will vary depending on the extent to which each of the allocated targets has been reached, up to the pre-set cap, above which no further amounts can be awarded. The incentive which can be paid for results falling between the target level and the cap is calculated by linear interpolation.

#### Reference Key Performance Indicators (KPI)

The annual MBO plan is based on a series of clearly-identifiable, measurable indicators that vary from year to year depending on the targets set in the budget, which are financial in nature and/or pertain to operational efficiency indicators which have different weightings and are independent. They are set for all members of Group Management, compatibly with their department and market.

For 2022, the following targets were set for the Co-CEO and the first level of management. The targets are weighted according to the functional responsibilities:

- **REVENUES**, this is an indicator that identifies the consolidated turnover of the Group from the sales of products and services (min. weighting 10% max 40%);
- **EBIT, (Earnings Before Interests and Taxes)**; this is a profit indicator that identifies the Group's operating results before financial charges and taxes are deducted (min. weighting 15%, max 40%);
- **OVERHEADS**, an indicator of all costs other than those of direct labour and the costs of buying materials and other direct costs of production (min. 10% max 30%);
- **DSI (Days, Sales in Inventory)**, a financial indicator of the Company's operational efficiency, which allows the calculation, in days, of the average time taken by the Company to convert its stock into sales (min. weighting 5% max 10%);
- **DSO (Days, Sales, Outstanding)**, a financial indicator of the Company's operational efficiency that highlights the number of days on average taken by the company to collect the amount outstanding from the sale (min. 5% max 10%);
- **CAPEX/REVENUES (Capital Expenditure)**, this indicates the average ratio between the costs incurred by the Company in capital investments or fixed assets, and the consolidated turnover (min. weighting 5% max 10%);
- **NIC/REVENUES**, indicates the average ratio between net invested capital and consolidated turnover (min. weighting 10% max 20%).

In addition to these indicators, part of the nominal value of the bonus is connected to the attainment of the objectives set in the context of the One Company Project (min. weighting 10%, max 15%) These objectives are intended to make the Group more flexible and reactive and able to respond promptly to stress conditions. They are also designed to simplify the internal processes in order to accelerate business decisions and position the customers' needs at the centre. For more information about the Project, see the three-year plan for 2021-2023, published on the Company's website.

## Entry thresholds and maximum limits

Entry threshold	Target	Maximum
<b>45%</b> <b>Compared to target</b>  <b>Payability</b> <b>30%</b>	<b>100%</b> <b>Compared to target</b>  <b>Payability</b> <b>100%</b>	<b>155%</b> <b>Compared to target.</b>  <b>Payability</b> <b>130% (Cap)</b>

### Connection between performance and incentive

All the targets are measured on the basis of a level of minimum attainment (entry threshold), target and maximum limit:

- If the minimum level of 45% of target value is not reached, the share of the bonus linked to the objective will be zero;
- if the objective attainment is between the minimum level of 45% and the target value, the bonus will be calculated by linear interpolation;
- if the objective is reached at a value between the target level and the cap, the bonus will be calculated by linear interpolation;
- finally, if the maximum level is exceeded, the bonus will in any case be equal to the cap.

The annual bonus is paid on a pro-quota basis, depending on the months of effective service with the Group during the performance period: a minimum of nine months of service is required for entitlement to the appropriate amount of bonus for the reference year.

The incentive is paid in the year following the year of accrual, based on performance and generally in April, following approval of the draft consolidated financial statements for that year, by the Board of Directors.

## 4.3.2 Long-term incentives (LTI Plan)

The LTI 2021-2023 is a pillar of the Remuneration Policy, and is also a fundamental element in the long-term engagement of the Group's key personnel.

### Objectives

The objectives of the LTI Plan are:

- to motivate the participants to achieve long-term results geared towards creating sustainable value over time;
- to align the interests of Management with those of the shareholders, taking into account the interests of the other stakeholders with relevance for the Group;
- to retain the loyalty of the Group's Top Management, by introducing forms of remuneration designed to enhance the Group's retention capability;
- to improve the Group's competitiveness in the labour market, in order to attract the best talent.

### Characteristics

The LTI Plan has a three-year vesting period (2021-2023). It was approved by the Shareholders' Meeting on 12 May 2021. The LTI Plan is exclusively monetary in its composition. It involves the payment of cash bonuses depending on the terms, conditions and targets set in the regulations, of which the recipients are informed through a clear, transparent communication process.

