

**REPORT ON REMUNERATION OF BIESSE S.p.A.**

**Drawn up pursuant to Article 123-ter of Italian Legislative Decree No. 58 of 24 February 1998**

## SECTION I - REMUNERATION POLICY OF BIESSE S.P.A.

### 1.1 Introduction

On 11 November 2011, the Board of Directors of Biesse S.p.A. ("**Biesse**", the "**Issuer**" or the "**Company**") adopted a remuneration policy for the Issuer and its subsidiaries (collectively, the "**Group**") – hereinafter the "**Policy**" – drafted pursuant to Article 123-ter of Italian Legislative Decree No. 58 of 24 February 1998 ("**Consolidated Law on Finance**") and Article 6<sup>1</sup> of the Corporate Governance Code for listed companies ("**Corporate Governance Code**"), also taking account of the provisions of the Recommendations of the European Commission No. 2004/913/EC, 2005/162/EC and 2009/385/EC. The Policy complies with the update to the Corporate Governance Code of July 2015 and implements, as envisaged by the application criterion 6.C.1 (f) of the Code, the possibility to reclaim the variable components of remuneration in cases where these had been allocated on the basis of information subsequently proved to be manifestly incorrect. The current Policy also complies with the provisions introduced by Italian Legislative Decree No. 49/2019 and the related applicable legislation.

The principles contained in the Policy reflect and elaborate on those historically developed by Biesse to meet its needs to provide incentives to, and retain, directors and executives of the Group with responsibilities considered strategic ("**Strategic Executives**") and who in the Company's opinion have proven to be effective in time for the attainment of the objectives it has set. These principles are substantially based (i) on the significant weight of the variable component with respect to total remuneration (gauged to the roles covered by the recipients in the Company's decision-making process); (ii) on the payment of the variable part of the remuneration upon achieving the set measurable short-term objectives (one year through a Management By Objectives - **MBO** - programme adopted by the Group for several financial years now) and medium-to-long-term objectives (currently through the "*Long-Term Incentive Plan 2018 – 2020 of Biesse S.p.A.*" - **LTIP '18-'20** - approved by the Board of Directors on 14 May 2018); (iii) on the setting of non-economic performance objectives (linked specifically to the assessment of behaviours in terms of leadership) for figures with less decision-making power; (iv) on the deferral of payment of a substantial part of the variable component (as part of medium/long-term incentive plans) to after the financial year in which the requisite conditions are met; (v) as a rule, on the award of no allowance in addition to those provided for by law in the case of early termination of the corporate or employment relationship; (vi) on the provision of not paying variable remuneration to directors with delegated powers who are also, or relatives of, major shareholders; (vii) on the fixed remuneration of non-executive and independent managers.

The LTIP '18-'20, differs from the previous plan (i.e. *the Long-Term Incentive Plan 2015 – 2017 of Biesse S.p.A.*" - "**LTIP '15 -'17**"), as it provides mechanisms for the payment of cash bonuses according to the terms and conditions specified in the relevant LTIP '18 -'20, based on the objectives defined in the corporate planning process.

### 1.2 Subjects involved in the preparation and approval of the Policy

The Policy was originally approved by the Board of Directors of the Company on 11 November 2011 on the proposal of the Biesse Remuneration Committee ("**Remuneration Committee**") then in office. The latter examined and approved the content of the Policy at the meeting held on 28 October 2011, which was also attended by the Chairman of the Issuer's Board of Statutory Auditors, Mr Giovanni Ciurlo.

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<sup>1</sup> At the time, Article 7 of the Corporate Governance Code, in the version approved in March 2010.

The Policy was adapted to implement the cited application criterion 6.C.1 (f) of the Corporate Governance Code on 12/03/2015.

The Policy was further amended to implement the provisions of Italian Legislative Decree 49/2019 and the related legislation on 13 March 2020.

At the date of this Report, the Remuneration Committee consisted of Biesse's two independent directors: Federica Palazzi and Elisabetta Righini. The Remuneration Committee is tasked with submitting proposals for the remuneration of chief executive officers to the Board of Directors and monitoring the implementation of the decisions taken by the Board itself, as well as with periodically assessing the criteria adopted for the remuneration of key management personnel, ensuring their application and in general formulating recommendations to the Board.

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

In preparing the Policy, Biesse availed itself of the legal advice of the DLA Piper law firm and also took into consideration the remuneration policies of comparable companies. Specifically, due account was also taken of the information available to the public at the time of approval of the Policy relating to issuers belonging to "Industrial Products and Services" sector of the Electronic Stock Market (Mercato Telematico Azionario) managed and organised by Borsa Italiana S.p.A. (where possible, the STAR segment) with corporate ownership, product (machinery and mechanical components), size (in terms of revenue and number of employees) and organisation (high degree of internationalisation) characteristics comparable to those of Biesse.

### **1.3 Purpose and duration of the Policy and underlying principles**

The full text of the Policy as amended in 2020 can be found below. It includes an indication of the aims and basic principles of the Policy, as well as the guidelines concerning the fixed and variable components of remuneration, the short and medium/long-term variable components, the non-monetary benefits, the allowances in the event of termination of the corporate or employment relationship, and the remuneration of directors depending on their role within the Board. It should be noted that the Policy will have a duration of three years from the date of approval of the financial statements for the year ending 31 December 2019.

### **1.4 Any changes with respect to the policy last submitted to the Shareholders' Meeting of the Company**

The main changes that have occurred with respect to the policy last submitted to the Shareholders' Meeting are related to the changes introduced by Italian Legislative Decree 49/2019, which implemented in Italy Directive (EU) 2017/828 of 17 May 2017 (Shareholders Rights Directive), and to the related applicable legislation.

