



AND

REPORT

pursuant to Article 123-*bis* of Legislative Decree No. 58 of February 24, 1998

Issuer: Piovan S.p.A.

Website: [www.piovangroup.com](http://www.piovangroup.com)

Reporting Year: 2020

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## GLOSSARY

In addition to the definitions contained in this Report, the following terms are defined as follows:

**Shareholders' Meeting:** the Shareholders' Meeting of Piovan S.p.A..

**Self-Governance Code:** the Self-Governance Code of listed companies approved in July 2018 by the Corporate Governance Committee, drawn up and promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria. As of the Reporting Date (as defined below), the Self-Governance Code is no longer in effect.

**Governance Code:** the Corporate Governance Code of listed companies approved on January 31, 2020 by the Corporate Governance Committee established and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, effective as of January 1, 2021.

**Civil Code / Civ. Cod./C.C. :** the civil code.

**Board of Statutory Auditors:** the Board of Statutory Auditors of Piovan S.p.A..

**Consob:** the "*Commissione Nazionale per le Società e la Borsa*" (Italian market oversight authority).

**Board / Board of Directors:** the Board of Directors of Piovan S.p.A..

**Reporting Date:** the date of approval of the Report by the Board of Directors of Piovan S.p.A., meaning March 19, 2021.

**Executive Officer:** the executive officer for financial reporting pursuant to Article 154-*bis* of the CFA.

**Issuer:** the issuer to which the Report refers, Piovan S.p.A..

**Year / Year 2020:** the financial year to which the Report refers.

**Piovan Group or Group:** collectively the Issuer and the companies controlled by this latter directly and indirectly pursuant to Article 93 of the CFA.

**MTA:** the "*Mercato Telematico Azionario*" (Italian Stock Exchange) organized and managed by Borsa Italiana.

**Consob Issuers' Regulation:** the Regulation issued by Consob Resolution No. 11971 of 1999 (as subsequently amended).

**RPT Regulation:** the Regulation issued by Consob Motion No. 17221 of March 12, 2010 (as subsequently amended) regarding related party transactions.

**Report:** the corporate governance and ownership structure report which Piovan S.p.A. is required to prepare pursuant to Article 123-*bis* of the CFA and the Self-Governance Code.

**Consolidated Finance Act / Consolidated Act/ CFA:** the Legislative Decree No. 58 of February 24, 1998 (as amended and supplemented from time to time) on financial intermediation.

## 1. ISSUER PROFILE

Piovan S.p.A. (“**Piovan**” or the “**Issuer**” or also the “**Company**”) has been listed on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. since October 19, 2018.

The Group is one of the global leaders in the development and manufacturing of auxiliary automation systems for the storage, shipping and processing of polymers, bio-resins, recycled plastic, food fluids and food and non-food powders.

Over recent years, the Group has been increasingly engaged in developing and producing auxiliary systems of the production processes to automate production processes for the bio-economies and circular economies for recycling and reusing plastic and for the production of plastics which are naturally compostable, tapping into cross-selling opportunities.

The Group also supports its customers globally through continual technical assistance, including the sale of spare parts for machinery, the provision of a range of additional services and support activities from the preliminary design phase through to installation and initialization of the equipment and machinery. These steps guarantee optimal product performance and consolidate customer relationships.

Piovan S.p.A. is organized according to the traditional administration and control model, which includes the Shareholders’ Meeting, the Board of Directors and the Board of Statutory Auditors.

Within the Board of Directors, the Nomination and Remuneration Committee (“**Nomination and Remuneration Committee**”) and the Control, Risk and Sustainability Committee have been set up both with proposal and consultative functions in accordance with the recommendations of the Self-Governance Code and the Related Party Transactions Committee, in accordance with the RPT Regulation and the Company’s related party transactions policy.

The legal-audit of the accounts for the financial years concluding from December 31, 2018 to December 31, 2026 is awarded to the independent audit firm Deloitte & Touche S.p.A., with registered office in Milan, Via Tortona 25, enrolled in the Auditors’ Register, as per Article 6 and subsequent of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135 of July 17, 2016.

The Issuer qualifies as an "SME" pursuant to Article 1, paragraph 1, letter *w- quater.1* of the CFA, as amended by Legislative Decree No. 76/2020, as well as pursuant to Article 2-*ter*, paragraph 1 of the Consob Issuers’ Regulation, since it has a capitalization for the financial year ended on December 31, 2020 of less than Euro 500 million. The Company was therefore included in the "SME" list of listed share issuers published for information purposes by Consob in January 2021.

## **2. INFORMATION ON THE OWNERSHIP STRUCTURE (AS PER ART. 123-BIS, PARAGRAPH 1, CFA) AT 31/12/2018**

### **a. Structure of the share capital (as per Art. 123-bis, paragraph 1, letter a), CFA)**

At December 31, 2020, the share capital amounted to Euro 6,000,000.00, entirely subscribed and paid-in, comprising 53,600,000 ordinary shares, without par value. One vote attaches to each ordinary share of the Issuer at the Ordinary and Extraordinary Shareholders' Meetings of the Company, in addition to the other administrative rights established under the applicable legal provisions and the By-Laws, subject to that indicated at point d) below concerning multi-vote shares. At the Reporting Date, the Company holds 2,670,700 treasury shares, equal to 4.98% of the share capital.

### **b. Restriction on the transfer of shares (as per Art. 123-bis, paragraph 1, letter b), CFA)**

There are no restrictions on the transfer of securities, limitations upon possession or Issuer or other holder approval clauses.

### **c. Significant holdings (as per Art. 123-bis, paragraph 1, letter c), CFA)**

The significant direct or indirect shareholdings in Piovan, according to the communications received from the Company at the Reporting Date pursuant to Article 120 of the CFA, are presented in **Table 1** of the annex.

The Issuer qualifies as an SME as per Article 1, paragraph 1, letter *w-quater*.1) of the CFA, as falling within the parameters of this rule. Therefore, the threshold for disclosure of significant investments as per Article 120 CFA is equal to 5% of the share capital with voting rights (see Article 120, paragraph 2, final point, CFA).

### **d. Securities which confer special rights (as per Art. 123-bis, paragraph 1, letter d), CFA)**

No securities exist to which special control rights or special powers attach. Therefore, in exception to the principle by which each one vote attaches to each ordinary share, as per Article 6 of the By-Laws, two votes attach to each share belonging to the same party for a continual period of at least 24 months from enrolment in the appropriate list (the "Slate"), according to the quarterly update made by the Company.

The assessment of the requirements to attach multi-vote rights is made by the Board of Directors - and through it by the Chairperson or the appointed Directors,

also with the support of specifically appointed support personnel - on the basis of the results of this Slate, which should include the shareholder who wishes to benefit from the multi-vote rights, attaching or sending in addition the certification required by Article 83-*quinquies*, paragraph 3 of the CFA.

The By-Laws set out detailed rules on how to compile, maintain and update the Slate, in addition to and also for the appointment of the party in-charge of its management and the setting of the relative maintenance criteria (including where only in computerized form). According to the By-Laws, multi-vote rights are also considered when evaluating quorum requirements to meet and pass resolutions based on percentages of share capital. In addition, multi-vote rights are without any effect on rights other than voting rights devolving on the basis of the possession of a particular portion of capital (e.g. the right to call the Shareholders' Meeting).

**e. Employee shareholdings: voting mechanism (as per Art. 123-bis, paragraph 1, letter e), CFA)**

At the Reporting Date, no employee share ownership plans with mechanisms whereby votes are not attached exist.

On May 12, 2020, the Shareholders' Meeting resolved, *inter alia*, to revoke the incentive plans previously approved at the Shareholders' Meeting held on April 17, 2019 - respectively, the "2019-2021 Performance Shares Plan", and the "2019-2021 Long-Term Monetary Incentive Plan" - and simultaneously to adopt three new incentive plans.

Specifically, the following were approved:

- (i) a free stock grant plan for ordinary company shares called the "2020-2022 Performance Shares Plan", reserved for Executive Directors (excluding the Executive Chairperson), Managers with strategic responsibilities and employees or associates of the Company or of the Group;
- (ii) a plan to issue monetary incentives called the "2020-2022 Long-Term Monetary Incentive Plan", reserved for Executives and employees or associates of the Company or of the Group; and
- (iii) a plan for the free assignment of options and which could result in the issue of monetary incentives called the "2020-2022 Phantom Stock Option Plan", reserved for Executive Directors, Managers with strategic responsibilities and employees or associates of the Company or of the Group.

In particular, the 2020-2022 Performance Shares Plan does not provide for mechanisms that exclude or limit the direct exercise by beneficiaries of voting rights relating to ordinary shares subscribed in exercise of the options granted to them. The details and contents of the three plans can be found in the information documents, which can be consulted on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)).

**f. Voting restrictions (as per Art. 123-bis, paragraph 1, letter f), CFA)**

There are no restrictions on voting rights.

**g. Shareholder agreements (as per Art. 123-bis, paragraph 1, letter g), CFA)**

As far as the Issuer is aware, at the Reporting Date no agreement exists among the company shareholders that may be considered relevant as per Article 122 of the CFA.

**h. Change of control clause (as per Art. 123-bis, paragraph 1, letter h), CFA) and statutory provisions concerning Public Purchase Offers (Article 104, paragraph 1-ter and 104-bis, paragraph 1, CFA)**

On June 6, 2017, the Issuer agreed a medium/long-term loan for a total amount of Euro 7,500,000 with Banca Nazionale del Lavoro S.p.A. ("**BNL**"), subsequently amended on July 18, 2018, exclusively to supplement working capital and support the Group's international development plan (the "**BNL Loan Agreement**").

The BNL Loan Agreement has to be repaid by June 6, 2022 in 10 half-yearly instalments, paid from December 6, 2017, without prejudice to the possibility for the Issuer to repay, in full or in part and on satisfying certain conditions, the amounts disbursed under the BNL Loan Agreement in advance with respect to agreed deadlines.

Among others, pursuant to the BNL Loan Agreement, in the case of modifications to the Issuer's controlling shareholder (change of control), the Issuer is required to immediately repay BNL the outstanding amounts, together with the interest matured and the default interest until the date of effective repayment (in addition to any other amounts due as per the BNL Loan Agreement).

On October 14, 2020, the Company also signed a loan agreement for a total maximum amount of Euro 20,000,000 with Banco BPM S.p.A. exclusively for the purpose of paying the price for the acquisition of Doteco S.p.A. (the "**Banco BPM Loan Agreement**").

The Banco BPM Loan Agreement has to be repaid within five years in 10 half-yearly instalments, paid from April 15, 2021, without prejudice to the possibility for the Issuer to repay, in full or in part and on satisfying certain conditions, the amounts disbursed under the Banco BPM Loan Agreement in advance with respect to agreed deadlines.

*Inter alia*, the Banco BPM Loan Agreement provides that, in the event of a "change of control", the Issuer shall be required to fully reimburse Banco BPM S.p.A. the amount disbursed and pay any other amount due. "Change of control" is defined as the occurrence of any event as a result of which any person or group of persons acting in concert with each other, other than Pentafin S.p.A., obtains the power (whether direct or indirect) to: (i) designate or remove the majority of the members of the administrative body of Piovan S.p.A. and/or, following the completion of the acquisition, of Doteco S.p.A.; or (ii) exercise the majority of the votes that can be

exercised in the ordinary shareholders' meeting of Piovan S.p.A. and/or, following the completion of the acquisition, of Doteco S.p.A.; or (iii) exercise Control over Piovan S.p.A. and/or, following the completion of the acquisition, over Doteco S.p.A..

Finally, it should be noted that, on May 7, 2020, the subsidiary Universal Dynamics Inc. entered into a loan agreement with Trustar Bank (the “**Trustar Bank Loan Agreement**”) pursuant the so-called PPP “Paycheck Protection Program”, in the total amount of USD 1,855,042, of which approx. USD 1,400,000 may be converted into a non-refundable grant on meeting certain conditions, including, *inter alia*, the usage of the loan to pay wages and salaries, interest on financing, leases and rents, and utilities, and also the maintenance of the workforce and wage levels for a given period of time. For any portion not converted into a grant, this loan must be repaid, including interest, in 18 monthly equal instalments starting from the sixth month from its disbursement.

The Trustar Bank Loan Agreement provides that Trustar Bank shall have the right to demand *Inter alia* immediate payment of the amount due in the event Universal Dynamics reorganizes, merges, consolidates or changes ownership or corporate structure without Trustar Bank's prior written consent.

The Issuer's By-Laws do not provide for exceptions to the “passivity rule” pursuant to Article 104, paragraphs 1 and 1-*bis* of the CFA, nor to the application of the neutralization rules pursuant to Article 104-*bis*, paragraphs 2 and 3 of the CFA.

**i. Power to increase the share capital and authorization to purchase treasury shares (as per Art. 123-*bis*, paragraph 1, letter m), CFA)**

At the Reporting Date, the Board of Directors has not been granted any powers to increase the share capital in accordance with Article 2443 of the Civil Code or to issue equity financial instruments.

At the Reporting Date, the Company holds 2,670,700 treasury shares, equal to 4.98% of the share capital.

**j. Management and Coordination Activities (as per Art. 2497 and subsequent of the C.C.)**

Although it is a subsidiary of Pentafin S.p.A., the Company does not believe to be subject to management and coordination activities by the latter, pursuant to Article 2497 *et seq.* of the Civil Code, since:

- i. the main decisions relating to the management of the Company and its subsidiaries are taken within the bodies of Piovan S.p.A.;
- ii. the Board of Directors is responsible, among other things, for examining and approving the strategic, industrial and financial plans and budgets of the Company and the Group;
- iii. the Board of Directors consists of four independent directors out of a total of seven;

- iv. the Company and the Group operate in full autonomy, without interference from Pentafin S.p.A. or other subjects external to the Company and the Group, with respect to relations with customers and suppliers.

Piovan S.p.A. exercises management and coordination activities, pursuant to Articles 2497 et seq. of the Civil Code, with respect to the Italian companies belonging to the Group and controlled, directly or indirectly, by the same.

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It is noted that:

- the information required by Article 123-bis, paragraph 1, letter i) of the CFA, concerning *“the agreements between the Company and Directors ... which provide indemnity in the case of resignation or dismissal of office without just cause or termination of employment following a public purchase offer”* is illustrated in the Remuneration Report prepared and published as per Article 123-ter of the CFA;
- the information required by Article 123-bis, paragraph 1, letter i) of the CFA, concerning *“the applicable regulations concerning the appointment and replacement of Directors, ... in addition to the amendment of the by-laws if differing from applicable law and regulations”* is illustrated in section 4.1 of this Report covering the Board of Directors.

### **3. COMPLIANCE (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), CFA)**

Piovan has adopted the Self-Governance Code, substantially complying with the corporate governance principles contained therein, as outlined below.

The Self-Governance Code is available to the public on Borsa Italiana’s website at: <https://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm>

It should be noted that on January 31, 2020, the Italian Corporate Governance Committee published the new Corporate Governance Code. As published on the Committee's institutional website, companies adopting this new Code shall apply it as from the first financial year starting after December 31, 2020, informing the market thereof in the corporate governance report to be published in 2022.

