

**Corporate Governance and
Ownership Structure Report**
pursuant to Art. 123-bis of the Consolidated Law on Finance

(2021 Financial Year)



Traditional administration and control model

Issuer: **BIESSE S.p.A.**
website: www.biessegroup.com

Financial year to which the Report refers: 1 January 2021 – 31 December 2021
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GLOSSARY

Biesse or the Issuer or the Company: Biesse S.p.A., with its registered office at 16 Via della Meccanica, Pesaro

Code/CG Code: the Corporate Governance Code for Listed Companies approved in January 2020 by the Corporate Governance Committee

Civ.code/ c.c.: the Italian Civil Code

CG Committee/Corporate Governance Committee: the Italian Committee for Corporate Governance of Listed Companies, promoted, in addition to Borsa Italiana S.p.A., by ABI, Ania, Assogestioni, Assonime and Confindustria

Board: the Issuer's Board of Directors

Financial year: the financial year to which the Report refers

Group or Biesse Group: collectively, the Issuer and its subsidiaries as per Art. 93 of the Consolidated Law on Finance

Long-Term Incentive 2021-2023: the “Long-Term Incentive 2021-2023 of Biesse S.p.A.” submitted for the screening of the Remuneration Committee on 6 May 2021 and approved by the Board of Directors on 12 May 2021 and available on the company's website

Remuneration Report: the Remuneration Report drafted pursuant to Art. 123-ter of the Consolidated Law on Finance and available at the Company's registered office and on the website www.biessegroup.com Investor Relations Section https://www.biessegroup.com/it/andamento_annuale_di_biesse/corporate_governance

Consob Issuers' Regulations: the Regulations promulgated by Consob with Resolution No. 11971 of 1999 (and subsequent amendments thereto) on issuers' matters

Consob Market Regulations: the Regulation issued by Consob with Resolution No. 20249 of 2017 on markets

Consob Related Party Regulations: the Regulations promulgated by Consob with Resolution No. 17221 of 12 March 2010 (and subsequent amendments thereto) on related party transactions

Report: this report on corporate governance and corporate structures, which companies are required to draw up and publish pursuant to Art. 123-*bis* of the Consolidated Law on Finance

Consolidated Law on Finance or Consolidated Law on Finance: Italian Legislative Decree No. 58 of 24 February 1998, as amended

1. ISSUER PROFILE

a) Operations

Biesse S.p.A. is an issuer with shares listed on the Euronext STAR Milan segment - managed by Borsa Italiana S.p.A.

It is the parent company of the Biesse Group, which operates in the market of machinery and systems for processing wood, glass/stone and advanced materials.

The Group offers modular solutions that range from the design of turnkey systems for large furniture manufacturers to individual automatic machines and workstations for small- and medium-sized companies, to the design and sale of individual hi-tech components.

A multinational company with factories in Italy and India, today the Biesse Group markets its products through a network of subsidiaries and 39 branches located in what are considered to be strategic markets. The branch offices ensure specialised after-sales service to customers, while also carrying out market research aimed at developing new products.

The Biesse Group's mission is to provide technological solutions for the processing of wood, glass, marble and advanced materials with every-day uses, for companies associated with the furniture industry; as a global partner, provide reliable, cutting-edge solutions in addition to a specialist after-sales service that is quick, efficient and effective.

All the activities carried out by the Group are carried out with an awareness of its moral and social responsibility towards all its stakeholders (employees, shareholders, customers, suppliers, communities, commercial and financial partners, institutions, trade associations, union representatives, etc.), in the belief that the achievement of the Group's objectives (the first of which is to give added value to shareholders, customers and the community in which it operates) must be accompanied, not only by respect for specific company values, but also by compliance with current regulations and the general duties of honesty, integrity, fair competition, fairness and good faith.

Ethics and business integrity are at the heart of the Group's daily operations and its medium- and long-term sustainability strategy. The adoption of the Code of Conduct and the Anti-Corruption Code, among many other policies, codes and regulations, reflects the Group's commitment to absolute fairness and maximum transparency in the conduct of business activities and stakeholder relations.

The Issuer also actively pursues the sustainability of its business activities, in accordance with the CG Code, to which the Board of Directors of Biesse resolved to adhere in January 2021.

Since 2019, the Group has had a Sustainability Policy, with the aim of making explicit the key principles on which its approach to sustainability is based.

For the Group, Sustainability is not only a factor of competitiveness and differentiation with respect to other players in the sector, but is an essential principle for contributing in a healthy and constructive way to the creation of value for shareholders and investors, to the generation of decent work opportunities for all employees, as well as to the promotion of the well-being of the local areas and ecosystems of which it is an integral part.

The Policy has been drafted on the basis of the 2030 Agenda for Sustainable Development, containing the Sustainable Development Goals (SDGs), the Paris Agreement (COP21 - Conference of the Parties to the UNFCCC), the ten Principles issued by the UN Global Compact and in consideration of EU (European Directive No. 95/2014) and national (Italian Legislative Decree 254/2016) legislation on non-financial reporting, as well as the principles, values and rules contained in the Group's Code of Conduct and other company regulations and policies aimed at ensuring business ethics and integrity.

The pursuit of Sustainability is entrusted first and foremost to the Board of Directors, which is responsible for providing regular and transparent communication to Stakeholders, in line with the requirements of national legislation on non-financial reporting (Italian Legislative Decree 254/2016).

With this in mind, the Board of Directors is responsible for guiding the Issuer, with the aim of gradually integrating sustainability objectives into the business plan, the internal control and risk management system and the remuneration policies, as better specified in Sections 4.1, 8 and 9 of the Report respectively.

In support, the Biesse Control and Risk Committee has the task of overseeing Sustainability issues related to the company's operations and its interaction with all Stakeholders. It also advises and supports the Board of Directors on these matters.

Finally, Biesse Group employees and collaborators are required to apply the principles, rules and values contained in the Group Code of Conduct and other company regulations and policies aimed at guaranteeing business ethics and integrity.

The Group's approach to sustainability is based on an analysis of the 17 Sustainable Development Goals (SDGs), the key principles of the 2030 Agenda for Sustainable Development, and EU and national legislation on non-financial reporting, in accordance with which the Group has identified the following macro-areas of reference on which to base its approach to sustainability, as part of an ethical and sustainable business management strategy: **Financial** Sustainability, **Social** Sustainability and **Environmental** Sustainability. In particular, the sustainability path undertaken by the Group is aimed at progressively achieving a strategic understanding of sustainability in these macro-areas, in order to identify useful actions to expand and extend the positive externalities of its operations, implementing innovative solutions to control and mitigate the negative ones.

Financial Sustainability: For the Group, financial sustainability is synonymous with the creation and distribution of added value for its shareholders and all other stakeholders in its value chain, including business partners, end customers and local communities. To ensure that these ambitious objectives are achieved, the Group aims to continuously improve the reliability, safety and innovation of the products and services it offers, through the careful selection of its suppliers, constant investment in research and development and the adoption of commercial choices aimed at expansion into cutting-edge sectors and strategic markets, both in Italy and abroad;

Social Sustainability: The Group believes that people are the cornerstone of its success and that all business activities should be inspired by their protection and the development of their well-being, in full respect of cultural diversity. In particular, it is essential to strive for sound health and safety conditions for its employees in the workplace. This must be a priority in the management of each activity, from the conception and design of the machines to their installation and the provision of after-sales services, and must involve employees, suppliers, vendors and end customers. Aware of its strong link with the community, the Group is committed to social and cultural initiatives aimed at contributing to the development of the local areas in which it operates;

Environmental Sustainability: the Group firmly believes that taking the environment into account in all business activities is essential to contribute to the creation of a harmonious coexistence between people, technology and nature, and that a commitment to sustainable development is an important variable in the company's management strategy. The Group's environmental management system is based on the principles of energy saving, reduction of the impact of production systems on the environment and compliance with relevant legislation.

To report the results of this activity, the Issuer prepares and publishes, on a voluntary basis, a non-financial statement pursuant to Italian Legislative Decree No. 254/2016, which can be found on the website www.biessegroup.com - Sustainability section, in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative, according to the "In accordance - Core" option and in line with the corporate procedure for drafting the NFS.

b) Corporate Governance System

Biesse shareholders exercise their rights through shareholders' meetings. Decisions taken at shareholders' meetings in compliance with law and the Articles of Association are binding on all shareholders, including those that dissent or abstain from voting. Ordinary and extraordinary shareholders' meetings and shareholder decisions are valid where the quorum, voting majorities and other statutory requirements set out in existing laws are satisfied.

The Company has adopted a traditional governance and control model, consisting of a Board of Directors, a Board of Statutory Auditors, and an independent auditor.

The Board of Directors is vested with all powers of ordinary and extraordinary administration. As such, it plays a central role in the Company's corporate governance. The Board has set up a Committee for the remuneration of Directors and an Audit and Risk Committee and a Related Parties Committee.

The Board of Statutory Auditors oversees compliance with the law and the Articles of Association and is responsible for monitoring the management of the Company.

As required by law, an independent auditor appointed by the shareholders and registered with Consob is responsible for the auditing of accounts.

Further on in this Report, a detailed description is provided of the role, responsibilities, composition and operation of each of the aforementioned governance bodies.

(c) SMEs, large companies and companies with concentrated ownership

The issuer falls within the parameters identified by Art. 1, paragraph 1, letter w-quater.1) of the Consolidated Law on Finance and by Art. 2-ter of the Consob Issuers' Regulation, as amended by Art. 44-bis of the Decree Law of 16 July 2020, No. 76 and subsequent Consob resolution No. 21625 of 11 December 2020, containing the implementing provisions of the definition of SMEs applicable to listed companies. On 21 December 2018 the Company submitted to Consob the information relating to its qualification as an SME, specifying the value of its capitalisation and turnover, as prescribed by resolution No. 20621 of 10 October 2018. During the Year, the Company did not make any new notifications, having maintained the qualification of SME, in compliance with the new parameters introduced following the regulatory update reported above, which abrogated the reference to the turnover parameter previously indicated in Art. 2-ter, paragraph 1, lett. b, RE).

tax identification number	company name	year end date if different from 31/12	first financial year	average capitalisation 2020*	average capitalisation 2021*
113220412	Biesse S.p.A.	/	2014	364,637.00	719,178.00

* To be completed only for the years/financial years corresponding with and subsequent to the starting date

As the Company's capitalisation did not exceed 1 billion euros on the last trading day of each of the previous three calendar years, the Issuer does not qualify as a "large company" within the meaning of the CG Code.

Instead, the Issuer falls within the definition of a "concentrated ownership company" under the CG Code, i.e. a company in which one or more shareholders hold, directly or indirectly (through subsidiaries, trustees or intermediaries), the majority of the votes exercisable at an ordinary shareholders' meeting. For more information, please refer to Section 2 of this Report. The Issuer has availed itself of certain specific simplification options recognised by the CG Code in compliance with the principle of proportionality

introduced by the same, with particular reference to the frequency of the self-assessment of the board and the formulation of guidelines on the quantitative and qualitative composition considered optimal for the administrative body in view of its renewal, as specified in Section 7.1 below of this Report.

2. INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to Art. 123-bis paragraph 1 of the Consolidated Law on Finance) at 14/03/2022

a) Share capital structure (pursuant to Art. 123-bis(1)(a) of the Consolidated Law on Finance)

The share capital, totalling €27,402,593 is fully paid up and divided into the same number of registered, ordinary shares with a par value of €1 each.

SHARE CAPITAL STRUCTURE					
No. of shares	% of share capital	voting rights	% of total voting rights	Listing	Rights and obligations
27,402,593	51%	Total Ordinary shares of which 13,970,500 with increase in voting rights	67.53%	Euronext Star Milan	As per law and the Articles of Association

During 2018, the Issuer proposed the introduction of shares with increased voting rights in order to achieve, on the one hand, the stabilisation of control and, on the other, a shareholding that is more active in the management of investments and less attentive to speculative logics and short termism.

The proposal, submitted to the Shareholders' Meeting held on 24 April 2018, was accepted with a vote in favour and led to the modification of Art. 6 of the Articles of Association, with the introduction of the ad hoc regulation of shares with increased voting rights, an extract of which is available on the Issuer's website www.biessegroupp.com, in the section Investor Relations/Increased voting right. As a consequence, the Issuer has also fulfilled the obligation of maintaining a register of shares with increased voting rights, in which the shareholders who request it will be registered. The setting up of the register was ratified by a resolution of the Board of Directors on 14 May 2018 and its management was assigned to a third-party company by way of outsourcing.

As of the date of this report, only the shareholder Bi.Fin. Srl had applied to be entered on the list to be eligible for the increased vote rights, for its entire shareholding (amounting to 13,970,500 shares). The corresponding entry in the list took place on 18 May 2018. After 24 months of registration, i.e. 18 May 2020, the shareholder BI.FIN S.r.l. gained the increase in the voting rights due to the shares registered in the list, subject to notification by the depositary intermediary.

At the date of the Report, the Issuer has issued only ordinary shares and no shares carrying voting or other rights other than ordinary shares have been issued. Without prejudice to the above, it should be noted that pursuant to Art. 6 of the Articles of Association, the so-called increased voting rights referred to in Art. 127-quinquies of the Consolidated Law on Finance are provided for. For more information, see paragraph c).

The Company has not approved capital increases to service share-based incentive plans. The new long-term incentive plan called "Long-Term Incentive 2021-2023 of Biesse S.p.A." was approved by the Remuneration

Committee on 6 May 2021, subject to review by the Related Parties Committee. This plan provides for the payment of cash awards to the beneficiaries subject to the achievement of the Company's economic and financial objectives, therefore, not providing for the allocation of shares, pursuant to Art. 114-*bis* of the Consolidated Law on Finance, a resolution of the Shareholders' Meeting in this regard was not necessary, since a resolution of the Issuer's administrative body was deemed sufficient (12 May 2021).

b) Restrictions on the transfer of securities (pursuant to Art. 123-bis(1)(b) of the Consolidated Law on Finance)

There are no restrictions of any kind on the transfer of Company securities.

c) Significant shareholdings in the capital (pursuant to Art. 123-bis, paragraph 1, letter c) of the Consolidated Law on Finance)

At the date of this Report, shareholders holding more than 5% of the subscribed share capital in the form of voting stock, as confirmed by the share register and disclosures received in accordance with Art. 120 of the Consolidated Law on Finance and other available information, are listed in the table below:

Declarant	Direct shareholder	% of ordinary share capital	% of voting share capital
Selci Giancarlo	Bi.Fin S.r.l.	51%	67.53%

d) Securities conferring special rights (pursuant to Art. 123-bis(1)(d) of the Consolidated Law on Finance)

The Issuer has not issued instruments that confer special rights.

e) Employee share ownership: mechanism for exercising voting rights (pursuant to Art. 123-bis(1)(e) of the Consolidated Law on Finance)

The Issuer has not adopted any system of employee participation in its share capital or share-based incentive plans.

f) Restrictions on voting rights (pursuant to Art. 123-bis, paragraph 1, letter f) of the Consolidated Law on Finance)

There are no restrictions on the voting rights attaching to ordinary shares. The Issuer has issued ordinary shares only. During 2018, shares were introduced having increased voting rights (cf. paragraph d) above).

g) Shareholders' agreements (pursuant to Art. 123-bis(1)(g) of the Consolidated Law on Finance)

To the Company's knowledge, no shareholder agreements have been made pursuant to Art. 122 of the Consolidated Law on Finance.

h) Change of control clauses (pursuant to Art. 123-bis(1)(h) of the Consolidated Law on Finance) and provisions of the Articles of Association on takeover bids (pursuant to Art. 104(1-ter) and 104-bis(1))

During 2018, the Issuer signed an agreement with BNL Group BNP Paribas for a medium-long-term bilateral loan up to a maximum of €50 million, usable both for the ordinary and extraordinary activities (growth by external lines) of the Issuer.

The aforementioned agreement provides, as a result of the change of control clause contained therein, for the right of withdrawal on the part of the credit institution if Giancarlo Selci ceases to hold, directly or indirectly, 51% of the shares with the right to vote in the ordinary and/or extraordinary shareholders' meeting or, equally, in the event that Giancarlo Selci ceases to control Biesse.

With regard to Takeover Bids, the Articles of Association of the Company do not provide for waivers of the provisions of Art. 104, paragraphs 1 and 1-*bis* of the Consolidated Law on Finance or application of the neutralisation rules provided for by Art. 104-*bis*, paragraphs 2 and 3 of the Consolidated Law on Finance.

i) Powers to increase share capital and authorisations to purchase treasury shares (pursuant to Art. 123-bis, paragraph 1, letter m) of the Consolidated Law on Finance)

No authorisation has been given to the Board of Directors to increase the share capital in accordance with Art. 2443 of the Civil Code, or to issue equity instruments.

l) Management and coordination activities (pursuant to Art. 2497 et seq. of the Italian Civil Code)

The Issuer is controlled by Bi.Fin S.r.l., which in turn is not controlled, as defined by Art. 93 of Italian Legislative Decree No 58/1998, by any legal entity. The Issuer is managed and coordinated by its controlling shareholder Bi.Fin S.r.l.

As required by Art. 2497-*bis* of the Civil Code, all the Italian subsidiaries controlled directly by the Issuer have disclosed that they are managed and coordinated by the Issuer.



Finally, it should be noted that:

- the information required by Art. 123-bis, paragraph 1, letter i) of the Consolidated Law on Financial Intermediation concerning "agreements between the company and the directors [...] providing for indemnities in the event of resignation or dismissal without just cause or if their employment ceases following a takeover bid" is contained in the section of the Report dedicated to Remuneration (Section 8.1);

- the information required by Art. 123-bis, paragraph 1, letter l), part 1 of the Consolidated Law on Financial Intermediation, concerning "the rules applicable to the appointment and replacement of directors [...] if different from the laws and regulations applicable in addition" is illustrated in the section of the Report dedicated to the Board of Directors (Section 14.2);

- the information required by Art. 123-bis, paragraph 1, letter l), part 1, of the Consolidated Law on Finance, concerning "the rules applicable [...] to the amendment of the articles of association if different from the laws and regulations applicable in the alternative" is illustrated in the section of the Report dedicated to the Shareholders' Meeting (Section 13).

3. *COMPLIANCE (pursuant to Art. 123-bis, paragraph 2, letter a), first part, of the Consolidated Law on Finance)*

In accordance with Art. 123-bis, paragraph 2, letter a), first part, of the Consolidated Law on Finance) the Issuer has adhered to the CG Code in force since 1 January 2021, applying its contents, as specified below, during the same Financial Year. The Code can be accessed by the public on the website of the Corporate Governance Committee at [https:// https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf](https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf). This Report indicates whether the Company has decided not to implement specific recommendations contained in the Code, highlighting the reasons for the failure to comply with it and providing information on the process that led to the decision to deviate from it and any alternative course of conduct adopted.

