

BIESSE GROUP

General Remuneration Policy

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BIESSE GROUP GENERAL REMUNERATION POLICY

1. INTRODUCTION

This General Remuneration Policy of Biesse S.p.A. ("**Biesse**", or the "**Company**") and its subsidiaries (collectively the "**Group**") – hereinafter referred to as the "**Policy**" – was drafted pursuant to article 123-ter of Italian Legislative Decree No. 58/1998 ("**Consolidated Law on Finance**") and article 6 of the Corporate Governance Code for listed companies as amended in July 2018 ("**Corporate Governance Code**"), also taking account of the provisions of the Recommendations of the European Commission No. 2004/913/EC, 2005/162/EC and 2009/385/EC. The Policy was approved by the Board of Directors of the Company on 11 November 2011, amended and supplemented by the Board of Directors of the Company on 12 March 2015 and subsequently amended by the Board of Directors of the Company on 13 March 2020 to bring it into line with the new applicable laws and regulations. In all the above cases, the approvals were made at the proposal of the Biesse Remuneration Committee.¹

2. OBJECTIVES AND KEY PERSONS

This Policy sets out guidelines and principles for the determination of the remuneration of the main management figures of Biesse and the Group aimed at attracting, retaining and motivating people who possess the professional skills required to successfully manage the Company and Group and to ensure that the interests of key personnel are in line with the pursuit of the priority objective of sustainability and creating sustainable value for shareholders in the medium-long term. The Policy helps to ensure full involvement of Top Management and promotes its stability, except for normal turnover.

Specifically, the Policy outlines the criteria and procedures to be followed to determine the remuneration of the following key persons (collectively, the "**Key Persons**"):

- (a) Biesse directors and, within the Board of Directors of the Company, executive², non-executive³ and independent⁴ directors;
- (b) Group key management personnel ("**Key Management**"), i.e., executives as identified by the Board of Directors of the Company who have the power or responsibility for planning and monitoring activities of the Group or the power to make decisions which may affect the trends and outlook thereof.⁵

3. GUIDELINES

3.1 Principles

In order to achieve the objectives referred to in paragraph 2 above, the Company believes that, in the light of the size and organisation of the Group and the nature of the market in which it operates, the following principles should be applied in determining the remuneration of Key Persons:

¹ It should be noted that at the time of the original drafting of the Policy the Corporate Governance Code in force at the time, i.e., the text approved in March 2010, was taken into consideration.

² This term is used to refer to the executive directors pursuant to Paragraph 2.C.1 of the Corporate Governance Code.

³ This term is used to refer to directors other than executive directors.

⁴ This term is used to refer to directors who meet the requirements referred to in article 147-ter of the TUF and Paragraph 3 of the Corporate Governance Code.

⁵ Definition contained in Annex 1 to the Consob Regulation on related party transactions No. 17221 of 12 March 2010.

3.1.1 The remuneration of executive directors and Key Managers must include a fixed annual component and a variable component linked to the achievement of specific financial and non-financial performance targets. It should be noted that:

- (a) for executive directors vested with particular roles within the Board of Directors of Biesse⁶, the gross fixed component does not exceed 55% of total remuneration ("**Total Remuneration**") to which they are entitled. It is considered as the sum of the following remuneration items:
 - (i) gross annual fixed component of remuneration; and
 - (ii) the variable component that this executive director would receive if s/he reached the maximum performance targets, possibly annualised in the case of medium/long-term variable components, and, in the case of variable components paid in shares or options, by determining the relative value in money based on the price corresponding to the average official price of Biesse shares in the month prior to the date of calculation;
- (b) for other executive directors and Key Management, in the light of their lesser decision-making autonomy, it is considered appropriate to provide for a gross fixed component of no less than 60% and no more than 75% of Total Remuneration depending on the roles covered within the scope of the corporate organisation;
- (c) the variable component of remuneration corresponds, as a whole and on an annualised basis, to a percentage of the gross fixed component gross ranging between a minimum of 30% and a maximum of 150%; it should be noted that the variable component also takes into account the criteria relating to corporate social responsibility, as possibly identified in the so-called sustainability report prepared pursuant to Italian Legislative Decree 254/2016;
- (d) the quantitative objectives laid down for the variable component of remuneration are predetermined, measurable, challenging and achievable;
- (e) for Key Persons with a lesser degree of decision-making autonomy, qualitative objectives are also set in order to be able to measure the behaviour of these persons within the organisation; specifically, these include criteria for assessing performance in terms of leadership;
- (f) short-term objectives have been set in order to encourage the attainment of the results set out by annual planning, as well as medium/long-term objectives in order to facilitate the alignment of the interests of the Key Persons with those of shareholders, it being understood that - on an annualised basis - a portion of no less than 40% (for executive directors vested with particular roles) and 15% (for other executive directors and Key Management) of the variable component of remuneration should be paid depending on the achievement of the latter objectives;
- (g) the medium/long-term objectives span a time horizon that coincides with that of the Group business plan and take into consideration the aggregates and/or average values of the results of the individual periods composing it, in order both to favour the overall achievement of the objectives provided for therein and to further encourage the achievement of the objectives planned for each intermediate period;
- (h) a portion equal to at least 45% of the variable component receivable following the achievement of the medium/long-term objectives can be paid through the assignment of

⁶Directors who are vested solely with specific assignments are not included among the directors with particular roles.

shares or options (also virtual) within the framework of share-based incentive plans, with an accrual or vesting period of at least three years;

- (i) the payment of the portion of the variable component linked to the achievement of the medium/long-term objectives is deferred with respect to the moment in which requisite conditions for its payment are met, considering however that the principles for the determination of this portion herein provided for already involve the deferred payment of the variable component with respect to the periods in which it becomes due and the need to align the time of pay-out with the duration of the terms in office of the directors. It is possible to provide for mechanisms to pay in advance a part of the variable component linked to the achievement of the medium/long-term objectives (to be deducted from payments due at the expiry of the incentive plan), also in order to meet particular needs related to the expiry of the mandates of directors and/or to the recruitment of new resources;
- (l) the variable part of the remuneration linked to the achievement of the medium/long-term objectives is to be paid only if at the date of payment, the corporate or employment relationship of the Key Persons is still in force, except for specific exceptions in the case of consensual termination of said relationships;
- (m) the remuneration of executive directors who have shareholdings in the capital of the Company equal to or greater than 5% or are close relatives⁷ of shareholders with shareholdings exceeding this threshold does not provide for a variable or share-based component considering that in these circumstances there is no need to apply mechanisms to align the interests of these persons with those of the shareholders;
- (n) contractual mechanisms must be provided to allow the Company to request, in whole or in part, the reclaim of the variable components of remuneration paid (or to retain deferred sums) determined on the basis of data, which proved to be manifestly misstated;

3.1.2 The remuneration of non-executive directors and independent directors should not be linked to the achievement of qualitative or quantitative objectives and must be appropriate to the position and role within the Board and Committees provided for in the Corporate Governance Code;

3.1.3 Except as provided for by law and by national collective labour agreements, any allowances for early termination of the directorship or its non-renewal, or any allowances due to Key Management in the case of termination of employment relationships should not exceed a predetermined number of years of gross fixed component of remuneration equal to 1.5;

3.1.4 Any amounts due non-competition agreements must not exceed an amount equal to 40% of Total Remuneration;

3.1.5 The overall remuneration of Key Persons may include the refund of documented out-of-pocket expenses and fringe benefits, such as the use of cars, homes and business phones, can be assigned as determined by corporate policy. The Key Persons may also be included among the beneficiaries of civil liability policies of directors and executives with strategic responsibilities and medical insurance policies whose charges are borne by the Company;

3.1.6 Absolutely discretionary bonuses cannot be awarded, subject however to the possibility of granting these figures one-time bonuses in exceptional cases in relation to specific extraordinary operations of particular strategic or operational relevance or in the event that Biesse or the Group reach economic or financial objectives that the Company deems to be particularly significant,

⁷ Close relatives of an individual are those family members who may be expected to influence, or be influenced by, that individual. They may include: (a) a spouse not legally separated or unmarried partner; (b) children and dependents of the person, of the spouse who is not legally separated or of the unmarried partner (the definition contained in Annex 1 to the Consob Regulation on related party transactions No. 17221 of 12 March 2010, as amended).

subject to the favorable opinion of the Remuneration Committee and provided that the procedure envisaged by the related regulation on related party transactions has been completed.