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Piovan and its subsidiaries are not subject to laws in force outside Italy which affect the Company’s corporate governance structures.

## 4. BOARD OF DIRECTORS

### 4.1 Appointment and replacement (as per Article 123-Bis, paragraph 1, letter L), CFA)

The appointment and replacement of Directors is governed by applicable law, as transposed and supplemented, within permitted limits, by the By-Laws.

The By-Laws provide for the slate voting mechanism for the appointment of the Board of Directors (and the Board of Statutory Auditors), with provisions which permits the appointment of minority representatives to these bodies. However, the Board of Directors currently in office was appointed before the introduction of the slate voting mechanism and shall remain in office until the Shareholders' Meeting to be called to approve the 2020 Financial Statements. Therefore, only from the next renewal of the Board of Directors, which shall take place on the approval of the 2020 Financial Statements, the slate voting provisions in the By-Laws shall be applied, permitting the minority slate obtaining the highest number of votes to appoint a Director, pursuant to Article 147-ter, paragraph 3, of the CFA.

The 2020 Budget Law (Law No. 160 of December 27, 2019) amended the rules in terms of gender balance in the administrative and control boards of listed companies. This law introduced a new criterion for the gender equality quota through which at least two-fifths of directors and statutory auditors must belong to the under-represented gender with effect from the first renewal subsequent to the date of the law's entry into force (that is, commencing from the first renewal of corporate boards after January 1, 2020) provided that, for the first reappointment of the Board of Directors subsequent to the listing, the under-represented gender makes up at least one-fifth of elected directors. Furthermore, this criterion shall apply for six consecutive mandates.

In order to reflect the above-mentioned regulatory changes, during the Board of Directors' meeting held on September 10, 2020, Article 14.3 of the By-Laws was amended by providing that the slates that present a number of candidates equal to or higher than three must be composed of candidates belonging to both genders, in compliance with the *pro tempore* regulations in force concerning the balance between genders.

Nonetheless, the composition of the Board of Directors currently in office conforms to the requirements set out in the new Article 147-ter, paragraph 1-ter, CFA, since two out of seven members of the Board already belong to the under-represented gender; with reference to the renewal of corporate boards, which shall take place on the approval of the 2020 Financial Statements, the Company shall be required to comply with the criterion for the gender equality quota equal to one-fifth of the under-represented gender (and not two-fifths) since this is the first reappointment of the Board of Directors subsequent to the listing.

In accordance with Article 14 of the By-Laws, the Company is governed by a Board of Directors comprising of up to 7 members. The Shareholders' Meeting, before

appointing them, must first determine the number of Board members according to the above limits.

The procedures for the appointment of the Board of Directors are governed by Article 147-ter of the CFA, Article 144-quater of the Consob Issuers' Regulation and Article 14.3 of the By-Laws, in accordance with which the directors are appointed for a period of three years, or for a lesser period, although not greater than three years, as established on appointment, and may be re-elected.

The directors are appointed by the Shareholders' Meeting on the basis of slates presented by Shareholders, in accordance with the applicable statutory and regulatory rules, also in terms of gender balance, on which the candidates, in an amount not greater than seven, and meeting the requirements of the applicable statutory and regulatory provisions, should be numbered progressively.

The slates must be filed at the registered office of the Company according to the manner prescribed by current regulations, at least 25 days prior to the Shareholders' Meeting called to appoint the Directors. The slates must be made available to the public by the Company at least 21 days prior to the Shareholders' Meeting in accordance with the manner prescribed by current regulations.

Each slate should indicate which candidates are considered independent in accordance with the applicable statutory and regulatory provisions. Currently, the By-Laws state that the slates that include a number of candidates equal to or higher than three must be composed of candidates belonging to both genders, in compliance with the current *pro tempore* regulations concerning the balance between genders.

Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate at the risk of ineligibility.

Only shareholders who, individually or collectively, hold at least 2.5% of the share capital (or a differing threshold established by the applicable statutory and legal provisions) have the right to present slates.

The declarations of the individual candidates, in which they accept their candidacies and certify, in good faith, the inexistence of any cause of ineligibility or incompatibility, as well as the satisfaction of the requirements prescribed by applicable law for their respective offices, must be lodged together with each slate by the applicable legal and regulatory deadlines. The declarations shall be accompanied by a *curriculum vitae* for each candidate, with an indication, where appropriate, of the fact that the candidate qualifies as independent, in accordance with the applicable statutory and legal provisions, in addition to any corporate governance conduct codes adopted by the Company. Slates for which the above provisions have not been complied with are deemed not to have been submitted.

The appointed Directors should communicate without delay to the Board of Directors where no longer meeting the independence requirements, in addition to the arising of reasons for ineligibility or incompatibility.

Those with voting rights may vote on only one slate.

The candidates elected shall be those on the two slates that have obtained the higher number of votes, with the following criteria:

- (i) from the slate that obtains the majority of the votes, in the progressive order presented on the slate, the number of directors to be elected to the board are elected, less 1 (one);
- (ii) the remaining Director shall be elected from the slate which obtained the second highest number of votes (“minority slate”) at the Shareholders’ Meeting and which is not related in any way, even indirectly, to shareholders who presented or voted upon the slate receiving the highest number of votes.

Should two slates receive the same number of votes, a second vote of the entire Shareholders’ Meeting shall decide with the candidate being elected by means of a simple majority of the votes.

Where, on conclusion of voting, an insufficient number of elected directors satisfy the independence requirements envisaged by the applicable legal and regulatory framework, the candidate lacking these requirements elected last in the progressive order of the slate obtaining the highest number of votes will be excluded. This candidate will be replaced by the subsequent candidate who satisfies the independence requirements, selected from the same slate belonging to the excluded candidate. If necessary, this procedure will be repeated until the number of independent directors to be elected is accomplished. Where with the election of the candidates from the slates according to methods indicated above the Board of Directors is not in line with the current of law and from time-to-time regulations concerning gender equality, the candidate of the over-represented gender elected last in the progressive numbering on the slate which has obtained the highest number of votes will be replaced by the candidate of the under-represented gender elected of the same slate. This replacement procedure is carried out until the composition of the Board of Directors complies with applicable regulations and in particular those concerning gender equality. Where this procedure does not ensure an outcome, the Shareholders’ Meeting will elect in accordance with the majority by law, on condition of the presentation of candidates of the under-represented gender.

In the event that only one slate is submitted, Directors will be drawn from the submitted slate, provided it has obtained the approval of the simple majority of votes. If Directors elected in this manner do not meet the number corresponding to the members of the Board determined by the Shareholders' Meeting, or in the event that no slate is submitted or the slate submitted does not permit the appointment of Independent Directors in compliance with applicable legislative and regulatory provisions, the Shareholders' Meeting shall resolve with a statutory majority; all of the above is subject to compliance with the applicable *pro tempore* rules concerning gender balance.

Slate voting is applied only in the case of the appointment of the entire Board of Directors.

Should one or more directors resign during the year, they shall be replaced in accordance with Article 2386 of the Civil Code. If one or more departing directors were drawn from a slate also containing unelected candidates, they will be replaced by appointing, in progressive order, persons drawn from the slate to which the director in question belonged, provided they are still eligible and willing to accept the office. Should the slate not include such candidates or these are unwilling to accept the office, another candidate, indicated by the directors drawn from the slate to which the departing director belonged, will be appointed. In any case, the replacement of departing directors is made by ensuring the presence of the necessary number of directors satisfying the independence requirements laid down by the law and compliance with the applicable *pro tempore* regulation concerning gender balance.

Where there is no longer a majority of Directors appointed by the Shareholders' Meeting due to resignations or other reasons, the entire Board of Directors will be dissolved. However, the cessation will take effect from the moment in which the Board is reappointed following the new appointments made by the Shareholders' Meeting which must be called as a matter of urgency by the Directors remaining in office.

At the Reporting Date, the Company did not have a formalized succession plan for its directors. At the Reporting Date analysis undertaken by the Company continues following the listing on October 19, 2018, to assess the opportunity, also in accordance with the current corporate governance structure, to define measures that enable the continuity of future business, including through the evaluation of a succession plan.

#### **4.2 Composition (as per Article 123-bis, paragraph 2(d) and (d-bis), CFA)**

The appointment of the Board of Directors (the “**Board**”) in its current composition occurred in three progressive stages:

- (i) On June 29, 2018, the Ordinary Shareholders' Meeting of the Company appointed a Board of Directors composed of four members (Nicola Piovan, Filippo Zuppichin, Marco Milani and Lucia Giancaspro);
- (ii) On September 14, 2018, the Ordinary Shareholders' Meeting of the Company appointed Marco Maria Fumagalli, Marco Stevanato and Chiara Mio as new members of the Board of Directors, with efficacy subject to the date of the start of trading (October 19, 2018).
- (iii) on May 12, 2020, Marco Milani tendered his resignation from the position of Director of the Company with effect from May 14, 2020. In replacement of the resigning director, on May 14, 2020 the Board of Directors appointed by co-optation, pursuant to Article 2386 of the Civil Code and Article 14.4 of the By-Laws, Mario Cesari, in office until the following Shareholders' Meeting. On October 13, 2020, the Ordinary Shareholders' Meeting of the Company confirmed the appointment, pursuant to Article 2386 of the Civil Code and

Article 14.4 of the By-Laws, of Mario Cesari as Director of the Company, in office until the natural expiry of the board and, therefore, until the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2020.

At the Reporting Date, the Board of Directors is composed of the following members:

Name and Surname	Office
Nicola Piovan (***)	Executive Chairperson
Filippo Zuppichin	Chief Executive Officer
Marco Stevanato	Director
Marco Maria Fumagalli (*) (**)	Independent Director
Lucia Giancaspro (*)	Independent Director
Mario Cesari (*)	Independent Director
Chiara Mio (*)	Independent Director

(\*) Independent Director pursuant to Article 147-ter of the CFA and Article 3 of the Self-Code (reflected in Article 2 of the Corporate Governance Code).

(\*\*) Director appointed Lead Independent Director as per Article 2.C.4 of the Self-Governance Code (reflected in Article 3 of the Corporate Governance Code).

(\*\*\*) Previously, the Chairperson Nicola Piovan has held the position of Sole Director of the Company or Director of the Company from January 1, 1996.

Reference should be made to **Table 2** for further details on the composition of the Board of Directors, and to the corporate website for the Directors' *curricula* (<https://cg.piovangroup.com/en/governance-structure/>).

### Diversity policies

As regards corporate policies concerning diversity, applied in relation to the composition of the Board of Directors in office, relating to aspects such as age, gender composition and training and professional background (Article 123-bis, letter d-bis), CFA), it should be noted that:

- (i) the Company's Board of Directors includes 2 Directors belonging to the under-represented gender, in accordance with the gender balance regulations;
- (ii) the Board is diverse, considering that the age of the Directors ranges from 49 to 60 years;
- (iii) the training and career path of the Directors currently in office guarantees a balanced combination of profiles and experience so as to ensure the proper performance of the assigned functions.

The Code of Ethics of Piovan covers, among other matters:

- the development and assigning of responsibility to human resources: the

Company in its internal relations and in all third-party relations, strongly rejects all discrimination based on age, racial and ethnic origin, nationality, political opinions, religious beliefs, gender, sexuality or health status. With particular regard to the fundamental aspect regarding the physical and moral integrity of the individual, as well as respect for human dignity, the Company considers the Ethics Code to be of key importance, using it to fully implement the applicable law on racism and xenophobia;

- equal opportunities and prohibition of harassment: to foster professional growth opportunities for its staff, Piovan offers equal opportunities for professional growth, ensuring that treatment of all personnel is fair, based on criteria of merit, and free from discrimination.

The Code of Ethics of Piovan is available on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)), to which reference should be made for further details.

The Company, also in view of the new regulations and the provisions of the new Article 147-ter paragraph 1-ter CFA, adopted a "Diversity Policy" aimed at promoting and protecting gender diversity, age diversity and seniority in office diversity, as well as professional and managerial skills diversity within the Board of Directors and the Board of Statutory Auditors. In detail, the Diversity Policy was approved by the Board of Directors that met on September 10, 2020 and includes guidelines that highlight the policies on gender quotas that the Board of Directors and the Board of Statutory Auditors intend to implement in the future financial years (also in order to comply with the new regulatory provisions), as well as some principles aimed at identifying an adequate composition of the corporate bodies and ensuring that they can effectively carry out their functions by making use of the contribution of a plurality of qualified points of view.

For further information, reference should be made to the document published on the Issuer's website, under " " section (<https://cg.piovangroup.com/en/>).

### **List of management and control positions held at other companies**

A list of the positions held by the Company's Directors in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance companies or companies of significant size is attached (Annex 1).

In accordance with the recommendations of Article 1 of the Self-Governance Code, each member of the Board of Directors is required to pass motions with full knowledge of the facts and independently, furthering the objective of creating value for shareholders over the medium/long term and undertakes to dedicate the time necessary to ensure the diligent performance of his/her duties, regardless of the positions held outside Piovan Group, with full awareness of the responsibilities inherent in the position held.

To this end, each candidate for the office of Director assesses in advance, at the time of accepting the position at the Company and independently of the limits

established by law and regulations regarding the accumulation of offices, the ability to carry out the tasks assigned to him/her with due attention and effectiveness, taking particular account of the overall commitment required by offices held outside Piovan Group.

Each member of the Board of Directors is also required to promptly inform the Board of Directors if he or she becomes a Director or Statutory Auditor in other companies, in order to allow compliance with the disclosure requirements of the applicable laws and regulations.

The Board of Directors has decided not to draw up general criteria on the maximum number of administration and control positions that may be held in other companies as per application criterion 1.C.3 of the Self-Code, subject to the duty of the Director to decide whether the office of Director or Statutory Auditor held in other listed companies on regulated markets (including overseas), in financial, banking, insurance or large companies, is compatible with the diligent undertaking of their duties as Director of the Issuer.

### **Induction Program**

An initial induction program session was held at the Board of Directors' meeting of January 15, 2019, during which the Directors attended a presentation of the Company and the Group, where, among other matters, they were informed about the Company's strategies as well as upon the industrial, commercial and human resources policies.

On November 16, 2020, the Chief Executive Officer, Mr. Filippo Zuppichin, conducted an additional induction session aimed at providing the members of the Board of Directors with an adequate knowledge of the business sector in which Piovan Group operates, as well as of the company's dynamics and their evolution, also in view of the appointment of the new director Mario Cesari, co-opted by the Board of Directors on May 14, 2020 following the resignation of Marco Milani and reconfirmed by the Company's Shareholders' Meeting on October 13, 2020, and in order to integrate him into the Company's specificities and needs.

### **4.3 Role of the Board of Directors**

The Board of Directors met 8 times in 2020. In 2021, 2 meetings of the Board of Directors were held, including the one at which this Report was approved, and 3 more are planned.

The average duration of the Board of Directors' meetings in 2020 was approximately 1 hour.

The timeliness and completeness of the pre-Board information is guaranteed through the involvement of the competent corporate structures, which take care of and coordinate the preparation of the documentation necessary as required for the specific matters on the agenda.