In compliance with Art. 123-*ter* of the Consolidated Law on Finance and Art. 5 of the Corporate Governance Code, also taking into consideration what is stated in the Recommendations of the European Commission No

2004/913/EC, 2005/162/EC and 2009/385/EC, the Company has adopted a general Remuneration Policy (which will be referred to in point 8 below).

With a view to protecting its values and to compliance in general, the Company has also decided to adopt an Antitrust Code (which will be referred to in point 5 below).

The Issuer's corporate governance system complies with the principles identified by the Code. Together, these principles form the cornerstone of the Company's corporate governance policy, namely:

- the clear definition of roles and responsibilities, and thresholds for determining the materiality of corporate transactions;
- boosting the confidence of and protection afforded to stakeholders;
- maximising value for shareholders and other stakeholders;
- improving transparency in financial reporting to the market;
- improving transparency and the propriety of transactions performed by related parties and relevant persons and of intra group transactions;
- improving internal control systems.

The Issuer's key corporate governance documents are:

- The Articles of Association;
- The Shareholders' Meeting Regulations;
- Internal regulations for the management of inside information and the establishment of the register of persons who have access to it, revised during the financial year and thereby approved by the Board of Directors on 9 September 2020;
- Procedure on Internal Dealing, approved by the Board of Directors at its meeting on 3 August 2016 in light of the new legislation introduced by Regulation (EU) No. 596/2014 of 16 April 2014 and its implementing regulations ("**Market Abuse Regulation**") and subsequently updated on 9 September 2020;
- The Organisational Model, inclusive of the Code of Conduct, pursuant to Italian Legislative Decree No. 231 of 8 June 2001;
- ICFR Model (Internal Control over Financial Reporting) Law No. 262 of 28 December 2005;
- Procedure to regulate Related party transactions according to the provisions of the Consob Resolution No. 17221 of 12 March 2010 as amended;
- General remuneration policy;
- Antitrust Code;
- Code of conduct;
- Anti-Corruption Code of Conduct;
- Sustainability Policy;
- Group Treasury Policy, approved on 9 September 2020;
- Rules of the Board of Directors, approved on 15 March 2021;
- Policy for managing dialogue with shareholders and other stakeholders.

In order to promote the market's broader knowledge of the governance model adopted by the Issuer, the documents indicated above (with the exception of the ICFR model and the Treasury Policy) are available online (in Italian and English) on the website www.biessegroup.com, Investor Relations/Corporate Governance section.

The Issuer and its strategic subsidiaries are not subject to non-Italian laws that may in any way influence the Issuer's corporate governance structure.

This Report has also been prepared taking into account the indications in the format prepared by Borsa Italiana for the Corporate Governance Report (9th Edition January 2022).

4. BOARD OF DIRECTORS

4.1 ROLE OF THE BOARD OF DIRECTORS

In order to pursue its strategies, the Company has adopted a traditional governance and control model that includes a Board of Directors, a Board of Statutory Auditors and an external auditor.

Therefore, the Board of Directors is the central body of the Company's Corporate Governance system and is responsible for defining, applying and updating the rules of corporate governance, in compliance with the regulations in force, as well as determining the strategic management guidelines and top management of the Company and Group (understood as Biesse and the companies under its control, in accordance with the definition provided by Art. 93 of the Consolidated Law on Finance).

The actions and decisions of the directors are shaped by the primary objective of creating value for shareholders, in consideration of the directives and policies of the Group and the benefits connected with belonging to the Group.

The Board of Directors is vested with all powers of ordinary and extraordinary administration. It has the power to make all the decisions deemed necessary or conducive to the pursuit of the Company's business purpose, with the exclusion of decisions reserved to shareholders by law.

With a resolution of 28 April 2021, the Board of Directors in office was assigned a strategic and organisational role, in addition to responsibility for verifying the existence of the checks that are needed for monitoring the conduct of the Company and the Group as a whole.

The following are reserved for the Board in office:

- examination and approval of the Issuer's and the Group's business plan;
- periodically monitoring the implementation of the business plan, as well as assessing the general management performance, periodically comparing the results achieved with those planned;
- defining the nature and level of risk compatible with the Issuer's strategic objectives, including in its assessments all factors that may be relevant to the sustainable success of the Issuer;
- defining the Issuer's corporate governance system and the Group's structure;
- assessing the adequacy of the organisational, administrative and accounting structure of the Issuer and its strategically important subsidiaries, with particular reference to the internal control and risk management system (see Section 9 below for detailed information);
- resolving on transactions by the Issuer and its subsidiaries that have significant strategic, economic, capital or financial importance for the Issuer, establishing the general criteria for identifying significant transactions;

- adopting, on the proposal of the Chairman, in agreement with the Managing Directors, a procedure for the internal management and external communication of documents and information concerning the Issuer, with particular reference to inside information (see Section 5 below).

In particular, in compliance with the provisions of the approved operating regulations and in line with the provisions of the CG Code, during the course of the Financial Year, the Board of Directors:

a) on 30 July 2021, examined and approved the Company's and the Group's business plan, also on the basis of the analysis of the issues relevant to the generation of long-term value carried out with the possible support of a committee (if appointed) whose composition and functions are determined by the Board of Directors;

b) after adoption, it periodically monitored the implementation of the business plan and assessed the general performance at least quarterly - specifically at the meetings of 15 March, 12 May, 30 July and 29 October 2021 - and periodically compared the results achieved with those planned;

c) on 30 July 2021, defined the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all elements that may be relevant to the Company's sustainable success;

d) defined the Company's corporate governance system and the Group's structure and on 29 October 2021, assessed the adequacy of the organisational, administrative and accounting structure of the Company and its strategically important subsidiaries, with particular reference to the internal control and risk management system;

e) decided on transactions of the Company and its subsidiaries that have significant strategic, economic, capital or financial importance for the Company. In this regard, it should be noted that on 20 January the Board resolved to approve the transaction for the sale of the shares in Dongguan Korex Machinery Co. LTD; on 2 April, resolved to merge the companies Viet Italia Srl and BSoft Srl into Biesse S.p.A. by approving the merger project; on 12 May, resolved to approve the LTIP 2021-2023 Long-Term Incentive Plan; on 28 September, approved the acquisition of 100% of the company Forvet S.p.A. Costruzioni Macchine Speciali; on the same occasion it also resolved on the merger by approval of the merger project by incorporation of the companies Bre.Ma. Brenna Macchine and Uniteam S.p.A. into Biesse.

f) in order to ensure the correct management of corporate information, it has adopted, most recently on 9 September 2020 in compliance with current legislation, on the proposal of the Chairman in agreement with the Chief Executive Officer, a procedure for the internal management and external communication of documents and information concerning the Company, with particular reference to price sensitive information;

g) on the proposal of the Chairman, formulated in agreement with the Chief Executive Officer, on 29 October 2021, adopted a policy for the management of dialogue with the generality of shareholders, also taking into account the engagement policies adopted by institutional investors and asset managers;

h) on 28 April, defined the allocation of management powers and identified who among the executive directors holds the position of chief executive officer;

i) assessed the independence of each non-executive director immediately after appointment as well as during the term of office upon the occurrence of circumstances relevant to independence and in any event at least on an annual basis and predefined, at least at the beginning of his term of office, the quantitative and qualitative criteria for assessing the significance of the independence criteria identified by the CG Code, as subsequently detailed in paragraph 4.7.

l) during 2020, the Company undertook a reorganisation project called "One Company", within the scope of which a corporate function dedicated to the development and coordination of the Company's sustainability policies was explicitly set up, with a special structure coordinated by a CSR Manager as from the third quarter of 2021.

The 2021-2023 strategic plan adopted by the Board on 30 July 2021 includes a specific programme for the development of sustainability (currently reported through the relevant financial statements) with a view to its explicit inclusion in the next three-year plan and in the remuneration linked to it.

With regard to the prior approval by the Board of Directors of related-party transactions and/or transactions affecting the interests of one or more directors or third-party interests they may represent, see section 10 below.

The Shareholders' Meeting has not authorised in advance waivers to the prohibition of competition pursuant to Art. 2390 of the Italian Civil Code.

During the year, the Board:

- did not deem it appropriate to draw up reasoned proposals to be submitted to the Shareholders' Meeting for the definition of a corporate governance system more suited to the company's needs (see Section 13 of the Report below);
- on 29 October, approved the policy for managing dialogue with shareholders in general (see Section 12 of the Report below).

4.2 APPOINTMENT AND REPLACEMENT (pursuant to Art. 123-bis, paragraph 1, letter I), first part, of the Consolidated Law on Finance)

Directors are appointed through a transparent procedure, designed to guarantee that timely and suitable background information on candidates is provided. As required by Art. 16 of the Articles of Association, nominations for the office of Director include exhaustive information on the personal and professional characteristics of the candidates, along with an indication of whether they satisfy independence criteria.

Directors are appointed through the "voting list" mechanism: the Company introduced the obligation to file the lists at the company headquarters no later than the 25th day prior to the date set for the Shareholders' Meeting and to make these available to the market, with the methods set forth by law and by Consob in its Regulation, at least 21 days prior to the Shareholders' Meeting.

The Articles of Association lay down that Shareholders have the right to present these lists only if, on their own or together with other Shareholders, they represent at least 2.5% (two point five percent) of the share capital or if they hold a different minimum number of shares as established by Consob in its Regulations (it should be noted in this regard that, pursuant to Consob Executive Resolution No. 60 of 28 January 2022, the minimum percentage established by Consob for the 2022 financial year is 2.5%).

No Shareholder may submit or participate in submitting more than one list, by proxy or by fiduciary company. Every vote holder may vote on only one list.

Members of the Board of Directors are elected through the following procedure:

- a) all the directors to be elected, minus one, are selected from the candidate list which obtains the highest number of shareholder votes, based on the sequential order in which they appear in the list;
- b) the first name on the candidate list which obtains the second-highest number of shareholder votes is selected as the remaining director to be elected.

The first candidate on the candidate list obtaining the highest number of shareholder votes is appointed Chairman of the Board of Directors.

Where only one candidate list is filed or voted for, all the candidates on the list are appointed to the Board.

In the absence of a list, the Board of Directors is appointed by a Shareholders' Meeting with the majorities laid down by Italian law.

The election of the Board of Directors takes place in compliance with the regulations applicable to the election of the minimum number of independent directors required by Art. 147-ter, paragraph 4, of the Consolidated Law on Finance, and the Articles of Association do not provide for additional independence requirements for directors with respect to those required by the Consolidated Law on Finance.

The Articles of Association provide that in order to ensure gender balance within the Board, the less represented gender must have a number of members equal to that established by the applicable laws and regulations. Therefore, the lists must contain a number of candidates belonging to the less represented gender equal to that required by the aforementioned legislation.

For information on the role of the Board of Directors and Board committees in the processes of self-assessment, nomination and succession of directors, please refer to Section 7 of the Report.

4.3 COMPOSITION (pursuant to Art. 123-bis, paragraph 2, letters d) and d-bis), Consolidated Law on Finance)

Under Art. 16 of the Articles of Association, the number of members of the Board of Directors may vary between a minimum of two and a maximum of fifteen directors, who may be either shareholders or non-shareholders, as determined by the Shareholders' Meeting.

It should be noted that with the approval of the financial statements for the year ending 31 December 2020, the term of office of the current Board of Directors expired, therefore on 28 April 2021 the Shareholders' Meeting renewed the administrative body of the Company.

The Board of Directors in office as at 31 December 2021 consists of seven members, whose term of office expires upon approval of the financial statements as at 31 December 2023. Three of the seven Board members belong to the least represented gender.

The seven members were appointed by resolution of the Shareholders' Meeting of 28 April 2021 on the basis of (i) the list submitted by the majority shareholder B.I.FIN. S.r.l., which was voted by shareholders representing 28,085,494 shares equal to 81.150649% of the voting rights represented at the meeting, and (ii) the minority list jointly submitted by Shareholders in no way related to the majority Shareholder: "Amundi Asset Management SGR S.p.A. fund manager of Amundi Risparmio Italia; Anima Capital SGR S.p.A., fund manager of: Anima Crescita Italia, Anima Iniziativa Italia; Arca Fondi SGR S.p.A. fund manager of Arca Economia Reale Equity Italia; Bancoposta Fondi S.p.A. SGR fund manager of Bancoposta Rinascimento; Eurizon Capital SGR S.p.A., fund manager of: Eurizon Pir Italia 30, Eurizon Progetto Italia 20, Eurizon Progetto Italia 70, Eurizon Azioni Pmi Italia, Eurizon Progetto Italia 40, Eurizon Pir Italia Azioni; Fideuram Asset Management Ireland fund manager of Fonditalia Equity Italy; Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. fund manager of: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50, Piano Bilanciato Italia 30; Interfund Sicav - Interfund Equity Italy; Mediolanum Gestione Fondi SGR S.p.A. fund manager of: Mediolanum Flessibile Futuro Italia, Mediolanum Flessibile Sviluppo Italia, which was voted by shareholders representing 6,268,587 shares, equal to 18.112550% of the voting rights represented at the Shareholders' Meeting.

The Board of Directors in office at the date of this Report is made up of executive and non-executive directors, all of whom have the professionalism and skills appropriate to the tasks entrusted to them. The number and expertise of the non-executive directors are such as to ensure that they have significant weight in the adoption of board resolutions and to guarantee effective monitoring of management. The majority of non-executive directors are independent.

The Board of Directors had three executive directors as at 31 December 2021:

Giancarlo Selci, Chairman of the Board of Directors;

Roberto Selci, CEO;

Massimo Potenza, Co-Chief Executive Officer;

There are four independent non-executive directors as per the Consolidated Law on Finance and the CG Code:

Alessandra Baronciani, Director;

Ferruccio Borsani, Independent Director (drawn from the minority list);

Federica Ricceri, Independent Director;
Rossella Schiavini, Independent Director.

It should also be noted that during the financial year five directors ceased to hold office when the Issuer's administrative body was reconstituted, they being the following:

- Alessandra Parpajola, Executive Director;
- Stefano Porcellini, Director;
- Giovanni Chiura, Independent Director;
- Federica Palazzi, Independent Director;
- Elisabetta Righini, Independent Director.

Term served by Directors since their initial appointment		
Directors	Date of initial appointment	Total number of years in office
Giancarlo Selci	1994	27
Roberto Selci	2000	21
Massimo Potenza	2020	1
Ferruccio Borsani	2021	/
Alessandra Baronciani	2021	/
Federica Ricceri	2021	/
Rossella Schiavini	2021	/

The Shareholders' Meeting determined the remuneration of the directors during the Board meeting of 28 April 2021. For further information, please refer to the Remuneration Report.

Brief information is reported below on the personal and professional backgrounds of the individual members of the Board of Directors.

Giancarlo Selci, born in Pesaro on 02/01/1936, is the Company's founder. Awarded the honours of Ufficiale e Cavaliere del Lavoro, he has always been actively involved in all Biesse operations. It has been under his guidance that the Group has grown steadily in size to reach international proportions, becoming a leading multinational in the sector.

As at 31/12/2021, Cavaliere del Lavoro Selci does not hold any Issuer shares.

Roberto Selci, born in Pesaro on 18/04/1960, joined the Biesse Group in 1988. Initially holding various Sales/Marketing roles in the Company's Asian and US branches, he eventually went on to promote the internationalisation of the Biesse Group in subsequent years. Roberto Selci is the son of Giancarlo Selci, the Company's founder.

As at 31/12/2021, Mr Selci does not hold any Issuer shares.

Massimo Potenza, born in Bari on 23 April 1960, graduated in Business Administration from the University of Bari and subsequently obtained a Master's in the Tertiary Sector (Rome).

After taking on increasing responsibilities in finance and control, he became General Manager of the Bakery Products Division and subsequently CEO and member of the Board of the Barilla Group until 2011.

In the following years, he held the roles of Board Member and Senior Strategic Advisor in leading consulting companies for the Fashion & Luxury, Food, Pharma and Mechanical sectors.

He joined Biesse in October 2020 and is Co-Chief Executive Officer and General Manager.

As of 31/12/2021, Mr Potenza owns 2,050 shares of the Issuer, which he already held before taking office as Co-CEO.

Ferruccio Borsani, born in Locate Varesino on 30 April 1958, has a degree in Mechanical Engineering from Milan Polytechnic and a specialisation in Executive Management from the Luigi Bocconi University. He has extensive experience in top management positions in multinational telecoms services companies and served as General Manager of Vodafone Italia from 1996 to 2014. Subsequently, he worked as a senior manager consultant at innovative start-ups.

He is an Independent Director of De' Longhi S.p.A.

As at 31/12/2021, Mr Borsani does not hold any Issuer shares.

Alessandra Baronciani, born in Pesaro on 26 January 1962, she has a degree in Economics and Commerce from the University of Ancona.

She began her career in the family company (Scatolificio M.B.N. Srl), and later joined Isopak Adriatica S.p.A. as a member of the Board of Directors and Financial Administrative Manager. She holds the position of President of Confindustria Marche Nord.

As at 31/12/2021, Ms Baronciani does not own any Issuer shares.

Federica Ricceri, born in Padua, on 18 October 1972, she has a degree in Business Economics from the Luigi Bocconi University. She subsequently obtained a PhD in Business Economics from Ca' Foscari University.

She is currently Associate Professor at IULM University in Milan and Visiting Professor at Maquarie University and Sydney University. She has published articles and researches on economic and financial communication, corporate sustainability (ESG, CSR), intangible resources, planning, control and performance measurement systems.

As at 31/12/2021, Ms Ricceri does not hold any Issuer shares.

Rossella Schiavini, born in Gallarate on 8 May 1966, she graduated in Political Science from the LUISS University in Rome and obtained a Master of Science from the London School of Economics and Political Science in 1991. She has many years of professional experience in the Italian and international banking-financial sector in the Wholesale and Corporate & Investment banking area. She is currently a member of the Board of Directors and of the Control and Risk Committee at Marr S.p.A., as well as a member of the Board of Directors, Appointments and Remuneration Committee and Chairman of the Control and Risk Committee at IGD S.p.A..

As at 31/12/2021, Ms Schiavini does not own any Issuer shares.

For all the members of the Board of Directors, the Company has examined the requisites of honourableness and professionalism required by current legislation, which was confirmed at the meeting of 28 April 2021. More specifically, the members of the Board of Directors meet the integrity requirements under Art. 147(4) of the Consolidated Law on Finance and the Regulation adopted by Decree No. 162 of the Ministry of Justice of 30 March 2000.

On the same occasion, the existence of the independence requirement of the relevant Directors was also verified, submitting to the Board a presentation concerning the verifications referred to in Art. 147-ter,

paragraph 4 of the Consolidated Law on Finance, and Art. 2 of the CG Code in relation to the documentation submitted by Ms Schiavini, Mr Borsani and Prof. Ricceri.

Unless otherwise stated in the personal information relating to the Directors, none of the members of the Board of Directors has any personal ties as referred to in Book I, Title V of the Civil Code with other members of the Board of Directors, nor between them and the members of the Board of Statutory Auditors of the Issuer or executives and other persons in a strategic role.

