



# **Report on Gefran S.p.A. Corporate Governance and Ownership Structure in the year 2023**

**Pursuant to Article 123-bis TUF**

Traditional administration and control model

[www.gefran.com](http://www.gefran.com)

**Approved by the Board of Directors on 12 March 2024**

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## GLOSSARY

**Board/BoD:** the Issuer's Board of Directors.

**Civil code/c.c.:** the civil code.

**Code/CG Code:** the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee.

**Committee/CG Committee/Corporate Governance Committee:** the Italian Corporate Governance Committee promoted by Borsa Italiana S.p.A. and by ABI, Anie, Assogestioni, Assonime and Confindustria.

**Consob Issuers' Regulation:** the regulation issued by Consob with Resolution no. 11971 of 1999 (as subsequently amended and integrated) on issuers.

**Consob Regulation on Markets:** the regulation issued by Consob with Resolution no. 20249 of 2017 on markets.

**Consob Related Parties Regulation:** the regulation issued by Consob with Resolution no. 17221 of 12 March 2010 (as subsequently amended and integrated) regarding transactions with related parties.

**Consolidated Law on Finance/TUF:** Legislative Decree no. 58 of 24 February 1998 (as subsequently amended and integrated).

**Fiscal Year:** the financial year to which the Report refers.

**Issuer/Gefran/Company:** Gefran S.p.A. with registered office in Via Sebina, 74 – 25050 Provaglio d'Iseo (BS) – Italy.

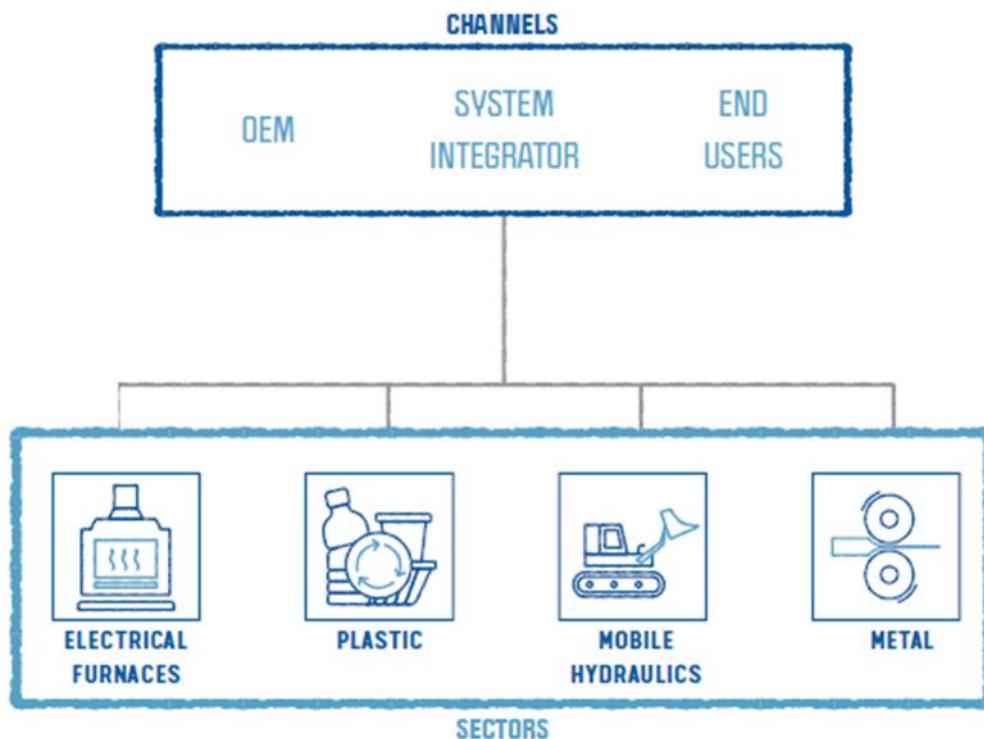
**Remuneration Report:** the Report on the remuneration policy and on the compensation paid that companies are required to prepare and publish pursuant to Article 123-ter TUF and 84-quater Consob Issuers' Regulation.

**Report:** the Report on Corporate Governance and Ownership Structure prepared under Article 123-bis TUF.

Unless otherwise specified, reference must also be considered to be made to the definitions contained in the CG Code of the terms: **directors, executive directors, independent directors, significant shareholders, Chief Executive Officer (CEO), management body, control body, industrial plan, company with concentrated ownership, large company, sustainable success, top management.**

## 1. ISSUER PROFILE

Gefran designs, produces and distributes products in the following business areas: industrial sensors and automation components, electrical panels and programmable automation. The entire product range, which is unique in its breadth, quality and specialisation, provides tailored turnkey solutions in multiple sectors of automation, serving customers through a number of channels.



The Gefran Group has 651 employees worldwide, a direct presence in 11 countries and 8 production facilities.

The **strategic value of sustainability** for Gefran is implemented in a number of governance decisions that the Group has formally implemented, in line with this vision. In May 2020, the Board of Directors of Gefran S.p.A. formally set up a Sustainability Committee among its board committees and approved its regulations. The Sustainability Committee is responsible for overseeing all the Group's sustainability activities and reporting on its progress to the Board of Directors, with the goal of creating long-term value for shareholders and considering the interests of its stakeholders.

The Gefran Group's Consolidated Non-Financial Statement was obligatorily drawn up pursuant to Legislative Decree no. 254/2016 and referring to the international reporting standards issued by the Global Reporting Initiative "Sustainability Reporting Standards" in the GRI Standard 2016 and subsequent versions, with a GRI Referenced level of application. The Statement is available on the Issuer's website [www.gefran.com](http://www.gefran.com) under *Investor relations / Invest in Gefran / Financial Reporting*.



Gefran S.p.A. has been listed on the Milan stock exchange since 1998, and since 2002 it has been a part of the Euronext STAR Milan (*Issuing Securities with High Requirements – ISIN: IT0003203947*), segment dedicated to small and mid-cap

companies that meet specific transparency, liquidity and corporate governance requirements.

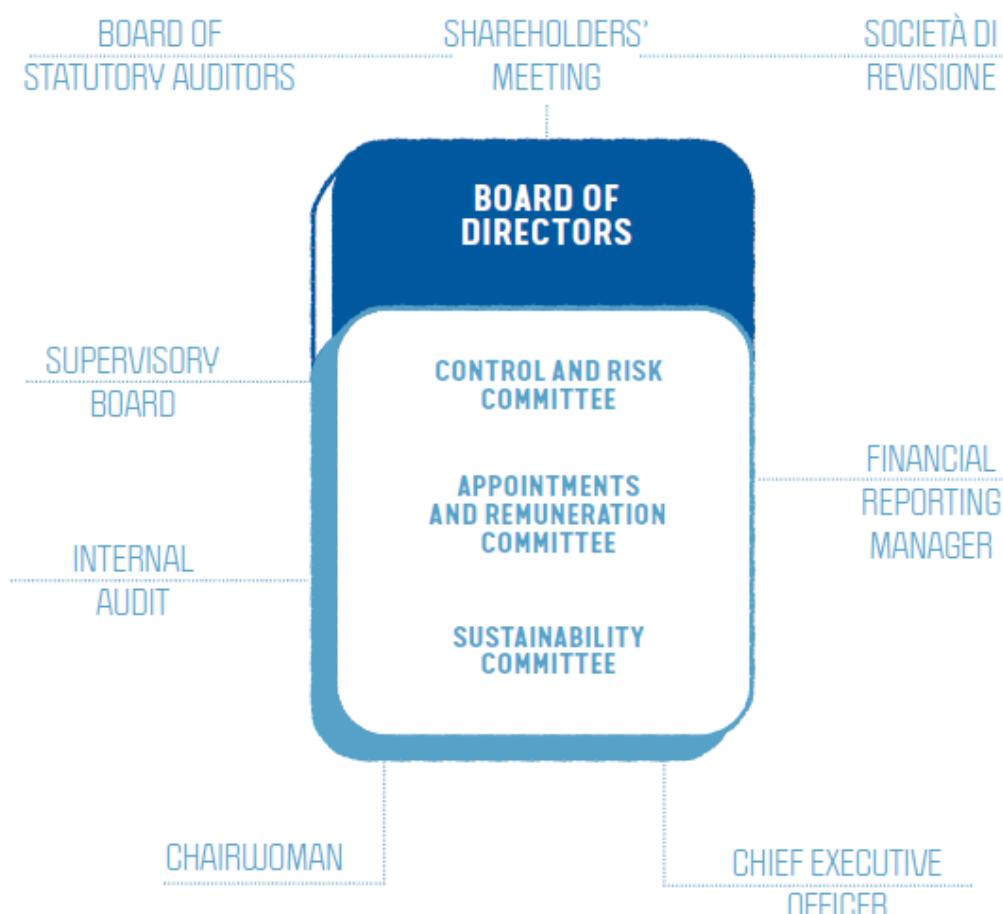
Gefran qualifies as an PMI-listed share issuer pursuant to Article 1, paragraph 1, letter w-quater.1) of the TUF and has been included in the relevant list by Consob. In 2023, the company had an average capitalisation of 131,040,000 Euro and Group revenues of 132,778,000 Euro.

Gefran falls within the Corporate Governance Code's definition of "**concentrated companies**". The Shareholder Fingeefran S.r.l. holds the majority of the votes that can be cast at the ordinary shareholders' meeting.

As of the date of the Report, the relevant direct or indirect shareholdings in Gefran's capital, according to the communications received by the Company pursuant to Article 120 TUF or other information available to the Company, are listed in Chart 1 in the appendix.

The **administration and control model** adopted is the traditional one which, as required by Italian legislation referred to in Articles 2380 et seq. of the Civil Code, requires: management by a Board of Directors, auditing by a Board of Statutory Auditors, and legal auditing of the company's accounts and books by an External Auditor appointed by the Shareholders' Meeting. The Corporate Governance System is based on transparency in the decision-making process, an effective system of internal controls, the rigorous regulation of potential conflicts of interest, and appropriate rules of conduct for transactions with related parties.

The below chart summarises the Company's current governance structure.



In line with the principles drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A. (the Italian Stock Exchange), the Group's corporate governance system is therefore characterised by adoption of codes, principles and procedures governing the activities of all the Group's organisational and operational components. These characteristics are always subject to checks and updates in order to effectively respond to the evolution of the regulatory environment and changes in operating practices.

## **The Board of Directors**

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, excluding only those strictly reserved for the Shareholders' Meeting by law and by the Company's Articles of Association.

The Board of Directors is also responsible for passing the following resolutions, subject to legal limitations:

- mergers pursuant to articles 2505, 2505-bis and 2506 ter, last paragraph, of the Civil Code;
- the establishment and closure of secondary offices;
- any reduction in share capital in the event of a withdrawal by shareholders;
- amendments to the Articles of Association and the Shareholders' Meeting Regulations to comply with regulatory provisions;
- transfer of the registered office within Italy.

The Board of Directors has established a Control and Risks Committee, an Appointments and Remuneration Committee, and a Sustainability Committee, whose functions are to make proposals and provide advice.

The procedure for transactions with related parties approved by the Board of Directors provides for use of the simplified rules permitted by the applicable legislation with reference to the acts of directors in urgent cases.

The Board of Directors, possibly through the executive officers, reports to the Board of Statutory Auditors on the activities fulfilled and on the transactions of greatest economic, financial and equity significance fulfilled by the Company and its subsidiaries; in particular, it reports on transactions involving a potential conflict of interest. This report is provided at least quarterly, at Board meetings, or by written note addressed to the Chairman of the Board of Statutory Auditors.

**The Shareholders' Meeting** is the body that represents all shareholders. It is responsible for passing ordinary resolutions regarding the approval of the annual financial statements, appointing the members of the Board of Directors and the Board of Statutory Auditors, determining the fees of the Directors and Statutory Auditors and appointing the external auditor. It also passes extraordinary resolutions on operations of an extraordinary nature, such as amendments to the Articles of Association, capital increases, mergers, spin-offs, etc. that are not the responsibility of the Board of Directors pursuant to the Articles of Association.

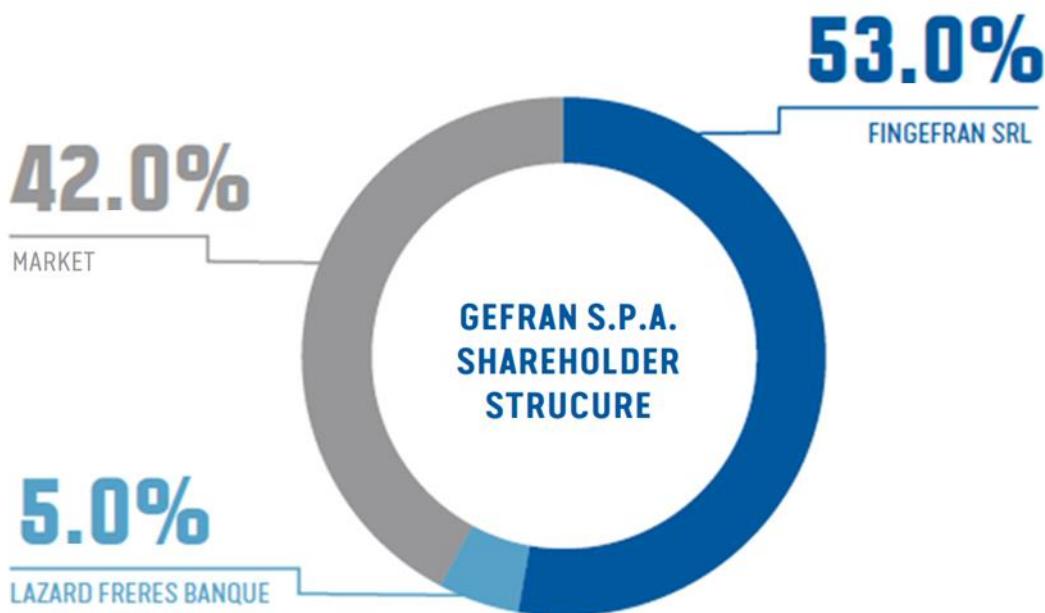
The **Board of Statutory Auditors** is the body responsible for ensuring compliance with the law and the Articles of Association, respect for the principles of sound management, and in particular the adequacy of the internal control system, and the organisational, administrative and accounting

structure and its effective operation.

In accordance with the laws in force, audits are entrusted to a specialised company that is included in a register kept by Consob and appointed by the Shareholders' Meeting.

The **External Auditor** is a body independent from the Company responsible for checking during the Fiscal Year that the accounts are properly maintained and accounting entries properly reflect operations. It is also responsible for checking that the separate and consolidated financial statements accurately reflect the accounting records and the assessments conducted, and that the accounting documents comply with the rules governing them.

## 2. INFORMATION ON PROPRIETARY ASSETS INFORMATION (pursuant to Article 123-bis, paragraph 1, TUF) AT 31/12/2023



### a) Structure of share capital (pursuant to Article 123-bis, paragraph 1, letter a), TUF

On 31 December 2023, the subscribed and paid-up share capital was 14,400,000.00 Euro, divided into 14,400,000 ordinary shares, with a nominal value of 1.00 Euro per share (refer to Chart 1). Each ordinary share in the Company assigns the right to one vote in all ordinary and extraordinary meetings of the Company, as well as the other administrative rights specified in the applicable law and the Articles of Association. No further financial instruments have been issued.

There are no share-based incentive plans (stock options, stock grants, etc.) involving share capital increases, even free of charge.

It should be noted that the Company has not introduced multiple voting rights.

### b) Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1, letter b), TUF

The shares are considered free in that there are no:

- restrictions on the transfer of securities;
- securities conferring special rights of control;
- restrictions on voting rights;
- statutory provisions on public tender offers.

**c) Significant shareholdings (pursuant to Article 123-bis, paragraph 1, letter c), TUF**

For details on significant shareholdings (shareholders who own more than 5% of the share capital) in Gefran, see chart 1 annexed to this Report. For the sake of completeness, it should be noted that Gefran is defined as an “PMI” under Article 1 w-quater 1) of the TUF.

This information is based on the information available following shareholders’ communications pursuant to Article 120 TUF, as of 31 December 2023.

**d) Securities conferring special rights (pursuant to Article 123-bis, paragraph 1, letter d), TUF**

Gefran S.p.A. has not issued any securities conferring special rights of control, or any special powers assigned to shares. Gefran S.p.A.’s Articles of Association do not provide for shares with multiple or majority voting rights.

**e) Employee stock ownership scheme: mechanism for exercising voting rights (pursuant to Article 123-bis, paragraph 1, letter e), TUF**

There are no mechanisms for exercising voting rights in any employee stock ownership schemes, when employees do not exercise their voting rights directly.

**f) Restrictions on voting rights (pursuant to Article 123-bis, paragraph 1, letter f), TUF**

There are no restrictions on voting rights.

**g) Agreements between shareholders (pursuant to Article 123-bis, paragraph 1, letter g), TUF**

As of 31 December 2023, the Issuer is not aware of any agreements between shareholders pursuant to Article 122, Legislative Decree no. 58/98.

**h) Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h), TUF and statutory provisions on public tender offers (pursuant to Articles 104, paragraph 1-ter, and 104-bis, paragraph 1)**

As of 31 December 2023, there was no change of control clauses, since Gefran and its subsidiaries had not stipulated any agreements that would come into force, be changed or be terminated in the event of a change in corporate control, with the exception of a number of loan agreements in which the lending bank is entitled to call in the loan and/or to withdraw in the event of a change in the control of the Company.

The Articles of Association do not contain provisions that:

- derogate from the passivity rule provisions pursuant to Article 104, paragraphs 1 and 2, of the TUF;
- provide for the application of the neutralisation regulations set out in Article 104-bis, paragraphs 2 and 3, of the TUF.

## **i) Powers to increase share capital and authorise the purchase of own shares (pursuant to 123-bis, paragraph 1, letter m), TUF**

The Board of Directors currently has no mandate to increase the share capital.

The Shareholders' Meeting of 21 April 2023 authorised the purchase and sale of own shares.

The Shareholders' Meeting authorised the purchase of a maximum of 1,440,000 ordinary Gefran S.p.A. shares with a nominal value of 1.00 Euro per share. Transactions, conducted pursuant to the laws in force, must be fulfilled within 18 months of the shareholders' authorisation.

The objectives of the mandate are:

- to intervene directly or through authorised intermediaries in order to limit any abnormal movements in share prices and regulate trading and price trends affected by excess volatility or poor liquidity;
- to offer shareholders an additional tool to monetise investments on the market.

The purchase price must be no less than the nominal value and no more than the average benchmark price of the three trading days prior to the date of purchase, plus 15%; the selling price must be no less than the benchmark price recorded by the share on the trading day prior to each sale, less 10%.

At 31 December 2023, the Company had a total of 198,405 own shares (equal to 1.38% of the Share Capital).

Gefran S.p.A. informs the market on a weekly basis of the transactions carried out through press releases, and summarises them in a monthly report to Consob, in the form set out in Annex 3F of the Consob Issuers' Regulation, if they exceed the minimum threshold for transactions relating to own shares of 100 thousand Euro, below which there is no reporting obligation.

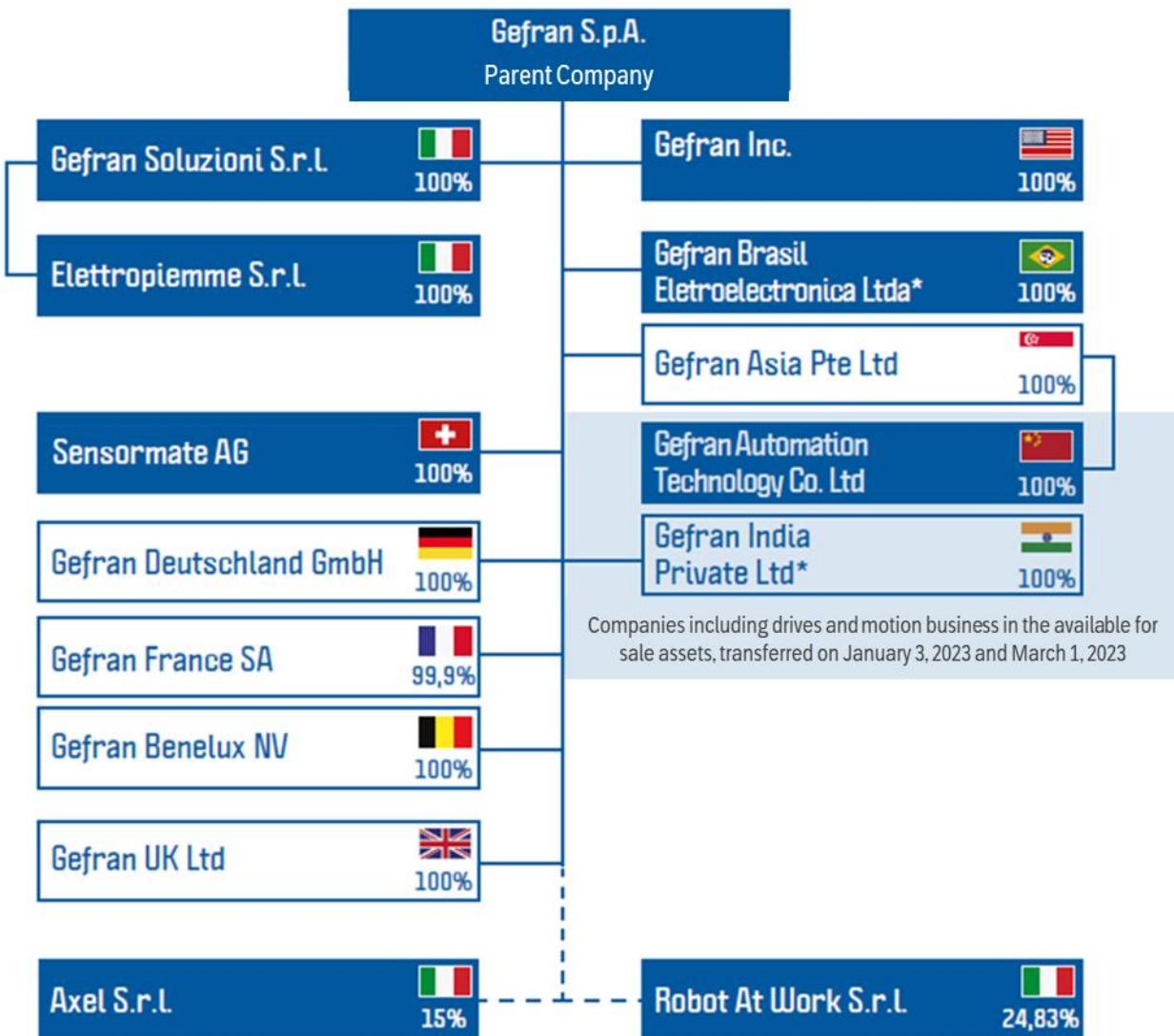
## **I) Management and coordination activities (pursuant to Article 2497 et seq. of the Civil Code)**

Gefran S.p.A. is not subject to management and coordination pursuant to Article 2497 et seq. of the Civil Code, since the following indicators that the Company may be subject to the management and control of another company are inapplicable:

- i. preparation of Group-wide industrial, strategic, financial and budget plans by the parent company;
- ii. the issuing of directives pertaining to finance and credit policy;
- iii. centralisation of functions such as treasury, administration, finance and control;
- iv. the defining of Group growth strategies, the strategic and market positioning of the Group and individual companies, especially if the policy guidelines are likely to influence and determine their actual implementation by Company management.

In addition, the Company operates under conditions of corporate and entrepreneurial autonomy, having, in particular, an independent capacity to negotiate in relations with customers and suppliers and to define its strategic and development guidelines without any interference from parties outside the Company, and the Board of Directors operates in full management autonomy.

Gefran S.p.A. currently directly and indirectly exercises management and coordination activities pursuant to Article 2497 of the Civil Code in the following Companies:



\*Gefran India and Gefran Brasil indirectly through Sensormate AG.



Commercial sales organisation



Production plants

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It should be noted that:

The information required by article 123-bis, paragraph one, letter i) ("*agreements between the*

*Company and directors... providing for compensation in the event of resignation or dismissal without just cause or if their employment ceases following a tender offer")* is contained in the Report on Remuneration published pursuant to Article 123-ter of the TUF. Please refer to the Issuer's website [www.gefran.com](http://www.gefran.com) in the section *Investor relations / Governance / Shareholders' Meetings*.

The information required by Article 123-bis, paragraph 1, letter I) ("*rules applicable to the appointment and replacement of directors... if different from the legislative and regulatory provisions that are applicable separately*") is provided in the section of this Report on the Board of Directors (Section 4.2).

The information required by article 123-bis, paragraph one, letter I) second part ("*the rules applicable... to amendment of the Articles of Association, if different from the laws and regulations applicable as supplementary measures*") are described in the section of this Report on the Shareholders' Meeting (Section 13).

