



## **Report on Corporate Governance and Ownership Structure**



REPORT  
ON CORPORATE GOVERNANCE AND  
OWNERSHIP STRUCTURE

Pursuant to Article 123-*bis* Consolidated Law on Finance (T.U.F.)

traditional management and control model

Tesmec S.p.A.

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

Financial Period as at 31.12.2022

Approved by the Board of Directors on 10 March 2023

To be submitted to the Shareholders' Meeting of 20 April 2023

## TABLE OF CONTENTS

TABLE OF CONTENTS .....	4
GLOSSARY .....	6
<b>1. ISSUER'S PROFILE .....</b>	<b>8</b>
<b>2. INFORMATION ON THE OWNERSHIP STRUCTURE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, CONSOLIDATED LAW ON FINANCE (T.U.F.)) AS AT THE DATE OF THE REPORT .....</b>	<b>10</b>
(A) Share capital structure (pursuant to Article 123-bis, paragraph 1, letter a) Consolidated Law on Finance (T.U.F.) .....	10
(B) Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1, letter b) Consolidated Law on Finance (T.U.F.) .....	10
(C) Significant equity investments (pursuant to Article 123-bis, paragraph 1, letter c) Consolidated Law on Finance (T.U.F.).....	10
(D) Securities granting special controlling rights (pursuant to Article 123-bis, paragraph 1, letter d) Consolidated Law on Finance (T.U.F.).....	10
(E) Employee shareholding: exercise of voting rights (pursuant to Article 123-bis, paragraph 1, letter e) Consolidated Law on Finance (T.U.F.).....	10
(F) Restrictions on voting rights (pursuant to Article 123-bis, paragraph 1, letter f) Consolidated Law on Finance (T.U.F.) .....	11
(G) Shareholder agreements (pursuant to Article 123-bis, paragraph 1, letter g) Consolidated Law on Finance (T.U.F.) .....	11
(H) Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h) Consolidated Law on Finance (T.U.F.) and provisions established by the Articles of Association on public purchase offers (pursuant to Articles 104, paragraph 1-ter, and 104-bis, paragraph 1) Consolidated Law on Finance (T.U.F.) .....	11
(I) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m) Consolidated Law on Finance (T.U.F.) .....	11
As at 31 December 2021, the end of the reporting period, the Company held as treasury shares no. 4,711,879; as at the Date of the Report, the number of treasury shares held is 4,711,879.(L) Management and co-ordination activities (pursuant to Article 2497 et seq. of the Italian Civil Code) .....	12
<b>3. COMPLIANCE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), CONSOLIDATED LAW ON FINANCE (T.U.F.) .....</b>	<b>13</b>
<b>4. BOARD OF DIRECTORS .....</b>	<b>14</b>
<b>4.1. ROLE OF THE BOARD OF DIRECTORS.....</b>	<b>14</b>
<b>4.2. APPOINTMENT AND REPLACEMENT (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER L), FIRST PART OF THE CONSOLIDATED LAW ON FINANCE (T.U.F.) .....</b>	<b>15</b>
<b>4.3 COMPOSITION (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) AND D-BIS), CONSOLIDATED LAW ON FINANCE (T.U.F.).....</b>	<b>17</b>
<b>4.4. OPERATION OF THE BOARD OF DIRECTORS (PURSUANT TO ARTICLE 123-bis, PARAGRAPH 2, LETTER d), CONSOLIDATED LAW ON FINANCE (T.U.F.).....</b>	<b>21</b>
<b>4.5 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS .....</b>	<b>24</b>
<b>4.6 EXECUTIVE DIRECTORS.....</b>	<b>25</b>
<b>4.7. INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTORS .....</b>	<b>32</b>
<b>5. MANAGING CORPORATE INFORMATION.....</b>	<b>34</b>
<b>6. INTERNAL BOARD COMMITTEES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), CONSOLIDATED LAW ON FINANCE (T.U.F.).....</b>	<b>35</b>
<b>7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - APPOINTMENTS COMMITTEE.....</b>	<b>37</b>
<b>7.1. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS .....</b>	<b>37</b>

<b>7.2 REMUNERATION AND APPOINTMENTS COMMITTEE .....</b>	<b>37</b>
<b>8. REMUNERATION OF DIRECTORS – REMUNERATION COMMITTEE .....</b>	<b>40</b>
<b>8.1. REMUNERATION OF DIRECTORS.....</b>	<b>40</b>
<b>8.2. REMUNERATION COMMITTEE.....</b>	<b>40</b>
<b>9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL, RISK AND SUSTAINABILITY COMMITTEE.....</b>	<b>41</b>
<b>9.1. CHIEF EXECUTIVE OFFICER.....</b>	<b>42</b>
<b>9.2. CONTROL, RISK AND SUSTAINABILITY COMMITTEE.....</b>	<b>42</b>
<b>9.3. HEAD OF THE INTERNAL AUDIT FUNCTION .....</b>	<b>45</b>
<b>9.4 ORGANISATIONAL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231.....</b>	<b>45</b>
<b>9.5 INDEPENDENT AUDITORS .....</b>	<b>46</b>
<b>9.6 EXECUTIVE RESPONSIBLE FOR PREPARING THE COMPANY'S ACCOUNTING DOCUMENTS .....</b>	<b>47</b>
<b>9.7 COORDINATION AMONG SUBJECTS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM.....</b>	<b>47</b>
<b>10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS .....</b>	<b>48</b>
<b>11. BOARD OF STATUTORY AUDITORS .....</b>	<b>49</b>
<b>11.1 APPOINTMENT AND REPLACEMENT .....</b>	<b>49</b>
<b>11.2 COMPOSITION AND OPERATION (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTERS D AND D)-BIS), CONSOLIDATED LAW ON FINANCE (T.U.F.) .....</b>	<b>51</b>
<b>12. INVESTOR RELATIONS .....</b>	<b>55</b>
<b>13. SHAREHOLDERS' MEETINGS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER C), CONSOLIDATED LAW ON FINANCE (T.U.F.).....</b>	<b>55</b>
<b>14. OTHER CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), CONSOLIDATED LAW ON FINANCE (T.U.F.).....</b>	<b>57</b>
<b>15. CHANGES SINCE THE END OF THE FINANCIAL PERIOD.....</b>	<b>58</b>
<b>16. COMMENTS ON THE LETTER OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE .....</b>	<b>59</b>
<b>TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AS AT THE DATE OF THE REPORT .....</b>	<b>61</b>
<b>TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AS AT THE END OF THE REPORTING PERIOD ...</b>	<b>62</b>
<b>TABLE 3: STRUCTURE OF BOARD COMMITTEES AS AT THE END OF THE FINANCIAL PERIOD .....</b>	<b>63</b>
<b>TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AS AT THE END OF THE FINANCIAL PERIOD .....</b>	<b>64</b>
<b>ANNEX A.....</b>	<b>65</b>

## GLOSSARY

<b>Shareholders' Meeting:</b>	meeting of the shareholders of the Company.
<b>Borsa Italiana:</b>	indicates Borsa Italiana S.p.A., with registered office in Milan, Piazza degli Affari no. 6.
<b>Self-Regulatory Code of Conduct:</b>	the Self-Regulatory Code of Listed Companies approved in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
<b>Code/CG Code:</b>	the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.
<b>Cod. civ./c.c.:</b>	the Italian Civil Code.
<b>Corporate Governance Committee:</b>	the Italian Corporate Governance Committee of listed companies, promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
<b>Control, Risk and Sustainability Committee:</b>	has the meaning given in Paragraph 9.2 of this Report.
<b>Remuneration and Appointments Committee</b>	has the meaning given in Paragraph 7.2 of this Report.
<b>Consob:</b>	Commissione Nazionale per le Società e la Borsa (Italian Securities and Exchange Commission), with registered office in Rome, Via Martini no. 3.
<b>Board:</b>	the Board of Directors of the Issuer.
<b>Date of the Report:</b>	10 March 2023, the date on which the Report was approved by the Board
<b>Decree 231:</b>	Italian Legislative Decree no. 231 of 8 June 2001.
<b>Issuer or Company or Tesmec:</b>	Tesmec S.p.A., with registered office in Milan, Piazza S. Ambrogio no. 16.
<b>Financial Period:</b>	the financial period ended as at 31 December 2022, to which the Report refers.
<b>Group or Tesmec Group:</b>	jointly, the Issuer and the companies controlled by it as at the Date of the Report pursuant to Article 2359 of the Italian Civil Code
<b>Euronext Milan:</b>	refers to Euronext Milan, organised and managed by Borsa Italiana.
<b>Supervisory Body:</b>	has the meaning given in Paragraph 9.4 of this Report.
<b>Procedure for Related Party Transactions</b>	has the meaning given in Section 1 of this Report.
<b>Stock-Exchange Regulations:</b>	the Regulations of the Markets organised and managed by Borsa Italiana in force as at the Date of the Report.
<b>Issuers' Regulation:</b>	the Regulations issued by Consob with resolution no. 11971 of 1999 (as amended) on issuers, in force as at the Date of the Report.
<b>Related Party Regulations:</b>	the Regulations issued by Consob with resolution no. 17221 of 2010 (as amended) on transactions with related parties.
<b>Report:</b>	this Report on Corporate Governance and Ownership Structure that companies are required to prepare pursuant to Article 123- <i>bis</i> Consolidated Law on Finance (T.U.F.).
<b>Articles of Association or Company Articles of Association:</b>	Tesmec's Articles of Association in force at the Date of the Report.

**T.U.F. or Consolidated  
Law on Finance:**

Italian Legislative Decree no. 58 of 24 February 1998, (as amended) in force as at the Date of the Report.

Unless otherwise specified, the definitions in the CG Code relating to: **directors, executive directors, independent directors, significant shareholder, chief executive officer (CEO), board of directors, control body, business plan, concentrated ownership company, large company, sustainable success, top management shall also be considered by reference.**

## 1. ISSUER'S PROFILE

The Tesmec Group is active in designing, manufacturing and selling systems and integrated solutions for the construction, maintenance and diagnostics of infrastructures (aerial, underground and rail networks), for the transport of electric energy, data and materials (oil and derivatives, gas, water) as well as technologies for managing quarries and surface mines.

The Group is active in the following operating segments, which are characterised by significant market opportunities in relation to the expected growth of infrastructure investments in the coming years driven by the pursuit of sustainability and digitalisation objectives:

- Energy segment, relating to solutions for the transmission and distribution of energy. The Tesmec Group designs, produces and sells machines and integrated systems for the construction and maintenance of aerial and underground power lines and fibre optic networks (products belonging to the Stringing Equipment Segment), as well as advanced equipment and systems for the automation, streamlining, management and monitoring of high, medium and low voltage energy networks and substations (solutions for intelligent networks belonging to the Energy-Automation Segment);
- Trencher segment, relating to underground civil infrastructure and surface mining. The Tesmec Group designs, manufactures, sells and rents trenchers for four types of activities (earth moving and mining, in-line excavation for the installation of pipelines, for the construction of telecommunications and fibre optic infrastructures and for the construction of underground power networks), as well as providing specialised excavation services. Trenchers are rented by the Group both with a machine operator (hot rental or wet rental) and without an operator (cold rental or dry rental);
- Rail Segment, relating to railway lines. In this segment, the Group designs, produces and sells machines and integrated systems for the installation and maintenance of railway catenary wire systems and systems for railway catenary wire system and track diagnostics, plus customised machines for special operations on the line.

Founded in Italy in 1951 and managed by the Chairman and Chief Executive Officer Ambrogio Caccia Dominioni, the Group has more than 800 employees and has business operations in over 135 countries worldwide. The Group has production plants in: Italy, in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirono (Lecco) and Monopoli (Bari); in the United States in Alvarado (Texas); and in France in Durtal, where there are also repairing shops. The Group, together with the company Tesmec Automation S.r.l., has factories and research centres for the Energy-Automation Segment at Fidenza (Parma), Padua and Patrica (Frosinone).

The Tesmec Group sells and distributes its products through:

- a direct presence consisting of foreign companies in several countries (including the USA, South Africa, Russia, Qatar, China, France, Australia, New Zealand, Ivory Coast and Guinea), as well as technical sellers in the Rail Segment located in the Italian, French and American offices. The Group carries out part of its activities through two distribution joint ventures set up with local partners: Condux Tesmec Inc., which operates in the United States of America and Canada in the Stringing Equipment Segment of the Energy Segment, and Tesmec Peninsula LLC, which operates on the Middle East market in the Trencher Segment;
- an indirect presence, consisting of agents and dealers.

