



## **ORSERO S.P.A. REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE**

**FY 2021**

Prepared in accordance with Article 123-*bis* of Italian Legislative Decree no. 58/1998 as amended and approved by the Board of Directors on March 15, 2022



Registered office at Corso Venezia, 37, 20121 Milan

[www.orserogroup.it](http://www.orserogroup.it)

Share capital Euro 69,163,340.00

Company Register of Milan-Monza-Brianza-Lodi under no. 09160710969 Issuer Identification Code (LEI) is 8156001895E0F4E7A803 VAT no. 09160710969

## CONTENTS

GLOSSARY.....	4
INTRODUCTION .....	5
1. ISSUER'S PROFILE.....	5
2. INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123- <i>bis</i> , PARAGRAPH 1 OF THE CONSOLIDATED LAW ON FINANCE) AS OF DECEMBER 31, 2021.....	6
A. Share capital structure (pursuant to art. 123- <i>bis</i> , paragraph 1, letter a) of the Consolidated Law on Finance).....	6
Share-based incentive plans .....	7
B. Restrictions on the transfer of securities (pursuant to art. 123- <i>bis</i> , paragraph 1, letter b), of the Consolidated Law on Finance) .....	7
C. Significant interests in share capital (pursuant to art. 123- <i>bis</i> , paragraph 1, letter c) of the Consolidated Law on Finance).....	7
D. Securities granting special rights (pursuant to art. 123- <i>bis</i> , paragraph 1, letter d) TUF) .....	8
E. Employee share ownership: mechanism for the exercise of voting rights (pursuant to art. 123- <i>bis</i> , paragraph 1, letter e) TUF.....	8
F. Restrictions on voting rights (pursuant to art. 123- <i>bis</i> , paragraph 1, letter f) TUF) .....	8
G. Agreements between shareholders (pursuant to art. 123- <i>bis</i> , paragraph 1, letter g) TUF) ..	8
H. Change of control clauses and provisions of the Articles of Association regarding public takeover bids .....	9
I. Powers to increase share capital and authorizations to purchase own shares (pursuant to art. 123- <i>bis</i> , paragraph 1, letter m) TUF) .....	10
L. Management and coordination activities (pursuant to art. 2497 et seq. of the Italian Civil Code)11	
3. COMPLIANCE (pursuant to art. 123- <i>bis</i> , paragraph 2, letter a) of the Consolidated Law on Finance).....	11
4. BOARD OF DIRECTORS.....	11
4.1 Role of the Board of Directors (pursuant to art. 123- <i>bis</i> , paragraph 2, letter d) of the Consolidated Law on Finance).....	11
Powers and responsibilities of the members of the Board of Directors .....	11
4.2 Appointment and replacement (pursuant to art. 123- <i>bis</i> , paragraph 1, letter l) TUF) .....	12
4.3 Composition .....	15
Diversity policies .....	17
Maximum number of offices held in other companies.....	20
<i>Induction Program</i> .....	21

4.4 Functioning of the Board of Directors (pursuant to art. 123- <i>bis</i> , paragraph 2, letter d) TUF)	
21	

4.5 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS .....	23
Chairman of the Board of Directors .....	23
Board Secretary .....	23
4.6 EXECUTIVE DIRECTORS .....	24
Executive Committee .....	24
Disclosure to the Board.....	32
Other Executive Directors.....	32
4.7 Independent directors .....	32
<i>Lead independent director</i> .....	33
5. PROCESSING OF CORPORATE INFORMATION .....	34
6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS (ART. 123- <i>bis</i> , PARAGRAPH 2, LETTER d), TUF).....	34
7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS – REMUNERATION AND APPOINTMENTS COMMITTEE .....	34
7.1 Self-assessment and succession of directors .....	34
Self-assessment of the Board of Directors and Internal Committees.....	34
Succession plans for executive directors .....	35
7.2 Remuneration and Appointments Committee.....	36
Composition and functioning of the Remuneration and Appointments Committee (pursuant to art. 123- <i>bis</i> , paragraph 2, letter d) of the Consolidated Law on Finance) .....	37
8. DIRECTORS' REMUNERATION .....	38
9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM .....	39
10. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES – RELATED PARTY TRANSACTIONS COMMITTEE .....	49
10.1 Interests of the directors and related party transactions .....	49
10.2 Related Party Transactions Committee .....	49
11. BOARD OF STATUTORY AUDITORS.....	50
11.1 Appointment of the statutory auditors .....	50
11.2 Members and functioning of the Board of Statutory Auditors .....	52
12. SHAREHOLDER RELATIONS .....	56
13. SHAREHOLDERS' MEETINGS (PURSUANT TO ART. 123- <i>bis</i> , PARAGRAPH 2, LETTER C), TUF) .....	56
14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES .....	57

15. CHANGES AFTER THE END OF THE FINANCIAL YEAR OF REFERENCE  
57
16. CONSIDERATIONS ON THE LETTER OF DECEMBER 3, 2021 FROM THE  
CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE..... 57

## **GLOSSARY**

**Meeting or Shareholders' Meeting:** the Shareholders' Meeting of Orsero S.p.A.

**Civil Code/Italian Civil Code / c.c.:** the Italian Civil Code.

**Corporate Governance Code:** the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee, which was applied with effect from January 1, 2021.

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

**Board of Directors or Board:** the Board of Directors of Orsero S.p.A.

**Report Date:** the date of publication of this Report.

**Orsero Group or Group:** collectively Orsero S.p.A. and its direct or indirect subsidiaries pursuant to Article 93 of the Consolidated Law on Finance.

**Euronext Milan:** the market segment managed by Borsa Italiana S.p.A., where the Issuer's shares are traded, referred to as "Mercato Telematico Azionario" until October 25, 2021.

**Issuers' Regulation:** the Regulation issued by Consob with Resolution no. 11971 of 1999 (and subsequent amendments) on the matter of issuers, in force at the Report Date.

**RPT Regulation:** the Regulation issued by Consob with Resolution no. 17221 of March 12, 2010 (and subsequent amendments) on the matter of related party transactions.

**Report:** the Report on Corporate Governance and Ownership Structure that companies are required to draw up pursuant to Article 123-*bis* of the Consolidated Law on Finance (as defined herein).

**Consolidated Law on Finance or TUF:** Legislative Decree no. 58 of February 24, 1998 (as subsequently amended) in force at the Report Date.

## INTRODUCTION

Orsero S.p.A. (the "**Company**", the "**Issuer**" or "**Orsero**") is a company whose shares are traded as from December 23, 2019 on the Euronext STAR Milan segment (the "**Listing**") of Euronext Milan.

Since that date, the Company has implemented a corporate governance structure in line with the provisions applicable to companies with shares listed on Euronext Milan, STAR Segment, as described in this Report.

Also, in consideration of its status as a STAR issuer, Orsero adopts, as a reference model for its corporate governance, the provisions of the Corporate Governance Code as in force on the Report Date, within the terms specified in this Report.

The Report has been prepared with reference to the "*Format for the report on corporate governance and ownership structure*" issued by Borsa Italiana in January 2022 in reference to the Corporate Governance Code.

### 1. ISSUER'S PROFILE

Orsero is the holding company of the Orsero Group, which is one of the major players in Mediterranean Europe in the import and distribution of fruit and vegetables. In particular, the Issuer carries out management and strategic coordination, marketing and communication activities (with particular focus on the management of the "Fratelli Orsero" brand), human resources management, information technologies and support services for the finance area.

This Report illustrates the corporate governance structure as set out in the Articles of Association.

The corporate governance system of Orsero, which adopts the traditional administration and control system, is characterized by the presence of the following corporate bodies:

- (i) the Board of Directors, which is responsible for the management of the corporate business;
- (ii) the Board of Statutory Auditors, appointed to monitor: (a) observance of the law and the Articles of Association and compliance with principles of correct administration; (b) the adequacy of the internal control system and the administrative-accounting system, as well as the latter's reliability in terms of providing a correct representation of the operating events; (c) the concrete implementation of the rules of corporate governance set out in the Corporate Governance Code; (d) the adequacy of the instructions given to subsidiaries in connection with the obligations regarding the communication of insider information; and (e) the financial disclosure process, the effectiveness of the internal control systems, internal audit and risk management, the statutory audit of the annual accounts and consolidated accounts and the independence of the independent auditing firm;
- (iii) the Shareholders' Meeting, which is competent to resolve on matters reserved to it by law, regulations and the Articles of Association.

Auditing is entrusted to an independent auditing firm registered in the register of auditors, appointed by the Shareholders' Meeting, upon a reasoned proposal of the Board of Statutory Auditors.

The Ordinary Shareholders' Meeting of the Issuer held on April 24, 2019, appointed the auditing firm KPMG S.p.A. (“**KPMG**”) to carry out a statutory audit of the annual and consolidated financial statements for the nine-year period 2019-2027.

As at the Report Date, (i) the Issuer does not fall under the Code's definitions of "large company" or "company with concentrated ownership" and (ii) the Issuer qualifies as an "SME" pursuant to art. 1, paragraph 1, letter *w-quater*.1 of the Consolidated Law on Finance. The Issuer believes it comes under the scope of this definition given that, on the basis of the verification performed on the financial statements closed as at December 31, 2021, the simple average of daily capitalizations calculated with reference to the original price, recorded during the corporate year, as envisaged by Article 2-ter, point 1, letter (a) of the Issuers' Regulation, totals less than the Euro 500 million threshold, insofar as the above-specified capitalization comes to Euro 157 million.

In addition, on September 9, 2019, the Company's Board of Directors, pursuant to Articles 70, paragraph 8 and 71, paragraph 1-*bis*, of the Issuers' Regulation, resolved to adhere to the opt-out regime provided for by the aforesaid articles, availing itself of the right to derogate from the obligations to publish the information documents provided for in Annex 3B of the Issuers' Regulation on the occasion of significant mergers, spin-offs, capital increases through contributions in kind, acquisitions and disposals.

In accordance with Articles 3 and 4 of Italian Legislative Decree 254/2016, the Issuer is required to prepare the Consolidated non-financial statement, published as an attachment to the Annual Financial Report, (published on the Issuer's website in the section *Sustainability/ Sustainability Report - NFS*, to which reference should be made for further information), which presents the main policies applied by the company, the management models and the main activities carried out by the Group during FY 2021 with regard to the issues expressly referred to in Legislative Decree 254/16 (environmental, social, personnel-related, respect for human rights, fight against corruption), as well as the main risks identified related to the above issues.

As part of the process of complying with the recommendations contained in the Corporate Governance Code, the Board of Directors promotes the integration of sustainability issues. For an illustration of the activities carried out and promoted by the Company and its Board of Directors, during the Financial Year and as at the Report Date, with regard to sustainability, reference should be made to paragraphs 4.3, 8, 9.4 and 16 of the Report.

## **2. INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123-*bis*, PARAGRAPH 1 OF THE CONSOLIDATED LAW ON FINANCE) AS OF DECEMBER 31, 2021**

### **A. Share capital structure (pursuant to art. 123-*bis*, paragraph 1, letter a) of the Consolidated Law on Finance)**

As of the Report Date, the share capital totals Euro 69,163,340.00 and is divided into a total of 17,682,500 ordinary shares (the "**Ordinary Shares**"), with no nominal value set.

Ordinary shares shall be subject to the dematerialization rules under Article 83-*bis et seq.* of the Consolidated Law on Finance.

STRUCTURE OF THE SHARE CAPITAL					
	<i>No. of shares</i>	<i>% of share capital</i>	<i>No. of voting rights</i>	<i>Listed</i>	<i>Rights and obligations</i>
<i>Ordinary shares (without par value)</i>	17,682,500	100%	17,682,500	Euronext Milan	The rights and obligations of shareholders are those provided for in Articles 2346 et seq. of the Italian Civil Code; in particular, each share gives the right to one vote.

## Share-based incentive plans

Upon proposal of the Board of Directors (subject to the favorable opinion of the then Remuneration Committee also in its capacity as Related Party Transactions Committee), on October 25, 2019, the Shareholders' Meeting, in the context of the Listing, approved - also for the purpose of qualifying as STAR issuer - the guidelines relating to the new incentive plan based also on financial instruments for the period 2020-2022 (the "**Plan**"). As permitted by Borsa Italiana regulations, these guidelines were implemented with the approval of the relative regulations by the Board of Directors on March 11, 2020 (subject to the favorable opinion of the Remuneration and Appointments Committee), as well as with the adoption of executive decisions (identification of beneficiaries and recognition of potential monetary bonuses upon fulfillment of the conditions, as well as the terms and conditions of the plan) identifying, in particular, the plan beneficiaries. Lastly, the Plan is in line with the practice of companies listed on regulated markets and with the recommendations set forth in the Corporate Governance Code. For more information, please refer to the related information document available on the website [www.orserogroup.it](http://www.orserogroup.it), in the "Shareholders' Meeting" section.

Moreover, with reference to the head of the internal audit function and the manager appointed to prepare the Company's accounting documents, it should be noted that the related incentive mechanisms are, in the Company's opinion, consistent with the tasks assigned to them.

### **B. Restrictions on the transfer of securities (pursuant to art. 123-bis, paragraph 1, letter b), of the Consolidated Law on Finance)**

Pursuant to Article 6.2 of the Articles of Association, the Ordinary Shares are freely transferable. The rules for how Ordinary Shares are issued and circulate shall be set by applicable law.

### **C. Significant interests in share capital (pursuant to art. 123-bis, paragraph 1, letter c) of the Consolidated Law on Finance)**

As at the Report Date, on the basis of the information received pursuant to applicable legislation (and, in particular, pursuant to the provisions of Article 120 of the Consolidated Law on Finance, also with reference to SMEs), as well as the results of the register of shareholders, the Shareholders holding, directly or indirectly, more than 5%<sup>1</sup> of the share capital with voting rights in Orsero are as follows:

<sup>1</sup>It should be noted that, pursuant to Consob Resolution 21434 of July 8, 2020, as subsequently extended by Consob Resolution 21672 of January 13, 2021, exclusively with reference to the SMEs identified in the relevant provision, a new minimum threshold has been temporarily added for the purpose of the obligations to disclose significant shareholdings in SMEs, equal to 3% of the share capital of the investee company. This new minimum threshold was in force until April 13, 2021, unless otherwise determined by Consob.

Shareholder	Shares held	% of ordinary capital	% of voting capital net of treasury shares
FIF Holding S.p.A.	5,746,492	32.50%	33.11%
Grupo Fernández S.A.	1,115,942	6.31%	6.43%
Praud Asset Management Ltd	1,687,379	9.54%	9.72%
Global Portfolio Investments S.L.	1,014,440	5.74%	5.85%
First Capital S.p.A.	920,010	5.20%	5.30%

As of the Report Date, the company holds 327,514 treasury shares, equal to 1.85% of the share capital, whose voting rights are suspended by law.

#### **D. Securities granting special rights (pursuant to art. 123-bis, paragraph 1, letter d) TUF)**

In accordance with the provisions of Article 6.3 of the Articles of Association, the Company shall have the right to issue categories of shares vested with rights different from those of Ordinary Shares, and financial instruments (regardless of whether they are equity instruments) pursuant to applicable provisions of law. The issuance of shares may occur by converting them into other categories of shares or other securities, if permitted by law.

As at the Report Date, the Company has only issued Ordinary Shares; there are no securities that confer special rights of control or special powers assigned to the securities.

#### **E. Employee share ownership: mechanism for the exercise of voting rights (pursuant to art. 123-bis, paragraph 1, letter e) TUF)**

Without prejudice to that described in paragraph 7 below, as at the Report Date no employee shareholding system is envisaged.

#### **F. Restrictions on voting rights (pursuant to art. 123-bis, paragraph 1, letter f) TUF)**

There are no restrictions concerning voting rights.

#### **G. Agreements between shareholders (pursuant to art. 123-bis, paragraph 1, letter g) TUF)**

Except as indicated below, as at the Report Date, as far as the Issuer is aware, there are no relevant shareholders' agreements or agreements pursuant to Article 122 of the Consolidated Law on Finance.

##### *The FIF Holding Shareholders' Agreement*

As at June 20, 2016, among the shareholders of FIF Holding S.p.A. ("**FIF Holding**"), the shareholder who has de facto control over the Issuer pursuant to Article 93 of the Consolidated Law on Finance, shareholders' agreements are in force governing, inter alia, certain aspects of the governance of FIF Holding itself and Orsero; in particular, the appointment of an independent director in the management body of FIF Holding and Orsero, respectively, and the manner in which decisions are taken by FIF Holding shareholders. The shareholders' agreement binds all shareholders of FIF Holding. This shareholders' agreement, which originally had a term of five years (the Company's shares were not listed at the time the agreement was signed), and thus



expired on June 20, 2021, was tacitly renewed for a further period of three years, beginning on June 20, 2021 and thus until June 20, 2024, unless the parties to the agreement give notice of termination at least one hundred and eighty days prior to expiry. The Agreement will automatically renew for subsequent 3-year periods unless notice of termination is sent by one of the parties at least 180 days prior to the end of each 3-year period.

#### The Grupo Fernández shareholders' agreement

As from September 25, 2017, shareholders of the Issuer FIF Holding and Grupo Fernández S.A. ("**Grupo Fernández**") have entered into shareholders' agreements relating to Orsero. These shareholders' agreements can be traced back to a voting syndicate, a prior consultation agreement and an agreement that limits the transfer of significant financial instruments pursuant to Article 122, paragraph 1 and paragraph 5, letters a) and b), Consolidated Law on Finance. This shareholders' agreement is binding on: (i) FIF Holding and (ii) Grupo Fernández S.A., in respect of all shares in Orsero held over time by the parties. The duration of the agreement will be until September 25, 2022.

For more information on the above mentioned shareholders' agreements, please refer to the legal documentation available on the Issuer's website [www.orserogroup.it](http://www.orserogroup.it), in the Investors/Shareholders' Agreements Section.