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### **3. COMPLIANCE (pursuant to Article 123-bis, paragraph 2, letter a), first part, TUF)**

The Corporate Governance structure adopted by the Company is based on the recommendations and rules set forth in the CG Code, which the Company has adopted.

In particular, it should be noted that under the 16 December 2020 resolution of the Board of Directors, the Company adopted the CG Code available on the website of the Corporate Governance Committee on the page <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020-eng.en.pdf>.

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Strategically important subsidiaries are not subject to non-Italian legal provisions that could influence the corporate governance structure of Parent Company Gefran S.p.A.

### **4. BOARD OF DIRECTORS**

#### **4.1 ROLE OF THE BOARD OF DIRECTORS**

In line with the provisions of the traditional model of administration and control, the Board of Directors is responsible for the strategic guidance and supervision of the business as a whole and has powers to direct overall administration and intervene directly in all major decisions necessary or useful for achieving the corporate purpose.

The Board of Directors is responsible for making the most important decisions of economic and strategic importance, or ones that have a structural effect on management, or that are functional to the Company's control and guidance, on the basis of a sustainable process.

The administrative body defines the corporate governance system appropriate for the performance of the Company's activities and the pursuit of its strategies, considering the areas of autonomy offered by the legal system, and, if necessary, evaluating and promoting the appropriate changes, submitting them to the Shareholders' Meeting when appropriate. Please refer to Section 4.4 of this Report.

The management body encourages dialogue with shareholders and other relevant stakeholders to the company in the most appropriate forms. Please refer to Section 12 of the Report in this regard.

In carrying out its duties, the Board of Directors is supported by specific internal Committees, with instructional, propositional and advisory duties. The Gefran S.p.A. Board of Directors:

- examines and approves the strategic, industrial and financial plans of the Company and the Group, also on the basis of analysis of issues of relevance for long-term generation of value, and periodically monitors their implementation;
- evaluates overall operating performance, comparing results achieved with targets on a regular basis;
- defines the nature and level of risk compatible with the strategic objectives of the Issuer, including in its assessments all elements that may be of relevance for the sustainable success of the Issuer;
- defines the guidelines of the internal control system;
- supervises the risk management process, and sets the overall threshold of acceptable risk;
- defines the Issuer's corporate governance system and the corporate structure of the Group the Company leads;
- assesses the appropriateness of the organisation, administration and general accounting structure of the Company and its subsidiaries of strategic importance, with particular reference to the internal control and risk management system. Please refer to Section 9 of the Report in this regard;
- resolves on transactions of the Issuer and its subsidiaries of particular strategic, economic, equity or financial significance for the Issuer, establishing the general criteria for identification of significant transactions;
- adopts, in response to a proposal by the Chairman, and in agreement with the Chief Executive Officer, a procedure for the internal management and external communication of documents and information regarding the Issuer, with particular reference to inside information. Please refer to Section 5 of the Report;
- creates one or more internal Committees, appoints its members and establishes their duties, powers and remuneration;
- grants and revokes powers to the executive Directors and the executive Committee, if established, and determines their limits and how they are exercised; establishes the frequency, which must not exceed three months, for the executive bodies to report to the Board on the activities conducted in performing their duties;
- defines the general remuneration policy and, after examining the Remuneration Committee's proposals and consulting the Board of Statutory Auditors, approves the remuneration of executive Directors and other directors with special duties, and, unless already done so by the Shareholders' Meeting, the division of the overall remuneration due to Board members;
- assesses general operating performance, in particular considering the information received from executive bodies and periodically comparing results forecast and results achieved;

- examines and approves in advance the operations of the Company and its subsidiaries, when these operations have strategic, economic, capital or financial importance, meaning all operations that have a significant financial effect;
- assesses, in line with Recommendation 22 which the Code reserves for non-large and concentrated ownership companies, at least once in the three-year period, the size, composition and operation of the Board and its Committees, possibly recommending the professional figures whose presence is deemed appropriate in the Board;
- appoints the Supervisory Body pursuant to Legislative Decree no. 231 of 8 June 2001;
- appoints the Executive in charge of financial reporting, determines his/her responsibilities and powers, and identifies Executives with strategic responsibility;
- appoints and revokes the Head of the Internal Audit Function and determines his/her remuneration, having consulted the Control and Risks Committee;
- assesses and approves transactions with related parties in accordance with the Company's procedure on Transactions with Related Parties;
- assesses and approves the periodic reports required by the laws in force;
- formulates proposals to submit to the Shareholders' Meeting;
- exercises the other powers and fulfils the duties attributed to it by the law and the Articles of Association.

With the assistance of the Appointments and Remuneration Committee, the Board of Directors periodically assesses the effectiveness of its activities and the contribution made by its individual members by means of formalised procedures, supervising their implementation. Reference should be made to Section 7.1.

## Sustainable Success

For Gefran, financial, social and environmental sustainability have always represented a way of being and operating, as well as a precise responsibility horizon.

The principle of sustainability has historically guided Gefran's development and operational management, allowing the Group to grow steadily and gain strength over the years. In 2020, Gefran formalised its sustainability strategy for the first time, in the first edition of the **Strategic Sustainability Plan** inspired by the United Nations Sustainable Development Goals, accompanying it with a commitment plan consisting of 4 projects. The Strategic Plan was updated in 2021.

In 2022, commitments were strengthened with a new Plan which, without prejudice to the strategy announced in 2020, sets measurable targets consistent with the Business Plan. The **2022 Sustainability Strategic Plan** is an integral part of the Group's business model and its day-to-day activities: Gefran intends to be an interpreter of sustainable growth, attentive to the expectations of the market, people and companies with which it works, in the areas where it operates.

The four projects referred to in the 2020 plan, which have already achieved some of the objectives (on the employee evaluation system, on the promotion of a sustainability culture along the supply chain, in obtaining new certifications and in developing sustainable product solutions), have been integrated into the new strategic plan.

The new plan to achieve the Sustainable Development Goals consists of **four pillars**, reflecting

the corporate DNA: **the centrality of people, the contribution to the ecological transition, sustainable product innovation and the sustainability of the supply chain.**

Specific objectives have been defined for each pillar to be pursued through **26 medium** and long-term projects.

The objectives are the outcome of a process that began with the analysis of Gefran's positioning and the risk/opportunity framework of the reference market. Dialogue has been opened with stakeholders and people who work in Gefran have been heard. The management, at all levels of the Group, was involved to define the projects that will lead Gefran to achieve the set objectives, as well as to determine the key indicators to monitor the results over time.

Since the formalisation of the 2022 Strategic Sustainability Plan, some moments have taken place to share the values that inspire sustainability at Gefran and the objectives that the Group has set itself. At the events organized, all the people of Gefran were involved, in order to spread the knowledge of the Strategic Plan at all levels and bring it to a global horizon that embraces the entire Gefran community in the world.

In 2023, Gefran moved on to the execution phase of the strategic plan and the projects were launched according to the defined road map.

For further details, reference should be made to Gefran Sustainability Report, specifically chapter 5, available on the Issuer's website [www.gefran.com](http://www.gefran.com) under the section *Company / Sustainability*.

#### **4.2 APPOINTMENT AND REPLACEMENT (pursuant to Article 123-bis, paragraph 1, letter I), first part, TUF)**

Gefran has maintained a traditional management system, with the Board of Directors responsible for all aspects of company management.

The Board of Directors is appointed by the Ordinary Shareholders' Meeting on the basis of lists, which may be presented by Shareholders who, at the time of presentation of the list, hold, on their own or in association with other submitting shareholders, a shareholding at least equal to the amount determined by Consob pursuant to Article 147 ter, paragraph 1, of Legislative Decree no. 58/1998 and in accordance with the provisions of the Issuers' Regulation approved by Resolution no. 11971 of 14 May 1999 and subsequent amendments.

The following is Article 13 of the Company's Articles of Association, describing the composition of the Board of Directors (which complies with the legal obligation of gender balance), the list vote and the voting and election procedures, is quoted below.

*"The Company is administered by a Board of Directors composed of a minimum of seven up to a maximum of eleven members.*

*The Directors hold office for a period not exceeding three financial years. Their mandate expires on the date of the Meeting called to approve the financial statement for the last year of their period of office, and they are eligible for re-election.*

*Before proceeding to appoint directors, the Meeting will determine the number of Board members and their terms of office.*

*All the Directors must possess the requisites of eligibility, professional qualification and repute required*

by law and other applicable provisions. Pursuant to art. 147-ter, subsection 4, of Legislative Decree no. 58/1998, at least one Director, or at least two if the Board has more than seven members, must possess the specified requisite of independence (the "Independent Director pursuant to art. 147-ter").

The Board of Directors is elected by the Meeting from lists presented by the Shareholders, according to the procedure detailed in the following subsections, subject to different and further provisions established by mandatory law or statutory provisions.

A list of candidates for the post of director may be presented by Shareholders with a shareholding equal to that established by CONSOB pursuant to art. 147-ter, subsection 1, of Legislative Decree no. 58/1998, and in compliance with the provisions of the Issuers Regulation approved under resolution no. 11971 of 14th May 1999 and subsequent amendments.

The lists must be presented to the registered office at least twenty-five days prior to the date set for the General Meeting called to appoint the Directors and will be published pursuant to regulations in force at least twenty-one days prior to said date.

Each list may contain up to eleven candidates, numbered progressively. Each list must contain and explicitly indicate at least one Independent Director, but no more than seven, pursuant to art. 147-ter, numbered progressively. If the list contains more than seven names, it must contain and explicitly indicate a second Independent Director pursuant to art. 147-ter. Each list may also, if necessary, indicate which directors possess the requisite of independence laid down by the Codes of Business Conduct drawn up by investment management companies operating in regulated markets or professional associations.

If mandatory gender division criteria are applicable, each list presenting at least three candidates must contain a number of candidates of the less represented gender at least equal to the minimum number required by the provisions of applicable law.

The lists must also contain, within them or attached thereto: (i) details of the Shareholders who presented them, and the overall percentage of shareholding held; (ii) full details of the candidates' personal and professional features; (iii) a statement by the candidates declaring that they accept their candidature and are in possession of the legal requisites, as well as the requisite of independence, where indicated as Independent Directors pursuant to art. 147-ter or as independent directors under the above-mentioned codes of conduct; (iv) any other or different statement, information and/or document contemplated by the law and by the applicable regulatory standards.

A Shareholder may not present or vote more than one list, whether directly, indirectly or through trust companies. A candidate must be present in one list only, under penalty of ineligibility.

At the end of the ballot, candidates from the two lists obtaining the highest number of votes are elected, according to the following criteria: (i) from the list obtaining the highest number of votes (the "Majority List") is taken a number of directors equal to the total number of board members, as established by the Meeting, less one; the candidates are elected, in the established number, in the numerical order specified in the list; (ii) from the list that obtained the second highest number of votes and which is not directly or indirectly connected with the Shareholders who presented or voted the Majority List pursuant to the applicable provisions (the "Minority List") is taken one director, namely the candidate at the top of the list. However, if no Independent Directors pursuant to art. 147-ter are elected from the Majority List, when the Board has a maximum of seven members, or if only one Independent Director pursuant to art. 147-ter is elected, when the Board has more than seven members, the first Independent Director pursuant to art. 147-ter in the Minority List will be elected, not the person at the top of the Minority List.

Lists that have not gained at least half of the number of votes required for their presentation will not be taken into account.

If there is a tied vote between lists, the one presented by Shareholders with the largest shareholding upon presentation of the list, or subordinately, the highest number of Shareholders, will prevail.

If, in the Board of Directors thus formed, the requirement for the minimum number of components of the less represented gender, in accordance with applicable law, is not complied with, the last elected candidate in the majority list is replaced by the first non-elected candidate in the same list belonging to the less represented gender, and so on up the majority list. If the minimum number of components of the

*less represented gender is not reached, they will be appointed by the general assembly with the ordinary majorities established by law, in replacement of the candidate in the majority list belonging to the less represented gender, from the last elected candidate, and so on up the list.*

*If only one list has been presented, the Meeting votes that list, and if the list obtains a relative majority of votes, not counting abstentions, candidates listed in progressive order are elected as directors up to the maximum number established by the Meeting; provided, however, that if the Board comprises more than seven members, the second Independent Director pursuant to art. 147-ter is also elected, in addition to the one in the first seven placings, and that equality between genders is complied with in accordance with applicable law. If the minimum number of components of the less represented gender is not reached, they will be appointed by the general assembly with the ordinary majorities established by law, in replacement of the candidates in the only list belonging to the more represented gender, starting with the last elected candidate, and so on up the list.*

*If there are no lists, or if the number of directors elected from the lists presented is less than the number established by the Meeting, the members of the Board of Directors are appointed by the Shareholders at the Meeting with the quorum established by law, subject to the appointment by the Meeting of a number of Independent Directors pursuant to art. 147-ter equal to the minimum number established by law, and the general assembly's obligation to appoint a number of directors belonging to the less represented gender that is not below the minimum number established by the provisions of applicable law.*

*Independent Directors pursuant to art. 147-ter identified as such at the time of their appointment must report any future loss of the requisite of independence, and they will fall from office, as prescribed by law.*

*If, for any reason, one or more Directors fall from office, they are replaced in accordance with the provisions of art. 2386 of the Civil Code, subject to the obligation to maintain the minimum number of Independent Directors pursuant to art. 147-ter established by the law, and the obligation to maintain equality between genders in accordance with the regulations in force at the time.*

*If due to resignations or other causes, half the number, in the event of an even number, or more than half in the event of an odd number, of the directors holding office or designated directors are not present at the meeting, the entire Board is deemed suspended as from the following reconstitution of the Board and a meeting for the new appointments shall be called urgently by the remaining directors, which will take place in accordance with the provisions of this article.”*

The Articles of Association do not allow the outgoing Board of Directors to present a list.

It should be noted that the presentation of candidacies for the 2023-2025 three-year mandate took place on the basis of the orientation expressed by the outgoing Board regarding the size and composition of the Board and the professional and managerial figures described in the Directors' Explanatory Report on the Appointment of the Board of Directors, available on the Company's website along with additional documents of prior meeting information.

The Issuer is not subject to further rules – such as sector regulations – regarding the composition of the Board of Directors.

Reference should be made to Section 7 for information on the role of the Board of Directors and Board Committees in the processes of self-evaluation, appointment and succession of Directors.

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There are no special procedures for amending the Articles of Association.

**4.3 COMPOSITION (pursuant to Article 123-bis, paragraph 2, letters d) and d) bis, TUF)**

The Board of Directors is composed of executive and non-executive Directors, all with the professionalism and adequate skills required for the tasks entrusted to them.

The Board of Directors in office as of 31 December 2023 was appointed during the 21 April 2023 Shareholders' Meeting using the list system, specifically with the Majority List, submitted by the shareholder Fingefran S.r.l. on 27 March 2023, which held at the time of submission a total of 7,634,522 Gefran S.p.A. ordinary shares equal to 53.018% of the share capital, and with the Minority List presented on 24 March 2023 jointly by the shareholders Luigi Franceschetti, Maria Martinelli, Elena Franceschetti and Adriana Lilli Franceschetti, who held at the time of submission a total of 791,336 Gefran S.p.A. ordinary shares equal to 5.495% of the share capital.

It should be noted that the threshold for the presentation of GEFTRAN S.p.A. lists established by CONSOB with Resolution no. 76 of 30 January 2023 is equal to 2.5% of the share capital.

It should be noted that presentation of candidacies for the 2023-2025 three-year mandate took place on the basis of the orientation expressed by the outgoing Board, regarding the size and composition of the Board and the professional and managerial figures described in the Directors' Explanatory Report on the Appointment of the Board of Directors, available on the Company's website along with additional documents of prior meeting information.

The current Board shall remain in office until the date of the Shareholders' Meeting to approve the financial statements for the year ending 31 December 2025.

The Majority List included the following candidates:

- 1. Ennio Franceschetti** born in Protaglio d'Iseo (BS) on 5 September 1942
- 2. Maria Chiara Franceschetti** born in Iseo (BS) on 22 June 1969
- 3. Giovanna Franceschetti** born in Iseo (BS) on 3 February 1976
- 4. Andrea Franceschetti** born in Iseo (BS) on 28 May 1977
- 5. Marcello Perini** born in Brescia (BS) on 26 March 1969
- 6. Alessandra Maraffini** born in Roma (RM) on 8 July 1966
- 7. Enrico Zampedri** born in Brescia (BS) on 6 July 1966
- 8. Cristina Mollis** born in Bergamo (BG) on 4 September 1974
- 9. Giorgio Metta** born in Cagliari (CA) on 14 January 1970

Votes in favour of the list included 7,886,554 votes, representing 86.2829% of the voting capital.

The Minority List included the following candidates:

1. <b>Luigi Franceschetti</b>	born in Iseo (BS) on 8 February 1972
2. <b>Stefano Colpani</b>	born in Brescia (BS) on 23 October 1960

Votes in favour of the list included 1,152,911 votes, representing 12.6134% of the voting capital.

Following the sudden death of the Honorary Chairman and founder of the Company, Mr Ennio Franceschetti, on 17 April 2023, the following candidates were elected at the end of voting according to the criteria defined by Article 13 of the Articles of Association, reported above in full:

1. Maria Chiara Franceschetti
2. Giovanna Franceschetti
3. Andrea Franceschetti
4. Marcello Perini
5. Alessandra Maraffini
6. Enrico Zampedri
7. Cristina Mollis
8. Giorgio Metta
9. Luigi Franceschetti

The Directors shall perform their duties with full knowledge of the facts, and contribute their specific skills of a technical and strategic nature to Board discussions, in full autonomy and with independent judgement, with the aim of creating value for shareholders.

The number and powers of non-executive Directors are such as to guarantee a significant weight in voting on Board resolutions and ensure effective monitoring of management.

A significant number of non-executive Directors is independent.

The five non-executive Directors, who do not have operational or management powers within the Company, can provide a broader perspective in discussions on agenda items, especially matters where the interests of the executive Directors and those of the shareholders do not coincide.

A brief curriculum vitae for each Director in office as of the date of this Report, showing their personal details, expertise and experience, is provided below.

For details on the Directors and their appointments, please refer to Chart 2, attached.

## **Maria Chiara Franceschetti**



*Chairwoman and Executive Director*

Born in Iseo on 22 June 1969, she graduated in Mechanical Engineering from Brescia University and started her career as Director of 3S S.r.l. in Varese. She later joined the Gefran Group as Head of Company Information Systems, and subsequently became Group HR Director. She was Group CEO between 2014 and 2017.

## **Andrea Franceschetti**



### *Vice Chairman and Executive Director*

Born in Iseo on 28 May 1977. He obtained a Master's Degree in Economics and Management of Small and Medium Enterprises in 2006/2007 and a Master's Degree in Business Economics promoted by Il Sole 24 Ore in 2009.

In 2001-2002, he was responsible for updating the Go-Fluid site for Hydraulics/Pneumatics/Lubrication of the company Vortal S.r.l.

He began working for Gefran S.p.A. in 2002, holding a number of positions in production and quality, becoming International Sales Manager in February 2013 and then Drives Business Unit Sales Manager until 2017; currently Chairman of the Board of Directors of the subsidiary Gefran Soluzioni S.r.l. He holds the position of Director in the innovative start-up Matchplat S.r.l.

## **Giovanna Franceschetti**



### *Vice Chairwoman and Executive Director*

Born in Iseo on 3 February 1976, she holds a degree in Public Relations from the IULM University in Milan. After obtaining a Master's Degree in Business Administration from L. Bocconi Business School, she started working as a Product Manager for consumer goods multinational Unilever.

She was Head of Communications and Image for Gefran from 2004 to 2018 and Group Investor Relator from 2004 to 2018 and again from May 2022.

Chairwoman of the Board of Directors of Fingefran S.r.l., Gefran S.p.A. parent company.

## **Marcello Perini**



### *Chief Executive Officer*

Born in Brescia on 26 March 1969, he is Gefran Chief Executive Officer since April 2020. He holds a degree in Mechanical Engineering from Brescia University and an Executive Master of Business Administration from MIP Graduate School of Business at Politecnico di Milano. Marcello Perini has held positions of growing responsibility and strategic importance in Gefran, from leadership of R&D in the Sensors Business Unit to the position of General Manager of the Sensors and Automation Components Business Units. In 2014-2015 he was also Head of the Motion Control Business Unit.

## **Alessandra Maraffini**



### *Independent Director*

Born in Rome in 1966. After a Bachelor's degree in Economics and Business with a major in Law and Economics of the European Union at the Sapienza University of Rome, she completed a Master's degree in management skills development at Confindustria Roma and the Board Academy at Assogestioni – Luiss Business School.

Her professional career has spanned over 30 years both in companies and in consulting firms.

Within Banking Groups, she has supported corporate bodies on issues surrounding control systems, risk management and organisation, while also managing organisational development projects and acquisition projects in asset management.

She has been Head of Corporate Control Functions (Compliance, Risk Management, Internal Audit, Anti Money Laundering) and Operational Functions (Middle Office and Back Office) at

leading Italian and International Banking Groups, SGR and Private Equity.

Since 2022, she has worked as a lecturer on the B&C Law Master's Degree at the Luiss Guido Carli University. She holds the position of Director at the listed company Banco di Desio e della Brianza S.p.A and at the start-up TPPay S.r.l.

The Board of Directors has verified that Alessandra Maraffini meets the requirements referred to in Article 148, paragraph 3, of the TUF and Recommendations 6 and 7, referred to in Article 2 of the Code, in order to be qualified as an independent director of the Company.

The Board of Directors meeting held on 12 March 2024 to assess whether the independence requirements for its members were met, and with particular reference to Alessandra Maraffini, deemed Director Maraffini to meet the independence requirements also pursuant to the Corporate Governance Code, considering the criterion of substance over form. She meets all the requirements, with the exception of the one provided for in Article 2, Recommendation 7 h being a close family member of a person who has held the office of Director of the Company for more than nine years in the last twelve. In the evaluation, the Board has considered the Board member's curriculum vitae as well as the fact that the family bond concerns a person who has held the position of non-executive and independent director in the past; therefore, the Board has deemed that the family bond does not in fact affect the Board member's independence.

## Enrico Zampedri



*Independent Director*

Born in Brescia (BS) in 1966. Graduated in Management Engineering from the Politecnico di Milano. Since March 2018, he is Chairman and Chief Executive Officer of Metra SpA in Rodengo Saiano (BS) and of all Group companies in Italy, the USA and Canada active in the aluminium extrusion and services sector, and he is Executive Vice Chairman of the Brixia Group. His professional career has spanned over 30 years at companies and foundations, including for charitable and cultural purposes.

From January 2015 to 2018, he was General Manager of the Fondazione Policlinico Universitario A. Gemelli di Roma, a hospital of national and international standing, and from 2004 to 2014 he was General Manager of the Fondazione Poliambulanza Istituto Ospedaliero di Brescia.

He is currently also Chairman of the Melanoma Carolina Zani Foundation, Vice Chairman of Basketball Brescia and the Croce Bianca of Brescia, a member of the Board of Directors of Editoriale Bresciana, of the Opera per l'Educazione Cristiana and of the Paolo and Carolina Zani Foundation for Arts and Culture, and also Probiviro of Confindustria Brescia.

The Board of Directors has verified that Enrico Zampedri meets the requirements referred to in Article 148, paragraph 3, of the TUF and Recommendations 6 and 7, referred to in Article 2 of the Code, in order to be qualified as an independent director of the Company.

## Cristina Mollis



*Independent Director*

Born in Bergamo on 4 September 1974, she is an entrepreneur and digital strategist. She graduated from LIUC University in Castellanza with a degree in Economics and then took a Master's Degree from SDA Bocconi.

After working as a consultant with Valdani Vicari & Associati, she was appointed Vice Chairwoman of the Value Partners Group. In 2008 she founded

NuvO', which she led until it became a part of HFarm in 2015. Following the merger, Cristina Mollis became H-Farm Head of Industry. In 2019 she was CEO of Coin S.p.A.

Today she continues her journey as an entrepreneur with The Okapi Network Srl Società Benefit, a company dedicated to launching sustainable initiatives. The first of these R5® Living, on the market since 2021, is dedicated to the production of home and personal care products with reduced environmental impact.

The Board of Directors has verified that Cristina Mollis meets the requirements referred to in Article 148, paragraph 3, of the TUF and Recommendations 6 and 7, referred to in Article 2 of the Code, in order to be qualified as an independent director of the Company.

### **Giorgio Metta**



#### *Independent Director*

Born in Cagliari on 14 January 1970. Current Scientific Director of Istituto Italiano di Tecnologia (IIT). He graduated from Genoa University with a degree with honours in Electronic Engineering and went on to take a PhD from the same university. He conducted research at Leeds University (UK) and MIT (U.S.A.) before beginning his academic career at Genoa University starting in 2005, with a special focus on robotics. He started working with ITT in 2007, finally leaving the university in 2011 to become department head at IIT, and then Deputy Director in 2015.

