

# Regulations on the functioning of the Board of Directors of Biesse S.p.A.

Approved by the Board of  
Directors of Biesse S.p.A. in the  
meeting of 15 March 2021 and  
subsequent updates

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## Art. 1 – Scope of application

1.1 These Regulations govern the organisation and functioning of the Board of Directors (hereinafter also the "Board") of Biesse S.p.A. (hereinafter "Biesse" or the "Company") in compliance with the applicable laws, regulations and Articles of Association, also taking into account the provisions of the Corporate Governance Code for listed companies issued by Borsa Italiana S.p.A. (hereinafter also the "Code").

## Art. 2 – Composition of the Board of Directors

2.1 The Company is managed by a Board of Directors consisting of 2 (two) to 15 (fifteen) members, who may or may not be Shareholders, whose term of office is three financial years and expires on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their office. The members of the Board of Directors must meet the requirements of integrity and professionalism laid down by the law and regulations in force at the time. Furthermore, the composition of the Board of Directors must ensure a balance between genders, so that the less represented gender has a number of members equal to that provided for by the laws and regulations in force at the time.

2.2 The Board of Directors may appoint a Lead Independent Director in accordance with the provisions of the Corporate Governance Code.

2.3 If appointed, the Lead Independent Director:

- i. is a point of reference and coordination for the requests and contributions of the non-executive Directors and, in particular, of the independent Directors;
- ii. coordinates meetings of independent Directors only.

## Art. 3 – Powers of the Board of Directors

3.1 Pursuant to Art. 16 of the Articles of Association, the Board of Directors has the widest powers for the ordinary and extraordinary management of the Company, without limitation, with the power to carry out all acts necessary or appropriate for the implementation of the corporate purpose, excluding only those that are strictly reserved to the Shareholders' Meeting by law or by the Articles of Association.

3.2 In particular, the Board of Directors, in line with the first principle of the Corporate Governance Code, guides the Company by pursuing its sustainable success and, in application of the recommendations set out in Art. 1 of the same Code:

- a) examines and approves the business plan of the Company and of the group it heads, including on the basis of the analysis of the issues relevant to the generation of long-term value carried out with the possible support of a committee whose composition and functions are determined by the Board of Directors;

- b) (b) periodically monitors the implementation of the business plan and assesses general operations, periodically comparing the results achieved with those planned;
- c) defines the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all factors that may be relevant to the sustainable success of the Company;
- d) defines the corporate governance system of the Company and the structure of the group it heads and assesses 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;
- e) decides on transactions of the Company and its subsidiaries that have significant strategic, economic, capital or financial importance for the Company; to this end, it establishes general criteria for identifying significant transactions;
- f) to ensure the proper management of corporate information, adopts, upon proposal of the Chairman in agreement with the Chief Executive Officer, a procedure for the internal management and external disclosure of documents and information concerning the Company, with particular reference to inside information.

3.3 The following matters are also assigned to the Board by the Articles of Association:

- a) mergers and demergers of companies in the cases and according to the procedures established by law;
- b) updates of the Articles of Association in line with regulatory provisions.

3.4 The Board may also, inter alia:

- a) make purchases and disposals of movable and immovable property;
- b) undertake obligations, including bills of exchange and mortgage loans;
- c) constitute, subrogate, subordinate and defer, cancel and renounce mortgages and loans of any kind;
- d) approve any commercial contract;
- e) appoint and dismiss Directors and attorneys-in-fact.

Pursuant to Art. 18-bis of the Articles of Association, the Board appoints and revokes a manager responsible for preparing the Company's financial reports, after consulting the Board of Statutory Auditors;

3.5 Finally, in compliance with the provisions of Recommendation 22 of the Code, the Board of Directors makes an annual assessment of the size, composition and functioning of the Board itself and its Committees.

From time to time, the Chairman shall assess whether it would be appropriate for the Company to be assisted by an independent external

consultancy firm in carrying out this activity.

## **Art. 4 – Presidente del Consiglio di Amministrazione**

4.1 Pursuant to Art. 2381 of the Italian Civil Code and Art. 16 of the Articles of Association, the Chairman convenes and chairs the Board of Directors, sets the agenda, coordinates its work and ensures that adequate information on the items on the agenda is provided to all Directors in the manner set out in Art. 7 below. The Chairman also monitors the implementation of Board resolutions.

## **Art. 5 – Secretary of the Board of Directors**

5.1 On the proposal of the Chairman, the Board appoints a Secretary, including from among individuals not belonging to the Company, who possess adequate requirements of professionalism, experience and independence of judgement. 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. He distributes the documents, draws up the minutes of each meeting, signs them together with the Chairman and, once confirmed, releases them. He keeps and maintains the minutes, annexes and company books.