#### **H. Change of control clauses and provisions of the Articles of Association regarding public takeover bids**

The table below summarizes the amount of loans subject to "change of control" clauses as of December 31, 2021 that allow the respective lenders to request early repayment of the loans.

Contract	Change of control clauses
Debenture loan, Euro 30,000,000 for Orsero	The loan is subject to the change of control clause and matures in 2028.
Pool loan (granted by Banco BPM S.p.A., Intesa San Paolo S.p.A., Banco Santander S.A., Credit Agricole S.p.A., Caixa Bank S.A. and Banca IMI S.p.A. as agent), originally for Euro 60,000,000 for Orsero.	The contract is subject to the change of control clause and matures in 2024.
Pool mortgage loan (Intesa San Paolo, Credit Agricole) for Fruttital for an original amount of Euro 15,000,000.	The contract is subject to the change of control clause and matures in 2029.
La Caixa loan, originally for Euro 2,600,000 for Fruttital.	The loan is subject to the change of control clause and matures in 2023.
Credit Lyonnais for an original amount of Euro 1,650,000 for AZ France.	The loan is subject to the change of control clause and matures in 2029.
Banque Populaire loans for AZ France originally for Euro 1,300,000.	The loans are subject to the change of control clause in the event of a change of direct control. Maturing in 2023 and 2024.
Credit Lyonnais loan for AZ France for an original amount of Euro 1,000,000.	The loan is subject to the change of control clause and matures in 2025.
Banamex, USD 1,500 thousand for Comercializadora de Frutas Acapulco	The two loans maturing in April and August 2022 provide for early repayment, <i>inter alia</i> , in the event of a change of control that occurs if the Group ceases to own the investment in Comercializadora de Frutas Acapulco S.A.

It should be noted that some contracts between the Group's operating companies and certain customers in the large-scale retail sector also contain change of control clauses in line with industry practice. For further information, please refer to the Listing Prospectus available on the Issuer's website [www.orserogroup.it](http://www.orserogroup.it), in the "Investors/Listing on MTA Market" section.

Finally, please note that the Articles of Association do not derogate from the provisions regarding the passivity rule provided for by Article 104, paragraphs 1 and 1-*bis*, of the Consolidated Law on Finance and do not provide for the application of the neutralization rules contemplated by Article 104-*bis*, paragraphs 2 and 3, of the Consolidated Law on Finance.

**I. Powers to increase share capital and authorizations to purchase own shares (pursuant to art. 123-*bis*, paragraph 1, letter m) TUF)**

As at the Report Date there are no powers to increase the share capital conferred on the Board of Directors.

On April 29, 2021, the Issuer's Shareholders' Meeting approved, subject to revocation of the previous authorization, the proposal of the Board of Directors to purchase and dispose of ordinary shares of Orsero S.p.A. and, in particular, resolved:

- to authorize the Board of Directors, pursuant to Art. 2357 of the Italian Civil Code, to purchase, on one or more occasions, for a period of 18 months from the date on which the resolution was approved (by October 29, 2022) ordinary treasury shares up to a maximum that, taking into account the ordinary shares of the Company held over time in the portfolio by it and its subsidiaries, does not exceed the maximum limit established by the regulations in force over time and, in any case, for a maximum value of Euro 2,000,000.00.
- to authorize Board of Directors to identify the amount of shares to be purchased before the launch of each purchase program, at a price that is not greater than the highest price considering the last independent transaction and the highest current independent offer price in trading venues where the purchases are carried out. However, in any case, the unit price cannot be more than 20% lower and 10% higher than the arithmetic average of the official prices of the Company's share in the ten trading days prior to each individual purchase transaction.
- to authorize the Board of Directors, and on its behalf the Chairman and Chief Executive Officer, separately between them and via delegates, so that, pursuant to and for the purposes of Article 2357-*ter* of the Italian Civil Code, they may dispose of the treasury shares purchased on the basis of the above resolution, or in any case already in the portfolio of Orsero S.p.A. by disposing of them in the stock exchange or over the counter, possibly also by means of the transfer of real and/or personal rights, including but not limited to securities lending, in compliance with legal provisions and regulations in force at the time and for the pursuit of the purposes of the authorizing resolution, with the terms, methods and conditions of the deed of disposal of treasury shares deemed most appropriate in the interest of Orsero S.p.A., granting the Board, and on its behalf its Chairman, Deputy Chairman and Chief Executive Officer, as well as the Chief Executive Officer, always severally, all of the most extensive powers to execute the transactions referred to in this resolution and any other formalities relating to them, including the possible assignment of engagements to qualified intermediaries in accordance with the

law and with the power to appoint special attorneys. Disposals of treasury shares in portfolio will in any case be carried out in compliance with the laws and regulations in force concerning the execution of trading on listed securities, including the practices allowed under Art. 13 of the Market Abuse Regulation (hereinafter “MAR”), and may be carried out in one or more stages, and with the frequency deemed appropriate in the interest of the Company.

- that same Shareholders' Meeting also resolved, in accordance with the law, that the purchases of treasury shares be restricted within the limits of the distributable profits and the available reserves set forth in the latest financial statements (including interim financial statements) approved at the time of the transaction and that, at the time of the purchase and disposal of treasury shares, the necessary accounting entries shall be made in compliance with the law and the applicable accounting standards.

During the year, the Board of Directors launched several programs for the purchase of treasury shares, as a result of which, as of the date of this Report, a total of 327,514 ordinary shares have been purchased, equal to 1.85% of share capital, for a total value of Euro 1,903,400.

Orsero's subsidiaries do not hold shares in the parent company. The amount of treasury shares recorded as a direct reduction of shareholders' equity is Euro 2,572,355.

Taking into account the purpose of the aforementioned authorizations, transactions in treasury shares may fall within the purposes contemplated by Article 5 of Regulation (EU) No. 596/2014 MAR.

## **L. Management and coordination activities (pursuant to art. 2497 et seq. of the Italian Civil Code)**

As at the Report Date, Orsero is not managed or coordinated pursuant to Article 2497 et seq. of the Italian Civil Code.

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

The Company's Board of Directors decided, firstly, to follow the Self-Conduct Code and, from the financial year 2021, the current Corporate Governance Code. As at the Report Date, the Company follows the Corporate Governance Code, which is available to the public on the Corporate Governance Committee's website at: <https://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm>.

The Company and its strategically important subsidiaries are not subject to non-Italian law provisions capable of influencing the Company's corporate governance structure.

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

#### **4.1 Role of the Board of Directors (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance)**

##### **Powers and responsibilities of the members of the Board of Directors**

The Board of Directors is the central body in the Company's corporate governance system and plays a primary role in guiding and managing the Company. The Board of Directors shall be vested with full powers for the routine and special administration of the Company, with authority to carry out all acts deemed necessary or convenient in the pursuit of the corporate purpose, except for those reserved by law to the Shareholders' Meeting. In addition to exercising the powers attributed by law and by the Articles of Association, the Board of Directors may resolve

upon: (a) mergers and spin-offs, in those cases contemplated by law; (b) the establishment or closing of secondary offices; (c) identifying which, amongst the Directors, has the authority to represent the Company; (d) amendments to the Articles of Association for purposes of statutory compliance; (e) transfers of the company registered office within Italy. The vesting of such authority in the Board of Directors shall not be to the exclusion of the Shareholders' Meeting's authority.

As set forth in the rules of the Board of Directors, approved on July 21, 2020 and in effect as of the Report Date, (the "**Board Rules**") in accordance with the Corporate Governance Code, the Board: (i) guides the Issuer in pursuing its sustainable success; (ii) formulates the strategies of the Company and its Group consistently with this principle and monitors their implementation; (iii) defines the most suitable corporate governance system for carrying out the company's activities and pursuing its strategies, taking into account the independence powers granted by the law and, if necessary, assesses and promotes the appropriate amendments, submitting them to the Shareholders' Meeting, to the extent with its purview; and (iv) promotes – according to the most suitable methods – dialog with the shareholders and other stakeholders relevant to Company.

In particular, the Board of Directors:

- examines and approves the strategic, industrial and financial plans of the Company and the Group, also taking into account the information received from the Managing Director(s) in connection with the exercise of their management powers; it constantly assesses the general results of operations;
- periodically monitors the implementation of the business plan (where approved) and assesses the general performance of operations, periodically comparing actual and planned results;
- defines the nature and level of risk compatible with the strategic objectives of the Company and the Group, including in its assessments all elements that may be relevant to the sustainable success of the Company and the Group;
- Formulates the Company's corporate governance system and the structure of the Group and assesses the adequacy of the organizational, administrative and accounting structure of the Company and its subsidiaries, with particular reference to the internal audit and risk management system;
- deliberates on transactions carried out by the Company and its subsidiaries that have a significant impact on the Company's strategy, profitability, assets and liabilities or financial position (without prejudice to the power to deliberate on transactions with related parties, in accordance with the relevant procedure adopted by the Company).

#### **4.2 Appointment and replacement (pursuant to art. 123-bis, paragraph 1, letter l) TUF)**

In accordance with Article 13 of the Articles of Association, the Company shall be administered by a Board of Directors made up of a minimum of 3 and a maximum of 9 members, meeting those minimum independence requirements as set by applicable law. The members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting, which also determines their number.

In accordance with the Articles of Association, the Directors shall serve for three (3) financial years, or for any lesser term as set in at the time of the appointment; there shall be no term limits. Directors' office shall expire on the date of the Shareholders' Meeting convened to approve the

financial statements relating to their last year in office, without prejudice to any cause of termination and revocation provided by law and the Articles of Association.

In accordance with Article 14.1 of the Articles of Association, the Board of Directors shall be elected by the Shareholders' Meeting pursuant to lists of candidates featuring a sequential list of candidates.

The outgoing Board of Directors, as well as those shareholders who (whether alone or together with other shareholders) represent a stake at or above the one set by Consob pursuant to applicable law or regulation, shall have the right to submit a list of candidates. In this regard, as of the Date of the Report, Consob set the shareholding required in order to submit the lists for the election of the Management Body of the Company at 4.5% of the share capital (see Determination of the Head of the Corporate Governance Division no. 60 of January 28, 2022). The ownership of the minimum shareholding required to submit a list is determined on the basis of the shares registered to the shareholder on the day when the lists are filed with the Company. The related certification may be submitted either before or after filing, provided it is submitted by the deadline set by the Company for publishing the slates.

Each shareholder and shareholders belonging to the same group - thereby meaning the entity exercising control, subsidiaries, or those under common control of the same parent company, or associates as defined under Article 2359 of the Italian Civil Code – and those shareholders participating, whether directly or through a subsidiary, in an agreement executed under Article 122 of the Consolidated Law on Finance regarding Company shares cannot submit, either directly or through a third party or trust company, more than one list.

The lists must be executed by those submitting them, and may include a maximum of nine candidates. The lists must identify candidates meeting the independence criteria set and governed by applicable law.

The lists with a slate of three (3) or more candidates must include candidates of both genders as required by gender-equality laws; where gender parity does not result in a whole number of directors of the under-represented gender, the number must be rounded up.

With regard to the regulations on gender balance, it should be noted that (i) the regulatory scope of reference was most recently amended as a result of Budget Law no. 160/2019, effective as of January 1, 2020, which most recently amended the regulations set forth in Article 147-ter, paragraph 1-ter of the TUF<sup>2</sup>. The above Law provided for the validity of the regulations on gender quotas for six consecutive terms and established that the less represented gender must obtain at least two-fifths of the members elected, instead of the previous quota of one-third. In addition (ii), Consob, with Resolution no. 21359 of May 13, 2020, amended the rules set out in paragraph 3, of art. 144-undecies.1 of the Issuers' Regulation by providing that, if the application of the gender distribution criterion does not result in a whole number of members of the management and control bodies of the less represented gender, this number is rounded up, with the exception of corporate bodies made up of three members, for which the number of members is rounded down.<sup>3</sup>

---

<sup>2</sup> Paragraph 1-ter of Art. 147-ter of the Consolidated Law on Finance, in force as at the date of this Report, provides, among other things, that the "*less represented gender must obtain at least two-fifths of the directors elected. This allocation criterion shall apply for six consecutive terms.*"

<sup>3</sup> Pursuant to paragraph 3 of art. 144-undecies.1 of the Issuers' Regulation, as most recently amended by Consob Resolution no. 21359 of May 13, 2020, "*if the application of the gender distribution criterion does not result in a whole number of members of the management or control bodies of the least represented gender, this number is rounded up to the nearest whole number, except for corporate bodies made up of three members, for which it is rounded down to the nearest whole number*".

On the occasion of the appointment of the Board of Directors resolved by the Ordinary Shareholders' Meeting on April 30, 2020, due to the recent listing of the Company, the criterion according to which one-fifth of the Directors must be of the less represented gender was applied for the purposes of gender balance.

The new allocation criterion of at least two-fifths will apply at the next renewal of the Board of Directors, which is scheduled to take place at the Shareholders' Meeting to approve the financial statements as of December 31, 2022.

In any case, the Board – in its current composition as of the Date of the Report – is composed of one-third Directors of the less represented gender.

All candidates must also meet requirements of integrity as set by applicable law. Along with the filing of each list, and lest the list of candidates be void, each candidate's professional CV must be submitted, along with affidavits stating, under penalty of perjury, that they are neither disqualified nor ineligible, as defined by law, and that they meet the integrity and, if applicable, the independence requirements of the position.

Each candidate may appear on only one list, on penalty of losing the right to be elected. .

Pursuant to art. 14.7 of Orsero's Articles of Association, the lists must be filed at the registered office of the company by the terms set out by the regulations in force from time to time and, upon presentation of the lists, information must be provided concerning the identity of the shareholders who have presented them, with an indication of the overall percent shareholding; all lists presented by the outgoing Board of Directors must be filed at least 30 days before the meeting. Any list filed which does not comply with provisions of these Articles shall be deemed void.

Those entitled to vote may only vote for a single list.

Directors shall be elected pursuant to the following rules; however, for purposes of allocating the directors to be elected, the lists that have not achieved a voting percentage at least equal to half of that required to submit the same shall not count:

- candidates appearing on the list receiving the majority of affirmative votes will become seven-eighths of the directors to be elected, in the sequential order in which they appear on the list; in case of a fraction, the number will be rounded down; the first person appearing on the list will be the Chairman of the Board of Directors;
- the remaining directors will be taken from the other list(s), provided they are in no way connected, whether directly or indirectly, to the shareholders who have submitted or voted on the list which came first in number of votes; consequently, the number of votes secured by the lists themselves will be divided thereafter by one, two, three, etcetera, depending on the sequential number of directors to be elected. The quotients so obtained will be sequentially assigned to the candidates of each of these lists, according to the order contemplated in the same. The quotients so attributed to candidates on the various lists will be filed in a single ranking, in descending order. Those with the highest quotients will be elected. Where more than one candidate earns the same quotient, the candidate on the list which has not yet had any directors elected, or which has elected the lowest number of directors, will be elected. Alternatively, should neither of the lists have had a director elected, or should they all have elected the same number of directors, the candidate on the list receiving the most votes shall be deemed elected. As a further scenario, in case of a tie, and provided the principle of equal quotients stand, a run-off will be held, with the

entire Shareholders' Meeting voting. The candidate with a simple majority shall be deemed the winner.

If, following the procedure described above, the minimum number of independent directors has not been elected, the candidate who does meet such independence criteria and who was the last (in terms of the list's sequential order) to be elected will be replaced by the first candidate (not elected from the list) in the next place on the list who does meet such requirements.

If, following the procedure described above, the Board of Directors has not been properly formed as required under gender-equality laws in force *pro tempore*, the candidate from the more-represented gender who was last elected (in terms of the list's sequential order) on the list receiving the most votes will be replaced by the first candidate of the under-represented gender not elected from that same list (in terms of the list's sequential order) provided that such substitution does not lead to an insufficient number of independent directors, in which case, the candidate elected penultimate will be elected.

Should a single list be presented, all directors shall be taken from such list provided it has received a majority of the votes; otherwise, only one-eighth (1/8) of the directors will be taken from the list (with any fraction rounded up) and the others shall be elected pursuant to the provisions of the paragraph immediately infra.

For any director to be appointed other than through the election procedure described above, the Shareholders' Meeting shall appoint such person, which appointment shall require a majority vote as determined by law, so that the composition of the Board of Directors shall comply with applicable law and with these Articles.

If, over the course of the financial year, one or more directors resigns, is removed, or is otherwise unavailable, the others shall appoint a substitute through a resolution approved by the Board of Statutory Auditors. If and where possible the first person on the same list on which the outgoing member appeared shall be appointed, provided they meet the requirements for the position (including, if applicable, gender and independence criteria), and provided the majority of the Board is always made up of members elected by the Shareholders' Meeting. Directors so appointed shall remain in office until the next Shareholders' Meeting, whereupon the Meeting shall appoint a director, which appointment shall require the majority of votes as set by law.

Should a majority of directors elected by the Shareholders' Meeting fail, , those still in office must convene the Shareholders' Meeting in order to appoint the missing directors. Should the full Board cease to hold office, the Shareholders' Meeting must be convened post-haste by the Board of Statutory Auditors; in the interim, the Board may conduct routine business administration. Should a director no longer meet the statutory requirements for the office, such director's term shall immediately lapse. The directors' term of office shall expire when the new governing body is formed.

In any case, the list-of-candidates procedure described above shall continue to apply solely where the entire Board of Directors is to be elected.

#### **4.3 Composition**

Pursuant to Article 13 of the Articles of Association, the Company is governed by a Board of Directors of 3 to 9 members. The Directors remain in office for a period not exceeding three financial years. Their term of office expires on the date of the Ordinary Shareholders' Meeting called to approve the financial statements for the last financial year and they can be re-elected.



The Issuer's Board of Directors in office as at the Report Date numbers nine members; it was appointed by the Company's Ordinary Shareholders' Meeting on April 30, 2020 and will remain in office until the date of approval of the financial statements as at December 31, 2022.