He has authored numerous scientific publications and conducts assessments for the European Commission and various national and supranational bodies in robotics and artificial intelligence.

The Board of Directors has verified that Giorgio Metta meets the requirements referred to in Article 148, paragraph 3, of the TUF and Recommendations 6 and 7, referred to in Article 2 of the Code, in order to be qualified as an independent director of the Company.

### **Luigi Franceschetti**

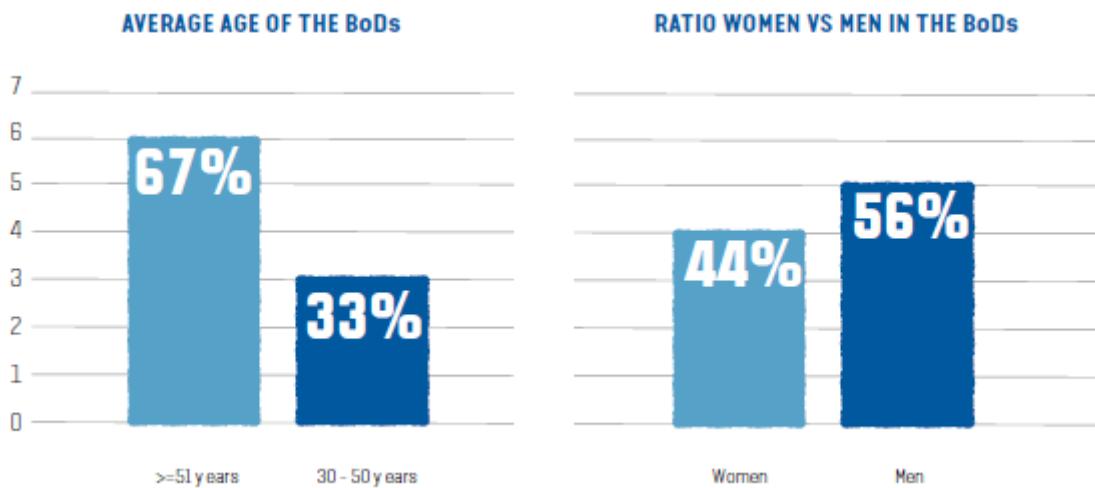


#### *Non-executive Director*

Born in Iseo (BS) in 1972. Graduated in Economics and Business Management from LIUC Cattaneo University of Castellanza. After extensive experience as a Foreign Sales Officer, in 2014 he joined Saccheria F.lli Franceschetti, a company listed on the Euronext Growth Milan market of the Italian Stock Exchange, which produces material for industrial packaging, and from 2014 he became Chairman of the Board of Directors.

Since November 2018, he has been Chief Executive Officer of O.H.C. Bene S.r.l. of Provaglio d'Iseo (BS). He is ELI WMS Co-Founder (IT Company active in Warehouse Management Systems) and in 2020 he was elected Chairman of the Textile Sector of Confindustria Brescia.

He is the Sole Director of Jack Holding S.r.l., a Family Holding Company.



Gefran has always been aware of the importance of preserving all aspects of diversity, such as gender and age composition and different educational backgrounds and work experience.

The Company fully implements all the provisions of the law regarding gender composition: one third of the members of its Board of Directors and Board of Statutory Auditors belong to the least represented gender. Please refer to the statutory provisions of Section 4.2 of the Report in this regard.

The composition of both bodies is therefore sufficiently diversified in relation to this parameter. There is also diversity in terms of age and differences in educational background and work experience, as will be evident from the information provided above and from the curricula.

Gefran has taken measures to promote equal treatment and gender opportunities within the entire corporate organisation and monitors its implementation. The Company acknowledges this in the “People in Gefran Policy” of 30 June 2023, published on the Issuer’s website [www.gefran.com](http://www.gefran.com) in the *Company / Sustainability / The 4 pillars to reach the sustainable development objectives / Available resources* section, as well as on the company intranet and in the Sustainability Report, available on the Issuer’s website [www.gefran.com](http://www.gefran.com) under the section *Company / Sustainability*.



Finally, it should be noted that the qualitative and quantitative composition of the Board is checked in conjunction with the three-year term of office of the Board, analysed and monitored by the Board during a self-evaluation process, which also involves aspects relating to age, nationality, gender

composition, managerial and professional skills, training, the presence of different age groups and seniority of office. Board evaluation also takes place in a way that allows all the Directors to express their views on key aspects concerning the Board, Committees, interaction with management and risk governance, allowing them to express their comments and proposals.

### Maximum number of positions held in other companies

The Gefran Board of Directors, drawing its inspiration from the Corporate Governance Code and, in particular, Recommendation 15<sup>1</sup> applicable to “large companies”<sup>2</sup>, has expressed its orientation in the adoption of the Board of Directors Regulations regarding the maximum number of positions on the administrative and control bodies of other listed companies of significant size<sup>3</sup> that may be considered compatible with effective performance of the role of director in the Company, taking into account the commitment involved in the position held. In this regard, Gefran’s Board of Directors has specified that no more than five positions may be held in listed companies or companies of significant size, including the position held in Gefran.

The positions of Director or Statutory Auditor held by current Gefran Directors in other listed companies and companies of significant size are listed below:

- Maria Chiara Franceschetti: Member of the Board of Directors of Banca Santa Giulia S.p.A. and member of the Board of Directors of GMOL Gruppo Mutui Online
- Cristina Mollis: Member of the Board of Directors of Triboo S.p.A., member of the Board of Directors of FAE Technology S.p.A. – Società Benefit
- Luigi Franceschetti: Chairman of the Board of Directors of Saccheria F.Ili Franceschetti S.p.A.
- Alessandra Maraffini: Independent Director of Banco di Desio and Brianza S.p.A.
- Enrico Zampedri: Director and Chairman of the Board of Directors of PAD Multienergy S.p.A.

The Board’s current composition fully complies with the general criteria set out above.

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### Induction Programme

In accordance with Recommendation 12 letter d) referred to in Article 3 of the Corporate Governance Code (so-called *“induction programme”*), the Chairwoman has ensured that all Directors and Statutory Auditors may participate in initiatives aimed at improving their knowledge of the sector in which the Issuer does business, corporate dynamics and how they evolve, risk management principles, and the applicable legislative and self-regulatory framework.

These initiatives also include meetings with top management.

<sup>1</sup> Recommendation 15: “In large companies, the board of directors expresses its guidelines on the maximum number of offices that can be considered compatible with an effective performance and the time commitment required by the role of the directors. The relevant offices are those held in corporate bodies of other listed companies and of companies having a significant size”.

<sup>2</sup> Company exceeding one billion Euro in capitalisation as of the last trading day in each of the previous three calendar years. Starting on 31 December 2020, companies considered “large companies” apply the principles and recommendations for this type of company beginning in the second year after the one in which the applicable size condition emerged.

<sup>3</sup> As the Corporate Governance Code does not contain a definition of “company of significant size”, the Board of Directors has decided to consider as such all those companies that prepare consolidated financial statements and are characterised by either: i) revenues from sales and services exceeding 500 million Euros; or ii) assets appearing in the balance sheet in the last approved financial statements exceeding 800 million Euros.

During the 2023 Fiscal Year, the induction activities concerned in particular: (i) the Sensors business unit; (ii) the development of new products; (iii) the Enterprise Risk Management activities of the Gefran Group; (iv) developments in the world of procurement and risk management activities fulfilled by the Procurement Department.

An induction meeting was also held for the Control and Risks Committee on the activities fulfilled by the Internal Audit Function and on the Enterprise Risk Management process.

With reference to the main risks abstractly referable to the Issuer's business, the results of Enterprise Risk Management were presented in the 9 February 2023 Board of Directors' meeting.

#### **4.4. FUNCTIONING (pursuant to Article 123-bis, paragraph 2, letter d), TUF)**

The Company's management body defines the rules and procedures for its operation in its Regulations, approved by resolution on 11 May 2023, with the aim of ensuring effective management of the Board's prior-information.

The Board Regulations not only sum up the tasks of the Board under the provisions of the law, the Articles of Association and the Corporate Governance Code, but specify the deadline for providing information prior to Board meetings and for summoning meetings, the deadline for providing Directors and Statutory Auditors with the minutes of meetings, and provide criteria for objective determination of certain aspects on which the Corporate Governance Code allows the definition by issuers, including:

- accumulation of positions held in other listed companies or large corporations, specifying what is meant by "large corporations"
- defining the phrase "significant business, financial or professional relations".

The Board fulfils the activities required by the Articles of Association, by law, by the principles established by the self-regulatory codes to which Gefran adheres, and for those acts not included in the powers of the Company's Executive Directors.

The Board of Directors' discussions and resolutions are recorded in minutes signed by the Chairman and the Secretary of the meeting (or by a Notary, where required by the applicable legislation).

The supporting documentation distributed to the Directors and Statutory Auditors is kept in the Board's files.

The Chairman, also assisted by the Legal and Corporate Affairs Department, ensures that for all topics to be discussed by the Board, Directors receive in good time the necessary documentation and information to enable them to assess and make informed decisions on the topics discussed, except in cases of urgency. In this case, it is still ensured that items on the agenda are discussed exhaustively.

For the purposes of compliance with Recommendations 11 and 12 of the new Corporate Governance Code, the Board of Directors, through adoption of the Board Regulations, has established the following timeframes, within which documentation relating to the items on the agenda must be sent, deeming them adequate:

- Five days prior to the board meeting to send periodic financial statements;
- Three days prior to the board meeting to send documentation relating to other items on the agenda;
- One day before the board meeting in case of justified and exceptional reasons of urgency.

In order to ensure the utmost confidentiality and traceability of the circulation of documentation, the Company uses an electronic platform for the distribution and consultation of documents pertaining to the meetings of corporate bodies.

The deadlines are met. When it is not possible to provide the necessary information with sufficient notice, the Chairman ensures that sufficient analysis is conducted during the Board sessions, and extends their duration for as long as necessary.

Pursuant to the Regulations of the Board of Directors, a preliminary draft of the minutes shall be distributed as soon as they are available, and in any case within 30 days from the date of the meeting, with an invitation to report any comments in time for the preparation of the final draft, which is then submitted to the Board at the first subsequent meeting and transcribed in the book of minutes of its meeting.

Board meetings are convened by the Chairman, one of the Vice-Chairmen, or two Directors, by letter or e-mail or via the electronic platform, sent at least three days in advance of the meeting to each Director and Statutory Auditor at the email address provided. In cases of urgency, the Board meeting may be convened by telegram, or e-mail sent at least two days in advance of the meeting.

Even when the directors hold other posts, they shall all devote the time required to perform their duties, while remaining aware of the responsibilities associated with their posts; they are constantly informed about the principal new developments in legislation and regulations.

On the Chairman's or the Chief Executive Officer's invitation, Board meetings are attended by management representatives who can provide the Directors and the Board as a whole with in-depth knowledge of the Company's and Group's activities. In 2022, for example, certain managers and/or other executives with strategic responsibilities, representatives of the corporate functions involved in the Internal Control System, participated in certain Board meetings for the specific topics on the agenda. At the invitation of the Chairman, the Group's Chief Executive Officer, the Executive in charge of financial reporting the Group's Chief Financial Officer, the General Counsel, who also hold the role of Secretary of the Board, as well as the Chairman of the Board of Statutory Auditors and the entire Board of Statutory Auditors also attended the meetings.

Board of Directors	2023	2022	2021	2020
Number of meetings	10	13	8	13
Average attendance %	92.22%	96%	98.6%	98.3%

In 2023, the Board met 10 times, with an average attendance rate of 92.22%, and an average meeting duration of two hours; this frequency and the constant presence of the Board of Statutory Auditors enable the Board to act in a timely and effective manner. Any absences are announced and justified in advance.

According to the 2024 Corporate Events Calendar, which is available on the Company's website,

five Board meetings are scheduled for the current year. So far this year, the Board met to examine the preliminary consolidated figures for the year ending 31 December 2023 on 14 February 2024, and met to approve the draft financial statements and the consolidated financial statements for 2023 on 12 March 2024.

Board meetings may be held in person at the Company's registered offices or using telecommunication tools that permit identification of participants, allow all participants to take part in the debate and receive equal information, and allow voting where required.

## 4.5 ROLE OF THE CHAIRWOMAN



The Chairwoman of the Board of Directors holds a connecting role between executive Directors and non-executive Directors and takes care of the effective functioning of the Board's duties.

The Chairwoman of the management body, with the help of the Secretary of the Board, ensures that:

- prior-Board information and any additional information to be provided during meetings is appropriate to enable directors to perform their duties in an informed manner;
- the work of Board Committees with preliminary, proposal and advisory functions is coordinated with the activity of the management body;
- in agreement with the Chief Executive Officer, the Company Executives and Group Executives responsible for the corporate functions concerned attend Board meetings, even in response to the request of individual directors, to provide appropriate insights on the items on the agenda;
- all members of management and control bodies may attend, following their appointment and while in office, in initiatives aimed at providing them with adequate knowledge of the sectors of business in which the Company operates, the Company's dynamics and their evolution, also with a view ensuring the sustainable success of the Company, as well as the principles of proper risk management and the regulatory and self-regulatory framework of reference. Reference should be made to Section 4.3 Induction Programme;
- the adequacy and transparency of the self-assessment process of the management body, with the support of the Appointments Committee. Reference should be made to Section 7 of the Report.

The Chairwoman of the Board ensures that the Board is always informed, at its first subsequent meeting, on developments and significant content of interaction with shareholders.

Reference should be made to section 4.6 below for further information on the role and power of attorneys of the Chairwoman.

### Secretary of the Board

The Board shall appoint and revoke the Secretary of the Board upon the Chairman's proposal.

The Secretary need not be a member of the Board and must possess adequate knowledge of the Company's corporate matters and governance system.

The Secretary supports the work of the Chairman and impartially provides assistance and advice

to the Board of Directors on all aspects pertaining to the proper functioning of the corporate governance system.

In the event of absence or impediment of the Secretary, the Chairman may appoint another person, even for a single meeting, provided this person meets the same professional requirements.

On the date of this report, the Board has formally appointed a Secretary by resolution dated 11 May 2023; the position is assigned to the General Counsel, Vittorio Grasso, a person deemed to have adequate knowledge of corporate and governance matters. The Secretary is supported by the Legal and Corporate Affairs Department for the purpose of fulfilling these activities.

During the 2023 Fiscal Year, the Secretary supported the Chairwoman in fulfilling the activities referred to in Section 4.5.

## 4.6 EXECUTIVE DIRECTORS

### Executive Directors

The Board has appointed from among its members:

- The **Chairwoman, Maria Chiara Franceschetti**, who is entitled to legal representation of the Company pursuant to the law and the Articles of Association. The Chairwoman, in undivided ownership with Giovanna Franceschetti and Andrea Franceschetti, indirectly controls 53.018 % of the Company's share capital.

The powers listed below are bestowed on the Chairwoman, to be exercised with single and several powers of signature unless otherwise specified, and with powers of sub-delegation where specified:

**A) In the planning of the Group and the Company's activities**

- 1) to oversee relations with shareholders, and providing of information to shareholders;
- 2) to identify strategic guidelines for the Company and the Group, to be submitted to the Board of Directors for approval, setting up, once the guidelines have been approved, the necessary relationships of coordination and control over the actions of subsidiaries, affiliates or associated companies with the aim of achieving the Group's targets;
- 3) to perform actions of guidance, coordination and control of the activities of Group companies;
- 4) to acquire all data and information considered necessary for performing the above functions from the Chief Executive Officer and the group's management structure;
- 5) to propose to the Board of Directors, in agreement with the Chief Executive Officer, the Group's corporate structure, any changes that may be considered necessary or appropriate at various times, and corporate operations necessary or appropriate to achieve the Company's strategic plans;
- 6) to identify the organisation of the Company through areas and functions to be submitted to the approval of the Board of Directors;
- 7) to set forth the guidelines of the Company's and the Group's financial policies.

**B) In banking and financial transactions (the Chairwoman will have the option of sub-delegating the powers listed here)**

- 1) to open and close current bank and postal accounts and securities accounts;

- 2) to issue bank cheques, banker's drafts and money orders, give orders for payment either electronically or otherwise, withdraw bills of exchange and cash orders, sign orders and receipts to withdraw money from banks, financial institutions and post office savings accounts, and in general manage the Company's bank and postal accounts, including signing currency trading contracts and interest rate and currency hedge contracts up to a limit of 4,000,000.00 Euro (four million Euro) per transaction or series of transactions related to the same party, using cash on hand or available credit lines, in compliance with the contractual provisions governing the relationships with these parties;
- 3) to transfer funds between the Company's various current accounts and make collections in the name and on behalf of the Company;
- 4) to issue bills of exchange, accept drafts and in general carry out any transactions involving bills of exchange related to the supply of goods and/or services to the Company, up to a limit of 1,250,000.00 Euro (one million two hundred fifty thousand Euro) per transaction or series of transactions related to the same party;
- 5) to conduct all transactions necessary for immediate implementation of plans for the purchase or sale of own shares, within the limits and by the methods permitted by resolutions passed in meetings, and transactions in fixed-income securities up to and not beyond the limit of 2,500,000.00 Euro (two million five hundred thousand Euro) per transaction or per day;
- 6) to take out and issue loans of any kind, to or from any party and in any form, and provide collateral and personal guarantees up to 4,000,000.00 Euro (four million Euro);
- 7) within the limit of 4,000,000.00 Euro (four million Euro) per single transaction or set of transactions referring to the same subject matter, to execute agreements with factoring companies and financial companies in general, defining all contractual terms and conditions and signing all the related deeds, including granting of credits, collection mandates, advance payment and discount transactions, provision of guarantees, issuance of receipts, and carry out transactions for transfer and/or pledging, both with and without recourse, the credits of the Company accrued and accruing.

**C) In collection, pick-up, signature and shipping (the Chairwoman will have the power to sub-delegate these powers)**

- 1) to demand and receive any sums due to the Company in any form and for any reason, and to issue receipts for total or partial collection;
- 2) to collect from post, railway and transport offices any type of registered letter, package or parcel, and in general anything addressed to the Company, and issue receipts and quittances;
- 3) to sign the Company's ordinary correspondence within the framework of her powers, writing "GEFRAN S.p.A." and "Chairwoman" followed by her signature;
- 4) to despatch and collect letters, packages and parcels, including registered and insured ones.

**D) In representation of the Company and conducting operations with public and private entities and associated companies (the Chairwoman will have the power to sub-delegate these powers)**

- 1) to represent the Company before any Court, Judge, or other judicial authority, whether single or collegial, entity, commission, or board, in any area (civil, penal, administrative, labour law, commercial, industrial, bankruptcy and business) of any order, jurisdiction and degree, with the power to sign mandates, powers of attorney and appeals, propose and accept settlements, initiate lawsuits, appear as defendant or respondent, appellant or appealed, represent the Company in meetings of creditors, make proposals or credit claims in bankruptcies or other insolvency proceedings, accept settlements with customers and demand payment, negotiate any amounts or disputes up to a limit of 500,000.00 Euro (five hundred thousand Euro), reach settlements in disputes by arbitration or seek friendly settlements, final or otherwise, ensure the implementation of

*judgements, make, refer and accept conclusive and other sworn statements, promote foreclosures and seizures or other preventive acts against debtors and third parties and revoke the same;*

- 2) *to conduct any transactions and represent the Company in any fiscal or administrative practice or dispute with any public official – state, regional, provincial or municipal – or any private office, in Italy and abroad, or tax revenue offices, and before administrative commissions of the first and second degree; to sign and file, electronically or otherwise, returns for direct and indirect taxes, Intrastat forms, tax and statistical forms and questionnaires, accept and reject assessments, reach agreements and settlements, challenge registrations, present petitions, complaints and documents, appoint defence counsel for appeals and statements of defence before any tax office or commission, or at tax revenue offices or administrative commissions of the first and second degree, accept tax refunds, including interest, issue receipts, make payments with no limit on the amount and take any steps required to pay direct and indirect taxes, duties and fees, including social security contributions;*
- 3) *to represent the Company before any central or peripheral administrative authorities to obtain concessions, licences and authorisations;*
- 4) *to represent the Company before Consob, the Italian Stock Exchange, and Monte Titoli (settlement system), with the power to sign any kind of document, communication or notice, including press releases with price-sensitive contents, in accordance with the regulations and codes adopted by the Company;*
- 5) *to represent the Company in subsidiaries' ordinary and extraordinary shareholders' meetings, with all the required powers of representation and authorisation, and appoint delegates for this purpose under the law;*
- 6) *to take the necessary steps in patenting procedures, including but not limited to requests for corrections, amendments, secrecy extensions and divisions, to propose or challenge administrative opposition, interference and administrative appeals, and to take any other steps required in applying for, obtaining and maintaining patents, to sign all the deeds required to execute the above powers, to appoint patent agents in Italy and abroad and grant them related mandates;*

**E) In current administration of buildings (the Chairwoman will have the power to sub-delegate these powers)**

- 1) *to sign documents concerning the day-to-day administration of the Company's property and third-party property leased to the Company, and all connected and consequent operations;*
- 2) *to enter into, amend and terminate lease agreements covering third-party property and the Company's own property, with a maximum duration of nine years.*

**F) In insurance, supply and transportation contracts (the Chairman will have the power to sub-delegate these powers)**

- 1) *to enter into private insurance agreements or mandates, as the insured party, covering risks to the Company's assets (including credit insurance) and employees and third-party liability, and sign the insurance policies;*
- 2) *to make changes to these insurance agreements, in the event of damage suffered negotiate the amount of compensation due by the insurance company, and issue receipts for sums collected;*
- 3) *to enter into, amend and terminate contracts covering the supply of any kind of utilities required for ordinary company management, and to represent the Company in dealings with companies supplying energy, telecommunications services and other services to businesses;*
- 4) *to enter into, amend and terminate contracts with transport companies, shipping agents and other public or private bodies or entities, in Italy or abroad, that provide transport*

services for goods or people;

G) *In the purchase of moveables not destined for sale and not destined for industrial activity (the Chairwoman will have the power to sub-delegate these powers)*

- 1) *to purchase, lease, financially or otherwise, hire, loan or sell registered and unregistered movable assets, furniture and equipment up to a limit of 500,000.00 Euro (five hundred thousand Euro) per transaction.*

H) *In the appointment of professionals and attorneys (the Chairwoman will have the power to sub-delegate these powers)*

- 1) *to assign professional mandates of a non-continuous nature, within his/her powers;*
- 2) *to appoint special proxies for single acts or categories of acts within his/her powers.*

I) *In management of the Company's industrial activities (the Chairwoman will have the power to sub-delegate these powers)*

- 1) *to negotiate, finalise and enter into lease agreements up to a duration of nine years, and custody, storage and transport agreements connected with the Company's industrial activity;*
- 2) *to contract in and out work of any kind and enter into work contracts connected with the Company's industrial activity;*
- 3) *to negotiate, finalise and enter into agreements for the supply of goods and services connected with the Company's industrial activity;*
- 4) *to purchase, lease, sell and swap movable goods, machinery, plant and equipment connected with the Company's industrial activity, with the power to negotiate terms, conditions and fees, all up to a limit of 500,000.00 Euro (five hundred thousand Euro) per transaction.*

J) *In management of the Company's commercial activities (the Chairwoman will have the option of sub-delegating the powers listed here)*

- 1) *to finalise and execute contracts with customers of any type, and to grant payment extensions, discounts and bonuses;*
- 2) *to handle practices connected with the import and export of finished and unfinished products, and fulfil all the associated obligations;*
- 3) *to purchase printed, advertising and propaganda materials, and enter into related supply contracts;*
- 4) *to enter into and terminate mandate, commission, agency, distribution, brokerage and business procurement agreements;*
- 5) *to collect and issue receipts for amounts, cheques, promissory notes, security deposits, money orders and anything else due to the Company;*
- 6) *to reach compromises on disputed receivables, and grant discounts and allowances up to a limit of 300,000.00 Euro (three hundred thousand Euro) per operation;*
- 7) *to lodge protests, apply for injunctions, promote cautionary or executive measures, file bankruptcy petitions, and intervene in bankruptcy or insolvency proceedings in general to recover amounts due to the Company;*
- 8) *to stipulate, modify, and cancel contracts for the sale of goods and services sold by the Company, and to sign proposals, order confirmations, and applications to participate in calls for tender.*

K) *In human resources management*

- 1) *to hire, promote and dismiss the Company's employees (including executives) in Italy and abroad; to determine their tasks, remuneration and conditions; to arrange revocations, suspensions, job changes, transfers, and disciplinary and other provisions, including precautionary suspension; to determine and pay termination indemnities in the event of cessation of the employment relationship for any reason;*

2) *in response to the Chief Executive Officer's proposal, to hire and dismiss persons reporting directly to the Chief Executive Officer and, if he or she has the power to do so, subsidiaries' General Managers.*

This allocation of proxies responds to the organisational requirements of the Company: in fact, in view of the structure organised in different business units and the size of the Group, the presence of an Executive Chairman seems appropriate to guarantee unified strategic direction and to allow efficient and correct management, always operating within the framework of the direction and control of the Board of Directors. In addition, the granting of these powers is mitigated by the fact that the Issuer has allocated additional powers among its Directors.