In particular, the following should be noted: (i) inclusion in the Policy also of the explanation of the criteria for determining the remuneration for the members of the Board of Statutory Auditors; (ii) inclusion, among the objectives for the determination of the variable component of remuneration, also of objectives linked to sustainability and corporate social responsibility, as possibly identified in the so-called sustainability report prepared pursuant to Italian Legislative Decree 254/2016; and (iii) inclusion of the need to obtain the favourable opinion of the Remuneration Committee and to apply the procedure set out in the regulations for related party transactions in the event that bonuses are paid to certain persons in exceptional circumstances, as well as in the event of departures from the criteria set out in the Policy in order to attract new talent.

## **"GENERAL REMUNERATION POLICY OF THE BIESSE GROUP"**

### **1. INTRODUCTION**

*This General Remuneration Policy of Biesse S.p.A. ("**Biesse**", or the "**Company**") and its subsidiaries (collectively the "**Group**") – hereinafter referred to as the "**Policy**" – was drafted pursuant to article 123-ter of Italian Legislative Decree No. 58/1998 ("**Consolidated Law on Finance**") and article 6 of the Corporate Governance Code for listed companies as amended in July 2018 ("**Corporate Governance Code**"), also taking account of the provisions of the Recommendations of the European Commission No. 2004/913/EC, 2005/162/EC and 2009/385/EC. The Policy was approved by the Board of Directors of the Company on 11 November 2011, amended and supplemented by the Board of Directors of the Company on 12 March 2015 and subsequently amended by the Board of Directors of the Company on 13 March 2020 to bring it into line with the new applicable laws and regulations. In all the above cases, the approvals were made at the proposal of the Biesse Remuneration Committee.<sup>2</sup>*

### **2. OBJECTIVES AND KEY PERSONS**

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

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

- (a) Biesse directors and, within the Board of Directors of the Company, executive<sup>3</sup>, non-executive<sup>4</sup> and independent<sup>5</sup> directors;*
- (b) Group key management personnel ("**Key Management**"), i.e., executives as identified by the Board of Directors of the Company who have the power or responsibility for planning and monitoring activities of the Group or the power to make decisions which may affect the trends and outlook thereof.<sup>6</sup>*

### **3. GUIDELINES**

#### **3.1 Principles**

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<sup>2</sup> It should be noted that at the time of the original drafting of the Policy the Corporate Governance Code in force at the time, i.e., the text approved in March 2010, was taken into consideration.

<sup>3</sup> This term is used to refer to the executive directors pursuant to Paragraph 2.C.1 of the Corporate Governance Code.

<sup>4</sup> This term is used to refer to directors other than executive directors.

<sup>5</sup> This term is used to refer to directors who meet the requirements referred to in article 147-ter of the TUF and Paragraph 3 of the Corporate Governance Code.

<sup>6</sup> Definition contained in Annex 1 to the Consob Regulation on related party transactions No. 17221 of 12 March 2010.

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

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

- (a) for executive directors vested with particular roles within the Board of Directors of Biesse<sup>7</sup>, the gross fixed component does not exceed 55% of total remuneration ("**Total Remuneration**") to which they are entitled. It is considered as the sum of the following remuneration items:
  - (i) gross annual fixed component of remuneration; and*
  - (ii) the variable component that this executive director would receive if s/he reached the maximum performance targets, possibly annualised in the case of medium/long-term variable components, and, in the case of variable components paid in shares or options, by determining the relative value in money based on the price corresponding to the average official price of Biesse shares in the month prior to the date of calculation;**
- (b) for other executive directors and Key Management, in the light of their lesser decision-making autonomy, it is considered appropriate to provide for a gross fixed component of no less than 60% and no more than 75% of Total Remuneration depending on the roles covered within the scope of the corporate organisation;*
- (c) the variable component of remuneration corresponds, as a whole and on an annualised basis, to a percentage of the gross fixed component gross ranging between a minimum of 30% and a maximum of 150%; it should be noted that the variable component also takes into account the criteria relating to corporate social responsibility, as possibly identified in the so-called sustainability report prepared pursuant to Italian Legislative Decree 254/2016;*
- (d) the quantitative objectives laid down for the variable component of remuneration are predetermined, measurable, challenging and achievable;*
- (e) for Key Persons with a lesser degree of decision-making autonomy, qualitative objectives are also set in order to be able to measure the behaviour of these persons within the organisation; specifically, these include criteria for assessing performance in terms of leadership;*
- (f) short-term objectives have been set in order to encourage the attainment of the results set out by annual planning, as well as medium/long-term objectives in order to facilitate the alignment of the interests of the Key Persons with those of shareholders, it being understood that - on an annualised basis - a portion of no less than 40% (for executive directors vested with particular roles) and 15% (for other executive directors and Key Management) of the variable component of remuneration should be paid depending on the achievement of the latter objectives;*
- (g) the medium/long-term objectives span a time horizon that coincides with that of the Group business plan and take into consideration the aggregates and/or average values of the results of the individual*

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<sup>7</sup>Directors who are vested solely with specific assignments are not included among the directors with particular roles.

