

REPORT ON THE REMUNERATION POLICY AND COMPENSATION PAID

2022

REPORT ON THE REMUNERATION POLICY FOR 2022 AND ON COMPENSATION PAID IN 2021

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Letter from the Chair of the Remuneration Committee

Shareholders,

As the Chair of the Remuneration Committee (“the Committee”), I am pleased to present the Report on the Remuneration Policy and on compensation paid (hereinafter also the “Report”) of Biesse. It has been prepared in accordance with Article 123-ter of the TUF and was approved by the Board of Directors on 14 March 2022.

The Committee, whose members include the director Rossella Schiavini and myself, is aware of the role of this document, which is a fundamental tool for communication with the financial markets and with stakeholders. The Committee has undertaken a programme of restating and revising the report in order to provide a picture of the remuneration system that is as complete, clear and transparent as possible, and which also provides more details about the underlying objectives and the way in which the remuneration system operates.

The remuneration policy described in this Report, in conformity with the recommendations of the Code of Corporate Governance adopted by Biesse, is designed to pursue the sustainable success of the company and takes into account the need to attract, retain and motivate people with the skills and professional expertise required by their roles. It is also intended to recognise the value of individual performances, by providing for a variable remuneration system that is aligned more closely with the new strategic plan for 2021-23 (approved by the Board of Directors on 30 July 2021) and with the results achieved in the short term and the medium/long term. This remuneration policy has undergone a benchmarking analysis, performed with the assistance of KPMG, in order to take account of common pay practices in the peer group (which is defined according to the segment of market listing, the industrial sector and the location of the headquarters).

The policy – which is essentially a continuation from the previous financial year in terms of the system’s principal elements, objectives and strategic levers – has been extended in order to achieve greater transparency and compliance with the regulations set out in Consob Deliberation No. 21623 of 10 December 2020 implementing the provisions of the Shareholders Rights Directive II). The main changes to the policy relate to: (a) a definition of extraordinary circumstances that may give rise to derogations to the policy, the derogation process to be followed and the Committee’s role in that process, and (b) a clearer and deeper connection between the short and medium-long-term variable remuneration and the fundamental guidelines of the 2021-2023 strategic plan. During this first year of implementation of the new strategic plan, the Committee considers it essential that the remuneration policies can continue to strengthen the link between remuneration, risk and profits, while simultaneously striving for excellence and building long-term value for shareholders, taking into account the interests of other relevant stakeholders.

Confident that this Report demonstrates the Committee’s commitment to seeking an increasingly clear, transparent and effective communication of our approach to remuneration and compensation, I would like to thank you for the support and acceptance of this Policy.






Kind regards

Federica Ricceri

Chair of the Remuneration Committee

Abstract

2022 Remuneration Policy

Component	Purpose and characteristics
 <p>Fixed remuneration</p>	<p>Adequately compensates the skills, professionalism and contribution required from the role-holder, with the objective of supporting motivation and staff retention.</p>
 <p>Variable short-term remuneration (MBO - Management by Objectives)</p>	<p>Paid annually in monetary form, this is an instrument used to motivate and guide the actions of Management over the short term, in line with the corporate objectives determined by the Board of Directors.</p> <p>The amount of the annual short-term incentive depends on the role of the employee, and on the company and individual performance.</p>
 <p>Variable long-term incentives (LTI – Long-Term Incentives)</p>	<p>Reserved for role-holders who have the most direct responsibility for the business results, it guarantees greater alignment between the interests of shareholders and the actions of Management.</p>
 <p>Benefits</p>	<p>These incentives support the pay package in line with common market practices and the requirements of the applicable national collective agreement (“CCNL”). They include additional extra components, mainly pertaining to social insurance or pensions, in order to ensure guarantee the competitiveness and appreciation of the pay package.</p>
 <p>End-of-service indemnity</p>	<p>Limit the potential risks of litigation and/or competition.</p>

Criteria and conditions of implementation

Values



Fixed compensation determined by the Board of Directors (Article 2389 of the civil code), when distributing the compensation determined by the Shareholders' Meeting.

Fixed remuneration

Chair: € 100,000

Chief Executive Officer 1,000,000

Co-Chief Executive Officer: € 700,000
(annual fixed remuneration for the role € 100,000, plus remuneration for the executive relationship and compensation for the non-competition agreement)

KMP* commensurate with the role and the delegated powers; there may be annual merit-based adjustments (continuity of individual performance) or adjustments based on the upgrading of roles and responsibilities in line with the Policy and the pay mix.



Annual Incentive Plan (MBO)

Recipients: Co-CEO, top level of management and KMP and other key figures within the organisation.

Indicators: Business (sales, backlog); Profitability (EBIT, EBITDA); Financial (DSO, DSI, cash flow); containment of costs (overheads, capex, opex); and qualitative, for the purposes of realising the projects defined and approved each year by the BoD.

Award of incentive: the nominal value of the target incentive is determined on the basis of the role held.

Vesting of incentive: annual results.

Objectives: Co-CEO/KMP: determined on the basis of the same indicators, which are balanced differently depending on the role-holder's function.

Target Co-CEO: 50% fixed component

Target KMP: reflects the level of authority and role held (maximum 35% of gross annual salary)

Award of incentive: based on the results achieved in the previous year.

The incentive is awarded in proportion to the reaching of 45% and up to 155% of the target value of the individual objective (incentivisation curve), and can be paid at between 30 and 130% of the nominal value of the incentive.



Three-year incentive plan (LTI) with a three-year vesting period and forecast based on the results achieved in the two-year period.

Recipients: Co-CEO, top level of management and lead roles in each of the four Business functions.

Indicators: EBIDTA (50%); Turnover (25%); NIC/Sales (25%).

Award of incentive: the nominal value of the target incentive is determined on the basis of the role held.

Vesting of incentive: average results over the three years during the vesting period, measured on a linear scale compared to the defined target.

The incentive awarded for attaining the minimum performance level will be 30%, the on-target incentive will be 100% and the maximum possible incentive is 125% of the nominal value of the individual bonus. In the case of performance below 60% of the target value, the corresponding incentive will be zero.