The Board of Directors was appointed by applying the list voting mechanism provided for by the Articles of Association, based on the lists submitted by the Shareholders. Specifically, of the nine members of the Board of Directors, seven Directors were elected from the list submitted jointly by the shareholders FIF Holding S. p. A. and Grupo Fernandez SA, representing 38.25% of the share capital and having the highest number of votes. The remaining two Directors were elected from the list submitted jointly by the funds managed by Praude Asset Management Limited, representing 8.71% of the share capital and having the second-highest number of votes. No directors were appointed from the other two lists submitted (by the shareholder First Capital S.p.A. and by Arca Fondi SGRp.A.), given the number of votes obtained by this list and the election mechanism set out in the Articles of Association (described above). For detailed information on this subject, reference should be made to the documentation available on the Company's website, [www.orserogroup.com](http://www.orserogroup.com), in the "Governance" section.

As of the Report Date, the majority of the Board of Directors is composed of non-executive and independent members (in particular: out of a total of nine members, seven members are non-executive and five of them are independent pursuant to the Consolidated Law on Finance and the Corporate Governance Code (in this regard, see the table below).

As at the Report Date, the Board of Directors has the following members:

<b>Name and surname</b>	<b>Position</b>	<b>Place and date of birth</b>
<b>Paolo Prudenziati</b>	Non-executive Chairman	Milan, May 31, 1956
<b>Raffaella Orsero*</b>	Deputy Chairperson and CEO	Savona, September 12, 1966
<b>Matteo Colombini*</b>	CEO and CFO	Bologna, October 23, 1983
<b>Armando De Sanna**</b>	Independent director	Milan, September 6, 1962
<b>Vera Tagliaferri**</b>	Independent director	Milan, April 19, 1973
<b>Elia Kuhnreich**</b>	Independent director	Genoa, October 3, 1991
<b>Laura Soifer**</b>	Independent director	Buenos Aires (Argentina), December 10, 1974
<b>Riccardo Manfrini**</b>	Independent director	Ferrara, July 4, 1964
<b>Carlos Fernandez Ruiz</b>	Non-executive Director	Barcelona (Spain), October 20, 1976

\* Chief Executive Officer.

\*\* Pursuant to Article 148, paragraph 3 of the Consolidated Law on Finance, as referred to in Article 147-ter, paragraph 4 of the Consolidated Law on Finance, and pursuant to Article 2 of the Corporate Governance Code.



## **Diversity policies**

In the composition of the Board of Directors, the Company has taken into account the criteria of diversity, including gender diversity, set forth in the laws and regulations in force and in the Self-Conduct Code and the Corporate Governance Code.

The current composition of the Board of Directors reflects the provisions of the Corporate Governance Code since – as already mentioned – one-third of the Directors is of the less represented gender.

Taking into account the structure and size of the Company, the qualitative and quantitative membership of the Board of Directors, which ensures sufficient diversification in terms of skills, age, domestic and international experience and gender, as well as the relative ownership structure and the list voting mechanism provided for in the Articles of Association, which in turn ensures a transparent appointment procedure and a balanced composition of the management body, the Board of Directors, also taking into account the recent Listing, did not consider it necessary to adopt policies and/or practices regarding diversity in relation to the members of the administrative, management and control bodies with regard to quality, gender members and training and professional background. However, the Board of Directors reserves the right to adopt such policies and/or practices at a later date.

In 2020, and as of the Date of the Report, the Company has entered into a partnership with a third party specializing in the promotion of diversity and has carried out an internal climate survey that has made it possible to assess the importance of this issue for the Board and the employees, from which it emerged that these issues are perceived as important by the Management Body and the company's personnel, who did not highlight any critical issues in this regard within the Orsero Group. For information regarding the Company's sustainability policy and the diversity measures adopted by the Company, please also refer to paragraph 16 of the Report.

In the Issuer's opinion, all members of the Board of Directors have adequate competence and professionalism and, with particular reference to non-executive directors, by virtue of their different work and administrative/managerial experience, they are able to bring specific and suitable skills in terms of scope and professionalism to allow careful, timely judgment in making board decisions.

\* \* \*

Below is a brief CV of the members of the Company's Board of Directors in office on the Report Date.

**Paolo Prudenziati.** Born in Milan on May 31, 1956. He was awarded an undergraduate degree in Agricultural Sciences in 1980. Since February 13, 2017 he has been Chairman of Orsero. He began his professional career in 1981 at the Sales Office of Veneta Mineraria, a leading Italian company in the market for the treatment of mining products, raw materials and laboratory services. From 1981 to 1989 he worked for Cargill, a US multinational company, a leader mainly in the food commodities sector, starting as a trainee at Cargill Albion Ltd (UK), continuing as a salesman and subsequently holding various positions including Assistant to Sales Manager, Sales Manager FCOJ Europe (Cargil Citrus) in Brazil and becoming, once back in Italy, Assistant to the General Manager. Finally, in 1987 he took up the position of General Manager at the San Marco plant in Ferrara. He then held this position until 1989. In 1989 he began his career at Chiquita Brands International as Sales Director North Italy, where he remained until 1995, when he became Sales Director Italy. From 1999 to 2000 he was General Manager of Chiquita Italia and in 2000 he became Vice President South Europe. In 2003, he was appointed Chief Executive

Officer and General Manager of Chiquita Italia, also assuming the positions of Vice President South Europe, Med (2005-2008), Vice President South Europe, Med, Middle East (2008-2012) and Vice President & General Manager Banana Europe (2012-2013). From 2013 to 2015 he was Senior Vice President Trading & Emerging Markets.

**Raffaella Orsero.** Born in Savona on September 12, 1966. Since February 13, 2017 she has been Vice President and Chief Executive Officer of Orsero. During her law studies in 1993 she began her professional career at Simba, a Group company that deals with the import and distribution of bananas and pineapples on behalf of the US multinational Del Monte Fresh Produce Inc., where she gained experience in the commercial area. In 2002 she assumed the position of Chief Executive Officer of SIMBA, which she retained until 2012. From 2003 to 2007 she also took on the role of Chief Executive Officer of Reefer Terminal S.p.A., a company operating in the port terminal sector where she expanded her professional experience in the field of work organization and trade union relations. From 2007 until July 2019, she was Chairperson of Cosiarma S.p.A. where she expanded her knowledge of shipping. In September 2006, following the untimely death of her father, Cav. Lav. Raffaello Orsero, founder of the GF Group, together with her brother Antonio, appointed Chairman of the Board of Directors and Chief Executive Officer, she took on the position of Chief Executive Officer of GF Group, a position she then held until July 2015. From September 2013 to March 2018 she was Chairperson of the Board of Directors and Chief Executive Officer of Fruttital. From 2006 to 2015, she was a member of the Port Committee of the Savona Port Authority. From April 2012 to October 2013, she was Deputy Chairperson of the Board of Directors of Banca Carisa S.p.A. Since 2014, she has been a director of CPR System, a cooperative company that associates over 1,000 companies covering the entire production and distribution chain of fruit and vegetables. From May 2016 to March 2018, she was a director of Invitalia Ventures SGR S.p.A.

**Matteo Colombini.** Born in Bologna on October 23, 1983. From 2003 to 2008 he attended the Commercial Luigi Bocconi University, obtaining a Bachelor's degree in General Management and a Master of Science in Law and Business Administration. In 2008 he was in Madrid where he took part in the exchange program with the Carlos III University of Madrid obtaining a major in Corporate Finance & Accounting. In 2007 he was Analyst at the Bank of Ireland in both Dublin and London. From 2008 to 2015, he was Associate Consultant, Consultant and Case Team Leader at Bain & Company Inc. in Milan where he developed expertise in Extraordinary Finance (M&A and Restructuring), corporate strategy, industrial and financial planning and corporate organization. From 2015 to 2017 he held the position of Group Chief Financial Officer at GF Group, assuming responsibility for the Administration, Finance and Control Area, extraordinary finance operations, strategic and financial planning, investment planning and also corporate development. He has been Chief Executive Officer and Chief Financial Officer of Orsero S.p.A. since February 13, 2017.

**Armando De Sanna.** Born in Milan on September 6, 1962, he graduated in Economics and Business from Bocconi University in Milan. From 1988 to 1990, he was M&A Analyst for Incapital, the Benetton Group's financial advisor. Subsequently and until 1997 he worked as Investment Director at Eurosuez, a private equity fund worth about Euro 400 million where he managed investments in Italy. From 1997 to 2001, he was Managing Director M&A for Crédit Agricole Indosuez/Calyon where he was co-head of the Italian-French M&A consulting team. In 2001 he moved to Rabobank International where until 2011 he provided strategic advice in the M&A sector and was head of the Wine & Spirits sector and member of the executive committee of the Rabobank-Rotschild Cooperation in the Food & Beverage sector. He worked in Italy, the United States and Holland, where from 2009 to 2011 he was European Head of

M&A. From 2012 to 2015, he was Managing Director M&A at DGPA & Co., a consulting boutique and in 2015 he founded De Sanna & Partners, of which he is Sole Director, which deals with strategic consulting in relation mainly to national and transnational M&A operations. Since 2018 he has also been Managing Director of De Sanna & Pardolesi, a strategic consulting and M&A company. On February 13, 2017, he was appointed as independent director on the Board of Orsero S.p.A.

**Vera Tagliaferri.** Born in Milan on April 19, 1973. She graduated in 1998 with a degree in Law from the University of Milan. In 2004, she obtained her doctorate in civil law from the University of Turin. She practices the profession of Notary Public at offices in Crema (CR) and Milan (MI). Since 2009 she has been collaborating with the University of Milan as Professor in charge of the course on "Marriage Law - Family Law". She has collaborated since 2001 with the School of Specialization for Legal Professions of the University of Milan as Professor of Civil Law. Since 2014, she has been a member of the Board of Directors of the Community Foundation for the Province of Cremona (division of Cariplo Foundation). From June 2015 to date she has been a member of the Scientific Committee of the on-line portal "Il familiarista", Giuffrè Editore. Since 2017 she has been a member of the Civil Law Studies Office of the National Council of Notaries. Since 2016 she has held the position of teacher responsible for the course "Bonds and contracts" at the Lombardy School of Notaries. She has been an independent director of Orsero SpA since February 13, 2017.

**Carlos Fernandez Ruiz.** Born in Barcelona, on October 20, 1976 Carlos Fernández Ruiz holds a 3.75% stake in the share capital of Grupo Fernández S.A. and is a member of the Fernandez family. He has been responsible for the general supervision of all the companies of the Fernández Group and member of the management committee of Hermanos Fernández López, S.A. since 2014, and director since September 25, 2017. He also holds the position of Director in the following companies of Grupo Fernández: Grupo Fernandez SA (Spain), Risfer SL (Spain), Kykocons SL (Spain) and Magia da Fruta Ltda (Portugal). He has been a director of Orsero since September 15, 2017.

**Laura Soifer.** Born on December 10, 1974 in Buenos Aires, she has dual Italian and Argentinean nationality and is a native speaker of both Italian and Spanish. In 1998, she graduated in Business Economics from the Luigi Bocconi University of Milan and in 2010 she obtained the title of Certified Public Accountant and Auditor (Milan Register). From 1999 to 2001, she worked as a Junior Consultant at Sap Italia Spa in the development, design and implementation team of the Management Control System in companies operating in the industrial, pharmaceutical, textile and service sectors. From 2001 to 2006, she was Senior Consultant at EOS Management Consulting Srl with specific responsibilities in the development, design and implementation team of the Management Control System at companies operating in the industrial, pharmaceutical, textile and services sectors and also in the Strategy and Finance team. From 2006 to 2009, she was Financial Director of Cordea Savills SGR S.p.A. and Senior Member of the Finance Europe area. She also dealt with the development and management of the Administration, Finance and Control Area Team in Italy and the coordination and management of external professionals. Since 2009, she has been an associate professional at Studio Commercialisti Fumagalli and Codega.

**Elia Kuhnreich.** In 2014 he obtained a Master of Science in banking and finance from Bocconi University in Milan. He started working at UBS on the equity research team covering the Italian and Eastern European banking sectors. From 2015 to 2018, he worked for Arca SGR, one of the leading asset management companies in Italy, in the role of portfolio manager managing equity funds specialized in the Italian stock market. During this time, he developed skills in fundamental

analysis of numerous companies and especially in the small and medium-sized companies sector, managing assets of approximately Euro 1 billion. In 2018 he moved to Malta and is portfolio manager at Praude Asset Management, going on to manage funds that focus on the European market with a focus on small and medium-sized companies.

**Riccardo Manfrini.** After graduating in Law from the University of Ferrara in 1988, he became a member of the Treviso Bar Association in 1994 and has been qualified to practice before the higher courts since 2006. He is a partner in the law firm BM&A. He is an expert in international trade law and M&A transactions and advises a number of listed companies. He has been a statutory auditor and member of the Board of Directors of several Italian companies.

\* \* \*

None of the members of the Board of Directors has any relationship as per Book I, Title V of the Italian Civil Code with the other members of the Board of Directors nor with the members of the Issuer's Board of Statutory Auditors and/or with the Issuer's Senior Managers.

It should also be noted that, as at the Report Date and/or in the last three years, no independent Director has directly or indirectly, through third party companies or professional firms, any consulting assignments with the Issuer, its subsidiaries or the Issuer's shareholders.

#### **Maximum number of offices held in other companies**

Each candidate for the position of Director is to carry out, prior to accepting the post at the Company and regardless of the limitations established by the provisions of law and regulation regarding the accumulation of posts, an assessment of his ability to perform the tasks assigned to him with due attention and effectiveness, taking into account, in particular, the overall commitment required by the posts held outside of the Orsero Group.

Each member of the Board of Directors is also required to inform the Board promptly of any acceptance of offices as Director or Auditor in other companies, in order to allow the fulfillment of disclosure obligations laid down by applicable laws and regulations.

The Board of Directors has not deemed it necessary to define any general criteria with regards to the maximum number of administrative and control offices held in other companies that can be considered compatible with an efficient holding of the role of director of the Company, without prejudice to the requirement of each Director to evaluate the compatibility of the offices of director and auditor held in other companies listed in regulated markets (both national and abroad), in financial, banking or insurance companies or in companies of significant size, with the diligent fulfillment of the tasks accepted as Company director, also taking into account participation in board committees.

In view of the positions held by its members in other companies, the Company's Board of Directors believes that the number and quality of the positions held does not interfere and is, therefore, compatible with the effective performance of the office of director of the Company. This is without prejudice to the right of the Board of Directors to make a different, reasoned assessment, which will be made public in the Annual Report on Corporate Governance and Ownership Structure, with the appropriate supporting arguments.

Although the Corporate Governance Code calls for verification of simultaneous offices held for companies with characteristics different from those of Orsero, during the year the Company will verify possible different orientations in order to align the subsequent term of office of the Board of Directors with the provisions in force from time to time.

**Induction Program**

During the financial year and up to the Report Date, the Board of Directors has taken part in various initiatives aimed at providing the Board of Directors with adequate knowledge of the business sector in which the Issuer operates, company dynamics and their evolution, the principles of proper risk management and the reference regulatory and self-regulatory framework. In particular, during the 2021 financial year, the Induction carried out for the members of the Board of Directors and the Board of Statutory Auditors, in line with the recommendations of the Corporate Governance Code, focused on the main ESG issues and regulations relevant to the Group, including in the context of a training and updating process that the Group intends to undertake in this regard.

**4.4 Functioning of the Board of Directors (pursuant to art. 123-bis, paragraph 2, letter d) TUF)**

Pursuant to Art. 16 of the Articles of Association, the Board of Directors shall meet, whether at the registered office or elsewhere in the European Union, as convened at the discretion of the Chairman, as well as upon motion of any Director then in office, or as otherwise contemplated by law.

In application of the Corporate Governance Code, the Board of Directors meeting held on July 21, 2020 approved the Board of Directors rules. In particular, the internal regulation of the Board of Directors governs its organization and functioning in compliance with provisions of the law and the Articles of Association, as well as taking into account the indications and recommendations of the Corporate Governance Code. In this latter regard, as envisaged by the Corporate Governance Code, the board regulation defines the Board of Directors' responsibilities in detail and determines the rules for the functioning of the body, including the procedures for taking minutes of the meetings and procedures for managing the information to be provided to the directors, as well as for participation in meetings, including the case of abstention in the presence of interests in potential conflict with those of the Company, and for the participation of the Statutory Auditors in the meetings, identifying the terms for sending information in advance and procedures for the protection of the confidentiality of the data and information provided so as not to jeopardize the timeliness and comprehensiveness of information flows. The regulation also defines, in accordance with the provisions of the Corporate Governance Code, the duties of the Chairman of the Board of Directors, as assisted by the Secretary.

During the year ended December 31, 2021, the Board of Directors met eight times with the regular participation of the members of the Board of Directors and the Board of Statutory Auditors. The meetings of the Board of Directors lasted an average of 2 hours and 30 minutes.

The table below shows the percentage attendance by each Director.

Director	% attendance at meetings held in FY 2021
<b>Paolo Prudenziati</b>	100%
<b>Raffaella Orsero</b>	100%

<b>Matteo Colombini*</b>	100%
<b>Armando De Sanna**</b>	100%
<b>Vera Tagliaferri**</b>	100%
<b>Elia Kuhnreich**</b>	100%
<b>Laura Soifer**</b>	100%
<b>Riccardo Manfrini**</b>	100%
<b>Carlos Fernandez Ruiz</b>	100%

In the current financial year and up to the Report Date, the Board of Directors met three times and a total of at least five additional meetings are planned for the current financial year.

The Board of Directors generally meets in Milan and Board members attend in person and, in consideration of the development of the health emergency during the Financial Year, also by telephone connection. During the eight meetings held during this year, there were no absences. The Board meetings are always attended by the Board of Statutory Auditors and, where appropriate, Managers of the Issuer and its subsidiaries, the head of internal audit, as well as the independent auditors and external consultants of the Issuer, in order to provide the Board with the necessary in-depth information on the items on the agenda, according to their respective functions and matters. Depending on the items on the agenda each time, the board committees report on their activities and evaluations.