The documentation is sent to the Directors and Statutory Auditors by the Legal and Affairs Department, together with the Chief Financial Officer, who operate in coordination with the Chairperson well in advance of the meetings, taking due account of any confidentiality and price sensitivity requirements associated with certain topics (such as, for example, plans of particular strategic importance for the Company's business and on which the Chief Executive Officer reports directly to the Board of Directors, initiating the consequent process of the Board's review and assessment), as well as any urgency connected with certain issues.

As a matter of practice, at least 3-5 days' notice prior to the date of the Board meeting has been deemed adequate to send the documentation. This period is generally respected.

The members of the Board of Directors, the Board of Statutory Auditors and the Chief Financial Officer attend the meetings of the Board of Directors. Upon invitation by the Chairperson, the Investor Relations Officer, the senior managers, as well as the other managers of the Company and the Group responsible for the functions to which the issues dealt with by the Board refer, may also participate, so that they can provide the Directors and Statutory Auditors with in-depth analysis and clarification during the meetings.

Piovan's Board is a central body in the Company's governance system and plays a primary role in directing and managing the Company. In addition to the powers assigned to in accordance with law and the By-Laws, the Board is exclusively responsible for making the most important decisions from an economic and strategic point of view and in terms of structural impact on operations, i.e. those functional to the exercise of the monitoring and guidance activities of the Company and the Group, including the definition of corporate governance.

In particular, the following are reserved to the exclusive remit of the Board of Directors:

- (i) the adoption of the Company's rules and the definition of the Group's corporate governance guidelines;
- (ii) the approval and monitoring of the organizational, administration and general accounting system of the Company and of its strategic subsidiaries, with particular reference to the internal control system and the management of the conflict of interests;
- (iii) the assigning and revocation of powers to the Chief Executive Officer, defining limits and procedures for their exercise;
- (iv) the setting out also of the timing, at least quarterly, with which the delegated bodies shall report to the Board on the activities performed in the exercise of their delegated powers;
- (v) the definition, based on the proposals of the Nomination and Remuneration Committee, of the Company's remuneration policy pursuant to Article 123-ter of the Consolidated Law;

- (vi) establishing, after examining the proposals of the Nomination and Remuneration Committee and after having consulted with the Board of Statutory Auditors, the remuneration of the Chief Executive Officer and of the Senior Directors, as well as dividing the total fees to which the Directors are entitled among the individual members of the Board, if this has not already been decided by the Shareholders' Meeting;
- (vii) the evaluation of the general operational performance, taking into account, in particular, the information received from Executives, as well as periodically comparing the results with the budgets;
- (viii) the examination and prior approval of the transactions of the Company and its subsidiaries, when such transactions have a significant strategic, economic, equity or financial significance for the Company, paying particular attention to situations in which one or more directors have an interest on their own behalf or on behalf of third parties and, more generally, to transactions with related parties in accordance with the Related Party Transactions Regulation and the procedures on related party transactions adopted by the Company in accordance with the aforementioned Regulation;
- (ix) the establishment and appointment of the Nomination and Remuneration Committee and the Control, Risk and Sustainability Committee, as well as any other internal committees with advisory and proposal functions;
- (x) the appointment and dismissal of the Executive Officer for financial reporting in accordance with Article 20.4 of the By-Laws;
- (xi) the approval of the procedures and internal organizational controls provided for by applicable laws and regulations and recommended by the Corporate Governance Code (such as, for example, the related parties transactions policy, the internal procedure for the management and maintenance of the insider register and the handling of confidential information, the internal dealing procedure);
- (xii) the approval of transactions with related parties to which the Company and/or Group companies are a party, in accordance with the applicable laws and regulations, as well as the procedures for transactions with related parties adopted by the Company in accordance with the aforementioned regulations;
- (xiii) the hiring, amendment and termination of contractual relationships with Executives and key managers who report directly to the Chief Executive Officer;
- (xiv) the approval of stock option plans and incentive plans in general, in accordance with the applicable laws and regulations and in compliance with the Remuneration Policy adopted by the Company;
- (xv) the preparation, review and approval of the budgets and of the strategic, industrial and financial plans of the Company and of the Group;

Without prejudice to the power of the Shareholders' Meeting and in compliance with Article 2436 of the Civil Code, the Board of Directors, in accordance with Article

20 of the By-Laws, has the power to pass motions, without the power to delegate, in relation to:

- a) mergers and spin-offs, in the cases referred to in Articles 2505 and 2505-*bis* of the Civil Code, also as referred to in Article 2506-*ter* of the Civil Code;
- b) the opening and closing of secondary offices;
- c) indication of which Directors may represent the Company;
- d) any reduction of the share capital in the case of the return of shares by one or more shareholders;
- e) modify the Company By-laws in compliance with law;
- f) the transfer of the registered office within Italy;
- g) motions concerning the issue of bonds within the limits envisaged by law.

In compliance with the recommendations contained in Article 1.C.1., letter e), of the Self-Governance Code (now reflected in Article 1 of the Corporate Governance Code) and the provisions contained in Article 20, paragraph 3, of the By-Laws, the delegated bodies have reported to the Board of Directors and the Board of Statutory Auditors on a quarterly basis, also by means of written reports or periodic financial reports, on the operating performance. The Board of Directors has therefore constantly assessed and monitored the operating performance, taking into account the information provided by the delegated bodies and periodically comparing the results achieved with budgets.

With regard to the transactions of the Company and its subsidiaries, when such transactions have a significant strategic, economic, equity or financial importance, as described above, they are reserved to the exclusive remit of the Board of Directors, which applies the general criteria and limits described above.

In compliance with Article 1.C.1., letter g), of the Self-Governance Code (now reflected in Article 4 of the Corporate Governance Code), during the year 2020, the Company carried out the assessment on the Board's functioning, of the Nomination and Remuneration Committee and of the Control, Risk and Sustainability Committee, as well as on their size and composition, also taking into account the professional characteristics, experience and gender of the members (so-called board evaluation).

To support the board evaluation, a questionnaire was prepared and distributed by means of which each director was asked to express his or her assessment, on the basis of qualitative parameters, comments and suggestions concerning the size and functioning of the Board of Directors and its sub-committees, also taking into account the principles and recommendations contained in the current Corporate Governance Code.

The findings of the board evaluation were reviewed by the Board of Directors at its September 10, 2020 meeting. At the end of these activities, the Board unanimously expressed a positive opinion on the functioning of the Nomination and Remuneration Committee, the Control and Risk Committee and the Related Parties Committee, as well as on their size and composition.

## 4.4 Executive bodies

### 4.4.1 Chief Executive Officers

In accordance with Article 21, paragraph 1, of the By-Laws, the Board of Directors may assign, within the limits set out in Article 2381 of the Civil Code, its powers to an Executive Committee, determining its powers and number of members, or to one or more of its members, if necessary with the title of Chief Executive Officers, establishing the content, limits and any means for the exercise of the mandate. Within the limits of the authority conferred, the delegated boards shall have the power to delegate single acts or classes of acts to employees of the Company or to third parties, authorizing sub-delegation.

Mr. Filippo Zuppichin, in his capacity as Chief Executive Officer of the Company, is vested with the powers related to the function held and the related powers of representation vis-à-vis third parties, to be exercised individually, with the power to sub-delegate for individual acts or categories of acts to Company employees or third-party special attorneys and coordinating in any case the exercise thereof with the powers vested in the Board of Directors and the Chairperson.

The Managing Director Filippo Zuppichin also qualifies as Chief Executive Officer and does not hold the position of Director in another listed issuer of which a Director of the Company is Chief Executive Officer.

The Executive Chairperson is Mr. Nicola Piovan, who, as described in point 4.4.2 below, is vested with certain executive powers, in addition to the powers related to the function held and the related powers of representation vis-à-vis third parties, to be exercised individually, with the power to sub-delegate for individual acts or categories of acts to Company employees or third party special attorneys and coordinating in any case the exercise thereof with the powers vested in the Board of Directors and the Chief Executive Officer.

### 4.4.2 Chairperson of the Board of Directors

The Chairperson of the Board of Directors has the powers provided for by law and the By-Laws with regard to the functioning of the corporate boards and the legal representation of the Company vis-à-vis third parties.

The Chairperson of the Board of Directors, appointed by motion of the Shareholders' Meeting of June 29, 2018, is Nicola Piovan.

Pursuant to Article 22 of the By-Laws, the Chairperson and, in the event of his/her absence or impediment, the Chief Executive Officer are responsible for the legal representation of the Company and for signing on behalf of the Company.

As mentioned in the previous paragraph "4.4.1 Chief Executive Officers", Mr. Nicola Piovan, in his capacity as Executive Chairperson of the Company, possesses the powers related to the function held and the related powers of representation with third parties.

In addition, the Board of Directors of the Company has granted the Executive Chairperson, Mr. Nicola Piovan, additional management powers as the business leader who has furthered the development of the Company, contributing significantly to its gaining of market leadership positions. In particular, Nicola Piovan has held various positions within the Company over the years, becoming General Manager in 1997, Chief Executive Officer in 2002 and Sole Director of the Company in 2011.

In particular, the Executive Chairperson has been assigned the powers for:

Supervision and co-ordination:

- (i) powers to coordinate the structures of the Company and its subsidiaries;
- (ii) powers to represent the Company at the Shareholders' Meetings of subsidiaries;
- (iii) supervision of the correct functioning of the corporate governance rules, thereafter reporting to the Board of Directors;
- (iv) management and coordination of external relations with institutions, authorities, bodies and third parties, both domestic and international, the press, media, trade associations; and
- (v) management and coordination of relations with the market, the financial community, shareholders and investors.

Strategic Management:

- (i) propose to the Board of Directors the guidelines for the preparation of strategic, industrial and financial plans, the approval of which is reserved to the Board of Directors;
- (ii) propose to the Board of Directors the operating plan and the annual budget, whose approval is reserved to the Board of Directors;
- (iii) verify, through periodic meetings with management, that the operating performance is in line with the objectives set out in the budget and with the strategies outlined in the plans;
- (iv) carry out all the transactions and activities provided for in the budget approved by the Board of Directors, in accordance with the established limits and procedures;
- (v) establish, acquire, sell or dispose of, and acquire or establish ownership or beneficial rights, guarantees, charges, encumbrances or third party rights of any kind (including real) on, equity investments, or interests, including controlling interests, in companies, other legal persons or other entities, companies or business units, providing and accepting them as carry-over and in warranty, carry out transactions in accordance with stock exchange and securities market practices in general, for an amount not exceeding Euro 25 million (or its equivalent in another currency) per individual transaction, without prejudice to the following provisions regarding real estate

companies.

- (vi) unless otherwise provided for, to carry out all the transactions and activities provided for in the approved budget, according to the established limits and procedures;
- (vii) carry out corporate reorganization actions that do not have a significant impact on the group headed by the Company, understood as a whole;

#### Operating activities

- (i) acquire the availability of the goods and services required to manage Company and Group operations, including through the signing of appropriate contracts for an amount not exceeding Euro 25 million (or its equivalent in another currency) for each individual transaction, without prejudice to the following provisions concerning real estate transactions;
- (ii) proceed with the purchase of the plant and equipment and services necessary or appropriate for the Company's ordinary operations, in Italy or overseas, without limits with respect to the Company's subsidiaries and, in other cases, up to a maximum amount of Euro 3 million per individual transaction, including assets recorded in Public Registers;
- (iii) sell and export the Company's and the Group's products, also ensuring the correct management of trade receivables, including the conclusion of framework supply agreements with an estimated turnover not exceeding Euro 25 million per year (or its equivalent in another currency);
- (iv) enter into contracts and/or confidentiality agreements;
- (v) make investments and divestments from tangible or intangible fixed assets not exceeding Euro 10 million (or its equivalent in another currency) for each individual transaction;
- (vi) enter into, modify or terminate loans or credit lines with credit institutions or other financial institutions, negotiating the relevant contractual conditions, up to a maximum amount of Euro 10 million for each individual transaction;
- (vii) enter into, modify or terminate loans or overdraft facilities from or in favor of companies of the group headed by the Company without monetary limit;
- (viii) open and close credit facilities, open and close current accounts, undertake any payment and withdrawal transaction in Italy or overseas in the national currency or foreign currencies, at Banks, credit institutions, or other financial institutions and the Post and Telegraphs Administration within the limits of the powers issued to him, designating persons who should operate these accounts and conferring to them the necessary powers for deposit and withdrawal transactions within the limits of pre-agreed and obtained funds and/or overdraft facilities and, in particular, to withdraw or, in any case, to utilize cheques, letters of credit etc. with the methods that would possibly be stipulated at banks in Italy and overseas, with the power to fully settle and discharge all the sums relating to the Company which would be paid or credited for whatever reason;

- (ix) transactions to acquire the ownership or rights of use/exploitation of trademarks, patents, designs, domain names or other intellectual property rights of any kind, or any act of disposal on trademarks, patents, designs, domain names or other intellectual property rights, or to acquire or establish real rights and/or use, guarantees, charges, encumbrances or third party rights of any kind (including real) on them, for a value not exceeding Euro 10 million (or its equivalent in other currencies) per each individual transaction, except in the case of the following provisions;
- (x) transactions for the granting of licenses or other rights of use/exploitation of trademarks, patents, designs, domain names or other intellectual property rights of any kind, for an estimate amount not exceeding Euro 10 million (or its equivalent in other currencies) per year;
- (xi) real estate transactions of any kind, including for the purchase and/or the sale and/or acts of disposal of property, the acquisition or the establishment of real rights and/or of use on property (including entering into contracts for its lease, rent or loan, also for a period exceeding 9 years in each case) and/or the establishment of guarantees, charges, encumbrances or third party rights of any kind (including real) on them, the establishment and/or the purchase and/or sale and/or acts of disposal (of any kind and under any form), and the acquisition or establishment of real rights and/or of use, guarantees, charges, encumbrances or third party rights of any kind (including real) on holdings or interests, including of control, in real estate companies, for an amount not exceeding Euro 10 million (or its equivalent in other currencies) per each individual transaction or, in the case of lease contracts, for an amount not exceeding Euro 2 million each;
- (xii) stipulate and terminate insurance contracts covering all types of risks, with the faculty to undertake all necessary for their management, renewal and amendment, and to proceed with the settlement of damages and collect the related indemnities, issuing receipts and discharges;
- (xiii) the signing of contracts for the distribution in general of the Company's and the Group's products, including, as an indicative and not exhaustive list, franchising, agency and reporting agreements (i) with an estimated turnover not exceeding Euro 15 million per year each (or its equivalent in another currency) if concluded with companies not belonging to the Group, and (ii) with an estimated turnover even exceeding the aforementioned limit as per point (i) if concluded with companies belonging to the Group;
- (xiv) pay duties, taxes and levies, request and receive their refund and issuing acknowledgements, and make payments in favor of insurance and social security public institutions;
- (xv) assign consultancy appointments in general to third parties for an amount not exceeding Euro 5 million (or its equivalent in other currencies) per each individual transaction;

Representation:

- (i) represent the Company before any judicial, administrative, tax, ordinary and

special authority in any proceedings and before all courts, as well as before mediation bodies, with the power to sign applications, appeals and settlement applications pursuant to Legislative Decree No. 218/1997, verbal and written applications for exemption and refunds for any object, filing and sustaining actions in civil, criminal and administrative matters of any kind, including legal actions for investigation and enforcement, to protest bills, file civil actions and also procedures for bankruptcy, composition, moratoria and extraordinary administration, attending to the relative formalities and, therefore, also granting special powers of attorney and mandates to attorneys and special proxies for legal proceedings and elect domicile; to settle in arbitration, including through out-of-court mediators, any and all disputes in which the Company has interests; to propose and validly sign in-court and out-of-court transactions, settlement reports, also pursuant to Article 48 of Legislative Decree No. 546/1992, within the limits of charges for the Company of Euro 500,000.00 (five hundred thousand) per litigation;

- (ii) represent the Company at any and all tax disputes, at any authority or office, including tax commissions, land commissions, customs offices and appraisal boards.
- (iii) represent the Company in Italy and abroad in relations with the competent authorities, administrations and public bodies, public and private offices, banks and financial institutions and investors;
- (iv) represent the Company at trade union and business organizations in general, at business associations and trade and industry consortia;
- (v) sign correspondence and any deed or contract other than those listed in the preceding points, necessary for the ordinary management of the Company, with the exception of transactions carried out with related parties, as identified by Consob Regulation No. 17221 of March 12, 2010;

Human resources:

- (i) propose general policies relating to the organization and management of human resources to the Board of Directors;
- (ii) establish, amend and terminate employment relationships with Executives, Senior Managers, white-collar staff, clerical staff, blue-collar employees, undertaking all acts relating to management in terms of recruitment, promotion, dismissal, disciplinary measures, the assigning of duties and remuneration, transfers and secondments to other Group companies;
- (iii) in implementation of the remuneration policy approved by the Board of Directors, to sign, amend and terminate individual employment contracts concerning key managers and Executives, undertaking all acts relating to the management of staff, and without prejudice to the tasks of a propositional and consultative nature of the Nomination and Remuneration Committee;
- (iv) sign, amend and terminate business agreements with trade union representatives and workers' unions;
- (v) also in implementation of the remuneration policy approved by the Board of

Directors, to manage and provide guidelines for the human resources policy of the Company and once defined, to provide motivation, training, compensation and development;

- (vi) provides indications to the Nomination and Remuneration Committee regarding the remuneration of Senior Executives; and
- (vii) appoint and revoke the Investor Relator.

The Chairperson of the Board of Directors is the company's majority shareholder. In particular, the Company is indirectly legally controlled, pursuant to Article 2359, paragraph 1, of the Civil Code and Article 93 CFA, by the Chairperson of the Board of Directors Nicola Piovan who at the Reporting Date, through the company Pentafin S.p.A., holds 57.915% of the Issuer's share capital. The share capital of Pentafin S.p.A. is in turn 85% held by Nicola Piovan.

#### 4.4.3 Executive committee

At the Reporting Date, an Executive Committee had not been established.

#### 4.4.4 Reporting to the Board

Pursuant to Article 20, paragraph 3, of the By-Laws and Article 150 of the CFA, and in accordance with the best practices set out in the Self-Governance Code, the delegated boards shall report to the Board of Directors and to the Board of Statutory Auditors - or, in the absence of the delegated boards, the Directors shall report to the Board of Statutory Auditors - at least quarterly, and also through written reports - on the activities undertaken, on the general operating performance and its prospects and on the significant economic, financial and equity transactions, or on the significant transactions in terms of their size and characteristics, undertaken by the Company and its subsidiaries; in particular, such persons shall report any transactions in which they have an interest, on their own account or on behalf of third parties, or those which are influenced by the person who performs management and co-ordination activities, where existing.

#### 4.5 Other Executive Directors

At the Reporting Date, there are no other Executive Directors at the Issuer.

#### 4.6 Independent Directors

In accordance with the recommendations of Article 3 of the Self-Governance Code (now reflected in Article 2 of the Corporate Governance Code) and the provisions of Article 14.3 of the By-Laws, outlined at paragraph 4.1 above, at the Reporting Date four Independent Directors are in office, in the persons of Mario Cesari, Marco

Maria Fumagalli, Lucia Giancaspro and Chiara Mio, who are considered independent as per the combined provisions of Articles 147-ter, paragraph 4, and 148, paragraph 3, of the CFA. The Company believes that an adequate number of Independent Directors has been identified, also for the purposes of appointing the Committees described in the following paragraphs. Directors Mario Cesari, Marco Maria Fumagalli, Lucia Giancaspro and Chiara Mio, in declaring their acceptance of the office of Company Directors and in attesting to the requisites for appointment to office, stated their suitability to qualify as Independent Directors and, simultaneously, undertook to promptly communicate to the Board of Directors and to the Board of Statutory Auditors any changes with regard to the requisites, including those of independence, as well as of any circumstances for revocation that might occur.

On June 29, 2018, on September 14, 2018 and on March 19, 2020 the Board of Directors of the Issuer undertook, on the basis of candidates' *curriculum vitae* and declarations, its evaluation with regard to the existence of the requisites of independence envisaged by the combined provisions of Article 147-ter, paragraph 4, and Article 148, paragraph 3, of the CFA and of the Self-Governance Code with respect to the Directors who qualified as such.

The Board of Directors annually approves compliance with the independence requirements in accordance with Articles 3.C.1 and 3.C.2 of the Self-Code (i.e. Article 2, recommendation 7, of the new Corporate Governance Code). Most recently, this verification was carried out by the Board on March 19, 2021, which confirmed compliance with the independence requirements for the directors who qualified as such with reference to the current financial year.

In accordance with Article 3.C.6 of the Self-Governance Code, the Company's annual meeting of Independent Directors was held on November 11, 2020. The considerations arising during the above meeting were reported to the Board of Directors at the meeting held on the same date. In addition to a positive assessment of the functioning of the Board of Directors, a suggestion emerged to hold more induction sessions. Also in consideration of the suggestion received, the Company conducted an induction session on November 16, 2020.

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

The Company appointed the Independent Director Marco Maria Fumagalli as the Lead Independent Director, with Board of Directors motion of September 14, 2018, in accordance with the recommendations at Articles 2.C.4. and 2.C.5 of the Self-Governance Code (now reflected in Article 3 of the Corporate Governance Code). Specifically, the Lead Independent Director represents a point of reference and coordination for the petitions and contributions of Non-Executive Directors and, in particular, of Independent Directors, and works together with the Chairperson of the Board of Directors in order to ensure that Directors receive complete and timely information.

## 5. PROCESSING OF CORPORATE INFORMATION

The Company adopted:

- (i) an internal procedure for the management of inside information as per the applicable domestic and EU regulation for the prevention of market abuse and public disclosure, in addition to compliance with the recommendations as per Article 1.C.1 (j) of the Self-Governance Code (now reflected in Article 1 of the Corporate Governance Code), drawn up to govern the management and processing of corporate information and the procedures to be observed for the outside communication by the Company of documents and information concerning the Company, with particular regard to inside information;
- (ii) an internal dealing policy adopted as per, and in compliance with, the domestic and European rules regarding transactions executed by persons exercising an administrative, control or management function (“internal dealing”) and market abuse. In particular, the policy governs the disclosure and conduct obligations to be observed by covered persons, covered shareholders, connected persons and by the Company to ensure specific, timely and correct transparent disclosure regarding transactions with the public and the competent authorities.

## 6. INTERNAL COMMITTEES TO THE BOARD (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) CFA)

The Nomination and Remuneration Committee, the Control, Risk and Sustainability Committee and the Related Parties Committee have been set up within the Board.

- (i) In accordance with the recommendations of the Self-Governance Code, on July 6, 2018, the Board of Directors of the Company approved: the setting up, pursuant to Articles 4, 5 and 6 of the Self-Governance Code, of the Nomination and Remuneration Committee and the internal functioning regulation;
- (ii) the setting up, pursuant to Articles 4, 5 and 7 of the Self-Governance Code, of the Control, Risk and Sustainability Committee and the internal functioning regulation;
- (iii) the setting up pursuant to the Consob Regulation No. 17221 of March 12, 2010 (as subsequently amended by Consob motion of December 10, 2020), in addition to Article 2391 *bis* of the Civil Code, of the Related Party Transactions Committee;

with their establishment subject to the admission of the company shares to trading on the STAR market managed by Borsa Italiana (admitted on October 19, 2018).

At the Reporting Date, no additional Committees to those recommended by the Self-Governance Code or required by the TRP Regulation have been set up.

These procedures can be found at the following link:  
<https://cg.piovangroup.com/en/procedures-and-regulations/>

## **7. NOMINATION AND REMUNERATION COMMITTEE**

### **7.1 Composition and functioning of the nomination and remuneration committee**

In view of the Company's organization, operating processes and the size of its Board of Directors, the Company has set up a single Nomination and Remuneration Committee, pursuant to the recommendations of Articles 4, 5 and 6 of the Self-Governance Code.

The Nomination and Remuneration Committee comprises at least three Non-Executive Directors, possessing the qualifications and experience required to execute the duties of the Nomination and Remuneration Committee, with at least two members chosen from among the Directors considered independent as per the Self-Governance Code. At least one member of the Nomination and Remuneration Committee should possess appropriate financial or remuneration policy experience.

By Board of Directors' motion of September 14, 2018, the Independent Director Lucia Giancaspro (as chairperson of the Nomination and Remuneration Committee), the Independent Director Marco Maria Fumagalli and the Independent Director Chiara Mio were appointed to the Nomination and Remuneration Committee. On appointment, the Board of Directors verified that the majority of the members of the Nomination and Remuneration Committee possess the appropriate knowledge and experience upon financial and remuneration policy matters.

The work of the Nomination and Remuneration Committee is coordinated by the Chairperson Lucia Giancaspro.

During 2020, the Nomination and Remuneration Committee met 7 times, while during 2021, 1 meeting has been held to date and at least 3 more are planned. Where non-members attend the meetings of the Nomination and Remuneration Committee, attendance takes place on the invitation of the committee and on individual items on the agenda.

During the Year, in the exercise of the functions assigned, the Nomination and Remuneration Committee has, *inter alia*:

- (i) assisted the Board of Directors with investigative functions, of a propositional and advisory nature, in the evaluations and decisions relating to the adoption of three new incentive plans (i.e., the "2020-2022 Performance Shares Plan", the "2020-2022 Long-Term Monetary Incentive Plan" and the "2020-2022

Phantom Stock Option Plan") to replace the two plans previously in place (i.e., the plan for the free assignment of the Company's ordinary shares called the "2019-2021 Performance Shares Plan" and the plan for the payment of monetary incentives called the "2019-2021 Long-Term Monetary Incentive Plan");

- (ii) submitted to the Board of Directors, expressing a favorable opinion, the candidature of the Group Chief Financial Officer, Elisabetta Floccari, for the role of Executive Officer for financial reporting;
- (iii) assessed the Remuneration Policy adopted by the Company with respect to the Year, verifying its adequacy, overall consistency and concrete application, and preliminarily examined the Remuneration Report of the Company;
- (iv) analyzed the remuneration of Executive Directors and Managers with strategic responsibilities, as well as the setting of the performance targets related to the variable component of such remuneration;
- (v) proposed to the Board of Directors the candidature of Mr. Mario Cesari to be appointed as Director of the Company by co-optation, pursuant to Article 2386, paragraph 1, of the Civil Code, following the resignation of the Independent Director Marco Milani;

assisted the Board of Directors with investigative, propositional and advisory functions in the evaluations and decisions relating to the adoption of the Diversity Policy referred to in paragraph 4.2 above.

## **7.2 Duties of the committee**

In line with the recommendations contained in Article 6 of the Self-Code, the Nomination and Remuneration Committee assists the Board of Directors through investigative, propositional and consultative duties, in the evaluations and decisions concerning the composition of the Board of Directors and the remuneration of directors and Managers with strategic responsibilities.

In particular, the Nomination and Remuneration Committee undertakes the following duties:

- (i) draws up opinions for the Board of Directors on its size and composition and express recommendations regarding professionals whose experience on the Board is considered beneficial, in addition to questions upon the maximum number of Director or Statutory Auditor appointments at companies listed on regulated markets in Italy or overseas, in financial, banking, insurance or significantly-sized companies, which may be considered compatible with the effective undertaking of the role of Director at the listed issuer and the Shareholders' Meeting authorizations granted to the Directors to operate in exception to the general competition prohibition as per Article 2390 of the Civil Code:

- (ii) proposes to the Board of Directors candidates for the office of Director in the cases of co-option, or to replace Independent Directors;
- (iii) formulates proposals to the Board of Directors for the drawing up of a remuneration policy for directors and Senior Executives;
- (iv) periodically assesses the suitability, overall consistency and tangible application of the remuneration policy for directors and Senior Executives. In the latter regard, it makes use of information provided by the Chief Executive Officers; it formulates proposals to the Board of Directors in this area;
- (v) presents proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other senior directors as well as establishing the performance objectives related to the variable component of this remuneration; monitors the application of the decisions adopted by the Board and the achievement of the performance objectives;
- (vi) expresses an assessment on the particular and specific issues regarding the remuneration whose review has been requested by the Board of Directors.

In line with the provisions of the Self-Governance Code, in the performance of its duties, the Nomination and Remuneration Committee is authorized to access the information and corporate departments necessary for the performance of its duties, including through the use of external consultants.

The Company, according to the terms established by the Board of Directors, is also required to make available to the Nomination and Remuneration Committee adequate financial resources to the committees for the undertaking of their duties within the budget limits approved by the Board.

The Chairperson of the Board of Statutory Auditors attends the Nomination and Remuneration Committee meetings (or another statutory auditor nominated by him/her), while the other statutory auditors may also attend. The Chairperson on a case-by-case basis may invite to meetings of the Nomination and Remuneration Committee other members of the Board of Directors and the Board of Statutory Auditors, the independent auditors, the heads of the various departments within the Company and the subsidiaries, or other parties whose presence may assist the functions of the Nomination and Remuneration Committee.

Directors do not participate in Nomination and Remuneration Committee meetings in which proposals concerning their remuneration are drawn up for the Board of Directors.

Meetings of the Nomination and Remuneration Committee are minuted. The Chairperson and the secretary sign the minutes of the meetings which are archived by the secretary in chronological order.

The Chairperson of the Nomination and Remuneration Committee reports (i) to the Board of Directors, on at least a half-yearly basis, regarding the activities carried out, and (ii) to the Shareholders' Meeting, at least annually, on the approval of the statutory financial statements according to its operating methods.

It should be noted that the Nomination and Remuneration Committee has updated its internal Regulations in accordance with the principles and recommendations of the Corporate Governance Code. The amendments to the Regulations were approved by the Board of Directors during the meeting of March 19, 2021.

## **8. REMUNERATION OF DIRECTORS**

For all information concerning remuneration of Directors, reference should be made to the Remuneration Report, drawn up pursuant to Article 123-ter of the CFA, available at the registered office and on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)), in the <https://cg.piovangroup.com/en> section.