*periods composing it, in order both to favour the overall achievement of the objectives provided for therein and to further encourage the achievement of the objectives planned for each intermediate period;*

- (h) a portion equal to at least 45% of the variable component receivable following the achievement of the medium/long-term objectives can be paid through the assignment of shares or options (also virtual) within the framework of share-based incentive plans, with an accrual or vesting period of at least three years;*
- (i) the payment of the portion of the variable component linked to the achievement of the medium/long-term objectives is deferred with respect to the moment in which requisite conditions for its payment are met, considering however that the principles for the determination of this portion herein provided for already involve the deferred payment of the variable component with respect to the periods in which it becomes due and the need to align the time of pay-out with the duration of the terms in office of the directors. It is possible to provide for mechanisms to pay in advance a part of the variable component linked to the achievement of the medium/long-term objectives (to be deducted from payments due at the expiry of the incentive plan), also in order to meet particular needs related to the expiry of the mandates of directors and/or to the recruitment of new resources;*
- (l) the variable part of the remuneration linked to the achievement of the medium/long-term objectives is to be paid only if at the date of payment the corporate or employment relationship of the Key Persons is still in force, except for specific exceptions in the case of consensual termination of said relationships;*
- (m) the remuneration of executive directors who have shareholdings in the capital of the Company equal to or greater than 5% or are close relatives<sup>8</sup> of shareholders with shareholdings exceeding this threshold does not provide for a variable or share-based component considering that in these circumstances there is no need to apply mechanisms to align the interests of these persons with those of the shareholders;*
- (n) contractual mechanisms must be provided to allow the Company to request, in whole or in part, the reclaim of the variable components of remuneration paid (or to retain deferred sums) determined on the basis of data, which proved to be manifestly misstated;*

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

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

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<sup>8</sup> Close relatives of an individual are those family members who may be expected to influence, or be influenced by, that individual. They may include: (a) a spouse not legally separated or unmarried partner; (b) children and dependants of the person, of the spouse who is not legally separated or of the unmarried partner (the definition contained in Annex 1 to the Consob Regulation on related party transactions No. 17221 of 12 March 2010, as amended).

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

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

**3.1.6** Absolutely discretionary bonuses cannot be awarded, subject however to the possibility of granting these figures one-time bonuses in exceptional cases in relation to specific extraordinary operations of particular strategic or operational relevance or in the event that Biesse or the Group reach economic or financial objectives that the Company deems to be particularly significant, subject to the favourable opinion of the Remuneration Committee and provided that the procedure envisaged by the related regulation on related party transactions has been completed.

## **3.2 Procedures**

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

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

The remuneration of directors will be determined as follows:

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

- (f) *The Board of Directors and the director it has delegated for the purpose will deal with the management of incentive programs and plans;*
- (g) *The proposals of the Remuneration Committee will be supported by adequate preliminary activities, involving, where possible, also the members of the Board of Statutory Auditors;*
- (h) *The Board of Directors and/or the Remuneration Committee may avail themselves of independent experts in matters of remuneration policies for the analysis to support the determination of the remuneration of the members of the Board of Directors.*

### **3.2.2 Determination of the remuneration of Key Management**

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



### **3.2.3 Supervisory role of the Remuneration Committee**

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

## **1.5 Variable component of remuneration**

The variable component of the remuneration of executive directors and Key Managers of the Company and Group is paid upon the achievement of predetermined financial results and/or individual targets, of a financial or other nature, as well as with regard to sustainability and social responsibility, related to the medium/long-term strategies that the company has set itself, through two incentive mechanisms, one of which is short-term (MBO) and the other medium/long-term (currently, the LTIP 2018-2020, whose variable component is paid exclusively in cash, referred to in the introduction, approved by the Board of Directors following a favourable opinion from the Remuneration Committee then in office). Since the LTIP 2018-2020 is an exclusively monetary and non-stock incentive plan, resolution by the shareholders' meeting was unnecessary with a Board of Directors resolution being sufficient. This is in line with Consob's interpretation of Art. 114-*bis* of the Consolidated Law on Finance, given through its communication of 4 May 2007, which - in relation to meeting resolution and information publication - states: "Plans that offer a sum of money in relation to company performance evidenced by management indicators such as EBITDA or Net profit are not included."

### **(a) MBO**

The MBO provides for the award of an annual bonus based on the achievement of quantitative targets (cash flow and EBITDA objectives) and qualitative objectives (assessment of the performance of the beneficiaries in terms of leadership), according to the parameters provided for by the relevant regulation.

Entitlement to the Bonus is governed by the following principles:

- access condition linked to achievement of the Group's annual economic/financial objectives, with a threshold value below which entitlement to the corresponding Bonus lapses;
- objectives diversified between Enterprise Excellence and Governance roles;
- for Enterprise Excellence functions, the objectives assigned must always ensure the profitability of the division to which the role belongs, according to the cascading principle;
- for Governance functions, the objectives assigned must ensure implementation of the strategic projects defined by the Board;
- settlement is determined on a proportional basis, possibly subject to minimum and maximum thresholds..

### **(b) Long-Term Incentive Plan (LTIP)**

The Board of Directors on 14 May 2018 approved a medium/long-term incentive plan for executive directors (who are not shareholders) and key managers called the "Long-Term Incentive Plan 2018-2020 of Biesse S.p.A.;" this plan includes distribution of cash to beneficiaries contingent on reaching financial and business objectives by the Company (cash flow and EBITDA objectives).

In the case of medium/long-term incentive plans with the assignment of shares (therefore different from the current LTIP '18 -'20 which provides for mechanisms for the payment of cash bonuses only) the information on the duration of the vesting period and on the conditions for payment of the shares are defined in the information document drawn up by the Company pursuant to article 114-*bis* of the Consolidated Law on

Finance and article 84-*bis* of the Regulation on Issuers and published on the Company's website and at Borsa Italiana S.p.A.

The terms and conditions of the MBO and LTIPs shall comply with the principles and guidelines provided for by the Policy.

The right to receive bonuses deriving from MBO and LTIP is subject to the fact that the employment relationship is in place on the date of payment and, where strictly related to the specific role held, to maintenance of that role on the same date. The lack of either of the two conditions will result in forfeiture of the right.