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

Pursuant to Board Rules: (i) the Board is convened by the Chairman, who plays a role of liaison between the executive Directors and the non-executive Directors, ensuring the effective functioning of the Board's proceedings; (ii) in addition to convening the Board, the Chairman sets the agenda and sends it to the Directors and the Standing Auditors at least two days prior to the date set for the meeting, except in case of urgency, for which 24-hour notice is required. Except in cases of urgency or need for confidentiality, the documentation relating to the business on the agenda is sent concurrently. In any case, where it is not possible to provide information by the above-mentioned deadlines, the timeliness and completeness of information flows shall not be jeopardized and adequate and punctual analyses shall be guaranteed during the meeting; and (iii) the Chairman ensures that each item on the agenda is discussed in due time, while promoting debate and providing useful input for the decisions to be taken. To this end, the Chairman may request the participation of managers and persons in charge of specific corporate functions of the Issuer or its group, as well as consultants, if necessary, in order to assess the issues on the agenda. In this respect, please refer to Paragraph 4.5 below as well.

In implementation of Article 3, Recommendation 18 of the CG Code, the rules also set the professionalism requirements and duties of the Board Secretary (see Section 4.5 below).

## **4.5 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS**

### **Chairman of the Board of Directors**

The Ordinary Shareholders' Meeting of April 30, 2020, which appointed the Board of Directors, appointed Paolo Prudenziati as Chairman of the Board of Directors.

As of the Report Date no management powers have been granted to the Chairman of the Company's Board of Directors, in accordance with best practices that privilege the role of the Chairman as the central liaison between the Chief Executive Officers and the non-executive Directors and as the guarantor of the correct functioning of the management body.

The Chairman plays a role of liaison between the Executive Directors and the Non-Executive Directors and ensures the effective functioning of the Board's proceedings. The Chairman presides over meetings of the Board of Directors, convenes the Board of Directors, sets the agenda for Board meetings in consultation with the Chief Executive Officer, schedules and coordinates the Board's work and activities, and ensures that adequate information on the items on the agenda is provided to all.

In addition to the legal representation provided for in the Articles of Association in respect of third parties and in legal proceedings, the Chairman also holds the powers that may be attributed to him by the Board of Directors.

Furthermore, in accordance with the provisions of the Corporate Governance Code and pursuant to the Board Rules, the Chairman of the Board of Directors, with the assistance of the Secretary, is responsible for:

- a) the timeliness and completeness of pre-meeting information and ensuring that the pre-meeting information and supplemental information provided at meetings are adequate to enable the Directors to act in an informed manner in carrying out their role;
- b) ensuring that the activities of the board committees with investigative, propositional and advisory functions are coordinated with the activities of the management body;
- c) in agreement with the Chief Executive Officer, ensuring that the executives of the Company and those of the Group companies it heads – who are responsible for the company functions in charge of the relevant issues – attend the Board's meetings, also upon request of individual Directors, in order to provide any necessary information on the issues on the agenda;
- d) ensuring that all members of the management and control bodies may participate, after their appointment and during their term of office, in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Company operates, of company dynamics and their evolution, with a view to the sustainable success of the Company, as well as of the principles of correct risk management and of the regulations and internal rules and procedures of reference.
- e) the adequacy and transparency of the management body's self-assessment process, with the support of the Remuneration and Appointment Proposals Committee.

### **Board Secretary**

Pursuant to Article 15.3 of the Articles of Association, the Board shall appoint a Board Secretary, who may be chosen from outside its members. Appointment and dismissal of the Secretary of the Board shall be by recommendation of the Chairman.

Moreover, pursuant to the Board Rules, (i) the Board Secretary must be a person who meets adequate requirements of professionalism, experience and independence of judgment and who is not in a situation of conflict of interest; (ii) supports the activities of the Chairman and assists him in organizing meetings, transmitting pre-meeting information and, in general, information flows and taking minutes of meetings; and (iii) provides impartial assistance and advice to the Board on any aspect that is relevant for the proper functioning of the corporate governance system.

On May 6, 2020 the Board appointed Mr. Michele Moirano as Secretary; who meets the above-mentioned requirements and to whom the above-mentioned functions have been assigned.

## **4.6 EXECUTIVE DIRECTORS**

### **Executive Committee**

As at the Report Date, the Company has two directors with delegated powers. These are, in particular, the Vice President, Raffaella Orsero and Matteo Colombini.

On May 6, 2020, the Board of Directors of the Company resolved to grant directors Raffaella Orsero and Matteo Colombini the management powers set out below, in line with those previously granted by the Board of Directors on December 5, 2019 effective from the Listing. These powers were supplemented by a resolution of the Board of Directors dated December 17, 2020 in consideration of the activities carried out by the Company and the Group, and their evolution, including in its role as parent company.

Raffaella Orsero was attributed the most extensive powers for the management of the Company, without prejudice to the spending limits indicated below and the powers of the Board of Directors pursuant to the law and/or the Articles of Association and with regard to related party transactions provided for by the regulations and the procedure adopted by the Company.

The powers conferred on the Director Raffaella Orsero include, without limitation:

#### General

- a) to implement the decisions of the Shareholders' Meeting and the Board of Directors in her remit ;
- b) to implement the corporate and Group strategies, within the framework of the directives established by the Board, and exercise the delegated powers, and in particular those listed herein, in accordance with such strategies and directives;
- c) to propose to the Board all the initiatives that it deems useful in the interest of the Company, and of the Group, and make proposals in matters reserved for the Board's competence;
- d) to prepare the annual budget to be submitted to the Board of Directors;
- e) to define the functional structures of the Company and its subsidiaries, including the corporate bodies and key figures, establish the criteria for the recruitment and management of personnel also with regard to the subsidiaries;
- f) to make, as a matter of urgency, with the joint signature of the Chairman and another director with delegated powers, any decision falling within the competence of the Board of Directors, notifying the Board itself at the first meeting held thereafter.

#### Management activities

- a) to purchase and sell shares, units, holdings, businesses and business units of companies of legal entities operating on the market for the import and distribution of fruit and vegetables,



with the limit (i) of Euro 5,000,000.00 (five million/00) per individual transaction; and (ii) of Euro 15,000,000.00 (fifteen million/00) per individual transaction carried out with the joint signature of another director with delegated powers;

b) to perform the following acts of ordinary administration of the Company, with the limit (i) of Euro 2,000,000.00 (two million) per individual transaction; (ii) of Euro 5,000,000.00 (five million) per individual transaction carried out with the joint signature of another director with delegated powers:

- to enter into, amend and terminate on behalf of the Company agreements and contracts with suppliers, customers, consultants and collaborators, as well as any other agreement and contract consistent with the corporate purpose;
- to enter into, amend and terminate contracts for the purchase, exchange, supply and sale of all types of products, services and tangible (including registered) and intangible movable property relating to the management of the Company;
- to enter into, modify and terminate any further contract for the purchase, supply and provision of services of any kind to the Company;
- to grant, within the framework of authorized contracts, discounts or other payment facilities in accordance with the approved trade policy;
- to take out, amend and terminate insurance contracts, and agree, in the event of a claim, the indemnity due from the insurer, issuing receipts for the amount collected, without any limit of value;
- to establish or participate in the establishment, including through trust companies, of new companies whose corporate purpose is consistent with the activities of the Orsero Group, (i) by means of a single signature, up to a limit of Euro 3,000,000.00 per transaction; and (ii) by means of the joint signature of another Director with delegated powers, up to a limit of Euro 5,000,000.00 per transaction.

*Banking and financial transactions, payments, collections and settlements*

- a) to open, modify and terminate bank and postal current accounts, in Italy and abroad, in any currency, carrying out any transaction permitted;
- b) to make payments relating to the fulfillment of obligations undertaken by the Company, or due as a result of obligations already undertaken by the Company, acts already approved by the Board of Directors, or in any case due by law, with a limit of (i) Euro 2,000,000.00 (two million) per individual transaction; (ii) Euro 5,000,000.00 (five million) per individual transaction carried out with the joint signature of another director with delegated powers;
- c) to draw bank checks, request bank drafts, arrange for transfers and in any case carry out any transaction on the Company's bank and postal accounts, including for the use of overdrafts within the limits of the credit facilities granted to the Company, with a limit of (i) Euro 2,000,000.00 (two million) per individual transaction; (ii) Euro 5,000,000.00 (five million) per individual transaction carried out with the joint signature of another director with delegated powers;
- d) to negotiate and stipulate with banks and other financial intermediaries the granting of loans and credit facilities, not backed by collateral on the Company's assets, with a limit of (i) Euro 10,000,000.00 (ten million/00) for each loan or credit facility; (ii) Euro 20,000,000.00 (twenty

million/00) for each loan or credit facility stipulated with the joint signature of another director with delegated powers;

- e) to use loans and credit facilities granted to the Company, within the limits allowed by the same, and in any case with the limit (i) of Euro 10,000,000.00 (ten million/00) for each use with single signature; (ii) of Euro 20,000,000.00 (twenty million/00) for each use with joint signature of another director with delegated powers;
- f) to enter into loan agreements with subsidiaries, with the limit (i) of Euro 10,000,000.00 (ten million/00) for each loan granted with individual signature; (ii) of Euro 20,000,000.00 (twenty million/00) for each loan granted with joint signature of another director with delegated powers;
- g) to purchase and sell Italian or foreign shares and bonds, government securities of foreign or supranational Italian issuers, as well as other financial products, including structured products, and securities of any kind, with a limit of Euro 2,000,000.00 (two million) for each transaction performed by individual signature;
- h) to carry out all financial transactions payable and receivable, discounts on bills of exchange signed by the Company, discounts on invoices and trade receivables, and repurchase agreements with any bank, including the issuing bank, taking on the necessary commitments and fulfilling the necessary formalities;
- i) to manage factoring agreements, sign all the required deeds, such as the assignment of receivables, mandates for collection, advance and discount transactions, the establishment of guarantees and carry out any operation of use of the factoring relationship itself, with the right also to delegate these powers to third parties;
- j) to issue sureties, deposits and any kind of guarantee in the interest of the Company and its subsidiaries in favor of the Public Administration;
- k) to issue letters of patronage, sureties and any kind of guarantee (but excluding guarantees relating to shares, equity investments or units owned by the Company for which prior approval by the Board of Directors is required) in favor and on behalf of subsidiaries up to a maximum amount of Euro 5,000,000.00 (five million/00) for each guarantee given with individual signature;
- l) within the scope of banking and financial transactions, payments, collections and settlements, the possibility of issuing letters of patronage, sureties and, in general, any type of guarantee in favor of third parties, up to a maximum amount of Euro 3,000,000.00 for each guarantee signed jointly by another Director with delegated powers and, in any case, with the exclusion of guarantees relating to shares, holdings or quotas owned by the Company for which the prior approval of the Board of Directors is required, all within the limits of the Company's corporate purpose;
- m) to arrange for payments, withdrawals and endorsements of checks, issue and endorsement of bills of exchange, withdraw, accept and endorsement of drafts and other negotiable bearer securities or instruments;
- n) to claim and collect any receivable and amount, of any nature or for any reason, due to the Company, including through issuing the relative receipts for full or partial payment;

- o) to buy and sell treasury shares, to the extent permitted by law, in order to implement incentive remuneration plans that provide for the assignment/subscription of shares (such as stock options and stock grants) approved by the competent corporate bodies;
- p) to promote and accept transactions and negotiate, reconcile and settle disputes of any nature whatsoever between the Company and third parties, including by accepting the auditing of accounts and items, which also involve the waiver of receivables, for amounts not exceeding Euro 2,000,000.00 (two million/00) by individual signature;
- q) to request declarations of bankruptcy and promote bankruptcy proceedings in general, of debtors of the Company, with all the inherent powers, none excluded or excepted, including those of instituting claims, declare them true and real, accept or reject proposals from debtors or the bodies of the proceedings, waive and settle.

Management of property, plant, machinery and equipment

- a) to carry out deeds of purchase and sale of real estate, with a limit of Euro 500,000.00 (five hundred thousand/00) for each deed signed individually;
- b) to enter into property lease contracts, both as lessor and tenant, with the limit, only for contracts in which the Company is the tenant, that the total costs and charges arising to the Company from each contract signed individually may not exceed the amount of Euro 500,000.00 (five hundred thousand/00) for each financial year of the duration of the contract;
- c) to perform deeds of purchase, sale and exchange, or enter into rental and lease contracts relating to plant, machinery and equipment and, in general, movable and immovable property registered with a limit of Euro 500,000.00 (five hundred thousand/00) for each deed signed individually;

Staff management

- a) to hire, transfer and dismiss employees, including managers, establishing their classification, determining their duties and remuneration, varying the conditions inherent to the above mentioned employment relationships, and managing them from every managerial, organizational and disciplinary point of view;
- b) to direct the activities of the General Manager (if appointed), according to the strategic, industrial and financial objectives of the Company, verifying their punctual and correct execution;
- c) to exercise all the necessary powers for the management of trade union negotiations, for any opening of staff reduction procedures (mobility), ordinary and extraordinary redundancy and earnings, for the signing of any agreements, missed agreements and/or minutes of meetings, with the trade unions, or at the employment offices, for the signing of the resulting letters of termination of employment relations, for the signing of individual settlement agreements, communications to the bodies and whatever else may be necessary for the management of the negotiations themselves and the above procedures;
- d) to enter into contracts for the granting of loans to Company employees, determining the amount of interest and how the loans are to be repaid;
- e) to represent the Company and in any case make complaints, statements, questions and anything else necessary to the competent offices, such as by way of example: INAIL, INPS, ASL, Employment Inspectorate, Local Employment Directorate;

- f) to request the issue of documentation relating to employment relationships, pay salaries, wages and liquidations, taxes, contributions and social security;
- g) to represent the Company before the employment magistracy at every place and level, as well as out-of-court, at trade unions or at the public offices in charge, in arbitration and any other competent place in employment disputes, with all the broadest powers including those to reconcile and settle disputes, to ensure the execution of the judgments and to do whatever else is necessary and appropriate for the complete and better settlement of such disputes.

#### Health and Safety

- a) to operate as an "Employer" designated pursuant to (and within the limits of the provisions of) Legislative Decree no. 81 of April 9, 2008 and subsequent amendments and additions, with the widest decision-making and signing powers and with autonomy – and without spending limits – including, without limitation, the powers: (i) to identify risk factors and measures for the safety and health of the workplace, (ii) to prepare the Workplace Risk Assessment Document and to designate a person in charge of the prevention and protection service and (iii) to delegate functions in accordance with the provisions and within the limits set out in the aforementioned Legislative Decree no. 81/2008, and in any case to comply with all the provisions and obligations set out in the regulations applicable from time to time, it being understood that the qualification of "Employer" is understood as referring only to obligations arising from Legislative Decree no. 81 of April 9, 2008, as amended and supplemented, and is not intended to refer to the management and hierarchical powers relating to employees, which are remitted (pursuant to Articles 2086 and 2380-*bis*, paragraph 3 of the Italian Civil Code) to the Board of Directors.

#### Personal data

- a) powers of representation, management, guidance, decision-making and spending - none excluded - necessary or functional to the organization of the Company and the fulfillment of the obligations and duties imposed by law (of any rank and source, constitutional, primary, secondary, national, European and international) regarding the processing of personal data.

#### Taxes, duties in general, social security contributions and other mandatory contributions

- a) to comply with all procedures relating to, and any compulsory payment relating to, all types of direct or indirect taxes, duties, contributions and tariffs, to sign direct and indirect tax statements (including the statements and declarations required by the rules on value added tax), forms and questionnaires; accept or refuse assessments, reach agreed definitions, appeal against tax and tax roles and acts; file applications, claims, appeals, challenges, information and documents against any tax office or tax commission, including the Court of Cassation, receive refunds, remuneration and interest and issue receipts;
- b) to represent the Company in relation to any local and central tax office, including abroad, with the power to appoint and revoke delegates and special attorneys and to grant powers to legal attorneys and accountants.

#### Special attorneys

- a) to appoint special attorneys for the execution of specific acts or sets of acts, within the limits of the powers conferred on them.

#### Representation

The powers of representation are granted by the Articles of Association of the Company within the limits of the powers conferred on it.

\*.\*.\*

Matteo Colombini was granted the following powers and within the spending limits indicated below:

General

- a) to implement the decisions of the Shareholders' Meeting and the Board of Directors in his remit ;
- b) to implement the corporate and Group strategies, within the framework of the directives established by the Board, and exercise the delegated powers, and in particular those listed herein, in accordance with such strategies and directives;
- c) to collaborate in the preparation of the annual budget to be submitted to the Board of Directors.

Management activities

- a) to purchase and sell shares, units, holdings, businesses and business units of legal entities operating in the market for the import and distribution of fruit and vegetables, with the limit (i) of Euro 2,500,000.00 per individual transaction; and (ii) of Euro 15,000,000.00 per individual transaction carried out with the joint signature of another director with delegated powers;
- b) to perform the following acts of ordinary administration of the Company, with the limit (i) of Euro 1,000,000.00 per individual transaction; (ii) of Euro 5,000,000.00 per individual transaction carried out with the joint signature of another director with delegated powers:
  - to enter into, amend and terminate on behalf of the Company agreements and contracts with suppliers, customers, consultants and collaborators, as well as any other agreement and contract consistent with the corporate purpose;
  - to enter into, amend and terminate contracts for the purchase, exchange, supply and sale of all types of products, services and tangible (including registered) and intangible movable property relating to the management of the Company;
  - to enter into, modify and terminate any further contract for the purchase, supply and provision of services of any kind to the Company;
  - to grant, within the framework of authorized contracts, discounts or other payment facilities in accordance with the approved trade policy;
  - to take out, amend and terminate insurance contracts, and agree, in the event of a claim, the indemnity due from the insurer, issuing receipts for the amount collected, without any limit of value;
- c) to establish or participate in the establishment, including through trust companies, of new companies whose corporate purpose is consistent with the activities of the Orsero Group, (i) by means of a single signature, up to a limit of Euro 3,000,000.00 per transaction; and (b) by means of the joint signature of another Director with delegated powers, up to a limit of Euro 5,000,000.00 per transaction.