Criteria and conditions of implementation

Values

**Fringe benefits**

Defined in continuity with the Policy implemented in previous years and in accordance with the provisions of law, regulations and/or collective agreements

Chairman and CEO

- mixed-use company car
- accidents policy
- healthcare policy
- D&O policy

Co-CEO and other KMP

- supplementary pension
- supplementary healthcare
- forms of insurance cover
- mixed-use company car
- free use of accommodation
- D&O policy

Non-Executive and Independent Directors

- D&O policy

Members of the Board of Statutory Auditors

- D&O policy



End-of-service indemnity for termination of the office of Co-CEO and of employment contract. Scenarios:

- Revocation of the position and/or dismissal from the executive role without good cause;
- Resignation from the position and/or dismissal from the executive role with good cause.

Co-CEO: 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).

If the role is not renewed, the Co-CEO will be allocated an indemnity equal to 12 months' salary, calculated on the total fixed compensation as described above.

KMP: if the contract is terminated, the provisions of the relevant CCNL will apply.

2022 REMUNERATION POLICY

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).

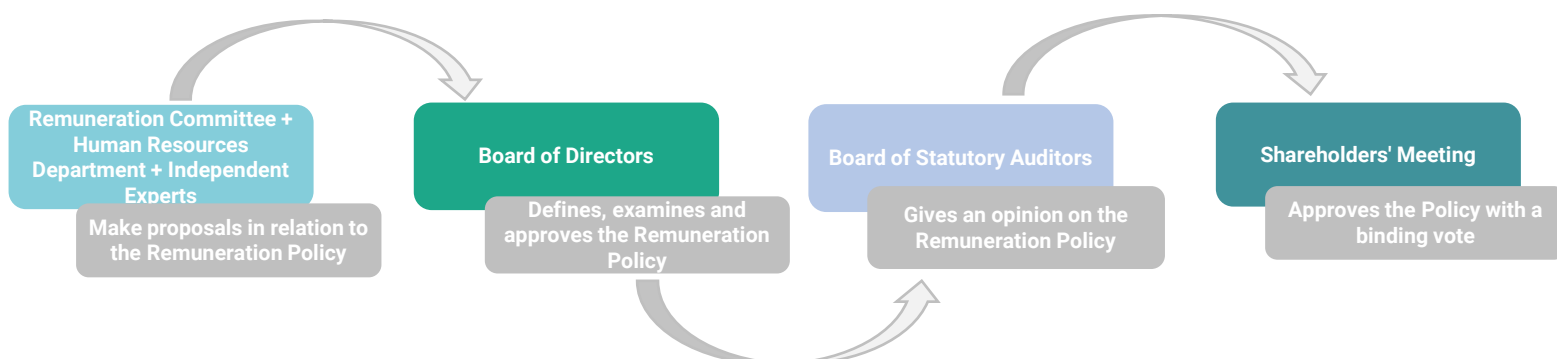


Figure 1 – Process of defining the Remuneration Policy

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"> Strengthen product portfolio Accelerate services growth Focused commercial development Empower brand positioning 	<p>Growth Sales EBIT Investments</p>	<p>Growth Sales EBITDA Investments</p>
Ensure sustainable growth	<ul style="list-style-type: none"> Integrated Global Supply Chain CSR Journey Inspire People Finance Evolution 		
Enhance digital manufacturing	<ul style="list-style-type: none"> HSD & Lighthouse plant Digital Evolution & IIoT 		
Enable future development	<ul style="list-style-type: none"> One Company model fully operational Explore additional growth opportunities 	<p>Completion One Company</p>	

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):

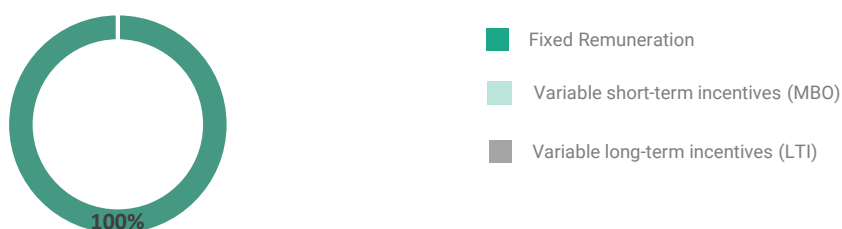
Euro 8,333 Average compensation for each mandate of a Board Committee member

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.

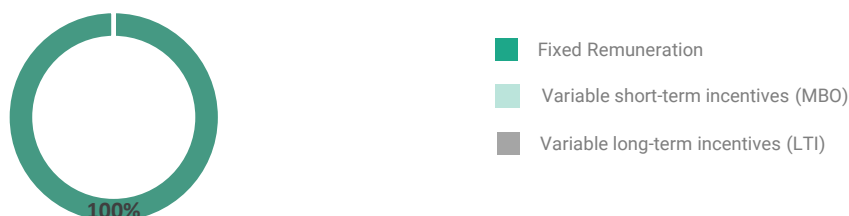
Pay mix Presidente CDA



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.