At the Reporting Date, no agreements have been signed between the company and the Directors stipulating indemnities in the case of resignation or revocation of office without just cause or the termination of employment following a takeover or change of control.

## **9. CONTROL, RISK AND SUSTAINABILITY COMMITTEE**

### **9.1 Composition and functioning of the Control, Risk and Sustainability Committee**

As indicated in paragraph 6 above, pursuant to the recommendations set out by Article 7 of the Self-Governance Code, the Board of Directors of the Company has set up the Control, Risk and Sustainability Committee, approving its operating regulation.

With motion of September 14, 2018, the Board of Directors appointed to the Control, Risk and Sustainability Committee: the Independent Director Chiara Mio (as chairperson of the Control, Risk and Sustainability Committee), the Independent Director Marco Maria Fumagalli and the Independent Director Marco Milani. On appointment, the Board of Directors also verified that all members of the Control, Risk and Sustainability Committee have adequate accounting and financial risk management experience. Following the resignation of Mr. Marco Milani, the Board of Directors of May 14, 2020, on the proposal of the Nomination and Remuneration Committee, proceeded, pursuant to Article 2386 of the Civil Code and Article 14.4 of the By-Laws, to co-opt a replacement, appointing Mr. Mario Cesari as a Director of the Company as well as a member of the Control, Risk and Sustainability Committee and the Related Parties Committee. The Shareholders' Meeting of the Company held on October 13, 2020 confirmed this appointment pursuant to Article 2386 of the Civil Code and Article 14.4 of the By-Laws. The Control, Risk and

Sustainability Committee is therefore currently made up of the independent directors Chiara Mio (as Chairperson), Marco Maria Fumagalli and Mario Cesari.

During 2020, the Control, Risk and Sustainability Committee met 5 times, while during 2021, 2 meetings have been held so far and at least 3 more are planned. Where meetings of the Control, Risk and Sustainability Committee are attended by non-members, their attendance takes place on the invitation of the committee and on the individual items on the agenda.

## **9.2 Control, Risk and Sustainability Committee functions**

Pursuant to the recommendations of Article 7 of the Self-Governance Code, the Control, Risk and Sustainability Committee undertakes investigative, consultative and proposal functions, supporting, with appropriate preparatory activities, the assessments and decisions of the Board of Directors on the Internal Control and Risk Management System, in addition to those concerning the approval of the periodic financial reports.

In particular, in supporting the Board of Directors, the Control, Risk and Sustainability Committee:

- (i) evaluates, together with the Executive responsible for the preparation of the financial statements and having consulted the independent audit firm and the Board of Statutory Auditors, the correct application of the accounting standards and their uniformity for the preparation of the consolidated financial statements;
- (ii) expresses opinions on specific aspects concerning the identification of the main corporate risks;
- (iii) examines the periodic reports, concerning the evaluation of the internal control and management of risks system, and those of particular size, prepared by the Internal Audit department;
- (iv) monitors the Company's compliance with the regulatory provisions adopted by the Company and its subsidiaries, making proposals and suggestions to the Board of Directors;
- (v) monitors the independence, adequacy, efficacy and efficiency of the Internal Audit department;
- (vi) requests the internal audit department, where necessary or appropriate, to carry out verifications on specific operational areas, simultaneously communicating such to the Chairperson of the Board of Statutory Auditors;
- (vii) reports, at least every six months, on the approval of the annual and half-year accounts, to the Board of Directors on the work carried out and on the adequacy of the internal control and risk management system;

- (viii) supports, with appropriate investigative activities, the evaluations and decisions of the Board of Directors concerning the management of risks from events which the Board of Directors becomes aware of, and undertakes additional duties assigned by the Board of Directors.

The Control, Risk and Sustainability Committee expresses its opinion to the Board of Directors on:

- a) the drafting of the guidelines of the internal control and risk management system, so that the main risks connected to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, in addition to determining the criteria of compatibility of these risks in line with the strategic objectives of the Company;
- b) the periodic assessment, at least annually, of the adequacy of the internal control and risk management system with the particular characteristics of the Company and the risk profile assumed, as well as its efficacy;
- c) the approval, at least annually, of the work plan prepared by the Internal Audit function;
- d) the description, in the corporate governance report, of the main features of the internal control and risk management system, expressing its assessment on its overall adequacy;
- e) the evaluation of the results of the independent audit firm's letter of recommendations and of the report on fundamental questions arising during the audit of the accounts;
- f) the appointment and revocation the mandate of the internal audit function, providing adequate resources and setting remuneration in line with company policy.

The Control, Risk and Sustainability Committee also oversees sustainability, assessing the adequacy of the declaration containing the non-financial disclosure as per European Directive 2014/95/EC.

In the performance of its duties, the Control, Risk and Sustainability Committee is authorized to access the information and corporate departments necessary for the performance of its duties, including through the use of external consultants.

During the year, the Control, Risk and Sustainability Committee, among other matters, examined the Company's periodic financial reports, submitting them to the Board of Directors for approval, and was updated on the progress of the Internal Audit plan, as well as on the activities carried out by the Executive Officer. The Committee also preliminarily reviewed the Consolidated Non-Financial Statement and impairment tests carried out by the Company. The Control, Risk and Sustainability Committee was also periodically updated on the measures taken by the Company with regard to the Covid-19 health emergency.

The Chairperson of the Board of Statutory Auditors attends the Control, Risk and Sustainability Committee meetings (or another statutory auditor nominated by him/her), while the other statutory auditors may also attend. The Chairperson on a case-by-case basis may invite to meetings of the Control, Risk and Sustainability Committee other members of the Board of Directors and the Board of Statutory Auditors, the independent auditors, the heads of the various departments within the Company and the subsidiaries, or other parties whose presence may assist the functions of the Control, Risk and Sustainability Committee.

Meetings of the Control, Risk and Sustainability Committee are minuted. The Chairperson and the secretary sign the minutes of the meetings which are archived by the secretary in chronological order.

The Control, Risk and Sustainability Committee, reports to the Board of Directors on the work carried out and the adequacy of the internal control system at least every six months, at the time of the approval of the annual and half-yearly accounts.

It should be noted that the Control, Risk and Sustainability Committee has updated its internal Regulations in accordance with the principles and recommendations of the Corporate Governance Code. The amendments to the Regulations were approved by the Board of Directors during the meeting of March 19, 2021.

## **10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

According to the Self-Governance Code, the internal control system is the overall rules, procedures and organizational structures aimed at permitting, through an adequate process of identification, measurement, management and monitoring of the principal risks, a safe, correct and coherent management of the enterprise with its set objectives.

The approval and monitoring of the organizational, administration and general accounting system of the Company and of its strategic subsidiaries, with particular reference to the internal control system and the management of the conflict of interest is reserved for the exclusive consideration of the Board of Directors.

Pursuant to the recommendations of Article 7 of the Self-Governance Code, the Control, Risk and Sustainability Committee undertakes investigative, consultative and proposal functions, supporting, with appropriate preparatory activities, the assessments and decisions of the Board of Directors on the Internal Control and Risk Management System.

The Control, Risk and Sustainability Committee, among other matters, in supporting the Board of Directors:

- (i) examines the periodic reports, concerning the evaluation of the internal control and management of risks system, and those of particular size, prepared by the Internal Audit department;

- (ii) reports, at least every six months, on the approval of the annual and half-year accounts, to the Board of Directors on the work carried out and on the adequacy of the internal control and risk management system.

In addition, the Control, Risk and Sustainability Committee expresses its opinion to the Board of Directors on:

- a) the drafting of the guidelines of the internal control and risk management system, so that the main risks connected to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, in addition to determining the criteria of compatibility of these risks in line with the strategic objectives of the Company;
- b) the periodic assessment, at least annually, of the adequacy of the internal control and risk management system with the particular characteristics of the Company and the risk profile assumed, as well as its efficacy;
- c) the approval, at least annually, of the work plan prepared by the Internal Audit Manager;
- d) the description, in the corporate governance report, of the main features of the internal control and risk management system, expressing its assessment on its overall adequacy;
- e) the evaluation of the results of the independent audit firm's letter of recommendations and of the report on fundamental questions arising during the audit of the accounts;
- f) the appointment and revocation the mandate of the internal audit function, providing adequate resources and setting remuneration in line with company policy.

On March 19, 2020, the Company's Board of Directors approved the preliminary Audit plan for 2020, subject to the favorable opinion of the Control, Risk and Sustainability Committee, and the opinion of the Chief Executive Officer in accordance with his role as Director in charge of the Internal Control and Risk Management System and the Board of Statutory Auditors. It should also be noted that the Internal Audit Manager submitted to the Board of Directors on March 19, 2021 the preliminary Audit plan for the year 2021, which was approved by the Board subject to the favorable opinion of the Control, Risk and Sustainability Committee.

The Board of Directors, latterly on March 19, 2021, positively assessed the substantial adequacy, efficacy and effective functioning of the internal control and risk management system with respect to the characteristics of the Company and the risk profile assumed.

## 10.1 Director in charge of the Internal Control and Risk Management System

On May 14, 2019, the Board of Directors appointed Mr. Filippo Zuppichin, Group Chief Executive Officer, as Director in charge of the Internal Control and Risk Management System, in implementation of the recommendations contained in Article 7 of the Self- Code, and conferring to him all the powers connected to this role. The duration of office was established, subject to earlier termination, for the same period as Company Director and, therefore, up to the approval of the financial statements for year ended December 31, 2020.

## 10.2 Internal Audit Manager

On May 14, 2019, the Board of Directors resolved to appoint Mr. Giacomo Montesel as the new Internal Audit Manager, with effect from the engagement date of May 20, 2019. The appointment was made on the proposal of the director in charge of the Internal Control and Risk Management system, Mr. Filippo Zuppichin, with the prior favorable opinion of the Control, Risk and Sustainability Committee and after consultation with the Board of Statutory Auditors. Mr. Montesel is not responsible for any operational areas and hierarchically reports to the Board of Directors.

During 2020, the Internal Audit function:

- verified, on an ongoing basis and in relation to specific needs, the operation and suitability of the internal control and risks management system through an audit plan for the year 2020;
- had direct access to all the necessary information to carry out its duties;
- prepared periodic reports for the attention of the Board of Directors and Board of Statutory Auditors, containing adequate information on its activities, on the way in which risk management is conducted, on compliance with the plans defined for their containment, and on the progress of the activities actually carried out with respect to the initial planning.

Key areas of focus in the 2020 audit plan included:

- mapping and measurement of the main risks to which the issuer is exposed, with regard to all corporate functions;
- verification of specific significant processes, both at Parent Company and Group level, in relation to adequate monitoring of the risks managed as well as compliance with the internal procedures adopted;
- analysis, by means of risk assessment and a detailed audit program, of the internal control system for some subsidiaries considered significant;
- support to the Supervisory Bodies, carried out by means of independent checks on compliance with the specific prevention protocols in relation to

certain sensitive activities identified by the organization, management and control models pursuant to Legislative Decree No. 231 of June 8, 2001, adopted by some Group companies.

### 10.3 Model as per Legislative Decree 231/2001

The Company adopted an organization, management and control model as per Legislative Decree No. 231 of June 8, 2001 (“**Legislative Decree 231/2001**”) which lays down the “Rules on the administrative liability of legal persons, companies and associations, including those without legal status” (the “**231 Model**”).

The 231 Model was adopted with Board of Directors’ motion of August 2, 2018.

The 231 Model was updated on September 9, 2019, through the inclusion of a special section in the part specifically focusing on the prevention of Market Abuse offences, the introduction of potentially significant predicate offences in the special section of the Model relating to corporate offences and through the update of the General Section.

Lastly, it should be noted that, in view of the entry into force of Law No. 157 of December 19, 2019, which introduced Article 25-*quinquiesdecies* of Decree 231/2001 on the subject of tax offences, the Company, with the assistance of an external consultant, is preparing the appropriate updates to Model 231. At the Reporting Date, the Company is evaluating the timeframe necessary to update the Model and its subsequent approval.

The 231 Model comprises:

- (i) a general section, concerning oversight and application of Legislative Decree No. 231/2001, the composition and functioning of the Supervisory Board as per Article 6 of Legislative Decree 231/2001 and Chapter 2 of the 231 Model and the sanctions applicable in the case of breaches of the 231 Model conduct rules; and
- (ii) a special section concerning the various categories of offenses under Legislative Decree 231/2001 as a requirement for the administrative liability of the Company and the relative conduct rules.

With motion of August 2, 2018, the Board of Directors set up the Supervisory Board pursuant to Article 6 of Legislative Decree No. 231/2001 and chapter 2 of the 231 Model, with the duty to oversee 231 Model compliance and ensure its updating.

At the Reporting Date, the Supervisory Board is composed of Lucia Giancaspro, independent director of the Issuer (as Chairperson), Giovanni Boldrin, accountant, and Patrizia Santonocito, Statutory Auditor of the Company.

The 231 Model adopted by the Company is completed by the Ethics Code, which sets out the key ethical values of the Group and to which all employees and outside collaborators should comply with in the exercise of their duties.

On September 16, 2019, the Italian subsidiaries Penta S.r.l., Aquatech S.r.l., Studio Ponte S.r.l., Progema S.r.l. and Energys S.r.l. considered it opportune to conform to the policies of the Group and adopted their own internal control system for the prevention of possible offences set out in the 231 Decree, adopting their own Models and setting up the relative Supervisory Boards.

On September 9, 2019, the Board of Directors of the Company approved the Guidelines on Corporate Criminal Liability & Compliance, drawn up by the Company in order to introduce its compliance system within the overseas subsidiaries of the Group, particularly with regard to the matters of money laundering and corruption, so as to make the overall internal regulation as consistent as possible with the Group's international structure. These Guidelines were subsequently transmitted to Group Companies which adopted and implemented them. The Board of Directors of September 9, 2019 also approved a policy drawn up by the Company in order to regulate transactions and commercial relationships with parties and countries subjected to sanctions by the United States (the "OFAC Guidelines"). At the Reporting Date, the Company and all companies in Piovan Group have therefore adopted and implemented the OFAC Guidelines.

The Company undertakes to extend the internal control and risk management system implemented at Group level to any new companies that may be acquired by the Group in the future.

#### 10.4 Independent Audit Firm

The Company appointed to audit the Issuer's accounts is Deloitte & Touche S.p.A., with registered office in Milan, Via Tortona 25, enrolled in the Auditors' Register as per Articles 6 and subsequent of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135 of July 17, 2016 (the "**Independent Audit Firm**").

In particular, the ordinary Shareholders' Meeting of the Issuer of July 1, 2016 assigned the audit of the Issuer's financial statements to the Independent Audit Firm, as well as the verification of the proper maintenance of accounting records and the correct recording of the operational activities in the accounting records for the years 2016 - 2018, pursuant to Legislative Decree No. 30 of January 27, 2010.