#### **1.6 Insurance covers other than mandatory coverage**

The members of the Board of Directors are the beneficiaries of insurance coverage for civil liability arising from the position held. Some of them have medical insurance with costs to be borne by the Company.

#### **1.7 Clauses for maintaining financial instruments in the portfolio**

The Policy does not include clauses for maintaining the assigned financial instruments in the portfolio, which, once definitively acquired by the beneficiaries can be freely disposed of without period restrictions.

#### **1.8 Allowances in the event of termination of the relationship**

There are no relationships providing for allowances or severance indemnities other than those provided for by law or national collective bargaining agreements, nor are there any non-competition commitments.

#### **1.9 Board of Statutory Auditors**

The remuneration of the Board of Statutory Auditors is determined by the Shareholders' Meeting of the Company on a fixed basis for the entire activity carried out.

The Company also envisages the reimbursement of documented expenses.

## SECTION II - REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND KEY MANAGEMENT

Information on the remuneration received by members of the Biesse Board of Directors and Key Managers during the financial year, as at 31 December 2019, is provided below. Furthermore, since the Issuer can be considered a "small company" pursuant to article 3(1)(f) of Consob Regulation No. 17221 of 12 March 2010 on transactions with related parties, as amended, the information on Key Managers is provided in aggregate form.

Please note that in 2019 the Company appointed six Key Managers to cover the role of General Manager, Industrial Director of the Wood Department, Director of the Glass Department, Director of the Mechatronics Department, Group Finance Director and Organization Director & HR Officer.

### PART 1 - REMUNERATION COMPONENTS FOR DIRECTORS AND KEY MANAGEMENT

#### 2.1 Composition of remuneration

The remuneration of Biesse's directors and Key Managers at 31 December 2019 is composed of the following items. Please note that not all individuals in the same category are eligible for all components.

The remuneration of Directors and Key Managers allows the achievement of objectives differentiated according to the items comprising the remuneration. The Fixed component is designed to reward the skills, experience and contribution required by the role. The Short Term Incentive (MBO) component encourages the achievement of annual economic-financial objectives set in the budget, as well as additional annual objectives of a non-financial nature. The Long Term Incentive Component (LTI) is designed to align, over the long term, management action with the interests of shareholders and achievement of the objectives of the Strategic Plan, as well as to ensure the stability of the Group's management structure.

Positions	Fixed	Variable		Benefits	Employment severance indemnity
		B <sup>1</sup>	M/L <sup>2</sup>		
Executive directors holding positions and shareholders with shareholdings over 5% <sup>3</sup>	√			√	
Executive directors holding positions	√	√	√	√	
Executive directors	√	√	√	√	
Non-executive directors	√	√	√	√	
Independent directors	√				
Key Management	√	√	√	√	

<sup>1</sup>Variable component linked to the achievement of short-term objectives

<sup>2</sup>Variable component linked to the achievement of medium/long-term objectives

<sup>3</sup> Including the relatives of shareholders who own more than 5% of the Company

In 2019, the objectives assigned to each Key Manager, in accordance with the principles set out in Point 1.5 (a), were on average achieved to the extent of 50%.

The individual components of remuneration are allocated to the various categories of Biesse directors and to Key Management in compliance with the provisions of the Policy.

For more information on the variable components of remuneration of Biesse directors and Key Management, reference is made to paragraph 1.5 above.

The benefits given to Biesse directors and Key Managers consist, depending on the cases, in the use of cars, homes and company telephones.

For more information on the remuneration components due to individual Biesse directors and Key Management, please refer to the detailed tables referred to in Part 2 of this Section.

## **2.2 Allowance in the case of early termination of the corporate or employment relationship**

No allowances are provided for Biesse directors and Key Management in the event of early termination of the corporate or employment relationship, except as provided for by law.

## **2.3 Exceptions to the Policy**

There were no exceptions to the criteria applied in the Remuneration Policy.

## **2.4 Correction mechanisms for the variable remuneration component**

No ex post correction mechanisms for the variable component were applied.

## **2.5 Comparison table for the last five years**

The annual Change in the remuneration of each of the persons for whom the information in this section of the Report is provided by name:

<i>Full name</i>	<i>2015 v 2014</i>	<i>2016 v 2015</i>	<i>2017 v 2016</i>	<i>2018 v 2017</i>	<i>2019 v 2018</i>
Giancarlo Selci	+92%	nv	nv	+22%	nv
Roberto Selci	+1%	nv	nv	+18%	nv
Alessandra Parpajola	+	nv	nv	+39%	+0.5%
Stefano Porcellini	-1%	+28%	nv	+36%	nv
Silvia Vanini					
Giovanni Chiura	nv	nv	nv	nv	nv
Federica Palazzi	nv	nv	nv	nv	nv
Elisabetta Righini	nv	nv	nv	nv	nv

Annual change in average remuneration, calculated on a full-time equivalent basis, of employees other than those whose remuneration is provided by name in this Section of the Report.