Banking and financial transactions, payments, collections and settlements

- a) to open, modify and terminate bank and postal current accounts, in Italy and abroad, in any currency, carrying out any transaction permitted;
- b) to make payments relating to the fulfillment of obligations undertaken by the Company, or due as a result of obligations already undertaken by the Company, acts already approved by the Board of Directors, or in any case due by law, with a limit of (i) Euro 1,000,000.00 (one million) per individual transaction; (ii) Euro 5,000,000.00 (five million) per individual transaction carried out with the joint signature of another director with delegated powers;
- c) to draw bank checks, request bank drafts, arrange for transfers and in any case carry out any transaction on the Company's bank and postal accounts, including for the use of overdrafts within the limits of the credit facilities granted to the Company, with a limit of (i) Euro 1,000,000.00 per individual transaction; (ii) Euro 5,000,000.00 per individual transaction carried out with the joint signature of another director with delegated powers;
- d) to negotiate and stipulate with banks and other financial intermediaries the granting of loans and credit facilities, not backed by collateral on the Company's assets, with a limit of (i) Euro 5,000,000.00 for each loan or credit facility; (ii) Euro 20,000,000.00 for each loan or credit facility stipulated with the joint signature of another director with delegated powers;
- e) to use loans and credit facilities granted to the Company, within the limits allowed by the same, and in any case with the limit (i) of Euro 5,000,000.00 for each use with single signature; (ii) of Euro 20,000,000.00 for each use with joint signature of another director with delegated powers;
- f) to enter into loan agreements with subsidiaries, with the limit (i) of Euro 5,000,000.00 for each loan granted with individual signature; (ii) of Euro 20,000,000.00 for each loan granted with joint signature of another director with delegated powers;
- g) to purchase and sell Italian or foreign shares and bonds, government securities of foreign or supranational Italian issuers, as well as other financial products, including structured products, and securities of any kind, with a limit of Euro 1,000,000.00 for each transaction performed by individual signature;
- h) to carry out all financial transactions payable and receivable, discounts on bills of exchange signed by the Company, discounts on invoices and trade receivables, and repurchase agreements with any bank, including the issuing bank, taking on the necessary commitments and fulfilling the necessary formalities;
- i) to manage factoring agreements, sign all the required deeds, such as the assignment of receivables, mandates for collection, advance and discount transactions, the establishment of guarantees and carry out any operation of use of the factoring relationship itself, with the right also to delegate these powers to third parties;
- j) to issue sureties, deposits and any kind of guarantee in the interest of the Company and its subsidiaries in favor of the Public Administration;
- k) to issue letters of patronage, sureties and any kind of guarantee (but excluding guarantees relating to shares, equity investments or units owned by the Company for which prior approval by the Board of Directors is required) in favor and on behalf of subsidiaries up to a maximum amount of Euro 2,500,000.00 for each guarantee given with individual signature;
- l) within the scope of banking and financial transactions, payments, collections and settlements, the possibility of issuing letters of patronage, sureties and, in general, any type of guarantee in

favor of third parties, up to a maximum amount of Euro 3,000,000.00 for each guarantee signed jointly by another Director with delegated powers and, in any case, with the exclusion of guarantees relating to shares, holdings or quotas owned by the Company for which the prior approval of the Board of Directors is required, all within the limits of the Company's corporate purpose;

- m) to arrange for payments, withdrawals and endorsements of checks, issue and endorsement of bills of exchange, withdraw, accept and endorsement of drafts and other negotiable bearer securities or instruments;
- n) to claim and collect any receivable and amount, of any nature or for any reason, due to the Company, including through issuing the relative receipts for full or partial payment;
- o) to buy and sell treasury shares, to the extent permitted by law, in order to implement incentive remuneration plans that provide for the assignment/subscription of shares (such as stock options and stock grants) approved by the competent corporate bodies;
- p) to promote and accept transactions and negotiate, reconcile and settle disputes of any nature whatsoever between the Company and third parties, including by accepting the auditing of accounts and items, which also involve the waiver of receivables, for amounts not exceeding Euro 1,000,000.00 by individual signature;
- q) to request declarations of bankruptcy and promote bankruptcy proceedings in general, of debtors of the Company, with all the inherent powers, none excluded or excepted, including those of instituting claims, declare them true and real, accept or reject proposals from debtors or the bodies of the proceedings, waive and settle.

#### Real estate management

- a) to enter into property lease contracts, both as lessor and tenant, with the limit, only for contracts in which the Company is the tenant, that the total costs and charges arising to the Company from each contract signed individually may not exceed the amount of Euro 100,000.00 for each financial year of the duration of the contract.

#### Staff management

- a) to hire, transfer and dismiss employees, excluding managers, establishing their classification, determining their duties and remuneration, varying the conditions inherent to the above mentioned employment relationships, and managing them from every managerial, organizational and disciplinary point of view.

#### Taxes, duties in general, social security contributions and other mandatory contributions

- a) to comply with all procedures relating to, and any compulsory payment relating to, all types of direct or indirect taxes, duties, contributions and tariffs, to sign direct and indirect tax statements (including the statements and declarations required by the rules on value added tax), forms and questionnaires; accept or refuse assessments, reach agreed definitions, appeal against tax and tax roles and acts; file applications, claims, appeals, challenges, information and documents against any tax office or tax commission, including the Court of Cassation, receive refunds, remuneration and interest and issue receipts;
- b) to represent the Company in relation to any local and central tax office, including abroad, with the power to appoint and revoke delegates and special attorneys and to grant powers to legal attorneys and accountants.

### Representation

The powers of representation are granted by the Articles of Association of the Company within the limits of the powers conferred on it.

It should be noted that neither Ms. Orsero nor Mr. Colombini holds the position of Chief Executive Officer in other companies not belonging to the Orsero Group.

Among the Managing Directors, the main person responsible for the management of the company is Raffaella Orsero.

### **Disclosure to the Board**

At Board meetings, the Chief Executive Officers usually report to the Board of Directors on the activities carried out.

### **Other Executive Directors**

As at the Report Date, there are no other executive Directors other than the Chief Executive Officers Raffaella Orsero and Matteo Colombini.

### **4.7 Independent directors**

As at the Report Date, the Company, whose Board of Directors numbers nine members, has appointed five Independent Directors, in the persons of Vera Tagliaferri, Laura Soifer, Armando De Sanna, Riccardo Manfrini and Elia Kuhnreich.

The existence of the independence requirements for its current independent directors, pursuant to art. 148, paragraph 3 of the Consolidated Law on Finance (as referred to in art. 147-ter, paragraph 4 of the Consolidated Law on Finance) and provided for by the Corporate Governance Code, was verified by the Board of Directors following the appointment resolved by the Shareholders' Meeting on April 30, 2020 and, subsequently, on an annual basis. During the Financial Year, independence was assessed during the Board meeting of July 28, 2021. In this context, as recommended by the Corporate Governance Code, the Board of Statutory Auditors, in accordance with the provisions of the Corporate Governance Code, verified, within the scope of the tasks attributed to it by law, the correct application of the criteria and assessment procedures adopted by the Board of Directors to assess the independence of the Directors. The results of the annual assessments were disclosed to the market from time to time, in accordance with the recommendations of the Corporate Governance Code.

These audits were successfully completed and there were no waivers or disapplications of any of the requirements set forth in the Corporate Governance Code. Following the audits, the current directors Vera Tagliaferri, Laura Soifer, Armando De Sanna, Riccardo Manfrini and Elia Kuhnreich were found to meet the above-mentioned independence requirements.

For the sake of completeness, it should be noted that, pursuant to Recommendation 7, first sentence, letters c) and d), in art. 2 of the Corporate Governance Code, at its meeting of March 9, 2022, the Board of Directors resolved to adopt the "Policy on Qualitative and Quantitative Criteria for the Assessment of Independence Requirements", to assess the significance of relationships, including economic relationships, capable of compromising the independence of its members (the "**Significance Criteria**" or the "**Criteria**"). These criteria also apply to the members of the Board of Statutory Auditors, in implementation of Recommendation 9 of the Corporate Governance Code.



More specifically, for the purposes of the periodic assessments to be carried out by the Board of Directors and the Board of Statutory Auditors on the continuing satisfaction of independence requirements, the Board decided to consider "significant":

- commercial, financial and professional relations during the financial year in which the declaration of independence is made or in the three financial years preceding the date on which the declaration is made, with one of the parties referred to in letter c) of recommendation 7 of the Corporate Governance Code, if these relations, individually or cumulatively considered, have led to an annual economic reward of more than Euro 40,000, if the significant relations are conducted directly by the Director; (ii) Euro 60,000, if the significant relations are conducted by the Director indirectly (by way of example, through subsidiaries or through companies controlled by him or through companies which are not controlled by him or as a partner of a professional firm or consulting company);
- additional remuneration received, during the financial year in which the declaration of independence is made or in the three financial years preceding the date on which the declaration is made, from the companies referred to in letter d) of recommendation 7 of the Corporate Governance Code, if the total value of such remuneration is more than Euro 60,000.

Without prejudice to the foregoing, where the Director is also a partner in a professional firm or consulting firm, professional relationships **(i)** that may have an effect on the Director's position and/or role within the firm or consulting firm or **(ii)** that in any event relate to important transactions of the Company and the Orsero Group, shall be considered significant. The Board also assesses the significance of these relationships irrespective of the quantitative parameters defined above and taking into account the overall professional activity usually carried out by the Director, the tasks usually assigned to him or her and the importance that these relationships may have for the Director in terms of reputation within his or her own organization.

In assessing the significance of the relations between the Director and the relevant parties, the Board of Directors is in any event entitled to consider, in relation to the specific situations concerning each Director such as position, individual characteristics and overall professional activity, all further elements deemed useful and/or appropriate, adopting additional and/or partially different criteria from those set out above, which give priority to substance over form and are accompanied by the application of the "comply or explain" criterion laid down in the Corporate Governance Code.

The stated criteria will apply beginning with the independence assessment to be conducted in financial year 2022.

In 2021, in addition to the meetings of the Board of Directors, the Independent Directors attended the meetings of the Board Committees to which they belonged during the financial year.

Finally, it should be noted that the Independent Directors have pledged to maintain their independence during their term of office and, if necessary, to resign if they fail to meet the independence requirements.

### ***Lead independent director***

As of the Report Date, no lead independent director has been appointed, since the conditions indicated in Recommendation no. 14 of Art. 3 of the Corporate Governance Code have not been met.

## 5. PROCESSING OF CORPORATE INFORMATION

With regard to the management of inside information, the Issuer's Board of Directors adopted the initiatives and/or procedures described below in order to monitor access to and circulation of inside information before its disclosure to the public, as well as to ensure compliance with confidentiality requirements set out by law and regulations.

As of the Report Date, the following are in force: (i) the procedure for the management of insider information and the procedure for the management of the register of persons having access to insider information as most recently amended by the Company's Board of Directors at the meeting held on September 30, 2019 in view of the Listing and in force as at the date of the Listing and as at the Report Date, as well as (ii) the procedure for the fulfillment of obligations on internal dealing, as most recently amended on March 9, 2021 effective as of March 17, 2021.

For further information, please refer to the text of the procedures available on the website [www.orserogroup.it](http://www.orserogroup.it), "Governance/ Company Procedures" section.

## 6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS (ART. 123-bis, PARAGRAPH 2, LETTER d), TUF)

As of the Report Date, the Company has a Remuneration and Appointments Committee, a Control and Risks Committee and a Related Parties Committee (as defined below).

The Board of Directors meeting held on May 6, 2020, and thus following the Shareholders' Meeting of April 30, 2020 which, inter alia, appointed the Company's Board of Directors, resolved on the composition of the board committees, constituting: (i) a remuneration and appointments committee (the "**Remuneration and Appointments Committee**"); (ii) an internal control and risk management committee (the "**Control and Risks Committee**"); and (iii) a committee for the management of transactions with related parties (the "**Related Parties Committee**"), in line with the provisions of the relevant procedure for transactions with related parties adopted by the Company.

The composition of the Committees was determined by taking into account the expertise and experience of their members, avoiding an excessive concentration of positions.

Please refer to the following sections of this Report for a description of functions, duties, resources, and activities.

## 7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS – REMUNERATION AND APPOINTMENTS COMMITTEE

### 7.1 Self-assessment and succession of directors

#### Self-assessment of the Board of Directors and Internal Committees

The Board decided, on a voluntary basis, to carry out an annual self-assessment activity of the Board of Directors and of its Internal Committees, in order to periodically assess the effectiveness of its activities and the contribution made by the Internal Committees.

The process – in which all directors were involved – was developed through a questionnaire completed anonymously, divided into various areas of inquiry and with the possibility of making comments and proposals, including, among other things, the following topics:

- (i) the size and composition of the Board and its committees, including with reference to diversity profiles;
- (ii) the frequency of Board meetings, the attendance of Directors, the number of independent Directors, the adequacy of the time allocated to discussions, the attention paid to situations of conflict of interest, the completeness of the minutes of Board meetings and the implementation of the resolutions taken;
- (iii) information from the Managing Directors, the circulation of regulatory changes for listed companies and the risks emerging in the Company and its subsidiaries, including with regard to the long-term sustainability of the Company and the Group;
- (iv) the support of the Committees, communication between the Board and senior management, corporate governance and the internal control and risk management system.

The results of the self-assessment for Financial Year 2021 were presented and discussed at the March 9, 2022 Appointments and Remuneration Committee meeting and the Board of Directors meeting held on the same date. In particular, this self-assessment confirmed a good level of satisfaction with the functioning and the activities of the Board of Directors and its Committees, as already found in the self-assessments carried out in previous years.

### **Succession plans for executive directors**

On December 5, 2019, in the context of the Listing, pursuant to Art. 4, Recommendation 24, of the Corporate Governance Code, the Company's Board of Directors approved a succession plan for the Chief Executive Officers of Orsero in the event of early termination of office (the "**Succession Plan**"). Following the Listing, on March 11, 2020 this Plan was approved by the Company's Remuneration and Appointments Committee, which took office as from the date of the Listing.

In particular, the Succession Plan defines a set of functional rules to ensure the continuity and stability of the Company's management, even if, before the natural expiry of the term of office and for any reason whatsoever, a Chief Executive Officer should cease office, and, in the event of such circumstance, the timely redefinition of the structure of the management proxies.

The Succession Plan takes into account the governance and the powers granted to two Directors, the characteristics of the business, the structure of the Group and the role of parent company and holding company held by Orsero within the Group.

In particular, the Succession Plan establishes that, in the event of the termination of a Chief Executive Officer or the loss of the powers granted to him, the Chief Executive Officer who remains in office will be granted, in addition to the powers already granted to him, any other, different and/or further and/or more extensive powers granted to the ceased Chief Executive Officer up to that moment. Any powers granted to the ceased Chief Executive Officer jointly with the remaining Chief Executive Officer will fall within the competence of the Board of Directors. In any case, the Board of Directors has the right to make any changes to the allocation and distribution of the powers provided for above in the context of the related resolutions to be taken to implement the Plan, provided that they do not substantially change the provisions of the Plan.

Furthermore, the Succession Plan identifies the parties responsible for its implementation and revision, in line with the Corporate Governance Code and taking into account the Company's governance structure. More specifically, in accordance with Article 2381 of the Italian Civil Code

and pursuant to the Corporate Governance Code, the Board of Directors of Orsero is the body responsible for approving the Succession Plan, as well as for its evaluation and, if necessary, its revision, and the entity required to take the necessary resolutions to implement the succession as indicated above. Moreover, in accordance with the provisions of the Corporate Governance Code, the Remuneration and Appointments Committee is the entity competent to carry out the preliminary investigation for the definition of the Succession Plan and the proposal to the Board of Directors regarding its possible updating/redefinition. The above-mentioned Committee is also responsible for the concrete implementation of the Succession Plan, if the conditions for its activation are met.

For the sake of completeness, it should be pointed out that, as of the date of the Report, no circumstances had arisen that would make it necessary to resort to the Succession Plan.

## **7.2 Remuneration and Appointments Committee**

The Remuneration and Appointments Committee, as appointed by the Board of Directors on May 6, 2020 and in office as at the Report Date, is composed of three non-executive directors: Vera Tagliaferri and Armando De Sanna (as Chairman), who are both independent directors, and non-executive Chairman of the Board Paolo Prudenziati. All appointments were approved by the Board of Directors and accepted by the parties concerned. The Issuer believes that these appointments are in line with the provisions of the Corporate Governance Code due to the specific knowledge and experience in financial matters and remuneration policies possessed by the persons appointed and the compliance by two of them (directors Vera Tagliaferri and Armando de Sanna) of the independence requirements set out in the Corporate Governance Code.

The Remuneration and Appointments Committee is entrusted with the following tasks, in line with the provisions of the Corporate Governance Code:

With regard to remuneration, the Committee's function is to:

- to make proposals to the Board of Directors on the remuneration policy;
- to periodically assess the appropriateness, general consistency and concrete application of the remuneration policy, availing itself, in this latter context, of the information provided by the Managing Directors. To this end, the Remuneration and Appointments Committee makes proposals to the Board of Directors in this regard;
- to submit proposals or express opinions to the Board of Directors regarding the remuneration of the Executive Directors, other Directors holding specific offices and the top management, as well as the establishment of the performance targets correlated to the variable component of that remuneration;
- to monitor the implementation of decisions taken by the Board of Directors on the remuneration policy, by verifying, in particular, the effective achievement of performance targets.