The participants are identified at the discretion of the Board of Directors, with exclusive regard to the pursuit of the Group's interests and taking into account the strategic relevance and potential of the role and any other useful elements. The incentive system is aimed at the Key Personnel, the other frontline managers reporting to the Co-CEO and to roles selected by the Board from within the four business areas.

The nominal value of each beneficiary's participation is expressed as a percentage of their gross annual salary, which will vary depending on the importance of their role.

The bonus they can receive is subject to the attainment of economic and financial targets expressed as percentage points, and for which there is an entry threshold (below which there is no right to receive the bonus), a target and a cap. The final calculation and award of the incentive will vary depending on the extent to which each of the allocated targets has been reached, up to the pre-set cap, above which no further amounts can be awarded.

The Shareholders' Meeting or the Board of Directors may renew the Plan or extend its duration for subsequent periods of three years, by making any amendments or changes necessary to adapt the Plan to the laws in force from time to time, or to the changing needs of the Group.

### Reference Key Performance Indicators (KPI)

The LTI Plan is based on three clearly identifiable, measurable indicators, which are given different percentage weightings:

- **EBITDA (Earnings Before Interests Taxes Depreciation and Amortisation):** this KPI is a profit indicator that highlights the Group's income based only on its operations without considering interest from financial management, taxes (fiscal management), depreciation of assets and amortisation. This objective, which has a weighting of 50%, is measured through the average percentage of the Group's consolidated EBITDA in the three-year period;
- **SALES**, is a financial indicator that measures the amount of revenues posted during the accounting year, from the sale of goods or services. This KPI, which has a weighting of 25%, considers the Group's consolidated average sales in the three-year period;
- **NIC/SALES**, indicates the average ratio between the net invested capital and consolidated sales in the three-year period. This KPI is given a weighting of 25%.

**Structure of the entry thresholds and caps**

	Cumulative EBITDA 2021-2022-2023 (Weighting 50%)		SALES 2021-2022-2023 (Weighting 25%)		NIC/SALES 2021-2022-2023 (Weighting 25%)	
	Result	Award of bonus	Result	Award of bonus	Result	Award of bonus
Threshold	<60%	0	<60%	0	<60%	0
Target	$\geq 60\% \leq 85\%$	30% up to 55%	$\geq 60\% \leq 85\%$	30% up to 55%	$\geq 60\% \leq 85\%$	30% up to 55%
Cap	$\geq 85\% \leq 125\%$	85% up to 125%	$\geq 85\% \leq 125\%$	85% up to 125%	$\geq 85\% \leq 125\%$	85% up to 125%

**Connection between performance and incentive**

Each of these objectives has an entry threshold, a target and a cap, on the basis of which the attainment of results will be measured.

- If the entry threshold – equal to 60% of the attainment of objectives – is not met, the monetary bonus will not be paid for the individual KPI tied to that result;
- if the objective is met within the target range, 30% of the bonus will be paid, plus one point, up to a maximum of 25 percentage points;
- if the objective is met within the target range of the cap, 85% of the bonus will be paid, plus one point, up to a maximum of 40 percentage points;
- finally, if the cap of 125 percentage points is exceeded, the score reached will in any case be equal to the maximum value, as no score above the cap will be recognised.

The performance conditions operate independently from each other, and beneficiaries have the right to receive the corresponding share of the bonus that may accrue in relation to each objective.

The right to payment of the final bonus is subject to the contract of employment being in force on the date on which the entitlement accrues, and also on the date of payout. It must also relate to the same role or position held on the date on which the proposal was accepted.

Without these conditions, the Board of Directors will not quantify the final bonus due to the beneficiary, who will no longer be considered such.

The payout date is the same as the date on which the beneficiaries are paid their salary for the second month after the month in which the Board of Directors/Shareholders' Meeting approved the consolidated financial statements for the last year of the vesting period.

A quota of 50% of the bonus may be paid in advance up to one year before the payout date, provided that all the payment criteria have been met in full. These criteria will be calculated on the first two years of the reference three-year period, subject to any malus/clawback provisions.