	<i>2015 v 2014</i>	<i>2016 v 2015</i>	<i>2017 v 2016</i>	<i>2018 v 2017</i>	<i>2019 v 2018</i>
Key Management	-15%	+4%	+0.5%	+24%	+9%

Annual change in the Company's results;

	<i>2014</i>	<i>2015 v 2014</i>	<i>2016 v 2015</i>	<i>2017 v 2016</i>	<i>2018 v 2017</i>	<i>2019 v 2018</i>
Revenue	427.1 M	+22%	+19%	+12%	+7%	-5%
EBITDA	39.6	+62%	+18%	+18%	+4%	-17%
EBIT	24.8	+76%	+26%	+15%	+0.5%	-54%
Net profit/loss	13.8	+53%	+40%	+45%	+2%	-70%

**PART II: DETAILS OF REMUNERATION RECEIVED BY MEMBERS OF BIESSE'S MANAGEMENT, ADMINISTRATIVE AND SUPERVISORY BODIES AND KEY MANAGERS IN 2019**

**Table 1: Details of remuneration received by members of the administrative and supervisory bodies, general managers and key managers (in euros)**

FULL NAME	OFFICE	PERIOD IN OFFICE IN THE YEAR 2018	EXPIRATION OF TERM OF OFFICE	FIXED REMUNERATION	REMUNERATION FOR COMMITTEE MEMBERSHIP	NON-EQUITY VARIABLE REMUNERATION		NON-MONETARY BENEFITS	OTHER REMUNERATION	TOTAL	FAIR VALUE OF EQUITY REMUNERATION	TERMINATION BENEFITS
						BONUSES AND OTHER INCENTIVES	PROFIT SHARING					
BIESSE DIRECTORS												
ROBERTO SELCI	Chief Executive Officer	from 01.01.2019 to 31.12.2019	Approval of the financial statements at 31/12/2020									
Remuneration for the company preparing the financial statements				830,000.00 <sup>1</sup>	N/A	N/A	N/A	13,361.73	N/A	843,361.73	N/A	N/A
Remuneration from subsidiaries and associates				20,706.85 <sup>2</sup>	N/A	N/A	N/A	-	N/A	20,706.85	N/A	N/A
Total				850,706.85				13,361.73		864,068.58		
GIANCARLO SELCI	Chairman	from 01.01.2019 to 31.12.2019	Approval of the financial statements at 31/12/2020									
Remuneration for the company preparing the financial statements				850,000.00 <sup>3</sup>	N/A	N/A	N/A	4,087.47	N/A	854,087.47	N/A	N/A
Remuneration from subsidiaries and associates				1,000.00 <sup>4</sup>	N/A	N/A	N/A	-	N/A	1,000.00	N/A	N/A
Total				851,000.00				4,087.47		855,087.47		
ALESSANDRA PARPAJOLA	Managing Director	from 01.01.2019 to 31.12.2019	Approval of the financial statements at 31/12/2020									
Remuneration for the company preparing the financial statements				330,000.00 <sup>5</sup>	N/A	N/A	N/A	12,195.69	N/A	342,195.69	N/A	N/A
Remuneration from subsidiaries and associates				21,416.51 <sup>6</sup>	N/A	N/A	N/A		N/A	21,416.51	N/A	N/A
Total				351,416.51				12,195.69		363,612.20		
STEFANO PORCELLINI	Director and General Manager	from 01.01.2019 to 31.12.2019	Approval of the financial statements at 31/12/2020									
Remuneration for the company preparing the financial statements				532,830.50 <sup>7</sup>	N/A	119,412.23 <sup>9</sup>	N/A	4,893.60	2,380.00 <sup>10</sup>	659,516.33	See Tables 2 and 3	N/A
Remuneration from subsidiaries and associates				3,413.70 <sup>8</sup>	N/A	N/A	N/A	-	-	3,413.70	N/A	N/A
Total				536,244.20		119,412.23		4,893.60	2,380.00	662,930.03		
SILVIA VANINI	Director <sup>19</sup> and Chief <sup>20</sup> Organization & HR Officer	from 01.05.2019 to 31.12.2019	Approval of the financial statements at 31/12/2020									
Remuneration for the company preparing the financial statements				117,918.75 <sup>11</sup>	N/A	N/A	N/A	3,808.46	N/A	121,727.27	See Tables 2 and 3	N/A
Remuneration from subsidiaries and associates				-	N/A	N/A	N/A	N/A	N/A	-	N/A	N/A
Total				117,918.75	N/A	N/A	N/A	3,808.46	N/A	121,727.27		
ELISABETTA RIGHINI	Ind. Director	from 01/01/2018 to 31/12/2018	Approval of the financial statements at 31/12/2020									
Remuneration for the company preparing the financial statements				20,000.00 <sup>12</sup>	4,000.00 <sup>14</sup>	N/A	N/A	N/A	N/A	24,000.00	N/A	N/A
Remuneration from subsidiaries and associates				-	-	N/A	N/A	N/A	N/A	-	N/A	N/A
Total				20,000.00	4,000.00					24,000.00		

FEDERICA PALAZZI	Ind. Director	from 01.01.2019 to 31.12.2019	Approval of the financial statements at 31/12/2020										
				Remuneration for the company preparing the financial statements	20,000.00 <sup>13</sup>	4,000.00 <sup>14</sup>	N/A	N/A	N/A	N/A	24,000.00	N/A	N/A
				Remuneration from subsidiaries and associates	-	-	N/A	N/A	N/A	N/A	-	N/A	N/A
				Total	20,000.00	4,000.00					24,000.00		

<b>GIOVANNI CHIURA</b>	Ind. Director	from 24/04/2018 to 31/12/2018	Approval of the financial statements at 31/12/2020									
<b>Remuneration for the company preparing the financial statements</b>				20,000.00 <sup>15</sup>	N/A	N/A	N/A	N/A	N/A	20,000.00	N/A	N/A
<b>Remuneration from subsidiaries and associates</b>				-	-	N/A	N/A	N/A	N/A	-	N/A	N/A
<b>Total</b>				20,000.00	N/A					20,000.00		

<b>STATUTORY AUDITORS</b>												
<b>PAOLO DE MITRI</b>	Chairman	since 01.01.2019 to 31.12.2019	Approval of the financial statements at 31/12/2020									
<b>Remuneration for the company preparing the financial statements</b>				71,405.78 <sup>16</sup>	N/A	N/A	N/A	N/A	N/A	71,405.78	N/A	N/A
<b>Remuneration from subsidiaries and associates</b>				-	N/A	N/A	N/A	N/A	N/A	-	N/A	N/A
<b>Total</b>				71,405.78						71,405.78		