With regard to appointments, the Committee's function is to:

- to assist the Board of Directors in the self-assessment of the Board of Directors and its committees (by way of example, in defining any self-assessment questionnaire and, in general, the self-assessment procedure for the Board of Directors and in reviewing the results of said self-assessment procedure);

- to assist the Board of Directors in defining the best size and composition of the Board of Directors and its committees, also in light of the findings of the Board of Directors' self-assessment, and make recommendations about the professional figures whose presence on the Board of Directors is deemed appropriate;
- to make recommendations to the Board of Directors on the maximum number of offices as a director or statutory auditor held in listed companies in regulated markets, even abroad, in financial, banking or insurance companies or in companies of significant size, which can be considered compatible with the effective performance of the office of Director of the Issuer, also taking into account the participation of Directors in the committees set up within the Board of Directors;
- to make recommendations to the Board of Directors on any issues related to the application of the non-competition clause provided for by Article 2390 of the Italian Civil Code if the Issuer's Shareholders' Meeting, for organizational reasons, has authorized exceptions to this clause in general and in advance;
- to assist the Board of Directors in identifying candidates for the position of Director in the event of co-opting, formulating proposals and opinions in this regard;
- to assist the Board of Directors in the possible presentation of a list by the outgoing Board to be carried out in a manner that ensures its transparent formation and presentation, formulating proposals and opinions in this regard;
- to assist the Board of Directors in the possible preparation, updating and implementation of any succession plan for the Chief Executive Officers and any other executive directors of the Company, if deemed appropriate by the Board of Directors, formulating proposals and opinions in this regard.

The Board of Directors' meeting held on July 21, 2020 approved the internal rules of the Remuneration and Appointments Committee, which, in line with the provisions of the Corporate Governance Code, assign to the Committee the proposal and advisory functions provided for by the Corporate Governance Code with regard to appointments and remuneration.

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

The Remuneration and Appointments Committee met three times in financial year 2021, with regular attendance by its members and the Board of Statutory Auditors. The sessions focused on: (i) as regards appointments, assistance to the BoD in the annual assessment of the composition of the BoD and its Committees and the analysis of the Group's organizational structure by examining the updated organizational charts provided by the company functions from time to time; and, (ii) as regards remuneration, the meetings concerned the periodic assessment of the Remuneration Policy approved by the Shareholders' Meeting and, in accordance with the provisions of that policy, the determination of the 2021 performance target, as well as the verification of the achievement of the 2020 performance target and gate. The meetings of the Remuneration and Appointments Committee lasted no less than one hour on average.

<b>Remuneration and Appointments Committee</b>	<b>% attendance at meetings held in 2021</b>
Armando De Sanna*	100%
Vera Tagliaferri	100%
Paolo Prudenziati	100%

\*Chairman

## **8. DIRECTORS' REMUNERATION**

In FY 2021 and as at the Report Date, the remuneration of the Issuer's non-executive directors was and is made up of a fixed fee determined by the Shareholders' Meeting and is commensurate with the commitment required of each of them and not linked to the economic results achieved by the Issuer itself. There is also a fixed fee for participation in board committees.

With regard to the Issuer's executive directors and managers with strategic responsibilities, in the 2021 financial year and as at the Report Date, a significant part of their remuneration is linked, also in the form of compensation plans based on financial instruments, to the economic results achieved by the Issuer and to the achievement of specific, not exclusively short-term, objectives established.

It should be noted that the Board of Directors submitted to the Shareholders' Meeting the remuneration policy that regulates the remuneration of Directors, Statutory Auditors and Strategic Managers for the three-year period 2020-2022, in compliance with Article 123 ter of the Consolidated Law on Finance applicable from the Company's Listing and on which, on March 11, 2020, the Remuneration and Appointments Committee expressed a favorable opinion. The Company's remuneration policy was therefore approved by the Shareholders' Meeting on April 30, 2020. For more information on the Company's remuneration policy, please refer to the Remuneration Report published on the website [www.orserogroup.it](http://www.orserogroup.it) Governance / Remuneration section.

Lastly, please note that the Remuneration Policy provides for severance indemnity at end of office/employment (as the case may be) in favor of the Executive Directors (Raffaella Orsero and Matteo Colombini) and the Strategic Managers, in the event of termination of the office of director or termination of employment, for the following reasons:

- revocation of the office of Director and/or dismissal of the Strategic Manager (as the case may be) in the absence of just cause,
- resignation of the Executive Director or the Strategic Manager due to (i) a change of control of the Company following extraordinary transactions on exercisable capital within a maximum period of 12 months after the change of control, or (ii) just cause.

If one of the above hypotheses occurs, the indemnity due shall be equal to two years, depending on the case, of the gross fixed annual remuneration at the time of the event and/or of the gross fixed annual remuneration for the office of Director provided for the financial year previous to the occurrence of the event, including any benefits provided for under the law and the applicable national collective bargaining agreement.

In addition, the effects of termination of the office of Director or termination of employment on the incentive remuneration paid and/or to be paid under the Company's short and/or medium/long-term incentive plans, in the event of bad leaver and good leaver, are regulated in line with market practice.

In light of the above, the Company's Board of Directors believes that its remuneration policy is, both in relation to non-executive and executive directors and to Managers with Strategic Responsibilities, in compliance with the recommendations contained in the Corporate Governance Code.

For the sake of completeness, it should be noted that the Company – in line with the recommendations of the Corporate Governance Code – also intends to link the variable and incentive components of its future remuneration policy, to be submitted to the Shareholders' Meeting for the approval of the 2022 financial statements, to sustainability objectives.

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

The Issuer has designed and set up an internal control and risk management system (the "ICRMS") divided into the following parties, which are entrusted with specific tasks, as described below:

- The Board of Directors, which plays a role in guiding and evaluating the adequacy of the ICRMS, and is required: (i) to identify and adequately measure, monitor, manage and assess the risks to which the Company may be exposed, determining the nature and level of risk compatible with the strategic objectives of the Company and the Group, including in its assessments all elements that may be relevant with a view to the sustainable success of the Company and the Group; and (ii) to verify periodically, and in any event at least annually, the adequacy, effectiveness and actual functioning of the ICRMS. The Board of Directors shall, inter alia, identify from among its members (a) a Control and Risks Committee to assist the Board of Directors with internal controls and risk management, consisting solely of Independent Directors, and (b) a director responsible for establishing and maintaining an effective ICRMS (i.e., the *Chief Executive Officer*);
- the Head of Internal Audit, appointed by the Board of Directors, on the proposal of the Director in charge and subject to the favorable opinion of the Control and Risks Committee, responsible, in particular, for verifying that the ICRMS is functioning and adequate;
- the Board of Statutory Auditors, which monitors the effectiveness of the ICRMS;
- the Manager in charge of drawing up the corporate accounting documents, pursuant to art. 154-*bis* of the Consolidated Law on Finance; and
- the Supervisory Body of the Company established pursuant to Legislative Decree 231/2001.

The design and periodic assessment of the ICRMS, with particular regard to the financial reporting process, takes into account the best practices of listed companies and the laws and regulations in force from time to time. More specifically:

- Legislative Decree no. 58 of February 24, 1998 (Consolidated Law on Finance) as subsequently amended and supplemented, and in particular the provisions related to the "*Certification of the Manager in charge of drawing up the corporate accounting documents and the delegated management bodies with regard to the separate and consolidated financial statements and the half-yearly report pursuant to art. 154-bis of the Consolidated Law on Finance*";
- law no. 262 of December 28, 2005 (and subsequent amendments, including the legislative decree implementing the so-called Transparency Directive approved on October 30, 2007) and in particular the provisions concerning the preparation of corporate accounting documents;
- the Consob Issuers Regulation, as subsequently amended and supplemented;
- the Italian Civil Code, and in particular the references that provide for the extension to the Managers in charge of the preparation of the accounting documents of the liability suit the management of the company (art. 2434 Civil Code), the crime of corruption between private individuals (art. 2635 Civil Code) and the crime of obstructing the exercise of the functions of the public supervisory authorities (art. 2638 Civil Code);
- Legislative Decree no. 231 of June 8, 2001, which, referencing, *inter alia*, the provisions of the Civil Code cited above and the administrative liability of legal entities for market abuse offenses, as well as the corporate offenses, considers the Manager in charge to be among the senior management personnel.

## **9.1 Chief Executive Officer**

By resolution of the Board of Directors of May 5, 2020, following the appointment of the current Board of Directors, Matteo Colombini was reappointed to the role of Chief Executive Officer, performing the functions listed in Article 6 of the Corporate Governance Code. In this regard, the Issuer believes that the appointment of Matteo Colombini for this position is in line with the provisions of the Corporate Governance Code, in view of the specific knowledge he possesses due to his experience and the powers attributed to him as Chief Executive Officer of the Company.

The Chief Executive Officer is responsible for supervising the function of the internal control and risk management system and implementing the related guidelines defined by the Board of Directors, ensuring that all necessary actions are taken to implement the system. In particular, in accordance with Art. 6, Recommendation no. 34 of the Corporate Governance Code, the Chief Executive Officer has the task of: a) identifying the main corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submitting them periodically to the Board of Directors for examination; b) implementing the guidelines defined by the Board of Directors, designing, implementing and managing the internal control and risk management system and constantly checking its adequacy and effectiveness; c) adapting this system to the dynamics of the operating conditions and the legislative and regulatory framework; d) asking the Internal Audit Department to carry out checks on specific operating areas and on compliance with internal rules and procedures in the execution of corporate transactions, simultaneously informing the Chairman of the Board of Directors, the Chairman of the Control, Risks and Related Parties Committee and the Chairman of the Board of Statutory Auditors; and e) reporting promptly to the Control, Risks and Related Parties Committee (or to



the Board of Directors) on problems and critical issues that have emerged in the performance of its activities or that have been reported to it, so that the Committee (or the Board of Directors) can take appropriate initiatives.

In the 2021 financial year, the Chief Executive Officer carried out the duties for which he was responsible in accordance with Article 6, Recommendation No. 34, of the Corporate Governance Code:

- he identified the main corporate risks (strategic, operational, financial and compliance), taking into account the characteristics of the activities carried out by the Company and its subsidiaries;
- he implemented the guidelines set by the Board of Directors, providing for the design, implementation and management of the internal control system, constantly verifying its overall adequacy, effectiveness and efficiency;
- he saw to the adaptation of this system to the dynamics of the operating conditions and the legislative and regulatory situation.

At the meeting of December 15, 2021, the Chief Executive Officer, in view of the increase in cyber attacks against companies, deemed it appropriate to bring this risk to the attention of the Group and the Board. Orsero's Board of Directors, starting with the Group's Italian companies, has therefore decided to adopt specific cyber security tools and procedures in order to reduce the risk of undergoing such attacks, which can create damage or risks to the Group's business. At the same meeting, the Board of Directors appointed the Group's Chief Information Security Officer, who, together with the Group's IT department, will be responsible for preparing the activities for the protection of Group companies with regard to cyber-security, including the periodic monitoring of the above-mentioned risks, in order to verify the suitability of the measures adopted and, if necessary, propose any further preventive measures to the competent bodies.

Moreover, during the year, the Chief Executive Officer requested that Internal Audit function, as in the previous year, carry out audits on specific operating areas in view of the risks and critical issues related to the COVID emergency. The emergency was managed within the Group by means of continuous information on the evolution of the reference regulations and periodic meetings were held with the Internal Audit Department and the specially created crisis management committee. The Control and Risks Committee was always informed of these activities.

## **9.2 Control and Risks Committee**

The Control and Risks Committee, as appointed by the Board of Directors on May 6, 2020 and in office as of the Report Date, consists of three independent directors, in the persons of directors Vera Tagliaferri (as Chairperson), Armando De Sanna and Riccardo Manfrini. All appointments were approved by the Board of Directors and accepted by the parties concerned. The Issuer believes that these appointments are in line with the provisions of the Corporate Governance Code due to the specific knowledge and experience in financial matters and remuneration policies possessed by the persons appointed and the fact that some of them meet the independence requirements set out in the Corporate Governance Code.

The Control and Risks Committee is entrusted with the following tasks, in line with the provisions of the Corporate Governance Code:

- to support, investigating appropriately, the assessments and decisions of the Board of Directors relating to the internal control and risk management system as well as relating to the approval of the periodic financial reports. In particular, the Control and Risks Committee, in assisting the Board of Directors: (a) assesses, together with the Manager appointed to prepare the company's accounting documents, after consulting the Independent Auditors and the Board of Statutory Auditors, the correct use of the accounting standards and their uniformity for the purposes of preparing the consolidated financial statements; (b) evaluates the suitability of periodic financial and non-financial reporting to properly represent the business model, the strategies of the Company and its group, the impact of its activities and the performance achieved; (c) expresses opinions on specific aspects relating to the identification of the main corporate risks; (d) examines the periodic reports on the assessment of the internal control and risk management system and those of particular importance prepared by the Internal Audit Department; (e) monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Department; (f) may ask the Internal Audit Department to carry out checks on specific operating areas, notifying the Chairman of the Board of Statutory Auditors at the same time; (g) reports to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-yearly financial reports, on the activities carried out and on the adequacy of the internal control and risk management system; and (h) supports the Board of Directors' evaluations and decisions regarding the management of risks deriving from prejudicial facts of which the Board of Directors has become aware;
- to give its prior opinion to the Board of Directors: (a) on the definition of the guidelines for the internal control and risk management system, so that the main risks relating to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining the degree of compatibility of such risks with a management of the company consistent with the strategic objectives identified; (b) on the adequacy of the internal control and risk management system with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness; (c) on the activity carried out and the work plan prepared by the head of the Internal Audit Department; (d) on the description, in the report on corporate governance, of the main characteristics of the internal control and risk management system and the methods of coordination between the persons involved in it, including their own assessment of its adequacy; (e) on the results set out by the independent auditors in the letter of suggestions, if any, and in the report on the fundamental issues that emerged during the statutory audit; (f) on the proposal regarding the appointment, dismissal and remuneration of the head of the Internal Audit Department, as well as the adequacy of the resources allocated to the latter for the performance of the relevant duties.

It should be noted that the Board of Directors meeting held on July 21, 2020 approved the internal regulation of the Control and Risks Committee, in line with the provisions of the Corporate Governance Code.

**Composition and functioning of the Control and Risks Committee (pursuant to art. 123-bis, paragraph 2, letter d) TUF)**

In financial year 2021, the Control and Risks Committee met five times, with regular attendance by its members and the Board of Statutory Auditors. The meetings focused on setting up the Committee's work and operating scope, assessing the definition of the Audit and internal control and risk management system guidelines, evaluating the application of the impairment test procedure on the 2021 financial statements, the Covid-19 disclosure and the periodic report of the Group's Head of Internal Audit. The meetings of the Control and Risks Committee lasted an average of 1 hour and 17 minutes.

<b>Control and Risks Committee</b>	<b>% attendance at meetings held in 2021</b>
Vera Tagliaferri*	100%
Armando De Sanna	100%
Riccardo Manfrini	100 %

*\*Chairman*

From January 1, 2022 to the Date of the Report, the Control and Risks Committee met twice, with regular attendance by its members and the Board of Statutory Auditors. The meetings focused on the assessment of the application of the impairment test procedure on the 2021 financial statements, the Covid-19 disclosure and the periodic report by the Group Head of Internal Audit.

### **9.3 Head of the Internal Audit Department**

On September 30, 2019, the Board of Directors appointed Raffaella Novaro as the head of the Internal Audit Department, subject to the Listing and as at the date of the Listing itself (which occurred on December 23, 2019), as well as to allocate to her the resources necessary and/or appropriate for the performance of the aforementioned office. In particular, pursuant to Article 6 of the Corporate Governance Code, the Head of the Internal Audit Department has been assigned the following tasks and duties:

- (i) to verify, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the functioning 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 prioritizing the key risks;
- (ii) to prepare periodic reports containing information on his own activities, the methods used for risk management, compliance with the risk mitigation plans (including an assessment of the suitability of the internal control and risk management system); and promptly prepare reports on particularly important events. These reports must be sent by the Head of Internal Audit to the chairmen of the Board of Statutory Auditors, the Control and Risks Committee and the Board of Directors, as well as to the director appointed for the internal control and risk management system;

- (iii) to verify, as part of the audit plan, the reliability of information systems including accounting systems.

It should be noted that the person appointed as head of the Internal Audit Department is not responsible for any operational area and reports hierarchically to the Board of Directors.

The Board defined the Internal Audit Manager's remuneration in line with corporate policies and ensured that he is provided with adequate resources to carry out his duties.

In order to implement an audit plan based on a structured process of analysis and prioritizing the main risks, the Head of the Internal Audit Department proceeded for the first year of its term, to carry out a preliminary and preparatory activity in order to implement a "risk-based" audit plan.

In particular, it mapped business processes by identifying the Audit Universe, i.e., the list of all possible Audit activities that can be performed, and a Risk Ranking is being prepared in order to identify the main risks.

To this end, a survey of existing written procedures and the main control mechanisms was carried out by sending a questionnaire prepared for this purpose to all Group companies.

During 2021, the Internal Audit Department concluded the risk assessment activity for each subsidiary and carried out specific interviews with local management in order to share its findings.

The risk assessment activity was carried out through the probability/impact risk matrix by assigning a score to the inherent risk (risk in the absence of any control activity), verifying the mitigating effects of the existing control activities and assessing the residual risk. Based on the findings, the areas to be monitored and related priorities were identified, along with the resulting activities to be proposed in the 2022 Audit Plan below:

- a. extension of the audit plan on the credit management procedure with audits of foreign European companies;*
- b. extension of the audit plan on the market order procedure and cash balancing regarding three Italian markets (Rome, Pescara and Florence) and one Spanish market (Barcelona);*
- c. implementation of audit activities on Group Policy in the HR area with scope audits on an Italian company, a European company and a South American company;*
- d. implementation of audit activities for the Related Parties and Internal Dealing procedure;*
- e. implementation of activities on insurance coverage (Cosiarma);*
- f. updating of risk assessment with particular attention to the areas of cyber-security and risks relating to service contracts.*

However, the risk assessment activities carried out – which led to the planning of the audit activities described above – did not indicate the existence of residual risks qualifying as events with a very high/certain probability of occurrence and with significant/severe impacts, with a single exception regarding service contracts that also involve employees. With reference to this last risk, therefore, in addition to paying particular attention in the updated risk assessment, an external audit of the supply chain was launched in order to verify the good conduct (in ethical and social terms) of the Group's suppliers for whom the Group operates with service contracts.