The Tesmec Group first entered the infrastructure technology market with stringing equipment products and then with trenchers; the Group later expanded its operations to include automation systems and products and railway solutions. The development of the Group's presence in this market was determined by the important product and business synergies present between the various operating segments, which were implemented by the Group's strategic units. The know-how achieved in the development of specific technologies and innovative solutions in these operating segments and the presence of a team of highly-skilled engineers and technicians enables the Tesmec Group to directly manage the entire production chain: from the design, production and sale of machinery to the provision of know-how regarding the use of systems and optimisation of work, up to all pre- and post-sales services related to machinery and the increase in site efficiency. All product lines are developed in accordance with the ISEQ (Innovation, Safety, Efficiency and Quality) philosophy, with environmental sustainability and energy conservation in mind.

The Group is also committed to adopting strategic choices aimed at focusing attention also on environmental sustainability, as better highlighted, in particular, in the consolidated non-financial statement published pursuant to Italian Legislative Decree no. 254/2016, to which reference should be made for further information.



Tesmec adopts a traditional management and control system that is characterised by the presence of:

- a Shareholders' Meeting vested with the decisions on prime acts of management of the Company, in accordance with the Law and the Articles of Association;
- a Board of Directors in charge of managing the company business, which has granted operational powers to bodies and delegated subjects;
- a Board of Statutory Auditors called upon to supervise compliance with the Law and the Articles of Association and compliance with the principles of correct administration, as well as to control the adequacy of the organisational structure, the internal control system and the Company's administrative-accounting system;
- Independent Auditors, in charge of auditing and providing an opinion on the financial statements pursuant to the Law and Articles of Association;

The Board of Directors has set up a Control, Risk and Sustainability Committee and a Remuneration and Appointments Committee. Moreover, on 11 November 2010, the Board of Directors approved a procedure for related party transactions, effective as from 1 January 2011 (the “**Procedure for Related Party Transactions**”). The Board of Directors, with its resolution of 14 March 2014 and, recently, by means of resolution of 28 June 2021, revised and updated the Procedure for Related Party Transactions. The duties of the Committee for Related Party Transactions stated in the Procedure for Related Party Transactions are entrusted to the Control, Risk and Sustainability Committee (see Sections 9 and 10 of this Report).

The Board of Directors concretely guides the Issuer in compliance with the principles and recommendations of the Code with the aim of pursuing its sustainable success, an aim that is substantiated by the creation of long-term value to the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Issuer. In this regard, reference is made to the Sections of the Report where the following are explained: (i) how this aim has been integrated into the strategies (see Paragraph 4.1 of this Report), in remuneration policies (see Section 8 of this Report) and in the internal control and risk management system (see Section 9 of this Report); (ii) the corporate governance measures specifically adopted in this respect (see Section 6 and Section 9 of this Report, with reference to the establishment of the Control, Risk and Sustainability Committee with the task of supporting the Board in analysing the issues important for the generation of long-term value).

The Tesmec Group falls within the scope of application of Italian Legislative Decree no. 254/2016 - issued in implementation of Directive no. 2014/95/EU of the European Parliament and of the Council of 22 October 2014 - which envisages the requirement of disclosure of non-financial information and diversity information by large companies and groups. In this regard, the Issuer makes the consolidated non-financial statement public, as part of the management report, on its website [www.tesmec.com](http://www.tesmec.com) in the Investors/Financial Statements and Reports/Annual accounts section.

As at the Date of the Report, the Issuer falls under the definition of SME pursuant to Article 1, paragraph 1, letter *w-quater*.1), of the T.U.F. and Article 2-ter of the Issuers' Regulation, as per the list of SMEs published by Consob on its website pursuant to Article 2-ter, paragraph 2, of the Issuers' Regulation. The capitalisation of the Issuer as at 31 December 2022 was approximately Euro 85.03 million. At the Date of the Report, the capitalisation of the Issuer was Euro 105.40 million.

For the purposes of the application flexibility options of the Code, note that, as at the Date of the Report, the Issuer falls within the definition of a "concentrated ownership company" and does not fall within the definition of a "large company" (see Paragraphs 4.3, 4.7 and 7.1 of this Report).

## **2. INFORMATION ON THE OWNERSHIP STRUCTURE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, CONSOLIDATED LAW ON FINANCE (T.U.F.)) AS AT THE DATE OF THE REPORT**

Information on the ownership structure at the Date of the Report is set out below in accordance with Article 123-bis, paragraph 1, of the Consolidated Law on Finance (T.U.F.).

### **(A) Share capital structure (pursuant to Article 123-bis, paragraph 1, letter a) Consolidated Law on Finance (T.U.F.))**

The entire share capital of Tesmec consists of ordinary shares with voting rights, admitted to listing on the Euronext Milan – STAR segment, regulated market organised and managed by Borsa Italiana.

The Company's fully subscribed and paid-up share capital currently totals Euro 15,702,162.00 divided into 606,460,200 ordinary shares with no nominal value (see Table 1 in the appendix to this report).

The Company has not issued other categories of shares, or financial instruments convertible or exchangeable with shares.

As at the Date of the Report, there are no share-based incentive plans that involve an increase, including bonus issue, of share capital.

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

The Articles of Association of Tesmec do not provide restrictions on the transfer of shares, such as limits on the ownership of securities or the need to obtain the approval of the Issuer or of other owners of securities.

### **(C) Significant equity investments (pursuant to Article 123-bis, paragraph 1, letter c) Consolidated Law on Finance (T.U.F.))**

The Company comes under the definition of a small and medium-sized enterprise (SME) pursuant to Article 1, paragraph 1, letter *w-quater*.1) of the Consolidated Law on Finance (T.U.F.), introduced by Italian Legislative Decree no. 91 of 24 June 2014 converted with amendments by Italian Law no. 116 of 11 August 2014, as per the list of SMEs published by Consob on its website in accordance with Article 2-ter, paragraph 2 of the Issuers' Regulation. Therefore, the minimum shareholding to be reported pursuant to Article 120 of the Consolidated Law on Finance (T.U.F.) is 5% instead of 3%.

According to the register of shareholders and to the updates available as at the Date of the Report, including the communications received by the Company pursuant to Article 120 of the Consolidated Law on Finance (T.U.F.), as well as any other information available, the subjects holding directly or indirectly shares more than 5% of the subscribed and paid-up share capital, are those described in Table 1 in the Appendix to this Report.

### **(D) Securities granting special controlling rights (pursuant to Article 123-bis, paragraph 1, letter d) Consolidated Law on Finance (T.U.F.))**

The Company has not issued securities that grant special controlling rights and the Articles of Association of Tesmec do not provide special powers for some shareholders or holders of specific classes of shares, nor do they include provisions as to multiple or increased voting right shares.

### **(E) Employee shareholding: exercise of voting rights (pursuant to Article 123-bis, paragraph 1, letter e) Consolidated Law on Finance (T.U.F.))**

There is no specific system of employee shareholding as at the Date of this Report.

**(F) Restrictions on voting rights (pursuant to Article 123-bis, paragraph 1, letter f) Consolidated Law on Finance (T.U.F.))**

The Articles of Association do not envisage special provisions that determine restrictions on the voting rights, such as, for example, limitations on voting rights to a given percentage or a certain number of votes, terms imposed for the exercise of the voting right or systems in which, with the cooperation of the Issuer, the financial rights connected to the securities are separated from ownership of the securities.

**(G) Shareholder agreements (pursuant to Article 123-bis, paragraph 1, letter g) Consolidated Law on Finance (T.U.F.))**

As at the Date of the Report, the Issuer is not aware of any shareholder agreements pursuant to Article 122 of the Consolidated Law on Finance (T.U.F.).

**(H) Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h) Consolidated Law on Finance (T.U.F.)) and provisions established by the Articles of Association on public purchase offers (pursuant to Articles 104, paragraph 1-ter, and 104-bis, paragraph 1) Consolidated Law on Finance (T.U.F.))**

As at the Date of the Report, the Company and its subsidiaries have no relevant contracts that take effect, are modified or are terminated upon a change of control of the contracting company.

The Articles of Association of the Company do not provide for exceptions to the provisions on the passivity rule provided by Article 104, paragraphs 1 and 1-bis, of the Consolidated Law on Finance (T.U.F.), nor do they make provision for the application of the neutralisation rules contemplated by Article 104-bis, paragraphs 2 and 3, of the Consolidated Law on Finance (T.U.F.).

**(I) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m) Consolidated Law on Finance (T.U.F.))**

As at the Date of the Report, the Board of Directors has not been delegated the power to increase the share capital pursuant to Article 2443 of the Italian Civil Code; pursuant to the Company's Articles of Association, the possibility of issuing equity financial instruments is not envisaged.

The Shareholders' Meeting held on 21 April 2022 authorised the Board of Directors, for a period of 18 months starting from the date of the authorization resolution by the shareholders' meeting, to purchase Tesmec's ordinary shares on the regulated market up to 10% of the Company's share capital and within the limits of the distributable profits and available reserves resulting from the last financial statements duly approved by the Company or by the subsidiary company that should make the purchase.

In particular, the authorisation to purchase and dispose of treasury shares, including through subsidiaries was granted to pursue the following objectives:

- (a) fulfilling the obligations deriving from programmes involving options on shares or other allocations of shares to employees or members of the administration and control bodies of the Company or subsidiaries or associates, in order to offer incentives to and develop loyalty of employees (including any categories that, by the same standard as the law in force from time to time, are treated as equivalent), collaborators, directors of the Company and/or companies controlled by it and/or other categories of entities (such as one-firm agents) chosen at the discretion of the Board of Directors, as deemed appropriate each time by the Company;
- (b) satisfying any obligations deriving from debt instruments that are convertible to equity instruments;
- (c) carrying out subsequent share purchases and sales, within the limits of the permitted market practices, including therein market liquidity support operations, in order to promote the regular performance of trading and avoid price movements not in line with the market trend;
- (d) allowing the use of treasury shares in transactions connected with current management and business or financial projects consistent with the strategic guidelines that the Company intends to pursue or other extraordinary transactions in the Company's interest, in relation to which an opportunity materialises for the exchange, swap, contribution, transfer or other acts of disposal of shares;

- (e) proceeding with the purchases of treasury shares held by employees of the Company or its subsidiaries and assigned or subscribed in accordance with Articles 2349 and 2441, paragraph 8, of the Italian Civil Code or stemming from payment plans approved pursuant to Article 114-*bis* of the Consolidated Law on Finance (T.U.F.);
- (f) seizing market opportunities also through the purchase and resale of shares whenever appropriate on the market (as regards disposal) and in the over-the-counter markets or also outside the market provided under market conditions.

The authorisation also includes the right to dispose of (in whole or in part and also in several times) the shares in the portfolio subsequently, even before having exhausted the maximum number of shares purchasable and to possibly repurchase the shares to the extent that the treasury shares held by the Company and, if necessary, by its subsidiaries, do not exceed the limit established by the authorisation. The quantity and the price at which transactions will be made will comply with the operating procedures laid down by the regulations.

The resolution concerning authorisation to purchase treasury shares was passed with the favourable vote of the majority of the Tesmec shareholders at the shareholders' meeting other than the majority shareholder and therefore, pursuant to Article 44-*bis* of the Issuers' Regulation, the shares that the Issuer will purchase in executing this resolution will be included in the share capital of the Issuer, on which the significant equity investment for the purpose of Article 106, paragraphs 1, 1-*bis*, 1-*ter* and 3 letter b) of the TUF will be calculated;

As at 31 December 2022, the end of the reporting period, the Company held as treasury shares no. 4,711,879; as at the Date of the Report, the number of treasury shares held is 4,711,879.

#### **(L) Management and co-ordination activities (pursuant to Article 2497 et seq. of the Italian Civil Code)**

As at the Date of the Report, TTC S.r.l., an investment holding company owned by the Caccia Dominioni family, holding directly and through its subsidiary FI.IND. S.p.A., and its subsidiaries RX S.r.l. and MTS - Officine Meccaniche di Precisione S.p.A., a share of approximately 47.813% of the voting rights that can be exercised at the Shareholders' Meeting, is the controlling entity pursuant to Article 2359, paragraph 1, number 2) of the Italian Civil Code, as referred to in Article 93 of the Consolidated Law on Finance (T.U.F.).