Diversity criteria and policies in Board composition and corporate organisation

The Board of Directors did not consider it appropriate to adopt diversity policies with regards to matters such as age and educational and professional background, considering this assessment to be primarily the responsibility of the Shareholders in designating directorships and, subsequently, of each director in accepting the appointment. In terms of gender diversity, the Issuer applies the provisions of articles 147-ter and 148 of the Consolidated Law on Financial Intermediation (based on the regulations prior to the amendment by Law No. 160 of 27 December 2019) pursuant to which the lesser represented gender must obtain at least two-fifths of the elected directors and standing members of the Board of Statutory Auditors.

In particular, three of the seven members of the Board of Directors in office as of 31 December 2021 belong to the least represented gender.

In addition, the Company's Code of Conduct clarifies Biesse's commitment to guaranteeing a working environment free from direct or indirect discrimination based on trade union affiliation, political views, religious views, race, language, gender or other reasons and to offering equal opportunities under equal conditions. At all stages of the employment relationship, the Group is constantly focussed on respecting diversity and equal opportunities and preventing any kind of discrimination.

Maximum number of offices held in other companies

With reference to the maximum number of offices held on the boards of directors and boards of statutory auditors in other listed companies or companies of significant size that may be considered compatible with the effective performance of the role of director, the Issuer, in the Regulation on the functioning of the Board of Directors adopted at the meeting of 15 March 2021 (available on the website www.biessegroup.com in the Investor Relations section), has recalled the limits provided for by law and regulations, specifying also that the acceptance of the office entails a prior assessment referred firstly to the Shareholders at the time of the appointment and then to the Board of Directors at the time of the appointment.

However, if the Board deems it to be appropriate based on the information received from the directors (and in light of the body's self-assessment process), it may carry out a check on it using primarily the following evaluation criteria: (i) the role of Director in the Company (executive, non-executive, independent, member of one or more committees); (ii) the nature and size of the organisation in which the positions are held and the role of the Director in these organisations (with regard to, among other things, the organisation's corporate purpose, the governance structure, the number of meetings the director must attend as a result of his role, the responsibilities assigned to the directors, and any other mandates; (iii) whether these organisations are related to the Issuer's group.

4.4 OPERATION OF THE BOARD OF DIRECTORS (pursuant to Art. 123-bis, paragraph 2, letter d), Consolidated Law on Finance)

The Issuer adopts a Regulation on the functioning of the Board of Directors, approved at the meeting held on 15 March 2021 and subsequently updated on 29 October 2021, which governs its organisation and functioning in compliance with the applicable laws, regulations and Articles of Association, also taking into account the provisions of the CG Code.

In accordance with this regulation, the Board of Directors normally meets quarterly, convened by the Chairman or their deputy, on the basis of a calendar defined by the end of each financial year or, in any event, by January of each year, as well as whenever the need arises.

The Board of Directors must also be convened when requested in writing by at least two-thirds of the members to resolve or to be informed on a specific management matter, considered by them to be of particular importance or urgency, to be indicated in the request.

Meetings are called by notice to be sent by any suitable means at least five days before the date set for the meeting, except in cases of urgency for which the time limit is reduced to one day.

A majority of the Directors in office must be present for the meetings of the Board of Directors to be valid.

Meetings of the Board of Directors may be attended remotely by means of suitable telecommunications systems, provided that all participants can be identified and that such identification is recorded in the relevant minutes and that they are able to follow the discussion and intervene in real time in the discussion of the items on the agenda, exchanging documentation where appropriate; the meeting shall be deemed to have been held at the place where the person chairing it and the secretary are located, who shall ensure, as in all other cases, that the relevant minutes are drawn up and signed, acknowledging the physical presence or remote participation of the participants.

If the Chairman deems it appropriate, including at the request of one or more Directors, he/she may agree with the Chief Executive Officer that the Company's executives and those of Group's companies, responsible for the relevant corporate functions according to the subject matter, as well as external consultants, may participate in the Board meetings to provide the appropriate in-depth analyses of agenda items. These persons are present at Board meetings only for the discussion of items falling within their remit and are in any event bound by the confidentiality obligations laid down for Board meetings.

Following the meeting, a draft of the minutes is sent through a document sharing system that ensures the confidentiality of the information to all Directors and Statutory Auditors for comments. The final text of the minutes is then drafted by the Secretary of the Board of Directors and submitted to the Chairman for approval and then transcribed in the appropriate company book.

Supporting documentation for Board meetings is brought to the attention of each Director and Statutory Auditor by means of a document sharing encrypted digital system capable of ensuring the confidentiality of the information on the same date as the meeting is called, where possible, and in any event no later than three days prior to the date set for the meeting, except in cases of urgency when the documentation will be made available as soon as possible. If the documentation to be made available is voluminous or complex, it may be accompanied by a document summarising the most significant and relevant points for the purposes of the decisions on the agenda, it being understood that this document cannot be considered in any way a substitute for the complete documentation sent to the Directors.

The supporting documentation shall be prepared by the competent corporate function, on the basis of information/resolution sheets gathering the main assessment factors necessary for each member of the Board to acquire the due knowledge for the purposes of the relevant resolution, and then sent by the Company Secretariat. Company personnel preparing documentation for Board meetings are bound by the same rules of confidentiality as Board members.

The information provided may be supplemented to ensure that Directors can make informed decisions and, where the documentation is voluminous or particularly complex, may be accompanied by a summary document.

The Issuer also adopts regulations for the functioning of the board committees, which are described in the relevant Sections of the Report.

All the above documentation is available on the www.biessegroupp.com website in the Investor Relations section.

In addition to the provisions of the Articles of Association, the Board, by resolution of 28 April 2021, reserved its powers in respect of the following matters:

- a. Start-up of new businesses.
- b. Opening or closing factories, branches, remote facilities, sales offices and the like.
- c. Acquiring or disposing of shareholdings, branches or companies and the like.
- d. Stipulation of agreements with third parties of strategic importance (alliances, associations, joint ventures, long-term cooperation, etc.).
- e. Purchase or sale of real estate (land and buildings) and associated rights; establishment of guarantees on immovable property such as, by way of example only, the granting of mortgages, privileges and guarantees.
- f. Issuing of sureties in the interest of third parties and for reasons other than those of commercial management and granting of privileges on movable assets, issuing guarantees and granting loans; this limit will not be effective for transactions involving the acceptance and endorsement of credit instruments.
- g. Stipulation of contracts that create a situation of conflict of interest between the Company and its directors, internal auditors or managers. A conflict of interest is presumed, in particular, if the other party to the contract is a relative either direct or by marriage of directors, auditors or managers of the Company, or is a Company or entity with direct or indirect links to such relatives.
- h. Stipulating, substantially modifying or terminating contracts which, due to their possibly stifling competition by their nature or content, may be subject to notification to the competent national or international antitrust authorities.

On taking office, the adequacy of the time available to the members of the Board of Directors was verified on the basis of the results of the Time Commitments of each director, on the basis of which the Board is called upon to assess whether each of its members, in the light of all the professional activities normally carried out in addition to the office of Director of Biesse S.p.A., has the necessary time to devote to the management of the company itself.

During the financial year closed 31 December 2021, the Board of Directors held 12 meetings, each lasting two hours on average. It should be noted that the various board meetings were convened under the terms of the Articles of Association by videoconference in compliance with the precautionary measures for the containment of the Covid-19 Pandemic. For the financial year ending 31 December 2022, the Board of Directors has scheduled six meetings, one of which has already been held on 7 February 2022.

The attendance percentage of each director in office at 31 December 2021 at the meetings of the Board of Directors is shown below (as detailed in Table 2 below): Roberto Selci 100%, Giancarlo Selci 41%, Massimo Potenza 100%, Alessandra Baronciani 100%, Ferruccio Borsani 100%, Federica Ricceri 85%, Rossella Schiavini 100%.

It should be noted that, in relation to the number of meetings held during their effective period of office, outgoing directors have accrued the following attendance percentages: Alessandra Parpajola 40%, Stefano Porcellini 100%, Elisabetta Righini 100%, Federica Palazzi 100% e Giovanni Chiura 100%.

Mr Achille Marchionni participates at Board meetings in the capacity of permanent secretary of the Board of Directors for the entire duration of the mandate of the administrative body currently in office.

In addition to the secretary, the following directors normally attend board meetings as guests: Group CFO Mr Pierre La Tour and Group Legal and Corporate Affairs Manager Ms Elena Grassetti.

4.5 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

During the Year, the Chairman, pursuant to Art. 2381 of the Italian Civil Code and Art. 16 of the Issuer's Articles of Association, Art. 12 CG Code, through the Company Secretariat and the implementation of a digitised and encrypted platform dedicated to the sharing of corporate documents:

- checked that the pre-meeting briefing and additional information provided at meetings was adequate to enable directors to act in an informed manner in carrying out their role;
- ensured the coordination of the activities of the board committees with the activities of the governing body;
- in agreement with the chief executive officer, ensured that the appropriate in-depth analyses of the items on the agenda were provided, also ensuring that the Issuer's executives and those of the group companies it heads, competent in their respective fields, attended the Board meetings;

In particular, the permanent presence at Board meetings of the Group CFO, Mr La Tour, called upon to support the meetings to approve the financial reports for the period and extraordinary operations, and of the Group Legal and Corporate Affairs Manager Ms Grassetti, as well as of Internal Audit Mr Ciccopiedi, called upon to periodically report on audit activities, is highlighted.

The meetings were also attended by the Group Chief Human Resources, Mr Enrico Tinti, on the occasion of the resolutions pursuant to Art. 2389 of the Italian Civil Code for the allocation of remuneration to the new members of the Board, the identification of key managers, the approval of the LTI and the new Remuneration Policy, as described in Section 8 below.

Finally, at the meeting that approved the 2021-2023 business plan, all frontline management that contributed to its finalisation participated in the discussion of the relevant agenda item.

- due to the renewal of corporate bodies during the financial year, aware that, in accordance with the CG Code, it is appropriate to provide directors and statutory auditors with adequate knowledge of the business sector in which the Issuer operates, of corporate dynamics and their evolution (also with a view to the Issuer's sustainable success) and of the regulatory or self-regulatory framework of reference, in June and July 2021, it organised induction sessions lasting approximately two hours each, held by company management and external corporate consultants, to provide newly elected directors and statutory auditors with in-depth information on the company organisation, the type of product and the markets in which the Issuer operates, as well as in-depth information on Market Abuse and Internal Dealing regulations.

All members of the Board of Directors and the Board of Auditors actively participated in the induction sessions.

With regard to the process of self-assessment of the functioning of the Board and its committees, the Chairman and the Board, due to the renewal of offices during the year, for reasons of expediency, decided not to carry out a self-assessment of the Board and its committees concerning their size, composition and actual functioning.

On 29 October, the Chairman ensured that the Board was informed of the development and significant contents of the dialogue held with all shareholders on 12 October 2021.

Secretary of the Board of Directors

The Board of Directors, on the proposal of the Chairman, has appointed a Secretary, who has adequate requirements of professionalism, experience and independence of judgement, as indicated in the Regulation for the functioning of the Board of Directors.

The Secretary supports the activities of the Chairman in the functioning of the Board and provides assistance and advice to the Board of Directors on any matter relevant to the proper functioning of the corporate governance system. He distributes the documents, draws up the minutes of each meeting, signs them together with the Chairman and, once confirmed, releases them. He keeps and maintain the minutes, annexes and company books.

On the occasion of the renewal of the Board of Directors which took place during the financial year, the Board, on the proposal of the Chairman, decided to confirm the appointment of Mr Achille Marchionni, who had also held this position in previous years, due to his deep and longstanding knowledge of the Issuer's corporate affairs.

During the Year, the Secretary supported the Chairman of the Board of Directors in the performance of his duties pursuant to Art. 12 of the CG Code, providing impartial assistance and advice to the Board on all aspects relevant to the proper functioning of the corporate governance system.

4.6 EXECUTIVE DIRECTORS

Chief Executive Officers

By resolution of 28 April 2021, the Chief Executive Officer, *Roberto Selci*, was granted legal representation of the Company, as well as the following powers and responsibilities:

- a. on safety as referred to in Italian Legislative Decree No. 626 of 19 September 1994, as well as in Italian Legislative Decree No. 81 of 9 April 2008 as amended concerning the health and safety of workers in the workplace, all without any spending limit and with the power to delegate;
- b. with regard to the role of "Employer" pursuant to and for the purposes of Art. 2 of Italian Legislative Decree 19 September 1994 No 626 and of Art. 2 of Italian Legislative Decree 9 April 2008 No 81 as amended, with the duties laid down therein with the power to delegate, to the extent permitted by law, the performance of any useful and/or necessary activity aimed at ensuring compliance with the law, all without any spending limit and with the power to delegate;
- c. in environmental matters pursuant to Italian Legislative Decree No. 152 of 3 April 2006, and the subsequent and inherent reference regulations, with the tasks provided for therein, with the right to delegate, to the extent permitted by the regulations, the performance of any useful and/or necessary activity aimed at ensuring compliance with the law, all without any spending limit and with the power to delegate;
- d. with regard to machine safety standards, broader powers in relation to the assembly and production of machines for which the Company assumes responsibility as "manufacturer", or in any event marketed by the Company, including outside the EU, under the name and/or trademark of Biesse S.p.A. and/or Group companies, or under the name and/or trademark of third party manufacturers, so that the same, with the greatest decision-making and management autonomy, carries out all necessary activities and issues the most appropriate directives in order to ensure that the assembly and production of the machines takes place in full compliance with the instructions and in accordance with the directives, the designs and technical specifications decided by the Company and, in any event, in such a way as to ensure compliance with the safety standards and requirements applicable to the same machines, also on the basis of the market of the EU member state of destination, all without any spending limit and with the power to delegate;
- e. with regard to the protection of personal data, the representation and care of any necessary fulfilment under the relevant legislation and in particular European Regulation 2016/679 ("GDPR") and Italian Legislative

Decree No. 196 of 30 June 2003, as amended by Italian Legislative Decree No. 101 of 10 August 2018 ("Privacy Code") and any related or consequential responsibilities, all without any spending limit and with the power to delegate;

f. as an executive director of the company in charge of the internal control and risk management system.

g. as FGIP, i.e. the Department in charge of the Management of Inside Information, according to the Company's "Internal Regulation for the Management of Inside Information"

The Chief Executive Officer is also granted the following powers, with a spending limit of €1,500,000 per individual transaction, unless otherwise indicated, and it being understood that in no case shall this spending limit apply to the matters referred to in points (a) to (e) above:

1) at the request of the Chairman and/or in the event of their absence or impediment, convening the Board of Directors and setting the Agenda, as well as convening the Shareholders' Meeting if there are urgent reasons that prevent or make it burdensome to convene the Board of Directors in advance;

2) executing the decisions of the Shareholders' Meeting and the Board of Directors within the scope of their competence;

3) the strategic definition of the Group's policies, general coordination of the same with the relative power to implement the policies established in every sphere (including, by way of example but not limited to, in relation to the functional areas Supply Chain, Offering Management, Services Management, Customer & Markets Management [conception, development and design of machines and plants, procurement, management of warehouses and manufacturing processes, installation and sale of machines, management of commercial relations and with distributors] and in relation to all the areas of support to the company's business) and assumption of the consequent responsibilities;

4) proposing to the Board all the initiatives deemed useful in the interest of the Company, and of the Group, and formulate proposals in the matters reserved to the competence of the Board itself;

5) preparing the annual budget and the multi-year business plan for submission to the Board of Directors;

6) the supervision, control and coordination of extraordinary transactions, with particular reference to acquisitions or divestments of shareholdings and/or companies, branches of companies and/or specific assets, mergers and demergers of negotiations relating to agreements with third parties of strategic importance (by way of example but not limited to, alliances, associations, joint ventures, long-term cooperation), without prejudice to the powers of the Board of Directors, with the power to sign confidentiality agreements, letters of intent and memoranda of understanding or similar agreements, provided they are non-binding;

7) managing and coordinating relations with subsidiary companies, participating in the relevant Shareholders' Meetings and voting in the name and on behalf of the Company, both in ordinary and extraordinary sessions, within the limits of the spending powers indicated above and unless the CEO has an interest in the resolution; power to sign documents, in accordance with the rules of foreign subsidiaries, concerning reductions and/or increases in share capital

8) defining and implementing the functional and organisational structures of the Company and its subsidiaries, within the framework of the general organisational guidelines established by the Board, with the coordination and management of all foreign subsidiaries for these purposes, responsibility for the organisation of activities and said functional areas, services and offices, as well as employees;

9) defining, directing and supervising the activities aimed at ensuring the economic sustainability of the Company's business, within the framework of the general guidelines established by the Board, with all inherent powers of representation and signature;

10) defining, directing and supervising the activities of conception, development and design of machines and plants, with inherent activities of purchase of materials, management of warehouses of materials and semi-finished products, the manufacturing processes of machines, setting up and management of warehouses of finished products, activities of support to customers for assistance, installation and sale of machines, management of commercial relations with customers and dealers aimed at sales of company products and services, all without limits of amount in compliance with current company procedures;

11) setting criteria for recruitment and management of staff within the annual budget; hiring, appointing, dismissing staff including the rank of manager; the adoption and implementation of disciplinary measures, dismissal (including collective) and other provisions with regard to blue and white collar workers, sales staff and auxiliary personnel;

12) entering into agreements for leases (including long leases), rent and gratuitous loan of immovable property and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

13) entering into contracts of sale of movable property and movable property entered in public registers, transactions as well as movable lease transactions and/or the conclusion of lease contracts, including long lease contracts, and gratuitous loan contracts on such movable property and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

14) entering into, renewing, modifying and terminating contracts for the sale of the Company's products and those of its subsidiaries - also with reservation of title - and for distribution with or without representation, with or without exclusive rights, fixing prices, terms and conditions, granting commercial exclusivity, rebates, discounts and signing the relative deeds, overseeing the export of the products by signing the relative contracts and the necessary documentation and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts; these powers may be exercised without limits on the amount;

15) entering into contracts for the supply, tendering and subcontracting, hire, exchange, shipment, lease, transformation of products, materials, equipment or machinery and in general any other contract concerning raw materials, stocks, semi-finished products, finished products, spare parts and movable property in general or services of any nature (including multimedia services) and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts; for supplies under multiannual framework contracts, the expenditure limit is to be understood as annual;

16) entering into contracts for consultancy and/or professional services and with all consequent powers to cancel, terminate, resolve and withdraw from such contracts;

17) entering into contracts with business brokers, agency contracts, mediation contracts, with or without representation, with or without exclusive rights, agreeing terms and conditions and having the power to cancel, terminate, resolve and withdraw from such contracts;

18) entering into insurance contracts on behalf of the company, agencies and representations, and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

19) requesting mortgages and financing with the conclusion of the relative contracts, credit mandates, and patronage with all consequent powers to cancel, terminate, resolve and withdraw from the same; the granting of mortgages and liens on real estate and/or movable property and the issuance of guarantees to third parties with the exception of bank guarantees issued to third parties within the scope of, and within the limit of, the credit lines granted and approved by the Board of Directors of Biesse; entering into forfaiting, factoring, assignment of credit and discounting agreement contracts;