In addition, the other activities envisaged in the Audit Plan were carried out during the Financial Year. In particular, the audit of (i) the Credit Procedure was successfully completed, (ii) along with the audit of procedures regarding the management of market sales orders and cash balancing introduced for Italian markets.

Specifically, the Internal Audit Department carried out sample-based audits on the Credit Procedure applied by Fruttital Srl and Hermanos Fernandez Lopez Sa. The type of activity carried out constitutes a financial audit. These audit activities included a process of analysis and evaluation of operational activities through interviews, collection of documentary evidence and analysis of transactions. The tests were effective and found no anomaly or non-compliance profiles.

With regard to the procedure for managing market sales orders and cash balancing, the Internal Audit Department verified the correct application of the established procedure, which envisages that, on site (on Fruttital markets), each actor performs a well-defined function, assisted by the use of a sales report. It was also verified that the quantification of results deriving from sales activities actually carried out on the markets matched the final figures reported in the company's management report. Through onsite checks, the audit ascertained that the daily closing and balancing of accounts in the markets was carried out correctly, finding no anomalies and ascertaining compliance with the procedure.

Lastly, audit and monitoring of the Covid-19 Health Emergency continued during the year. Based on the areas of risk identified, consisting mainly of Health Risks and Business, Operational and Financial Risks, the protocols, measures and safeguards implemented by the Group, updated in accordance with regulations, for the management of the emergency were periodically monitored.

#### **9.4 Code of Ethics and Organizational Model pursuant to Legislative Decree 231/2001**

##### **Group Code of Ethics**

On February 13, 2017 the Issuer approved and implemented a "Group Code of Ethics" (the "**Code of Ethics**"), aimed at providing all corporate representatives with uniform rules of conduct, as well as at laying out the rights and duties to which they must adhere in the conduct of any activity connected with the interests of the Issuer. The Code contains the general principles that define the reference values of the Issuer's activities and is adopted by all companies belonging to the Orsero Group.

This Code of Ethics was updated by resolution of the Board of Directors on February 1, 2022. On this occasion, in particular, provisions were included to highlight the values of diversity and equal opportunities as the basic principles of the Group's operations.

The Code of Ethics, as most recently updated, is available on the Company's website [www.orserogroup.it](http://www.orserogroup.it) in the section *Governance - Code of Ethics and Model 231*.

##### **Model of Organization and Management pursuant to Legislative Decree 231/2001**

With a resolution of the Company's Board of Directors passed on February 13, 2017, the Issuer and some Group companies adopted a functional Organization, Management and Control Model to create a system of rules to prevent the commission of unlawful conduct by senior management, executives or persons with decision-making powers and persons subject to the direction and supervision of persons in top positions, in accordance with the provisions of Legislative Decree 231. This model was last revised and updated by a resolution of the Board of Directors on

November 10, 2021. The Issuer's Supervisory Body currently in office was re-appointed by resolution of the Company's Board of Directors passed on May 5, 2020, subject to the favorable opinion of the Board of Statutory Auditors, and is made up of Emanuela Baj (Chairperson), Carlo Golda and Serafino Oscarino. This composition guarantees the presence within the Supervisory Body of all the technical knowledge and professional experience necessary to guarantee the correct and effective performance of Model supervisory activity. The Supervisory Body possesses independent powers of initiative and control as is required by Italian Legislative Decree 231.

The Model adopted by Orsero consists of a General Part and a Special Part divided into eleven sections. As of the end of the financial year, the Model (which can be consulted on the Company's website [www.orserogroup.it](http://www.orserogroup.it), in the section *Governance/Code of Ethics and Model 231*) is therefore made up as follows:

- "General Part"
- "Special Part A": Administrative liability for crime;
- "Special Part B": Corporate crimes;
- "Special Part C": offenses due to the violation of accident prevention regulations;
- "Special Part D": Offenses of receiving stolen goods, money laundering and self laundering, use of money, goods or benefits of illegal origin;
- "Special Part E": Cyber crimes and unlawful data processing;
- "Special Part F": Environmental crimes;
- "Special Part G": Employment of personnel without a valid residence permit;
- "Special Part H": Copyright infringement offenses;
- "Special Part I": Filing of false tax returns;
- "Special Part L": Tax crimes;
- "Special Part M": Smuggling.

At the Board meeting on March 15, 2022, the Supervisory Body presented its Annual Report on the activities performed in 2021. Supervision of the Model was carried out by analyzing the reports received by the Supervisory Body, by analyzing the information contained in the periodic reports sent to the Supervisory Body by the internal managers of the identified risk areas and on the basis of meetings with the managers of the areas and/or functions with sensitive activities pursuant to Legislative Decree no. 231/01.

It should be noted that the non-European companies of the Group, as well as those based in France, Spain, Portugal and Greece, have not adopted organizational models similar to the one provided for by the cited Legislative Decree 231/01 and in some foreign countries in which the Group operates the adoption of such a model is not envisaged and/or required by local legislation.

The control activities of the Supervisory Body continued throughout the year and did not reveal any particular problems.

### **9.5 Independent auditors**

The engagement for the statutory audit of the accounts in place as at the Report Date was conferred by the Shareholders' Meeting of April 24, 2019 to KPMG, pursuant to Article 16 of Legislative Decree 39/2010 as subsequently amended and supplemented, subject to and with effect from the Listing and therefore to the assumption of the status of "entity of public interest" (EIP). With the Listing, the Company assumed the status of EIP and the above mentioned audit assignment became effective.

This assignment involves verifying that the company's accounts are properly kept and that the report on operations is consistent with the financial statements and complies with the law, verifying the consistency of certain specific information contained in the report on corporate governance and ownership structure indicated in Article 123-*bis* of the Consolidated Law on Finance, as well as the limited audit of the consolidated interim financial statements.

### **9.6 Manager in charge of preparing the company's accounting documents and other roles and corporate duties**

Art. 25.1 of the Articles of Association reserves to the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, the appointment and removal of the Manager appointed to prepare the company's accounting and fulfill the other duties provided for by current legislation and regulations.

On September 9, 2019, the Board of Directors appointed Giacomo Ricca as the Manager in charge of preparing the company's accounting documents pursuant to Article 154-*bis* of the Consolidated Law on Finance, effective as at the Listing. On that occasion, the Board of Directors recognized Mr. Ricca as being a person suitable to hold this position, also in consideration of the requirements of professionalism and honor set forth in Article 25.1 of the Articles of Association, pursuant to which the manager in charge must have gained experience in accounting or administration for at least three years in a company with listed shares or in a company with share capital of not less than Euro 1 million or in a company providing financial services.

The Manager in Charge, in accordance with Article 154-*bis* of the Consolidated Law on Finance prepares written declarations to accompany the Company's deeds and communications disseminated to the market and relating to the interim and annual accounting disclosure; he prepares suitable administrative and accounting procedures for preparing the annual financial statements and, where envisaged the consolidated financial statements and all other financial communications; certifies, with a specific report on the annual financial statements, for the condensed interim financial statements and, where prepared, for the consolidated financial statements: (i) the adequacy and effective application of the administrative and accounting procedures for the preparation of the annual financial statements; (ii) that the documents are prepared in compliance with applicable international accounting standards recognized by the European Community in compliance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002; (iii) that the documents are consistent with the results of the accounting books and ledgers; (iv) the suitability of the documents to providing a truthful and correct representation of the Company's equity, economic and financial position and that of all companies included in the consolidation; (v) for the annual and consolidated financial

statements, that the report on operations includes a reliable analysis of the operating result and performance, as well as of the position of the issuer and all companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed; and (vi) for the condensed interim financial statements, that the interim report on operations contains a reliable analysis of the information pursuant to Article 154-ter, paragraph 4 of the Consolidated Law on Finance.

### **9.7 Coordination between the parties involved in the internal control and risk management system**

The ICRMS, a pillar on which Corporate Governance rests, is the catalyst for the involvement of individuals and functions that, each within the scope of their responsibilities, contribute to the sound and proper management of the Company in a manner consistent with risk management objectives.

Coordination between the various parties involved in the ICRMS is pursued through the sharing between them of all relevant information relating to the aforementioned system, which takes place in an institutional manner through discussions between the parties involved, the main players in the internal control and risk management system. More specifically:

- (i) the function of coordination between the parties involved in the ICRMS—, which was regularly and effectively carried out during the year, – is entrusted to the Board of Directors, which carries out this activity via the Chief Executive Officer. The latter has weekly meetings with the Head of the Internal Audit Department, during which any findings arising from the execution of the audit plan are discussed.
- (ii) the meetings of the Control and Risk Committee are systematically attended by all members of the Board of Statutory Auditors, as well as the various managers most directly involved in the management of corporate risks and Chief Executive Officer Matteo Colombini, including in his role as Chief Executive Officer for the purposes of the ICRMS;
- (iii) pursuant to Article 6, Recommendation 37 of the Corporate Governance Code, the Control and Risk Committee and the Board of Statutory Auditors promptly exchange information relevant to the performance of their respective duties;
- (iv) the Control and Risks Committee periodically reports to the Board of Directors on the activities carried out, as well as on the adequacy of the ICRMS;
- (v) as far as the Supervisory Body is concerned, its coordination with the other parties involved is ensured by dialog and exchange of information, within the autonomy of the Body, with the Board of Statutory Auditors, the Control and Risks Committee and the Head of the Internal Audit Department, as well as by periodic reporting, when necessary, to the entire Board of Directors;
- (vi) the Board of Statutory Auditors meets periodically, no less than four times a year, during the course of its audits, with the Manager in Charge, the Independent Auditors and the various company departments involved in the processes and procedures that must be specifically verified by the Board itself, including those relating to the ICRMS. In particular, with the aim of coordinating on issues of common interest, the Board



of Statutory Auditors and the Independent Auditors organized and held joint meetings during the year, in addition to the annual meetings required by current regulations.

On March 9, 2021 and March 9, 2022, the Board of Directors, in compliance with the provisions of art. 6, Recommendation 33, of the Corporate Governance Code, expressed an opinion on the adequacy of the ICRMS, including the methods of coordination between the various parties involved in the system.

## **10. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES – RELATED PARTY TRANSACTIONS COMMITTEE**

### **10.1 Interests of the directors and related party transactions**

A procedure for related party transactions (the "**PRP**" or the "**Procedure**") is in place in 2021 and as of the Report Date in compliance with applicable and current law. The Procedure was approved, first in view of the Listing, by the Board of Directors of the Company by resolution dated December 5, 2019, and most recently amended by Board resolution dated May 12, 2021, in order to comply with the intervening regulatory changes adopted by Consob Resolution no. 21624/2020 and in implementation of the "Shareholders' Rights Directive II".

The updated Procedure for Related Party Transactions is published pursuant to the Consob Related Parties Regulation on the Company's website [www.orserogroup.it](http://www.orserogroup.it), section *Governance/Corporate Procedures*, to which reference should be made.

### **10.2 Related Party Transactions Committee**

On May 6, 2020, the Board of Directors appointed three independent directors as members of the Related Party Transactions Committee ("**RPT Committee**"): Laura Soifer (as Chairperson), Vera Tagliaferri and Elia Kuhnreich.

The RPT Committee carries out the activities and tasks assigned to it by the Procedure and in compliance with the same as well as the provisions contained in the applicable regulations on transactions with related parties. In particular, the Committee:

- evaluates transactions of lesser and greater significance - as defined by the Procedure - carried out by the Company, including through its subsidiaries, which do not fall within the cases of exemption established by the Procedure, issuing a reasoned opinion on the Company's interest in carrying out the transaction, as well as on the cost effectiveness of the transaction and the substantial fairness of the conditions applied. This opinion is (a) "**favorable**", if the aforesaid conditions are met and the transaction is therefore approved; (b) "**conditional with remarks**", if the transaction is approved as a whole, but the existence of the aforesaid conditions is subject to certain conditions, specified in detail in the opinion; or (c) "**negative**", if the transaction is not approved because the aforesaid conditions are not met;
- is involved and participates in the preliminary investigation and negotiation phase of the transaction in accordance with the terms of the Procedure;
- checks, at least once a year, the list of the Company's related parties prepared in compliance with the Procedure and makes any observations to the function responsible in accordance with the Procedure;
- assists the competent party pursuant to the Procedure in identifying "ordinary transactions" and "transactions concluded at arm's length or standard terms" all as defined and within the terms of the Procedure;

- assists the competent party pursuant to the Procedure in assessing the significance of the interests of other related parties in the Company's subsidiary or associate, in the cases and under the terms set out in the Procedure;
- expresses its opinion on amendments to the Procedure, as well as, during the periodic assessment, of the advisability/necessity of proceeding with any revision of the Procedure with the frequency and within the terms set out in the Procedure, it being understood that the Committee may submit any amendments or additions to the Procedure to the Board of Directors at any time. Amendments to the Procedure shall be adopted after receiving a favorable opinion from the Committee.

It should be noted that the Board of Directors meeting held on July 21, 2020 approved the internal regulation of the Related Parties Committee, in line with the provisions of the Corporate Governance Code and the Procedure.

In financial year 2021, the Related Parties Committee met 3 times, with regular attendance by its members and at least one representative of the Board of Statutory Auditors. The purpose of the meetings was the updating of the list of Related Parties, as well as the reporting and analysis of transactions with related parties carried out during the periods in question, in compliance with the provisions of the procedure (in force *pro tempore*). The meetings of the Related Parties Committee lasted an average of 1 hour and 6 minutes.

<b>RPT Committee</b>	<b>% attendance at meetings held in 2021</b>
Laura Soifer*	100%
Vera Tagliaferri	100%
Elia Kuhnreich	100%

From January 1, 2022 to the Date of the Report, the Related Parties Committee met on March 15, 2022. The purpose of the meeting was to update the list of related parties, analyze ordinary transactions and/or transactions carried out at standard market conditions and periodic reporting on related party transactions carried out during the periods in question, including those subject to exemption in accordance with the provisions of the Procedure.

## **11. BOARD OF STATUTORY AUDITORS**

### **11.1 Appointment of the statutory auditors**

Pursuant to Article 22 of the Articles of Association, the Board of Statutory Auditors numbers three standing auditors and two alternate auditors who, in accordance with current regulations, remain in office for three financial years, may be re-elected; their term of office expires on the date of the Shareholders' Meeting called to approve the financial statements for the third year of their term of office. The members of the Board of Statutory Auditors must fulfill the requirements of integrity, professionalism and independence as well as the requirements relating to the limit in the number of other appointments in accordance with the provisions, including the regulatory provisions, in force *pro tempore*.

Pursuant to the Articles of Association, statutory auditors are appointed on the basis of lists submitted by shareholders.

Only those shareholders who, by themselves or along with other shareholders, hold an equity interest at or above the level set by Consob in its Articles may submit a list. Title to the minimum stake required to submit a list shall be determined with respect to those shares registered to the shareholder on the day the lists are filed with the Company. The related certification may be submitted either before or after filing, provided it is submitted by the deadline set by the Company for publishing the slates. Upon submitting the slate of candidates, information on the identity of the nominating shareholder must be submitted as well, stating the equity interest held by such nominating group overall.

Each list:

- must be signed by those who submit it and must contain a number of candidates, listed with progressive numbering, not exceeding the maximum number of members to be elected;
- must be filed at the registered office of the company within the terms and in the manner prescribed by the applicable laws and regulations;
- must also include a number of different-gendered candidates in order to ensure that the members of the Board of Statutory Auditors comply with applicable gender- (male and female) equality laws; where gender parity does not result in a whole number of statutory auditors of the under-represented gender, the number must be rounded up;
- must be complete with a CV setting forth the professional accomplishments of each individual candidate, along with an affidavit by each candidate in which they state, under penalty of perjury, that no disqualification criteria or ineligibility criteria apply to them, and indeed that they meet all requirements for the office as set by law, regulation, or the Articles of Association.

Each shareholder, as well as those shareholders who are part of the same group – meaning the entity exercising control, subsidiaries, or those under common control of the same parent company, or affiliates as defined under Article 2359 of the Italian Civil Code – and those shareholders participating, whether directly or through a subsidiary, in an agreement executed under Article 122 of the Consolidated Law on Finance regarding Company shares cannot submit, either directly or through a strawman or trust company, more than one list.

Those entitled to vote may only vote for a single list.

If one or more lists have been presented, these are voted on and the Board of Statutory Auditors is formed based on the provisions below:

- The first two candidates on the list receiving the most votes, and the first candidate on the list coming in second in terms of votes, and which was presented by Shareholders unrelated (whether directly or indirectly) to the Shareholders who submitted or voted for the list securing the most votes, shall be elected as Statutory Auditors; the candidate on the latter list shall be the Chairman of the Board of Statutory Auditors. The first substitute-candidate on the list coming in second in terms of number of votes, and which was presented by shareholders unrelated (whether directly or indirectly) to the shareholders who submitted or voted for the list securing the most votes shall be elected.
- A run-off election shall be held in case of any tie.
- If, following the procedure described above, the Board of Statutory Auditors has not been properly formed as required under gender-equality laws, the candidate from the more-

represented gender who was last elected (in terms of the list's sequential order) on the list receiving the highest number of votes will be replaced by the first candidate of the under-represented gender not elected from that same list (in terms of the list's sequential order) provided that such substitution does not lead to an insufficient number of independent directors, in which case, the candidate elected penultimate will be elected.

With regard to the changes introduced by budget law no. 160/2019 on the subject of gender balance pursuant to art. 148, paragraph 1-*bis* of the Consolidated Law on Finance, by Resolution no. 21359 of May 13, 2020 Consob amended the rules set out in paragraph 3, of art. 144-*undecies*.1 of the Issuers' Regulation, providing that, if the application of the gender distribution criterion does not result in a whole number of members of the management and control bodies of the less represented gender, it is rounded up to the next whole number, except for corporate bodies with three members, for which it is rounded down to the next whole number.