## **Art. 6 – Functioning of the Board of Directors**

6.1 The Board of Directors normally meets quarterly, convened by the Chairman or their deputy, on the basis of a calendar defined by the end of each financial year or, in any event, by January of each year, as well as whenever the need arises. The Board of Directors must also be convened when requested in writing by at least two-thirds of the members to resolve or to be informed on a specific management matter, considered by them to be of particular importance or urgency, to be indicated in the request. Pursuant to Art. 16 of the Articles of Association, a member of the Board of Statutory Auditors may also call a meeting of the Board, after notifying the Chairman.

6.2 Meetings shall be called by notice to be sent by any suitable means, at least 5 (five) days before the date set for the meeting, to the address, including email, indicated by each member, except in cases of urgency for which the notice period is reduced to 1 (one) day. The members of the Board of Statutory Auditors shall be notified of convocations in the same manner.

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

6.4 Meetings of the Board of Directors may be attended remotely by means of suitable telecommunications systems, provided that all participants can be identified and that such identification is recorded in the relevant minutes and that they are able to follow the discussion and intervene in real time in

the discussion of the items on the agenda, exchanging documentation where appropriate; the meeting shall be deemed to have been held at the place where the person chairing it and the secretary are located, who shall ensure, as in all other cases, that the relevant minutes are drawn up and signed, acknowledging the physical presence or remote participation of the participants. This is without prejudice to different ways of conducting remote meetings in line with those allowed for Board meetings.

6.5 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 matter, 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 and are in any event bound by the confidentiality obligations laid down for Board meetings.

6.6 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. Part of the minutes relating to the resolutions adopted that require immediate execution may be certified and extracted by the Chairman and Secretary of the Board of Directors, even before completion of the verification process of the entire minutes, which shall also include any actions.

6.7 Pursuant to Art. 16 of the Articles of Association, resolutions of the Board of Directors are passed with the favourable vote of the majority of those present at the meeting. In the event of a tie, the vote of the person chairing the Board prevails.

6.8 The items to be discussed are indicated on the agenda of the Board meeting; the proposals for resolutions shall be made available to the Directors in the manner and within the time limits specified in Art. 7 below.

6.9 The order of discussion of the items on the agenda shall be established by the Chairman of the meeting, who may vary the order from that indicated in the notice of call.

6.10 The Chairman, also through the Secretary, may request the audio recording of Board meetings, to facilitate the taking of minutes, with subsequent destruction of the recording once the minutes have been transcribed in the relevant company book.

## **Art. 7 – Pre-Board meeting information**

7.1 Supporting documentation for Board meetings is brought to the attention of each Director and Statutory Auditor by means of a document sharing information system capable of ensuring the confidentiality of the information on the same date as the meeting is called, where possible, and in any event no later than three days prior to 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 purposes of 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.

7.2 The supporting documentation shall be prepared by the competent corporate function, on the basis of 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 as set out in Art. 11.3 below.

7.3. 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.

## **Art. 8 – Authorised bodies**

8.1 The Board may delegate part of its powers to the Chief Executive Officer and/or members of the Executive Committee.

8.2 The Board of Directors, also through its Chairman or Chief Executive Officer(s), shall promptly report to the Board of Statutory Auditors, at least on a quarterly basis and in any event on the occasion of the meetings of the Board itself, on the activities carried out, on general operations and their foreseeable outlook, as well as on the most significant economic, financial and asset transactions, or in any event the most significant based on size or characteristics, carried out by the Company and its subsidiaries; in particular, they report on transactions in which they have an interest, on their own account or on behalf of third parties, or which are influenced by the person exercising management and coordination activities, if any.

## **Art. 9 – Independent Directors**

9.1 The Board of Directors shall annually assess the independence of its non-executive members on the basis of the information provided by them and, to this end, it shall define, after consulting the Board of Statutory Auditors, the contents and methods by which the Directors provide such information, in line with the Code's Recommendations.

9.2 The Board of Directors shall evaluate the independence of its non-executive members having regard to substance as well as form and bearing in mind that the circumstances that compromise, or appear to compromise, the independence of a Director are as follows, to be considered as non-exhaustive:

- a) if they are a significant shareholder of the Company;
- b) if they are, or have been in one of the preceding three financial years,

an executive director or employee:

- of the Company, a strategic company or a company under common control;
  - of a significant shareholder of the Company;
- c) if, directly or indirectly (e.g. through subsidiaries or companies of which they are an executive director, or as partner in a professional firm or consulting company), they have, or have had in any of the preceding three financial years:
- a. with the Company or its subsidiaries, or its executive directors or top management;
  - b. with a party who, also together with others through a shareholders' agreement, controls the Company; or with the relevant executive directors or top management, if the parent company is a company or entity;
- d) a significant commercial, financial or professional relationship as defined in paragraph 9.3 below;
- e) if they receive, or have received in one of the previous three financial years, from the Company, one of its subsidiaries or the parent company, significant remuneration in addition to the fixed remuneration for the office and to that provided for participation in the committees recommended by the Corporate Governance Code or provided for by the regulations in force. For the definition of significant additional remuneration, see paragraph 9.4 below;
- f) 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;
- g) if they hold the office of executive director in another company in which an executive director of the Company holds the office of director;
- h) 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;
- i) if they are a close member of the family (meaning parents, children, spouse not legally separated and life partners) of a person in one of the situations referred to above.