20) management of relations with credit institutions, with all inherent powers of representation and signing of the documents and deeds connected thereto, by way of example but not limited thereto, operating and

withdrawing from the Company's current accounts in favour of the Company or third parties by means of issuing bank receipts, cheques, bank transfers or by means of instructions by correspondence, both from liquid assets and from the credit lines granted; acceptance and endorsement for payment on and for discount of promissory notes, bills of exchange, and cheques of any nature, and payment orders in general issued to the Company by third parties (including but not limited to, bills of exchange, lines of credit, notes, postal wires payable at banks, postal and telegraphic offices, and with any individual or legal person), including the subscription and negotiation of promissory notes issued pursuant to Law 1329 (so-called Sabatini Law); arranging wire transfers and transfers to current accounts in the company's name; issuing declarations to the banks, which grant loans to the company's personnel, certifying the company's commitment to withhold the amounts of repayment instalments and/or residual debt from the aforementioned personnel; opening and closing bank accounts, securities accounts and safety deposit boxes; wire transfers, payment of taxes, duties and salaries may be exercised without limits on the amount;

21) overseeing the identification of the main corporate risks, including credit and exchange rate risks, and the implementation of the risk control guidelines defined by the administrative body, as well as carrying out checks and liaising with the relevant corporate bodies and functions;

22) definition and management of customer care structures, outsourcing customer care services to external parties, handling complaints also by granting discounts or rebates;

23) direction and management of marketing and promotional-advertising activities, defining any form of advertising or communication, with all powers to sign agreements or contracts with advertising agencies, film companies, publishing houses; maintaining and representing the Company in relations with the press and trade associations;

24) managing participation in events, fairs and exhibitions, both in Italy and abroad, signing the relevant agreements;

25) management of research and development activities, the development, registration and management of industrial property rights and intellectual property rights, representing the Company in the administrative procedures for the registration of such rights, filing and cultivating the relevant applications, as well as representing the Company before the Board of Appeals at the Central Patent Office and before similar bodies of foreign offices competent in patent matters, as well as in any other procedure, petition or appeal before the said central patent office and other Italian or foreign administrative offices; providing for the claiming of priority rights;

26) representation of the Company before any Administrative authority or Court or arbitration, in any seat and degree of jurisdiction, appointing attorneys and representatives ad litem, vesting them with appropriate powers with the power to revoke them; settling and reconciling any dispute or litigation of the Company, including those with its workers, self-employed or employees in any capacity; the ability to file requests for evidence or oppose such proof, make a free or formal questioning, elect domicile; stipulating agreements of conventional sequestration and filing for court-ordered sequestration; appointing experts to ascertain and estimate the damages suffered by the company or caused by it to third parties;

27) representing the Company at public and/or private entities, employee training institutes and Universities, in Italy and abroad, dealing with developing and maintaining a cooperation network with Universities or centres of excellence potentially interesting for the Company, also in order to initiate, develop and implement product and process innovation processes as well as new concepts, new applied technologies, new multimedia and digital processes and new materials; signing in the name and on behalf of the company all deeds (e.g. ministerial decrees) relating to the granting of public funding of various kinds (e.g. subsidised and non-repayable, but not limited to) in favour of research, development and innovation programmes;

28) representation of the Company before representatives of the Savings and Loan Office, the Bank of Italy, and the Italian Exchange Office for all financial and commercial transactions in foreign currency, as well as before any credit institution or private bank, execute any transaction with customs offices, postal and telegraphic offices to make shipments, deposits, release and withdrawal of merchandise, values, packages and parcels, certified letters and insured correspondence, issuing receipts;

29) representation of the Company before any public or private office and in particular with the financial administration, central and local, public, state, regional and provincial officials, carrying out all transactions, bar none or no exceptions, as set forth by the respective laws and necessary for correct company management; representation of the Company before the Regional Tax Offices, the Revenue Offices, the Technical Tax offices, Tax Offices, Financial Administration, including local offices for local taxes, preparing, signing and filing statements, petitions, appeals, and claims, reports and certifications for third-party income subject to withholding and any other tax statement, filing claims against tax assessments and assessed taxes before the Tax Commissions at every level and degree, the Court of Cassation, suggest and accept to agree and settle disputes, sign them, request licenses and permits;

30) representation of the Company before the Inspectorate of Labour, provincial and regional labour offices, mandatory workers' insurance institutes, social security institutions, the reconciliation commissions and arbitration tribunals contemplated under applicable collective bargaining regulations, trade unions and their committees, for the resolution of disputes with employees and contract staff, as well as in negotiations on employment contracts, agreements and disputes, with the power to sign deeds and compound and settle any dispute or issue pending with the said bodies, with no financial limit;

31) representation of the Company with utilities, phone services and similar providers, as well as with the post office, depositing and withdrawing from these accounts, in the framework of prevailing regulations;

32) representation of the Company before any Administrative authority, central or branch office, including police, local and autonomous bodies for issue of licenses, authorisations and permits;

33) execution of any transaction at the Department of Motor Vehicle, filing applications for legal transfers, updates and identification of situations, validly endorsing the related documents and files on behalf of the Company;

34) signing confidentiality and privacy agreements with customers, suppliers, consultants within the framework of the ordinary administration of the Company.

Co-Chief Executive Officer *Massimo Potenza* was granted legal representation of the Company, as well as the following powers, with a spending limit of EUR 1,500,000 per individual transaction, unless otherwise provided for:

1. at the request of the Chairman and/or in the event of their absence or impediment, convening the Board of Directors and setting the Agenda, as well as convening the Shareholders' Meeting if there are urgent reasons that prevent or make it burdensome to convene the Board of Directors in advance;

2. executing the decisions of the Shareholders' Meeting and the Board of Directors within the scope of their competence;

3. the strategic definition of the Group's policies, general coordination of the same with the relative power to implement the policies established in every sphere (including, by way of example but not limited to, in relation to the functional areas Supply Chain, Offering Management, Services Management, Customer & Markets Management [conception, development and design of machines and plants, procurement, management of warehouses and manufacturing processes, installation and sale of machines, management of commercial

relations and with distributors] and in relation to all the areas of support to the company's business) and assumption of the consequent responsibilities;

4. proposing to the Board all the initiatives deemed useful in the interest of the Company, and of the Group, and formulate proposals in the matters reserved to the competence of the Board itself;

5. preparing the annual budget and the multi-year business plan for submission to the Board of Directors;

6. the supervision, control and coordination of extraordinary transactions, with particular reference to acquisitions or divestments of shareholdings and/or companies, branches of companies and/or specific assets, mergers and demergers of negotiations relating to agreements with third parties of strategic importance (by way of example but not limited to, alliances, associations, joint ventures, long-term cooperation), without prejudice to the powers of the Board of Directors, with the power to sign confidentiality agreements, letters of intent and memoranda of understanding or similar agreements, provided they are non-binding;

7. managing and coordinating relations with subsidiary companies, participating in the relevant Shareholders' Meetings and voting in the name and on behalf of the Company, both in ordinary and extraordinary sessions, within the limits of the spending powers indicated above and unless the CEO has an interest in the resolution; power to sign documents, in accordance with the rules of foreign subsidiaries, concerning reductions and/or increases in share capital;

8. defining and implementing the functional and organisational structures of the Company and its subsidiaries, within the framework of the general organisational guidelines established by the Board, with the coordination and management of all foreign subsidiaries for these purposes, responsibility for the organisation of activities and said functional areas, services and offices, as well as employees;

9. defining, directing and supervising the activities aimed at ensuring the economic sustainability of the Company's business, within the framework of the general guidelines established by the Board, with all inherent powers of representation and signature;

10. defining, directing and supervising the activities of conception, development and design of machines and plants, with inherent activities of purchase of materials, management of warehouses of materials and semi-finished products, the manufacturing processes of machines, setting up and management of warehouses of finished products, activities of support to customers for assistance, installation and sale of machines, management of commercial relations with customers and dealers aimed at sales of company products and services; all without limits of amount in compliance with current company procedures;

11. setting criteria for the recruitment and management of staff - including the grade of manager in relation to functions accountable to the General Management other than the General Management itself - in compliance with the annual budget; hiring, appointing, dismissing staff including the grade of manager in relation to functions answerable to the General Management other than the General Management itself; the adoption and implementation of disciplinary measures, dismissal (including collective) and other provisions with regard to blue and white collar workers, sales staff and auxiliary personnel;

12. entering into agreements for leases (including long leases), rent and gratuitous loan of immovable property and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

13. entering into contracts of sale of movable property and movable property entered in public registers, transactions as well as movable lease transactions and/or the conclusion of lease contracts, including long lease contracts, and gratuitous loan contracts on such movable property and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

14. entering into, renewing, modifying and terminating contracts for the sale of the Company's products and those of its subsidiaries - also with reservation of title - and for distribution with or without representation,

with or without exclusive rights, fixing prices, terms and conditions, granting commercial exclusivity, rebates, discounts and signing the relative deeds, overseeing the export of the products by signing the relative contracts and the necessary documentation and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts; these powers may be exercised without limits on the amount;

15. entering into contracts for the supply, tendering and subcontracting, hire, exchange, shipment, lease, transformation of products, materials, equipment or machinery and in general any other contract concerning raw materials, stocks, semi-finished products, finished products, spare parts and movable property in general or services of any nature (including multimedia services) and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts; for supplies under multiannual framework contracts, the expenditure limit is to be understood as annual;

16. entering into contracts for consultancy and/or professional services and with all consequent powers to cancel, terminate, resolve and withdraw from such contracts;

17. entering into contracts with business brokers, agency contracts, mediation contracts, with or without representation, with or without exclusive rights, agreeing terms and conditions and having the power to cancel, terminate, resolve and withdraw from such contracts;

18. entering into insurance contracts on behalf of the company, agencies and representations, and with all consequent powers to cancel, terminate, resolve and withdraw from the same contracts;

19. requesting mortgages and financing with the conclusion of the relative contracts, credit mandates, and patronage with all consequent powers to cancel, terminate, resolve and withdraw from the same; the granting of mortgages and liens on real estate and/or movable property and the issuance of guarantees to third parties with the exception of bank guarantees issued to third parties within the scope of, and within the limit of, the credit lines granted and approved by the Board of Directors of Biesse; entering into forfaiting, factoring, assignment of credit and discounting agreement contracts;

20. management of relations with credit institutions, with all inherent powers of representation and signing of the documents and deeds connected thereto, by way of example but not limited thereto, operating and withdrawing from the Company's current accounts in favour of the Company or third parties by means of issuing bank receipts, cheques, bank transfers or by means of instructions by correspondence, both from liquid assets and from the credit lines granted; acceptance and endorsement for payment on and for discount of promissory notes, bills of exchange, and cheques of any nature, and payment orders in general issued to the Company by third parties (including but not limited to, bills of exchange, lines of credit, notes, postal wires payable at banks, postal and telegraphic offices, and with any individual or legal person), including the subscription and negotiation of promissory notes issued pursuant to Law 1329 (so-called Sabatini Law); arranging wire transfers and transfers to current accounts in the company's name; issuing declarations to the banks, which grant loans to the company's personnel, certifying the company's commitment to withhold the amounts of repayment instalments and/or residual debt from the aforementioned personnel; opening and closing bank accounts, securities accounts and safety deposit boxes; wire transfers, payment of taxes, duties and salaries may be exercised without limits on the amount;

21. overseeing the identification of the main corporate risks, including credit and exchange rate risks, and the implementation of the risk control guidelines defined by the administrative body, as well as carrying out checks and liaising with the relevant corporate bodies and functions;

22. definition and management of customer care structures, outsourcing customer care services to external parties, handling complaints also by granting discounts or rebates;

23. direction and management of marketing and promotional-advertising activities, defining any form of advertising or communication, with all powers to sign agreements or contracts with advertising agencies, film

companies, publishing houses; maintaining and representing the Company in relations with the press and trade associations;

24. managing participation in events, fairs and exhibitions, both in Italy and abroad, signing the relevant agreements;

25. management of research and development activities, the development, registration and management of industrial property rights and intellectual property rights, representing the Company in the administrative procedures for the registration of such rights, filing and cultivating the relevant applications, as well as representing the Company before the Board of Appeals at the Central Patent Office and before similar bodies of foreign offices competent in patent matters, as well as in any other procedure, petition or appeal before the said central patent office and other Italian or foreign administrative offices; providing for the claiming of priority rights;

26. representation of the Company before any Administrative authority or Court or arbitration, in any seat and degree of jurisdiction, appointing attorneys and representatives ad litem, vesting them with appropriate powers with the power to revoke them; settling and reconciling any dispute or litigation of the Company, including those with its workers, self-employed or employees in any capacity; the ability to file requests for evidence or oppose such proof, make a free or formal questioning, elect domicile; stipulation of agreements of conventional sequestration and filing for court-ordered sequestration; appointing experts to ascertain and estimate the damages suffered by the company or caused by it to third parties;

27. representing the Company at public and/or private entities, employee training institutes and Universities, in Italy and abroad, dealing with developing and maintaining a cooperation network with Universities or centres of excellence potentially interesting for the Company, also in order to initiate, develop and implement product and process innovation processes as well as new concepts, new applied technologies, new multimedia and digital processes and new materials; signing in the name and on behalf of the company all deeds (e.g. ministerial decrees) relating to the granting of public funding of various kinds (e.g. subsidised and non-repayable, but not limited to) in favour of research, development and innovation programmes;

28. representation of the Company before representatives of the Savings and Loan Office, the Bank of Italy, and the Italian Exchange Office for all financial and commercial transactions in foreign currency, as well as before any credit institution or private bank, execute any transaction with customs offices, postal and telegraphic offices to make shipments, deposits, release and withdrawal of merchandise, values, packages and parcels, certified letters and insured correspondence, issuing receipts;

29. representation of the Company before any public or private office and in particular with the financial administration, central and local, public, state, regional and provincial officials, carrying out all transactions, bar none or no exceptions, as set forth by the respective laws and necessary for correct company management; representation of the Company before the Regional Tax Offices, the Revenue Offices, the Technical Tax offices, Tax Offices, Financial Administration, including local offices for local taxes, preparing, signing and filing statements, petitions, appeals, and claims, reports and certifications for third-party income subject to withholding and any other tax statement, filing claims against tax assessments and assessed taxes before the Tax Commissions at every level and degree, the Court of Cassation, suggest and accept to agree and settle disputes, sign them, request licenses and permits;

30. representation of the Company before the Inspectorate of Labour, provincial and regional labour offices, mandatory workers' insurance institutes, social security institutions, the reconciliation commissions and arbitration tribunals contemplated under applicable collective bargaining regulations, trade unions and their committees, for the resolution of disputes with employees and contract staff, as well as in negotiations on employment contracts, agreements and disputes, with the power to sign deeds and compound and settle any dispute or issue pending with the said bodies, with no financial limit;

31. representation of the Company with utilities, phone services and similar providers, as well as with the post office, depositing and withdrawing from these accounts, in the framework of prevailing regulations;
32. representation of the Company before any Administrative authority, central or branch office, including police, local and autonomous bodies for issue of licenses, authorisations and permits;
33. execution of any transaction at the Department of Motor Vehicle, filing applications for legal transfers, updates and identification of situations, validly endorsing the related documents and files on behalf of the Company;
34. signing confidentiality and privacy agreements with customers, suppliers, consultants within the framework of the ordinary administration of the Company.

The Chief Executive Officer Roberto Selci and the Co-Chief Executive Officer Massimo Potenza, by virtue of the powers delegated to them, can be considered the main individuals responsible for company management.

Chairman of the Board of Directors

The Chairman of the Board of Directors, *Giancarlo Selci*, due to the size of the company and the activities of the same, as well as the many years of knowledge and experience acquired in managing the Group, with a resolution of the Board of Directors adopted on 28 April 2021, has been delegated all powers of ordinary administration:

- supervision and control of extraordinary transactions, acquisitions/disposals of shareholdings, business units and the like, purchase/sale of real estate, as resolved by the Board of Directors;
- the power to propose to the Board all the initiatives deemed useful in the interests of the Company and the Group;
- the legal representation of the Company before any authority, in any seat and level of jurisdiction, at any public and private office and in the meetings, both ordinary and extraordinary, of the Italian and foreign subsidiaries.

The Chairman Giancarlo Selci also controls BI.FIN. S.r.l. and, as a result, is the Issuer's indirect controlling shareholder.

Disclosure to the Board by directors/delegated bodies

The aforementioned executive directors all duly reported to the Board of Directors on the performance of their duties and responsibilities at meetings of the Board of Directors.

Other executive directors

There are no other executive directors on the Board of Directors other than those indicated in this chapter.

4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTORS

In compliance with Art. 2 of the Code, the Company has three independent directors: Rossella Schiavini, Federica Ricceri and Ferruccio Borsani.

The Board of Directors has assessed, in accordance with all the criteria set out in the Consolidated Law on Finance and the CG Code, the existence of the independence requirements for each of the independent non-executive directors at the time of their appointment, based on the documentation provided by them, and has decided to recognise them as independent in the absence of circumstances which, pursuant to Recommendation 7 of the CG Code and the Regulation on the Operation of the Board of Directors of the

Issuer adopted on 15 March 2021 and updated on 29 October 2021, compromise or appear to compromise the independence of a Director.

In particular, the independent directors appointed by the Shareholders' Meeting of 28 April 2021 are such, based on the provisions of the Consolidated Law on Finance (they are not in any of the situations referred to in Art. 148, paragraph 3, of the Consolidated Law on Finance) and the CG Code since:

- a) they are not a significant shareholder of the Company;
- b) they are not and have not been in the previous three financial years, an executive director or an employee:
 - of the company, a strategically important subsidiary of the company or a company under common control;
 - of a significant shareholder of the Company;
- c) directly or indirectly (e.g. through subsidiaries or companies of which they are an executive director or as a partner in a professional firm or consulting company) do not have, or have not had in the previous three financial years, a significant commercial, financial or professional relationship:
 - with the Company or its subsidiaries, or its executive directors or top management;
 - with a party who, also together with others through a shareholders' agreement, controls the Company; or if the parent is a company or entity and its executive officers or top management;
- d) do not receive, or have received in the preceding three financial years, from the Company, one of its subsidiaries or the parent company, significant remuneration in addition to the fixed remuneration for the office and to that provided for participation in the committees recommended by the Code or provided for by the regulations in force;
- e) they have not been directors of the company for more than nine financial years, including non-consecutive ones, in the last twelve financial years;
- f) they do not hold the office of executive director in another company in which an executive director of the company holds the office of director;
- g) they are not partners or directors of a company or entity belonging to the network of the company appointed for the statutory audit of the Company;
- h) they are not direct relatives of any person in any of the positions identified above.