Without prejudice to the above, note that Tesmec is not subject to management and coordination activities pursuant to Articles 2497 et seq. of the Italian Civil Code by TTC S.r.l. TTC S.r.l. is a holding that performs the mere function of managing the equity investments without carrying out management and co-ordination activities towards its subsidiaries. There are no elements to indicate the de facto exercise of a management and coordination activity since, among other things, the Company has full and autonomous negotiating capacity in relations with third parties and there is no centralised treasury relationship. Moreover, the number and competences of independent directors are adequate in relation to the size of the Board of Directors and the activity carried out by the Company and guarantee the management autonomy of the Board of Directors in defining Tesmec's general and operational strategic guidelines.

Specifically:

- a) the information required by Article 123-*bis*, paragraph 1, letter i) of the Consolidated Law on Finance (T.U.F.) ("*the agreements between the company and the directors [...] that provide for payments in the event of resignation or dismissal without just cause or if the employment relationship is terminated following a public purchase offer*") are set out in the report on policy of remuneration and compensation paid published pursuant to Article 123-*ter* of the Consolidated Law on Finance (T.U.F.);
- b) the information required by Article 123-*bis*, paragraph 1, letter l), first part of the Consolidated Law on Finance (T.U.F.) ("*applicable law for the appointment and replacement of directors [...] if different from those laws and regulations additionally applicable*") is illustrated in the section of the Report dedicated to the Board of Directors (Paragraph 4.2 of this Report).
- c) the information required by Article 123-*bis*, paragraph 1, letter l), second part of the Consolidated Law on Finance (T.U.F.) ("*applicable law [...] for the amendment to the Articles of Association, if different from those laws and regulations additionally applicable*") is illustrated in the section of the Report dedicated to the Board of Directors (Section 13 of this Report).

### **3. COMPLIANCE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), CONSOLIDATED LAW ON FINANCE (T.U.F.))**

The Company complies with the provisions of the CG Code.

The CG Code is available to the public on the website of the Corporate Governance Committee at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

The Issuer and its subsidiaries having strategic relevance, Tesmec USA, Inc. and Tesmec Australia Pty Ltd., are not subject to non-Italian provisions of law that affect the corporate governance structure of the Issuer.

## 4. BOARD OF DIRECTORS

### 4.1. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors guides the Issuer by pursuing its sustainable success, which consists in the creation of long-term value for the benefit of the shareholders, taking into account the interests of the other stakeholders relevant to the Company.

In this regard, the Board of Directors defines the strategies of the Issuer and the Group it heads in line with the pursuit of sustainable success, monitoring their implementation, as well as the corporate governance system that is most functional to the carrying-out of the company's activities and the pursuit of its strategies, taking into account the spaces of autonomy offered by the system and, if necessary, evaluating and promoting the appropriate changes, submitting them, when applicable, to the shareholders' meeting.

Moreover, the Board of Directors promotes dialogue with shareholders and other stakeholders relevant to the Issuer in the most appropriate forms.

In particular, in order to allow for the concrete application of the above-mentioned principles, also in accordance with consolidated corporate practice, the Board is responsible for:

- examining and approving the Issuer's and the Group's business plan, also based on the analysis of the issues relevant to the generation of long-term value;
- periodically monitoring the implementation of the business plan, as well as assessing the general management performance, periodically comparing the results achieved with those planned;
- defining the nature and level of risk compatible with the Issuer's strategic objectives, including in its assessments all the elements that may be relevant to the Issuer's sustainable success;
- defining the Issuer's corporate governance system and the structure of the Group to which it belongs;
- assessing the adequacy of the organisational, administrative and accounting structure of the Issuer and its strategically important subsidiaries, with a special reference to the internal control and risk management system (see Section 9 of this Report);
- resolving on transactions of the Issuer and its subsidiaries that have a significant strategic, economic, equity or financial importance for the Issuer, establishing the general criteria for identifying significant transactions;
- adopting, upon proposal of the Chairman, in agreement with the chief executive officer, a procedure for the internal management and external communication of documents and information concerning the Issuer, with a special reference to inside information (see Section 5 of this Report).

The main activities carried out in relation to the above-mentioned areas by the Board of Directors during the year and up to the Date of the Report are described below.

On 3 September 2020, the Issuer's Board of Directors examined and approved the Tesmec Group's 2020-2023 business plan, also based on the analysis of relevant issues for the generation of long-term value. In defining the nature and level of risk compatible with the Issuer's strategic objectives, the Group included in its assessments the elements that can be relevant to the Issuer's sustainable success;

During the Financial Period, the Board of Directors periodically monitored the implementation of the business plan and on 10 March 2023 assessed the overall management performance by taking into account the information received from the delegated bodies, in particular, as well as the periodic comparison of the results achieved with those planned.

Moreover, again on 10 March 2023, the Board of Directors, also in consideration of what was reported by the Chairman of the Control, Risk and Sustainability Committee, as well as of the assessments provided by the Director in charge of internal control and by the Chairman of the Board of Statutory Auditors, evaluated positively the adequacy of the organisational, administrative and accounting structure of the Company and the Group it belongs to (here included the subsidiaries having strategic relevance) also with reference to the internal control and risk management system. In this regard, in the meeting of 10 March 2023, the Board of Directors identified Tesmec USA, Inc. and Tesmec Australia Pty Ltd. as “subsidiaries having strategic relevance”, taking into account the level of turnover, the level of capitalisation and the industrial and commercial peculiarities of the Group's companies. No other “subsidiaries having strategic relevance” have been identified as at the Date of the Report.



As part of its assessments, on the same date, the Board did not consider it necessary to define, on a formal basis, general criteria to identify operations of the Issuer and of its subsidiaries having significant strategic, economic, equity or financial relevance for the Issuer, since the Company's consolidated practice is to consider as such not only the operations that given their value are not included in the limits of the powers assigned to the delegated directors, but also other operations that although included in the limits of the powers assigned to the delegated directors given their value, take on strategic relevance, on commercial, industrial or financial grounds, for the purposes of the Company's business, with a view to the Group's activities.

Moreover, again on 10 March 2023, the Board of Directors did not deem it necessary or appropriate to develop justified proposals to be submitted to the Shareholders' Meeting for the definition of a different corporate governance system that is more functional to the Company's needs, considering the current corporate governance system of the Issuer and the structure of the Group it heads as already adequate and functional to such needs (see Section 13 of this Report).

Finally, note that the Company adopted procedures on corporate information (see Section 5 of this Report) as well as a policy for managing dialogue with all the shareholders (see Section 12 of this Report).

For further information on the Board's further powers regarding its composition, operation, appointment and self-assessment, remuneration policy, internal control system and risk management, please refer to Sections 4, 7, 8 and 9 respectively of this Report.

#### **4.2. APPOINTMENT AND REPLACEMENT (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER L), FIRST PART OF THE CONSOLIDATED LAW ON FINANCE (T.U.F.))**

Pursuant to Article 14 of the Articles of Association, the Company is managed by a Board of Directors consisting of no less than 5 and no more than 15 members, as determined by the Shareholders' Meeting.

Those who are ineligible under the regulations in force cannot be appointed as Directors, and if elected they fall from office.

The members of the Board of Directors remain in office for a period not exceeding 3 company financial periods and their office terminates on the date the Shareholders' Meeting is convened to approve the financial statements relating to the last financial period of their office; they can be re-elected. The Board of Directors is appointed by the Shareholders' Meeting based on the lists presented by the Shareholders.

The Shareholders who, upon presentation of the list, own a stake in the share capital at least equal to the one determined by Consob pursuant to Article 147-ter, paragraph 1 of the Consolidated Law on Finance (T.U.F.), and in compliance with the provisions set out in the Issuers' Regulations may present a list for the appointment of the Directors (4.5% as per Consob Executive Determination No. 76 of 30 January 2023).

The Directors, on the basis of a special resolution of the Board of Directors, can present a list as well without the above requirement of stake ownership.

Lists are filed with the registered office at least 25 (twenty-five) days before the date set for the Shareholders' Meeting convened to decide on the appointment of the Directors. Moreover, lists must be made available to the public by the Company without delay and any way at least 21 (twenty-one) days before the date set for the Shareholders' Meeting, under the terms prescribed by the laws in force.

The lists include a number of candidates not exceeding fifteen, each coupled with a progressive number. The lists presenting a number of candidates equal to or greater than three must include candidates belonging to both genders, in such a way that at least two fifths of the candidates (rounding up, if necessary, to the higher integer) belongs to the less represented gender. Each list must contain and expressly indicate at least one Independent Director pursuant to Article 147-ter of the Consolidated Law on Finance (T.U.F.), with a progressive number of no more than seven. If the list consists of more than seven candidates, it must contain and expressly indicate a second Independent Director pursuant to Article 147-ter of the Consolidated Law on Finance (T.U.F.). If necessary, each list can also indicate explicitly the Directors with independence requirements provided by codes of conduct drafted by regulated market management companies or by trade associations.

The lists also contain, as an annex:

- a) the *curriculum vitae* concerning the personal and professional details of the candidates;
- b) the declarations by which each candidate accepts his/her own candidature and attests, on his/her own responsibility, that there are no reasons to exclude his/her eligibility, that there are no incompatibility issues, and that he/she complies with all the requirements prescribed by the prevailing law to hold the position of Director of the Company, including the declaration on the requirements to be qualified as an “Independent Director pursuant to Article 147-ter” and, if necessary, on the further requirements provided by codes of conduct drafted by regulated market management companies or by trade associations;
- c) indication of the identities of the shareholders who presented the lists and the percentage of the overall shareholding, proved by an appropriate communication issued by the intermediary, without prejudice to the indications set out in Article 147-ter, paragraph 1 of the Consolidated Law on Finance (T.U.F.);
- d) any additional or different privacy declaration, disclosure and/or document provided for by law and by applicable regulations.

Each shareholder and the shareholders joining the same shareholders' agreement pursuant to Article 122 of the Consolidated Law on Finance (T.U.F.) cannot present or vote more than one list, not even by proxy or through a trust.

At the end of the voting, candidates are elected from two lists that have obtained the most votes, with the following criteria:

- (i) a number of Directors equal to the total number of members of the Board, minus one, is taken from the list that obtained the majority of votes (the “**Majority List**”), in the sequential order in which they are presented, as previously established by the Shareholders' Meeting; within such number limits, the candidates are elected in the order in which they are listed;
- (ii) a Director, in the person of the candidate indicated with the first number in the list, is drawn from the second list that obtained the highest number of votes and who is not connected directly or indirectly to the shareholders who presented or voted the Majority List pursuant to the applicable provisions and that is not the list presented by the Board of Directors (the “**Minority List**”); however, if not even one Independent Director under Article 147-ter is elected within the Majority List, in case of a Board of not more than seven members, or only one Independent Director under Article 147-ter is elected, in case of a Board of more than seven members, the first Independent Director under Article 147-ter indicated in the Minority List will be elected, instead of the first on the Minority List. Moreover, if, with the candidates elected in the manner described above, the compliance of the composition of the Board of Directors with the *pro tempore* regulations on gender balance in force is not ensured, the candidate of the more represented gender elected last in sequential order in the Majority List will be replaced by the first candidate of the non-elected less represented gender of the same list in sequential order. This replacement procedure will be carried out until the composition of the Board of Directors is in compliance with the *pro tempore* regulations on gender balance in force. Finally, if the said procedure does not ensure the result indicated above, the replacement will take place with resolution passed by the Shareholders' Meeting by majority vote, subject to the presentation of candidates belonging to the less represented gender.

Lists will not be taken into consideration unless they obtain a percentage of votes equal to at least half of the percentage required for presenting the lists.

In the event that the lists obtain the same number of votes, the list presented by shareholders owning the largest stake when the list is presented, or, subordinately, the one presented by the greatest number of shareholders, prevails.

If only one list is presented, the Shareholders' Meeting will vote on it and if it obtains the relative majority of voters, without taking account of abstentions, the candidates listed in sequential order will be elected Directors, up to the number established by the Shareholders' Meeting, without prejudice to the fact that, if the Board has more than seven members, the second Independent Director under Article 147-ter is also elected, in addition to the one necessarily placed with the first seven and without prejudice to the compliance with the *pro tempore* regulations on gender balance in force.

In the absence of lists, or if the number of Directors elected on the basis of the presented lists is lower than the one determined by the Shareholders' Meeting, the members of the Board of Directors are appointed by the Shareholders'



Meeting itself with the majorities provided by law, without prejudice to the obligation for the Shareholders' Meeting to appoint the minimum number of Independent Directors required under Article 147-ter and always in compliance with the *pro tempore* regulations on gender balance in force.

The Independent Directors under Article 147-ter, indicated as such when appointed, must immediately inform the Board of Directors of any non-fulfilment of the independence requirements; the Director falls from his/her office if the minimum number of Directors with the said independence requirements requested by the law provisions in force no longer exists within the Board.