- The **Vice Chairman, Andrea Franceschetti**, with functions determined under the Company's Articles of Association pursuant to Article 21, and more specifically "*Vice Chairmen shall have the power to sign for the company and act as its legal representative before third parties and in court in the event that the Chairman is absent or unable to perform these functions*"; he is also awarded the following powers:
  - 1) *responsible for relations with trade associations, representing the Company and participating in meetings, observatories and committees concerned with the sectors in which the company works, for the purpose of monitoring economic scenarios, technical and regulatory updates and technological innovations, reporting to the Chief Executive Officer on the work performed and possible opportunities for the Company;*
  - 2) *participating in the principal national and international trade fairs in the areas in which the Company operates, and in seminars and conventions of interest, interfacing with the Chief Executive Officer in order to monitor market trends and the orientation of customers and competitors and to send the corresponding information to the Chief Executive Officer;*
  - 3) *to sign the Company's ordinary correspondence within the framework of his powers, writing "Gefran S.p.A." and "Vice Chairman" followed by his signature.*
- The **Vice Chairwoman, Giovanna Franceschetti**, with functions determined under the Company's Articles of Association pursuant to Article 21, and more specifically "*Vice Chairmen shall have the power to sign for the company and act as its legal representative before third parties and in court in the event that the Chairman is absent or unable to perform these functions*"; she is also awarded the following powers:
  - 1) *responsible for internal and external corporate communications, determining the guidelines for corporate branding aspects and supervising the protection of the company's trademarks, in coordination with the Chief Executive Officer, in order to determine the compatibility of the initiatives with the strategies defined;*
  - 2) *coordination of the Company's sustainability initiatives (Environmental Social Governance), overseeing internal and external communications and guaranteeing the commitment and sponsorship of the Board of Directors, including adoption of the Sustainability Report;*
  - 3) *within the limits of the powers granted, she may stipulate contracts and award appointments committing the company to a maximum expenditure of 50 thousand Euro per transaction, within the limits of Company's annual budget;*
  - 4) *to sign the Company's ordinary correspondence within the framework of her powers, writing "GEFRAN S.P.A." and "Vice Chairwoman" followed by her signature.*
- The **Chief Executive Officer, Marcello Perini**, principal person responsible for management of the Issuer (the Chief Executive Officer), entrusted with legal

representation of the Company, on whom the powers listed below are bestowed, to be exercised with single and several powers of signature unless otherwise specified, and with powers of sub-delegation where specified:

**A) In the planning of the Group and the Company's activities**

- 1) to prepare the budget and the three-year plan, with the goal of implementing the strategic guidelines;
- 2) to propose to the Board of Directors, jointly with the Chairman, the Group's corporate structure, any modifications that may be considered necessary and/or appropriate over the years, and corporate operations necessary or advisable for the pursuit of the Company's strategic plans;
- 3) to verify the consistency of investments with the Group's strategic plans in advance, particularly investments regarding extraordinary operations and the establishment of new companies, with the budget and three-year plan approved by the Board of Directors;

**B) In banking and financial transactions (the Chief Executive Officer will have the option of sub-delegating the powers listed here)**

- 1) to open and close current bank and postal accounts and securities accounts;
- 2) to issue bank cheques, banker's drafts and money orders, give orders for payment either electronically or otherwise, withdraw bills of exchange, sign orders and receipts to withdraw money from banks, financial institutions and post office savings accounts, and in general manage the Company's bank and postal accounts, up to a limit of 2,000,000.00 Euro (two million euro) per transaction or series of transactions related to the same party, using cash on hand or available credit lines, in compliance with the contractual provisions governing the relationships with these parties;
- 3) to transfer funds between the Company's various current accounts and make collections in the name and on behalf of the Company;
- 4) with the joint signature of the Chairwoman, to conduct all transactions necessary for immediate implementation of plans for the purchase or sale of own shares, within the limits and by the methods permitted by resolutions passed in meetings, and transactions in fixed-income securities up to and not beyond the limit of 1,250,000.00 Euro (one million two hundred fifty thousand Euro) per transaction or per day;
- 5) with the joint signature of the Chairwoman, to take out and issue loans of any kind, to or from any party and in any form, and provide collateral and personal guarantees up to 2,000,000.00 Euro (two million Euro);
- 6) with the joint signature of the Chairwoman, within the limit of 2,000,000.00 Euro (two million Euro) per single transaction or set of transactions referring to the same subject matter, to execute agreements with factoring companies and financial companies in general, defining all contractual terms and conditions and signing all the related deeds, including granting of credits, collection mandates, advance payment and discount transactions, provision of guarantees, issuance of receipts and carrying out transactions for transfer and/or pledging, both with and without recourse, the credits of the Company accrued and accruing.

**C) In collection, pick-up, signature and shipping (the Chief Executive Officer will have the option of sub-delegating the powers listed here)**

- 1) to sign the Company's ordinary correspondence within the framework of the powers of the Chief Executive Officer, writing "Gefran S.p.A." and "Chief Executive Officer" followed by his signature.

**D) In representation of the Company and conducting operations with public and private entities and associated companies (the Chief Executive Officer will have the option of sub-delegating the powers listed here)**

1) *to represent the Company in subsidiaries' ordinary and extraordinary shareholders' meetings, with all the required powers of representation and authorisation, and appoint delegates for this purpose under the law.*

**E) In human resources management**

1) *to propose to the Chairwoman hiring and dismissal of personnel at the highest levels in the organisation, that is, reporting directly to the Chief Executive Officer and to the General Managers of subsidiaries.*

The Chief Executive Officer also holds the office of General Manager of Gefran S.p.A., and as such bears additional powers.

There are no other directors considered to be executive directors who hold (i) management positions in the Issuer; (ii) the position of Chairman of a subsidiary of the Issuer of strategic importance, giving this person powers in the management or preparation of corporate strategies; (iii) the role of Managing Director, that is, a management position, in a subsidiary of the Issuer of strategic importance, or in the parent company of the Issuer, in which the assignment also regards the Issuer.

The Company has not set up an Executive Committee.

### **Disclosure to the Board by Directors / delegated bodies**

In accordance with the recommendations of Article 2381, paragraph five of the Civil code, the delegated bodies will report to the Board of Directors and the Board of Statutory Auditors, provided with the frequency identified in the Articles of Association and at least once every six months, on the activities performed in the exercise of their powers, as well as on the general performance and the foreseeable evolution and the transactions of particular significance in relation to the size and characteristics of the Company and its subsidiaries.

### **4.7. INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR**

#### **Independent Directors**

Four of Gefran's five non-executive Directors in office as of the date of this Report are independent, meaning that they do not or have not recently had, either directly or indirectly, significant relations with the Company or with parties related thereto, of a nature likely to affect their independent judgement.

Pursuant to the TUF and the Corporate Governance Code, the following Directors are independent:



**Alessandra Maraffini**  
*Independent  
Director*



**Enrico Zampedri**  
*Independent  
Director*



**Cristina Mollis**  
*Independent  
Director*



**Giorgio Metta**  
*Independent  
Director*

In accordance with the procedure adopted by the Board to verify independence, this requirement must be declared by the Director when his/her candidacy for the post is submitted. Independent Directors also undertake to inform the Board promptly should any situation occur that impairs this independence, and consequently resign from their post. The Board repeats the assessment of independence when it becomes aware of important circumstances, such as the taking up of new positions.

The Chairwoman of the Board of Directors is an Executive Director of the Company.

The Board has specified in Article 14 of its Regulations, pursuant to Recommendation 7 of the Corporate Governance Code, the circumstances that appear to compromise the independence of a Director, which are the following:

- a) if he or she is a significant shareholder of the company<sup>4</sup>;*
- b) if he or she is, or was in the previous three financial years, an executive director or an employee:
  - of the company, of its subsidiary having strategic relevance or of a company subject to joint control;*
  - of a significant shareholder of the company;**
- c) if he or she has, or had in the previous three financial years, a significant commercial, financial or professional relationship, directly or indirectly (for example through subsidiaries, or through companies of which he or she is an executive director, or as a partner of a professional or a consulting firm)<sup>5</sup>:
  - with the company or its subsidiaries, or with their executive directors or top management;*
  - with a subject who, also together with others through a shareholders' agreement, controls the company; or, if the control is held by a company or another entity, with its executive directors or top management;**
- d) if he or she receives, or received in the previous three financial years, from the company, one of its subsidiaries or the parent company, significant remuneration<sup>6</sup> other than the fixed remuneration for the position held within the board and for the membership in the committees recommended by the Code or required by law;*
- e) if he or she has served on the board for more than nine years, even if not consecutive, of the last twelve years;*

<sup>4</sup> The party directly or indirectly (through subsidiaries, trustees or third parties) controls the company or is able to exercise a significant influence over it or who directly or indirectly participates in a shareholders' agreement through which one or more persons exercise control or significant influence over the company.

<sup>5</sup> If there is no definition of "significant commercial, financial or professional relationship" in the Corporate Governance Code, the following quantitative parameters are adopted applicable to the above-mentioned commercial, financial or professional relationships:

- relationships of a commercial and financial nature: (i) 5% of the annual turnover of the company or entity of which the director has control, or is a representative or professional firm or consulting firm of which he is a partner; and (ii) 5% of the annual costs incurred by the Gefran Group that are attributable to the same type of contractual relationship;
- professional services: the annual fee paid for the office of Director of the Company (currently Euro 30,000.00)

<sup>6</sup> When there is no definition of "a significant additional remuneration with respect to the fixed remuneration for the office and the fixed remuneration for participation in the committees" received in the previous three years, it means the amount of Euro 100,000.00 (excluding VAT and any contributions from the respective pension fund, if applicable).

- f) if he or she holds the position of executive director in another company whereby an executive director of the company holds the office of director;*
- g) if he or she is a shareholder, quota-holder or director of a company or other legal entity belonging to the network of the external auditor of the company;*
- h) if he or she is a close relative of a person who is in any of the circumstances set forth in previous letters.*

The Board considers that the number and responsibilities of independent Directors are appropriate for the Company's needs and the functioning of its administrative body, as well as the formation of the relevant Committees.

The Board of Directors appointed on 21 April 2023 assessed the existence of the requirements of independence in the meeting held on the same date, and the result of the assessment was announced to the market on the same day, 21 April 2023, in a notice published as required by law. The Board of Directors has verified compliance with the above criteria, also in its 12 March 2024 meeting.

In making the above assessments, the Board has considered all the information available, assessing all the circumstances that appear to compromise independence identified in the TUF and the Code and applying (among others) all the criteria provided for in the Code with reference to the independence of the Directors.

Each non-executive Director has provided all the necessary and useful information for the Board's assessments.

The Board of Statutory Auditors has verified the correct application of the assessment criteria and procedures adopted by the Board to ensure the independence of its members, and has included the results in its report to the Shareholders' Meeting.

The independent Directors were convened by the Lead Independent Director and met once during the year, assisted by the General Counsel of Legal and Corporate Affairs Department, and without the presence of the other Directors, to analyse the Letter of the Chairman of the Corporate Governance Committee and provide feedback.

### ***Lead Independent Director***



On 21 April 2024 the Independent and Non-Executive Director Cristina Mollis was appointed Lead Independent Director.

The Lead Independent Director acts as a point of reference and coordination for petitions and contributions made by non-executive and independent Directors, thereby ensuring independence of judgement from management.

The Lead Independent Director has the power to summon a meeting of the independent Directors, autonomously or in response to the request of the other Directors, to discuss issues relevant to the operation of the Board or the management of the company.

Independent Directors' meetings are duly recorded in minutes; one meeting was held in 2023.

## 5. CORPORATE INFORMATION MANAGEMENT

The Company considers essential to maintain dialogue with investors, safeguard confidential documents and information, and ensure transparency. By Board resolution dated 23 June 2022, the Company adopted the new edition of the *“Internal regulations for management and handling of relevant and inside information”* (the “Regulations”), which lay down rules and procedures on inside information within the organisation, in compliance with the Market Abuse Regulation, the Legislative Decree no. 58/98 (TUF) and Consob Guidelines no. 1 of 2017.

The Regulations also establishes the rules and procedures on Company disclosure of inside information to the public, to ensure that it is disseminated to all investors in a global, timely, complete and appropriate manner. The Regulations is available on the Company’s website [www.gefran.com](http://www.gefran.com), in the section *Investor Relations / Governance / Documents and Procedures*. In this regard, the information is issued via press releases, meetings with the financial community and the press, as well as extensive and constantly updated documentation made available on the website [www.gefran.com](http://www.gefran.com), in the section *Investor Relations*.

In its internal Regulations, the Company defines procedures for maintaining and updating a *“Register of people with access to relevant and inside information”*. In accordance with these Regulations, the Chief Executive Officer has appointed the Head of Legal and Corporate Affairs Department as the person in charge of maintenance of the Register.

The Chief Executive Officer oversees application of the procedures regarding company information and coordinates the internal departments involved.

On 25 June 2020 the Company also approved the new edition of its *“Internal Regulations – Disclosure of transactions in shares and financial instruments conducted by Significant Persons (Internal Dealing)”* (**“Internal Dealing Regulations”**), containing provisions related to disclosure obligations and limits on transactions on financial instruments issued by Gefran S.p.A. conducted by significant persons, expressly defined in the Internal Dealing Regulations, based on the parties’ access to price-and-business sensitive information through the positions they hold. The Regulations is available on the Company’s website [www.gefran.com](http://www.gefran.com), in the section *Investor Relations / Governance / Documents and Procedures*.

## 6. COMMITTEES WITHIN THE BOARD (pursuant to Article 123-bis, paragraph 2, letter d), TUF)

The Company’s Board of Directors has established the following committees within the Board:

- i. **Control and Risks Committee**
- ii. **Appointments and Remuneration Committee**
- iii. **Sustainability Committee**

Board Regulations govern the establishment of the Board’s internal Committees.

The powers and duties of each Committee are determined by specific Regulations adopted by resolution of the Board of Directors.

The Regulations govern the operating rules, including procedures for the minutes of meetings and procedures for the management of information for the directors who make up the Committees, specifying the time limits for submitting information in advance and how to protect the confidentiality of the data and information provided in such a way as not to jeopardise the timeliness and completeness of information flows.

The Committees perform their functions of preparation, proposal and consultation through meetings, the minutes of which are filed in the Company's records. Each Committee has access to the necessary corporate information and departments to perform its duties.

The Appointments and Remuneration Committee incorporates the functions which, in the Corporate Governance Code, are attributed to the Appointments Committee and to the Remuneration Committee, in compliance with the conditions laid down in the Code for the composition of the committee.

The management body defines the tasks of the Committees and determines their composition, giving priority to the competence and experience of their members and avoiding excessive concentration of positions.

The Committees Chairmen report to the Board about their activities and assessments at the first available meeting.

### **Additional Committees (other than those provided for by legislation or recommended by the Code)**

#### **SUSTAINABILITY COMMITTEE**



**Giovanna Franceschetti**  
*Vice Chairwoman*  
**with proxy for sustainability**  
*from 2017*



**Marcello Perini**  
*Chief Executive*  
**Officer**



**Cristina Mollis**  
*Independent Director*  
**with extensive experience in**  
*sustainability matters*

On 14 May 2020 the Gefran Board of Directors set up this committee among its members, composed of directors with skills in the areas of sustainability and ESG (environmental, social and governance). This committee assists the Board of Directors with preliminary functions, proposals and consultations, in assessment and decision-making in the area of sustainability: that is, initiatives and activities supervising the Group's commitment to sustainable development throughout the value chain, in connection with the operation of the Company's business and the dynamics of its interaction with all its stakeholders, corporate social responsibility, examination of scenarios for preparation of the industrial plan and Corporate Governance.

All Committee members will remain in office until the end of the Board's mandate, that is until the

approval of the financial statements for the year ending 31 December 2025.

The Directors currently members of the Committee are:

OFFICE	MEMBERS
Vice Chairwoman and Chairwoman of the Committee	<b>Giovanna Franceschetti</b>
Chief Executive Officer	<b>Marcello Perini</b>
Independent Director	<b>Cristina Mollis</b>

The Committee, in addition to assisting the Board in the operations listed in the pertinent section, is responsible for overseeing aspects of sustainability related to the Company's business and the dynamics of interaction with all its stakeholders. Specifically:

- examining the sustainability policies and strategic guidelines prepared by the company's Working Group, expressing an opinion regarding them to the Board of Directors and assessing their orientation and goals, also in view of the preparation and updating of the industrial plan;
- discussing guidelines based on the principles of sustainable business with the Board of Directors and other Board Committees, considering the evolution of the reference scenarios and identifying opportunities that generate value for stakeholders;
- examining the overall set-up of the Sustainability Report, the structure of its content, and the completeness and transparency of the disclosure to stakeholders in the Sustainability Report, prior to its formal approval by the Board of Directors;
- performing its tasks in relation to the "non-financial statement" required under Legislative Decree no. 254 of 30 December 2016, according to the explicit requirements of the Group's *"Non-Financial Reporting Procedure"*;
- monitoring application of the Group's existing vision of sustainability and the actions necessary to determine the value generated by the company for its stakeholders, contributing to the definition and adoption of a model for the measurement thereof;
- monitoring the Group's positioning on financial markets in the area of sustainability;
- expressing opinions on the initiatives and programmes promoted by the Parent Company, including subsidiaries, and any proposals regarding specific sustainability issues.

Gefran's commitment to responsible development is rooted in its history. Reference should be made to section 4.1 for further details.



The Committee's activities are coordinated by its Chairman. Committee's meetings are duly recorded in minutes, and the Chairwoman reports on them to the next Board of Directors' meeting.

SUSTAINABILITY COMMITTEE	2023	2022	2021
Number of meetings	2	3	2
Average attendance %	100%	100%	100%

In the year 2023, the Committee held two meetings lasting an average of one hour, which were attended by all members.

Committee's meetings are regularly attended by the Chief Executive Officer and General

Manager of Gefran S.p.A., Marcello Perini, who is also a member of the Committee, the Chief Financial Officer and Executive in charge of financial reporting, Paolo Beccaria, the Institutional Reporting & Sustainability Manager, Chiara Mazzucchelli, and the General Counsel, Vittorio Grasso, who also holds the position of Secretary of the Committee.

Two Committee's meetings are scheduled for the current year. The Committee has met once so far in the year 2024.

## **7. SELF-EVALUATION AND SUCCESSION OF DIRECTORS – APPOINTMENTS COMMITTEE**

### **7.1 SELF-EVALUATION AND SUCCESSION OF DIRECTORS**

In accordance with and for the purposes of principle XIV, as well as Recommendations 19, 21 and 22 of the CG Code, the Board of Directors assesses the effectiveness of its own activities and its Committees on a three-yearly basis.

On 9 March 2023, the Board made a positive evaluation of the size, composition and functioning of the Board itself and its Committees for the 2022 Fiscal Year, including also questions on the three-year period, based on the results of the self-assessment questionnaires submitted to the Directors.

The questionnaires are anonymous and are intended to allow an objective and free assessment of operational aspects, such as: (i) Role and responsibility of the Board; (ii) Composition, responsibilities and size of the Board; (iii) Information flow, meetings and decision-making processes of the Board; (iv) Intra-Board Committees; (v) Relations with management; (vi) Internal control and risk management system. The Appointments and Remuneration Committee met to examine the orientations and observations arising from the aforementioned questionnaires, in order to identify the significant elements to be reported to the Board and enable it to provide orientations on the optimal composition of the Board, with a view to its renewal in 2023.

During 2024, the Board of Directors evaluated and approved the proposal of the Appointments and Remuneration Committee to initiate a self-evaluation process for the Board of Directors on a three-year basis, in line with the current board mandate; this is in order to allow a more comprehensive evaluation of the work of the Board itself. The usefulness of a three-year self-evaluation is also demonstrated by the growth in the number of listed companies using of these options.

The Board ensures, as far as it is within its competence, that the process of appointment and succession of Directors is transparent and functional to achieve the optimal composition of the management body.

In relation to the provisions of Principle XIII and Recommendation 19, letter b) of the Code, the following should be noted.

The Board of Directors was last renewed on 21 April 2023.

Pursuant to the CG Code, the Company is defined as a “company with concentrated ownership”, and therefore does not fall within the scope of Recommendation 23 regarding the orientation of the Board’s on renewal. Nevertheless, in light of the expiry of the mandate, considering the results of the self-evaluation questionnaires for the 2022 financial year, including some questions about the three-year period, the Board of Directors provided the Shareholders with its orientations regarding the size of the new Board of Directors, as well as the characteristics of its members.

This guidance is published in the “Explanatory Report by the Board of Directors of Gefran S.p.A. on the items on the agenda of the Shareholders’ Meeting”, released on 9 March 2023 at the same time as the publication of the notice of call of the shareholders’ meeting to appoint the Board of Directors and published on the Company’s website in the section *Investor Relations / Governance / Shareholders’ Meetings*.

In accordance with Article 4, Principle XIII of the Corporate Governance Code, the Board, in its resolution of 5 October 2023, having received the favourable opinion of the Appointments and Remuneration Committee, approved the “Plan for succession of the Chief Executive Officer of Gefran S.p.A. and of the Gefran Group”.

The plan set forth specific cases which determined its implementation in circumstances in which it should be necessary to replace the Chief Executive Officer prior to the ordinary expiry of office.

The plan specifies mechanisms guaranteeing business continuity in the interim period, in addition to the mechanisms for identifying a possible successor.

The succession plan also contains appropriate procedures for the succession of senior top management, identified in the Executive Recovery Plan prepared by the People & Organization Department and presented to the Appointments and Remuneration Committee and to the Board of Directors. That plan analyses the main corporate functions and roles and identifies a contingency plan in the event of a need for succession.

## 7.2 APPOINTMENTS AND REMUNERATION COMMITTEE

The Company’s Board of Directors appointed an Appointments and Remuneration Committee on 21 April 2023, awarding it the powers identified in the Committee’s Regulations.



**Cristina Mollis**  
*Chairwoman of the  
Committee and  
Independent Director*



**Enrico Zampedri**  
*Independent Director*



**Giorgio Metta**  
*Independent Director*

## Composition and operation of the Appointments and Remuneration Committee (pursuant to Article 123-bis, paragraph 2, letter d), TUF

The Company has set up an Appointments and Remuneration Committee composed of three non-executive independent Directors, with chairman chosen among the independent members, who will remain in office until the approval of the 31 December 2025 financial statements. At the time of its appointment, the Board believed that the Committee's members included persons with sufficient know-how and experience in the areas of finance and remuneration policy.

As of the end of the Fiscal Year, the Committee is composed of the following Directors:

OFFICE	MEMBERS
Independent Director and Chairwoman of the Committee	<b>Cristina Mollis</b>
Independent Director	<b>Enrico Zampedri</b>
Independent Director	<b>Giorgio Metta</b>

The Committee's activities are coordinated by the Chairwoman. The meetings are duly recorded in minutes. The Chairwoman shall report to the first subsequent meeting of the Board.

In the year 2023, the Committee held four meetings lasting an average of one hour and thirty minutes, which were attended by all members.

Appointments and Remuneration Committee	2023	2022	2021
Number of meetings	4	3	3
Average attendance %	91.75%	100%	100%

Three meetings of the Committee are scheduled for the current year. The Committee has met twice so far in the year 2024.

Directors shall refrain from attending the meetings of the Committee in which proposals for their remuneration are prepared for presentation to the Board.

At the Chairman's invitation and after informing the Chief Executive Officer, the Chief People & Organization Officer, Patrizia Belotti, and the General Counsel, Vittorio Grasso, who is also secretary of the Committee, attended the meetings of the Committee.

The members of the control body attended all the meetings of the Committee.

### Functions of the Appointments Committee

The Committee expresses its opinion to the Board of Directors regarding the size and composition of the Board, and makes recommendations regarding the professional figures whose presence in the Board is deemed appropriate.

The Committee assists the Board of Directors in the self-evaluation of the Board of Directors and its Committees, supporting the Chairwoman of the Board in ensuring the adequacy and transparency of the self-evaluation process.

The Committee proposes candidates for the office of Director to the Board of Directors when a director must be co-opted and an independent Director must be replaced.