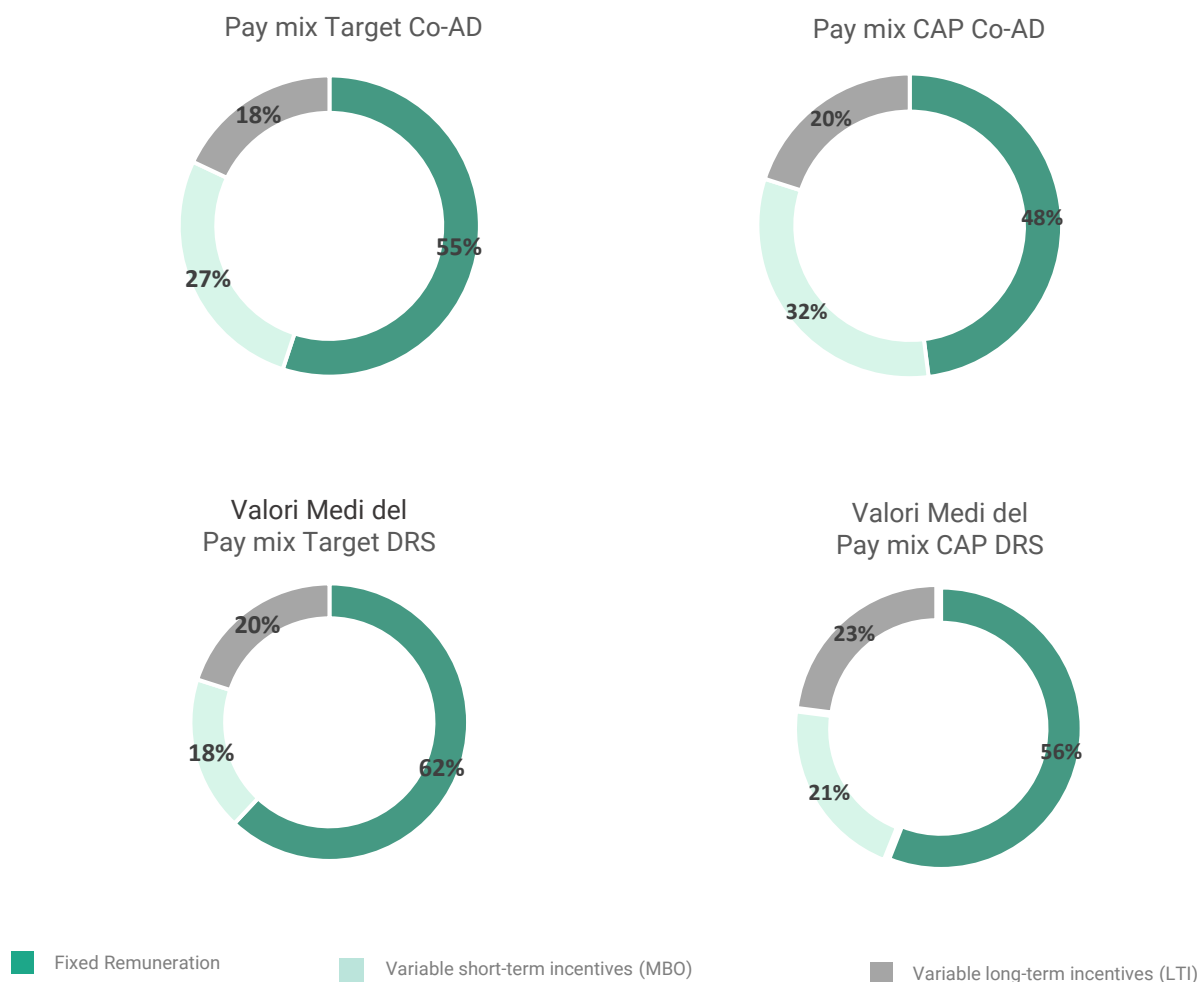
As to the variable component, the pay packages of the executive directors and KMP include a significant component that is linked to the attainment of pre-set performance targets, determined in line with the guidelines of the general Remuneration Policy prepared by the Board of Directors, with the exception 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
<p>45% Compared to target</p> <p>Payability 30%</p>	<p>100% Compared to target</p> <p>Payability 100%</p>	<p>155% Compared to target.</p> <p>Payability 130% (Cap)</p>

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	≥ 60% ≤ 85%	30% up to 55%	≥ 60% ≤ 85%	30% up to 55%	≥ 60% ≤ 85%	30% up to 55%
Cap	≥ 85% ≤ 125%	85% up to 125%	≥ 85% ≤ 125%	85% up to 125%	≥ 85% ≤ 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.

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.

COMPENSATION PAID IN 2021

SECTION II - PART ONE

Preamble

In accordance with the Issuers' Regulation amended by Consob Deliberation No. 21263 of 10 December 2020, this section consists of two parts:

The first part gives an adequate, clear and correct representation of each component of the remuneration paid in 2021, and, after the checks carried out by the Remuneration Committee, of the conformity of those components with the Remuneration Policy and Compensation paid in that year.

It also indicates the performances rendered in 2021, compared to the objectives set by the Company's Board of Directors, which will determine the bonuses payable in 2022.

Part Two gives details of the compensation paid in 2021 to the management and supervisory bodies and to key management personnel, including information about any newly-appointed, re-elected or outgoing managers and the number of months they were in office, and details of their shareholdings in the Company and its subsidiaries.

1. Part One - Implementation of the 2021 Remuneration Policy

The following paragraphs give details of the compensation paid in the reporting year (2021). An explanation of each item and further information can be found in the Tables in Part Two of this Section II.

During 2021, in addition to the Director General, who also holds the position of Co-Chief Executive Officer, the Company identified 5 members of Key Management Personnel in the following roles: Group Chief Financial Officer, Group Chief Product Strategy & Development Officer, Group Chief Services Officer, Group Chief Supply Chain Officer and the HSD Division General Manager. The details of their remuneration (apart from the CEO who also holds the position of Co-Chief Executive Officer) has been provided in aggregate form, as the Issuer is of a smaller size than is provided for in Art. 3(1)(f) of Regulation No. 17221 of 12 March 2010.

In accordance with the Remuneration Policy in force for the 2021 financial year, the recipients were paid the following items:

Positions	Fixed	Variable		Benefits	Reimbursement of expenses	Employment severance indemnity
		MBO	LTI			
Executive directors holding positions and shareholdings over 5%	✓			✓	✓	
Executive directors holding special positions	✓	✓	✓	✓	✓	
Non-executive and Independent Directors	✓			✓		
Key Management	✓	✓	✓	✓	✓	

1.1 Fixed Remuneration

In a decision of 28.04.2021 and following the re-election of the company officers, the Shareholders' Meeting set the number of Board members at seven. It also determined the total annual compensation due to the Board at Euro 1,350,000 (plus benefits), for each year in which the Board remains in office. That amount is distributed by the Board of Directors itself, among its members.

On the same date, the members of the Board of Statutory Auditors were also appointed, and the total emoluments paid to its members were set at Euro 154,000 plus the reimbursement of expenses.

Details of the fixed remuneration components paid to the directors and statutory auditors during the 2021 financial year are given below. The amounts shown represent the sum of the pro rata compensation which was set by the Shareholders' Meeting on 24 April 2018 and, from 29 April 2021, by the Shareholders' Meeting of 28 April 2021.

Non-Executive and Independent Directors

The Non-Executive Directors were paid the fixed remuneration set by the Board of Directors on the basis of the total remuneration authorised by the Shareholders' Meetings referred to above and shown in Table 1. The payments were made on a pro rata basis if the directors were appointed or left the role during the year.

Chairman of the Board of Directors

The Chairman of the Board of Directors was paid the following compensation:

- Fixed remuneration under Art. 2389(3) of the civil code Euro 342,465.75

Chief Executive Officer

The Chief Executive Officer was paid the following compensation:

- Fixed remuneration under Art. 2389(3) of the civil code Euro 945,041.10

Co-Chief Executive Officer

The Co-Chief Executive Officer, who cumulatively holds the additional role of Director General, was paid the following compensation:

- Fixed remuneration under Art. 2389(3) of the civil code Euro 100,000
- Remuneration for the role of Executive Euro 600,000

The fixed remuneration received by the Co-Chief Executive Officer amounts to Euro 700,000. This amount includes a non-competition agreement, which is paid monthly.