## Changes to the Regulations

Paragraph 11.2 of the Regulations of the “Long-Term Incentive Plan 2021-2023” provides that in the case of: (i) extraordinary transactions in the Company’s share capital which are not expressly governed by the Regulations, such as mergers, spin-offs, reductions of share capital including those due to losses, paid, free or cash increases in the Company’s capital offered with or without option rights to shareholders, possibly also through contributions in kind; (ii) events of an extraordinary and/or non-recurring nature and/or not attributable to the core business (such as acquisitions and/or disposals of shareholdings and/or business units) which are considered to be particularly significant or lead to a significant change in the perimeter of the Company and/or the Group; (iii) significant changes in the macroeconomic and/or competitive scenario, extraordinary events with a significant impact beyond Management’s control; (iv) changes in laws or regulations; (v) other events likely to affect the Plan; the Board of Directors, after consulting the Remuneration Committee, will independently make any amendments and additions to the Regulations that are deemed necessary or appropriate in order to adapt to the new situation, while keeping the material and financial content of the Plan the same, as far as possible, and within the limits allowed by the legislation in force from time to time.

In these cases, the Board of Directors may among other things amend, supplement or reduce: (i) the amount of the Bonus; (ii) the objectives and/or any other terms and conditions of vesting of the Bonus provided for under the Plan.

For more information on the Long-Term Incentive Plan 2021-2023 please refer to the Regulations available at [www.biesse.com](http://www.biesse.com).

## 4.4 Benefits

In addition to the fixed and variable components referred to above, the recipients of the Policy are entitled to the benefits listed in the table below.

These benefits will be adapted to the local context, taking into account the characteristics of the market and the reference regulations.

Benefits	Chairman	Chief Executive Officer	Co-Chief Executive Officer	Non-Executive and Independent Directors	Key Management Personnel	Board of Statutory Auditors
Mixed-use company cars	✓	✓	✓		✓	
Accidents policy	✓	✓				
Healthcare policy	✓	✓				
D&O policy	✓	✓	✓	✓	✓	✓
Supplementary pension			✓		✓	
Supplementary healthcare			✓		✓	
Forms of insurance cover			✓		✓	
Free use of accommodation			✓		✓	

## 4.5 Other components

### 4.5.1 Non-competition agreements

The Biesse Group may enter into non-competition agreements with its Directors, Key Management Personnel, other executives of the Company or other employees with specific skills or expertise.

The agreement imposes an obligation to refrain from any activity that competes with Biesse for a certain period of time, in a designated geographical area, after termination of the contract of employment. This restriction relates to the Group's industry. The territorial scope may vary depending on the role held by the beneficiary. The role holder receives a cash recompense for this obligation and the amount will depend on the extent of the non-competition obligation, the territorial scope, and the duration.

### 4.5.2 Severance or termination indemnity

The termination agreement for the role of Co-Chief Executive Officer provides for an indemnity equal to the months of fixed remuneration between the date of termination and the end date of the mandate, calculated on the total fixed compensation (compensation for the role, remuneration for the executive relationship and compensation for the non-competition agreement). It is paid in the case of (i) revocation of the position and/or dismissal without good cause; (ii) resignation from the position and/or dismissal from the role of director with good cause. This indemnity will not be due in the case of (i) resignation from the position and/or dismissal from the executive relationship with good cause; (ii) revocation of the role, or dismissal from the executive relationship with good cause; (iii) physical or mental incapacity due to illness or accident, certified by a doctor appointed by the Company, if the illness results in absence from the role or from the executive relationship for a continuous period of 6 (six) months, or a series of shorter absences that collectively amount to 180 (one hundred and eighty) days during a 12-month period.

If the role is not renewed, the agreement provides for an indemnity equal to 12 months' salary, calculated on the total fixed compensation, in the case of (i) revocation of the role and/or dismissal from the executive relationship without good cause; (ii) resignation from the position and/or dismissal from the executive role, with good cause.

There are no agreements between the Company and any of the Key Management Personnel that provide for early-termination indemnities other than those provided for by law or in the applicable collective labour agreement.

The recipients of the Policy are not party to any agreement that provides for non-monetary benefits for outgoing post-holders, nor are there any post-termination consulting agreements.

### 4.5.3 Malus/clawback policy

In accordance with Art. 5 Recommendation 31 of the Corporate Governance Code, contractual mechanisms are in place that allow the Company to claim back all or part of any variable components already paid – also by means of a set-off against other claims – if those components were determined on the basis of data subsequently found to be inaccurate or caused by fraud or gross negligence on the part of the recipients. Likewise, no remuneration will be paid to individuals who have behaved in breach of company, contractual or legal regulations, or in the event of wilful or grossly negligent conduct to the detriment of the Company.