The Board of Directors considers a significant commercial, financial or professional relationship to be one whose total value exceeds: (i) 5% of the annual turnover of the company or entity of which the Director has control or of which they are an executive director, or of the professional firm or consulting company of which they are a partner; and/or (ii) 5% of the annual costs incurred by the Group that are attributable to the same type of contractual relationships or assignments of a similar nature; In the case of a Director who is also a partner of a professional firm or of a consulting company, the Board of Directors shall assess the significance of the professional relationships that may have an effect on their position and role within the firm or the consulting company or that otherwise relate to significant transactions of the Company and the Group, even independently of quantitative parameters.

The Board of Directors believes that significant additional remuneration with respect to the fixed remuneration for the office and the remuneration for participation in the Board committees should be understood as remuneration for professional or consulting services in excess of 150,000 euros per annum, without prejudice, however, to the discretion of the Board of Directors in assessing the specific situation, taking into account the best interests of the Company, the significance of the relationship and the likelihood of it affecting the independence of the Director holding the relationship.

On 28 April 2021, the Board of Directors met after the appointment by the Shareholders' Meeting and verified the existence of the requirements for holding the office for all the directors, as well as for the directors Rossella Schiavini, Federica Ricceri and Ferruccio Borsani the possession of the aforementioned independence requirements, also taking into account the parameters indicated above. Each non-executive director has provided all the elements necessary or useful for the Board's evaluations. The outcome of these assessments was disclosed to the market in a specific press release. All directors have provided the necessary and/or useful information for the above assessments.

The Board of Statutory Auditors investigated the correct application of the criteria and procedures adopted by the Board for assessing the independence of its members, and produced no findings requiring reporting.

Independent directors are adequate in number and authority to meet the needs of the company and to ensure that their opinion has a significant weight in decisions taken by the Issuer's Board of Directors, in the light of the size and organisational structure of the Board in office at 31 December 2021. These directors bring their specific competencies to Board discussions and contribute to decisions being made in the Company's interest. They confirmed their suitability to qualify as independent directors at the time of presenting the lists for the reconstitution of the Board and also committed themselves to maintaining their independence throughout their mandate.

The procedure followed by the Board of Directors for the purpose of verifying independence provides that the existence of the requisite is declared by the director at the time of the presentation of the candidatures, as well as at the time of acceptance of the office, and ascertained by the Board in the first meeting following the appointment also on the basis of the available information. The assessment is renewed when circumstances relevant to independence occur and in any event on an annual basis. In making the above assessments, the Board considers all available information (in particular that provided by the directors being assessed), considering all circumstances that appear to compromise independence as identified by the Consolidated Law on Finance and the CG Code and applies (among others) all the criteria set out in the Code with respect to the independence of directors.

During 2021, the Independent Directors held an independent meeting, on 17/12/2021, with an agenda which included a discussion of the Letter from the Chairman of the Corporate Governance Committee and the related 2021 Report and an opinion on Board and committee reporting.

With regard to the issues raised in the letter and in particular the Remuneration Policy, the Independent Directors noted with satisfaction that the Issuer is currently updating the same, with a view to providing greater clarity on the remuneration parameters for top management. With regard to the issue of pre-meeting disclosure, they unanimously welcomed the decision to introduce the use of a platform as an effective tool for sharing information while respecting confidentiality, and shared the importance of periodic reporting to the Board of Directors on the progress of the business plan and the effectiveness of the new organisational structure implemented.

Lead Independent Director

In compliance with Recommendation No. 13 of the Corporate Governance Code, which requires the Board of Directors to appoint an independent director as Lead Independent Director, in the event that (i) the Chairman of the Board of Directors is the Chief Executive Officer or holds significant management powers or (ii) the office of Chairman is held by the person who controls, even jointly, the company, the Board of Directors has appointed independent director Ms Rossella Schiavini as Lead Independent Director. The Lead Independent Director acts as a coordinator for non-executive Board members, with a view to encouraging their greater contribution to the work and operation of the Board.

The Lead Independent Director is specifically responsible for:

- working with the Chairman to guarantee that all directors are provided with timely and complete information;
- calling independent directors' meetings, either at their own initiative or at the request of other directors, to discuss matters of interest concerning the workings of the Board of Directors or the management of the Company.

In 2021, the Lead Independent Director:

- called and coordinated the meeting of independent directors held on 17 December.

5. MANAGEMENT OF CORPORATE INFORMATION

Internal regulations for the management of inside information and the establishment of an insider list

External communications of documents and information regarding the Company or/and the Group, with particular attention to so-called "Price sensitive", inside information, are regulated by a procedure, approved by the Board of Directors in the meeting of 27 March 2006, as amended (the last time on 3 August 2018) following the entry into force of European Regulation No 596/2014 (so-called Market Abuse Regulation, hereinafter "MAR"). This regulation ensures the complete, correct, clear, transparent, timely, continuous and maximum dissemination of information concerning the Company and its subsidiaries, as well as compliance with the primary and secondary legislation in force.

The Regulation also provides for the establishment of a Register of persons with access to inside information, in accordance with the requirements of the MAR. Following the publication of the new Consob Guidelines of October 2017 regarding the management of relevant and privileged information, the Company deemed it necessary to update its regulations by introducing, inter alia, in accordance with the recommendations of the Guidelines, the List of persons with access to inside information (the insider list). This procedure is available on the Company's website, www.biessegroupe.com, on the "Corporate Governance" page in the Investor Relations section.

Internal Dealing Code of Conduct

The internal dealing procedure adopted by the Company pursuant to Art. 19 of the MAR, Delegated Regulation 522 and Delegated Regulation 523 and national legislation, as amended by the Board of Directors on 3 August 2016 subsequently on 9 September 2020 is available on the Company's website www.biessegroupe.com, on the "Corporate Governance" page of the Investor Relations section.

Antitrust Code of Conduct

At the Board of Directors meeting on 11 November 2011, the Company approved the adoption of an "Antitrust Code", subsequently updated in May 2016, which provides employees with the basic rules of conduct for reducing the risk of engaging in anti-competitive conduct. This code is in addition to the provisions of the Group Code of Conduct relating to the prohibition of anti-competitive behaviour.

6. INTERNAL BOARD COMMITTEES (pursuant to Art. 123-bis, paragraph 2, letter d), Consolidated Law on Finance)

By means of a resolution dated 28 April 2021, the Board of Directors, as reconstituted on 28 April 2021, formed a committee that performs the functions laid down by the Code for the Control and Risk Committee, a

Committee for transactions with related parties and the Remuneration Committee, each composed of two independent directors. The Board of Directors has no other committees.

In determining the composition of the Committees, the Board has given priority to the expertise and experience of their members and has avoided an excessive concentration of tasks, as will be discussed below, in the sections specifically dedicated to each Committee (Sections 8, 9 and 10).

The internal rules of procedures for these committees were approved by the Board of Directors on 3 August 2016 and updated during the Financial Year are available on the Company's website www.biessegroupe.com, on the "Corporate Governance" page in the Investor Relations section.

7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - APPOINTMENTS COMMITTEE

7.1. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

Due to the appointment of the Board of Directors during the Year, for reasons of expediency, the newly appointed body decided not to carry out a self-assessment of its own and its committees' size, composition and actual functioning in relation to: the characteristics of its members in terms of their professionalism, experience, managerial experience and gender, as well as their length of time in office.

Due to the fact that the Issuer is one of the companies with concentrated ownership under the CG Code, the Issuer has exercised its right to carry out the self-assessment process every three years.

The self-assessment, as in previous years, will take place through (i) completion of questionnaires addressed to all members of the Board of Directors and (ii) collegial assessment during a Board meeting, based on the results of the first assessment and will focus on: analysis of the composition and internal dynamics of the Board and Committees; examination of the tasks and duties of the Board and certain reflections on the remuneration issue.

The findings will then be analysed at a board meeting, at which the Board will specifically assess the adequacy of its functioning and possibly identify corrective actions to be implemented.

As regards the advisability of entrusting an external and independent entity with the process of self-assessment of the administrative body, starting from the assumption that the CG Code suggests such recourse to the consultant as an option and not as an obligation, the Issuer does not normally proceed in this way, considering its nature in terms of size and turnover and, finally, due to the limited size of the administrative body.

During the year, the Board specifically assessed the adequacy of the organisational, administrative and accounting structure of the Issuer and its subsidiaries prepared by the Chief Executive Officer during the Board meeting held on 29 October 2021.

On the same date, the Board carried out an assessment of the adequacy, effectiveness and effective functioning of the internal control system, based on the activities carried out and reported by the Control and Risk Committee, approving a project to update the Group's internal control system and the control system pursuant to Law 262/2005, in the light of implementation of the Oracle ERP in all the Group's main subsidiaries, resulting in an intrinsic improvement in the level of effectiveness of the control system itself.

For Board meetings, directors are provided with the documents and information needed by the Board in order to discuss the issues examined. In any event, the Chairman ensures that specific and appropriate clarification is given at Board meetings.

In accordance with the principle of proportionality set out in the Corporate Governance Code which, in Recommendation 23, requires this requirement only of companies other than those with concentrated ownership (and therefore other than Biesse), during the year the outgoing Board of Directors did not consider it necessary to formulate any guidelines on the qualitative and quantitative composition considered optimal for the Board to be appointed.

Contingency Plan

The Board of Directors approved the so-called Succession Plan Policy, which provides that, in case of urgency (meaning the sudden incapacity of the Chief Executive Officer and Co-Chief Executive Officer for any reason), the Board of Directors defines powers and proxies to ensure ordinary and extraordinary management during the transitional period.

In particular, it is provided that the Board of Directors:

- (i) urgently summon the Chairman of the Group, the Group Chief Human Resources and the Chief Financial Officer, who are called upon, on one hand, to play a proactive and managerial role on any extraordinary operations deemed to be unavoidable and, on the other hand, to guarantee the ordinary management and operational decisions that are the normal responsibility of the Chief Executive Officer. They will be granted the same powers as the CEO and co-CEO;
- (ii) identifies among the Group Chairman, the Group Chief Human Resources and the Chief Financial Officer a person (preferably a director) who will play the role of liaison between the above three figures and the company structures and will manage external and internal communication;
- (iii) assess whether, for operational management, to temporarily extend the powers for ordinary activities, within the limits of the approved budget.

The above three figures, with the aid of the Remuneration Committee, will evaluate (internal and external) candidates and submit a shortlist of candidates for the final selection to the Board of Directors. At the end of the process, the Board of Directors will co-opt the most suitable candidate and confer operational powers and proxies on the same.

7.2. APPOINTMENTS COMMITTEE

The Company has determined to assign the functions of the Appointments Committee to the Board of Directors.

8. REMUNERATION OF DIRECTORS - REMUNERATION COMMITTEE

8.1 REMUNERATION OF DIRECTORS

Remuneration Policy

For all information concerning the remuneration of directors, please refer to the Remuneration Report.

8.2 REMUNERATION COMMITTEE

Composition and functioning of the Remuneration Committee (pursuant to Art. 123-bis, paragraph 2, letter d), Consolidated Law on Finance)

The Board of Directors has set up a Remuneration Committee which, in compliance with the Code, currently consists of two non-executive independent directors:

- Federica Ricceri, Independent Director and Chair of the Remuneration Committee;
- Rossella Schiavini, Independent Director.

It should be noted that, until 28 April 2021, the Committee was composed of the independent Director Elisabetta Righini - who also held the role of Chairman of the Remuneration Committee - and by the independent Director Federica Palazzi.

The Board of Directors considered, when appointing the members of the Remuneration Committee, that the directors Federica Ricceri and Rossella Schiavini had adequate knowledge and experience in accounting and finance and remuneration policies.

The Committee has the task of (i) assisting the Board of Directors in drawing up the Remuneration Policy; (ii) submitting proposals to the Board on the remuneration of executive directors and other directors who hold particular offices as well as setting performance targets related to the variable component of remuneration; (iii) monitoring the application of the Remuneration Policy by verifying, in particular, the actual achievement of performance objectives (iv) periodically assessing the adequacy and overall consistency of the Remuneration Policy for directors and top management.

Directors must abstain from taking part in Committee meetings which include discussion of the Board remuneration proposals.

When carrying out its duties, the Remuneration Committee can access the necessary company information and functions, as well as call upon external consultants under the terms established by the Board of Directors.

As in previous years, no financial resources were allocated to the Committee since, in order to fulfil its duties, it used the Issuer's corporate resources and facilities.

During the year, the Committee held five meetings on 10/03/2021, 06/05/2021, 27/07/2021, 08/11/2021 and 15/12/2021, coordinated by the Chairman of the Committee, lasting an average of one hour, duly recorded in the minutes, and on these occasions was called upon to:

- in its pre-renewal composition, evaluate the remuneration report for 2020 and the remuneration for the renewal of offices of the Issuer and the subsidiary HSD S.p.A;
- after the renewal of the offices, following the appointment of the new members of the Committee, carry out an analysis of the 2021 MBO and the 2021-2023 long-term incentive plan;
- carry out an analysis of the breakdown of the total amount of remuneration for the Board and, due to the new appointment, of the Regulation on the functioning of the Remuneration Committee and to give an opinion on the new Remuneration Policy.

The Committee also periodically reported to the Board on its work.

The members of the Board of Statutory Auditors and company representatives who are not members of the Board of Statutory Auditors were able to attend the meetings at the invitation of the Chairman of the Committee itself, in the presence of issues on the agenda that required a presentation from the competent function. The Chief Executive Officer was informed of the participation of these functions.

The Board has six meetings scheduled in 2022.

For information on the activities carried out during the year by the Remuneration Committee, please refer to the relevant parts of the Remuneration Report.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE

The internal control system of the Biesse Group consists of a set of rules that define behaviours, values and procedures to be followed by all employees and contractors. The aim is to ensure good corporate governance and monitor the key business risks, as well as ensure the reliability of all financial and other information given to the Company's various bodies and to the market.

During 2021 the Board of Directors evaluated the adequacy, efficiency and effectiveness of the control system in consideration of the verifications carried out in this regard by the Control and Risk Committee.

The Internal Control and Risk Management System reduces but cannot eliminate the possibility of wrong decisions, human errors, fraudulent violation of control systems and unpredictable events. Therefore a good Internal Control and Risk Management System provides reasonable, but not absolute, assurances that the Company will not be hindered in achieving its business objectives or in the orderly and legitimate conduct of its activities, by circumstances which may reasonably be foreseen.

The Internal Control and Risk Management System of the Company, defined according to national and international leading practice, consists of the following three levels of control:

- First level: operational functions identify and assess risks and define specific actions for their management;
- Second level: functions responsible for controlling risks define risk management methodologies and tools and carry out risk-monitoring activities;
- Third level: the Internal Audit department provides independent assessments of the entire System.

The guidelines of the internal control system have been defined by the Board of Directors in order that the main risks relating to the Issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, also determining compatibility criteria of such risks with sound and proper business management. The guidelines also took into account all the risks that could affect the long-term sustainability of the Company's business.

The risk management and internal control over financial reporting of the Company is based on the "COSO Report" reference model, which can be defined as a set of rules, procedures and organisational structures that uses an appropriate risk identification, measurement, management and monitoring process, according to a Risk Based methodology to run a healthy, sound, correct and transparent company that meets the predefined objectives.

The system aims to ensure:

- the efficiency and effectiveness of company operations;
- the reliability of economic and financial information;
- compliance with laws and regulations;
- and protection of the company wealth.

The Board of Directors is responsible for the internal control and risk management system and sets its guidelines, periodically checking its adequacy and effective functioning, also through the Control and Risk Committee and finally, describes its essential elements in relation to corporate governance.

The Issuer has adopted the ERM - Enterprise Risk Management Policy, which was amended during 2019 by the Board of Directors in order to simplify it and make it more consistent with the current management of risks

in the company. In this Policy, in line with the CG Code, the management of risks/opportunities plays a central role in the corporate governance rules; it is the responsibility of the Board of Directors to ensure proper management of key risks/opportunities, while the Control and Risk Committee must play a role of assurance on the adequacy of the internal control system. Via the ERM, the rules with which the Biesse Group performs the evaluation of risks/opportunities are established and formalised, thus introducing a structured process and adequate operational tools.

The ERM process is structured in three phases described as follows:

- The first is the risk assessment that aims to identify, describe, classify and assess risks/opportunities. This phase is carried out in two separate moments; Risk Identification and Risk Evaluation through identification of the various types of risks to which the Company is exposed and their assessment.
- The second is the risk treatment that aims to define targets and the owners responsible for implementing and maintaining appropriate risk/opportunity management measures.
- The third is the Risk monitoring that aims to implement an effective internal control process on the effectiveness and effective implementation of the ERM Policy and of the tools defined by the Group for risk/opportunity management.

With a view to creating value for shareholders, Biesse Group – believing it to be essential to work towards this goal by increasing the safeguards set up to protect the integrity of information intended for shareholders – has taken action to improve efficiency and focus on achieving compliance with the provisions of Law No. 262/2005. Specifically, in order to protect shareholders and stakeholders in general, in 2007 the Biesse Group introduced procedures to ensure the veracity, correctness and transparency of the data by (i) a preliminary scoping activity aimed at identifying the significant types of transactions, transactions not considered routine, and accounting estimates to be included in the scope of the analysis in relation to significant related accounts at a consolidated level, based on defined qualitative and quantitative criteria (e.g. materiality, inherent risk, etc.); (ii) a risk evaluation activity aimed at certifying that processes and sub-processes identified in the scoping phase are not invalidated by irregularities, errors or omissions not detected by the internal monitoring system and, generally, by the "Corporate Governance" system; (iii) implementation of new control procedures to prevent the risk under point (ii) above; (iv) planning and implementation of a round of tests on the entire internal control system designed to verify its relevance and effectiveness and preparation of a Remediation Plan with a view to completely achieving the control objectives defined in the scoping phase.

During 2021, the project to update the control and documentation system pursuant to Law 262/05 continued, launched following the implementation of the Oracle ERP in all the main Group companies and with the main objective of identifying the control rules and procedures to standardise the safeguards for the protection of correct financial reporting.

9.1. CHIEF EXECUTIVE OFFICER

In accordance with the CG Code, the Issuer has entrusted the Chief Executive Officer with the task of setting up and maintaining the internal control and risk management system, with the task of supervising its implementation and evolution by identifying the main corporate risks in order to design, implement and manage the internal control system and seeking to adapt the system to the company's changing operating conditions in compliance with the regulations and legislation in force.

In assessing the main risks, the Chief Executive Officer is supported by the Head of Internal Audit and, from the second half of the year, by the Quality function as ERM coordinator. The Internal Audit Manager, Mr

Domenico Ciccopiedi, was appointed on 4 August 2014 at the proposal of the Chairman of the Board of Directors, who also proposed his remuneration.

During the year, the Chief Executive Officer:

- a) has identified the key business risks (strategic, operational, financial and compliance), taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, and periodically submitted them to the Board;
- b) has implemented the guidelines defined by the Board, overseeing the design, implementation and management of the internal control and risk management system, constantly monitoring its adequacy and effectiveness and adapting them to the dynamics of the operational conditions and the legislative and regulatory landscape;
- c) entrusted the Internal Audit function with the task of performing checks on specific areas of operation and compliance with the internal rules and procedures in the execution of business operations, providing simultaneous notification to the Chairman of the Board, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- d) has promptly reported to the Control and Risk Committee (or the Board of Directors) on issues and problems emerging in the course of his activities or which, nevertheless, came to his knowledge, in order for the Committee (or the Board) to take appropriate action.