BOARD OF STATUTORY AUDITORS

- Chair of the Board of Statutory Auditors, remuneration under Art. 2402 civil code Euro 66,000
- Standing Auditors, individual compensation under Art. 2402 of the civil code Euro 44,000

Key Management Personnel

Key Management Personnel are paid a Gross Annual Salary as Executives of the Company. Aggregated, this amounts to Euro 906,025.41.

The amounts relating to the compensation indicated above have been aggregated in the respective item in Table 1.








1.2 Variable Remuneration




Short-term incentives (MBO)

During 2022 the MBO bonus will be paid for the 2021 performance year.

The following table shows the level of attainment of the short-term objectives, compared to the target.

Final statement of Annual Monetary Incentive

Final statement of MBO objectives for 2021		
KPI	Level of target attainment	Payability level
SALES	114.60% 	130.00%
EBIT	148.02% 	127.36%
OVERHEADS	101.37% 	124.08%
NIC/SALES	238.79% 	130.00%
CAPEX/SALES	155.84% 	130.00%
DSO	112.96% 	130.00%
DSI	97.56% 	82.50%
Individual objective "PROGETTO ONE COMPANY"	Criteria Timing and progress/Leadership/Change Management	88.33%
Performance rating and average payability	132.18%	117.78%

 Below target  On target  Above target

Each recipient is paid the following amounts in relation to the set objectives.

The amounts will be paid after the Board of Directors has approved the draft financial statements for 2021.

Co-Chief Executive Officer

To the Co-CEO Euro 446,048.40

Key Management Personnel



To Key Management Personnel Euro 323,653.47




Long-term incentives (LTI) paid in 2021

The Long-Term Incentive Plan for 2018-2020 matured in 2021.

The following table shows the level of attainment of the long-term objectives, compared to the target.

Final statement of Multi-year Annual Monetary Incentive

Final statement of LTI objectives for 2018-2020	
KPI	Level of target attainment
EBITDA	92% 
CASH FLOW	112% 
Performance rating	102%

 Below target  On target  Above target

On the basis of the verification and proposal made by the Nominations and Remuneration Committee, the Board of Directors authorised:

- A cumulative EBITDA value for 2018-2020 that determined an average attainment of objective equal to 11.02% (weighting 50%) compared to the average target of 11.94%;
- A cumulative CASH FLOW value for 2018-2020 that determined an average attainment of objective equal to 78.68 (weighting 50%) compared to the average target of 69.98.

As a consequence of that decision, the bonus payability percentage was equal to 102% of the nominal value of participation in the plan.

This score led to the following amounts being paid to the Plan recipients:

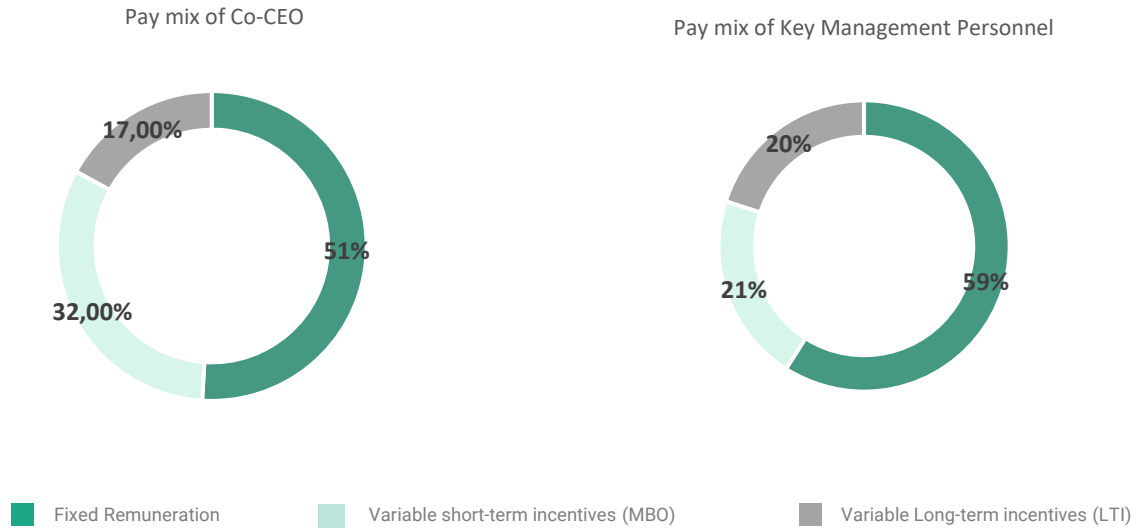
Key Management Personnel

Key Management Personnel were paid the sum (shown in aggregate form) of Euro 160,203.81 (see also Table 1, Section II - Part II of this Report).

Proportion of fixed and variable components

The information provided above gives an indication of the proportion between fixed and variable in the context of the total remuneration paid to the recipients of the annual and multi-year incentive plans, for which the payments are illustrated in Table 1.

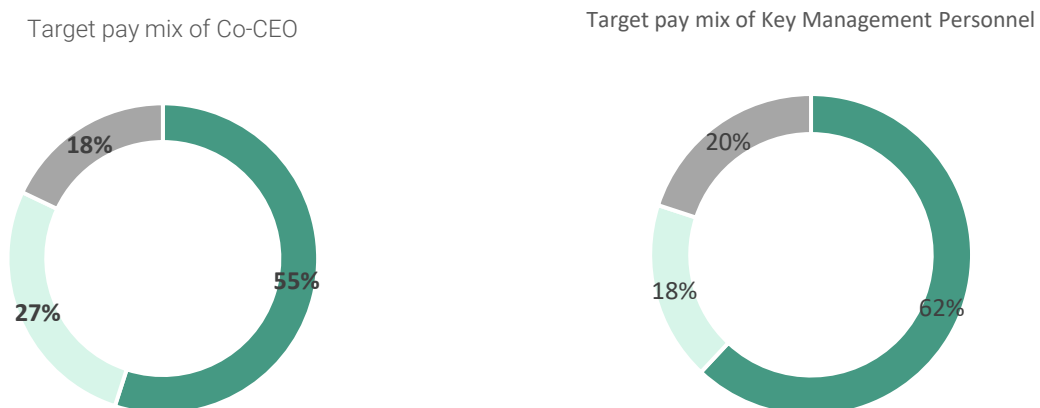
Please note that, as provided for in Section I of the Report for the 2021 financial year, the compensation received by the Chairman of the Board of Directors and the CEO consist only of the fixed component.