The Committee performs preliminary proceedings regarding the preparation of Executive Recovery Plans for executive Directors, keeping them up-to-date at all times and suggesting to the Board of Directors any changes that may be necessary. In case the Executive Recovery Plan is implemented, the Committee, acting in agreement with the Executive Directors, determines the characteristics and competences of potential candidates for succession and identifies profiles of suitable candidates to be suggested to the Board of Directors for co-opting.

The Committee checks:

- a) that the company has an Executive Recovery Plan in place for its key Executives;
- b) identification of potential in-house candidates for natural successions of the CEO and their managerial background, in addition to constant observation of the external market;
- c) the process of talent identification and development, a summary of which shall be presented by the CEO assisted by the Chief People & Organization Officer once a year.

## Functions of the Remuneration Committee

The Committee assists the Board of Directors in drawing up the remuneration policy.

The Committee submits proposals or expresses opinions on the remuneration of executive Directors and other Directors with special duties, as well as the setting of performance targets determining the variable component of this remuneration.

The Committee also formulates proposals regarding the division among the members of the Board of the overall remuneration package approved by the Shareholders' Meeting.

The Committee monitors concrete application of the remuneration policy and, in particular, checks the actual achievement of performance targets on the basis of the information provided by the Chief People & Organization Officer.

The Committee periodically assesses the adequacy, overall consistency and practical application of the remuneration policy of Directors and top management.

The Committee examined the following matters, among other things, during its meetings:

- MBO implementation activities for 2024;
- work on the Report on Remuneration Policy and on Compensation Paid;
- self-evaluation by the Board of Directors;
- the progress of the Executive Recovery Plan.
- proposals to be submitted to the Board of Directors regarding the distribution of the remuneration approved by the Shareholders' Meeting for the management body and for the remuneration of Directors holding particular positions;
- the Chief Executive Officer's Executive Recovery Plan.

The Committee can access the corporate information, Functions and Departments necessary for the performance of its duties. As far as is relevant, reference should be made to the specific section of the Report on Remuneration Policy and on Compensation Paid.

## 8. REMUNERATION OF DIRECTORS – REMUNERATION COMMITTEE

### 8.1 REMUNERATION OF DIRECTORS

Information on Directors' remuneration is provided in the Remuneration Report published pursuant to Article 123-ter of the TUF on the Issuer's website [www.gefran.com](http://www.gefran.com) in the section *Investor relations / Governance / Shareholders' Meetings*, to which reference should be made.

### 8.2 REMUNERATION COMMITTEE

Information on the role and functioning of the Appointments and Remuneration Committee, acting as the Remuneration Committee, is provided in the previous section 7.2, to which reference should be made. Reference should also be made to the Remuneration Report published pursuant to Article 123-ter of the TUF.

## 9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL AND RISKS COMMITTEE

In drawing up strategic, business and financial plans, Gefran's Board of Directors assessed the nature and level of risks compatible with its strategic objectives. The Board also drew up guidelines for the internal control and risk management system, in order to ensure that the risks monitored and the strategic objectives identified were compatible.

The internal control and risk management System involves, each in relation to its own responsibilities:

- the **Board of Directors**, which has a primary role in the direction and supervision of the risk management system and defines guidelines for the internal control and risk management system, consistent with the company's strategies, and assesses its adequacy and effectiveness;
- the **Chief Executive Officer**, in charge of setting up and maintaining the system, identifies the main corporate risks, implementing the risk management guidelines and verifying their adequacy;
- The **Control and Risks Committee** has an advisory, investigative and proposal-making role towards the Board of Directors and the Chief Executive Officer. More specifically, with the role of supporting the management body's assessments and decisions regarding internal control and risk management with appropriate preliminary activities and verifying correct application of accounting standards and their homogeneity for the purposes of preparation of the consolidated financial statements;

- the **Executive in charge of financial reporting**, who is responsible for direct supervision of the control model within the meaning of Law no. 262/2005 and the related administration and accounting procedures, and is responsible for updating it regularly in relation to financial reporting risk assessment and regulatory issues, and for verifying the effectiveness of the underlying procedures;
- the **Internal Audit Function and the Head of Internal Audit**, in charge of verifying the functioning, adequacy and consistency of the system with the guidelines defined by the Board of Directors (both continuously and in relation to specific needs and compliance with international standards), through an audit plan approved by the Board of Directors and based on a structured process of analysis of the main risks, as well as follow-up activities on the implementation of improvement actions;
- the **Board of Statutory Auditors**, which monitors the effectiveness of the System;
- the **Supervisory Body**, in charge of monitoring the implementation and correct application of the Organisational Model pursuant to Legislative Decree no. 231/01;
- the **Risk Management Function** plays an executive role, facilitating, methodological support and coordination of Enterprise Risk Management activities. By coordinating with the CEO, he is responsible for defining, implementing and maintaining an ERM methodology, promoting a systematic, structured and homogeneous process of risk identification, measurement and management. Beyond that, regularly monitors the progress and effectiveness of defined risk response strategies, as the evolution of the organization's risk profile;
- the **Management (Risk Owner & Action Owner)** have primary responsibility for identifying, assessing, and managing risks that pertain to their function or area of operation;
- the **Process Managers**, General Managers and Financial Controllers of Italian and foreign subsidiaries, who play a direct role in executing controls, applying the administrative and accounting procedures, implementing measures in the improvement plan and issuing the necessary statements, and an indirect role in updating the system of procedures, in concert with the Executive in charge of financial reporting Function.

The internal control System adopted by the Company and its subsidiaries consists of a series of rules, administrative and accounting procedures and organisational structures, aimed at achieving - via an adequate process of identifying, measuring, managing and monitoring the main risks - the objectives relating to the financial information process, such as completeness, reliability, accuracy, truthfulness and timeliness of reporting.

In accordance with the provisions of Article 154-bis of Legislative Decree no. 58/1998 (hereinafter also "TUF"), introduced by Law no. 262/2005, which introduced the position of Executive in charge of financial reporting (hereinafter also referred to as the "Executive in Charge"), on 4 August 2022 Gefran's Board of Directors, upon the favourable opinion of the Board of Statutory Auditors, appointed Mr Paolo Beccaria, the Group's Chief Financial Officer, as the Executive in Charge. Reference should be made to Section 9.6 of the Report for further details.

In 2007, the Board of Directors also implemented general procedural provisions, agreed upon beforehand with the Executive in Charge, covering the activities which this officer is required to fulfil by law, with particular regard to the resources and powers granted thereto, in relation to both the Company and its subsidiaries (including the possibility of using the Internal Audit Function to fulfil major checks, inspections and other audits within the limits of its independence in terms of

functions and activities).

Gefran has adopted a series of administrative and accounting procedures to ensure that the financial reporting generated by the internal control system is reliable.

The Company uses "Policies", procedures and operating instructions to guarantee an effective flow of information from the subsidiaries. These include Group Accounting Policies (rules for using and applying international accounting standards), the Group Reporting Manual, the Group Accounting Manual, procedures for creating and disclosing financial information, and other procedures for drawing up the Consolidated Financial Statements and the interim financial reports (including the chart of accounts, the consolidation procedure and the procedure covering transactions between related parties). Subsidiaries may access all "Policies", procedures and accounting regulations through the Group's Intranet.

Information Technology processes are managed through a segregation of duties access control policy.

The reference models adopted in the design and executive phases were: the COSO Report (Committee of Sponsoring Organization of the Treadway Commission Report) and the COBIT (Control Objectives for IT and related technology), both acknowledged in international best practice.

In particular, the Company referred to the "COSO framework" to identify the main risks and, consequently, the main controls to be implemented to mitigate the risks identified and ensure that the internal control system operates effectively.

Companies of strategic importance were identified through a risk assessment based on quantitative criteria, which also required the use of various parameters relating to the Group's results and equity, and on qualitative criteria that considered internal and external, operating and business risks, which can have a significant effect on financial reporting in the absence of controls.

As with the Parent Company, for each of the Group's subsidiaries, Internal Audit Function conducts an independent assessment of the effectiveness of previously identified key controls, supporting the Executive in Charge in relation to his specific duties.

The areas of improvement identified by the controls are illustrated by the responsible function (Internal Audit Function) to the Chief Executive Officer, the Control and Risks Committee and the Board of Statutory Auditors at Control and Risks Committee meetings, by sharing Audit Reports and Action Plans.

The Control and Risks Committee reports to the Board of Directors every quarter, at the first subsequent meeting, on the status of its activities, through presentations prepared by Internal Audit Function.

An action plan was jointly drawn up and agreed on with each Group company to strengthen the current control system and correct any specific shortages identified. The implementation of the measures agreed is monitored constantly by Internal Audit Function, which reports to the Chief Executive Officer, the Control and Risks Committee and the Board of Statutory Auditors.

To comply with the provisions of Law no. 262/05, the Company has adopted a centrally

coordinated assessment and certification system to monitor the appropriateness and effectiveness of the internal control system, including in the definition thereof controls relating to the financial reporting area.

The General Manager and the Financial Controller of each Group subsidiary, as well as the Heads of the main central departments and functions, are responsible for maintaining an appropriate internal control system by conducting regular assessments of key controls, based on criteria of efficiency and effectiveness.

The management of each subsidiary is required to sign an annual statement confirming that the internal control system is operating correctly. Once signed, the certificate is addressed to the Administration Finance and Control Department of the Parent Company.

The Executive in Charge ensures that the company's head management receives, at least once every six months (normally when the half-yearly and annual final accounts are drawn up), information on the implementation and monitoring of the control model under Law no. 262/2005, also with reference to the results of the audits and any ensuing activities, without prejudice, to periodic reporting regarding the results of any relevant audits independently carried out by the Internal Audit Function.

Consistent with a path of continuous improvement and adjustment, in 2023 the control model was revised under Law no. 262/2005, in order to re-examine the hierarchy of controls regarding financial reporting risks and to further redefine and cyclically modulate testing activities, aiming to guarantee its overall effectiveness through this approach.

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### ***Enterprise Risk Management***

The Group adopts a process aimed at periodically identifying, evaluating, managing and monitoring the main risk factors. This activity allows for identifying situations that could jeopardise the achievement of strategic objectives and for taking the appropriate decisions, aimed at mitigating risk exposure.

Gefran has long implemented an ***Enterprise Risk Management*** ("ERM") system integrated into business processes, organisational structures and systems that contribute to the achievement of the Group's strategic objectives. From 2022, a further evolution of the system adopted was initiated, continued also in 2023, which led to the introduction, following the Board of Directors' approval on 8 November 2023, of ***Enterprise Risk Management Policy*** (so-called ERM Policy).

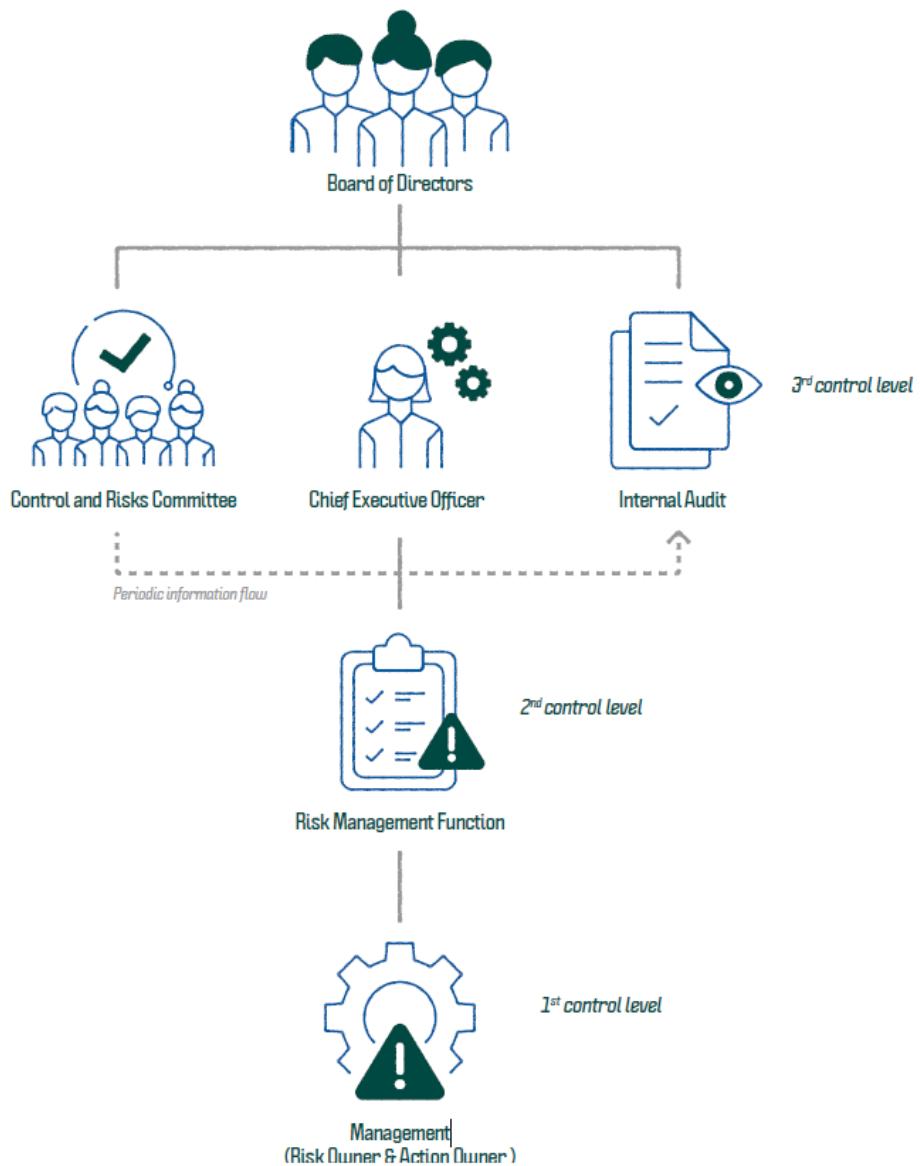
It defines the governance as well as the phases of the Enterprise Risk Management process, providing guidelines for the identification, evaluation, management and monitoring of risks that could threaten the Group's ability to pursue its strategies and affect performance.

Further in more detail, the ERM Policy governs the principles of reference to which the ERM system is inspired, the roles and responsibilities of the functions and/or subjects involved, the phases of the process and the main information flows that allow an adequate dissemination of information and informed decisions making.

## Risk Governance

The operation of the Enterprise Risk Management system involves the structured participation of specific corporate roles and functions, as well as the involvement of the main control bodies. In line with the recommendations of the Corporate Governance Code, the governance model governing the roles and responsibilities of the subjects and bodies involved in the process.

The model is divided into the following roles, bodies and control levels:



## The Enterprise Risk Management Process



## 1. Risk Monitoring

In the first months of 2023, the monitoring of the progress and implementation of mitigation actions to monitor the most relevant risks took place (so-called Tier 1 or Top Risk), identified during the previous Risk Assessment, which took place in the period July-September 2022.

The Owners of each action have expressed evaluations on the progress of the same.

The reporting of risks and related information provides a true view of the strengths and improvement of risk management activities. In addition, disclosure of this information to key stakeholders supports decision-making processes and increases the transparency of risks that could affect the objectives achievement.

On the other hand, the systematic monitoring of identified risks and management activities compared to established metrics allows for reacting quickly and proactively. Risk management actions implemented ensure that risk management activities and controls are effective in managing risks that could affect the Group's overall performance.

## 2. Enterprise Risk Management Workshop

With the aim of spreading the Risk Management culture aimed at promoting the creation and protection of corporate value, an ERM workshop, led by the Chief Executive Officer, was subsequently held, with the involvement of the Managers responsible for all corporate functions and some functional reports.

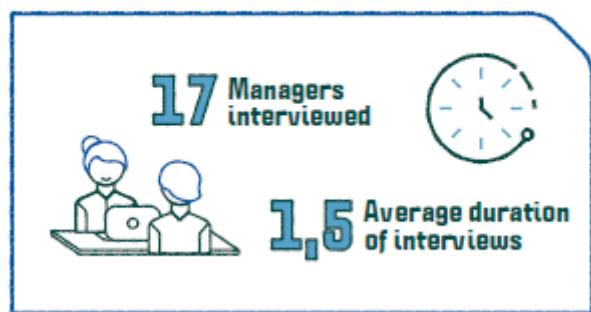


It was an opportunity to review the fundamental elements of the Enterprise Risk Management system adopted by Gefran and to present the newly approved ERM Policy. During the session, a *brainstorming* on emerging risks was fulfilled, preparatory to the launch of the Risk Assessment, the following phase of the process.

## 3. Risk Assessment

After the brainstorming on emerging risks, a Risk Assessment session was fulfilled. At this phase, Gefran's risk portfolio has been updated in line with the evolution of the internal and external environment, also due to the involvement of the main corporate functions reporting directly to the Chief Executive Officer. The process of revising the risk catalogue was based on the results of the 2022 risk assessment, which were confirmed, modified and/or eliminated in order to provide an

### key highlights



updated view of the risk profile.

These risks have been identified, evaluated and linked to identified risk categories.



The corporate risk mapping also considered the risks linked to environmental, social and governance factors, so-called ESG risks.

The main risks represented in the so-called **Risk Model** and grouped into **eleven families**, outlined in the chart below:

EXTERNAL RISKS	STRATEGIC RISKS	NATURE OF THE RISK
<b>1 COUNTRY/ MARKET</b> <ul style="list-style-type: none"> <li>/ [1.1] Macroeconomic context</li> <li>/ [1.2] Instability of the Countries in which the Group produces or sells</li> <li>/ [1.3] Catastrophic Events / Business Interruption</li> <li>/ [1.4] Evolving law, regulations and industry standards</li> <li>/ [1.5] Competition</li> <li>/ [1.6] Unexpected changes in demand (including consumer habits)</li> </ul>	<b>3 STRATEGIC</b> <ul style="list-style-type: none"> <li>/ [3.1] Business sustainability</li> <li>/ [3.2] Investment decision</li> <li>/ [3.3] Product Portfolio</li> <li>/ [3.4] Product/process innovation</li> <li>/ [3.5] Effectiveness / Delay of short-, medium-, and long-term strategies</li> <li>/ [3.6] Effectiveness of extraordinary transactions</li> <li>/ [3.7] Strategic planning</li> <li>/ [3.8] Effectiveness of Crisis Management Plans</li> <li>/ [3.9] Dependence on key customer</li> <li>/ [3.10] Dependence on contractor/critical suppliers</li> <li>/ [3.11] Digital Transformation &amp; Change Management</li> </ul>	<b>MACRO RISK CATEGORY</b> <b>SUB-CATEGORY OF RISK</b>
<b>2 FINANCIAL</b> <ul style="list-style-type: none"> <li>/ [2.1] Unpredictability of raw material prices / financial markets</li> <li>/ [2.2] Commercial/financial counterparts</li> <li>/ [2.3] Exchange rate</li> <li>/ [2.4] Interest rate</li> <li>/ [2.5] Liquidity</li> <li>/ [2.6] Capital availability / debt repayment capacity</li> </ul>		

NATURE OF THE RISK	INTERNAL RISKS	
MACRO RISK CATEGORY	4 GOVERNANCE AND INTEGRITY	6 LEGAL AND COMPLIANCE
SUB-CATEGORY OF RISK	<ul style="list-style-type: none"> <li>/ [4.1] Change resistance</li> <li>/ [4.2] Integrity of behavior/fraud</li> <li>/ [4.3] Delegations and Powers</li> <li>/ [4.4] R&amp;R (Ries and Responsibilities) / SoD</li> <li>/ [4.5] Direction and government, including foreign branches</li> </ul>	<ul style="list-style-type: none"> <li>/ [6.1] Protection of product exclusivity</li> <li>/ [6.2] Litigation</li> <li>/ [6.3] Contractual/force majeure risks</li> <li>/ [6.4] Compliance with labour law regulations</li> <li>/ [6.5] Compliance with 262 / financial reporting</li> <li>/ [6.6] Compliance with of tax regulation</li> <li>/ [6.7] Compliance with industry regulation (e.g., ISO)</li> <li>/ [6.8] Compliance with customs regulations</li> </ul>
5 OPERATIONAL AND REPORTING	7 IT	8 HUMAN RESOURCES
<ul style="list-style-type: none"> <li>/ [5.1] Adequacy/saturation of production capacity</li> <li>/ [5.2] Incorrect/inefficient production planning</li> <li>/ [5.3] Obsolescence/Unavailability of plant / machinery</li> <li>/ [5.4] Product quality / Recall</li> <li>/ [5.5] Obsolescence stock</li> <li>/ [5.6] Unavailability of raw materials/ semi-finished goods/ other goods and extra cost of supplies</li> <li>/ [5.7] Reliability of supplier portfolio</li> <li>/ [5.8] Ineffectiveness of sales channels</li> <li>/ [5.9] Ineffectiveness/reducing prices, complexity and extra business costs</li> <li>/ [5.10] Budget, Planning and Reporting</li> <li>/ [5.11] Unavailability of data and information</li> <li>/ [5.12] Transfer Pricing</li> <li>/ [5.13] Orders execution risk</li> <li>/ [5.14] Parcellizing out suppliers</li> <li>/ [5.15] Delays in the execution of investments plans</li> <li>/ [5.16] Interruptions/Delays in logistics</li> </ul>	<ul style="list-style-type: none"> <li>/ [7.1] IT &amp; Data Security (Cybersecurity and SoD)</li> <li>/ [7.2] Disaster Recovery / Business Continuity</li> <li>/ [7.3] IT Governance</li> <li>/ [7.4] IT infrastructure/technology capacity limits</li> <li>/ [7.5] Web Domains</li> </ul>	<ul style="list-style-type: none"> <li>/ [8.1] Attraction and Retention</li> <li>/ [8.2] Dependence on key figures</li> <li>/ [8.3] Poor communication between the first lines of management</li> <li>/ [8.4] Timeliness of communications regarding organisational changes</li> <li>/ [8.5] Risk of Ageing</li> <li>/ [8.6] Staff unavailability</li> <li>/ [8.7] Staff Performance</li> </ul>

ESG RISKS	NATURE OF THE RISK	
9 ENVIRONMENTAL	10 SOCIAL	MACRO RISK CATEGORY
SUB-CATEGORY OF RISK	<ul style="list-style-type: none"> <li>/ [9.1] Natural disasters</li> <li>/ [9.2] Climate change (physical and transitional risks)</li> <li>/ [9.3] Pollution and contamination (e.g., waste management, emissions, spills and wastewater, noise pollution)</li> <li>/ [9.4] Resource availability and consumption (e.g., nonrenewable resources: water, gas)</li> <li>/ [9.5] Product sustainability (e.g., product end-of-life management, environmental impact of products)</li> <li>/ [9.6] Evolution/adaptation of environmental regulations (e.g., carbon tax, Emission Trading Scheme)</li> </ul>	<ul style="list-style-type: none"> <li>/ [10.1] User health and safety</li> <li>/ [10.2] Employees health and safety</li> <li>/ [10.3] Sustainable supply chain management</li> <li>/ [10.4] Respect for human/workers' rights</li> <li>/ [10.5] Non-compliance/compliance with Privacy regulations</li> <li>/ [10.6] Biological risks</li> <li>/ [10.7] Customer experience, customer satisfaction and claims</li> <li>/ [10.8] Responsible Marketing and communication transparency</li> <li>/ [10.9] Non-compliance with product regulations (e.g., labeling)</li> <li>/ [10.10] Evolving expectation of stakeholders and end-users in terms of environmental and social performance</li> <li>/ [10.11] Evolution/compliance with H &amp; S regulations</li> <li>/ [10.12] Relations with local communities</li> </ul>
11 GOVERNANCE	<ul style="list-style-type: none"> <li>/ [11.1] Corporate integrity, anti-money laundering and anti-corruption</li> <li>/ [11.2] Non-compliance with internal regulations (e.g., Code of Ethics, policies and procedures)</li> <li>/ [11.3] Governance of ESG topics</li> <li>/ [11.4] Reporting on ESG topics</li> </ul>	<ul style="list-style-type: none"> <li>/ [10.13] Professional development and compensation</li> <li>/ [10.14] Generational transitions</li> <li>/ [10.15] Industrial relations</li> <li>/ [10.16] Business climate</li> <li>/ [10.17] Smart working/remote working managing</li> </ul>

Considering both the abstract risk (so-called inherent risk) and the mitigation effects of the internal control system (so-called residual risk), risks are also classified into three categories (Tier 1, Tier 2 and Tier 3), depending on their relevance.