On September 14, 2018, the Shareholders' Meeting, in view of the listing and consequent qualification as a public interest entity as per Article 16 of Legislative Decree No. 39 of January 27, 2010 and subsequent amendments, granted to the Independent Audit Firm, of Article 17 of Legislative Decree No. 39/2010 and Article 16 of Regulation (EU) No. 537/2014:

- (i) the legal-audit of the accounts for financial years 2018-2026, and therefore until the Shareholders' Meeting called to approve the 2026 Annual Accounts, with regards to the statutory financial statements of the Company and the consolidated financial statements of the Piovan Group; and
- (ii) the limited audit of the condensed consolidated half-year financial statements for the periods ending June 30 for the financial years 2019-2026.

## 10.5 Executive Officer for Financial Reporting

In accordance with Article 21, paragraph 4 of the By-Laws, the Board of Directors:

- a) appoints and withdraws the appointment of the Executive Officer for financial reporting, following the prior obligatory but non-binding opinion of the Board of Statutory Auditors;
- b) establishes its duration and
- c) confers upon the role the adequate powers and means for its execution.

The Executive Officer for Financial Reporting must have at least five years of significant professional experience in accounting, economics and finance and must meet any additional requirements set by the Board of Directors and/or by applicable law and regulations.

The Board of Directors, having received the opinion of the Nomination and Remuneration Committee and the Board of Statutory Auditors, by resolution of May 14, 2020 and with effect from May 15, 2020, appointed Ms. Elisabetta Floccari as Executive Officer for Financial Reporting, having verified that she meets the requirements set out in the reference legislation and in the statutory provisions. Ms. Floccari, who took up the position of Group Chief Financial Officer as of April 1, 2020, was appointed following the resignation of the previous Executive Officer, Mr. Marco Mammano, who had held this position *ad interim* in the absence of a Group Chief Financial Officer.

The Executive Officer has the following powers:

1. prepares appropriate administrative and accounting procedures for the preparation of the separate financial statements and consolidated financial statements, in addition to any other financial communications;
2. issues written declarations certifying the consistency of the Company's deeds and communications to the market and the relative accounting disclosure, including of an interim nature, of the Company to the accounting documents and records;
3. declares, together with the Chief Executive Officer, in the form of a report provided according to the CONSOB regulation compliant model, annexed to the statutory financial statements, the condensed half-year financial statements and the consolidated financial statements:
  - a) the adequacy and effective application of the procedures as per point 1. above during the period to which the documents refer;
  - b) that the documents are drawn up in conformity with the applicable international accounting standards recognized by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
  - c) the consistency with the underlying accounting documents and records;

- d) that the documents provide a true and fair view of the equity, operating and financial situation of the Company and of the other companies in the consolidation scope;
- e) for the separate and consolidated financial statements, that the Directors' Report includes a reliable analysis on the performance and operating result as well as on the situation of the Company and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed;
- f) for the condensed half-year financial statements, that the interim Directors' report includes a reliable analysis of the disclosure required by paragraph 4 of Article 154-*ter* of Legislative Decree No.58/1998.

In addition, the Executive Officer was granted:

- a) all powers of an organizational and operational nature for the exercise of the duties attributed by the applicable legislation, the By-Laws and this motion, including direct access to all the departments, offices and information necessary for the production and verification of accounting, financial and economic data, without the need for any authorization;
- b) full autonomy of expenditure for the exercise of the duties assigned by the applicable regulations, the By-Laws and this motion, according to the limit of the allocated general annual budget and subject to any supplements and amendments considered necessary which may be reviewed and approved by the Board of Directors at any time;
- c) the obligation to:
  - 1) attend the meetings of the Board of Directors of the Company where the agenda includes the review of the Company's results;
  - 2) promptly report to the Chief Executive Officer and the Board of Directors, including through the Control and Risk Committee, any significant aspects which he feels must be declared, where these are incorrect, in the statements envisaged by Article 154-bis of Legislative Decree No. 58/1998;
  - 3) report on the operations carried out on a half-yearly basis, to the Board of Directors, directly or through the Control and Risk Committee, and to the Board of Statutory Auditors;
- d) all the powers of representation in respect of third parties connected to the role held and in the exercise of the duties attributed by the applicable legislation, the By-Laws and the appointment motion.

#### **10.6 Co-ordination of the parties involved in the internal control and risk management system**

The various parties involved in the internal control and risk management system (whose functions are summarized in paragraphs 9 and 10 of this report) coordinate their activities according to their respective duties. In particular, the presence in the meetings of the Control, Risk and Sustainability Committee is generally

expected of members of the Board of Statutory Auditors, the Executive Director in charge of the internal control and risk management system, the Executive Officer for financial reporting and for the items within their remit the Internal Audit Manager. The Chairperson of the Control, Risk and Sustainability Committee handles the continuity and completeness of the flow of information towards the Board of Directors with regard to risk management and internal controls.

## **11. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS**

### **11.1 Policy for related party transactions**

Pursuant to Article 27 of the By-Laws, the Company approves the transactions with related parties in accordance with law and current regulations, these By-Laws and the relative procedures adopted to ensure transparency and substantial correctness.

On November 12, 2018, the Board of Directors approved, with the favorable opinion of the Related Party Transactions Committee, the related party transactions policy ("**RPT Policy**"), in fulfilment of Article 2391-*bis* of the Civil Code and the RPT Regulation, taking account also of the indications and guidelines to apply the RPT Regulation provided by Consob with communication No. DEM/10078683 of September 24, 2010, which sets out the rules governing the approval and execution of related party transactions by the Company, directly or through subsidiaries, in order to ensure the transparency and substantial and procedural correctness of the transactions.

On December 11, 2020, Consob announced its approval of the regulatory amendments necessary to bring secondary legislation into line with the second European Shareholder Rights Directive 2. The amendments also affected, among others, the Regulation on Related Party Transactions; the Company therefore started the necessary activities relating to the adjustment of its own RPT Policy, in order to approve the updated text of the RPT Policy by the end of the transition period set for June 30, 2021.

The RPT Policy currently in force is available on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)), in the section <https://cg.piovangroup.com/en>, to which reference should be made for further details.

### **11.2 Related Party Transactions Committee**

With the motion of July 6, 2018, the Board of Directors of the Company established the Related Party Transactions Committee, in accordance with the RPT Regulation and the RPT Policy (the "Related Party Committee") and approved the relative operating regulation. The Related Party Committee performs the duties and tasks envisaged by the RPT Policy, the RPT Regulation and applicable law; in particular:

- (i) expresses its prior favorable opinion on the approval and amendments of the RPT Policy;
- (ii) expresses its reasoned and non-binding opinion on minor transactions and its reasoned and binding favorable opinion on significant transactions;
- (iii) intervenes in the negotiation phase and in the preparatory phase of significant transactions;
- (iv) resolves cases in which the identification of a related party is disputed on the basis of the relevant definition laid down in the RPT Policy; and
- (v) supports the business functions responsible for preliminary checks relating to the identification of related parties and transactions with related parties in accordance with the RPT Policy and applicable law.

In the meeting of September 14, 2018, the Board of Directors appointed the members of the Related Party Committee in the persons of the independent director Marco Maria Fumagalli (as chairperson), the independent director Lucia Giancaspro and the independent director Marco Milani. As mentioned in the previous paragraphs, Mr. Mario Cesari replaced Mr. Milani following the latter's resignation; therefore, the Committee is currently composed of the independent Directors Marco Maria Fumagalli (Chairperson), Lucia Giancaspro and Mario Cesari.

### **11.3 Directors' interests**

At the Reporting Date, the Board of Directors did not consider it necessary to adopt, in addition to the RPT Policy and the disclosure obligations envisaged by Article 2391 of the Civil Code, a specific policy for the identification and management of situations in which a Director has a personal interest or an interest on behalf of third parties.

## **12. APPOINTMENT OF STATUTORY AUDITORS**

Pursuant to Article 25, paragraph 2, of the By-Laws, Statutory Auditors and Alternate Auditors are appointed by the Shareholders' Meeting, in compliance with the applicable *pro tempore* rules concerning gender balance, on the basis of slates, presented by shareholders in accordance with the applicable legal and regulatory framework, on which the candidates must be listed by means of a progressive number and must not exceed the number of members of the board to be elected.

The provisions concerning voting by slates in the By-Laws, as already previously discussed for the Board of Directors, will find application as from the first renewal of the Board of Statutory Auditors subsequent to listing.

Each slate shall comprise two sections: one for the appointment of statutory auditors and the other for the appointment of alternate auditors. The first

candidates in each section are to be identified from among the auditors enrolled in the special register referred to in Article 2397 of the Civil Code.

Currently, the By-Laws state that the slates that include a total number of candidates equal to or higher than three must be composed of candidates belonging to both genders, in compliance with the current *pro tempore* regulations concerning the balance between genders. As previously discussed with reference to the Board of Directors, the 2020 Budget Law (Law No. 160 of December 27, 2019) amended regulations with regard to gender balance in the administrative and control boards of listed companies. This Law introduced a new criterion for the gender equality quota for which at least two-fifths of directors and statutory auditors must belong to the under-represented gender with effect from the first renewal subsequent to the data of the law's entry into force (that is, commencing from the first renewal of the corporate boards subsequent to January 1, 2020). This is subject to the under-represented gender obtaining at least one-fifth of elected directors at the first renewal subsequent to listing. Furthermore, this criterion shall apply for six consecutive mandates.

In order to reflect the above-mentioned regulatory changes, within the duties conferred, the Board of Directors, which met on September 10, 2020, approved an amendment to Article 25.2 of the By-Laws by providing that the slates that present a number of candidates equal to or higher than three must be composed of candidates belonging to both genders, in compliance with the *pro tempore* regulations in force concerning the balance between genders.

Only shareholders who individually or collectively hold at least 2.5% of the share capital (or a differing threshold established by the applicable statutory and legal provisions) have the right to present slates. Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate at the risk of ineligibility.

The declarations of the individual candidates, in which they accept their candidacies and attest, in good faith, the inexistence of any cause of ineligibility or incompatibility, as well as the satisfaction of the requisites prescribed by applicable law and the by-laws for their respective offices, must be lodged together with each slate and within the timeframes prescribed by applicable legislation. Slates presented that do not comply with all of the above formalities are considered as not presented. Each candidate's declarations shall be accompanied by a *curriculum vitae* covering personal and professional characteristics and shall include the list of administration and control offices held by each candidate in other companies.

Applicable legal and regulatory provisions shall apply for the presentation, filing and publication of slates. The slates comprise two sections: one for candidates for the position of Statutory Auditor and the other for the position of Alternate Auditor. Those with voting rights may vote on only one slate. The procedure for electing Statutory Auditors is as follows:

- i. from the slate obtaining the highest number of votes in the Shareholders' Meeting, and based on the progressive order in which they are listed in the sections of the slate, 2 standing members and 1 alternate member are elected;

- ii. from the second slate obtaining the highest number of votes in the Shareholders' Meeting and which is not related in any manner, even indirectly, with the Shareholders who presented or voted on the slate with the highest number of votes and based on the progressive order in which they are listed in the sections of the slate, the remaining standing member - who will assume the office of Chairperson of the Board of Statutory Auditors - and the other alternate member are elected. Where more than one minority slate has obtained the same number of votes, the eldest slate candidate is elected as statutory auditor and alternate auditor.
- iii. In the event that only one slate is presented, the whole Board of Statutory Auditors is elected from this slate if it obtains the approval of the simple majority of votes.

Where the above procedures do not ensure the composition of the Board of Statutory Auditors, for the appointment of the standing members, in accordance with the current *pro tempore* provisions relating to gender equality, within the slate which attracted the highest number of votes the necessary substitutions of candidates elected to the roles of standing auditor is made, according to the progressive order in which the candidates were elected.

Where his/her legal and statutory requisites no longer exist, the statutory auditor must leave office. In the case of replacement of a Statutory Auditor, the alternate auditor belonging to the same slate replaces him, or in the case of the resignation of the minority standing auditor, the next candidate on the same list replaces him or the first candidate of the minority slate which obtain the second highest number of votes.

The Chairperson of the Board of Statutory Auditors will always be the candidate elected by the minority shareholders and the composition of the Board of Statutory Auditors will have to comply with the *current pro tempore* regulations concerning gender equality.

Where the Shareholders' Meeting is required to appoint statutory and/or alternative auditors necessary to integrate the Board of Statutory Auditors the following procedures apply: where auditors elected from the majority slate are to be replaced, the appointment is made with the favorable votes of a relative majority without being tied to a slate; where instead auditors elected from the minority slate are to be replaced, the Shareholders' Meeting replaces them with the favorable votes of a relative majority, choosing where possible from among the candidates on the slate from which the auditor to be replaced was elected or, if not possible, from the minority slate which achieved the second highest number of votes.

Where the application of these procedures does not permit, for any reason, the replacement of the statutory auditors elected by the minority, the Shareholders' Meeting votes in accordance with the relative majority, following the presentation of candidacies by shareholders who, alone or with others, are holders of shares with voting rights at least representing the above-mentioned percentage in relation

to the procedure for the presentation of slates; however, the results of this latter vote will not include the votes of shareholders that, according to the communications received pursuant to current regulations, hold, even indirectly or together with other shareholders through a shareholder agreement, in accordance with Article 122 of Legislative Decree No. 58/1998, the majority of voting rights in a Shareholders' Meeting, as well as shareholders that control, are controlled or are subject to joint control of the same.

The replacement procedure outlined in the previous paragraphs must in every case ensure compliance with the gender equality regulation in force at the time.

Pursuant to Article 25, paragraph 3, of the By-Laws, statutory auditors may be re-elected.

### **13. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTERS D) AND D-BIS) CFA)**

Pursuant to Article 25, paragraph 1, of the By-Laws, the Shareholders' Meeting elects the Board of Statutory Auditors, comprising 3 (three) statutory auditors, and establishes their remuneration. The Shareholders' Meeting also elects 2 (two) Alternate Auditors.

The powers, duties and duration in office of Statutory Auditors are those established by law.

The Board of Statutory Auditors of the Company consists of 5 members, of which 3 standing and 2 alternate, and was appointed by the Ordinary Shareholders' Meeting of the Company of September 14, 2018.

On September 25, 2018, following the resignation on the same date of the Chairperson of the Board of Statutory Auditors in office, the Shareholders' Meeting of the Company appointed Ms. Carmen Pezzuto as Chairperson of the Board of Statutory Auditors, for the same duration as the other members of the Board of Statutory Auditors.

The Board of Statutory Auditors will remain in office until the Shareholders' Meeting called for the approval of the financial statements for the year ended December 31, 2020.

The following table lists the members of the Board of Statutory Auditors in office at the Reporting Date, together with the respective office held.

Name	Office
Carmen Pezzuto (*)	Chairperson

Luca Bassan	Statutory Auditor
Patrizia Santonocito	Statutory Auditor
Kristian Sartor	Alternate Auditor
Stefania Targa	Alternate Auditor

(\*) The Chairperson of the Board of Statutory Auditors Carmen Pezzuto was appointed on September 25, 2018, following the same-date resignation of the then Chairperson of the Board of Statutory Auditors.

For further details on the composition of the Board of Statutory Auditors, reference should be made to **Table 3** in the appendix.

The members of the Board of Statutory Auditors in office at the Reporting Date are all domiciled for the purposes of office at the Company's registered office.