The new criterion of allocation of at least two-fifths applies, as stated, from the first renewal of the Board of Statutory Auditors following the date on which the law came into force. Therefore, as indicated in Section 4.2 above, the new rules on gender balance will be applied on the occasion of the next renewal of the Board of Statutory Auditors, which is expected with the Shareholders' Meeting for the approval of the financial statements as at December 31, 2022.

Should only a single list be submitted, the Board of Statutory Auditors shall consist of that entire list, provided it secures the majority requested by law for the Ordinary Shareholders' Meeting; otherwise, a single member is taken from the list, and the others are elected pursuant to the paragraph below.

Should it prove impossible, for any reason, for the Statutory Auditors to be appointed as stated herein, or should no lists be submitted, the Shareholders' Meeting shall vote on the same, which vote shall require those majorities set by law.

Should the standing auditor leave office for any reason, the first alternate auditor belonging to the same list as the replaced auditor shall replace such auditor until the next Shareholders' Meeting. Should the Chairman be replaced, the Board of Statutory Auditors shall be presided, until the next Shareholders' Meeting, by the substitute member taken from the list coming in second in terms of votes; absent such list, or in case of a tie between two or more lists, by the first standing auditor appearing on the list whence the outgoing Chairman was elected. A new Shareholders' Meeting shall be convened to take action with the majorities required by law, should the Board of Statutory Auditors fail to have enough members, even with the alternate auditors.

The above list procedure shall apply solely to the election of the full Board of Statutory Auditors.

It should be noted that the rules concerning gender requirements as well as the rules concerning list voting are applicable to the Issuer as from the first renewal of the corporate bodies following the start of trading.

## **11.2 Members and functioning of the Board of Statutory Auditors**

The Issuer's Board of Statutory Auditors was appointed on April 30, 2020 and will remain in office until the date of the Shareholders' Meeting called to approve the financial statements as at December 31, 2022.

As at the Report Date, the Board of Statutory Auditors has the members indicated in the following table.

Name and surname	Position	Place and date of birth
<b>Giorgio Grosso</b>	Chairman of the Board of Statutory Auditors	Meolo (VE), November 22, 1949
<b>Michele Paolillo</b>	Standing Auditor	Milan, May 16, 1953
<b>Elisabetta Barisone</b>	Standing Auditor	Genoa, December 27, 1967
<b>Paolo Rovella</b>	Alternate Auditor	Milan, April 11, 1965
<b>Michele Graziani</b>	Alternate Auditor	Monastier di Treviso (TV), September 4, 1955

The members of the Board of Statutory Auditors are domiciled for the purpose in Milan, at Corso Venezia 37.

All members of the Board of Statutory Auditors meet the eligibility requirements set forth in Article 2399 of the Italian Civil Code. In addition, all members of the Board of Statutory Auditors meet the requirements of independence required by Article 148, paragraph 3 of the Consolidated Law on Finance, and the Corporate Governance Code, as well as the requirements of integrity and professionalism required by Article 148 of the Consolidated Law on Finance and the Implementing Regulation adopted by Decree of the Minister of Justice no. 162/2000. On February 1, 2022, the Board of Statutory Auditors, in accordance with the provisions of the Corporate Governance Code, ascertained that its members met the independence requirements set out in the Corporate Governance Code.

With reference to the gender requirements set out in the Corporate Governance Code, it should be noted that the overall composition (including the alternate auditors) of the Board of Statutory Auditors is in line with current provisions. Should it become necessary to complement the Board of Statutory Auditors, this circumstance shall be submitted to the examination and approval of the Shareholders' Meeting of the Company where necessary for the purposes of compliance with the gender requirements.

As far as the Issuer is aware, all members of the Board of Statutory Auditors comply with the provisions of Article 144-*terdecies* of the Issuers' Regulation on limits to the number of positions held. This requirement was verified on February 1, 2022.

Except as described below, no member of the Board of Statutory Auditors is in existence as at the Report Date and/or has had, in the last three years, either directly or indirectly, through third party companies or professional firms, any consulting assignments with the Issuer, its subsidiaries or the Issuer's shareholders. In the three-year period of reference, the alternate auditor Paolo Rovella provided tax consulting services to the Issuer.

During the year ended December 31, 2021, the Board of Statutory Auditors met 11 times with the regular participation of its members. The meetings of the Board of Statutory Auditors lasted an average of 3 hours.

The table below shows the percentage attendance by each Statutory Auditor.

<b>Board of Statutory Auditors</b>	<b>% attendance at meetings held in 2021</b>
Giorgio Grosso	100%
Michele Paolillo	100%
Elisabetta Barisone	100%

In the current financial year and up to the Report Date, the Board of Statutory Auditors met 3 times and a total of at least 7 meetings are planned during this financial year. The Chairman and/or the Statutory Auditors also attended the meetings of the Board Committees. The Issuer's Board of Statutory Auditors operates in contact with the Boards of Statutory Auditors of the subsidiaries, with whom there is a constant exchange of information.

In line with the recommendations of the Corporate Governance Code, the Company believes that the remuneration of statutory auditors is commensurate with the commitment required, the importance of the role held and the size and segment characteristics of the same.

Information on the Auditors' remuneration is contained in the Remuneration Report published by the Company pursuant to art. 123-ter of the Consolidated Law on Finance and art. 84-quater of the Issuers' Regulation, which can be consulted on the Issuer's website, [www.orserogroup.it](http://www.orserogroup.it), in the section *Governance/Remuneration*.

Taking into account the structure and size of the Company, the qualitative and quantitative membership of the Board of Statutory Auditors, which ensures sufficient diversification in terms of skills, age, domestic and international experience and gender, the Board of Directors did not consider it necessary to adopt policies and/or practices regarding diversity in relation to the members of the administrative, management and control bodies with regard to quality, gender members and training and professional background. However, the Board of Directors reserves the right to adopt such policies and/or practices at a later date.

In the Issuer's opinion, all the members of the Board of Statutory Auditors have adequate competence and professionalism and are able to bring specific and suitable skills in terms of scope and professionalism to allow a careful and timely judgment in passing resolutions.

\* \* \*

A summary of the professional profile of the members of the Board of Statutory Auditors is provided below.

**Giorgio Grosso.** Born in Meolo (VE), on November 22, 1949. After graduating in Economics from L. Bocconi University in Milan, he qualified as a chartered accountant in 1982. In 1995, he also qualified as an auditor. He is also registered in the Register of Technical Consultants and Experts of the Court of Treviso. He is a founding partner of Studio Associato di Consulenza d'Impresa - Consimp, based in Treviso, and a consultant to leading industrial groups operating in the manufacturing, services, commercial and financial sectors. In the past and currently he has held and still holds management and/or control positions in various Italian companies.

**Michele Paolillo.** Born in Milan on May 16, 1953. He graduated in business administration in 1979 from the L. Bocconi University of Milan, has been registered with the Milan Register of Accountants since 1988 and with the Register of Auditors pursuant to Ministerial Decree 4/12/1995 published in Official Journal no. 31 *bis* of April 21, 1995, IV Special Series no. 43077.

After a professional experience of about 6 years in Arthur Andersen he moved in 1985 to the Law and Tax Consultancy Firm - Andersen Legal, becoming Equity Partner in 1991. After the integration in 2003 with the Deloitte network, he moved to the Tax and Corporate Firm, where he remained until the end of 2015. In the course of his work in the firms, he held various positions: head of the "Global Financial Services Industry" business sector, area manager (Milan office) and head of the "Quality & Risk Management" department. He is specialized in tax law with consolidated experience in the banking and financial sector and in the extraordinary operations of medium and large corporate groups (reorganizations, acquisitions, etc.). He holds or has held positions in control bodies (as Statutory Auditor or Chairman) of companies operating in the financial and manufacturing sectors. Formerly an expert in Banking Technique at the Faculty of Economics of the University of Udine and in Economics of Financial Intermediaries at the Faculty of Economics of the University of Verona. He has taught and lectured in seminars organized by SDA Bocconi, Milan.

**Elisabetta Barisone.** Born in Genoa on December 27, 1967. In 1991 she graduated in Economics and Business from the University of Genoa; in 1994 she passed the State Examination for the exercise of the profession of Registered Accountant and enrolled in the relevant Register. Since 1999, she has been registered with the Register of Statutory Auditors at the Ministry of Justice. From 1992 to 2005, she worked with Studio Tributario e Societario (Deloitte Touche Tohmatsu network, previously part of Arthur Andersen), since 1999 as an associate (at the time of termination of employment, with the title of Senior Manager), at the Turin-Genoa office and, in the period 1997-1999, at the Milan office. Since May 2005 she has been collaborating with Studio Fasce (Paolo and Francesca Fasce) and has been practicing her profession on her own, also holding positions as Sole Auditor, member of Boards of Statutory Auditors, Sole Director of joint-stock companies. She also provides tax and corporate consulting services to companies belonging to different sectors, prepares appraisals for the valuation of companies and shareholdings in extraordinary transactions, advises on tax litigation and prepares tax due diligence.

**Paolo Rovella.** Born in Milan on April 11, 1965. After obtaining a degree in Business Sciences from the Business Studies Polytechnic Private University of Lugano, he graduated in Legal Services Sciences, a three-year course at the Faculty of Law at the Marconi University. Since 1991 he has been registered in the Milan Register of Chartered Accountants and Bookkeepers Section A under no. 3073. He is also Statutory Auditor, registered as no. 51181. He attended the specialization course, at the State University of Milan, for magistrates and professionals qualified to practice before tax courts and the Master's degree in Tax Law at the Bocconi University of Milan, as well as the introductory Master's degree in the profession of Chartered Accountant at SDA Bocconi. Since 1991 he has been working as a freelance professional at Studio Commercialisti Associati Rovella in Milan, where he has developed experience in corporate and tax consulting for small and medium-sized companies, dealing with the formation and analysis of financial statements, extraordinary transactions, preparation of tax returns, preparation of appraisals, preparation of tax appeals and assistance to tax commissions and the revenue agency. Since 1991 he has also worked as a Statutory Auditor in various Boards of Statutory Auditors of companies belonging to various sectors, for some companies he also acts as an independent auditor.

**Michele Graziani.** Born in Monastier di Treviso (TV), on September 4, 1955. After obtaining an undergraduate degree in Economics and Business from Ca' Foscari University of Venice, he was a Partner at Ernst & Young from January 1, 1997 to June 30, 2016; head of the Treviso office from 1997 to 2016; head of the North East area of Ernst & Young (Treviso, Padua and Verona

offices) from 2003 to 2015. He has held in the past and currently holds positions on the boards of statutory auditors of several Italian companies, including listed companies, as well as positions as a member of the Board of Directors of several Italian companies. He is currently a partner of Studio Associato di Consulenza d'Impresa - CONSIMP.

## **12. SHAREHOLDER RELATIONS**

As at the Report Date, the Company has an investor relator, Mr. Edoardo Dupanloup, appointed on September 30, 2019 by the Board of Directors of the Company.

Furthermore, on the proposal of the Chairman formulated in agreement with the CEO, pursuant to Article 1, Principle IV, Recommendation 3 of the Corporate Governance Code, the Board meeting held on March 9, 2022 adopted a policy for the management of dialog with shareholders, which was drafted taking into account, among other things, the engagement policies adopted by institutional investors and asset managers and was published on the Issuer's website ([www.orserogroup.it](http://www.orserogroup.it), section *Governance/Corporate Procedures*).

Although this policy will be applied as from the current financial year 2022 and information on its implementation will be provided in the report on corporate governance and ownership structure for that same year, it should be noted that during the financial year, in line with previous years, meetings and discussions were held with shareholders and investors to promote relations with the market and the widest possible communication and dissemination of information relating to the Group, all in full compliance with the applicable regulations.

## **13. SHAREHOLDERS' MEETINGS (PURSUANT TO ART. 123-*bis*, PARAGRAPH 2, LETTER C), TUF)**

In accordance with the Articles of Association, the Shareholders' Meeting shall be convened with the notice and timing requirements set by applicable law or regulation by posting a notice to the Company's website, as well as through other means as contemplated by applicable law or regulation, including those specific to the subject matter being discussed.

The meeting notice may include an alternate meeting time for those instances where the quorum requirement is not met at the first Shareholders' Meeting. The Board of Directors may, at its discretion, require that both the Ordinary Shareholders' Meeting and the Special Shareholders' meeting be held at the same date and time, wherein the quorum and majority voting rules shall follow applicable law.

The Shareholders' Meeting may be held outside the Municipality where the Company's registered address is located, provided the Meeting is held in Italy.

The Ordinary Shareholders' Meeting to approve the financial statements shall be convened within one-hundred-twenty (120) days from the end of the financial year or, under those circumstances contemplated in Article 2364, paragraph 2, of the Italian Civil Code, and provided such extension is not precluded by law, within one-hundred-eighty (180) days from the end of the financial year. Even in the absence of a formal convocation, the Shareholders' Meeting shall be deemed duly convened if the statutory requirements for the same are otherwise met.

Entitlement to take part and vote in the Shareholders' Meeting is set by applicable law.

Those with the right to vote may be represented (insofar as permitted by applicable law) at the Shareholders' Meeting by proxy, which proxy shall issue according to applicable law. The proxy



may be served upon Company in electronic or hard-copy form, or via email, pursuant to the instructions provided in the notice.

The Shareholders' Meeting shall be presided by the Chairman of the Board of Directors or, in his/her absence or unavailability, by the Deputy Chairman, if appointed and in attendance; failing either of those, the Shareholders' Meeting shall elect a Chair for the Meeting.

The Chairman of the Board of Directors shall be assisted by a secretary (who need not be a shareholder) designated by those in attendance, and may appoint one or more scrutineers. Under those scenarios contemplated by law, or at the Chairman's discretion, the meeting minutes shall be taken by a notary chosen by the Chairman, who shall act as Secretary.

Shareholders' Meeting Resolutions shall be recorded in the minutes, which shall be taken pursuant to applicable law, and thereafter executed by the Chairman and the Secretary (or by the Notary chosen by the Chairman).

The Ordinary and Extraordinary Shareholders' Meeting shall discuss and vote upon issues within the scope of their statutory or regulatory authority, or pursuant to the power vested in them by the Articles of Association. Resolutions of the Ordinary and Extraordinary Shareholders' Meeting are taken with the majorities required by law.

For more information, please refer to the Articles of Association available on the website [www.orserogroup.it](http://www.orserogroup.it), *Governance* section.

#### **14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

The Company has not adopted corporate governance practices that are additional to those required by the applicable laws and regulations.

#### **15. CHANGES AFTER THE END OF THE FINANCIAL YEAR OF REFERENCE**

There have been no changes in the Company's corporate governance structure since the end of the reporting period.

#### **16. CONSIDERATIONS ON THE LETTER OF DECEMBER 3, 2021 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

The letter of December 3, 2021, addressed by the Chairman of the Corporate Governance Committee to the Chairpersons of the Boards of Directors of Italian listed companies, was brought to the attention of the Control and Risks Committee and the Board of Statutory Auditors at the meeting on March 9, 2022, as well as to the Board of Directors of the Issuer at the meeting on March 15, 2022.

In light of the recommendations contained therein, we note the following:

- **Sustainability.** Pursuant to Legislative Decree 254/2016, the Company has prepared and published a Consolidated Non-Financial Statement for the Financial Year, in which, among other things, information is provided on the methods adopted to pursue sustainable success and the approach taken in promoting dialog with relevant stakeholders, as well as the measures taken to promote equal treatment and opportunities

between genders within the entire corporate organization. For the purposes of this Statement, the materiality analysis provided for in the above-mentioned regulations was also updated with the involvement of senior management, and was recently approved by the Board in the presence of the Board of Statutory Auditors. In Financial Year 2021 the Company carried out the necessary and appropriate activities to define a "*Strategic Sustainability Plan*", which was reviewed and approved by the Board of Directors at its meeting on February 1, 2022. The essential lines of Plan have been disclosed to the market. At that same meeting, the Board also (i) approved the Group's Sustainability Policy to combine business growth with social and environmental sustainability; (ii) set up a Sustainability Committee with a mixed composition (i.e.: Chief Executive Officers, Human Resources Manager, Chief Operating Officer and the members of the sustainability department, specially set up by the Company during the year and made up of two managers with extensive experience in ESG matters, who report directly to the Chief Executive Officers). Finally, it should be noted that the Company has launched the necessary and appropriate activities to include in the assessment and management of the main risks, including those of a non-financial nature and linked in particular to climate change and the supply chain.

- **Shareholder relations.** In order to formalize the methods of engagement with shareholders, the Company prepared and adopted a specific policy for the management of dialog with shareholders, published on the Issuer's website [www.orserogroup.it](http://www.orserogroup.it), section *Governance/Corporate Procedures*. Please refer to Section 12 for more information;
- **Pre-meeting information.** The Chairman of the Board of Directors is required to ensure adequate, timely pre-meeting information. The suitability of such information was positively assessed by Board members in their self-assessment. In this regard, reference should be made to paragraphs 4.4 and 4.5 of the Report for a description of the deadlines set for sending information documents to the Board and Committees;
- **Assessment of Director independence and Board self-assessment.** In addition to the annual assessment of independence, which confirmed the satisfaction of these requirements for the Directors identified as such shortly after their appointment by the Board, as of the Date of the Report, in view of the appointment of the new Board of Directors, the Company formulated the criteria for assessing the significance of the economic relationships under examination for the purposes of the Directors' independence, in compliance with the provisions of the Consolidated Law on Finance and the Corporate Governance Code. For a description of the above, reference should be made to paragraph 4.7 of the Report. Moreover, the Company has carried out the annual self-assessment of the Board of Directors on a voluntary basis. The process and results are described in this Report in paragraph 7.1, to which reference should be made.

\* \* \*

This Report was approved by the Board of Directors on March 15, 2022.

Milan, March 15, 2022

Orsero S.p.A.

On behalf of the Board of Directors

Matteo Colombini