The candidate possibly indicated as Chairman of the Board of Directors in the Majority List or in the only list presented and approved is elected as such. Failing this, the Chairman is appointed by the Shareholders' Meeting with the majorities provided by law, or he/she is appointed by the Administrative Body pursuant to the Articles of Association.

In the event of termination of office, for any reason, of one or more Directors, they may be replaced according to the provisions of Article 2386 of the Italian Civil Code, without prejudice to the compliance with the *pro tempore* regulations on gender balance in force.

In this regard, it should be noted that, on 1 January 2020, the provisions of Italian Law no. 160 of 27 December 2019 came into force ("2020 Budget Law"), which amend Articles 147-ter, paragraph 1-ter, and 148, paragraph 1-bis, of the Consolidated Law on Finance (T.U.F.), introduced by Italian Law no. 120 of 12 July 2011 (known as "Golfo-Mosca Law"), regarding gender balance in corporate bodies of companies with listed shares. The 2020 Budget Law requires the management and control bodies of listed companies to ensure that "at least two fifths" of members come from the less represented gender (in place of one third) and establishes that this distribution criterion is to apply for "six consecutive mandates" (in place of three). Therefore, in relation to the next renewal of the corporate bodies, the lists must be drawn up and members elected in compliance with the provisions of the 2020 Budget Law and the regulatory provisions of Consob.

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

#### **4.3 COMPOSITION (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) AND D-BIS), CONSOLIDATED LAW ON FINANCE (T.U.F.)**

On the occasion of the renewal of corporate offices, the ordinary Shareholders' Meeting of 21 April 2022 appointed a Board of Directors composed of 10 members. A single list was presented during the Meeting by the Company's shareholders. The list presented by the shareholder TTC S.r.l. showed the following candidates, in this order: Ambrogio Caccia Dominioni, Gianluca Bolelli, Lucia Caccia Dominioni, Caterina Caccia Dominioni, Paola Durante, Simone Andrea Crolla, Emanuela Teresa Basso Petrino, Antongiulio Marti, Nicola Iorio and Guido Luigi Traversa. As this was the only list presented and it obtained a unanimous vote in favour from the persons present at the Meeting, pursuant to Article 14 of the Articles of Association, all of the Directors to be elected were consequently taken from this list.

Between the date of the Meeting 21 April 2022 and the Date of the Report, there were no changes to the composition of the Board of Directors. The Company's Board of Directors, therefore, is currently composed of 10 members: one executive Director, Ambrogio Caccia Dominioni; five non-executive Directors, Caterina Caccia Dominioni, Lucia Caccia Dominioni and Gianluca Bolelli, Antongiulio Marti, Nicola Iorio; and 4 independent and non-executive Directors, Paola Durante, Simone Andrea Crolla, Emanuela Teresa Basso Petrino and Guido Luigi Traversa. Ambrogio Caccia Dominioni holds the position of Chairman and Chief Executive Officer of the Company; Gianluca Bolelli holds the position of Vice Chairman of the Board of Directors of the Company.

The current Board of Directors will remain in office until the approval of the financial statements ended 31 December 2024.

That said, the Company's Board of Directors is therefore made up of executive and non-executive directors, all of whom have the professionalism and skills appropriate to the tasks entrusted to them. The number and skills of the non-executive directors are such as to ensure that they have a significant influence on board resolutions and to guarantee effective monitoring of management; a significant component of the non-executive directors is independent.

In accordance with Principle VI of the CG Code, the presence of a high number of non-executive Directors within the administrative body, as well as the authority and powers that characterise them, ensure that their judgement has a significant impact on the Board's decisions and ensure effective monitoring of management. The presence of nine non-executive directors, 4 independent in the persons of Paola Durante, Simone Andrea Crolla, Emanuela Teresa Basso Petrino and Guido Luigi Traversa (this also in compliance with the provisions of Article 147-ter, third paragraph, of the Consolidated Law on Finance (T.U.F.)), has the objective of achieving the greatest possible "good governance" which is implemented through debate and dialogue among all directors.

Information on the main skills and professional characteristics of each member of the Board of Directors as well as their length of service since first appointment is indicated below.

Ambrogio Caccia Dominioni, born in Morbegno (Sondrio) on 27 August 1946, obtained a degree in Economics and Business from Sacred Heart Catholic University, Milan, in 1970. From 1971 to 1979 he worked for Andersen Consulting S.p.A., as Finance – Leasing Industry manager, while in 1980 he started business in the family group, which over time went from being a single company with the name of "M.T.S. Officine Meccaniche di Precisione S.p.A." to an international group with diversified activities in various sectors and countries. He is currently Chairman and Chief Executive Officer of Tesmec and was appointed to the Company's Board of Directors for the first time (after listing of the Company) on 23 February 2010.

Gianluca Bolelli, born in Castel Maggiore (Bologna) on 18 September 1959, graduated from the Università Commerciale "Luigi Bocconi" of Milan with a degree in Business Administration in 1983. He has been registered on the roll of accountants since 1985, of auditors since 1995 and of freelance journalists since 1994. In the academic years 1990 to 1993 he was "Teaching fellow" at the Catholic University Faculty of Economics and Business for the Corporate Economics course. He was a lecturer of the Scuola di Direzione Aziendale (Business Management School) of Bocconi University, lecturer during conventions and courses on tax, company and governance matters. He is co-author of publications and articles on tax, contractual and company matters. In 1984-1985, he worked as an auditor for Deloitte Haskins Sells (subsequently Deloitte & Touche S.p.A.) and in 1985-1986 as a consultant for KPMG S.p.A. In March 1986 he practised as a professional accountant and in 1989 he co-founded Studio Bolelli, Sportelli, de Pietri-Tonelli. He is currently Vice Chairman of Tesmec and was appointed to the Company's Board of Directors for the first time (after listing of the Company) on 23 February 2010.

Lucia Caccia Dominioni, born in Milan on 23 February 1977, obtained a degree in Literature and Philosophy from Milan State University in 2001. After her degree she worked for Inferentia DNM in Human Resources until 2002. After experience with Daniel Contractors (Manchester, UK) she managed commercial relations with Germany for Reggiani Macchine S.p.A. from Bergamo and, from 2003 to 2005, from Berlin. In 2009, she was involved in the external communication campaign during the process that led to the listing on the Stock Exchange of Tesmec in July 2010. From 2009 to 2015, she worked in communication and press office management for Reggiani Macchine and Financial Communication for Tesmec until 2018. She is currently Director of Tesmec and was appointed to the Company's Board of Directors for the first time (after listing of the Company) on 30 April 2013. Since September 2020 he has been managing the TCBarona sports center located in Milan.

Caterina Caccia Dominioni, born in Morbegno (Sondrio) on 18 August 1979, obtained a degree in Law from Sacred Heart Catholic University, Milan, in 2003. She has been registered on the Milan roll of lawyers since 2007. She practised professionally from 2004 to 2007 with the law firm Baldoli – Caccia Dominioni, from 2007 to October 2008 with the law firm Frau, Ruffino, Verna and since November 2008 has carried out legal consultancy activities for the Issuer and for Reggiani Macchine S.p.A.. She is currently a Tesmec Director, appointed for the first time (since the Company's listing) to the Company's Board of Directors on 23 February 2010.

Paola Durante, born in Montebelluna (TV) on 4 December 1969, obtained a degree in Economics and Business from Sacred Heart Catholic University specialising in Applied Economics. In 1995, she joined the team of financial analysts at S&P Market Scope, London, with responsibility for the Italian market. Returning to Italy, from 1997 to 1999 she followed the luxury goods sector as an equity research analyst for CAI-Cheuvreux, before joining the team of analysts in the luxury goods sector at Merrill Lynch (now Bank of America) as Vice President responsible for Southern Europe. In 2005, she moved to the Investment Banking team of Bank of America until becoming Managing Director. As an analyst initially, and then as an investment banker, she has followed among things the major IPO transactions in the luxury goods sector, including Tod's, Burberry, Geox, Safilo, Poltrona Frau, Aeffe and Damiani. In July 2013, she joined Moncler as Head of Strategic Planning, Intelligence and IR, a position she held until May 2022. At Moncler, Paola followed, among others, the listing of the Group and the acquisition of Stone Island. In June

2022, she becomes General Manager of Liu Jo S.p.A. and she also maintains the position of Director of Tesmec S.p.A, having been appointed for the first time on April 29, 2016.

Simone Andrea Crolla, born in Premosello Chiovenda (NO), on 21 August 1972. He graduated in Political Sciences from the State University of Milan. In 2000, he completed a master's degree in international law at the University of Helsinki. In 1997, he completed a 4-month internship at the Office of the Spokesperson for the Secretary-General of the United Nations in New York. From October 2003 to May 2006, he held the role of Deputy Head of Cabinet of the President of the Council at Chigi Palace (Rome). He assisted the President of the Council in all the Government's current affairs that involved other institutions, Italian and foreign investors and members of the business community. He accompanied the President of the Council on various institutional missions abroad, such as the historic visit to the US Congress, and during European summits. In addition, the US State Department chose him as the only Italian participant in the "International Visitor Leadership Program" in 2004, involving him in an experience developed across a number of US cities. From April 2009, he has been the Managing Director of the American Chamber of Commerce in Italy ("AmCham"). Founded in 1915, AmCham is a non-profit organisation, whose objective is to foster economic and political relations between the United States and Italy. He was a Member of Parliament of the Italian Republic between February 2012 and March 2013, a member of the Foreign Affairs Committee, where he fulfilled the role of Chairman of the Foreign Affairs Sub-Committee "Italians in the World". As MP, he presented a draft law regarding the "Student Loan", in order to promote the opportunity for high-level training for talented young Italians. He was the Senior Vice President of Weber Shandwick – one of the major public relations consulting firms in the world - for the Public Affairs practice from January 2007 to December 2015. Since 2015, he has been a Senior Advisor at Lincoln International, a global investment bank focused on the mid-market sector, specialising in M&A, debt advisory, capital raising and restructuring. From November 2018, has been at the helm of the Advisory Board in Italy of the Veneranda Fabbrica del Duomo di Milano, with the job of drawing of fundraising strategies and supporting President Fedele Confalonieri in developing strategies for promoting the Milan Cathedral, is also a member of the Board of Directors of the American Foundation (501 (c)3) of the International Patrons of Duomo di Milano (Milan Cathedral). From said year, he has held the role of advisor of the main shareholders of Walgreens Boots Alliance, Stefano Pessina and Ornella Barra, on matters regarding institutional relations and business development, supporting the Italian development of the Group from both an institutional and strategic perspective. Since April 2019, he has been a member of Tesmec's Board of Directors as Independent Director and Chairman of the Remuneration and Appointments Committee. Since January 2020, has been the majority shareholder and Vice President of Synergo SGR S.p.A., an asset management company with the objective of launching two new funds: the first a Private Equity fund focussed on Italian companies with investment projects dedicated to the American market, the second a Venture Capital fund, aimed at supporting the growth of innovative start-ups and SMEs.

Emanuela Teresa Basso Petrino, born in Cuneo (CN), on 24 September 1974, is a lawyer with vast experience in company finance, restructuring and real estate finance transactions. She has worked for international law firms Clifford Chance and Latham & Watkins, where she provided consulting to Italian and international companies and private equity funds on a wide range of transactions for more than fifteen years. She is currently CEO of Theodora Foundation, an international non-profit organisation, founded in 1993 in Switzerland and currently operating in seven countries worldwide, taking care of the emotions and healthy part of children in hospital. Since April 2019, she has been a member of the Board of Directors of Tesmec S.p.A. as Independent Director. Since May 2021, he has held the same function of independent director also in WIIT S.p.A.

Antongiulio Marti, born in Naples on 17 October 1984 after graduating in Economics and Finance from Bocconi University in Milan, he worked for several years as a portfolio manager at SCM SIM. He then found Hoop Capital, a consulting firm that structures club deals in the listed and unlisted world. He is currently Director of Tesmec and was appointed to the Company's Board of Directors for the first time on 21 April 2022.

Nicola Iorio, born in Vicenza on 13 February 1978. He graduated with honours in Business Economics from the Cà Foscari University of Venice and received a master's degree with honours in Merchant Banking from the LIUC University. He was an Executive in Transaction Services at PriceWaterhouseCoopers and participated in many due diligences on extraordinary transactions, mainly Private Equity. He joined PFH S.p.A. in 2006 and is now its General Manager and Head of the Private Equity Business Unit. He is currently Director of Tesmec and was appointed to the Company's Board of Directors for the first time on 21 April 2022.