<b>SILVIA CECCHINI</b>	Standing Auditor	from 01.01.2019 to 31.12.2019	Approval of the financial statements at 31/12/2020									
<b>Remuneration for the company preparing the financial statements</b>				44,000.00	N/A	N/A	N/A	N/A	N/A	44,000.00	N/A	N/A
<b>Remuneration from subsidiaries and associates</b>				-	N/A	N/A	N/A	N/A	N/A	-	N/A	N/A
<b>Total</b>				44,000.00						44,000.00		

<b>CLAUDIO SANCHIONI</b>	Standing Auditor	from 01.01.2019 to 31.12.2019	Approval of the financial statements at 31/12/2020									
<b>Remuneration for the company preparing the financial statements</b>				18,805.48	N/A	N/A	N/A	N/A	N/A	18,805.48	N/A	N/A
<b>Remuneration from subsidiaries and associates</b>				-	N/A	N/A	N/A	N/A	N/A	-	N/A	N/A
<b>Total</b>				18,805.48						18,805.48		

<b>DARIO DE ROSA</b>	Alternate Auditor	from 01.01.2019 to 31.12.2019	Approval of the financial statements at 31/12/2020									
<b>Remuneration for the company preparing the financial statements</b>				25,194.52	N/A	N/A	N/A	N/A	N/A	25,194.52	N/A	N/A
<b>Remuneration from subsidiaries and associates</b>				-	N/A	N/A	N/A	N/A	N/A	-	N/A	N/A
<b>Total</b>				25,194.52						25,194.52		

<b>KEY MANAGEMENT PERSONNEL</b>												
<b>KEY MANAGERS (IN AGGREGATE)</b>												
<b>Remuneration for the company preparing the financial statements</b>				364,818.18 <sup>17</sup>	N/A	89,742.67 <sup>9</sup>	N/A	12,968.47	1,615.00 <sup>10</sup>	469,144.32	See Tables 2 and 3	N/A
<b>Remuneration from subsidiaries and associates</b>				210,393.51 <sup>18</sup>	N/A	24,088.12 <sup>9</sup>	N/A	3,275.54	-	237,757.17	N/A	N/A
<b>Total</b>				575,211.69		113,830.79		16,244.01	1,615.00	706,901.49		

(1) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received for holding a particular office (chairman, CEO, etc.): €830,000.00; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €0;

(2) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €706.85; (b) remuneration received for holding a particular office (chairman, CEO, etc.): €20,000.00; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €0;

(3) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received for holding a particular office (chairman, CEO, etc.): €850,000.00; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €0;

(4) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received for holding a particular office (chairman, CEO, etc.): €1,000.00; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €0;

(5) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received for holding a particular office (chairman, CEO, etc.): €330,000.00; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €0;

(6) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received for holding a particular office (chairman, CEO, etc.): €21,416.51; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €0;

(7) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received for holding a particular office (chairman, CEO, etc.): €80,000.00; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €452,830.50;

(8) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received for holding a particular office (chairman, CEO, etc.): €3,413.70; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €0;

(9) Bonus deriving from MBO (see column "2019 Bonus (€) – Payable/Paid" – Table 3B);

(10) Fixed travel allowance provided for by the collective bargaining agreement and non-continuous in nature;

(11) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €13,424.66; (b) remuneration received as an independent director: €0; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €104,494.09;

(12) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received as an independent director: €20,000.00; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €0;

(13) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received as an independent director: €20,000.00; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €0;

(14) Member of the Internal Audit Committee and Remuneration Committee. The remuneration is paid for participation in all committees of which the director is a member.

(15) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received as an independent director: €20,000.00; (c) attendance fees: €0; (d) reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €0;

(16) Includes reimbursements for documented expenses

(17) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €0; (b) remuneration received as an independent director: €0; (c) attendance fees: €0; (d) reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions: €364,818.18;

(18) of which: (a) emoluments approved by the Shareholders' Meeting, even if not paid: €580.82; (b) remuneration received for holding a particular office (chairman, CEO, etc.): €48,758.91; (c) attendance fees: €0; (d) flat-rate reimbursement of expenses: €0; (e) gross basic salary before tax and social security contributions, in total: € 161,053.78;

(19) Period in office as from 01.05.2019

(20) Role held as from 01.04.2019



**Table 3A: Incentive plans based on financial instruments, other than stock options, for members of the administrative body, general managers and other key managers**

Name and Surname	Office	Plan	Financial instruments allocated in previous years not vested during the year		Financial instruments allocated during the year					Financial instruments vested during the year and not allocated	Financial instruments vested during the year and allocated		Financial instruments for the year
			Number and type of financial instruments	Vesting period	Number and type of financial instrument	Fair value at the date of allocation	Vesting period	Allocation date	Market price at allocation	Number and type of financial instruments	Number and Type of financial instruments	Value at maturity date	Fair value
STEFANO PORCELLINI	DIRECTOR AND GENERAL MANAGER												
Remuneration in the Company that prepares the financial statements			N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A
Remuneration from subsidiaries and associates			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total			N/A	N/A	N/A					N/A	N/A	N/A	N/A
SILVIA VANINI	DIRECTOR <sup>1</sup> AND CHIEF <sup>2</sup> & ORGANIZATION & HR OFFICER												
Remuneration in the Company that prepares the financial statements			N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A
Remuneration from subsidiaries and associates			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total			N/A	N/A	N/A					N/A	N/A	N/A	N/A
KEY MANAGEMENT (aggregate data)													
Remuneration in the Company that prepares the financial statements			N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A
Remuneration from subsidiaries and associates			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total			N/A	N/A	N/A					N/A	N/A	N/A	N/A