This representation considers the amount accruing for the 2021 MBO and the share pertaining to the 2021 financial year from the LTI for 2021-2023, both as final values.

The elements of the individual remuneration components are illustrated in Table 1, with detailed information given in Table 3b.

The following representation allows an assessment of the conformity of these elements with the Policy for 2021. As is standard practice, the target values of the variable remuneration components have been shown.



1.3 Pay Ratio

The tables below give an illustration of the comparison between the remuneration paid for each of the past 5 years against that for the previous year.

The changes have been determined on the basis of the total compensation paid to each individual (for their respective roles)

Persons for whom the information in this section of the Report has been provided by name

Director/Statutory Auditor (role)	2017 v 2016	2018 v 2017	2019 v 2018	2020 v 2019	2021 vs 2020
Giancarlo Selci (Chairman of BoD)	nv	+22%	nv	nv	- 88.25%
Roberto Selci (Chief Executive Officer)	nv	+18%	nv	nv	+17.51%
Massimo Potenza (Co-CEO and Director General)	na	na	na	na	nv
Alessandra Baronciani (Director)	na	na	na	na	na
Rossella Schiavini (Independent Director)	na	na	na	na	na
Federica Ricceri (Independent Director)	na	na	na	na	na
Ferruccio Borsani (Independent Director)	na	na	na	na	na
Paolo De Mitri (Standing Auditor)	na	na	nv	nv	nv
Giovanni Ciurlo (Standing Auditor)	na	na	na	na	na
Enrica Perusia (Standing Auditor)	na	na	na	na	na
Stefano Porcellini (Managing Director and Director General)	nv	+36%	nv	nv	nv
Alessandra Parpajola (Managing Director)	nv	+39%	+0.5%	-30%	nv
Elisabetta Righini (Independent Director)	nv	nv	nv	nv	nv
Federica Palazzi (Independent Director)	nv	nv	nv	nv	nv
Giovanni Chiura (Independent Director)	nv	nv	nv	nv	nv
Silvia Cecchini (Standing Auditor)	na	na	nv	nv	nv
Dario De Rosa (Standing Auditor)	na	na	nv	nv	nv

Key Management Personnel

Key Management Personnel	2017 v 2016	2018 v 2017	2019 v 2018	2020 v 2019	2021 vs 2020
	+0.5%	+24%	+9%	nv	+22.28%

The percentage changes have been calculated with reference to the fixed remuneration, variable short-term (MBO) and medium-long term (new LTI 2021-2023 Plan); these last figures are considered at target value.

Employees other than the individuals whose remuneration is indicated by name in this Report

Biesse Employees	2017	2018	2019	2020	2021
	€ 38,910	€ 38,452	€ 37,925	€ 36,821	€ 35,518

The gross annual average remuneration has been calculated by considering the fixed remuneration, the MBO or the Performance bonus among the remuneration components paid in each reference year, depending on which role-based incentive system the employees belong to.

The calculation only considers the employees of Biesse SpA, and not the Group's entire workforce. As a multinational, the Group has other sites in the Americas, Asia and Europe. The differences between the salaries paid in these countries and the remuneration paid in Italy would not have given a correct representation of the average working conditions of the staff of Biesse Spa.

Annual change in the Company's results

Company performance	2017 v 2016	2018 v 2017	2019 v 2018	2020 v 2019	2021 vs 2020
Revenue	+12%	+7%	-5%	-18%	+ 28.2%
EBITDA	+18%	+4%	-17%	-27%	+42.3%
EBIT	+15%	0.50%	-54%	-79%	+385.7%
Net profit/loss	+45%	+2%	-70%	-82%	+1292.8%

1.4 Non-monetary benefits

In line with the applicable national collective agreement and company practice, non-monetary benefits were paid to the Chairman of the Board of Directors, the Chief Executive Officer, the Co-Chief Executive Officer and to Key Management Personnel during 2021. The values of these benefits are shown in aggregate form in Table 1.

1.5 Indemnity paid for early termination of the corporate or employment relationship

In 2021, no such indemnities were paid to the directors of the Company or to Key Management Personnel, as there were no early terminations of contract.

1.6 Derogations to the Remuneration Policy and compensation paid

Despite the extraordinary events of the past two years, the Company has decided not to make any derogations as they are not considered necessary in the pursuit of the Group's long-term interests or overall sustainability.

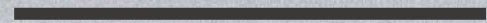
1.7 Ex post adjustments of variable remuneration

The Company did not apply any ex post adjustments such as malus or claw-back policies during 2021.

1.8 Shareholders' meeting votes in 2021

In a decision made on 28 April 2021, the Shareholders' Meeting approved Section II of the 2021 Report on the Remuneration Policy and compensation paid, with a majority vote equal to 83% of the voting rights. The vote did not raise any particular issues requiring a mention in the preparation or implementation of the Policy.

COMPENSATION PAID IN 2021



SECTION II - PART TWO

Table 1: Details of the remuneration received by members of the management and supervisory bodies, directors-general and key management personnel (in Euros)