3.2 Procedures

The remuneration of the Key Persons will be determined as follows:

3.2.1. Determination of the remuneration of the Members of the Board of Directors

The remuneration of directors will be determined as follows:

- (a) at the time of its establishment or at the first possible meeting thereafter, the Board of Directors, on the proposal of the Remuneration Committee, will determine the remuneration payable to executive directors vested with particular roles, other executive directors and independent directors, where applicable as part of the total amount of remuneration of the directors set out by the shareholders' meeting pursuant to article 2389, last paragraph of the Italian Civil Code;
- (b) the remuneration of new executive directors vested with particular roles to substitute directors who have retired or fallen from office, or appointed in the case of integration of the Board of Directors will be determined by the latter, on the proposal of the Remuneration Committee at the first meeting attended by the new members or at the first possible meeting thereafter;
- (c) the determination of the remuneration provided for by letters (a) and (b) above will be carried out in compliance with the guidelines and the principles set out down in this Policy, without prejudice to the possibility for the Board of Directors to depart exceptionally from these criteria when this is a necessary condition to attract new talent or when specific needs arise related to the retention of particular figures, upon receiving the positive opinion of the Remuneration Committee and provided that the procedure envisaged by the related regulation on related party transactions has been completed;
- (d) the determination of remuneration and incentives in the context of the parameters set out in paragraph 3 above as well as the setting of the objectives listed therein will be carried out by the Board of Directors on the proposal of the Remuneration Committee, taking into account the corporate role of Key Persons concerned, the average market remuneration, the specific incentive needs and the trends of the Company and the Group;
- (e) Any bonus under the previous principle 3.1.6 will be decided from time to time by the Board of Directors on the basis of the proposals made by the Remuneration Committee;
- (f) The Board of Directors and the director it has delegated for the purpose will deal with the management of incentive programs and plans;
- (g) The proposals of the Remuneration Committee will be supported by adequate preliminary activities, involving, where possible, also the members of the Board of Statutory Auditors;
- (h) The Board of Directors and/or the Remuneration Committee may avail themselves of independent experts in matters of remuneration policies for the analysis to support the determination of the remuneration of the members of the Board of Directors.

3.2.2 Determination of the remuneration of Key Management

- (a) The remuneration of Key Management is determined by the Board of Directors or by the director delegated for this purpose, in compliance with the guidelines and principles laid down in this Policy, without prejudice to the possibility for the Board of Directors or the delegated director to depart exceptionally from these criteria when this is a necessary condition for attracting new talent or when specific needs arise relating to the retention of particular figures. In this case, the prior favourable opinion of the Remuneration Committee must be obtained and the procedure envisaged by the related regulation for related party transactions must be completed;
- (b) The determination of remuneration and incentives in the context of the parameters set out in paragraph 3.1 will be carried out by the Board of Directors or by the delegated director, taking into account the corporate role of Key Persons concerned, the average market remuneration, the specific incentive needs and the trends of the Company and the Group;
- (c) Any bonus for Key Management pursuant to principle 3.1.6 above will be decided from time to time by the Board of Directors, having heard the opinion of the Remuneration Committee;
- (d) The Board of Directors and the delegated director will deal with the management of the incentive programs and plans that are addressed to Key Management;
- (e) The Board of Directors and/or the delegated director may avail themselves of independent experts in matters of remuneration policies for analyses to support the determination of the remuneration of Key Management.

3.2.3 Supervisory role of the Remuneration Committee

The Remuneration Committee also periodically assesses the adequacy, overall consistency and practical application of the Policy through the information provided by the managing directors, and reports to shareholders on the procedures for the exercise of its functions through the chairman or a member of the Committee designated for the purpose at the Annual General Meeting for the approval of the financial statement."