Guido Luigi Traversa, born in Cremona, on 7 October 1949, graduated with honours in Electronic Engineering from the University of Pavia in 1973. From 1975 to 1988, he held various positions at Tecnomasio Italiano Brown Boveri S.p.A. (now ABB), becoming manager in 1984. From 1988 to 1993, he held the position of General Manager of the

Technical Division and was a member of the Board of Directors of the company AEG Italiana S.p.A.. He was subsequently the General Manager and member of the Board of Directors of ABB ADDA S.p.A. until 1997. From the subsequent year and until 2000, he was the General Manager, then Chief Executive Officer of ABB SACE TMS S.p.A. He fulfilled the role of Global Head of the PPMV Business Area and member of the Board of the “Power Products” Division and of the Management Committee of the Group from 2001 to June 2007 at ABB Power Technology Ltd. He left the ABB Group at the end of June 2007 to return to Italy; after some consulting jobs (MIDA Brokers-Milano in the field of risk management for business clients, Psicosport-Milano – outdoor training and training of managers of large companies), in 2008 established the Italian company of the international group ILB Helios and of the Italian group ELVI, where he held the role of Chief Executive Officer for 8 years, and in which he is still today a Chairman, Chief Executive Officer and shareholder. From 2014 to the end of 2018, he also held the role of President of Alpiq Italia S.r.l. and Alpiq Energia Italia S.p.A. (of the latter until 2016, then remaining Vice President throughout 2018). He was a board director of the Emmeti S.p.A. group from 2014 to 2016 and of Agrisolar S.r.l. from 2012 to 2021. Since April 2019, he has been appointed as an independent director of Tesmec and since 2021 as a shareholder and member of the Advisory Committee of Escogit Capital Srl. He also holds the role of Country Manager for Italy, Switzerland and Malta for the international Seraphim Solar group, one of the world's largest manufacturers of photovoltaic modules.

For further information on the composition of the Board of Directors of the Company in office at the end of the Financial Period, see Table 2 indicated in the appendix to this Report.

### **Diversity criteria and policies in Board composition and business organisation**

The Issuer has applied diversity criteria, including gender diversity criteria, in the composition of the Board of Directors, in respect of the priority objective of ensuring the adequate competence and professionalism of its members. In particular, at least two fifths of the Board of Directors is composed of Directors of the less represented gender.

On 1 March 2018, the Board of Directors of the Company adopted its diversity policy relating to the formation of the administration, management and control bodies as to aspects such as age, gender composition and the training and professional path (the “**Diversity Policy**”).

The Diversity Policy represents the tool identified by the Issuer - also taking into account its ownership structure - for the implementation of the diversity criteria defined by the Issuer itself for the composition of the Board of Directors.

Particularly pursuant to the content of the Diversity Policy:

- with reference to the size of the Board of Directors, it was decided that the number of Board of Directors members - between a minimum of 5 (five) and a maximum of 15 (fifteen) - provides an adequate balance of the skills and experience demanded by the complexity of the Company and Group, also within the board Committees;
- as concerns the professionalism requirements, the Diversity Policy refers to the recommendations of the Code, pursuant to which (i) at least one member should have adequate knowledge and experience in finance or remuneration policies and (ii) at least one member should have adequate knowledge and experience in accounting and finance or risk management. The simultaneous presence of different skills and experience complementary to each other fosters dialectics and efficient operation of the Board;
- with reference to the age and seniority of office, the Diversity Policy requires that there be people of different ages, generations and seniority of office on the Board of Directors so that the creation of a proper balance between experience, continuity, innovation and risk appetite is encouraged;
- as regards representation of gender, the Diversity Policy states that adequate representation of both sexes be ensured on the Board of Directors. More specifically, in line with the provisions of the regulations in force and of the Articles of Association, the Board of Directors must be formed by at least two fifths (rounded up) of people belonging to the “least represented” gender that, based on past experience, usually coincides with the female gender;



- with regard to geographical origin and international experience, and considering the strong presence of Tesmec in Italy, it does not at this time believe the presence of Directors with different geographical origins necessary, although this is certainly an element of positive assessment. The presence of Directors with training and professional experience gained in international settings is on the other hand recommended as it contributes toward further increasing the quality of board dialogue, also in consideration of the Group's international presence.

On 21 April 2022, the Board of Directors was appointed by taking account of the provisions of the Diversity Policy adopted by the Company as well as the guideline that the outgoing Board of Directors issued on 11 March 2022, based on the opinion and the recommendations formulated by the Remuneration and Appointments Committee on the same date, on the composition of the new Board of Directors. In particular, based on said guideline, it was hoped that the Shareholders, in presenting the lists, maintained a similar level of quality of the Board in terms of skills and experience represented, taking into account the gender characteristics of the candidates, and highlighting, if necessary, the opportunity for the Shareholders to assess, with the intention of further enriching the Board with personality/professionalism and knowledge, the possible inclusion of figures who have gained management experience in listed companies or companies similar in size, complexity, internationality and/or business affinity to the Company; furthermore, with regard to the identification of independent directors, a stricter application of the independence criteria was also hoped for, given that the Corporate Governance Committee invited the board of directors to apply more rigorously the independence criteria defined by the then Self-Regulatory Code of Conduct, since both their non-application and substantive application - whose subject matter is, more frequently, the criterion of the ultra-nine-year term of office - , given the importance of the independent directors in the process of forming the Board's will in matters of particular importance and delicacy, could significantly affect the efficiency and adequacy of the governance system.

Therefore, the Issuer has applied diversity criteria, including gender diversity criteria, in the composition of the Board of Directors, in respect of the priority objective of ensuring the adequate competence and professionalism of its members.

With regard to diversity, note that on 1 January 2020 the provisions of Italian Law no. 160 of 27 December 2019 (known as "2020 Budget Law") came into force, amending Articles 147-*ter*, paragraph 1-*ter*, and 148, paragraph 1-*bis*, of the Consolidated Law on Finance (T.U.F.), introduced by Italian Law no. 120 of 12 July 2011 (known as "Gulf-Moscow Law"), on the subject of gender balance in the corporate bodies of companies with listed shares. The 2020 Budget Law requires the management and control bodies of listed companies to ensure at "least two fifths" of members come from the less represented gender (in place of one third) and establishes that this distribution criterion is to apply for "six consecutive mandates" (in place of three). Therefore, in relation to the next renewal of the corporate bodies, the lists must be drawn up and members elected in compliance with the provisions of the 2020 Budget Law and the regulatory provisions of Consob, as well as the diversity policy adopted by the Company.

As at the Date of the Report, the Issuer is assessing the adoption of specific measures to promote equal treatment and opportunities between genders within the entire company organisation.

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

Article 3, Recommendation 15 of the Code, in recommending the adoption by the Board of Directors of its opinion on the maximum number of offices held in other companies, refers to "large companies", a category which does not include the Issuer.

In any case, the Board of Directors decided not to express its opinion on the maximum number of offices in the administration and control bodies in other listed companies or companies of significant size that can be considered compatible with an efficient performance of the role of Director of the Company, taking into account the commitment deriving from the role held, because, in view of the current structure of the Board of Directors of the Company considered and the positions held by its members in other companies, it was considered that the number and quality of positions held do not interfere and are therefore compatible with an effective performance of the office of Director of the Company.

#### **4.4. OPERATION OF THE BOARD OF DIRECTORS (PURSUANT TO ARTICLE 123-*bis*, PARAGRAPH 2, LETTER d), CONSOLIDATED LAW ON FINANCE (T.U.F.))**

The Board of Directors adopted a regulation to define the rules and procedures for its operation, also with a view to ensuring effective management of Board information (the "**Regulations of the Board**").

The Regulations of the Board concern, inter alia, the manner in which the minutes of the meetings are recorded (by the secretary of the Board or, if different, by the secretary of the meeting) and the procedures for the management of the information to the directors, also indicating the terms for sending the information in advance (well in advance, normally after the meeting has been convened) and the procedures for protecting the confidentiality of the data and information provided, so as not to prejudice the timeliness and completeness of the information flows.

For further information on the main contents of the Regulations of the Board, reference is made to the full text of the Regulations of the Board published on the Company's website [www.tesmec.com](http://www.tesmec.com) Governance/Corporate Documents section.

During the Financial Period, the Board of Directors met 13 times. The attendance percentage at these meetings by the current members of the Board of Directors was as follows: Ambrogio Caccia Dominioni - 100%; Caterina Caccia Dominioni - 100%; Lucia Caccia Dominioni - 100%; Gianluca Bolelli - 100%; Simone Andrea Crolla – 84.61%; Paola Durante – 76.92%; Emanuela Teresa Basso Petrino - 100% Antongiulio Marti 84.61%; Nicola Iorio per il 76.92% and Guido Luigi Traversa – 92.30%

The Board meetings had an average duration of about 2 hours and an half and were held in accordance with internal regulations.

On the occasion of all the Board meetings, the members of the Board were provided by email in reasonable advance, usually an average of three-days prior notice, with the documents and information necessary to enable them to express an informed opinion on matters under their consideration.

For more information in this regard, see Table 2 in the appendix to this Report.

For the 2023 financial period, in addition to the meeting of 10 March 2023, the calendar of company events announced pursuant to Article 2.6.2 of the Stock-Exchange Regulations contemplates 3 meetings on the following dates: 10 May, 4 August and 6 November 2023.

The Company notified the calendar of the meetings of the Board of Directors for the 2023 financial period by posting it on its website: [www.tesmec.com](http://www.tesmec.com).

Board meetings are convened by the Chairman or, in case of absence or impediment, by the Vice Chairman, in the manner and within the time lines laid down by the Articles of Association. The Chairman coordinates the meetings of the Board of Directors and makes sure that adequate information regarding the matters on the agenda is provided to all of the Directors. The Board of Directors is convened at the Company's headquarters or elsewhere in Italy, whenever deemed necessary by the Chairman or, in case of absence or impediment by the Vice Chairman, or whenever requested in writing by at least one third of the Directors or by the Board of Statutory Auditors, or even individually, by each Board member as provided for by applicable law provisions. The meetings of the Board of Directors may also be held by audio- or video-conference, in compliance with the conditions set out in the Articles of Association. Even if meetings are not called in the manner and within the timelines provided for in the Articles of Association, they are deemed valid provided that all Directors in office and Statutory Auditors in office take part. The meetings of the Board of Directors are chaired by the Chairman, or in case of absence or impediment, by the Vice Chairman, or in case of absence or impediment by the Chief Executive Officer, or in case of absence or impediment, by the oldest Director. In the event of absence or impediment of the Secretary, the Board appoints the member who must take his/her place. For resolutions of the Board of Directors to be valid, the presence of the majority of members in office is required. Decisions are approved by a majority of those voting; abstaining Directors are excluded from the calculation. In the event of equal votes, the vote of the person chairing the meeting prevails. Voting shall take place by open vote. The minutes of the Board meetings are drawn up by the Secretary or by a specifically appointed Notary, and recorded in a specific book, in accordance with the law.

Where necessary or at request of the Chairman or of one or several Directors, persons external to the Board of Directors may take part in the meetings of the Board of Directors, especially executives with strategic responsibilities, business function managers or legal consultants for providing appropriate supplemental information on the matters on the agenda.

Pursuant to Article 19 of the Articles of Association, the Board of Directors is vested with all the powers for the management of the Company and to this end it can decide or carry out all acts held to be necessary or useful in order

to implement the business purpose, with the exception of powers that are, by law and by the Articles of Association, reserved to the Shareholders' Meeting.

The Board of Directors may also pass, in compliance with Article 2436 of the Italian Civil Code, without prejudice to the limits of the law, the resolutions concerning (a) merger and demerger in the cases provided for in Articles 2505, 2505-*bis* and 2506-*ter*, last paragraph, Italian Civil Code, (b) opening and closing of secondary offices, (c) transfer of the registered office in the national territory, (d) indication of the Directors who have the legal representation of the company (e) reduction of share capital following withdrawal by a shareholder, (f) adjustments of the Articles of Association to regulatory provisions; without prejudice to the fact that said resolutions may be in any case also passed by the extraordinary Shareholders' Meeting.

As regards the functions of the Board of Directors, the Company has a Board of Directors that, as provided by Article 19 of the Articles of Association, is vested with the broadest powers for the management of the Company, and every other competence reserved by law or the Articles of Association to the Board itself. Therefore, it has the power to carry out all acts, of disposal or otherwise, it deems necessary or useful for the achievement of the corporate purpose, excluding only those that the law specifically reserves to the Shareholders' Meeting.