All members of the Board of Statutory Auditors satisfy the requisites of independence envisaged by Article 148, paragraph 3, of the CFA and by the combined provisions of Articles 3 and 8 of the Self-Governance Code. None of the members of the Board of Statutory Auditors had relationships of a monetary or professional nature, even indirectly, by means of third-party companies or professional firms, with the Issuer, the Group it belongs to, companies that control it or those subject to common control, during the last three years.

The declaration of members of the Board of Statutory Auditors with regard to satisfying the requisites of independence was verified by the Board of Directors of September 14, 2018. The declaration of the Chairperson of the Board of Statutory Auditors, Ms. Carmen Pezzuto, was verified by the Board of Directors of September 25, 2018. The Board of Statutory Auditors confirmed the independence of its own members, in accordance with Article 8 of the Self-Governance Code.

Moreover, all members of the Board of Statutory Auditors satisfy the requisites of independence and good standing in accordance with Article 148 of the CFA and the Regulation adopted with Ministry of Justice Decree No. 162/2000.

On October 22, 2020, the Board of Statutory Auditors carried out the annual self-assessment on its members' fitness to properly execute their office. The Board of Statutory Auditors confirmed the independence of all its members pursuant to Article 148, paragraph 3, CFA and criteria 8.C.1. and 3.C.1. of the Self-G Code of listed companies.

Notably, the members of the Board of Statutory Auditors in office at the Reporting Date satisfy the requisites of professionalism envisaged by Art. 1 of Ministerial Decree No. 162/2000, as follows:

- at least two statutory auditors and one alternate auditor are enrolled in the Auditors' Register and have practiced the profession of legal auditor for a period of no less than three years; or
- they are selected from among those who have gained a total of at least three years' experience in the exercise of (a) administration or control activities or a

managerial role in companies having a share capital of no lower than Euro two million, or b) professional activities or university teaching role on law, economics, finance and technical-scientific, strictly related to the activities of the Company, or c) managerial roles in public entities or administrations operating in the credit, financial and insurance sectors or, in any case, in sectors strictly related to the activities of the Company;

- in the period between the two financial years preceding the adoption of the relative provisions and the current year, they did not perform, for at least eighteen months, administration, management or control functions in companies: (a) subject to bankruptcy, compulsory administrative liquidation or similar procedures; (b) operating in the credit, financial, securities and insurance sectors subjected to extraordinary administration procedures;
- no measure was adopted in their regard for their removal from the single national roll of financial intermediaries envisaged by Article 201, paragraph 15, of Legislative Decree No. 58 of February 24, 1998 and of financial intermediaries excluded from trading in a regulated market.

At the Reporting Date, to the Company's knowledge, none of the members of the Board of Statutory Auditors exceeds the limits on the accumulation of offices set out in Article 114-*terdecies* of the Consob Issuers' Regulation.

At the Reporting Date, to the Company's knowledge, none of the members of the Board of Statutory Auditors are related to other members of the Board of Statutory Auditors of the Issuer, to the members of the Board of Directors or to the key Executives of the Company.

The Company considers that the remuneration of Statutory Auditors is commensurate with the commitment required, the importance of the role covered and the size and sector of the Company.

It should also be noted that in undertaking its activities, the Board of Statutory Auditors liaises with the Internal Audit department and with the Control, Risk and Sustainability Committee.

In 2020, the Board of Statutory Auditors held 9 meetings, while 2 meetings of the Board of Statutory Auditors were held in 2021, to date.

An extract of the *curriculum vitae* of each member of the Board of Statutory Auditors in office at the Reporting Date outlining their business management expertise and experience is presented below.

#### **Carmen Pezzuto – Chairperson of the Board of Statutory Auditors**

Born in Sacile on November 22, 1967, she graduated in Economics and Commerce in 1991 at the Ca' Foscari University of Venice. She has been enrolled in the Accountants Register of Padua since 1994 and the Auditors Register since 1999. She has been a partner in Studio Associato di Consulenza Tributaria of Padua since 2008,

where she has practiced her profession since 1994. She has twenty years' experience in consultancy on taxation, corporate, accounting and corporate finance and in auditing. In particular, she provides tax consultancy with reference to direct and indirect national taxation and certain important aspects of international taxation. She holds offices as a Director and Statutory Auditor in various listed and non-listed companies. She is a Member of the Italian Order and the Foundation of the Accounting Profession and is registered with the Arbitration Court of Padua.

#### **Luca Bassan - Statutory Auditor**

Born in Padua on October 8, 1962, he graduated in Economics and Commerce in 1986 at the Ca' Foscari University of Venice. He has been enrolled in the Accountants Register of Padua since 1990 and the Auditors Register since 1995. He has held offices as an auditor in various companies since 1990 and is also a consultant and advisor on taxation, corporate and administrative matters to joint stock companies and partnerships.

#### **Patrizia Santonocito -Statutory Auditor**

Born in Borgo Valsugana on June 21, 1963, she graduated from the Faculty of Political Science at the University of Padua. She is enrolled in the Accountants Register of Padua and the Auditors Register. She carries out her professional activity in the field of corporate, tax and accounting consultancy. She handles bankruptcy proceedings, having been appointed by the Court of Padua as Curator, Judicial Commissioner and Judicial Liquidator in several proceedings. She holds the position of Technical Consultant in corporate and accounting matters on behalf of the Court of Padua. She held and still holds offices as Standing Auditor in companies, including listed companies. She is a member of Supervisory Boards.

#### **Kristian Sartor - Alternate Auditor**

Born in Venice on July 5, 1974, he graduated in Economics and Commerce in 2000 at the Ca' Foscari University of Venice. He has been enrolled in the Order of the Accounting Profession of Venice since 2008. He holds several offices as a bankruptcy curator and judicial commissioner at the Court of Venice.

#### **Stefania Targa - Alternate Auditor**

Born in Padua on September 23, 1970, she graduated in Political Sciences at the University of Padua. She has been enrolled in the Order of Chartered Accountants and the Auditors' Register since 1997. She practices accountancy primarily in the consultancy, business and corporate assistance, taxation and administrative field for joint stock companies (including publicly-held companies) and public and mixed institutions, where she also held offices as Statutory Auditor and/or chairperson of the Board of Statutory Auditors. Director since 2016 of the Order of Accountants and contact person of the Anti-Money Laundering and Privacy Committee. Member of AML LAB Italian Association for Research on Money Laundering Risk.

The annual remuneration of auditors was determined by the Shareholders' Meeting of June 29, 2018 and is commensurate with the commitment required, the importance of the role covered, in addition to the size and sector of the Company.

### **Diversity criteria and policies**

It should be noted that the rules which require a quota of members of the Board of Statutory Auditors to be elected on the basis of criteria which ensure gender balance, in accordance with Article 148, paragraph 1-*bis* of the CFA and Article 8.P.2 of the Self-Governance Code, were incorporated into the Issuer's By-Laws. In particular, Article 148, paragraph 1-*bis* of the CFA, as updated following the 2020 Budget Act, and Law 120/2011, as clarified by Consob Communication DIE No. 0061499 of July 18, 2011, require that the gender balance provisions are applied from the reappointment of the Board of Statutory Auditors subsequent to listing, establishing that, for this first reappointment, the under-represented gender makes up at least one-fifth of elected auditors in the first renewal of the Board of Statutory Auditors and at least one-third of the auditors elected for the two consecutive subsequent mandates (rounded up).

In addition, it should be noted that at the Reporting Date, the composition of the Board of Statutory Auditors already conformed to the provisions of Article 148, paragraph 1-*bis*, CFA and Article 8.P.2 of the Self-Governance Code, in line with the Code of Ethics adopted by the Company and in accordance with the priority objective of ensuring adequate expertise and professionalism in the members of corporate boards. As this adjustment was made on a voluntary basis, it will not be taken into account for the purposes of calculating the three consecutive mandates envisaged as the period of application of the gender balance rules.

As mentioned in the previous paragraphs, in view of the new regulations on the subject and the provisions of the new article 147-*ter*, paragraph 1-*ter* of the CFA, the Company also adopted a Diversity Policy that provides guidelines on diversity with regard to the composition of the Board of Directors and the Board of Statutory Auditors concerning aspects such as age, gender composition and educational and professional background.

## **14. RELATIONS WITH SHAREHOLDERS**

The Company considers it proper and rightful to establish and maintain constant and open dialogue with its shareholders, investors, particularly institutional investors, and more generally, with all the stakeholders that come into contact with Piovan and the Group.

The Company's Board of Directors therefore appointed, by resolution dated September 9, 2019, Ms. Patrizia Tamaro Silva, a specialist in this field, as the Company's Investor Relations Officer, effective as of September 16, 2019.

A special section on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)) called "Investor Relations" is dedicated to significant financial and corporate information for investors. This section contains an email address for receiving and responding to information requests from shareholders and investors.

Investor Relations contact information is as follows [ir@piovan.com](mailto:ir@piovan.com).

## **15. SHAREHOLDER MEETINGS (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER C), CFA)**

Pursuant to Article 13 of the By-Laws, the Shareholders' Meeting (the "Shareholders' Meeting") shall resolve on all matters authorized by law.

Motions of the Shareholders' Meeting are passed with the majorities required by law.

Motions approved by the Shareholders' Meeting in accordance with the law and the By-Laws shall be binding upon all Shareholders, even if they did not attend or voted against the resolution.

In accordance with Article 9 of the By-Laws, the ordinary and extraordinary shareholders' meetings shall normally be held in the municipality where the Company's registered office is located, except as otherwise resolved by the Board of Directors and provided that this is in Italy or in a country in which the Company, directly or through its subsidiaries or investees, performs its business.

Ordinary and Extraordinary Shareholders' Meetings are held in single call as required by law.

The call is made within the timeframes prescribed by applicable law and regulations, by means of a notice to be published on the Company's website and with the methods envisaged by applicable law and regulations, with prior notice of not less than the legal minimum with respect to the date set for the Shareholders' Meeting.

The right to participate in the Shareholders' Meeting and the right to vote is governed by applicable law.

Pursuant to law, those with the right to vote may be represented in the Shareholders' Meeting by means of a proxy issued according to the procedures envisaged by applicable law. The proxy can also be notified to the Company electronically, by e-mail, according to the procedures indicated in the call notice.

The By-Laws does not provide that the Company makes use of the option envisaged by law to designate a representative to whom shareholders may confer the proxy with voting instructions on all or some of the proposals on the agenda of the Shareholders' Meeting.

Shareholders' Meetings are chaired by the Chairperson of the Board of Directors or, if absent or prevented from doing so, by the Vice Chairperson or Chief Executive Officer, if appointed and present; in their absence, the Shareholders' Meeting elects its chairperson.

Motions of the Shareholders' Meeting must be recorded in minutes of the meeting drawn up in accordance with applicable legislation and signed by the chairperson and by the secretary or notary selected by the chairperson.

Proceedings of shareholders' meetings are governed by a special regulation for an orderly functioning of meetings ("**Shareholders' Meeting Rules**") approved with the motion of the Ordinary Shareholders' Meeting of July 6, 2018, pursuant to the recommendations of Article 9.C.3. of the Self-Governance Code and the provisions of Article 10 of the By-Laws.

The Shareholders' Meeting Rules can be found on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)), in the section "Corporate Governance", to which reference should be made for further details.

During 2020, the Company's shareholders met on two occasions, on May 12, 2020 and October 13, 2020. The first Shareholders' Meeting (i) approved the Financial Statements of Piovan S.p.A. for the year ended December 31, 2019 as well as the allocation of the profit for the year entirely to the extraordinary reserve, (ii) approved the adoption of three new incentive plans, the "2020-2022 Performance Shares Plan", the "2020-2022 Long-Term Monetary Incentive Plan" and the "2020-2022 Phantom Stock Option Plan", and the simultaneous revocation of the incentive plans called the "2019-2021 Performance Shares Plan" and the "2019-2021 Long-Term Monetary Incentive Plan" and (iii) approved the remuneration policy referred to in the first section of the Remuneration Report pursuant to Article 123-*ter* of the CFA.

In view of the results reported in the first half of 2020, as well as taking into account the strong financial and equity situation of the Group and the Company as reported in the consolidated half-yearly financial report approved by the Board of Directors, the Shareholders' Meeting held on October 13, 2020 approved, however, the distribution of a total dividend of Euro 5,602,223.00 entirely from the Extraordinary Reserve. Moreover, the Shareholders' Meeting resolved to appoint, pursuant to Article 2386 of the Civil Code and Article 14.4 of the By-Laws, Mr. Mario Cesari as Director of the Company until the conclusion of the Board's term of office, i.e. until the approval of the financial statements as at December 31, 2020.

For both Shareholders' Meetings, the Company availed of the option provided for in paragraphs 2 to 6 of Article 106 of Law Decree No. 18 of March 17, 2020, subsequently converted, with amendments, by Law No. 27 of April 24, 2020, and decided to provide, even in the absence of a specific provision in the By-Laws, that attendance at the Shareholders' Meeting would take place exclusively by means of the conferral by the Shareholders, at no cost to themselves (except for any shipping costs), of a written proxy with voting instructions on all or some of the proposals on the agenda to a person designated pursuant to Article 135-*undecies* of Legislative Decree No. 58 of February 24, 1998 (the "**Designated Representative**"). Therefore, both meetings were held without the physical participation of the shareholders, while the members of the Board of Directors and the Board of Statutory Auditors, as well as the Designated Representative and any other person who might be authorized to take part in the meeting's proceedings, in compliance

with the provisions of the emergency regulations, were connected electronically (which ensured their identification, participation and exercise of their voting right).

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It should be noted that, at the Reporting Date, market capitalization was equal to Euro 377,394,820 compared to Euro 261,568,000 at December 31, 2020 and no significant variations were confirmed in the composition of the Issuer's shareholder structure.

It is also worth noting that on September 22, 2020, a variation in the share capital expressed in voting rights occurred, following the shareholder Pentafin S.p.A.'s waiver of multi-voting rights for a number of 6,018,031 shares. This waiver increased the float expressed in terms of voting rights, while Pentafin S.p.A. did not sell any shares. Finally, it should be noted that on December 31, 2020, since the 24 months of uninterrupted possession from the date of registration in the Multi-Voting List have elapsed, the shareholders Pentafin S.p.A. and 7Industries Holding B.V. have accrued multi-vote rights for 1,008,379 shares and 4,800,000 shares, respectively. This right was effective on the fifth open market day of the following month in which the conditions required by the By-laws were met, i.e., January 8, 2021. On both occasions, the Company notified the market of the resulting change in the share capital expressed in voting rights.

## **16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

There are no corporate governance practices further to those already described in the preceding paragraphs.

## **17. CHANGES SUBSEQUENT TO THE YEAR-END**

Subsequent to the close of the 2020 financial year and up to the approval of this Report by the Board of Directors on March 19, 2021, no changes were made to the Corporate Governance structure of the Company.

## **18. CONSIDERATIONS ON THE LETTER OF THE CHAIRPERSON OF THE COMMITTEE**

The Chairperson of the Board of Directors brought to the attention of the Board meeting held on January 21, 2020 the recommendations made in the letter sent on December 19, 2019 by the Chairperson of the Italian Corporate Governance Committee, in particular focusing on the four main areas in relation to which an improvement in issuers' governance practices was urged. These suggestions for improvement were analyzed in advance by the Nomination and Remuneration Committee and by the Control, Risk and Sustainability Committee, which focused on the critical points for which they are responsible.