9.2. CONTROL AND RISK COMMITTEE

The Board of Directors has set up an internal Control and Risk Committee, which at the date of the Report, in accordance with the CG Code, consists of two non-executive and independent directors appointed by the Board of Directors on 28 April 2021:

- Rossella Schiavini, Independent Director, Chair of the Control and Risk Committee;
- Federica Ricceri, Independent Director.

The aforementioned Directors have experience in risk management and in accounting and financial matters, deemed adequate by the Board at the time of their appointment.

It should be noted that, until 28 April 2021, the Committee was composed of the independent Director Elisabetta Righini - who also held the role of Chairman of the Control and Risk Committee - and by the independent Director Federica Palazzi.

During the year, the Board approved the updating of its own operating regulations by including, in compliance with the CG Code, specific provisions regarding the role of the Control and Risk Committee with reference to issues concerning sustainability and the process of preparing the Non-Financial Statement pursuant to Italian Legislative Decree 254/16.

During the year, the Control and Risk Committee held seven meetings coordinated by the Chairman of the Committee, lasting an average of two hours, duly recorded in the minutes, with the participation from time to time of the members of the Board of Statutory Auditors and the Head of Internal Audit, with whom the Committee liaises periodically. The Chairman of the Committee regularly reported to the Board of Directors at the first possible meeting on the activities carried out and made the minutes of the meetings held available to all directors.

At the invitation of the Chairman, the Control and Risk Committee also met with the Chief Executive Officer, the Co-Chief Executive Officer, the independent auditor Deloitte and the heads of certain company functions.

The Head of Group Legal Affairs also attends Committee meetings as secretary.

Both Directors Rossella Schiavini and Federica Ricceri attended 100% of the Committee meetings.

The Board has another six meetings scheduled in 2022, two of which were held in February and March.

The Control and Risk Committee is responsible for:

- a) supporting the Board of Directors, by providing a prior opinion, in the performance of the tasks entrusted to it by the CG Code on internal control and risk management;
- b) assessing the suitability of the accounting principles used and their consistency in the drafting of the consolidated financial statements together with the manager in charge of preparing corporate accounting documents, the statutory auditors and the Board of Statutory Auditors;
- c) assessing the suitability of periodic financial and non-financial information to correctly represent the Issuer's business model, strategies, the impact of its activities and the performance achieved;
- d) examining the content of periodic non-financial information relevant to the internal control and risk management system;
- e) expressing, at the request of the executive directors, opinions on specific aspects relating to the identification of corporate risks and supporting with adequate preliminary activity the assessments and decisions of the Board relating to the management of risks deriving from prejudicial facts of which the latter has become aware;
- f) examining periodic and particularly important reports prepared by the Head of Internal Audit;
- g) monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit department;
- h) asking the Internal Audit department – should the need arise – to perform checks on specific operating areas, simultaneously informing the Chairman of the Board of Statutory Auditors;
- i) reporting to the Board of Directors, at least every six months, on their activities and on the adequacy of the internal control and risk management system.

In carrying out its duties in 2021, the Control and Risk Committee:

- noted the internal control and risk management system currently in force, with the relevant actors involved, the first, second and third level control responsibilities, and the objectives in terms of the strategic planning process;

- also noted that the Issuer has an Enterprise Risk Management ("ERM") Policy, approved by the Board of Directors on 3 August 2012 and, in its latest version, on 15 March 2021, based on the main benchmarks on the subject, in particular the COSO ERM framework (2017) and the Principles and Guidance of Risk Management (ISO 31000);

- noted that the ERM model in force provides for a Risk Management function carried out by the same staff that perform the IA function and that the managerial will to move beyond the current organisational model by bringing the IA function back into its own sphere of responsibility to check the soundness and adequacy of the control and risk management system pursuant to the Corporate Governance Code has emerged over the course of the following financial years. On the other hand, the role of Risk Manager will cease to be that of an ad hoc figure and will become a process managed by the Innovation, Corporate Social Responsibility & Quality Management function which, in line with international standards for risk mapping, and supported by Finance for specific areas, will coordinate the process of second level controls;

- monitored the progress of the project to adapt the Internal Control System relating to the subsidiaries of the Biesse Group approved by the Board of Directors on 19 December 2020, implemented by the Issuer with the aim of implementing an adequate Internal Control System to ensure the reliability of financial reporting in the individual companies of the Group, functional to ascertaining the adequacy and effective and continuous application of these controls;
- assessed the accounting principles that served as a basis for the financial reports;
- proposed to the Board of Directors, which approved, the opportunity to implement, at least once a year, a practice of joint meetings of all the control bodies of Biesse S.p.A. (Control and Risk Committee, Board of Statutory Auditors, Manager in charge of preparing corporate accounting documents, Internal Audit, Independent Auditors, Supervisory Board and Director in charge of the internal control and risk management system) in order to promote the comparison and sharing of information and opinions on the subject;
- reviewed the new Audit Plan, as well as the associated risk assessments, and took note of the audits carried out by the Internal Audit function at the date of this report;
- in the ESG field, had the opportunity to see the process of drawing up the materiality matrix underlying the Sustainability Report, based on a stakeholder engagement activity;
- noted that the Company has adopted a suitable Policy for the management of dialogue with shareholders and other stakeholders, approved by the Board of Directors on 29 October 2021.

On the basis of the investigations carried out, the CRC considered that the Company's internal control and risk management system currently in force is adequate and that it is prepared in accordance with the reference regulatory framework and the Company's organisational structure.

In carrying out the activities listed above, the Committee had access to the information and company functions necessary to perform its duties. In order to perform its functions, the Control and Risk Committee was provided with the human resources deemed adequate for the activities carried out.

The Committee Chairman reports on the work carried out by the Committee during the Board's plenary meetings.

9.3 INTERNAL AUDIT MANAGER

The Board appointed Mr Domenico Ciccopiedi as head of the internal audit function, as the person in charge of verifying that the internal control and risk management system is functioning, adequate and consistent with the guidelines defined by the Board,

In line with the provisions of the CG Code, the Internal Audit Manager does not hierarchically report to any manager of operating areas, has free access to all the company information and has his own appropriate financial resources. He has direct access to all information useful to perform his mandate and is committed to providing assurances on the internal control system reporting the results directly to the Chairman of the Board of Directors, the Control and Risk Committee, and the Board of Statutory Auditors. His remuneration was defined in line with corporate policies by the Board at the proposal of its Chairman. The financial resources made available to the Internal Audit Manager in 2021, as a contingency pending the finalisation of the correct dimensioning of the department, amounted to 100,000 euros (one hundred thousand/00 euros) and the same mainly carried out an audit activity in the same period, to verify the correct application of the Group's accounting procedures (Internal Control over Financial Reporting Model) in the preparation of financial reporting. The following companies were the subject of these audits: Biesse S.p.A. (ICT Audit), Biesse Group UK Ltd., Biesse Asia Pte. Ltd., Biesse Malaysia SDN BHD, Biesse Trading (Shanghai) Co. Ltd., Hsd Usa Inc., HSD Mechatronics KOREA, HSD Deutschland, HSD Mechatronic (Shanghai) Co. Ltd., Montresor S.r.l., LLC Biesse Group Russia.

During 2021, the Board of Directors approved the work plan prepared by the head of the internal audit function, having consulted the Board of Statutory Auditors and the Chief Executive Officer.

The purposes, powers and responsibilities of Internal Audit's activities are formally defined by an Internal Audit Charter, consistent with the definition of Internal Auditing defined by the CG Code, the Code of Ethics and the reference Standards.

The Internal Audit Manager:

- a) verifies, both continuously and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system through an audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritisation of risks;
- b) had direct access to all relevant information for carrying out the assignment;
- c) prepared periodic reports containing adequate information concerning his activity, the way in which risk management is conducted, as well as the compliance with defined plans for limitation of the same, in addition to evaluation of the suitability of the internal control and risk management system and has forwarded them to the Chairmen of the Board of Statutory Auditors, of the Control and Risk Committee and of the Board of Directors, as well as to the director responsible for the internal control and risk management system and the Chief Executive Officer;
- d) prepared timely reports on particularly significant events and forwarded them to the chairmen of the Board of Auditors, the Control and Risk Committee and the Board of Directors, as well as to the Chief Executive Officer;
- e) verified the reliability of information systems, including accounting systems, as part of the audit plan.

In 2021, the main activities carried out by the Internal Audit Manager were as follows: planning, coordinating, carrying out audits at Group companies on the Audit Plan; analysis and testing of the internal control system pursuant to Law No. 262/05; participation in the project to revise and implement the Group's Internal Control System; participation in Supervisory Boards and audits in the context of Legislative 231/01 for the companies Biesse S.p.A., HSD S.p.A., Viet Italia S.r.l., Uniteam S.p.A. and Bre.Ma. Srl; overseeing the certification of related-party transactions involving the Group's senior management; coordinating the Enterprise Risk Management process; identifying and managing risks internal to the Group; implementation of the Non-Financial Statement reporting process pursuant to Italian Legislative Decree 254/2016 and preparation of the Biesse Group Sustainability Report.

9.4 ORGANISATIONAL MODEL pursuant to Italian Legislative Decree 231/2001

In 2007, the Board of Directors approved an organisational, management and control model pursuant to Italian Legislative Decree No. 231 of 8 June 2001 (hereinafter the "**Model**") and containing provisions on the administrative liability of entities, in order to prevent, as far as possible, the commission of the offences set out in Italian Legislative Decree 231/2001, including in particular environmental offences, corporate offences, offences in breach of occupational health and safety regulations, and corruption offences.

The Model is the result of a long and in-depth analysis of the risks associated with Biesse's legal status. It is consistent with the principles enshrined in Italian Legislative Decree 231/01, in line with national best practices and the instructions of Confindustria, and is sufficient to prevent the risk that employees and associates of the Company commit the offences set forth in the aforementioned decree and in subsequent amendments.

It represents an additional guarantee of the sense of responsibility in relationships within the Group and with external parties, offering Shareholders sufficient guarantees of correct and efficient management.

The Model contains a detailed analysis of the risks of committing the offences provided for in Italian Legislative Decree No. 231/01, with specific reference to significant offences in relation to Biesse's business, and a list of procedures required to fill any gaps between the areas found to be potentially at risk and the procedures already in place and operational at Biesse.

Presently, the areas identified as at risk and monitored pursuant to the regulations are:

- Offences against the public administration;
- Corporate crimes;
- Market Abuse crimes;
- Offences related to safety on the workplace;
- Computer offences and illicit data processing;
- Crimes of receiving stolen goods, money laundering, and use of cash, goods or other valuables of illegal origin, in addition to self-laundering;
- Organised crime offences;
- Crimes against industry and trade;
- Environmental crimes;
- Crimes related to irregular worker employment;
- Tax crimes;
- Smuggling crimes;
- Copyright infringement offences.

On 29 January 2021, the Board of Directors approved the latest version of the Model, integrated in the general and special sections in the light of the legislative changes that have expanded the catalogue of offences under the Decree.

A Supervisory Board has also been set up, consisting of the Chairman Mr Giuseppe Carnesecchi, the Head of the Biesse Internal Auditing Department and the Head of the Biesse Legal Affairs Department (appointed to ensure co-ordination between the various parties involved in the internal control and risk management system), with the task of:

- periodically mapping the areas at risk of offence (i.e. "sensitive activities"), in order to adapt them to the changes in the activities and/or the company structure. For said purpose, Management and employees in charge of internal control reported any situations that can expose the Company to risk of offence to the Supervisory Board;
- periodically verifying the matters set forth by the Model, especially ensuring that the procedures and controls set forth are carried out and recorded as required and ethical principles are honoured;
- periodically checking specific transactions or specific events executed, especially as part of the sensitive activities whose results are summarised in a specific report, the contents of which are illustrated in the company publications;
- ensure that the corrective actions necessary to make the Model appropriate and effective are undertaken in a timely manner;

- gather, process and save all the relevant information received in relation to the Model and update the list of the information that must be transmitted to it. To this end, the Supervisory Body has free access to all relevant company documentation and is constantly informed by the management on aspects of the company's activities that may expose the Company to the risk resulting from the commission of one of the offences provided for in the Decree, as well as on relations with consultants and partners;
- report periodically to the Chairman, the Board of Directors and the Board of Statutory Auditors in relation to implementation of the company policies for implementing the Model;
- monitor violations of the Model, including violations of the Code of Conduct.

To complete the Model, note that the Company has set up a structured and unified system of procedures and control activities (which includes bolstering the efficacy of those already existing and by implementing new ones) aimed at covering any possible risks arising from sensitive and instrumental activities for the purpose of committing the offences set forth in the aforementioned decree.

In order to actively promote business ethics and integrity, those most involved and top management are periodically trained on issues related to Italian Legislative Decree 231/2001.

In particular, in order to reach as many people as possible with training courses on the subject, training initiatives were carried out in 2021 involving more than 2,400 employees and external collaborators.

During 2021, no reports were received by the Supervisory Board through the reporting channels available to all interested parties for the communication of unlawful conduct relevant under Italian Legislative Decree 231/2001 and the Model itself. These channels are suitable to ensure the confidentiality of the identity of the whistleblower, in accordance with Law No. 179 of 2017 (so-called Whistleblowing).

The Model, as well as the Code of Conduct, are available on the company's website at www.biessegroupp.com, Investor Relations section.

9.5 INDEPENDENT AUDITORS

On 20 June 2018, the Biesse Shareholders' Meeting, following the opinion of the Board of Statutory Auditors and the Board of Directors on 14 May 2018, resolved to appoint Deloitte S.p.A. as independent auditors for the period 2019-2027, establishing the relative remuneration.

During the year, the Board, after consulting the Board of Statutory Auditors, assessed the results presented by the statutory auditor in the audit opinion.

9.6 FINANCIAL REPORTING OFFICER AND OTHER CORPORATE ROLES AND FUNCTIONS

On 28 April 2021, in compliance with Law No. 262 of 28 December 2005, in addition to the provisions of the Articles of Association, the Board of Directors, at the proposal of the Chairman and subject to the favourable opinion of the Board of Statutory Auditors, approved the appointment of Mr Pierre Giorgio Sallier de La Tour, CFO of the Biesse Group, as Financial Reporting Officer.

The Financial Reporting Officer, Mr La Tour, possesses all the requirements of professionalism and integrity required by applicable law to carry out this task, being an expert in the fields of administration, finance and control and in possession of the necessary integrity requirements.

The Manager has been granted all the necessary powers under Art. 154-*bis* of Italian Legislative Decree 58 of 24 February 1998, as introduced by Art. 14 (1) of Law 262 which include but are not limited to:

- a. the power to introduce administrative and accounting procedures in the parent company and all the Italian and foreign subsidiaries;

- b. the power to dismiss and hire employees to perform specific activities, setting the compensation within the framework of the group policy;
- c. the power to grant and revoke assignments to Italian and foreign professionals to carry out specific assignments, setting their term and compensation;
- d. the power to make direct purchases of or lease software and assets necessary to carry out the budget and related procedures;
- e. any other necessary power, including related expenses, with a view to the correct execution of the assignment granted.

Risk Manager

During the year, as part of the corporate reorganisation process, the coordination of the risk management process was entrusted to the Innovation, Corporate Social Responsibility & Quality Management function, supporting the CEO.

The Function in question has the appropriate skills and professionalism to coordinate the Enterprise Risk Management process, also in the light of the coordination of the ISO-certified Company Management Systems, based on the Risk Management methodology.

9.7 COORDINATION AMONG THOSE INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Issuer provides for coordination procedures among those involved in the Internal Control and Risk Management System in order to maximise the efficiency of the internal control and risk management system and to reduce duplication of effort. To this end, the Board of Directors receives and examines the periodic reports prepared by the Internal Audit Manager, by the Control and Risk Committee and the Chief Executive Officer through the function responsible for ERM coordination in order to verify the following (i) whether the structure of the Internal Control and Risk Management System in place within the Group is effective in achieving the objectives and (ii) whether any reported weaknesses imply the need for System improvement.

The Board of Statutory Auditors and the Control and Risk Committee are expected to promptly exchange information relevant to the performance of their respective duties. In addition, the Board of Statutory Auditors attends, as a guest, the meetings of the Control and Risk Committee, with which it promptly exchanges information relevant to the performance of their respective duties.

During the year, in order to increase the efficiency of the internal control system, on 29 October the Board took note of the proposal of the Control and Risk Committee to implement, at least once a year, a practice of joint meetings of all the control bodies of Biesse S.p.A. (Control and Risk Committee, Board of Statutory Auditors, Manager in charge of preparing corporate accounting documents, Internal Audit, Independent Auditors, Supervisory Board and Director in charge of the internal control and risk management system, Head of ERM Coordination) in order to promote the comparison and sharing of information and opinions on the subject.

At the date of approval of this Report, this practice had already been applied at the first joint meeting on 9 March 2022.

10. INTERESTS OF DIRECTORS AND RELATED-PARTY TRANSACTIONS

In accordance with the Regulation adopted by CONSOB with resolution No. 17221 of 12 March 2010 as amended by resolution No. 17389 of 23 June 2010, No. 19925 of 22 March 2017 and No. 19974 of 27 April 2017 ("**Consob Regulation**"), on 12 November 2010 the Board of Directors of the Company adopted, with the

prior approval of the Internal Control Committee at the time, the procedure governing transactions with related parties, laying down the rules for transactions with related parties with the aim of ensuring, for itself and its subsidiaries, the transparency and substantive and procedural fairness of transactions with related parties entered into by the Company.

The procedure has been constantly updated over the years, most recently in May 2021, in accordance with the applicable legislation.

The Regulation aims to identify the principles and procedures which Biesse uses in order to ensure the substantial and procedural transparency and correctness of Related-Party transactions (as defined below), executed by the Company, directly or through its subsidiaries.

For the purposes of the Regulation, related-party transactions ("RPT") may be defined as any transfer of services, resources, or obligations between related parties, regardless of whether or not a consideration has been agreed, which may include:

- merger or spin off transactions in the narrow sense and not proportional, provided these are executed with Related Parties;
- every decision related to the assignment of remuneration and economic benefits, in any form, to members of the Board of Directors and Statutory Auditors and to key managers.

The bodies involved in examination and approval of the transactions and bodies which have supervisory duties on enforcement of the Regulation, each for their own sphere of responsibility, for the purpose of identifying the RPT in accordance with the Regulation, are required to give preference to and consider the substance of the relationship and not only its legal form. Taking into account the reports and comments made by other company bodies, the Board of Directors of the Company reviews the effectiveness of the Regulation at least every three years and decides whether any changes are necessary or appropriate.