The Board of Directors – within the limits of the law and of the Articles of Association – delegates part of its powers and functions to a Chief Executive Officer and can also appoint an Executive Committee by delegating its powers and functions. It can also delegate, within the same limits, the aforesaid powers and functions, with reference to certain functions or sectors, to one or more Directors other than the Chief Executive Officer.

Moreover, the Board of Directors can also set up one or more committees with consultancy, proposal and control functions in compliance with the applicable laws and regulatory provisions in force. The Board of Directors has the right to appoint one or more General Managers.

Pursuant to Article 21 of the Articles of Association, the Chairman of the Board of Directors and, in case of his absence or impediment, even if temporary, the Vice Chairman represents the Company towards third parties and before the court and has corporate signature powers; the Chief Executive Officer or the other Directors with proxies are vested as above, within the limits of the delegated powers. With reference to directors vested with special powers, please refer to what is described in Paragraph 4.6. of the Report.

Within the scope of its functions and in the exercise of its powers regarding corporate governance, the Board of Directors shall, inter alia:

- set up an internal Remuneration and Appointments Committee (see Paragraph 7.2 of this Report) and a Control, Risk and Sustainability Committee (see Paragraph 9.2 of this Report). Each Committee operates on the basis of an internal regulation that establishes the operating rules of the Committee itself;
- approved a Procedure for Related Party Transactions (see Paragraph 10 of this Report) and entrusted to the Control, Risk and Sustainability Committee the duties of the Committee for Related Party Transactions;
- established the business functions of Head of Internal Control and Investor Relations Manager and subsequently appointed the persons in charge of such functions (see Section 9 and Section 12 of this Report);
- adopted the Regulations of the Board;
- adopted a policy for the management of dialogue with all the shareholders (see Section 12 of this Report)
- adopted procedures for the internal management and external communication of documents and information concerning the Issuer, with a special reference to inside information (Internal Dealing Code, Procedure for Corporate Information and Procedure for keeping and updating the Insider Register; see Section 5 of this Report);
- established an Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231 and Supervisory Body (see Paragraph 9.4 of this Report);
- approved the Code of Ethics that is an integral part of the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231.

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

On 21 April 2022, the Board of Directors resolved, inter alia, to appoint Ambrogio Caccia Dominioni Chairman and Chief Executive Officer.

The Chairman of the Board plays a connecting role between the executive and non-executive directors and ensures the effective operation of the Board's work.

In particular, during the Financial Period, the Chairman of the Board ensured:

- that the pre-meeting information, as well as the supplementary information provided during board meetings, was suitable to allow directors to act in an informed manner in the performance of their role, dedicating the time required to examine each single issue that was the subject matter of the respective board meetings and encouraging debate and contributions from all directors;
- the coordination of the activities of the Board Committees (with investigative, proposing and advisory functions) with the activities of the Board, acting as a link between the work of the latter and that of the Board of Directors;
- that, also in his capacity as chief executive officer, the executives of the Issuer and of the Group companies that it heads, responsible for the competent corporate functions according to the subject matter, attended the Board meetings, also at the request of individual directors, in order to provide the appropriate in-depth analyses of the items on the agenda. During the Financial Period, where necessary or at request of the Chairman or of one or several Directors, persons external to the Board of Directors, especially executives with strategic responsibilities, business function managers or legal consultants took part in the meetings of the Board of Directors for providing appropriate supplemental information on the matters on the agenda;
- that the members of the administration and control bodies, after their appointment and during their term of office, took part in initiatives aimed at providing them with an adequate knowledge of the business sectors in which the Issuer operates, of business dynamics and its development, also with a view to the Issuer's sustainable success, as well as the principles of correct risk management and the regulatory and self-regulatory framework of reference. In this regard, with reference to the type and organisational methods of the initiatives that took place during the Financial Period, the Board of Directors has adequate knowledge of the above since adequate training information is given at each meeting to the Board on the development of the corporate business and the regulatory environment by both the Chairman and the General Manager, who has twenty years of experience in the industry and is often invited to participate in the Board meetings. During Board meetings, the Board is constantly updated regarding the company dynamics and the performance of corporate affairs as well as the main changes in the regulatory and regulatory framework for the company and the operating sector.
- the adequacy and transparency of the Board's self-assessment process, with the support of the Remuneration and Appointments Committee, acting as the Appointments Committee.

The Chairman of the Board of Directors also ensured that the Board of Directors would in any case be informed, no later than the first available meeting, on the development and significant contents of the dialogue held with all shareholders.

### Board Secretary

As at the Date of the Report, Caterina Caccia Dominioni is the Secretary of the Board of Directors.

The Board shall decide, at the suggestion of the Chairman, on the appointment and removal of the secretary and on the definition of her requirements (in particular her professionalism) and her powers. The requirements and powers of the Secretary were defined in the Regulations of the Board, which envisage that the Secretary should be identified as a person with appropriate expertise in corporate law and corporate governance.

The Secretary supports the activities of the Chairman of the Board (in particular in relation to the aspects indicated in paragraph 4.5 "*Role of the Chairman of the Board of Directors*" above) and provides impartial assistance and advice to the Board on any aspect relevant to the proper operation of the corporate governance system.

In carrying out her duties, the Secretary shall have an organisational structure suitable for the performance of her duties, also taking into account any role she may play as secretary of one or more board committees.



## 4.6 EXECUTIVE DIRECTORS

### Chief Executive Officer and Chairman of the Board of Directors

On 21 April 2022, the Board of Directors decided, among other things, to appoint Ambrogio Caccia Dominioni as Chairman and Chief Executive Officer and grant him, for all the period of his office, the legal representation of the Company, the following powers with separate signature, by specifying that the Chief Executive Officer is entrusted with the task of overseeing all business sectors, and of observing and enforcing the regulations in force:

1. assigning to the Chairman and Chief Executive Officer the responsibility for developing business strategies, presenting them to the Board of Directors for their approval and for the definition of their methods of implementation;
2. implementing the business strategies and the Group's strategies, within the guidelines established by the Board, by exercising the functions of directing, stimulating and coordinating all the departments of the Company and its subsidiaries;
3. ensuring achievement of the Company's economic objectives by exercising for this purpose all the powers of ordinary administration, with no exceptions, within any of the limits defined below, in line with the strategies and guidelines approved by the Board;
4. implementing all acts of extraordinary administration approved by the Board;
5. within the guidelines laid down by the Board, coordinating the relations with other Group companies by taking decisions relating to their management and programming policy in order to give effect to the coordination process within the Group;
6. preparing and proposing to the Board any steps deemed useful to the interests of the Company and the Group;
7. preparing the budget forecast and strategic and operational plans relating to the activities of the Company and the Group to which it belongs, for approval by the Board of Directors; providing guidance for the preparation of the financial statements, including the consolidated and interim reports of the Company, and preparing the consolidated financial statements and interim reports to be submitted to the Board of Directors for approval to the extent of its competence;
8. negotiating and entering into contracts for the Company's ordinary administration for a total amount no higher than Euro 10,000,000 per contract which – simply by way of example – may relate to the sale of products, services, goods and equipment in general related to the core business of the Company and its subsidiaries, including contracts and agreements with public administrations and bodies as well as participation in national and international tenders or offerings;
9. representing the Company in the participation in tenders and offerings, whether public or private, national or international, with the power to sign offers up to the total amount of Euro 20,000,000 and, if awarded, the related supply contracts;
10. negotiating and entering into contracts for the Company's ordinary administration for a total amount no higher than Euro 5,000,000 per contract which – simple by way of example – may relate to the purchase of products, services, goods and equipment associated with the core business of the Company and its subsidiaries;
11. negotiating and entering into contracts for the purchase of fixed assets – simply by way of example – machinery and equipment for business production processes, furniture, security systems and generic systems relating to the premises where the Company carries out its activities, computer equipment and in general assets with multi-year useful life for the Company, for a total amount no higher than Euro 5,000,000 per contract;
12. assigning professional and consulting tasks in relation to specific needs related to corporate activities for an amount no higher than Euro 600,000 on an annual basis per consultant;
13. collecting any amount due to the Company by any entity, business or person and issue receipts;
14. performing all the acts and transactions relating to the Company's ordinary administration before public administrations, the independent authority for the administration of state monopolies and public authorities and offices, except for the acts and transactions relating to the obtainment of new concessions; providing for all respective formalities including those associated with legislation on manufacturing and consumption tax and on revenue and monopoly duties;

15. receiving letters, packages and parcels (whether ordinary, registered or insured) from post offices, shipping companies and airlines, and any other transport companies, collecting postal and telegraphic money orders, bills, cheques of any kind and of any amount; requesting and receiving sums, securities, valuables, commodities and documents, and signing the relevant receipts, releases and exonerations from liability, with any government, department, institution, office and public or private savings institution;
16. requesting and endorsing cheques, drafts and bills of exchange exclusively for the collection, discount and payment into the accounts of the Company and protesting them;
17. receiving, setting up and releasing deposits also as security, granting and removing constraints of any kind up to Euro 5,000,000.00 each;
18. opening bank and/or postal accounts, giving instructions for payments, either by bank transfer or by cheque, performing debit and credit transactions on the Company's current accounts at banks and post offices, including overdrawn accounts, always in the interest of the Company, and issuing and requesting the issue of bank cheques and drafts;
19. performing all financial transactions and banking credit and debit transactions necessary for the ordinary management of the Company and its subsidiaries within the limits of the powers delegated, requesting mixed credit lines for endorsement and for cash up to Euro 20,000,000 for each line, in any case to the extent permitted by the Company and Group loans existing on that date, entering into new guarantees against such credit lines, or supplementing existing guarantees, up to a maximum of Euro 10,000,000 per single guarantee;
20. entering into agreements for disbursement to the Company, from banks and credit institutions, of mortgages, loans and opening of credit lines with the exception of self-liquidating lines, for a total amount no higher than Euro 5,000,000 and the issue, by banks and insurance companies, of sureties and guarantees covering social obligations, as required, with the power to negotiate and agree on the duration, terms and conditions of the individual transactions, signing the relevant documents and agreements and making any relevant statement deemed necessary, useful or appropriate, in any case for amounts no higher than Euro 10,000,000;
21. providing surety on behalf of the Company, as collateral for loans and/or credit facilities granted by banks to subsidiaries, in any case for amounts no higher than Euro 7,500,000;
22. accepting collateral and/or sureties, including the acceptance, establishment, registration and renewal of mortgages and liens by debtors and third parties and to the benefit of the Company, agreeing to the cancellation and registration of mortgages by debtors or third parties and to the benefit of the Company in order to discharge or reduce the obligation;
23. representing the Company before the patent and trademark offices, filing and submitting patent applications for trademarks, industrial inventions, models and designs with the Italian patent office, with the corresponding offices of each foreign country and with all the EU and international bodies, institutions and organisations operating in the industrial property sector;
24. establishing and withdrawing actions before any ordinary and administrative judicial authority, including any judiciary, and therefore also the Supreme Court of Cassation, the Court of Auditors, the Council of State and the Constitutional Court, appointing lawyers and attorneys; settling any defendant disputes in or out of court whose overall value, referring to each original claim or to the value of each transaction, is no higher than Euro 5,000,000; settling any plaintiff disputes in or out of court; submitting disputes to arbitration, including amicable settlements and without procedural formalities, and appointing arbitrators, lawyers and attorneys, including granting general powers for legal proceedings;
25. appearing before any civil, administrative, criminal or tax judicial authority for lawsuits and/or disputes and for controversies, both of an individual and collective labour nature or relating to social security and mandatory assistance for all the requirements laid down in Italian Laws no. 300 of 20 May 1970 and no. 533 of 11 August 1973, as subsequently amended and supplemented;
26. exercising the right to bring and join civil actions, and filing petitions and complaints;
27. making garnishee's statements;
28. subscribing, signing and submitting all documents, certificates and declarations of an administrative or tax nature addressed to public bodies and administrations, such as, only by way of example, income statements and tax statements, even on a consolidated basis;