Full name	Office	Period in office during the year 2021	Expiry of term of office: approval of the financial statements to 31/12	Fixed remuneration (Euro)	Remuneration for Committee membership (Euro)	Non-equity variable remuneration (Euro)		Non-monetary benefits (Euro)	Other remuneration (Euro)	Total (Euro)	Fair value of equity remuneration (Euro)	Termination or end-of-service benefits (Euro)
						Bonuses and other incentives	Profit sharing					
BIESSE DIRECTORS												
Giancarlo Selci	Chairman	from 01.01.2021 to 31.12.2021	2023									
Remuneration for the Company preparing the financial statements				342,465.75	N/A	N/A	N/A	6,154.46 ₂	N/A	348,620.21	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				342,465.75				6,154.46		348,620.21		N/A
Roberto Selci	Chief Executive Officer	from 01.01.2021 to 31.12.2021	2023									
Remuneration for the Company preparing the financial statements				945,041.10 ₁	N/A	N/A	N/A	29,252.17 ₂	N/A	974,293.27	N/A	N/A
Remuneration from subsidiaries and associates				55,082.19 ₁	N/A	N/A	N/A	N/A	N/A	55,082.19	N/A	N/A
Total				1,000,123.29				29,252.17		1,029,375.46		N/A
Massimo Potenza	Co-Chief Executive Officer and Director General	from 01.01.2021 to 31.12.2021	2023									
Remuneration for the Company preparing the financial statements				700,000.00 ₁	N/A	797,215.07 ₂	N/A	3,120.67 ₂	N/A	1,500,335.74	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				700,000.00		797,215.07		3,120.67		1,500,335.74		N/A
Alessandra Baronciani	Non-Executive Director	from 29.04.2021 to 31.12.2021	2023									
Remuneration for the Company preparing the financial statements				16,917.81 ₁	N/A	N/A	N/A	N/A	N/A	16,917.81	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				16,917.81						16,917.81		N/A
Ferruccio Borsani	Independent Director	from 29.04.2021 to 31.12.2021	2023									
Remuneration for the Company preparing the financial statements				16,917.81 _{1a}	4,060.27 _{1a}	N/A	N/A	N/A	N/A	20,978.08	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				16,917.81	4,060.27					20,978.08		N/A
Federica Ricceri	Independent Director	from 29.04.2021 to 31.12.2021	2023									
Remuneration for the Company preparing the financial statements				16,917.81 _{1a}	9,473.97 _{1a}	N/A	N/A	N/A	N/A	26,391.78	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				16,917.81	9,473.97					26,391.78		N/A
Rossella Schiavini	Independent Director	from 29.04.2021 to 31.12.2021	2023									
Remuneration for the Company preparing the financial statements				16,917.81 _{1a}	20,301.37 _{1a}	N/A	N/A	N/A	N/A	37,219.81	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				16,917.81	20,301.37					37,219.81		N/A
Alessandra Parpajola	Managing Director	from 01.01.2021 to 28.04.2021	2020									
Remuneration for the Company preparing the financial statements				25,863.01 _{1a}	N/A	N/A	N/A	971.90 _{1a}	N/A	26,834.91	N/A	N/A
Remuneration from subsidiaries and associates				6,369.86 _{1a}	N/A	N/A	N/A	N/A	N/A	6,369.86	N/A	N/A
Total				32,232.87				971.90		33,204.77		N/A
Stefano Porcellini	Managing Director	from 01.01.2021 to 28.04.2021	2020									
Remuneration for the Company preparing the financial statements				25,863.01 _{1a}	N/A	N/A	N/A	N/A	N/A	25,863.01	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	0.00	N/A	N/A
Total				25,863.01						25,863.01		N/A
Giovanni Chiura	Independent Director	from 01.01.2021 to 28.04.2021	2020									
Remuneration for the Company preparing the financial statements				6,465.75 _{1a}	N/A	N/A	N/A	N/A	N/A	6,465.75	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	0.00	N/A	N/A
Total				6,465.75						6,465.75		N/A
Federica Palazzi	Independent Director	from 01.01.2021 to 28.04.2021	2020									
Remuneration for the Company preparing the financial statements				6,465.75 _{1a}	1,000.00 _{1a}	N/A	N/A	N/A	N/A	7,465.75	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	0.00	N/A	N/A
Total				6,465.75	1,000.00					7,465.75		N/A
Elisabetta Righini	Independent Director	from 01.01.2021 to 28.04.2021	2020									
Remuneration for the Company preparing the financial statements				6,465.75 _{1a}	1,000.00 _{1a}	N/A	N/A	N/A	N/A	7,465.75	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	0.00	N/A	N/A
Total				6,465.75	1,000.00					7,465.75		N/A

COMPENSATION PAID IN 2021

Full name	Office	Period in office during the year 2021	Expiry of term of office: approval of the financial statements to 31/12	Fixed remuneration (Euro)	Remuneration for Committee membership (Euro)	Non-equity variable remuneration (Euro)		Non-monetary benefits (Euro)	Other remuneration (Euro)	Total (Euro)	Fair value of equity remuneration (Euro)	Termination or end-of-service benefits (Euro)
						Bonuses and other incentives	Profit sharing					
STATUTORY AUDITORS												
(AGGREGATED)												
Paolo De Mitri	Chairman	from 01.01.2021 to 31.12.2021	2023									
Remuneration for the Company preparing the financial statements				67,052.74 ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	67,052.74	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				67,052.74						67,052.74		
Giovanni Ciurlo	Standing Auditor	from 29.04.2021 to 31.12.2021	2023									
Remuneration for the Company preparing the financial statements				30,499.34 ⁽²⁾	N/A	N/A	N/A	N/A	N/A	30,499.34	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	0.00	N/A	N/A
Total				30,499.34						30,499.34		N/A
Enrica Perusia	Standing Auditor	from 29.04.2021 to 31.12.2021	2023									
Remuneration for the Company preparing the financial statements				30,025.45 ⁽³⁾	N/A	N/A	N/A	N/A	N/A	30,025.45	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				30,025.45						30,025.45		N/A
Silvia Cecchini	Standing Auditor	from 01.01.2021 to 28.04.2021	2020									
Remuneration for the Company preparing the financial statements				14,225.00 ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	14,225.00	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				14,225.00						14,225.00		N/A
Dario De Rosa	Alternate Auditor	from 01.01.2021 to 28.04.2021	2020									
Remuneration for the Company preparing the financial statements				14,225.00 ⁽⁵⁾	N/A	N/A	N/A	N/A	N/A	14,225.00	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				14,225.00						14,225.00		N/A

Full name	Office	Period in office during the year 2021	Expiry of term of office: approval of the financial statements to 31/12	Fixed remuneration (Euro)	Remuneration for Committee membership (Euro)	Non-equity variable remuneration (Euro)		Non-monetary benefits (Euro)	Other remuneration (Euro)	Total (Euro)	Fair value of equity remuneration (Euro)	Termination or end-of-service benefits (Euro)
						Bonuses and other incentives	Profit sharing					
KEY MANAGEMENT PERSONNEL												
(AGGREGATED)												
Remuneration for the Company preparing the financial statements				715,300.87	N/A	959,338.16	N/A	17,007.48	N/A	1,691,646.51	N/A	N/A
Remuneration from subsidiaries and associates				213,654.23	N/A	190,115.30	N/A	3,429.19	N/A	407,198.72	N/A	N/A
Total				928,955.10 ⁽⁶⁾		1,149,453.46 ⁽⁷⁾		20,436.67 ⁽⁸⁾		2,098,845.23		N/A