In a letter dated December 22, 2020 addressed to the chairpersons of the relevant boards of directors, the Italian Corporate Governance Committee reviewed the set of recommendations provided over the last four years, formulating some specific indications in areas where significant weaknesses persist, also in view of the fact that 2021 will be the first year of application of the Corporate Governance Code. During the Board's meeting held on March 19, 2021, the Chairperson of the Board of Directors informed the Board of the above recommendations.

\* \* \*

Santa Maria di Sala, 19 March 2021

Piovan S.p.A.

For the Board of Directors - The Chairperson

Nicola Piovan

## ANNEX 1

List of positions held by the Directors of Piovan in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance companies or companies of significant size\*; List of positions held by the Statutory Auditors in other companies.

### Board of Directors as at 31.12.2020

Name	Office	Other offices
<b>Nicola Piovan</b>	Executive Chairperson	N/A
<b>Filippo Zuppichin</b>	Chief Executive Officer	Director of: <ul style="list-style-type: none"> <li>• Inglass S.p.A.</li> </ul>
<b>Marco Stevanato</b>	Non-Independent Director	Chairperson of the Board of Directors of: <ul style="list-style-type: none"> <li>• Arsenale RE SGR S.p.A.</li> </ul> Director of: <ul style="list-style-type: none"> <li>• Crédit Agricole Friul Adria S.p.A.</li> </ul> Vice Chairperson of: <ul style="list-style-type: none"> <li>• Stevanato Group S.p.A.</li> </ul> Management Board Member of: <ul style="list-style-type: none"> <li>• Fondazione Opera Immacolata Concezione Onlus</li> </ul>
<b>Lucia Giancaspro</b>	Independent Director	N/A
<b>Mario Cesari</b>	Independent Director	Independent Director of: <ul style="list-style-type: none"> <li>• De Nora S.p.A.</li> <li>• De Agostini S.p.A.</li> </ul> Director of: <ul style="list-style-type: none"> <li>• PetrolValves S.p.A.</li> <li>• Bantleon GmbH</li> <li>• MeteoGroup NV</li> <li>• DTN (Spain)</li> <li>• TBG Real Estate AG</li> </ul>
<b>Chiara Mio</b>	Independent Director	Chairperson of the Board of Directors of: <ul style="list-style-type: none"> <li>• Crédit Agricole Friul Adria S.p.A.</li> <li>• Corà Domenico &amp; Figli S.p.A.</li> </ul> Director of: <ul style="list-style-type: none"> <li>• Danieli &amp; C. Officine Meccaniche S.p.A.</li> <li>• Eurotech S.p.A.</li> <li>• O.V.S. S.p.A.</li> <li>• Servizi Italia S.p.A.</li> <li>• Mcz Group S.p.A.</li> <li>• Bluenergy Group S.p.A.</li> </ul>
<b>Marco Maria Fumagalli</b>	Independent Director <i>Lead Independent Director</i>	Director of: <ul style="list-style-type: none"> <li>• Elettra Investimenti S.p.A.</li> <li>• First Capital S.p.A.</li> <li>• IVS Group Société Anonyme</li> </ul>

\* Only 'large enterprises' were considered for the purposes of this report. These are companies which surpass at least two of the following parameters: their revenues and/or total activity and/or employees exceed 50 million, €100 million and 100, respectively.

## Board of Statutory Auditors as at 31.12.2020

Name	Office	Other offices
Carmen Pezzuto	Chairperson of the Board of Statutory Auditors	Chairperson of the Board of Statutory Auditors of: <ul style="list-style-type: none"> <li>• Safilo Group S.p.A.</li> </ul> Statutory Auditor of: <ul style="list-style-type: none"> <li>• Safilo S.p.A.</li> <li>• Safilo Industrial S.r.l.</li> <li>• Forno d'Asolo S.p.A.</li> <li>• Buona Compagnia Gourmet S.r.l.</li> <li>• Gradiente SGR S.p.A.</li> <li>• Pixartprinting S.p.A.</li> <li>• Isoclima S.p.A.</li> <li>• Compar S.p.A.</li> <li>• Aquafin Holding S.p.A.</li> <li>• SIPA S.p.A.</li> </ul> Sole Statutory Auditor of: <ul style="list-style-type: none"> <li>• Gate Eleven S.r.l.</li> </ul> Alternate Auditor of: <ul style="list-style-type: none"> <li>• Santa Margherita S.p.A.</li> <li>• S.M. Tenimenti Lamole e Vistarenni e San Disdagio S.r.l.</li> <li>• Zignago Holding S.p.A.</li> <li>• Exo Automotive S.p.A.</li> <li>• Aquaspace S.p.A.</li> <li>• M31 S.p.A.</li> <li>• Tessilquattro S.p.A.</li> <li>• Alessi Domenico S.p.A.</li> <li>• Ca' Maiol S.r.l. – Società Agricola</li> <li>• Lizzi S.r.l.</li> <li>• Fratelli Ceni S.p.A.</li> <li>• Cà del Bosco Hospitality S.r.l.</li> <li>• Cà del Bosco S.r.l. – Azienda Agricola</li> <li>• Vetri Speciali S.p.A.</li> <li>• Automatismi Benincà S.p.A.</li> </ul> Director of: <ul style="list-style-type: none"> <li>• The Order of the Accounting Profession of Padua</li> <li>• The Foundation of the Accounting Profession of Padua</li> </ul> Independent Auditor of: <ul style="list-style-type: none"> <li>• Lucy's Line S.r.l.</li> <li>• Tecnodent S.r.l.</li> </ul>
Patrizia Santonocito	Statutory Auditor	N/A

Name	Office	Other offices
Luca Bassan	Statutory Auditor	Chairperson of the Board of Statutory Auditors of: <ul style="list-style-type: none"> <li>• Calcio Padova S.p.A.</li> <li>• Pittarello Holding S.p.A.</li> <li>• Sacchi Giuseppe S.p.A.</li> <li>• H2C S.p.A.</li> </ul> Statutory Auditor of: <ul style="list-style-type: none"> <li>• Consorzio Ottico Italiano Soc. Coop.</li> <li>• Veneto Energie S.p.A.</li> <li>• Elettroveneta S.p.A.</li> <li>• Demo S.p.A.</li> <li>• Sonepar Italia Holding S.p.A. Soc. Unip.</li> <li>• Palfin di Paolo Benetollo &amp; C. Società in Accomandita per Azioni</li> </ul> Alternate Auditor of: <ul style="list-style-type: none"> <li>• O.C.S. Officine Costruzioni speciali S.p.A.</li> <li>• Ravagnan S.p.A.</li> <li>• Tubital S.r.l.</li> </ul> Chairperson of the Board of Directors and Executive Director of: <ul style="list-style-type: none"> <li>• Verifid S.r.l.</li> </ul>
Stefania Targa	Alternate Auditor	Chairperson of: <ul style="list-style-type: none"> <li>• Ceccato S.p.A. in liquidation</li> </ul> Sole Auditor of: <ul style="list-style-type: none"> <li>• G.M.P. Minuterie Metalliche S.r.l.</li> </ul>
Kristian Sartor	Alternate Auditor	Independent Auditor of: <ul style="list-style-type: none"> <li>• Matir S.r.l.</li> <li>• Alma S.r.l.</li> </ul>

## TABLES

**TABLE 1: OWNERSHIP STRUCTURE**

SHARE CAPITAL STRUCTURE				
	No. shares	% of share capital	Listed (with market indicated)/not listed	Rights and obligations
Ordinary shares (*) (**)	53,600,000	100%	MTA	-
Shares with multiple votes	-	-	-	-
Shares with limited voting	-	-	-	-
Shares without voting	-	-	-	-
Other	-	-	-	-
OTHER FINANCIAL INSTRUMENTS (attributed the right to subscribe to new share issues)				
	Listed (with market indicated)/not listed	No. of instruments outstanding	Class of shares for conversion/exercise	No. of shares for the conversion/exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

(\*) of which, 2,670,700 treasury shares held by Piovan S.p.A.; (\*\*) of which 19,286,905 shares with multi-voting rights (35.98% of share capital)

SIGNIFICANT SHAREHOLDINGS					
Shareholder	Direct shareholder	% of ordinary share capital (*)	% of voting share capital (**)	% of ordinary share capital (***)	% of voting share capital (****)
<i>Nicola Piovan</i>	<i>Pentafin S.p.A</i>	<i>57.915</i>	<i>62.466</i>	<i>60.952</i>	<i>64.841</i>
<i>Allianz SE</i>	<i>ALLIANZ IARD SA</i>	<i>7.799</i>	<i>5.735</i>	<i>8.207</i>	<i>5.953</i>
<i>7INDUSTRIES HOLDING BV</i>	<i>7INDUSTRIES HOLDING BV</i>	<i>9.282</i>	<i>13.412</i>	<i>9.769</i>	<i>13.922</i>
<i>(*) Total No. ordinary shares: 53,600,000, including Piovan S.p.A. treasury shares equal to 2,670,700</i>					
<i>(**) Share capital expressed as number of votes as per Article 120, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 ("CFA") including Piovan S.p.A. treasury shares.</i>					
<i>(***) Total No. ordinary shares: 50,929,300, excluding the Piovan S.p.A. treasury shares</i>					
<i>(****) Share capital expressed as number of votes as per Article 120, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 ("CFA") excluding Piovan S.p.A. treasury shares.</i>					

*Details on significant holdings were included on the basis of information published by the Company through the 120 Communications and on the basis of data in the Company's possession at the Reporting Date.*

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

Board of Directors													Control, Risk and Sustainability Committee		Nomination and Remuneration Committee		Related Party Transactions Committee	
Office	Components	Year of birth	Date of first appoint. *	In office from	In office until	Slate **	Exec.	Non Exec.	Ind. Code	Ind. CFA	No. other offices ***	% (*)	(*)	(**)	(*)	(**)	(*)	(**)
Executive Chairperson	Nicola Piovan	24/09/1963	****	29/06/2018	Approval of financial statements 31/12/2020	N/A	X				N/A	100	N/A	N/A	N/A	N/A	N/A	N/A
Chief Executive Officer	Filippo Zuppichin ◊	24/12/1968	29/06/2018	29/06/2018	Approval of financial statements 31/12/2020	N/A	X				1	100	N/A	N/A	N/A	N/A	N/A	N/A
Director	Marco Stevanato •	27/12/1972	14/09/2018	19/10/2018	Approval of financial statements 31/12/2020	N/A		X			4	100	N/A	N/A	N/A	N/A	N/A	N/A
Independent Director	Marco Maria Fumagalli ◊	22/09/1961	14/09/2018	19/10/2018	Approval of financial statements 31/12/2020	N/A		X	X	X	3	100	5/5	M	7/7	M	N/A	C
Independent Director	Lucia Giancaspro	16/03/1971	29/06/2018	29/06/2018	Approval of financial statements 31/12/2020	N/A		X	X	X	N/A	88	N/A	N/A	7/7	C	N/A	M
Independent Director	Mario Cesari	17/10/1967	14/05/2020	14/05/2020	Approval of financial statements 31/12/2020	N/A		X	X	X	7	100	3/3	M	N/A	N/A	N/A	M
Independent Director	Chiara Mio	19/11/1964	14/09/2018	19/10/2018	Approval of financial statements 31/12/2020	N/A		X	X	X	8	100	5/5	C	7/7	M	N/A	N/A
<b>DIRECTORS RESIGNING DURING THE YEAR OF REFERENCE:</b>																		
Independent Director	Marco Milani	24/01/1954	14/09/2018	19/10/2018	Approval of financial statements 31/12/2020	N/A		X	X	X	N/A	N/A	2/2	M	N/A	N/A	N/A	M
<b>Number of meetings held in the year of reference: 8</b>						<b>Control and Risk Committee: 5</b>				<b>Nomination and Remuneration Committee 7</b>				<b>Related Party Transactions Committee:0</b>				
<b>Quorum required for the presentation of slates by minority shareholders for the election of one or more members (as per Art. 147-ter CFA): N/A</b>																		

**NOTE:**

The following symbols must be indicated in the "Office" column:

- This symbol indicates the Director in charge of the internal control and risk management system.

◊ This symbol indicates the person responsible for the Issuer's operative management (Chief Executive Officer or CEO).

○ This symbol indicates the Lead Independent Director (LID).

\* The first appointment of each Director refers to the date on which the Director was appointed for the first time to the Board of the Issuer.

\*\* This column indicates the slate from which each Director originated ("M": majority slate; "m": minority slate; "BoD": slate presented by the BoD).

\*\*\* This column indicates the number of offices a Director or Statutory Auditor holds in other companies listed on regulated markets, including foreign markets, in holding, banking, insurance or large enterprises. The report on corporate governance indicates all offices held.

\*\*\*\* previously in office as the Sole Director of the Company.

(\*). This column indicates the percentage of attendance of the Director in relation to the number of BoD and Committee meetings (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

(\*\*). This column indicates the position of the Director on the Committee: "C": Chairperson; "M": member.

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

Board of Statutory Auditors									
Office	Members	Year of birth	Date first appointment *	In office from	In office until	Slate **	Ind. Code	Attendance in Board meetings ***	Other offices held ****
Chairperson	Carmen Pezzuto	22/11/1967	25/09/2018	25/09/2018	approval of financial statements as at 31/12/2020	N/A	x	9/9	31
Statutory Auditor	Luca Bassan	08/10/1962	14/09/2018	14/09/2018	approval of financial statements as at 31/12/2020	N/A	x	9/9	14
Statutory Auditor	Patrizia Santonocito	21/06/1963	14/09/2018	14/09/2018	approval of financial statements as at 31/12/2020	N/A	x	9/9	N/A
Alternate Auditor	Kristian Sartor	05/07/1974	18/07/2013	14/09/2018	approval of financial statements as at 31/12/2020	N/A	x	N/A	2
Alternate Auditor	Stefania Targa	23/09/1970	14/09/2018	14/09/2018	approval of financial statements as at 31/12/2020	N/A	x	N/A	2
-----STATUTORY AUDITORS RESIGNING DURING THE YEAR									
Number of meetings held in the year: 9									
Quorum required for the presentation of slates by minority shareholders for the election of one or more members (pursuant to Art. 148 CFA): N/A									

**NOTE**

\* The first appointment of each Statutory Auditor refers to the date on which the Statutory Auditor was appointed for the first time to the Board of Statutory Auditors of the Issuer.

\*\* This column indicates the slate from which each Statutory Auditor originated ("M": majority slate; "m": minority slate).

\*\*\* This column indicates the percentage of attendance of the Statutory Auditors in relation to the number of meetings of the Board of Statutory Auditors (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

\*\*\* This column indicates the number of offices of Director or Statutory Auditor in accordance with Article 148-bis of the CFA and the relative enacting provisions in the Consob Issuers' Regulations. The complete list of offices held is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulations.





Structure Report of Piovan S.p.A.

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