29. appointing and dismissing representatives, agents or commission agents, establishing and modifying their rights and obligations;
30. managing the Company's equity investments in entities and legal persons, even foreign, by exercising all related rights and taking all related decisions and by representing the Company in the related shareholders meetings and exercising all rights, including voting rights also with regard to the appointment of the corporate offices, with the exclusion of appointment of corporate offices in Companies subject to the Company's management and coordination and whose turnover represents more than 30% of the consolidated turnover of the Tesmec Group;
31. subscribing and paying capital increases in the companies and the entities, even foreign, controlled by the Company for a maximum unit amount of Euro 2,500,000.00 and for overall Euro 5,000,000.00 per financial period;
32. obtaining and underwriting loans by companies and entities, even foreign, controlled by the Company, reporting such matter to the Board of Directors if the unit amount is higher than Euro 20,000,000, always within the limits allowed by the Company and the Tesmec Group loans existing as at that date;
33. defining and appointing the most appropriate organisational structure for achieving the business objectives, and the responsibilities and powers of the staff departments in charge of the unified management of the Company and its subsidiaries, as well as the responsibilities of the operational departments of the different business sectors of the Company and the subsidiaries that report to it, by defining also their organisational structure in line with any limits set by the Board of Directors and in any case with the obligation to report to the Board of Directors in relation to the implementation of the above at the first subsequent meeting;
34. concluding, amending and terminating individual contracts of employment in accordance with the Company's annual budget and multi-year plan approved by the Board of Directors, with a limit of individual fixed remuneration of Euro 300,000 gross with regard to the hiring of executives and an individual cost of Euro 600,000 per year for the termination of the individual employment contracts of executives;
35. adopting any additional measures, including disciplinary action, in respect of Company staff;
36. representing the Company in all dealings with the trade union organisations of both employees and providers of labour and sign agreements with them in the name and on behalf of the Company up to a maximum value of Euro 5,000,000 for each agreement; attempt conciliation, make settlements and sign the minutes relating to settlements up to a maximum value of Euro 500,000 per single settlement;
37. representing the Company in respect of insurance and social security entities;
38. signing on behalf of the Company the periodical statements submitted to social security and welfare bodies/institutions relating to the payment of the contributions due for employees and non-employees;
39. issuing on behalf of the Company extracts from payrolls and certificates regarding staff both to public administrative and other bodies and to private organisations, ensuring compliance with the Company's obligations as a withholding agent, with the option, among other things, of signing, for the purposes of such obligations, declarations, attestations and any other document or certificate, including those mentioned in arts. 1 and 7 of Italian Presidential Decree no. 600 of 29 September 1973 and subsequent amendments and addenda; issuing to banks that grant loans to the Company's staff declarations attesting to the commitment to deduct from the sums paid to those staff and pay to the banks the amounts of the repayment instalments and/or residual debt;
40. granting, on behalf of the Company, severance indemnity advances and loans to employees for amounts no higher than the amount set aside by way of severance indemnity in relation to the beneficiary employee;
41. within the scope of the general guidelines established by the Board of Directors and in line with the provisions of the Company's annual budget and strategic plans, managing effectively the activities pertaining to the external relations and to the communication and image activities of the Company and its subsidiaries, as well as the institutional relations with public administrations, bodies and institutions, consortia even of a temporary nature, and public and private associations, as well as their members, partners and associates, including, in particular, relations with the Ministry of Economy and Finance, with the Independent Authority for the Administration of State Monopolies, with Borsa Italiana S.p.A. and with CONSOB;

42. within the limits of the powers delegated by the Board of Directors, being replaced by attorneys for specific acts or groups of acts and for whatever else needed for the good performance of the Company, and granting and revoking powers and proxies even to employees of the Company or of its subsidiaries.

The Chairman and the Chief Executive Officer, Ambrogio Caccia Dominioni, is the person who is chiefly responsible for managing the Issuer (Chief Executive Officer). The reason for assigning operational proxies to the Chairman of the Board of Directors lies in the fact that Ambrogio Caccia Dominioni is one of the key figures who has contributed significantly to the development of the Group and, since having years of experience in the field of operations of the Group, the fact that Ambrogio Caccia Dominioni is operational and has an important role in the management of the Company and the Group represents an important resource for the Group.

## **Executive Committee (pursuant to Article 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance, (T.U.F.))**

The Company did not deem it necessary to set up an Executive Committee.

### **Reporting to the Board by directors/delegated bodies**

Pursuant to Article 19 of the Articles of Association, the delegated bodies reported promptly to the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, during the board meetings, on the activity carried out in the exercise of the powers delegated to them, on the overall operating performance and outlook, and on transactions of most significance, either due to their size or nature, carried out by the Company and its subsidiaries.

### **Other executive directors**

Without prejudice to what is indicated below, in addition to the Chairman and Chief Executive Officer Ambrogio Caccia Dominioni on the Board, there are no other directors to be considered as executive because: (i) they hold management positions in the Issuer; (ii) they hold the position of Chairman of a subsidiary of the Issuer having strategic importance, when they are delegated powers in the management or in the preparation of company strategies; (iii) they hold the office of Chief Executive Officer, or management positions, in a subsidiary of the Issuer having strategic importance, or in the Issuer's parent company when the office also concerns the Issuer.

On 21 April 2022, the Board of Directors granted Gianluca Bolelli, in the capacity of Vice Chairman of the Board of Directors, the powers set forth in Article 21 of the Articles of Association and specifically, in case of absence or impediment, even of a temporary nature, of the Chief Executive Officer, the legal representation of the Company towards third parties and before the court as well as corporate signature pursuant to Article 21 of the Articles of Association.

On the same date, the Board of Directors also resolved to confer the Vice Chairman Gianluca Bolelli, solely in case of absence or impediment of the Chairman, with the following powers:

1. negotiating and entering into contracts for the Company's ordinary administration for a total amount no higher than Euro 5,000,000 per contract which – simply by way of example – may relate to the sale of products, services, goods and equipment in general related to the core business of the Company and its subsidiaries, including contracts and agreements with public administrations and bodies as well as participation in national and international tenders or offerings;
2. representing the Company in the participation in tenders and offerings, whether public or private, national or international, with the power to sign offers up to the total amount of Euro 10,000,000 and, if awarded, the related supply contracts;
3. negotiating and entering into contracts for the Company's ordinary administration for a total amount no higher than Euro 2,500,000 per contract which – simple by way of example – may relate to the purchase of products, services, goods and equipment associated with the core business of the Company and its subsidiaries;
4. negotiating and entering into contracts for the purchase of fixed assets – simply by way of example – machinery and equipment for business production processes, furniture, security systems and generic systems relating to the premises where the Company carries out its activities, computer equipment and in general assets with multi-year useful life for the Company, for a total amount no higher than Euro 2,500,000 per contract;
5. assigning professional and consulting tasks in relation to specific needs related to corporate activities for an amount no higher than Euro 300,000 on an annual basis per consultant;
6. collecting any amount due to the Company by any entity, business or person and issue receipts;
7. performing all the acts and transactions relating to the Company's ordinary administration before public administrations, the independent authority for the administration of state monopolies and public authorities and offices, except for the acts and transactions relating to the obtainment of new concessions; providing for

all respective formalities including those associated with legislation on manufacturing and consumption tax and on revenue and monopoly duties;

8. receiving letters, packages and parcels (whether ordinary, registered or insured) from post offices, shipping companies and airlines, and any other transport companies, collecting postal and telegraphic money orders, bills, cheques of any kind and of any amount; requesting and receiving sums, securities, valuables, commodities and documents, and signing the relevant receipts, releases and exonerations from liability, with any government, department, institution, office and public or private savings institution;
9. requesting and endorsing cheques, drafts and bills of exchange exclusively for the collection, discount and payment into the accounts of the Company and protesting them;
10. receiving, setting up and releasing deposits also as security, granting and removing constraints of any kind up to Euro 2,500,000 each;
11. opening bank and/or postal accounts, giving instructions for payments, either by bank transfer or by cheque, performing debit and credit transactions on the Company's current accounts at banks and post offices, including overdrawn accounts, always in the interest of the Company, and issuing and requesting the issue of bank cheques and drafts;
12. performing all financial transactions and banking credit and debit transactions necessary for the ordinary management of the Company and its subsidiaries within the limits of the powers delegated, requesting mixed credit lines for endorsement and for cash up to Euro 10,000,000 for each line, in any case to the extent permitted by the Company and Group loans existing on that date, entering into new guarantees against such credit lines, or supplementing existing guarantees, up to a maximum of Euro 5,000,000 per single guarantee;
13. entering into agreements for disbursement to the Company, from banks and credit institutions, of mortgages, loans and opening of credit lines with the exception of self-liquidating lines, for a total amount no higher than Euro 2,500,000 and the issue, by banks and insurance companies, of sureties and guarantees covering social obligations, as required, with the power to negotiate and agree on the duration, terms and conditions of the individual transactions, signing the relevant documents and agreements and making any relevant statement deemed necessary, useful or appropriate, in any case for amounts no higher than Euro 5,000,000;
14. providing surety on behalf of the Company, as collateral for loans and/or credit facilities granted by banks to subsidiaries, in any case for amounts no higher than Euro 3,750,000;
15. accepting collateral and/or sureties, including the acceptance, establishment, registration and renewal of mortgages and liens by debtors and third parties and to the benefit of the Company, agreeing to the cancellation and registration of mortgages by debtors or third parties and to the benefit of the Company in order to discharge or reduce the obligation;
16. representing the Company before the patent and trademark offices, filing and submitting patent applications for trademarks, industrial inventions, models and designs with the Italian patent office, with the corresponding offices of each foreign country and with all the EU and international bodies, institutions and organisations operating in the industrial property sector;
17. establishing and withdrawing actions before any ordinary and administrative judicial authority, including any judiciary, and therefore also the Supreme Court of Cassation, the Court of Auditors, the Council of State and the Constitutional Court, appointing lawyers and attorneys; settling any defendant disputes in or out of court whose overall value, referring to each original claim or to the value of each transaction, is no higher than Euro 2,500,000; settling any plaintiff disputes in or out of court; submitting disputes to arbitration, including amicable settlements and without procedural formalities, and appointing arbitrators, lawyers and attorneys, including granting general powers for legal proceedings;
18. appearing before any civil, administrative, criminal or tax judicial authority for lawsuits and/or disputes and for controversies, both of an individual and collective labour nature or relating to social security and mandatory assistance for all the requirements laid down in Italian Laws no. 300 of 20 May 1970 and no. 533 of 11 August 1973, as subsequently amended and supplemented;
19. exercising the right to bring and join civil actions, and filing petitions and complaints;
20. making garnishee's statements;



21. subscribing, signing and submitting all documents, certificates and declarations of an administrative or tax nature addressed to public bodies and administrations, such as, only by way of example, income statements and tax statements, even on a consolidated basis;
22. appointing and dismissing representatives, agents or commission agents, establishing and modifying their rights and obligations;
23. managing the Company's equity investments in entities and legal persons, even foreign, by exercising all related rights and taking all related decisions and by representing the Company in the related shareholders meetings and exercising all rights, including voting rights also with regard to the appointment of the corporate offices, with the exclusion of appointment of corporate offices in Companies subject to the Company's management and coordination and whose turnover represents more than 30% of the consolidated turnover of the Tesmec Group;
24. subscribing and paying capital increases in the companies and the entities, even foreign, controlled by the Company for a maximum unit amount of Euro 1,250,000 and for overall Euro 2,500,000 per financial period;
25. obtaining and underwriting loans by companies and entities, even foreign, controlled by the Company, reporting such matter to the Board of Directors if the unit amount is higher than Euro 10,000,000, always within the limits allowed by the Company and the Tesmec Group loans existing as at that date;
26. concluding, amending and terminating individual contracts of employment in accordance with the Company's annual budget and multi-year plan approved by the Board of Directors, with a limit of individual fixed remuneration of Euro 150,000 gross with regard to the hiring of executives and an individual cost of Euro 300,000 per year for the termination of the individual employment contracts of executives;
27. adopting any additional measures, including disciplinary action, in respect of Company staff;
28. represent the Company in all dealings with the trade union organisations of both employees and providers of labour and sign agreements with them in the name and on behalf of the Company up to a maximum value of Euro 2,500,000 for each agreement; attempt conciliation, make settlements and sign the minutes relating to settlements up to a maximum value of Euro 250,000 per single settlement;
29. representing the Company in respect of insurance and social security entities;
30. signing on behalf of the Company the periodical statements submitted to social security and welfare bodies/institutions relating to the payment of the contributions due for employees and non-employees;
31. issuing on behalf of the Company extracts from payrolls and certificates regarding staff both to public administrative and other bodies and to private organisations, ensuring compliance with the Company's obligations as a withholding agent, with the option, among other things, of signing, for the purposes of such obligations, declarations, attestations and any other document or certificate, including those mentioned in Arts. 1 and 7 of Italian Presidential Decree no. 600 of 29 September 1973 and subsequent amendments and addenda; issuing to banks that grant loans to the Company's staff declarations attesting to the commitment to deduct from the sums paid to those staff and pay to the banks the amounts of the repayment instalments and/or residual debt;
32. granting, on behalf of the Company, severance indemnity advances and loans to employees for amounts no higher than the amount set aside by way of severance indemnity in relation to the beneficiary employee;
33. within the scope of the general guidelines established by the Board of Directors and in line with the provisions of the Company's annual budget and strategic plans, managing effectively the activities pertaining to the external relations and to the communication and image activities of the Company and its subsidiaries, as well as the institutional relations with public administrations, bodies and institutions, consortia even of a temporary nature, and public and private associations, as well as their members, partners and associates, including, in particular, relations with the Ministry of Economy and Finance, with the Independent Authority for the Administration of State Monopolies, with Borsa Italiana S.p.A. and with CONSOB;
34. within the limits of the powers delegated by the Board of Directors, being replaced by attorneys for specific acts or groups of acts and for whatever else needed for the good performance of the Company, and granting and revoking powers and proxies even to employees of the Company or of its subsidiaries.