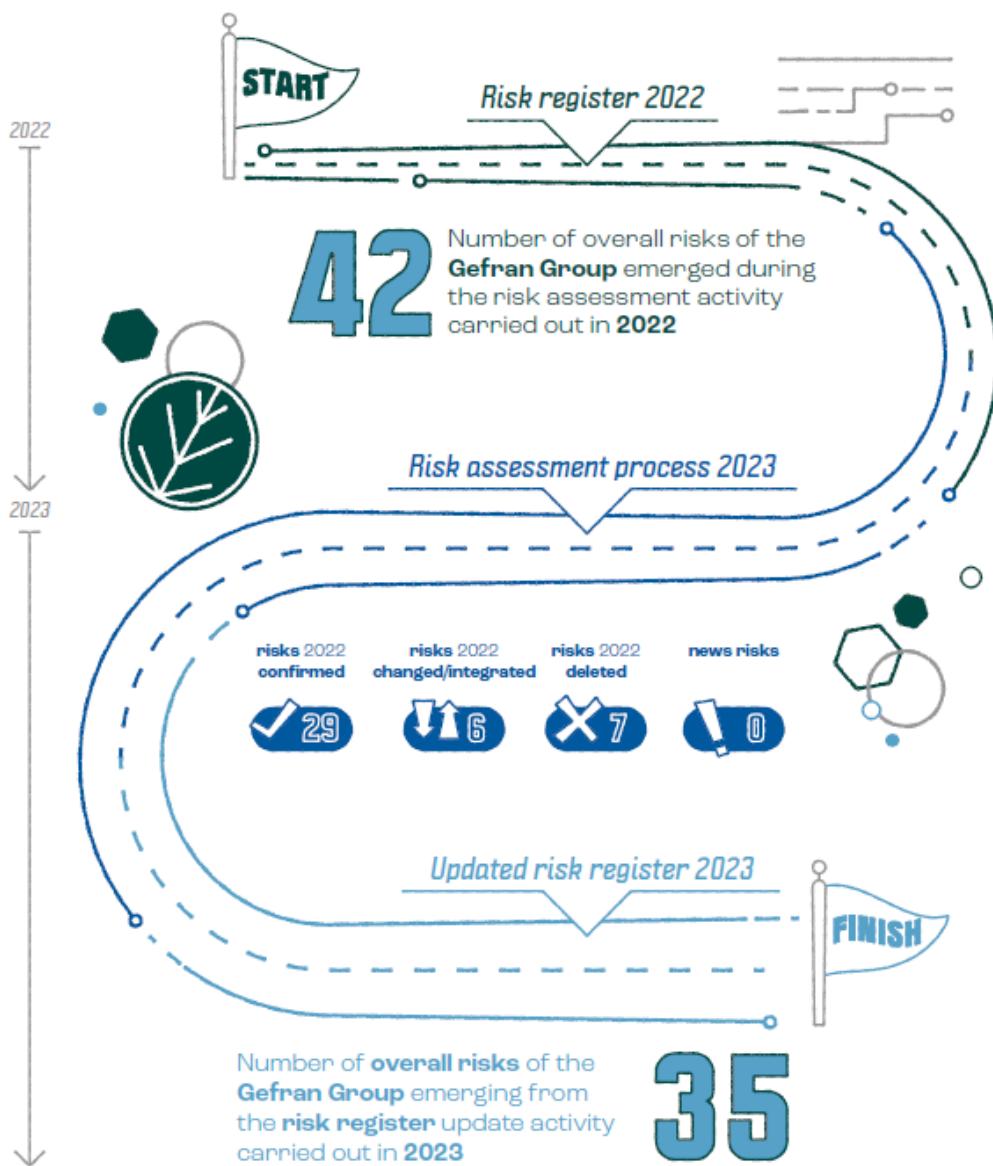
The Top Risks, i.e. the most relevant risks (so-called Tier 1) include matters related to cybersecurity, supply chain and product portfolio evolution, and in particular concern:

- the adoption of new technologies (e.g., artificial intelligence) and new methods of quick working increase exposure to hacker attacks, an ever-evolving trend that can lead to disruptions in business operations and loss of sensitive data at ever increasing costs;
- the possible unavailability and/or increase in the cost of raw materials, semi-finished goods and critical services to the Group, arising from and/or aggravated by environmental, social and business factors and the interference of nationalist policies to control resources, creates bottlenecks in international trade;
- the importance of continuous investments in product innovation, to ensure alignment with the market's best technologies and support the pursuit of sustainability objectives.

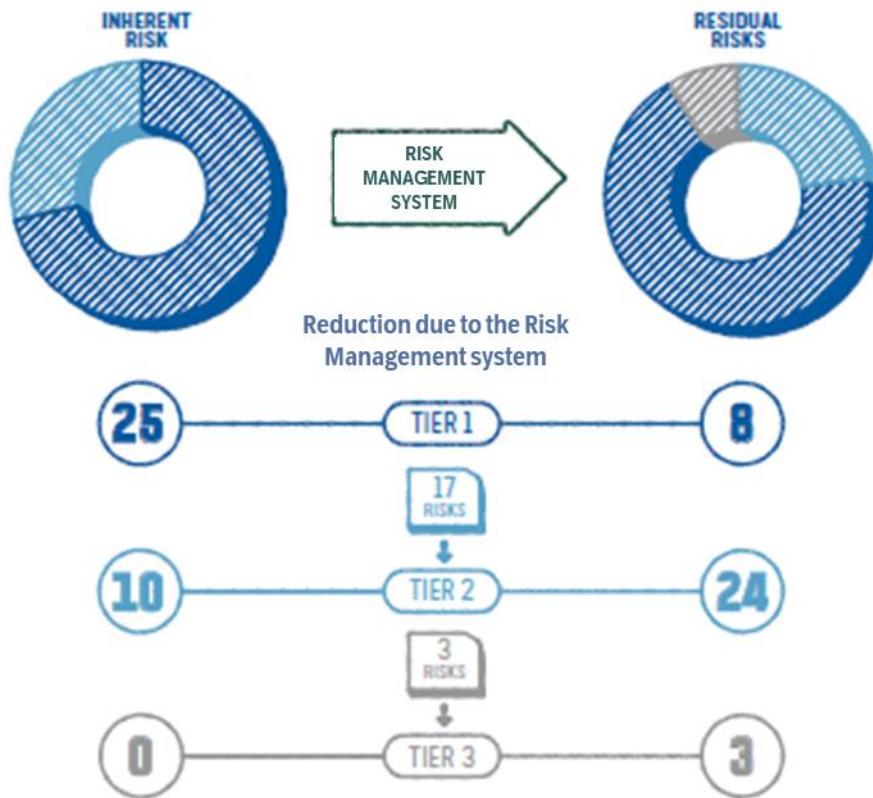
The overall overview of the risks allows the Board of Directors and Management to reflect on the Group's propensity for risk, identify risk management strategies, assess which risks and priorities require new mitigation actions to be adopted, improve and optimise ongoing actions, or more simply monitor exposure to individual risks over time.

In order to ensure the adequacy of the risk management system and assess its effectiveness, a reporting system and a dashboard are provided for monitoring the mitigation actions taken by individual functions (so-called Risk Reporting). Risk reporting and related information provides an authentic view of the strengths and weaknesses of risk management. The disclosure of this information to key stakeholders also supports decision-making processes and increases transparency on risks that could affect the targets' achievement. Systematic monitoring of the identified risks and assets to manage them according to established metrics enables timely and proactive responses.

The Risk Assessment activities fulfilled in 2023 led to the identification of [35 risks overall](#).



Comparing the residual and inherent risks reveals the safeguards, actions taken and **the effectiveness of the internal control system** and therefore the treatment measures and actions implemented. In fact, considering the effectiveness of the existing treatment actions, the Gefran Group Top Risks (so-called Tier 1) are reduced from 25 to 8.



The main developments recently implemented in the ERM process concerned:

- the integration into the Risk Model of the **ESG risks** among those potentially impacted;
- strengthening the link between **the Group's risks and the pillars of the business plan** potentially impacted;
- the link between **the Group's risks and the pillars of the Strategic Sustainability Plan** potentially impacted;
- strengthening the link between **the Group's risks** and **insurance policies** taking out to mitigate them;
- the comparison between **inherent** and **residual risks**, aimed at evaluating the effectiveness of the current management system.

#### 4. ERM Maturity Assessment

Following the strengthening of the ERM process, in 2023 Gefran decided to renew the maturity assessment of its system, by following the methodology previously used.

The Maturity Assessment demonstrates the Group's good level with an improved assessment compared to 2021, in particular with reference to the areas of risk culture and governance, management, monitoring and reporting.

By analysing the Group's governance, the documents and the tools relating to risk management, the evolutionary guidelines have been defined to encourage increasing alignment with *best practices*.

## 9.1 CHIEF EXECUTIVE OFFICER

The Board of Directors appointed Marcello Perini, Chief Executive Officer, as the Executive Director responsible for setting up and maintaining the internal control and risk management system. This decision appears to be in line with the provisions of the Code of Corporate Governance, best practice and the Company's organisational structure, within which Internal Audit Function reports directly and hierarchically to the Board of Directors.

In fulfilling his duties, the Chief Executive Officer:



- a) identified the main corporate risks, considering the characteristics of the activities fulfilled by the Company and its subsidiaries, and regularly submitted them to the Board of Directors for review;
- b) implemented the guidelines defined by the Board of Directors, taking care of the planning, implementation and management of the internal control and risk management system, and constantly verified its appropriateness and effectiveness;
- c) adapted the system to changes in operating conditions and the legislative and regulatory framework;
- d) entrusted the Internal Audit Function with the task of assessing specific operating areas and compliance with the internal rules and procedures in execution of corporate operations, in accordance with the Audit Plan approved by the Board of Directors and examined by the Control and Risks Committee and by the Chairman of the Board of Statutory Auditors;
- e) promptly reported to the Control and Risks Committee any problems or critical issues arising in the performance of his duties, or made known to him, to allow the Committee to take the necessary action.

## 9.2 CONTROL AND RISKS COMMITTEE



**Alessandra Maraffini**  
*Chairwoman of the  
Committee and  
Independent Director*



**Enrico Zampedri**  
*Independent  
Director*



**Luigi Franceschetti**  
*Non-Executive  
Director*

The Control and Risks Committee comprises three non-executive directors, the majority of them are independent, with Chairman chosen from the independents, all experts in accounting and finance and/or risk management; this composition was considered appropriate by the Board of Directors, which appointed the members.

All Committee members will remain in office until the end of the Board's mandate, that is until the approval of the financial statements for the Fiscal Year ending 31 December 2025.

## **Composition and operation of the Control and Risks Committee (pursuant to Article 123-bis, paragraph 2, letter d), TUF**

The Directors on the Committee are:

OFFICE	MEMBERS
Independent Director and Chairwoman of the Committee	<b>Alessandra Maraffini</b>
Independent Director	<b>Enrico Zampedri</b>
Non-executive Director	<b>Luigi Franceschetti</b>

The Committee's work is coordinated by the Chairwoman. The meetings are duly recorded in minutes. The Chairwoman informs the first subsequent Board of Directors meeting of the Committee's meetings and activities.

Over 2023, the Committee held six meetings lasting an average of one hour and thirty minutes, which were attended by all members.

Control and Risks Committee	2023	2022	2021
Number of meetings	6	5	5
Average attendance %	100%	93.33%	100%

The meetings were attended by members of the departments involved in the internal control system, invited by the Committee Chairman, as well as the External Auditor, to discuss specific items on the agenda. In accordance with the CG Code, the Chief Executive Officer, the Executive in Charge and Group's Chief Financial Officer, the General Counsel, who also holds the position of Committee Secretary, as well as the Chairman of the Board of Statutory Auditors and the entire Board of Statutory Auditors also took part in Committee meetings.

The Committee has so far met on two occasions in the year 2024 and is scheduled to meet three more times before the end of the year, at least once every quarter.

## **Functions assigned to the Control and Risks Committee**

In addition to assisting the Board in the operations listed in the relevant section, the Committee is responsible for:

- a) assessing, after consulting the Executive in charge of financial reporting, the External Auditor and the Board of Statutory Auditors, the correct use of accounting standards and their uniform application in drawing up the consolidated financial statements;
- b) assessing the suitability of periodic, financial and non-financial information to correctly represent the business model, the Company's strategies, the impact of its activities and the performance achieved;
- c) examining the content of periodic non-financial information relevant to the internal control and risk management system;
- d) expressing opinions on specific aspects relating to the definition of the guidelines of the

internal control and risk management system and identification of the main corporate risks in order to ensure that they are consistent with the Company's strategies, supporting the corresponding annual assessment and ensuring the adequacy of the system with respect to the Company's characteristics and risk profile, as well as its effectiveness;

- e) expressing opinions connected to Internal Audit Function's Action Plans;
- f) reviewing the periodic reports assessing the internal control and risk management system, as well as particularly significant reports provided by the Internal Audit Function;
- g) monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit Function;
- h) appointing the Internal Audit Function to conduct audits of specific operating areas, where necessary, duly informing the Chairman of the Board of Statutory Auditors;
- i) reporting to the Board of Directors at least every six months, when the annual and half-yearly financial statements are approved, on the activities performed and on the adequacy of the internal control and risk management system;
- j) supporting, with adequate preliminary investigation, the evaluations and decisions of the Board of Directors concerning the management of risks arising from harmful incidents of which the Board of Directors has become aware;
- k) expressing opinions concerning coordination and information flows between the different parties involved in the internal control and risk management system, in order to maximise the efficiency of the system, minimise duplication of activities and ensure effective performance of the tasks of the control body.

Following the coming into force of Legislative Decree no. 39/2010, which identifies the Board of Statutory Auditors as the "Internal Control and Auditing Committee", some of the supervisory functions attributed to the Control and Risks Committee are shared with the Board of Statutory Auditors, and are fulfilled in a coordinated manner.

The Board of Directors has also assigned to the Control and Risks Committee the duties and functions that the new regulation on transactions with related parties assigns to independent Directors, and particularly the task of prior examination of the procedure adopted by the Company (as any subsequent amendments) and its execution.

The Committee examined the following matters, among other things, during the Fiscal Year:

- the draft of 2022 financial statements and 2022 consolidated financial statements, the 2023 half-yearly financial statements, the results of audits of the half-yearly financial statements and report;
- the results of the external auditing activities;
- the 2023 Audit Plan, and the status and results of internal auditing activities, as well as the structure of the Company's internal control system;
- updates on the Enterprise Risk Management activity, and the Enterprise Risk Management Policy;
- updates in the scope of Legislative Decree no. 231/2001;
- the controls fulfilled in accordance with the audit procedures and the verification of their implementation;
- the annual report of the FGIP – Inside Information Management Function;
- updates on the Group Whistleblowing Procedure and its training programme;
- the Annual report of the control bodies.

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The Committee has access to the company information and functions necessary to perform its tasks, has access to financial resources, and may make use of external consultants, within the terms set by the Board of Directors.

### **9.3 HEAD OF INTERNAL AUDIT FUNCTION**

The Board of Directors appointed the Head of Internal Audit Function as responsible for verifying that the internal control and risk management system is functioning, adequate and consistent with the guidelines defined by the Board.

By resolution passed on 9 February 2023, after receiving a favourable opinion from the Control and Risks Committee, the Board of Directors appointed as Head of the Internal Audit Function for 2023 Mr Piermario Barzaghi, Partner of KPMG Advisory S.p.A., an external party to the Company with autonomy and independence, as well as meeting the appropriate professional and organisation requirements.

The Board of Directors considered it appropriate to entrust external parties with substantial expertise and experience with that mandate, since the size of the Gefran Group is not such that it can effectively support an Internal Audit organisational structure within the Company.

The Board, after the favourable opinion from the Control and Risks Committee, by resolution passed on 9 February 2023, defined Mr Barzaghi's remuneration, in line with corporate policies, for the position of Head of Internal Audit Function, ensuring that he has adequate resources to fulfil his duties.

Mr Barzaghi is not responsible for any operational areas, and is hierarchically independent from the Board of Directors in the performance of his duties. The Head of Internal Audit Function has direct access to all the information necessary for fulfilling the task. KPMG Advisory S.p.A. was tasked with conducting internal audit activities for the year 2023.

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During the Fiscal Year, the Board of Directors approved the Audit Plan prepared by the Head of Internal Audit Function, with the favourable opinion from the Control and Risks Committee, having consulted the Board of Statutory Auditors and the Chief Executive Officer.

The Audit Plan prepared for 2023 was intended to supplement the existing internal control and risk management system with adequate Internal Auditing activities, by concentrating the task in areas which, due to the number and critical nature of the risks identified, could meaningfully affect the achievement of the corporate's targets.

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The Head of Internal Audit Function, either in person or through the designated consulting firm:

- checks the operation and appropriateness of the internal control and risk management system, both continuously and in relation to specific requirements, in compliance with

international standards, using the audit plan approved by the Board of Directors which is based on a structured analysis of the main risks;

- prepares periodic reports providing appropriate information on his activities, the risk management methods used and compliance with the plans drawn up to mitigate risks, as well as an assessment of the suitability of the internal control and risk management system. These are submitted to the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risks Committee, the Chairman of the Board of Directors and the Chief Executive Officer, unless the subject matter of these reports specifically concerns the activities of such persons;
- promptly prepares reports on events of particular importance, also in response to the request of the Board of Statutory Auditors, and submits them to the Chairman of the Board of Statutory Auditors, of the Control and Risks Committee and of the Board of Directors, as well as the Chief Executive Officer, unless the subject matter of these reports specifically concerns the activities of such persons;
- assesses the reliability of Information Technology systems, including accounting systems, as part of the Audit Plan.

As for the activities conducted during 2023, they were intended:

- to fulfil the activities envisaged in the Gefran Group's 2023 Audit Plan;
- to propose solutions to any observations made;
- to check the measures adopted to fulfil the requirements identified during previous audits interventions or during the Enterprise Risk Management;
- to assess any other risk factors and related measures to be introduced as the result of changes in the organisation or in the law.

During the Control and Risks Committee's meeting, as well as the annual meeting of the Corporate Control Bodies held on 6 March 2024, the Head of Internal Audit Function presented the function's annual report on its activities and on the operation of the internal control and risk management system.

It should also be noted that with the Board of Directors' resolution passed on 14 February 2024, responsibility for the Internal Audit Function was again entrusted to Mr Piermario Barzaghi; he was appointed by the Board of Directors, after receiving a favourable opinion from the Control and Risks Committee. KPMG Advisory S.p.A. was tasked with conducting Internal Audit activities.

On 14 February 2024, the Board of Directors approved the 2024-2025 Audit Plan, after favourable opinion of the Control and Risks Committee.

## **9.4 ORGANISATIONAL MODEL pursuant to Legislative Decree no. 231/2001**

At its meeting held on 13 February 2008, the Board of Directors adopted its own Organisational Management and Control Model in accordance with Legislative Decree no. 231/2001 (the "Model").

Following a series of updates and reviews, the latest version of this model was approved by the Board on 8 November 2023.

The subsidiaries Gefran Soluzioni S.r.l. and Elettropiemme S.r.l. have likewise adopted an Organisational and Management Model under Legislative Decree no. 231/2001 and have their

own Supervisory Body.

Over time, the review of the Model considered the extension of companies' administrative liability to include new offences, and changes in the Company's organisational structure that occurred since the adoption of the current organizational model. On an annual basis, Gefran performs a "Risk Assessment within the scope of Legislative Decree no. 231/2001".

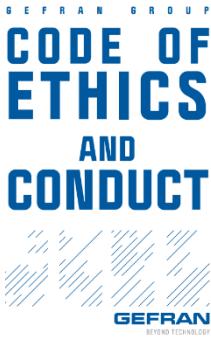
The Company has therefore drawn up a Model that complies with the guidelines resulting from the analysis and mapping of corporate processes at risk of an offence, is consistent with the Company's particular characteristics, and therefore fulfils the effectiveness requirements set out by law.

The Model adopted by the Company aims at preventing the offences envisaged in Legislative Decree no. 231/01 ("Decree") and ensuring fair and transparent conditions in the carrying out of business activities.

The **Organisational Management and Control Model** comprises a General Section describing the content of the Decree and the aims of the Model, and a Special Section, which contains general rules to be followed by the Model's Recipients, a list of areas of activities at risk and various Sections dedicated to the relevant categories of offences. The document is published on the website [www.gefran.com](http://www.gefran.com) in the *Investor relations / Governance / Organizational Protocol & Code of Ethics* section and on the Company's intranet.

The following documents are an integral part of the Model:

a) **Code of Ethics and Conduct:** represents general principles of conduct, including those of significance for the purposes of Legislative Decree no. 231/2001 (transparency, fairness and loyalty) which inspire the performance and conduct of the Company's business, also identifying the objectives and informative values of the Company's business. The document is published on the website [www.gefran.com](http://www.gefran.com) in the *Investor relations / Governance / Organizational Protocol & Code of Ethics* section and on the Company's intranet. Gefran S.p.A. and the Gefran Group companies undertake to apply and observe strict ethical and moral principles, while conducting their business' activities. The Code of Ethics has been chosen as a tool for formalization and dissemination of these principles.

The logo for the Code of Ethics and Conduct. It features the text "GEFRAN GROUP" at the top, "CODE OF ETHICS AND CONDUCT" in large blue letters in the center, and "GEFRAN BEYOND TECHNOLOGY" at the bottom. There is a decorative graphic of blue diagonal lines to the left of the text.

Compliance with the Code of Ethics is of fundamental importance for the Group's proper functioning, reliability and reputation, which are essential assets for its success. The Code of Ethics aims to direct the Group's conduct and operations in both internal relations and relations with external parties, focusing on full compliance with the regulations in force in all the countries in which it operates, in addition to compliance with internal procedures.

b) **Procedures Manual:** for all the main risk areas mapped, this governs:

- roles and responsibilities of the parties involved;
- procedures for making decisions/granting authorisations;
- methods of managing and controlling activities at risk.

The document is published on the Company's Intranet.

c) **Group Whistleblowing Procedure:** the procedure was approved by the Board of Directors on 13 November 2018, and subsequently approved its update on 3 August 2023, and is aimed at regulating reports of unlawful conduct and non-compliance with the provisions of the law and the Code of Ethics – also relevant for the purposes of Legislative Decree no. 231 of 2001 – based on precise and consistent factual elements or breaches of the Organisation Management and Control Model of Gefran S.p.A. and its Italian and foreign subsidiaries. The procedure, also prepared pursuant to Legislative Decree no. 24 of 10 March 2023, transposing EU Directive 2019/1937, as well as Article 6 c. 2 bis of Legislative Decree no. 231 of 8 June 2001, ensures the whistleblower's confidentiality is protected and the report is managed according to predefined operational provisions.

The document is published on the Company's intranet and website [www.gefran.com](http://www.gefran.com) in the section *Investor relations / Governance / Organizational Protocol & Code of Ethics*.

## Supervisory Body

As required by Legislative Decree no. 231/2001, the Board also appointed the Supervisory Body composed, as at the date of issue of this Report, of two external members, Nicla Picchi (Chairwoman) and Monica Vecchiati, providing it with a regulations and appropriate resources to operate.

The Supervisory Body may use external consultants to perform the necessary risk assessments and audits.

The Supervisory Body is responsible for supervising:

- a) the functioning and observance of the Model, in relation to the various types of offence covered by Legislative Decree no. 231/01 and subsequent laws that have extended its scope;
- b) the effectiveness of the Model in relation to the Company's structure and its effective ability to prevent the commission of offences;
- c) the advisability of updating the Model, where adaptation of the Model is required in relation to changed business conditions and/or regulations.

The Supervisory Body has the discretionary power to conduct specific controls, also in response to reports received, and periodically to fulfil checks of samples of sensitive activities, in order to verify their proper implementation in relation to the general rules and specific procedures laid down by the Model.

The Supervisory Body is also responsible for advising the Board of Directors to make the necessary changes to the Model in the event of changes to the legal framework, the methods of implementation and the type of corporate business activities. The Supervisory Body reports its control activities and their results to the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors.

The Supervisory Body is composed of external members of the Company; the Legal and

Corporate Affairs Department plays a connecting and facilitating role, also to ensure coordination between the different parties involved in the internal control and risk management system.

## 9.5 EXTERNAL AUDITOR

The external auditing activities are conducted by a company appointed by the Shareholders' Meeting from among those included in the register kept by Consob.

The External Auditor is currently PRICEWATERHOUSECOOPERS SPA, appointed at the Shareholders' Meeting of 21 April 2016 to conduct, for the Fiscal Years 2016 through 2024, the external auditing activities of the consolidated and separate financial statements, pursuant to Articles 14 and 16 of Legislative Decree no. 39 of 27 January 2010, and the limited external auditing of the consolidated half-yearly financial statements.

As required by law, the mandate was granted based on a reasoned proposal by the Board of Statutory Auditors, following an in-depth technical and economic evaluation analysis.

During the Fiscal Year, after consulting the Board of Statutory Auditors, the Board of Directors assessed the results expressed by the External Auditor.