- (1) Remuneration for the position of Chairman of the Board of Directors
- (2) Value of fringe benefits (car and accidents policy), shown according to the accruals principle and taxability
- (3) Remuneration for the position of Chief Executive Officer
- (4) Remuneration for the position of Chairman of the Board of Directors of HSD SpA.
- (5) Value of fringe benefits (car, healthcare policy and accidents policy), shown according to the accruals principle and taxability
- (6) Remuneration for the position of Co-CEO € 100,000.00 - Fixed remuneration for the role of Director General € 600,000.00
- (7) Bonus from MBO and LTI (see columns "2021 Bonus (€) - Payable/Paid and Deferred" and the column "Bonus for previous years (€) - Payable/Paid" and notes. Table 3B
- (8) Value of fringe benefits (accommodation, life and accidents policies), shown according to the accruals principle and taxability
- (9) Remuneration for the position of Non-Executive Director - pro rata for the period in which the role was held
- (10) Remuneration for the position of Independent Director - pro rata for the period in which the role was held
- (11) Compensation as member of the Related Parties Committee
- (12) Compensation as Chair of the Remuneration Committee € 5,413.70 and as member of the Control and Risks Committee € 4,060.27
- (13) Compensation as Chair of the Control and Risks Committee € 10,827.40, Chair of the Related Parties Committee € 5,413.70 and as member of the Remuneration Committee € 4,060.27
- (14) Remuneration for the position of Managing Director - pro rata for the period in which the role was held
- (15) Value of fringe benefits (car), shown according to the accruals principle and taxability
- (16) Remuneration for the position of Managing Director of HSD SpA and Viet Italia Srl, pro rata for the period in which the role was held
- (17) Attendance fees: Control and Risks Committee € 500.00 and Remuneration Committee € 500.00
- (18) Remuneration for the position of Chairman, including documented reimbursement of expenses
- (19) Remuneration for the position of Statutory Auditor - pro rata for the period in which the role was held and inclusive of reimbursement of documented expenses
- (20) Remuneration for the position of Statutory Auditor - pro rata for the period in which the role was held
- (21) Fixed Remuneration for paid employment € 906,025.41 of which € 190,724.54 was paid by the subsidiary; compensation for duties on the Boards of subsidiaries € 22,929.69
- (22) Bonus from MBO and LTI (see columns "2021 Bonus (€) - Payable/Paid and Deferred" and the column "Bonus for previous years (€) - Payable/Paid" and notes. Table 3B
- (23) Value of fringe benefits (car, accommodation, life and accidents policies), shown according to the accruals principle and taxability

Table 3A: Incentive plans based on financial instruments other than stock options, for members of the management board, directors-general and other key management personnel

			Financial instruments allocated in previous years and non-vested during the year		Financial instruments allocated during the year				Financial instruments vested during the year and not allocated	Financial instruments vested during the year that can be allocated		Financial instruments for the year
Full name	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at the allocation date	Vesting period	Market price at allocation	Number and type of financial instrument	Number and type of financial instruments	Value at maturity date	Fair value
Massimo Potenza	Co-Chief Executive Officer and Director General											
Remuneration for the Company preparing the financial statements				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Key Management Personnel (in aggregate form)												
Remuneration for the Company preparing the financial statements				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Remuneration from subsidiaries and associates				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 3B: Monetary Incentive Plans for members of the management board, the directors-general and other key management personnel

			Bonus for the year			Bonus for previous years			Other bonuses
Full name	Office	Plan	Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Massimo Potenza	Co-Chief Executive Officer and Director General								
Remuneration for the Company preparing the financial statements	Long-Term Incentive Plan 2021-2023 of Biesse S.p.A. ⁽¹⁾	N/A	234,500.00 ⁽⁵⁾	2 YEARS	N/A	N/A	N/A	N/A	N/A
	MBO ⁽⁴⁾	446,048.40 ⁽⁶⁾	N/A	N/A	N/A	116,666.67 ⁽⁷⁾	N/A	N/A	N/A
Remuneration from subsidiaries and associates			N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total			446,048.40	234,500.00			116,666.67		
Key Management Personnel (in aggregate form)									
Remuneration for the Company preparing the financial statements	Long-Term Incentive Plan 2021-2023 of Biesse S.p.A. ⁽¹⁾	N/A	314,025.32 ⁽⁵⁾	2 YEARS	N/A	N/A	N/A	N/A	N/A
	Long-Term Incentive Plan 2018-2020 of Biesse S.p.A. ⁽²⁾	160,203.81 ⁽⁷⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	MBO ⁽⁴⁾	263,476.32 ⁽⁶⁾	N/A	N/A	N/A	221,631.71 ⁽⁷⁾	N/A	N/A	N/A
Remuneration from subsidiaries and associates		Long-Term Incentive Plan 2019-2020 of HSD S.p.A. ⁽³⁾	86,846.11 ⁽⁷⁾	N/A	N/A	N/A	N/A	N/A	N/A
		MBO ⁽⁴⁾	60,177.15 ⁽⁶⁾	N/A	N/A	N/A	43,092.04 ⁽⁷⁾	N/A	N/A
Total			570,703.46	314,026.32			264,723.75		

- (1) The Long-Term Incentive Plan 2021-2023 of Biesse S.p.A. is the current medium/long-term incentive plan and provides for a cash bonus payment upon attainment of the financial and performance targets set in the Plan. For more information on the "Long-Term Incentive Plan 2021-2023 of Biesse S.p.A.", please refer to the Regulations available in the Investor Relations/Corporate Governance/Incentive Plan section of the website www.biessegroup.com.
- (2) The "Long-Term Incentive Plan 2018-2020 of Biesse S.p.A." is Biesse's medium/long-term incentive plan which ceased to have effect on 10 June 2021 upon the payment of the cash bonuses (see note 7), based on the attainment of the financial and performance objectives envisaged in the plan.
- (3) The "Long-Term Incentive Plan 2019-2020 of HSD S.p.A. is currently the medium/long term incentive plan specific to our Mechatronics Division. It has the same characteristics as the "Long-Term Incentive Plan 2018-2020 of Biesse S.p.A." and ceased to have effect on 10 June 2021 when the corresponding cash bonuses (see note 7) were paid upon attainment of the financial and performance objectives set in the Plan.
- (4) The MBO is the Biesse Group's short-term incentive plan.
- (5) Share of the bonus pertaining to 2021 which can be paid at the end of the three years of the Plan, subject to checking that for each objective, the average results for the three-year period have been attained, compared to the target values for the same period.
- (6) MBO for the year 2020, paid in 2021.
- (7) Amount paid during the year.
- (8) The bonus will be paid at the same time as the payment of the salary for the second month after the approval by the Board of the consolidated financial statements on 31 December 2023.
- (9) MBO for the year 2021, which will be paid in April 2022.