The Company, as a smaller listed company, avails itself, pursuant to Art. 10 of the CONSOB Regulations, of the faculty to apply the procedural regime provided for RPTs of Lesser Importance to RPTs of Greater Importance.

This Regulation includes the establishment of a Committee for vetting Related-Party transactions which consists of the two independent directors and uses the prerequisites set forth by applicable law and regulations. This Committee is the Control and Risk Committee.

During the financial year, the Committee held three meetings, with minutes taken as required, lasting an average of one hour. All members participated in those meetings. Three meetings are planned for the year 2021.

In carrying out its duties in 2021, the Related Parties Committee:

- analysed the 2021 MBOs for strategic executives and the 2021-2023 Long-Term Incentive Plan proposed by the Issuer, in order to examine, at Consob's request, the existence of any elements of discretionary power on the part of Biesse in determining the plan with reference to the executive directors and strategic executives to whom it applies, expressing a favourable opinion on the absence of discretionary provisions by the company and also underlining an expectation that the issuer, with the assistance of the Remuneration Committee, would draw up a new Remuneration Policy with a greater degree of detail than the previous one;
- took note of the amendments made by Consob to the Regulation on Related Party Transactions, to the Issuers' Regulation and to the Market Regulation with Resolutions nos. 21624 and 21623 of 11 December 2020 and aimed at implementing the delegation contained in Italian Legislative Decree No. 49 of 10 June 2019

and, during the Financial Year, adjusted its own Procedure for regulating Related Party Transactions and its own Operating Regulation, subsequently approved by the Board of Directors on 12 May 2021, accordingly;

- assessed the Issuer's commercial relations with various suppliers in the context of relations between related parties, always expressing a favourable opinion on the matter;
- approved the Committee's period report to the Board.

The Board of Directors has found operating solutions that can facilitate the identification and adequate management of the situations in which a director holds an interest on his own behalf or on behalf of third parties.

The Biesse Related Party Transactions Regulation is available on the company's website at www.biessegroupp.com, in the section "Investor Relations".

11. BOARD OF STATUTORY AUDITORS

11.1 APPOINTMENT AND SUBSTITUTION

The Board of Statutory Auditors supervises compliance with the law and the Articles of Association and provides control of operations, while it is not responsible for accounting controls which are the responsibility of independent auditors designated by the Shareholders' Meeting among those registered in the Consob roll.

The Articles of Association provide that the Board of Statutory Auditors is made up of three standing Auditors and two alternate Auditors and that the appointment is made on the basis of lists presented by the Shareholders representing at least 2% (two percent) of the share capital with voting rights in the ordinary Shareholders' Meeting or the different minimum quota established by Consob (for 2022, as established with Consob Executive Resolution No.60 of 28 January 2022, it established that the minimum percentage for the presentation of lists for the appointment of the statutory auditors of Biesse SpA is equal to 2.5% - it should be noted that any lower percentage provided for in the Articles of Association and therefore the 2% threshold established in the Company's Articles of Association applies). Each Shareholder, as well as the Shareholders belonging to the same group may not present, not even through a third party or trust company, more than one list nor can they vote for different lists. If this rule is broken, the vote of the Shareholder in question will not be taken into account for any of the candidate lists filed. Each candidate may only be on one list. Failure to comply will mean ineligibility.

A statutory auditor is elected as follows: two standing auditors and one alternate auditor are selected, in the consecutive order in which they are listed, from the candidate list that obtained the highest number of votes in the Shareholders' Meeting; the names of one standing and another alternate auditor are selected from the candidate list with the second highest number of shareholder votes, according to the sequential order in which they appear in the list. The standing auditor will assume the role of Chairman. If there is a tie among two or more candidate lists, the Statutory Auditors appointed will be those most senior in age.

Should the foregoing mechanism fail to produce a composition of the Board of Statutory Auditors that complies with the gender balance required by law, instead of appointing the last candidate in numerical order on the list that received the highest number of votes, the next available candidate, in numerical order, from the same list belonging to the less represented gender will be appointed as a Standing Statutory Auditor or Alternate Statutory Auditor. In the event that a Statutory Auditor loses or relinquishes the qualifications or credentials required by law and the Articles, they will be removed from office.

The lists must be filed no later than the twenty-fifth day prior to the date of the Shareholders' Meeting and must be posted, as required by law and by the Consob Regulations, at least twenty-one days prior to the

meeting. Candidatures must be accompanied by a professional curriculum vitae and the statements whereby each candidate accepts the candidature and attests, under personal responsibility, the absence of ineligibility and incompatibility, as well as the existence of the requirements prescribed by law and by the Articles of Association for these roles (independence and professionalism).

In order to ensure gender balance within the Board of Statutory Auditors, the less represented gender must have a number of members equal to that established by the applicable laws and regulations. Therefore, both sections of the lists must contain a number of candidates belonging to the less represented gender equal to that required by the aforementioned legislation.

For the appointment of Standing or Alternate Statutory Auditors to complete the composition of the Board of Statutory Auditors following substitution or departure from office, the Standing or Alternate Statutory Auditor belonging to the same list as the outgoing Statutory Auditor will replace them, without prejudice to compliance with the proportion of genders required by law. If this is not possible the Meeting must decide on the basis of the required majority for ordinary Meetings without prejudice to the stipulations in paragraph 1 of the present Article and compliance with the proportion of genders required by law.

The Company is not subject to further rules on the composition of the Board of Statutory Auditors, other than those provided for in the Consolidated Law on Finance.

11.2 COMPOSITION AND OPERATION (pursuant to Art. 123-bis, paragraph 2, letters d) and d-bis), Consolidated Law on Finance)

With the approval of the financial statements at 31 December 2020, the current Board of Internal Auditors expired, therefore on 28 April 2021 the Shareholders' Meeting was called on to reconstitute the Company's Board of Statutory Auditors.

At least one third of the regular members of the Board of Statutory Auditors shall be members of the least represented gender.

The current Board of Auditors will remain in office until the approval of the financial statements for the year ending 31 December 2023. The members of the Board of Statutory Auditors were appointed on the basis of (i) the list submitted by the majority shareholder BI.FIN. S.r.l., which was voted by 28,085,494 shareholders, representing 81.150649% of the voting rights represented at the shareholders' meeting, and (ii) the minority list presented jointly by Amundi Asset Management SGR S.p.A. Manager of the fund Amundi Risparmio Italia; Anima Capital SGR S.p.A., fund manager of: Anima Crescita Italia, Anima Iniziativa Italia; Arca Fondi SGR S.p.A. fund manager of Arca Economia Reale Equity Italia; Bancoposta Fondi S.p.A. SGR fund manager of Bancoposta Rinascimento; Eurizon Capital SGR S.p.A., fund manager of: Eurizon Pir Italia 30, Eurizon Progetto Italia 20, Eurizon Progetto Italia 70, Eurizon Azioni Pmi Italia, Eurizon Progetto Italia 40, Eurizon Pir Italia Azioni; Fideuram Asset Management Ireland fund manager of Fonditalia Equity Italy; Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. fund manager of: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50, Piano Bilanciato Italia 30; Interfund Sicav - Interfund Equity Italy; Mediolanum Gestione Fondi SGR S.p.A. fund manager of: Mediolanum Flessibile Futuro Italia, Mediolanum Flessibile Sviluppo Italia, voted by 6,264,565 shareholders, equal to 18.100928% of the voting rights represented at the meeting.

During 2021, the Board of Statutory Auditors met 17 times, in compliance with the precautionary measures for the containment of the Covid-19 Pandemic.

As at the date of preparation of this Report, 10 are planned for 2022.

For more information on the composition of the Board and the equity investment of each member, see the summary tables. At the date of this Report, the Board of Statutory Auditors was composed as follows:

Paolo De Mitri (Chairman), born in Milan, on 14/10/1963, obtained the qualification of accountant and commercial expert in 1982. He has been on the Register of Practitioners of the Professional Association of Chartered Accountants and Accounting Experts of the Province of Mantua since 1987 at number 215, Section A; in the Register of Arbiters, Arbitrators and Contract Experts of the Arbitration Board of Mantua since 1994; in the register of consultants to the judge in the categories: auditors, companies, company and asset valuations and taxation since 1993; in the register of auditors at No 18347. During the year, he served as Chairman of the Board of Statutory Auditors in the following companies: Hyle Capital Partners Societa' di Gestione del Risparmio S.p.A., Riello Investimenti S.p.A.; Fhs&C S.p.A., Foodness S.p.A. and First Advisory Srl; he also held the role of Standing Auditor in the following companies; BPER Banca S.p.A., Garmont International Srl, Investitori First Srl.; finally, he held the position of Sole Auditor at Omniafibre Srl.

As at 31 December 2021, he does not own any Issuer shares.

Giovanni Ciurlo (Standing Auditor), born in Genoa on 14/08/1960, he graduated in Economics from the University of Genoa in 1983 and subsequently qualified as a Chartered Accountant. He has been a member of the Order of Chartered Accountants since 1985. He is also entered in the Register of Auditors.

A partner of the ECOVIS STLex firm since 1991, he works in the fields of corporate and tax law, where he has gained significant experience assisting Italian and foreign companies and investors in M&A, LBOs and other extraordinary transactions.

During the year, he held the following positions: Chairman of the Board of Statutory Auditors at Comarco S.p.A.; Statutory Auditor at Double R Srl, Fine PCB S.p.A., Italmatch Chemicals S.p.A. and Noberasco Holding S.p.A. and Supervisory Board Member at Gastaldi Holding S.p.A.

As at 31 December 2021, he does not own any Issuer shares.

Enrica Perusia (Standing Auditor), born in Turin on 27/10/1967, she graduated in law and subsequently qualified to practice law. She is a member of the Bar Council of Turin.

Highly specialised in Italian and international anti-money laundering legislation, anti-corruption legislation, Italian Legislative Decree 231/2001 and Administrative Responsibility of entities and Corporate Governance, she currently works with Studio Ranalli e Associati, where she is involved, on a consultancy basis, in corporate compliance and the drafting of Organisational Models pursuant to Italian Legislative Decree No. 231/2001 in companies, including those listed on regulated markets, operating in various sectors.

During the year, she held the following roles and positions: standing auditor in Acque Blu Fiorentine (subsidiary of Acea S.p.A.), as well as member of the Supervisory Board in several companies.

As at 31 December 2021, she does not own any Issuer shares.

Maurizio Gennari (Alternate Auditor), born in Pesaro, 12/10/1948, he graduated in Economics and Business at the University of Urbino, subsequently obtaining the title of Chartered Accountant, a profession he has been practising since 1974. Since 1981, he has been enrolled in the Register of Official Accounting Auditors and in the list of court-appointed technical consultants of the Court of Pesaro, for which he has also acted as Bankruptcy Trustee and Judicial Commissioner in various bankruptcy proceedings.

As part of his profession, he is an auditor in several corporations, non-profit organisations and major private foundations.

During the year, he served as Chairman of the Board of Statutory Auditors of "ESSE Industrie di Scavolini Elvino e Valter & C. S.a.p.a.", which prepares the consolidated financial statements of SCAVOLINI SPA, a company in which he held the position of Standing Auditor.

As at 31 December 2021, he does not own any Issuer shares.

Silvia Muzi (Alternate Auditor), born in Rome on 18/07/1969, graduated in Economics and Commerce at La Sapienza University of Rome. Since 1999 she has worked as a Chartered Accountant and Accounting Expert, an Auditor and an UNCI-accredited Auditor. She holds the position of Chairman of the Board of Statutory Auditors at Rai Way S.p.A., Neep Roma Holding S.p.A. and Stadio TDV S.p.A. in liquidation; she is also a Statutory Auditor at Esprinet S.p.A. and Banco BPM S.p.A.

As at 31 December 2021, she does not own any Issuer shares.

The meeting attendance record of the new auditors in 2021 was as follows: Paolo De Mitri: [100%]; Giovanni Ciurlo: [100%]; Enrica Perusia: [100%].

Diversity criteria and policies

The Board of Statutory Auditors:

- predefined, at the beginning of its mandate, the quantitative and qualitative criteria for assessing the significance of the circumstances relevant under the Code for the purposes of assessing the independence of auditors (borrowing from Recommendation 7, as referred to in Recommendation 9);
- carried out, after its appointment and specifying the assessment criteria concretely applied, the self-assessment of its independence and of the existence of the requirements of honourableness, professionalism and limits to the accumulation of offices, as well as the self-assessment of its work. The self-assessment did not reveal any critical issues (Art. 144-novies, paragraph 1-bis, Consob Issuers' Regulation and Recommendation 6 as referred to in Recommendation 9, as well as Recommendation 10);
- assessed - when circumstances relevant to independence arose and in any event at least once during the Financial Year - the continuing existence of the independence requirements for the members of the Board of Statutory Auditors (Recommendation 6 as recalled by Recommendation 9) and - in making the above assessments, considered all the information made available by each member of the Board of Statutory Auditors (Recommendation 9) assessed all the circumstances that appear to compromise independence identified by the Consolidated Law on Finance and the Code (Recommendation 7, as recalled by Recommendation 9) and applied all the criteria set out in the Code with reference to the independence of directors (Recommendation 7, as recalled by Recommendation 9).

Regarding the composition of the Board in office at 31 December 2021, the Issuer did not consider it appropriate to adopt a diversity policy for aspects such as age, gender, education and professional background, since: (i) for the election of the Board of Statutory Auditors, the provisions of articles 147-ter and 148 of the Consolidated Law on Financial Intermediation, as amended by Law No. 160 of 27 December 2019 (Budget Law 2020) on gender equality, which extended the relevant obligations for six consecutive terms of office and increased the proportion of directors and statutory auditors of the less represented gender that must be elected to corporate bodies from 1/3 to 2/5, were applied (ii) for the election of the Board of Statutory Auditors, the professionalism requirements provided for by the applicable legislation, including regulations, are already required.

In carrying out its activities, the newly appointed Board of Statutory Auditors monitored the independence of its members and carried out a self-assessment at the beginning of its term of office, which the Board reported on at the Board meeting of 30 July 2021, from which a positive picture emerged of the suitability of the members and the adequate composition of the body, with reference also to the requirements of

professionalism, competence and honourableness required by law. Independence was assessed on the basis of the criteria set out in Art. 2 of the CG Code, applying all the criteria set out for directors in the CG Code as approved by the Board of Directors.

In performing its duties, the Board has supervised the independence of the external auditors, verifying both the compliance with legal requirements and the nature and entity of the services other than account auditing provided to the Issuer and its subsidiaries by the independent auditors.

In carrying out its duties, the Board of Statutory Auditors liaised with the Internal Audit department and with the Control and Risk Committee. It participated in all Committee meetings, to which the Internal Audit Manager reported on the work carried out.

In the declaration of candidacy and acceptance of the office of Statutory Auditor of the Company, moreover, all the Statutory Auditors attested (i) the non-existence of causes of ineligibility, forfeiture and incompatibility, (ii) to possess all the requirements of honourableness, independence and professionalism, required by law and by the Articles of Association for the office of Statutory Auditor in a listed company; (iii) that they do not hold directorships and auditing positions equal to or exceeding the limits established by current legislation; and (iv) to undertake to promptly notify the Company and, on its behalf, the Board of Directors and the other members of the Board of Statutory Auditors of any changes in the declaration and any grounds for disqualification

Remuneration

As regards the remuneration paid during the year to the control bodies for any reason and in any form, please refer to Section II of the Remuneration Report.

Management of interests

The Company requires that a Statutory Auditor who, on their own behalf or on behalf of third parties, has an interest in a certain transaction of the Issuer shall promptly and fully inform the other Statutory Auditors and the Chairman of the Board about the nature, terms, origin and extent of their interest.

12. SHAREHOLDER RELATIONS

Financial communication plays an essential role at Biesse in the value creation process for the Group: the Issuer has adopted a strategy to promote continuous and correct flows of information between the financial community, the market and the Issuer. Biesse has always actively worked to establish continuous dialogue with institutional investors, shareholders and the market, in compliance with the procedures adopted for public disclosure of internal documents and information. For this reason, the specific corporate function of "Investor Relations" was established, which Alberto Amurri was appointed to lead, working with the Board of Directors with the aim of ensuring the systematic publication of complete and timely disclosure through press releases, meetings with the financial community and periodic updates of the Company's website (www.biessegroupp.com).

During 2021, Biesse participated in the events organised by Borsa Italiana (Virtual Star Conference - Spring and Fall edition 2021-) as well as independently creating a number of opportunities for meeting and exchange with the Italian and international financial community.

In accordance with recommendation 3 of the CG Code, the CFO reported on the Star event to the Board during the financial year, in particular at the meeting on 29 October 2021.

To foster financial communication, the Board of Directors of Biesse works to provide easy and timely access to the information regarding the Issuer which is relevant for its shareholders to knowledgeably exercise their rights. To achieve this, the Company felt it would be appropriate to set up a dedicated space on its website

with economic and financial information (financial statements, quarterly and interim reports) and data and documents of interest to shareholders, including the Code of Conduct, the Organisation and Management Model and the Sustainability Report (www.biessegroup.com - section "Investor Relations"). The documentation will remain available on the site for at least five years.

On 29 October, the Board, on the proposal of the Chairman formulated in agreement with the Chief Executive Officer and in compliance with Principle IV and Recommendation No. 3 of the Corporate Governance Code, adopted a Policy for the management of dialogue with shareholders and other stakeholders in order to optimally manage dialogue with shareholders and, more generally, with all other stakeholders.

The policy provides for the identification of one or more executive directors responsible for organising and managing dialogue with shareholders and other stakeholders, with the help of the company's Investor Relations department, as well as the possibility that this task may be delegated to other key managers.

The role of appointed directors was assigned to the Chief Executive Officer Roberto Selci and the Co-Chief Executive Officer Massimo Potenza, in addition to explicitly assigning the same purpose to the CFO Pierre La Tour and the Investor Relator Alberto Amurri with a Board resolution of 29 October 2021.

In application of the Policy, the Investor Relator and the CFO are in charge of maintaining relations with investors. In particular, after each Board of Directors meeting to approve the accounting data for the period, they hold discussion sessions with investors in which the directors may also take part.

13. SHAREHOLDERS' MEETINGS

Shareholders' Meetings are legally constituted when all shareholders are represented and its resolutions, taken in compliance with the law and the Articles of Association, are binding for all shareholders, even if absent or in disagreement. Shareholders' Meetings may be called in Italy at the company headquarters or elsewhere. The Shareholders' Meeting is called by the Board of Directors by issuing a notice to be published according to the deadlines and procedures provided for by applicable legislation.

Ordinary and extraordinary shareholders' meetings and shareholder decisions are valid where the quorum, voting majorities and other statutory requirements set out in existing laws, are satisfied. The Shareholders' Meeting may be held with a single call.

Pursuant to Art. 2365 of the Italian Civil Code, the Board of Directors also has the power to pass resolutions on proposals concerning: mergers and demergers of companies in the cases and according to the procedures established by law; updates of the Articles of Association in line with regulatory provisions.