## 9.6 EXECUTIVE IN CHARGE OF FINANCIAL REPORTING AND OTHER CORPORATE ROLES AND FUNCTIONS

After consulting the Board of Statutory Auditors, the Board of Directors appoints the Executive in charge of financial reporting, and determines his fees and term of office. It also ensures that he has appropriate powers and means to perform the duties granted thereto pursuant to article 154-bis of Legislative Decree no. 58/98, and that administrative and accounting procedures are complied with.

The Executive in charge must meet the professional requirements of having at least three/five years' qualified experience in administration and control or in management or advisory roles, at listed companies and/or related groups of businesses, or companies, organisations or businesses of a significant size and importance, in the preparation and control of accounting and corporate documents. The Board ascertains that he meets the requirements established by Law and the Articles of Association at the time of his appointment.

Later, on 4 August 2022, the Board of Directors, with the approval of the Board of Statutory Auditors, appointed Paolo Beccaria, Chief Financial Officer of the Group, as Executive in charge of financial reporting for Gefran S.p.A. in charge of direct supervision of the control model under Law no. 262/2005 and the related administrative and accounting procedures.



The Executive in charge of financial reporting and the Chief Executive Officer issue a specific report attached to the annual financial statements, the consolidated financial statements and the abbreviate half-yearly financial statements, attesting the adequacy and actual application of the administrative and accounting procedures, as well as the compliance of these documents to the figures under the corporate accounting records, and provide a true and fair representation of the equity, economic and financial position of the Company and the companies included in the scope of consolidation.

The Executive in charge of financial reporting also issues a statement certifying the compliance of the interim accounting information (for example, interim reports on operations and/or press releases to the market) to the documents, books and accounting records of the Company and the companies included in the scope of consolidation.

The Executive in charge has the following resources and powers:

- to directly access all information for the production of accounting data;
- to establish direct contact with the External Auditors, the Control and Risks Committee and the Board of Statutory Auditors;
- to acquire, control and check information and news at equivalent or higher hierarchical levels, and also at lower hierarchical levels which do not report directly to the Executive in charge; these powers may also be exercised in respect of subsidiaries and the corporate hierarchies of the companies included in the scope of consolidation;
- to use internal communication channels to ensure the correct flow of intercompany information;
- to use all the offices, facilities and specialised personnel under the Accounting, Finance and Control department;
- to propose/assess all the procedures implemented within the Company;
- to draw up administrative and accounting procedures;
- to make use of management control tools, including IT equipment (hardware and software), up to a spending limit of 25,000.00 Euro annually;
- to assign duties, responsibilities and time frames for collecting and checking information;
- to make use of independent specialist consultants to address specific issues, and assign professional duties up to a spending limit of 50,000.00 Euro annually;
- to attend conferences, training seminars and refresher courses;
- to summon staff, at her own discretion, to update and train them, and raise awareness of their obligations.

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After examining the results of risk management during the Fiscal Year, the Board of Directors does not consider it appropriate to take further measures to ensure the effectiveness and impartiality of judgement of the other corporate functions involved in the controls, and has checked that they have adequate professionalism and resources.

## **9.7 COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

Through regular meetings and information flows, the Company coordinates all the parties involved in the internal control and risk management system (Board of Directors, Chief Executive Officer, Control and Risks Committee, Internal Audit Manager, Executive in charge of financial reporting, Board of Statutory Auditors, External Auditor and other corporate functions with specific duties in relation to internal control and risk management), in order to maximise the efficiency of the internal control and risk management system, prevent duplication of tasks, and ensure effective performance of the tasks of the Board of Statutory Auditors.

The Board of Statutory Auditors and the Control and Risks Committee promptly exchange

relevant information to perform their respective duties. The Chairman of the Board of Statutory Auditors assists the Control and Risks Committee and the Statutory Auditors can attend the meetings of the Committee too.

## 10. DIRECTOR'S INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

During the meeting held on 24 June 2021 the Board of Directors of Gefran approved the *“Procedure for transactions with related parties”* according to Consob resolution No. 17221 of 12 March 2010 as amended and integrated. This regulation is published in the *Investor relations / Governance / Documents and Procedures* section of the Company's website, .

The regulation is based on the following general principles:

- ensuring the essential and procedural transparency and probity of transactions with related parties;
- providing Directors and Statutory Auditors with an appropriate assessment, decision-making and control tool regarding transactions with related parties.

The regulation is structured as follows:

- *First Section*: definitions (related parties, significant and minor, intercompany, ordinary, of negligible amount transactions, etc.);
- *Part two*: identification of transactions with related parties, procedures for approval of significant and minor transactions, urgencies and exemptions;
- *Part three*: disclosure obligations, supervision of compliance with the regulation.

For details on transactions with related parties, please refer to the section entitled “Transactions with related parties” in the explanatory notes to the annual financial statements, where they are listed and commented on.

No Related Party Committee has been established. The current composition of Gefran's Control and Risks Committee meets the requirements of Article 3, paragraph 1 letter i) of the Regulation on Transactions with Related Parties adopted by Consob Resolution no. 17221 of 12 March 2010 and subsequent amendments, therefore the function of Related Parties Committee is attributed to the latter.

In the exercise of its functions, the Committee examines, expresses opinions and approves transactions with Related Parties, in the cases specifically identified in its Regulations.

Information on the functioning and work of the Committee is contained in the previous section 9.2, to which reference should be made.

During the Fiscal Year, the Committee examined and issued its favourable opinion on two transactions with related parties.

In its “Procedure for Transactions with Related Parties”, Gefran has regulated and adopted operating solutions suitable for identifying and adequately managing situations in which a Director

has an interest, on his or her own behalf or on behalf of a third party.

## 11. BOARD OF STATUTORY AUDITORS

### 11.1 APPOINTMENT AND REPLACEMENT

Article 23 of Gefran's Articles of Association, amended by board resolution of 1 October 2012 to ensure, pursuant to Law no. 120/2011, the gender balance in the composition of the corporate bodies, states that:

*"The Board of Auditors is comprised of three Statutory Auditors and two Alternate Auditors.*

*Auditors hold office for three financial years, up to the Meeting convened to approve the financial statement covering the last year of their period of office, and they are eligible for re-election. Their fee is determined by the Meeting for the whole period in which they hold office.*

*Auditors must possess the requisites established by the law and other applicable provisions. As regards the requisite of professional qualification, the subjects and business sectors strictly associated with that of the Company are: electronic automation for the sensor manufacturing industry and components for industrial automation.*

*The maximum number of administration and auditing assignments established by the CONSOB Regulation also applies to the Board of Auditors.*

*The Board of Auditors is elected by the Meeting from lists presented by the Shareholders, according to the procedure detailed in the following subsections, subject to different and further provisions established by mandatory laws or statutory provisions.*

*The minority – provided it has no significant direct or indirect connections pursuant to art. 148, subsection 2 of Legislative Decree no. 58/1998 and associated regulatory standards - is entitled to elect a Statutory Auditor as Chairman of the Board, and an Alternate Auditor. The election of minority auditors takes place at the same time as the election of the other members of the Board of Auditors, subject to cases of replacement, which are detailed below.*

*A list of candidates for the post of auditor may be presented by Shareholders who, when the list is presented, hold – alone or together with other presenting shareholders - a shareholding equal to that established by CONSOB pursuant to art. 147-ter, subsection 1, of Legislative Decree no. 58/1998 and to the provisions of the Issuers Regulation approved under resolution no. 11971 of 14th May 1999 and subsequent amendments.*

*The lists must be presented to the registered office at least twenty-five days prior to the date set for the General Meeting called to appoint the Auditors and will be published pursuant to regulations in force at least twenty-one days prior to said date.*

*The lists must contain the names of one or more candidates for the post of Statutory Auditor and one or more candidates for the post of Alternate Auditor. The candidates' names are progressively numbered and must not exceed the number of members to be elected.*

*If mandatory gender division criteria are applicable, each list presenting at least three candidates must contain a number of candidates of the less represented gender at least equal to the minimum number required by the provisions of applicable law.*

*The lists must also contain, within them or attached thereto the information, statements and other documents required by law and the applicable regulatory standards.*

*If at the deadline for presenting the lists only one list or lists presented by Shareholders having connections between the applicable provisions are presented, lists can be presented up to the deadlines set by the applicable law. In such cases, the deadlines envisaged above for presenting the lists are reduced by half.*

*A Shareholder may not present or vote more than one list, whether directly, indirectly or through trust companies. Shareholders belonging to the same group and ones entering a Shareholders' agreement covering the issuer's shares may not present or vote more than one list, whether directly, indirectly or through trust companies. A candidate may only be present in one list, under penalty of ineligibility.*

*Auditors are elected as follows: (i) from the list obtaining the highest number of votes (the "Majority List") are taken, according to the progressive number under which they are listed, two Statutory Auditors and one Alternate Auditor; (ii) from the list that obtained the second highest number of votes and which is not directly or indirectly connected with the Shareholders who presented or voted the Majority List pursuant to the applicable provisions (the "Minority List") are taken, according to the progressive number under which they are listed, one Statutory Auditor, who is appointed Chairman of the Board of Auditors (the "Minority Auditor") and one Alternate Auditor (the "Alternate Minority Auditor"). If there is a tied vote between lists, the one presented by Shareholders with the largest shareholding upon presentation of the list, or subordinately, the highest number of Shareholders, will prevail.*

*If, in the Board of Auditors thus formed, a statutory auditor of the less represented gender is not present, if imposed by the provisions of applicable law, the last candidate elected in the majority list will be replaced by the first non-elected candidate in the list belonging the less represented gender. If this is not possible, the statutory auditor of the less represented gender will be appointed by the general assembly, with the ordinary majorities established by law, in replacement of the last candidate in the single list.*

*If only one list has been presented, the Meeting votes that list, and if the list obtains a relative majority of votes, not counting abstentions, all the candidates for these posts who appear in the list will be elected as Statutory and Alternate Auditors. The Chairman of the Board of Auditors is the first candidate for the post of Statutory Auditor.*

*If, in the Board of Auditors thus formed, a statutory auditor of the less represented gender is not present, if imposed by the provisions of applicable law, the statutory auditor of the less represented gender will be appointed by the general assembly with the ordinary majorities established by law, in replacement of the last candidate in the single list.*

*If there are no lists, the Board of Auditors and the Chairman are appointed by the general assembly with the ordinary majorities established by law, subject to the obligation to appoint at least one statutory auditor of the less represented gender, where this is required by the provisions of applicable law.*

*If the post of Majority Auditor becomes vacant for any reason, he/she is replaced by the Alternate Auditor taken from the Majority list.*

*If the post of Minority Auditor becomes vacant for any reason, he/she is replaced by the Alternate Auditor taken from the Minority list.*

*When the Meeting is called upon to make up the Board of Auditors, in replacement of auditors elected from the Minority List, the ballot requires a relative majority, which will not include the votes of Shareholders who, according to the statements rendered in accordance with current provisions, hold, directly, indirectly or jointly with other Shareholders who have entered into a relevant Shareholders' Agreement pursuant to art. 122 of Legislative Decree no. 58/1998, a relative majority of votes exercisable at the Meeting, and of Shareholders who control, are controlled by or are subject to joint control of the same.*

*In this case, too, the new Minority Auditor is designated Chairman of the Board of Auditors.*

*In the event of replacement of a statutory auditor, the gender equality obligation must be fulfilled in accordance with the provisions of applicable law."*

## 11.2 COMPOSITION and FUNCTIONING (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis), TUF)

The Board of Statutory Auditors in office as of 31 December 2023 was appointed at the Shareholders' Meeting of 27 April 2021 using the list system, specifically with the Majority List only, submitted by the shareholder Fingefran S.r.l. on 31 March 2021, which held a total of

8,164,080 Gefran S.p.A. ordinary shares, equal to 56.695% of the share capital.

The current Board shall remain in office until the date of the Shareholders' Meeting to approve the financial statements for the year ending 31 December 2023.

The list included the following candidates:

<b>Standing Auditors</b>	Roberta Dell'Apa – Chairwoman of the Board of Statutory Auditors
	Primo Ceppellini
	Luisa Anselmi
<b>Deputy Auditors</b>	Stefano Guerreschi
	Simona Bonomelli

The list received no. 8,217,506 votes, representing 57.06% of the share capital.

### Personal and professional characteristics of each Statutory Auditor

A brief curriculum vitae of each statutory auditor is provided below, showing their personal details, expertise and experience in business management.

**Roberta Dell'Apa:** graduated from Università Cattolica del Sacro Cuore in Milan with a degree in Economics and Commerce, and then passed the national examination for authorisation to practice the profession of chartered accountant and auditor. Practices the profession of chartered accountant with a special focus on business, corporate and fiscal consulting services, also specifically in relation to innovative start-ups, also working in pool with professionals from "StartUp Ally" and InnovUp, of which Studio Dell'Apa Zonca is a partner, with Società Benefit and BCorp, on sustainability issues and innovative SMEs, as well as to several aspects of business organization. She is also involved in a number of aspects relating to company organisation. She often serves as technical consultant for parties in civil and criminal court cases, and as court-appointed consultant in civil cases, particularly in the banking and finance sector. Auditor of a number of industrial and sales companies. Founding partner in "Studio Dell'Apa Zonca e Associati – Dottori Commercialisti", a corporate and fiscal consultancy established in 2006. Participates actively in institution study commissions set up by her professional order. She has long been involved in organising conferences and training events concerning professional and trade issues, in which she also participates as a speaker. She carries out outreach and training activities in the field of Innovative Start-Ups, Benefit Companies and Sustainability. National chair of the Italian Association of Chartered Accountants – AIDC from March 2013 to February 2017, after serving as chair of the Milanese department. Member of the "Commission for Standards of Conduct and Common Interpretation in Tax Law" of AIDC Milan and Chairman of the "Social Security Commission" of AIDC nation-wide and member of the Reflection Group ESG – AIDC Lab. A "101er" of "La Carica delle 101", the community of entrepreneurs, managers and professionals that supports Start-Ups.

**Primo Ceppellini:** Graduated from the Faculty of Economics and Commerce of Università degli Studi di Pavia. A member of the Order of Certified Auditors and Accounting Professionals of Pavia since 1990, founder and partner of the professional partnership Ceppellini Lugano & Associati (CLA Consulting srl) with offices in Milan, Vicenza and Voghera ([www.claprofessionals.it](http://www.claprofessionals.it)). Registered in the list of Auditors. Auditor and auditor in several medium-large capital companies, member of the Board of Statutory Auditors and experience as an independent director in listed companies.

Contributor to the financial newspaper “Il Sole 24 Ore”. Member of the scientific committee of the magazines ‘Il corriere tributario’, Ipsoa Editore. Author and curator of books and other publications. He has significant professional experience in fiscal and corporate consulting, in the statement of opinions, informative notes, studies and research. He has significant experience as professor in the professional development and training of administrative staff in enterprises. He participated as a speaker in numerous national conventions organised by consulting services, professional orders and trade associations. He acts as technical defence consultant in fiscal cases and provides assistance in administrative proceedings with Italian Revenue Authority. He has acted as a court-appointed technical consultant in the preparation of reports on particularly complex accounting and tax matters for the Milan Public Prosecutor’s Office and for the Milan Court, section specialised in enterprises.

In November 2021, CLA started a collaboration agreement with the Deloitte Tax and Corporate Firm (STS Deloitte) for progressive integration as part of a strategic development project and, following the transaction, Primo Cepellini became a Partner of Studio Tributario and Societario Deloitte Stp S.r.l. Società Benefit.

He currently provides with CLA Consulting S.r.l., consultancy and assistance services in tax, corporate, accounting matters and in the context of corporate and financial restructuring operations for medium-large companies and groups.

For the 2022-2023 academic year and for the current 2023-2024 he is a contract professor, at Università degli Studi di Pavia, department of economic and business sciences, course of corporate taxation.

**Luisa Anselmi:** Graduated with honours in Business and Economics from Università degli Studi di Verona. She has been a chartered accountant since 1990 and an auditor since 1995. After work experience at Coopers & Lybrand S.a.s. (now PricewaterhouseCoopers SpA) and Studio Pirola Pennuto Zei e Associati, in 1994 she founded her own tax and corporate consulting firm, gaining significant experience in professional issues typical of multinational groups. In the course of her career, she has served more than once as court-appointed expert witness of the Court of Brescia. Among her judicial assignments, she has acted as expert witness, bankruptcy receiver, court-appointed liquidator, receiver of dormant estates, commission agent for the sale of company shares and expert appointed to certify the reasonableness of information contained in merger plans.

She sits on the Board of Statutory Auditors of a number of prominent Italian companies, some of which are members of multinational groups, such as Nespresso Italiana S.p.A. – Società Benefit and Solgar Italia Multinutrient S.p.a. (Nestlè Group – Switzerland), 2A Energy Solutions S.r.l., an ESCo Company belonging to the A2A Group, and Chair of the Board of Statutory Auditors of Zoogamma S.p.A. (VanDrie Group). Since 2020 she has been Chairman of the Board of Auditors of Fondazione Brescia Musei (of which she had been a Standing Auditor since 2016), the organisation appointed by the Municipality of Brescia to operate the city’s museums.

Board of Statutory Auditors	2023	2022	2021
Number of meetings	9	9	10
Average attendance %	100%	100%	100%

In 2023, the Board of Statutory Auditors held nine meetings lasting an average of two hours, which were attended by all members. The Chairman of the Board of Auditors played an active role in all the meetings held by the Control and Risks Committee, enabling a timely exchange of

information relating to their duties.

Six meetings have been scheduled for the current year, and as of the date of this Report, the Board of Statutory Auditors has already met twice.

There has been no change in the composition of the Board of Statutory Auditors since the end of the year.

Pursuant to the law, the statutory audit is assigned to an external auditing firm, which is subject to the audit regulations governing listed companies and supervision by Consob.

The Board of Statutory Auditors is therefore responsible for supervising compliance with the law and the memorandum of association, as well as observance of the principles of good management in carrying out corporate activities and monitoring the appropriateness of the Company's organisational structure, internal control system and administrative and accounting system.

The Managing Bodies have duly and promptly reported to the Board of Statutory Auditors on the activities carried out, general management trends and their evolution. During Board meetings, the Board of Statutory Auditors was updated with regard to company dynamics and corporate affairs as well as the main developments in the legislative framework.

Following the enactment of Legislative Decree no. 39/2010, the Board of Statutory Auditors has been identified as the "Internal Control and Auditing Committee", to which this decree attributes supervisory functions regarding the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, the independent audits of annual and consolidated accounts, and the independence of the external auditor.

In performing its duties, the Board of Statutory Auditors works in concert with the Internal Audit Department and the Control and Risks Committee, through information flows and, more importantly, the Chairman of the Board of Statutory Auditors' constant attendance at committee meetings.

The induction initiatives mentioned above for the Board of Directors were also attended by members of the Board of Statutory Auditors.

## **Diversity criteria and policies**

The Issuer has not adopted diversity policies in relation to the composition of the control bodies in view of aspects such as age, gender, and educational and career paths.

Statutory Auditors must possess the requirements established by law and other applicable regulatory provisions. with reference to professional requirements, the Company strictly operates in the following areas and business sectors: electronic automation for the Sensors industry and industrial Components.

Information on diversity criteria and policies adopted by the Company can be found in the section 4.3 of the Report on "Diversity Criteria and Policies in Board composition of the Board and Company Organisation", to which reference should be made.

At least one third of the members of the Board of Statutory Auditors are statutory auditors of the less represented gender.

## Independence

The Articles of Association define the quantitative and qualitative criteria for assessing the significance of circumstances of relevance for assessing the independence of statutory auditors pursuant to the Code. Statutory Auditors must possess the requirements established by law and other applicable regulatory provisions.

the positive outcome and disclosing the outcome of these assessments in a press release to the market on the same date.

In carrying out the above assessments, the Board applies the criteria set out in the CG Code with regard to the independence of the Directors, as well as the further independence requirements specified in Article 148, third paragraph of Legislative Decree no. 58/98.

The members of the Board of Statutory Auditors continued to meet the independence requirements throughout the Fiscal Year. Making these assessments, all the information provided by each member of the Board of Statutory Auditors was considered, evaluating all the circumstances that might appear to compromise their independence, as identified in the TUF and the CG Code. In addition, all the criteria set forth in the GC Code regarding the independence of Directors were applied (among other criteria).

## Remuneration

The Board of Directors of the Company, also in the light of the considerations expressed by the control body in the "Report on the self-assessment of the Board of Statutory Auditors" of 4 February 2021, in the section entitled "Article q.1.6 of the Rules of conduct of the Board of Statutory Auditors of listed companies", has considered adequate the current remuneration, equal to a total of Euro 70,000 of each year of their mandate, including Euro 30,000 for the Chairman of the Board of Statutory Auditors and Euro 20,000 for each Standing Auditor.

In light of the assessments contained therein, on 27 April 2021 the Shareholders' Meeting resolved to grant an annual fee of Euro 30,000 for the Chairman and Euro 20,000 for each Standing Auditor, in addition to reimbursement of expenses incurred in carrying out the appointment.

The remuneration of the Statutory Auditors is commensurate with the Auditors' skills, professional qualifications, and the work required by the importance of the position held, as well as the Company's size and sector.

As in the case of the Directors, there is also a D&O (Directors & Officers) Liability insurance policy covering Statutory Auditors.

## Management of interests

Pursuant to Recommendation 37 of the Corporate Governance Code, any Statutory Auditor who has an interest in a specific Company transaction, on his/her own account or on behalf of third

parties, must promptly and comprehensively inform the other Statutory Auditors and the Chairman of the Board of Statutory Auditors of the nature, terms, origin and extent of his/her interest.

## 12. RELATIONS WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

### Access to information

The Company communicates with the investors through its website ([www.gefran.com](http://www.gefran.com)) which includes an easily identifiable and accessible *Investor Relations* area featuring press releases, a calendar of company events, financial information and periodic and annual financial reports. To complete this information, the *Investor Relations* section now contains the *Governance* section, containing information on the Group's structure, corporate governance and all documents of use for in-depth knowledge of the Company and to allow shareholders to cast informed votes.

The Investor Relator, mandatory for Gefran as a company listed in the **Euronext STAR Milan** segment of Borsa Italiana, the Italian Stock Exchange, is now held by Giovanna Franceschetti, appointed to supervise relations with shareholders and stakeholders, an aspect to which the Company attributes great importance.

The Investor Relator regularly sends mailing list subscribers updates on this area of the website and information sent to Borsa Italiana and Consob.

The Investor Relations department maintains regular contact with investors and organises collective and one-to-one meetings in the main financial centres in Italy and abroad. The *Investor Relations* section on the Company's website also contains documents presented to the financial community.

Investor requests for information may be addressed to the Investor Relations office:



**Giovanna Franceschetti**

*Investor Relator*

Via Sebina 74, 25050 Provaglio d'Iseo (BS)

Tel: 030/98881

Fax: 030/9839063

[investor.relator@gefran.com](mailto:investor.relator@gefran.com)

### Relations with Shareholders

On 10 March 2022, the Gefran Board of Directors, following a proposal by its Chairwoman in agreement with the Chief Executive Officer, adopted the "Policy for the Management of Dialogue with Shareholders and Investors" ("Policy"), also taking into account the engagement policies adopted by institutional investors and asset managers. This policy is the document through which the Issuer implements Principle IV of Article 1 and Recommendation 3 of the Corporate Governance Code.

The adoption of this Policy is part of that principle that has always characterized the Company and is aimed at enhancing a fair dialogue with its shareholders and investors with a view to creating value in the medium-long term. The Company has an interest in ensuring that this dialogue provides Recipients with information that is clear, complete, correct, truthful and not misleading.

The Policy can be viewed on the Company's website [www.gefran.com](http://www.gefran.com) in the *Investor Relations / Governance / Documents and Procedures* section.

At the first meeting of the Board of Directors in 2024, the Investor Relator informed the Board of Directors about the dialogue with shareholders implemented during the 2023 financial year, in order to enable the Board of Directors to monitor the implementation of the Policy and to evaluate any changes to the Policy, when deemed appropriate.

There are about 40 institutional partners with whom Gefran has interfaced in the course of Investor Relations activities, of which about 30% are foreigners. During the 2023 financial year, Gefran:

- took part in three presentations to investors, organized by Borsa Italiana, Virgilio IR and Mediobanca;
- Organized company tours and specific conference calls with some investors.

Mediobanca, specialist of the Company, also reported a good appreciation from investors for the Group's activities, and highlighted the positive effects of the buyback launched .

The presentations used in meetings with shareholders are available on the Issuer's website [www.gefran.com](http://www.gefran.com), under *Investor relations / Invest in Gefran / Presentations*.

One of the issues that was meaningful in dialogue with stakeholders was the strategic sustainability plan, in its three essential parts (people, environment and territory), with the four projects described in chapter 4.1 of this report, through which Gefran intends to contribute to the achievement of the 6 Goals chosen out of the 17 Sustainable Development Goals set by the Union Nations.