(1) Period in office as from 01.05.2019  
(2) Role held as from 01.04.2019

**Table 3B: Monetary Incentive Plan for members of the administrative body, general managers and other key managers**

BENEFICIARIES		PLAN	BONUS FOR 2019 (€)			BONUS FOR PREVIOUS YEARS (€)			OTHER BONUSES (€)
FULL NAME	OFFICE		PAYABLE/PAID	DEFERRED	DEFERRAL PERIOD	NO LONGER PAYABLE	PAYABLE/PAID	STILL DEFERRED	
STEFANO PORCELLINI	DIRECTOR AND GENERAL MANAGER								
		<i>Long-Term Incentive Plan 2018-2020 of Biesse<sup>1</sup></i>	N/A	266,839.25 <sup>3</sup>	N/A <sup>4</sup>	N/A	N/A	N/A	N/A
		<i>MBO<sup>2</sup></i>	119,412.23 <sup>5</sup>	62,517.97	April 2020	N/A	N/A	N/A	N/A
<i>Remuneration from subsidiaries and associates</i>			N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Total</i>			119,412.23	386,251.48		N/A	N/A	N/A	N/A

VANINI SILVIA	DIRECTOR <sup>7</sup> AND CHIEF ORGANIZATION & HR OFFICER <sup>8</sup>								
		<i>Long-Term Incentive Plan 2018-2020 of Biesse<sup>1</sup></i>	N/A	80,000.00 <sup>3</sup>	N/A <sup>4</sup>	N/A	N/A	N/A	N/A
		<i>MBO<sup>2</sup></i>	N/A <sup>5</sup>	42,458.68	April 2020	N/A	N/A	N/A	N/A
<i>Remuneration from subsidiaries and associates</i>			N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Total</i>			N/A	122,458.68		N/A	N/A	N/A	N/A

KEY MANAGEMENT (AGGREGATE DATA)									
		<i>Long-Term Incentive Plan 2018-2020 of Biesse<sup>1</sup></i>	N/A	157,062.56 <sup>4</sup>	N/A <sup>5</sup>	N/A	N/A	N/A	N/A
		<i>Long Term Incentive Plan 2019-2020 of HSD<sup>2</sup></i>	N/A	100,614.01 <sup>4</sup>	N/A <sup>3</sup>	N/A	N/A	N/A	N/A
		<i>MBO<sup>2</sup></i>	89,742.67 <sup>6</sup>	61,578.01	April 2020	N/A	N/A	N/A	N/A
<i>Remuneration from subsidiaries and associates</i>		<i>MBO<sup>3</sup></i>	24,088.12 <sup>6</sup>	24,712.84	April 2020	N/A	N/A	N/A	N/A
<i>Total</i>			113,830.79	343,967.42		N/A	N/A	N/A	N/A

(1) The "Long-Term Incentive Plan 2018-2020 of Biesse S.p.A." is the current medium/long-term incentive plan and provides for a cash bonus payment upon achievement of the economic-financial and performance targets identified in the Plan itself. For more information on the "Long-Term Incentive Plan 2018 – 2020 of Biesse S.p.A.", please refer to the relevant Regulations available on the website [www.biessegroupp.com](http://www.biessegroupp.com), in the Investor Relations section

(2) The "Long Term Incentive Plan 2019 - 2020 of HSD S.p.A." is currently the medium-long term incentive plan specific to our Mechatronics Division and envisages, upon achievement of the economic-financial and performance objectives identified in the Plan itself, payment of a cash bonus and is governed by specific Regulations with identical characteristics to those of the "Long Term Incentive Plan 2018 – 2020 of Biesse S.p.A.".

(3) The MBO is the Biesse Group's short-term incentive plan.

(4) Basic bonus amount given to recipient. The actual bonus payment is subject to the achievement of certain economic-financial and performance objectives in the period of validity of the "Long-Term Incentive Plan 2018-2020 of Biesse S.p.A." and of the Long-Term Incentive Plan 2019 – 2020 of HSD S.p.A.".

The actual amount of the bonus paid can be between 85% and 125% of the base amount, depending on the achievement percentage of the objectives.

(5) It is not possible to determine the deferral period at the date of this Remuneration Report, since the maturity date of the bonus entitlement can vary. Under the "Long Term Incentive Plan 2018-2020 of Biesse S.p.A." and the "Long Term Incentive Plan 2019 – 2020 of HSD S.p.A.", the bonus entitlement matures according to a mechanism whereby, within 20 days of approval of the 2020 consolidated financial statements, the beneficiaries receive the payout proposal where the relevant conditions exist. Each beneficiary must accept the proposal within 10 days, after which time it expires. The date on which Biesse receives the acceptance of the payout proposal is the date on which the entitlement matures. In any event, the entitlement matures at the end of the three financial years 2018–2020, subject to the achievement of the targets envisaged in the plan for that three-year period. The bonus is actually paid at the same time as the payment of remuneration, two months after the approval of the consolidated financial statements as at 31 December 2020.

(6) MBO for the year 2018 paid in 2019.