9.3 The Board 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 have an effect on 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;

9.4 The Board of Directors believes that significant additional remuneration with respect to 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 in excess of Euro 150,000 per annum, without prejudice, however, to the discretion of the Board of Directors in assessing the specific situation, taking into account 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.

9.5 The Independent Directors shall meet at least once a year in the absence of the other Directors. Meetings are convened on the initiative of the Independent Directors themselves, who shall decide on the manner in which minutes are to be taken on each occasion.

## **Art. 10 – Establishment and functioning of internal committees of the Board of Directors**

10.1 The Board of Directors shall set up Committees, also in compliance with the Principles and Recommendations established by the Corporate Governance Code, with proposing and advisory functions. When carrying out investigative activities on behalf of the Board of Directors, the Internal Committees may make use of external consultants, under the terms established by the Board of Directors, which shall provide each Committee with adequate financial resources to carry out its tasks, within the limits of the budget approved by the Board itself. Annually, as part of the reporting by the Committees, the Board of Directors is informed of the expenses incurred by each Committee in carrying out its activities.

10.2 In the composition of the Committees, the Board of Directors shall take into account the independence requirements and professionalism characteristics of the Directors, so that each Committee is made up of members whose competence and professionalism are adequate for and appropriate to the tasks assigned to the Committee of which they are members.

10.3 The powers and functions of the Committees are determined by specific Regulations adopted by resolution of the Board of Directors.

## **Art. 11 – Duties of the Board Directors**

11.1 All Directors must act and resolve with full knowledge of the facts, autonomy and independence, taking care of the Company's interests and the creation of stable value over time for the generality of shareholders.

11.2 Any member of the Board of Directors who, on their own behalf or on

behalf of third parties, has an interest in a certain transaction of the Company shall promptly and fully inform the other Directors and the Board of Statutory Auditors about the nature, terms, origin and extent of their interest and abstain from the relevant resolution. In the case of the Chief Executive Officer, they must refrain from carrying out the transaction and refer it to the Board.

11.3 The members of the Board of Directors are bound to confidentiality with regard to the news, information and data acquired in the performance of their duties, even after their term of office has expired, without prejudice to the obligations imposed by the law, judicial and/or supervisory authorities. The members of the Board of Directors shall refrain from seeking and using confidential information for purposes inconsistent with their duties and shall comply with the Company's Rules for the handling of inside information in force from time to time.

11.4 Without prejudice to the causes of ineligibility and disqualification, as well as the limits on the number of offices held provided for by legal and regulatory provisions, acceptance of the office entails a prior assessment of the possibility of being able to devote the necessary time to the diligent performance of the duties of Director, also taking into account the commitment connected with one's own work and professional activities, the number of offices of Director or Statutory Auditor held in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large companies, paying particular attention to those offices that require a greater involvement in ordinary business activities.

The Board, on the basis of the information received from the Directors, notes annually and discloses in the Corporate Governance Report the positions of Director or Statutory Auditor held by the Directors in the aforementioned companies.

## **Art. 12 – Self-assessment process**

12.1 At least every three years, and in any event in view of the renewal of the Board of Directors, the Board of Directors shall carry out an assessment of the size, composition and actual functioning of the Board and its Committees, also considering the role it has played in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

12.2 The Chairman, with the assistance of the Secretary, shall ensure the adequacy and transparency of the Board's self-assessment process.

12.3 The Board identifies the Chairman, assisted by the Secretary and the Legal and Corporate Affairs Office, as the internal person in charge of the preliminary function of the self-assessment process.

12.4 The Board expresses its assessment of both the Board and the Committees:

- a. by comparing certain factors relating to size, composition and operation with those of other listed companies;

- b. by analysing the results of the questionnaire addressed to each member of the Board and the Committees.

## **Art. 13– Board Induction**

13.1 The Chairman encourages the participation of Directors and Statutory Auditors, in the most appropriate ways, in initiatives aimed at providing them with an adequate knowledge of the business sector in which the Company operates, of corporate trends and their outlook, of the principles of proper risk management, as well as of the reference regulatory and self-regulatory framework.

## **Art. 14 - Final provisions**

14.1 The Board of Directors shall periodically check the adequacy of these Regulations, the updates of which must be approved by the Board of Directors, with the exception of those consisting of the implementation of changes in the law, regulations or Articles of Association, for which permanent delegation of authority is granted to the Chairman, who shall report to the Board at the earliest opportunity.

It is understood that, unless otherwise provided for in these Regulations, the provisions of the Articles of Association relating to the functioning of the Board of Directors shall apply.