### **13. SHAREHOLDERS' MEETINGS (pursuant to Article 123-bis, paragraph 1, letter I) and paragraph 2, letter c), of the TUF**

Shareholders' Meetings are called in accordance with the law and the Articles of Association by notice generally published at least thirty days prior to the date set for the meeting (first call), or at least forty days prior to the date set for meetings called to elect the members of the Board of Directors and Board of Statutory Auditors, and in other cases prescribed by law according to the items on the agenda.

The notice of call contains the date, time and place of the meeting, and the list of items to be discussed.

The notice of call shall also contain a description of the procedures the shareholders must comply

with in order to attend and exercise their right to vote at the meeting, as well as information regarding (i) the right to ask questions before the meeting, (ii) the terms and procedures for exercising the right to add items to the agenda, (iii) the procedure for exercising proxy voting.

The Shareholders' Meeting may not pass resolutions on items not included on the agenda.

Within five days of the publication of the notice of call of the Shareholders' Meeting, shareholders who, individually or jointly, represent at least one fortieth of the share capital may ask to add to the list of items on the agenda, providing details of the proposed items to be discussed in their request. The Shareholders' Meeting is responsible for passing resolutions – in both ordinary and extraordinary sessions – on matters reserved to it by law or the Articles of Association, as well as matters that the Board considers appropriate to submit to the shareholders' examination.

Gefran's Articles of Association grants the Board of Directors powers to decide on the following matters, subject to legal limitations:

- mergers pursuant to articles 2505 and 2505-bis of the Civil Code;
- the establishment and closure of secondary offices;
- any reduction in share capital in the event of a withdrawal by shareholders;
- amendments to the Articles of Association and the Shareholders' Meeting Regulations to comply with regulatory provisions;
- transfer of the registered office within Italy.

The Shareholders' Meeting is convened by the Board of Directors with a notice published as required by law. Where mandatory under the law, the notice of call must also be published in a national newspaper.

When a Shareholders' Meeting is called to appoint Directors and Statutory Auditors, when required by law and/or the regulations in force at the time, the notice of call must specify the quorum required to submit lists of candidates and the calculation criteria used, subject to compliance with all other legal requirements.

Shareholders' Meetings may be held outside the Company's registered office, as long as they are held in Italy.

Ordinary and extraordinary meetings are held and resolutions are passed in accordance with the law.

The Company adopted a regulation to ensure that meetings are conducted in a smooth and orderly manner, which is available on the Company's website at [www.gefran.com](http://www.gefran.com), in the *Investor Relations / Governance / Shareholders' Meetings* section.

According to the Articles of Association, each share gives the right to one vote.

The Shareholders are entitled to attend Shareholders' Meeting provided they meet the conditions provided for by Article 2370 final paragraph of the Civil Code, and Article 83-sexies of the TUF, and they are those who own shares in the Company as of the close of the seventh day of trading prior to the date set for the Shareholders' Meeting.

The provisions of the law apply to representation at Shareholders' Meetings.

The Company shall be notified of the mandate in electronic form, in accordance with the procedures established by the applicable ministerial regulations.

The Board of the Directors shall provide shareholders with sufficient information to enable them to make the decisions pertaining to the Shareholders' Meeting with full knowledge of the facts. Pursuant to Article 127-ter of Legislative Decree no. 58/98, shareholders are entitled to ask questions relating to the agenda up to two days prior to the meeting by sending a registered letter to the Company's registered office or to the certified email address [gefran@legalmail.it](mailto:gefran@legalmail.it), together with a statement certifying that they are eligible to attend and vote at meetings, or a certificate issued by the brokers holding the shares owned by such shareholders. The Company may answer these questions at the Shareholders' Meeting at the latest.

The Chairman of the Shareholders' Meeting moderates the debate, giving the floor to the Directors, to the Statutory Auditors and to anyone entitled to speak. Each shareholder may speak only once on any item on the agenda. In order to encourage the broadest possible participation, the time allowed for each intervention must be limited as a rule to ten minutes. Replies may not exceed five minutes. After replies, the chairman of the Shareholders' Meeting declares the debate closed. Only brief voting is allowed following the end of the debate.

The Shareholders' Meeting held on 21 April 2023 was attended by five Company Directors and the whole Board of Statutory Auditors.

During the Shareholders' Meeting, the Board of Directors reported on its completed and planned activities, endeavouring to ensure that shareholders had sufficient information to make informed decisions on the matters before the Shareholders' Meeting.

The Board did not consider it necessary to submit proposals to the Shareholders' Meeting in relation to the provisions of Recommendation 2 of the CG Code, considering the current system of corporate governance to be functional.

The Board expressed specific proposals regarding all the items on the agenda submitted to the Shareholders' Meeting, and no proposals were received from members other than those formulated by the Board.

There were no significant changes in the Company's shareholding structure.

## **14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (pursuant to Article 123-bis, paragraph 2, letter a), second part, of the TUF)**

The Issuer does not apply additional corporate governance practices beyond those already described above.

## 15. CHANGES OCCURRED SINCE THE END OF THE YEAR

No changes in the Company's corporate governance structure have occurred since the end of the Fiscal Year.

## 16. CONSIDERATIONS REGARDING THE LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The letter sent by the Chairman of the Corporate Governance Committee of Borsa Italiana (the Italian Stock Exchange) to listed companies on 18 December 2023 (the "Letter") was discussed with the Chairwoman of the Board of Directors, the Chief Executive Officer and the Chairman of the Board of Statutory Auditors on the same date. The Letter was then made available to the entire Board of Directors and Board of Statutory Auditors.

The recommendations made in the letter were carefully examined by the Independent Directors during the meeting of 6 March 2024, after which they expressed their suggestions to the Board of Directors and the Board of Statutory Auditors during the Board of Directors meeting held on 12 March 2024.

In light of these recommendations, Gefran S.p.A. provides the following information:

### **Note No.1: Industrial Plan**

The management body examines the three-year Strategic Industrial Plan of the Gefran Group in a dedicated meeting, held annually and led by the Chief Executive Officer. The management body establishes within itself three Committees (i) Appointments and Remuneration Committee, (ii) Control and Risks Committee, (iii) Sustainability Committee, which periodically, each for its own area of competence, examine in detail the issues for the generation of value in the long term and for sustainable development, and report on it at the first possible meeting of the Board of Directors.

Gefran has progressively integrated sustainable development into its three-year industrial plan. Furthermore, in 2022 the Gefran Group's commitments were strengthened with a new Strategic Sustainability Plan which, without prejudice to the strategy declared in 2020, defines measurable objectives consistent with the Industrial Plan. The Stakeholder engagement initiatives carried out within the projects of the Sustainability Plan (e.g. Project for the dissemination of the culture of sustainability), which is guided by the Sustainability Committee, established within the Board, have taken on particular importance in this area; or, the involvement of stakeholders internal and external to the Group in the materiality analysis which generated an ordered list of material topics around which to develop the Strategic Sustainability Plan. Gefran provides disclosure on these topics in the Sustainability Report.

### **Note No. 2: Information prior to board meetings**

On 11 May 2023, the Company adopted the Board of Directors' Regulation, which expressly

provides terms by which the documentation must be provided to the members of the Board of Directors. No exemptions to these deadlines are allowed for confidentiality reasons. The transmission takes place through the Smart Cda platform that ensures traceability of compliance with timing and security during access to data.

The Report on corporate governance and ownership structure reports the deadlines specified in this Regulation. There have not been any exceptional cases which made it impossible to comply with this deadline.

### **Note No. 3: Optimal composition orientation**

Pursuant the Corporate Governance Code, Gefran is a company with “concentrated ownership” and does not fall within the scope of this recommendation.

Nevertheless, the Board of Directors of the Company, considering also the results of the self-assessment questionnaires for the 2022 financial year, in light of the upcoming expiry of the mandate, provided the Shareholders with orientations regarding the size of the new Board of Directors, as well as the characteristics of its members. Shareholders have been asked to provide adequate information regarding the compliance of the list with the expressed orientation, also with reference to the diversity criteria.

The Company acknowledged this both in the Explanatory Report of the Board of Directors on the items on the agenda ("Report") of 12 March 2020, and in the latest report of 9 March 2023, released at the same time as the publication of the notice of meeting of the relevant shareholders' meetings.

### **Note No. 4: Multiple voting rights**

Gefran has not introduced multiple voting rights.

Furthermore, the management body has not presented proposals to the shareholders for the introduction of multiple voting rights.

Provaglio d'Iseo, 12 March 2024

*For the Board of Directors*

*Chairwoman*

*Maria Chiara Franceschetti*

## CHART 1: INFORMATION ON OWNERSHIP STRUCTURE AS OF 31.12.2023

STRUCTURE OF SHARE CAPITAL				
	NO. OF SHARES	NO. OF VOTING RIGHTS	LISTED (INDICATE MARKETS) / UNLISTED	RIGHTS AND OBLIGATIONS
Ordinary shares (the possibility of a majority of voting rights is not envisaged)	14,400,000	14,400,000	Listed - Euronext STAR Milan	ordinary
Preference shares	-	-	-	-
Multiple voting rights shares	-	-	-	-
Other categories of shares with voting rights	-	-	-	-
Savings shares	-	-	-	-
Convertible Savings Shares	-	-	-	-
Other non-voting categories of shares	-	-	-	-
Other	-	-	-	-

OTHER FINANCIAL INSTRUMENTS (entitling their owners to subscribe newly issued shares)				
	LISTED (INDICATE MARKETS) / UNLISTED	NO. OF INSTRUMENTS IN CIRCULATION	CATEGORY OF SHARES AT THE SERVICE OF CONVERSION / EXERCISE	NO. OF SHARES AT THE SERVICE OF CONVERSION / EXERCISE
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

Below a list of persons who, as published by the CONSOB at the date of publication of this Report and/or according to the additional information available to the Company, own shares with voting rights at the Ordinary Shareholders' Meeting of more than 5% of the ordinary share capital.

MAJOR SHAREHOLDINGS			
DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY SHARE CAPITAL	% SHARE OF VOTING CAPITAL
Giovanna Franceschetti (as representative of the undivided ownership established with Franceschetti Maria Chiara and Franceschetti Andrea)	FINGEFRAN S.R.L.	7,634,522	53,018

## CHART 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR

BOARD OF DIRECTORS														
OFFICE	MEMBERS	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT *	IN OFFICE FROM	IN OFFICE UNTIL	LIST (PRE-SENTERS) **	LIST (M/m) ***	EXEC.	NON-EXEC.	INDEP. CODE	INDEP. TUF	OTHER OFFICES ****	ATTENDANCE *****	
Chairwoman	Maria Chiara Franceschetti	1969	15.12.2003	21.04.2023	Shareholders' meeting to approve financial statements at 31.12.2025	N/A	M	✓	-	-	-	2	10/10	
Director	Andrea Franceschetti	1977	04.05.2011	21.04.2023	Shareholders' meeting to approve financial statements at 31.12.2025	N/A	M	✓	-	-	-	0	9/10	
Director	Giovanna Franceschetti	1976	23.04.2008	21.04.2023	Shareholders' meeting to approve financial statements at 31.12.2025	N/A	M	✓	-	-	-	0	9/10	
Director •	Marcello Perini	1969	16.12.2019	21.04.2023	Shareholders' meeting to approve financial statements at 31.12.2025	N/A	M	✓	-	-	-	0	10/10	
Director	Alessandra Maraffini	1966	21.04.2023	21.04.2023	Shareholders' meeting to approve financial statements at 31.12.2025	N/A	M	-	✓	✓	✓	1	7/7	
Director	Enrico Zampedri	1966	21.04.2023	21.04.2023	Shareholders' meeting to approve financial statements at 31.12.2025	N/A	M	-	✓	✓	✓	1	6/7	
Director ◦	Cristina Mollis	1974	28.04.2020	21.04.2023	Shareholders' meeting to approve financial statements at 31.12.2025	N/A	M	-	✓	✓	✓	2	10/10	

OFFICE	MEMBERS	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT *	IN OFFICE FROM	IN OFFICE UNTIL	LIST (PRE-SENTER S) **	LIST (M/m) ***	EXEC.	NON-EXEC.	INDEP. CODE	INDEP. TUF	OTHER OFFICES ****	ATTENDANCE *****
Director	Giorgio Metta	1970	28.04.2020	21.04.2023	Shareholders' meeting to approve financial statements at 31.12.2025	N/A	M	-	/\	✓	✓	0	8/10
Director	Luigi Franceschetti	1972	29.04.2004	21.04.2023	Shareholders' meeting to approve financial statements at 31.12.2025	N/A	m	-	✓	-	-	1	6/7
<b>DIRECTORS LEAVING OFFICE DURING THE REFERENCE YEAR</b>													
Honorary Chairman	Ennio Franceschetti	1942	07.05.1991	28.04.2020	Shareholders' meeting to approve financial statements at 31.12.2022	N/A	M	✓	-	-	-	-	2/3
Director	Daniele Piccolo	1962	01.10.2012	28.04.2020	Shareholders' meeting to approve financial statements at 31.12.2022	N/A	M	-	✓	-	✓	-	3/3
Director	Monica Vecchiati	1961	29.04.2014	28.04.2020	Shareholders' meeting to approve financial statements at 31.12.2022	N/A	M	-	✓	✓	✓	-	3/3

Indicate the number of meetings held during the year: 10 (ten)

Indicate the quorum required for the presentation of lists by minorities for the election of one or more members (pursuant to Article 147-ter TUF): 2.5%

#### NOTES

The following symbols should be added to the "Position" column:

- This symbol identifies the director responsible for the internal control and risk management system.
- This symbol identifies the Lead Independent Director (LID).
- (\*) The date of first appointment of each director is defined as the date on which the director was appointed to the Issuer's Board of Directors for the first time (absolutely).
- (\*\*) This column indicates whether the list from which each director was drawn was presented by shareholders (indicating "Shareholders") or by the Board of Directors (indicating "BoD"). Not applicable to the Issuer as the Articles of Association do not permit presentation of a list by the Board of Directors.
- (\*\*\*) This column indicates whether the list from which each director was drawn was presented by majority shareholders ("M") or by minority shareholders ("m").
- (\*\*\*\*) This column indicates the number of appointments as director or statutory auditor held by the person in question in other listed companies or companies of significance size. Appointments are identified in full in the Corporate Governance Report.
- (\*\*\*\*\*) This column reports directors' attendance of meetings of the Board of Directors (specifying the number of meetings attended with respect to the total number of meetings that could have been attended; for example, 6/8; 8/8 etc.).

### CHART 3: STRUCTURE OF BOARD COMMITTEES AT THE END OF THE FINANCIAL YEAR

BOARD OF DIRECTORS		CONTROL AND RISK COMMITTEE (ALSO RELATED PARTY TRANSACTION COMMITTEE)		APPOINTMENTS AND REMUNERATION COMMITTEE		SUSTAINABILITY COMMITTEE	
POSITION/TITLE	MEMBERS	(*)	(**)	(*)	(**)	(*)	(**)
Vice Chairman Non-independent Executive Director	Giovanna Franceschetti					2/2	C
Chief Executive Officer	Marcello Perini					2/2	M
Non-executive Director - independent under TUF and the Code	Cristina Mollis			4/4	C	2/2	M
Non-executive Director - independent under TUF and the Code	Alessandra Maraffini	3/3	C				
Non-executive Director - independent under TUF and the Code	Enrico Zampedri	3/3	M	1/2	M		
Non-executive Director not independent under the Code, not independent under the TUF	Luigi Franceschetti	3/3	M	2/2	M		
Non-executive Director - independent under TUF and the Code	Giorgio Metta						
No. of meetings held during the year:		5		4		2	

#### NOTES

(\*) This column reports directors' attendance of committee meetings (specifying the number of meetings attended with respect to the total number of meetings that could have been attended; for example, 6/8; 8/8 etc.).

(\*\*) This column reports the director's position on the committee: "C" means Chairman; "M": member.

## CHART 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE END OF THE FINANCIAL YEAR

BOARD OF STATUTORY AUDITORS									
OFFICE	MEMBERS	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT *	IN OFFICE FROM	IN OFFICE UNTIL	LIST (M/M) **	INDEP. CODE	ATTENDANCE OF THE MEETINGS OF THE BOARD OF STATUTORY AUDITORS ***	NO. OF OTHER OFFICES ****
Chairwoman	Roberta Dell'Apà	1963	20.04.2017	27.04.2021	Shareholders' meeting to approve financial statements at 31.12.2023	M	✓	9/9	11
Standing auditor	Primo Ceppellini	1963	29.04.2015	27.04.2021	Shareholders' meeting to approve financial statements at 31.12.2023	M	✓	9/9	20
Standing auditor	Luisa Anselmi	1966	24.04.2018	27.04.2021	Shareholders' meeting to approve financial statements at 31.12.2023	M	✓	9/9	11
Deputy auditor	Stefano Guerreschi	1959		27.04.2021	Shareholders' meeting to approve financial statements at 31.12.2023	M			
Deputy auditor	Simona Bonomelli	1972		27.04.2021	Shareholders' meeting to approve financial statements at 31.12.2023	M			

Indicate the number of meetings held during the year: 9 (nine)

Indicate the quorum required for the presentation of lists by minorities for the election of one or more members (pursuant to Article 148 TUF): 2.5%

### NOTES

(\*) The date of first appointment of each auditor defined as the date on which the auditor was appointed to the issuer's Board of Directors for the first time (absolutely).

(\*\*) This column indicates whether the list from which each auditor was drawn was presented by majority shareholders ("M") or by minority shareholders ("m"),

(\*\*\*) This column reports auditors' attendance of meetings of the Board of Statutory Auditors (specifying the number of meetings attended with respect to the total number of meetings that could have been attended; for example, 6/8; 8/8 etc.).

(\*\*\*\*) This column indicates the number of appointments as director or statutory auditor held by the person in question under Article 148-bis of the TUF and the related implementing provisions contained in the Consob Issuers' Regulations. Consob publishes a complete list of offices on its internet site under Article 144-quinquiesdecies of the Consob Issuers' Regulation.

**GEFRAN S.P.A.**

**SELF-ASSESSMENT REPORT OF THE BOARD OF  
STATUTORY AUDITORS**

**22 February 2024**

## SELF-ASSESSMENT REPORT OF THE BOARD OF STATUTORY AUDITORS 22 FEBRUARY 2024

This document briefly sums up the analyses conducted and the conclusions stated in the 22 February 2024 self-assessment meeting of the Board of Statutory Auditors.

### **1. Method and phases of the self-assessment process**

The self-assessment process was conducted in the phases described below.

#### **Preliminary phase**

Figures and information of significance for the purposes of self-assessment, collected in person by filling in a questionnaire specifically intended for the auditing body, the results of which are summed up and processed in a separate spreadsheet (915f24\_Autovalutazione CS 2024.xlsx), supported assessment of the body as a whole and of its individual members.

#### **Processing of the figures and information collected**

On 22 February 2024, the processing of the information collected in the three questionnaires was assessed, as summed up below:

*(scale of values used for self-assessment: Unsatisfactory (NO): score 1; Partially unsatisfactory: score 2; Partially satisfactory: score 3; Satisfactory (YES): score 4; and therefore a score ranging from a minimum of 1 to a maximum of 4)*

#### **BODY (BOARD OF STATUTORY AUDITORS)**

##### Composition

no. 9 questions; average self-assessment score 4.0;

1. of the 9 points regarding the composition of the body, 1 is identified as not applicable, while the remaining 8 were considered satisfactory by all members;

##### Functioning

no. 15 questions; average self-assessment score 4.0;

1. the maximum score (satisfactory) was awarded to the 15 aspects taken into consideration;

#### **INDIVIDUAL MEMBER (BOARD OF AUDITORS)**

##### Member's contribution

no. 3 questions; average self-assessment score 4.0;

1. all members awarded the maximum score (satisfactory) for all 3 questions;

##### Others of other members

no. 2 questions; average self-assessment score 4.0;

1. all members awarded these 2 questions the maximum self-assessment score (satisfactory).

The detailed information on the composition of the Board of Statutory Auditors was then assessed, along with information concerning the number and type of positions held by Auditors in other companies.

**Preparation of the results of the process, examination by the Board and approval**

The Chair and Auditors analysed the responses to different assessment profiles, also in view of their consistency, taking the aspects identified into consideration, stating any comments and suggesting possible actions for improvement of the body's efficiency.

The text of the Self-Assessment Report was then determined, taking into account the results that had emerged and focusing on possible actions to be taken.

**2. Parties involved**

Self-assessment activities took place with the involvement of all auditors, the chair and the standing auditors.

**3. Results obtained: main conclusions of the self-assessment process****Composition of the Board of Statutory Auditors****Quantitative profile**

The numerical composition of the Board of Statutory Auditors does not pose any problems of consistency as it is determined by the Company's articles of association on the basis of the provisions of the Civil Code: the Board of Statutory Auditors is currently composed of 3 standing auditors and 2 substitute auditors.

**Qualitative profile**

The members of the body , in general:

- are aware of the powers and obligations inherent in their functions;
- are in possession of the professional skills required for their position, in view of the company's operations and size;
- are in possession of sufficient know-how, only partially diversified, to ensure effective governance of risk in all areas in the company;
- dedicate sufficient time and resources for the complexity of their tasks;
- comply with the limits on number of positions held;
- perform their tasks with independence of judgement, protecting the interests of the company as a whole.

The members of the Board of Statutory Auditors are self-employed professionals registered in the Register of Chartered Accountants and the Register of Legal Auditors.

The auditors' skills and experience are those associated with the profession of chartered accountant, with different backgrounds and fields of specialisation in bookkeeping, taxation, corporate law and insolvency proceedings.

Two of the standing auditors are female and one is male, while one substitute auditor is female and

the other male.

The distribution of the standing auditors and deputy auditors in terms of age range is balanced and appropriate.

### **Functioning of the Body**

As for the sufficiency of the amount of time the statutory auditors spend on their supervisory tasks, please note that, in addition to their periodic meetings, the Board of Statutory Auditors attends Shareholders' Meetings and meetings of the Board of Directors, the Control and Risks Committee, the Appointments and Remuneration Committee and the Sustainability Committee as well as the induction meetings set up by the Board of Directors or by the committees set up by the board.

The frequency of these meetings and checks is considered appropriate and consistent with the features of the company's operations and the seniority of the auditors. The amount of time dedicated to performance of their functions is therefore considered appropriate, also in view of his systematic attendance of the meetings of other company bodies and the positions they hold in other companies, specified above.

The results obtained in planning of supervisory tasks, the methods for keeping and storing the minutes of the meetings and details of the resolutions of the Board of Statutory Auditors and supporting or working documents are considered adequate.

Ongoing discussion and dialogue allow the Board to achieve optimal, effective dialectic discussion. The Chair's efficacy is confirmed.

Individual members' contributions to the functioning of the body are effective and essential, and they always agree with the Board of Statutory Auditors' conclusions. The amount of time dedicated to discussion and individuals' contributions are considered sufficient, as is the space allocated to necessary internal debate. All Auditors participate effectively and sufficiently, with a homogeneous level of information. Dialectic discussion is encouraged, and is concise and effective.

### **4. Areas for improvement and any corrective actions planned**

Taking account of what is set out in the preceding paragraphs, the Board of Statutory Auditors does not consider there are corrective actions to implement; however, it believes it is opportune to highlight certain matters that need ongoing attention;

- relations with subsidiaries and information flows within the Group, with particular reference to relations with subsidiaries abroad;
- knowledge of internal procedures and processes;
- constant in-depth examination of the typical issues faced by listed companies;
- constant in-depth examination of ESG and sustainability issues.

### **5. Independence**

The Board of Statutory Auditors conducts an annual check of independence as required by the **Corporate Governance Code** and the **Rules of conduct of the Board of Statutory Auditors of in listed companies** issued by the National Council of Chartered Accountants and Accounting

Experts (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), and acknowledges that every member declares his or her independence as required by the law, the Company's articles of association, and the codes of conduct adopted by the Company.

In particular, every auditor has presented his or her CV, which is filed among the working documents, and declared possession of the requirements of independence under recommendation 9 in the Corporate Governance Code, also declaring that he or she has not exceeded the maximum total number of positions that may be held and has no reason to forfeit the post.

The Board of Statutory Auditors, in compliance with the Rules of Conduct for boards of statutory auditors of listed companies issued by the National Council of Chartered Accountants and Accounting Experts (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), specifies that the board met 9 times in the past year, with an average meeting duration of two hours plus the time take to draft minutes. The Board attended all meetings of the Board of Directors, the Control and Risks Committee, the Appointments and Remuneration Committee and the Sustainability Committee, with each member spending 20 days a year on the work involved in the position, including personal professional development sessions.

Milan, 22 February 2024

For the Board of Statutory Auditors

Chairwoman Roberta Dell'Apa



**GEFRAN**  
BEYOND TECHNOLOGY