For the appointment of the members of the Board of Directors and the Board of Statutory Auditors, the provisions of articles 16 and 19 bis of the Articles of Association apply, which also specify the percentages established for the filing of lists for the election of the aforesaid bodies.

The Articles of Association do not provide for postal or electronic voting, as well as the possibility of participating in the Shareholders' Meeting by video or audio conference. However, given the contingency due to the Covid-19 pandemic, art. 106 of the Decree Law No. 18 of 17 March 2020, (the so-called Cura Italia decree, hereinafter the "Decree"), as amended by law No. 21 of 26 February 2021, during the conversion of the Decree Law No. 183 of 31 December 2020, which extended its application also to the shareholders' meetings convened by 31 July 2021, extended the ordinary terms for the annual meeting of the Shareholders' Meeting and made it possible to derogate from these statutory and legal provisions, in order to ensure that the meetings are held in compliance with public health, leaving the decision to make use of the participation instrument deemed most suitable to the individual Issuers.

In light of the above, during the year, the Issuer has deemed to resort to the institution of the "designated exclusive representative", pursuant to Art. 106 paragraph 4 of the Decree, appointing Computershare S.p.A. to represent the Shareholders pursuant to Art. 135-undecies of Italian Legislative Decree 58/98 and the aforementioned Decree.

Participation in the Shareholders' Meeting by the shareholders was allowed exclusively through the designated exclusive representative, within the terms and in the manner set out in the notice of meeting.

The other provisions of Art. 135-undecies Consolidated Law on Finance for the designated sole representative remain the same, in particular those relating to the granting of proxies with voting instructions (including the possibility of different voting), the obligation to declare any interests that the designated representative has on their own behalf or on behalf of third parties with respect to the proposed resolutions, the duty of confidentiality of the designated representative (and their employees and auxiliaries) and the methods for calculating the quorums in relation to the delegated powers.

Since 2001, the Company has had a set of shareholders' meeting rules that govern the orderly and practical running of the ordinary and extraordinary meetings, ensuring each shareholder the ability to participate in the discussion of items on the agenda. All those who participate as representatives of shareholdings are entitled to speak on any of the issues set forth for discussion. Shareholders who wish to speak must ask the Chairman for the floor, submitting a written request including indication of the topic of the question. This is done after the chairman has read aloud the items on the agenda and until he has declared the discussion of the issue closed.

The regulations for the meetings can be viewed in the specific section of the website www.biessegroup.com.

During the course of the 2021 financial year, the Shareholders' Meeting met on 28 April, in first call, to deliberate on the approval of the financial statements of Biesse S.p.A. for the year ended 31 December 2020, on the allocation of the result for the year 2020, on the renewal of the Company bodies, appointing the new Board of Directors and the new Board of Statutory Auditors as more fully specified in sections 4.2 and 14 of this Report) and also determining their remuneration, on resolutions relating to the second section of the Remuneration Report and finally, in an extraordinary session, on the adjustment of the Articles of Association to the regulatory provisions on gender balance. In view of the impossibility of physically attending the Shareholders' meeting of 28 April 2021, the Issuer's controlling shareholder communicated sufficiently in advance the proposals it submitted to the Shareholders' Meeting, regarding matters on which the directors had not formulated a specific proposal. These proposals were made available to shareholders through publication on the website.

This meeting was attended by four directors belonging to the administrative body that ceased to exist with the approval of the financial statements as of 31/12/2021 (Massimo Potenza, Stefano Porcellini and Elisabetta Righini) and by the entire Board of Statutory Auditors that ceased to exist on the same date.

On that occasion, the Board reported to the Meeting on the work carried out and on its planned activities, and endeavoured to ensure that shareholders had adequate information so that they could make the fully informed decisions required of the Shareholders' Meeting, including through the publication of the reports required by applicable laws and regulations.

During 2021, there were no significant changes in capitalisation or corporate structure such as to suggest to the Board to propose amendments to the Articles of Association regarding the percentages required for exercise of shares and prerogatives in defence of minorities.

Increased voting

Pursuant to Art. 127-quinquies of the Consolidated Law on Finance, if the following conditions are met, each share is attributed 2 votes in all ordinary and extraordinary shareholders' meetings: (i) the share has belonged

to the same person, by virtue of a right in rem legitimising the exercise of voting rights (full ownership, bare ownership with voting rights and usufruct with voting rights), for a continuous period of at least 24 (twenty-four) months, and (ii) the recurrence of the condition under (i) is attested by registration in the special list established by the Company pursuant to Art. 6 of the Articles of Association for a continuous period of at least 24 (twenty-four) months and by a communication issued by the intermediary with whom the shares are deposited and referring to the date of expiry of the continuous period.

Pursuant to current legislation, the Company establishes and maintains at its registered office a special list to which shareholders wishing to benefit from the increased voting rights for all or part of their shares must register. Any person wishing to obtain registration in the special list of all or part of the shares of which he is the holder shall apply in writing to the Company, enclosing the communication attesting to their ownership of the shares, issued by the intermediary with whom such shares are deposited.

For entities other than natural persons, the request shall indicate whether the holder of the shares is subject to direct or indirect control by a third party and, if so, shall contain the information necessary to identify the controlling entity.

The acquisition of the increased voting rights will be effective on the fifth trading day of the calendar month following the day on which the conditions required by the Articles of Association for the increased voting rights are fulfilled. Art. 127-quinquies, paragraph 7, of Italian Legislative Decree 58/98 applies.

The increase in voting rights extends proportionally to the shares: (i) newly issued in the event of a free capital increase; (ii) in exchange for pre-existing shares in the event of a merger or demerger, provided that the draft terms of merger or demerger so provide; (iii) subscribed to as part of a capital increase through new contributions. In such cases, the newly issued shares acquire the additional voting rights from the moment of their registration in the special list, without the need for a further continuous holding period of 24 (twenty-four) months; on the other hand, if the voting rights of the existing shares have not yet vested but are in the process of vesting, the voting rights of the newly issued shares will vest as soon as the conditions required by the Articles of Association for the increase of the voting rights of the existing shares are fulfilled.

The increased voting right shall cease to apply in the event of transfer of the share for consideration or free of charge, it being understood that transfer also includes the establishment of a pledge, usufruct or other encumbrance on the share when this results in the loss of the voting right by the shareholder. An increased vote is retained on the Issuer's shares other than those transferred or those on which a pledge or usufruct or other encumbrance on the Issuer's share has been established. The benefit is also preserved in the event that the legitimising right in rem is transferred (i) by succession mortis causa, or (ii) as a result of a transfer by virtue of a gift in favour of legitimising heirs, a family pact, or the creation and/or endowment of a trust, an estate fund or a foundation of which the transferor himself or his legitimising heirs are beneficiaries. Successors in title are entitled to apply for registration with the same seniority as the natural person in title.

The increased voting right is also lost in the event of the direct or indirect transfer of controlling interests - as defined in accordance with the rules applicable to issuers with listed securities - held in companies or entities that in turn hold shares in the Company with increased voting rights in excess of the threshold requiring notification to the Company and Consob of significant holdings pursuant to current legislation, it being understood that the benefit of the increased voting rights is maintained in the case of transfers (a) mortis causa, or (b) by virtue of a donation in favour of legitimate heirs, by virtue of a family pact, or for the constitution and/or endowment of a trust, an estate fund or a foundation of which the transferor themselves or their legitimate heirs are beneficiaries, concerning the aforesaid controlling shareholdings.

The person entitled to the increased voting right is entitled to waive the increased voting right for all or part of their shares by written notice to be sent to the Company. The waiver is irrevocable, but the increased voting right may be acquired again with respect to the shares for which it was waived, by means of a new entry in the

special list and the full expiry of the continuous membership period of at least 24 (twenty-four) months. The Company shall proceed with removal from the special list in the following cases: (i) waiver by the entitled person; (ii) communication from the person entitled or the intermediary, proving that the conditions for the increase in voting rights have ceased to exist or that he has lost the ownership of the legitimising right in rem and/or the related voting right; (iii) ex officio, if the Company becomes aware of the occurrence of facts that result in the loss of the prerequisites for the increase of the voting right or the loss of the ownership of the legitimising right in rem and/or the related voting right.

The special list shall be updated by the Company no later than the fifth trading day after the end of each calendar month and, in any event, no later than the date of entitlement to attend the Shareholders' Meeting and exercise voting rights, known as the record date.

14. FURTHER CORPORATE GOVERNANCE PRACTICES (ex art. 123-bis, paragraph 2, letter a), second part, Consolidated Law on Finance)

There are no other corporate governance practices other than the above.

15. CHANGES AFTER THE CLOSE OF THE FINANCIAL PERIOD

It should be noted that on 1 January 2022, has become effective the merger by incorporation of the Group company Bre.Ma. Brenna Macchine Srl, which was approved by the Board on 28 September 2021 and whose deed of merger was previously filed with the Como Companies' Register on 21 December 2021.

To service this merger, Biesse resolved to increase its share capital by €9,551 by issuing 9,551 new ordinary shares with a nominal value of €1 each.

As a result of the aforementioned increase, the fully subscribed and paid-in share capital of Biesse amounts to € 27,402,593.

16. COMMENTS ON THE LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The Board of Directors has taken note of the recommendations made in the letter dated 3 December 2021 from the Chairman of the Corporate Governance Committee, which was brought to the attention of the Chairman of the Board and, for information, to the Managing Directors and the Chairman of the Board of Statutory Auditors to whom it was forwarded, without delay.

At its meeting of 20 December 2021, the Board assessed the progress of alignment with these recommendations.

The assessment found that:

- on the advisability of adopting a Shareholder Dialogue Policy, the Board resolved to adopt the Shareholder Dialogue Policy on 29 October 2021, for which reference should be made to paragraph 12 above for further details, as well as to the website: https://www.biessegroupp.com/media/files/1989_Policy_Comunicazione_2021.pdf;

- with regard to the recommendation on the independence of directors, which suggests providing in the Corporate Governance Report the criteria used to assess the significance of professional, commercial or financial relationships and additional remuneration, including with reference to the Chairman of the Board of Directors, if the latter has been assessed as independent under the Corporate Governance Code, the Board resolved to determine the criteria for the independence of the members of the Board of Directors on 29 October 2021, as more fully specified in paragraph 4.7 above;

- with regard to the recommendation on the preparation of Board Regulations and Pre-Board Disclosures, the Board resolved to adopt Board Regulations complete with the section on Pre-Board Disclosures on 15 March 2021. In particular, with regard to pre-consultation disclosures, the Regulation provides that supporting documentation for Board meetings is brought to the attention of each Director and Statutory Auditor by means of a document sharing information system capable of ensuring the confidentiality of the information on the same date as the meeting is called, where possible, and in any event no later than three days prior to the date set for the meeting, except in cases of urgency when the documentation will be made available as soon as possible. If the documentation to be made available is voluminous or complex, it may be accompanied by a document summarising the most significant and relevant points for the purposes of the decisions on the agenda. The supporting documentation shall be prepared by the competent corporate function, on the basis of information/resolution sheets gathering the main assessment factors necessary for each member of the Board to acquire the due knowledge for the purposes of the relevant resolution, and then sent by the Company Secretariat;

- in relation to succession plans for BoDs in non concentrated ownership companies, the Issuer is one of the concentrated ownership companies that are not required to prepare a detailed succession plan; the Issuer currently has a contingency plan in place;

- With regard to remuneration policies, the variable component linked to strategic and sustainability objectives, the Issuer acknowledged the existence of a valid remuneration policy, but in relation to which Consob had requested more details on short- and long-term objectives during the year; for these reasons, on the occasion of the meeting of 20 December 2021, the Board resolved on the new remuneration policy, which provides for a clearer and more incisive link with the main strategic guidelines of the new 2021-2023 three-year plan (adopted on 30 July 2021). In addition, the report on remuneration policies was updated and revised with a view to preparing a document that summarises as fully, clearly and transparently as possible the structure of the variable remuneration system, its size and the measures taken as a reference.

In relation to sustainability objectives and related remuneration, the 2021-2023 strategic plan includes a specific programme for the development of sustainability (currently reported through the related budget) with a view to its explicit inclusion in the next three-year plan and related remuneration. A dedicated function has already been set up for this purpose, also with staff recruited for this purpose;

- with regard to the classification of the Company with respect to the categories of the Code and the simplification options available to "non-large" and/or "concentrated" companies, the Company has decided to belong to "non-large" companies with concentrated ownership, thus taking advantage of the simplification of activities based on the recommendations of the CG Code.

TABLE 1**OWNERSHIP INFORMATION at 14/03/2022**

<i>SIGNIFICANT EQUITY INVESTMENTS IN THE SHARE CAPITAL</i>			
Declarant	Direct shareholder	% of ordinary share capital	% of voting share capital
Giancarlo Selci	BI.FIN SRL	67.550	67.550

TABLE 2**STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR**

Office	Members	Year of birth	Date of first appointment*	In office from	In office until	List (presenters) **	List (M/m) ***	Exec.	Non-exec.	Indep. Code	Indep. Consolidated Law on Finance	No. other offices ****	Shares (*****)
Chair.	Giancarlo Selci	1936	1994	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M	x				/	41%
CEO	Roberto Selci	1960	2000	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M	x				/	100%
Co-Chief Executive Officer	Massimo Potenza	1960	2020	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M	x				/	100%
Director	Alessandra Baronciani	1962	2021	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M		x			1	100%
Director	Ferruccio Borsani	1958	2021	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	m		x	x	x	1	100%
Director	Federica Ricceri	1976	2021	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M		x	x	x	/	85%
Director (LID)	Rossella Schiavini	1961	2021	28/4/21	Approval of the financial statements as at 31/12/2023	Shareholders	M		x	x	x	2	100%
-----DIRECTORS LEAVING OFFICE DURING THE YEAR -----													
Director	Parpajola Alessandra	1973	2005	24/4/18	Approval of the financial statements at 31/12/2020	Shareholders	M	x				/	40%

Director	Porcellini Stefano	1965	2006	24/4/18	Approval of the financial statements at 31/12/2020	Shareholders	M	x				/	100%
Director	Chiura Giovanni	1965	2018	24/4/18	Approval of the financial statements at 31/12/2020	Shareholders	m		x	x	x	6	100%
Director	Elisabetta Righini	1961	2015	24/4/2018	Approval of the financial statements at 31/12/2020	Shareholders	M		x	x	x	1	100%
Director	Palazzi Federica	1979	2018	24/4/18	Approval of the financial statements at 31/12/2020	Shareholders	M		x	x	x	/	100%

Note the quorum required for filing the lists at the last appointment: 2.5%

No. of meetings held during the financial year in question: BoD: 12

NOTES

- * By date of first appointment of each director is meant the date on which the director was appointed for the first time (ever) to the Board of Directors of the issuer
- ** This column indicates whether the list from which each director was drawn was submitted by shareholders (indicating shareholders) or by the Board of Directors (indicating Board of Directors)
- *** This column indicates M/m depending on whether the member was voted from the majority list (M) or a minority list (m).
- **** This column indicates the number of offices of director or auditor held by the individual in other companies listed on regulated markets, Italian or foreign, in financial, banking, insurance or other companies of significant size.
- ***** This column indicates the directors' attendance at meetings of the Board of Directors and the committees (number of attendances / number of meetings held during the period of office).

TABLE 3

STRUCTURE OF THE BOARD COMMITTEES AT THE END OF THE FINANCIAL YEAR

Board of Directors		Executive board		RPT committee		Control and Risk Committee		Remuneration Committee		Appointments Committee		Other Committee		Other Committee	
Position/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Non-executive director – independent as per Consolidated Law on Finance and/or Code	Ferruccio Borsani	/	/	3/3	M	/	/	/	/	/	/	/	/	/	/
Non-executive director – independent as per Consolidated Law on Finance and/or Code	Federica Ricceri	/	/	/	/	6/7	M	4/5	C	/	/	/	/	/	/
Non-executive director – independent as per Consolidated Law on Finance and/or Code	Rossella Schiavini	/	/	3/3	C	6/7	C	4/5	M	/	/	/	/	/	/
-----DIRECTORS LEAVING OFFICE DURING THE YEAR -----															
Non-executive director - independent as per Consolidated Law on Finance and/or Code	Elisabetta Righini	/	/	/	/	1/7	C	1/5	C	/	/	/	/	/	/

Non-executive director - independent as per Consolidated Law on Finance and/or Code	Palazzi Federica	/	/	/	/	1/7	M	1/5	M	/	/	/	/	/	/
-----ANY MEMBERS WHO ARE NOT DIRECTORS -----															
Manager of the Issuer/ Other	Name Surname														
No. of meetings held during the year:	/	4	7	5											
NOTES															
(*) This column shows the attendance of directors at committee meetings (indicate the number of meetings attended compared to the total number of meetings attended; participated 6/8; 8/8 etc.).															
(**) This column indicates the qualification of the director within the committee: “C”: chairman; “M”: member.															

TABLE 4

STRUCTURE OF THE BOARD OF AUDITORS AT THE END OF THE YEAR

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment*	In office from	In office until	List (M/m) **	Independence pursuant to the Code	(%) * * *	Number of other offices ****
Chairman	Paolo De Mitri	1963	2018	28/04/21	Approval of the financial statements as at 31/12/23	m	x	100	9
Standing Auditor	Giovanni Ciurlo	1960	2021	28/04/21	Approval of the financial statements as at 31/12/23	M	x	100	6
Standing Auditor	Enrica Perusia	1965	2021	28/04/21	Approval of the financial statements as at 31/12/23	M	x	100	
Alternate Auditor	Maurizio Gennari	1969	2021	28/04/21	Approval of the financial statements as at 31/12/23	M	x	/	1
Alternate Auditor	Silvia Muzi	1968	2020	28/04/21	Approval of the financial statements as at 31/12/23	M	x	/	5
-----AUDITORS LEAVING OFFICE DURING THE YEAR -----									
Standing Auditor	Silvia Cecchini	1960	2011	24.04.18	Approval of the financial statements as at 31/12/20	M	x	100	/
Standing Auditor	Dario De Rosa	1965	2018	24.04.18	Approval of the financial statements as at 31/12/20	M	x	100	/
Alternate Auditor	Farina Silvia	1968	2020	21.04.2020	Approval of the financial statements as at 31/12/20	M	x	/	7

Note the quorum required for filing the lists at the last appointment: 2.5%

No. of meetings held during the financial year in question: 17

NOTES

*

By date of first appointment of each director is meant the date on which the director was appointed for the first time (ever) to the Board of Statutory Auditors of the issuer

**

This column indicates M/m depending on whether the member was voted from the majority list (M) or a minority list (m).

This column indicates the auditors' attendance at meetings of the Board of Statutory Auditors (number of attendances / number of meetings held during the period of office).

This column indicates the number of director or auditor offices held by the individual, which are relevant for the purposes of Art. 148-*bis* of the Consolidated Law on Finance. The complete list of the offices is attached, in accordance with Art. 144(15) of the Consob Issuers' Regulation to the report on the supervisory activities, drawn up by the auditors in accordance with Art. 153(1) of the Consolidated Law on Finance.