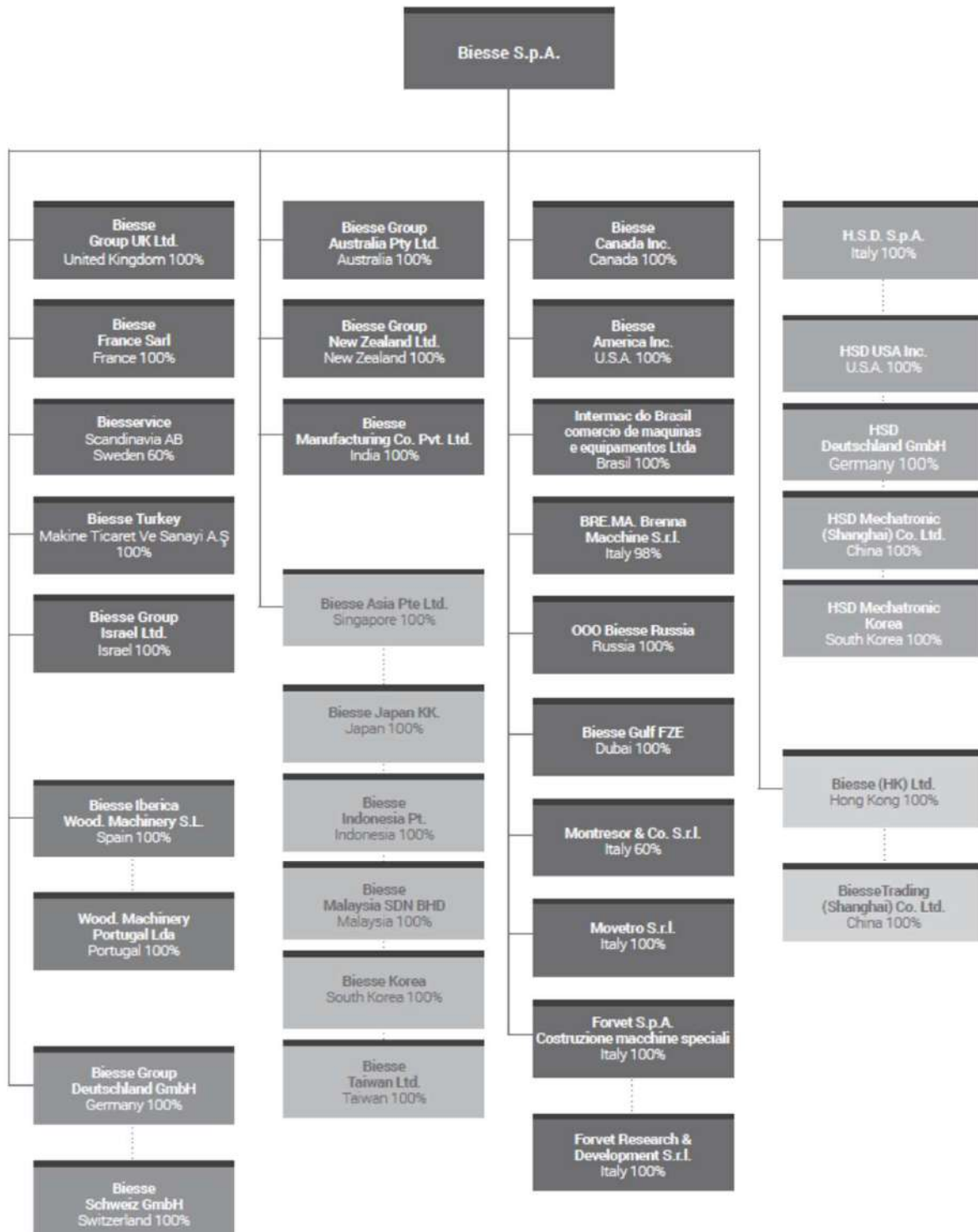
Information on shareholdings in the Company and subsidiaries held by members of the management and supervisory bodies, general managers, other key management personnel and their close relatives

Shareholdings in the Company and subsidiaries of members of the administrative and supervisory bodies, general managers and their close relatives at 31/12/2021:

Surname	Name	Office	Subsidiary	Number of shares held at the end of financial year 2020	Number of shares purchased	Number of shares sold	Number of shares held at the end of financial year 2021
Selci (through Bi.Fin srl)	Giancarlo	Chairman of the Board of Directors	BIESSE S.p.A.	13,970,500	/	/	13,970,500
Selci	Roberto	Chief Executive Officer	BIESSE S.p.A.	0	/	/	0
Potenza	Massimo	Co-Chief Executive Officer	BIESSE S.p.A.	2,050	/	/	2,050
Baronciani	Alessandra	Member of the Board of Directors	BIESSE S.p.A.	0	/	/	0
Schiavini	Rossella	Independent Director	BIESSE S.p.A.	0	/	/	0
Ricceri	Federica	Independent Director	BIESSE S.p.A.	0	/	/	0
Borsani	Ferruccio	Independent Director	BIESSE S.p.A.	0	/	/	0
Parpajola	Alessandra (1)	Member of the Board of Directors	BIESSE S.p.A.	0	/	/	0
Porcellini	Stefano (1)	Member of the Board of Directors	BIESSE S.p.A.	0	/	/	0
Righini	Elisabetta (1)	Independent Director	BIESSE S.p.A.	0	/	/	0
Palazzi	Federica (1)	Independent Director	BIESSE S.p.A.	0	/	/	0
Chiura	Giovanni (1)	Independent Director	BIESSE S.p.A.	0	/	/	0

(1) Director, resigned on 28/04/2021.

In addition, Mr Giancarlo Selci, who controls Biesse S.p.A. through Bi.fin Srl, also controls the companies as per the organisational chart below as at 31 December 2021:



Shareholdings held in the Company and subsidiaries by other Key Management and by close relatives

With reference to the other key management personnel and their close family members, there are no shareholdings other than those already mentioned for the Co-CEO and strategic executive Massimo Potenza.