(7) Period in office as from 01.05.2019

(8) Role held as from 01.04.2019

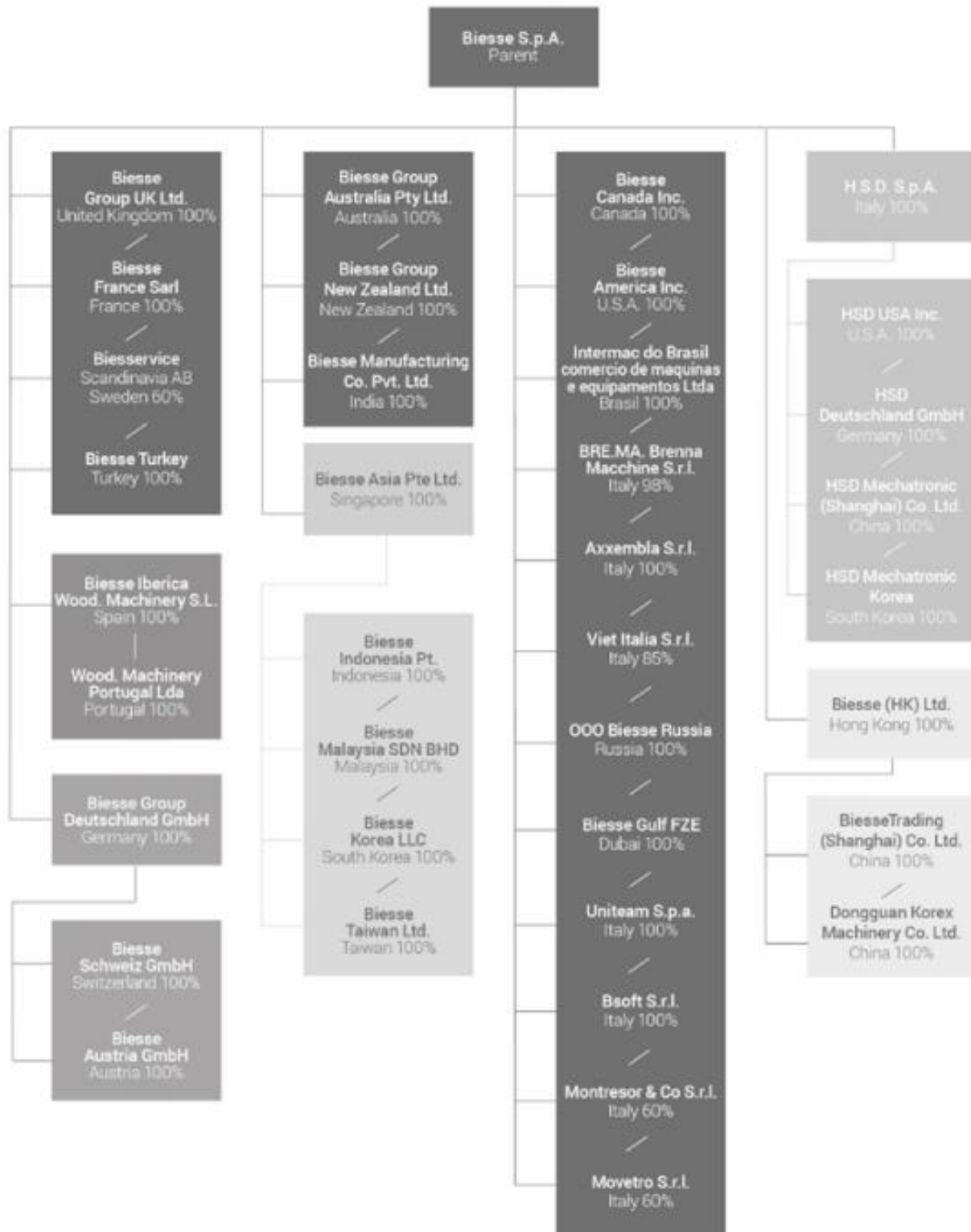
**INFORMATION ON SHAREHOLDINGS IN THE COMPANY AND SUBSIDIARIES OF MEMBERS OF THE ADMINISTRATIVE AND SUPERVISORY BODIES, GENERAL MANAGERS, OTHER KEY MANAGEMENT PERSONNEL AND THEIR CLOSE RELATIVES**

Shareholdings in the Company and subsidiaries of members of the administrative and supervisory bodies, general managers and their close relatives at 31/12/2019:

Surname	Name	Office	Subsidiary	Number of shares held at the end of financial year 2018	Number of shares purchased	Number of shares sold	Number of shares held at the end of financial year 2019
Selci	Roberto	Chairman of the Board of Directors	BIESSE S.p.A.	0	/	/	0
Selci (through Bi.Fin srl)	Giancarlo	Chief Executive Officer	BIESSE S.p.A.	13,970,500	/	/	13,970,500
Parpajola	Alessandra	Member of the Board of Directors	BIESSE S.p.A.	0	/	/	0
Porcellini	Stefano	Member of the Board of Directors	BIESSE S.p.A.	1000	3530(1)	3530	0
Vanini	Silvia	Member of the Board of Directors		/	/	/	0
Righini	Elisabetta	Independent Member of the Board of Directors	BIESSE S.p.A.	0	/	/	0
Palazzi	Federica	Independent Member of the Board of Directors	BIESSE S.p.A.	0	/	/	0
Chiura	Giovanni	Independent Member of the Board of Directors	BIESSE S.p.A.	0	/	/	0

(1) Shares allocated by the company under the Long-Term Incentive Plan 2015-2017

In addition, Mr Giancarlo Selci, who controls Biesse S.p.A. through Bi.fin Srl, also controls the companies as per the organisational chart below at 31/12/2019:



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

Number of Key Managers	Subsidiary	Number of shares held at the end of financial year 2018	Number of shares purchased	Number of shares sold	Number of shares held at the end of financial year 2019
1(1)	BIESSE S.p.A.	1000	/	/	1000

(1) The manager in question severed his/her employment relationship with Biesse S.p.A. in April 2019