#### 4.7. INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTORS

As at the Date of the Report, four out of eight members of the Board of Directors qualified as independent pursuant to the Consolidated Law on Finance (T.U.F.) and the Code: Paola Durante, Simone Andrea Crolla, Emanuela Teresa Basso Petrino and Guido Luigi Traversa.

Their number and skills shall be appropriate to the requirements of the business and the operation of the Board, as well as to the establishment of the relevant Committees.

In particular, the Chairman of the Board of Directors was not qualified as independent.

The Board of Directors:

- assessed, immediately after its appointment, the existence of the independence requirements for each of the non-executive directors qualified as independent;
- assessed - when circumstances relevant to independence occurred and in any case at least once during the Financial Period - the existence of the independence requirements for each of the non-executive directors qualified as independent;
- in making the above assessments, considered all the information available (in particular that provided by the directors being assessed), evaluating all the circumstances that appear to compromise independence identified by the Consolidated Law on Finance (T.U.F.) and the Code, and applied (among others) all the criteria set out in the Code with reference to the independence of directors.

The Board, will consider predefining, the quantitative and qualitative criteria for assessing the significance of the circumstances relevant under the Code for the purposes of assessing the independence of directors and statutory auditors.

On 10 March 2023, the Board of Directors verified the independence requirements envisaged by the Consolidated law on Finance (T.U.F.) and the CG Code for the Directors who qualified as such. Each non-executive director provided all the elements required or useful for the Board's assessments. The Board of Statutory Auditors checked the correct application of the criteria and procedures used by the Board to ascertain the independence of its members.

With the approval of the Board of Statutory Auditors, the Board decided to assess positively the presence of such requirements of Directors Simone Andrea Crolla, Emanuela Teresa Basso Petrino, Paola Durante and Guido Luigi Traversa. On the same date, the Board of Statutory Auditors assessed positively the correct application of the criteria and procedures used by the Board to ascertain the independence of its members.

Article 2, Recommendation 5 of the Code, in recommending that the independent directors meet, in the absence of the other directors, on a regular basis and in any case at least once a year to assess issues considered of interest with respect to the operation of the board of directors and the management of the company, addresses "large companies", a category that does not include the Issuer.

In any case, during the Financial Period, the Independent Directors met one time without the other Directors, upon invitation by the Lead Independent Director. During this meeting, coordinated by Director Paola Durante in her capacity as lead independent director, the Independent Directors checked that the Company's activity complied with the Code, confirmed that the documentation drawn up for the Board of Directors was submitted within the deadlines requested by the Code, confirmed that during the Board meetings ample information was given on the performance of the Company, took note that the information flow addressed to them in relation to the Board meetings was complete and timely, and acknowledged that the Control, Risk and Sustainability Committee and the Remuneration and Appointments Committee had been involved in matters falling within their competence during the year.

The directors who, in the lists for the appointment of the Board, indicated that they qualify as independent, undertook to maintain their independence during their term of office and, if necessary, to resign.

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

On 21 April 2022, since the conditions were met, i.e. the Chairman being the Issuer's chief executive officer (CEO), the Board appointed an independent Director as lead independent director. Director Paola Durante was called to this task.



The Lead Independent Director is a point of reference and coordination for the requests and suggestions of the non-executive and especially independent Directors. The Lead Independent Director also cooperates with the Chairman of the Board of Directors in order to ensure that the Directors receive complete and timely information flows. She also has the power to convene, autonomously or at the request of other Directors, special meetings involving only the independent Directors to discuss issues considered of interest with respect to the operation of the Board of Directors or to corporate management; the lead independent director is also responsible for coordinating the meetings of the independent directors only. To this end, during the Financial Period, the Lead Independent Director, in addition to carrying out ordinary information activities, decided on her own initiative to convene a meeting for independent Directors only.

## 5. MANAGING CORPORATE INFORMATION

The Board, at the suggestion of the Chairman, also in his capacity as chief executive officer, adopted procedures for the internal management and external communication of documents and information concerning the Issuer, with a special reference to inside information.

Specifically, on 23 February 2010, the Board of Directors resolved to establish a special office for managing communications to the market on Internal Dealing and to approve its code of conduct, with effect from 1 July 2010 (the “*Internal Dealing Code*”).

Following the entry into force of (EU) Regulation no. 596/2014 regarding market abuse (“**MAR**”), the Company's Board of Directors approved on 26 July 2016 a series of amendments to the Internal Dealing Code, in order to adjust the procedure in line with legislative and regulatory provisions in force with regard to Internal Dealing set out in Article 19 of the MAR and the corresponding implementation regulations.

Moreover, the Board resolved to adopt the Procedure concerning corporate reporting presented during the meeting of 23 February 2010, with effect from 1 July 2010.

Following the entry into force of the MAR, the Company's Board of Directors approved on 26 July 2016 a series of amendments to the procedure, in order to adjust it in line with legislative and regulatory provisions in force with regard to corporate reporting set out in Article 17 of the MAR and the corresponding implementation regulations.

This procedure, called the *Corporate Reporting Policy*, considering the sensitive nature of the subject matter, was delivered to each employee and made available on the Company's Intranet.

On 5 July 2010, the Procedure for keeping and updating the register of persons with access to inside information (known as Insider Register) was approved.

## **6. INTERNAL BOARD COMMITTEES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), CONSOLIDATED LAW ON FINANCE (T.U.F.))**

On 16 April 2019, the Board of Directors resolved to set up the following committees with investigative, proposing and advisory functions: Remuneration and Appointments Committee and Control, Risk and Sustainability Committee.

Each Committee reports periodically to the Board on the activities carried out.

Currently, the Control, Risk and Sustainability Committee consists of 3 non-executive and independent members and specifically:

- Emanuela Teresa Basso Petrino (Chairman)
- Simone Andrea Crolla (Member)
- Guido Luigi Traversa (Member)

It should also be noted that according to the provisions of the resolution of 11 November 2010 regarding the Procedure for Related Party Transactions, on 30 April 2013 the Board of Directors resolved to entrust the Control and Risk Committee with the tasks of the Committee for Related Party Transactions indicated in the Procedure for Related Party Transactions (see Section 10 of this Report), confirming this plan in the resolution of 16 April 2019.

On 1 March 2018, the Board of Directors entrusted the Control and Risk Committee also with the responsibilities and functions regarding sustainability, establishing the Control, Risks and Sustainability Committee with the task of supporting the Board in analysing issues relevant to the generation of long-term value.

Currently, the Remuneration and Appointments Committee consists of 3 non-executive members, including two independent members and specifically:

- Emanuela Teresa Basso Petrino (Chairman)
- Antongiulio Marti (Member)
- Simone Andrea Crolla (Member)

In this regard, on 21 April 2022, the Board of Directors resolved to appoint as members of the Remuneration and Appointments Committee, the directors Emanuela Teresa Basso Petrino (Chairman), Antongiulio Marti and Caterina Caccia Dominioni; subsequently, on 16 June 2022, the Board of Directors resolved to change the composition of the Remuneration and Appointments Committee in order to ensure maximum compliance with the recommendations of the Corporate Governance Code. The Remuneration and Appointments Committee is now composed as indicated above.

The functions assigned by the Code to the appointments committee and the remuneration committee recommended by it have been merged into a single committee, the Remuneration and Appointments Committee. In this regard, the conditions set out in the Code for the composition of the relevant committees have been met, as the Remuneration and Appointments Committee is composed of non-executive directors (including at least one member with adequate knowledge and experience in financial matters or remuneration policies) the majority of whom are independent, and an independent chairman.

In relation to each committee, the Board of Directors adopted a set of rules that defines its operating rules, including the procedures for taking minutes of meetings (taken by the secretary of the meeting) and the procedures for managing the information to be provided to the directors who are members of the committee, specifying the deadlines for sending the information in advance (well in advance, usually after the meeting has been convened) and the procedures for protecting the confidentiality of the data and information provided so as not to prejudice the timeliness and completeness of the information flows.

On the occasion of all the Committee meetings, which were held in accordance with internal regulations, the members of the Board were provided by email in reasonable advance (usually an average of three-days prior notice) with the documents and information necessary to enable them to express an informed opinion on matters under their consideration.

For further information on the main contents of the Committees' regulations, reference is made to the full text of the Regulations of the Control, Risk and Sustainability Committee and the Regulations of the Remuneration and Appointments Committee published on the Company's website [www.tesmec.com](http://www.tesmec.com) in the Governance/Corporate Bodies/Committees section.

The functions of one or more committees recommended by the Code have not been reserved for the entire Board, under the coordination of the Chairman.

The Board determined the composition of the Committees by giving priority to the competence and experience of their members.

**Additional committees (other than those required by law or recommended by the Code)**

No additional committees - other than the Committee for Related Party Transactions and those recommended by the Code - have been set up.

On 1 March 2018, the Board of Directors entrusted the Control and Risk Committee also with the responsibilities and functions regarding sustainability, establishing the Control, Risks and Sustainability Committee with the task of supporting the Board in analysing issues relevant to the generation of long-term value.

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

### 7.1. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

The Board of Directors assesses on a regular basis the effectiveness of its activity and the contribution made by its individual components through formalised procedures whose implementation it supervises.

In particular, at least every three years in view of its renewal, the Board carries out a self-assessment of its own and its Committees' size, composition and actual operation (also considering the role played by the Board in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system).

This self-assessment consists of the anonymous completion by each Director of a specific questionnaire through which the adequacy of the size, composition and actual operation of the Board itself and its Committees are assessed in a uniform manner over the three years of the Board's term of office. The results of the questionnaires are then examined by the Remuneration and Appointments Committee acting as Appointments Committee, and by the Board of Directors.

On 9 March 2023, the Board of Directors, on the basis of the results of the questionnaires specifically filled in by the Directors and subject to the favourable opinion of the Remuneration and Appointments Committee, acting as the Appointments Committee, made an adequate assessment of the size, composition and actual operation of the Board itself and its Committees, taking also into account aspects such as professional characteristics, experience also in management, gender of members and seniority, also in relation to the criteria of diversity applied by the Company.

The Board shall ensure, to the extent of its remit, that the process of appointment and succession of directors is transparent and functional to achieve the optimal composition of the board.

Article 4, Recommendation 23 of the CG Code, in recommending the adoption by the outgoing board, in view of each renewal, of a guideline on its optimal quantitative and qualitative composition, addresses "companies other than those with concentrated ownership", a category in which the Issuer is not included.

In any case, it is recalled that the Board of Directors, on 11 March 2022, with a view to its renewal, expressed an opinion on its optimal quantitative and qualitative composition, taking into account the results of its self-assessment, requiring those submitting a list containing more than half the number of candidates to be elected to provide adequate information, in the documentation submitted for the filing of the list, on the compliance of the list itself with the guideline expressed by the Board (also with reference to the diversity criteria applied by the Company), as well as to indicate their own candidate for the office of Chairman of the Board.

Article 4, Recommendation 24 of the CG Code, in recommending the definition of a plan for the succession of the chief executive officer and executive directors and the establishment of adequate procedures for the succession of top management, is addressed to "large companies", a category in which the Issuer is not included.

In any case, as at the Date of the Report, the Board of Directors considered not to adopt a succession plan for the chief executive officer and the executive directors, in consideration of the particular shareholding structure and current system for the delegation of powers, implemented within the Board of Directors. In this regard, depending on the shareholding structure, the Company is able to promptly set up the Board of Directors in order to take the appropriate decisions.

### 7.2 REMUNERATION AND APPOINTMENTS COMMITTEE

The Board of Directors has established an internal Remuneration and Appointments Committee.

**Composition and operations of the Remuneration and Appointments Committee (pursuant to Article 123-bis, paragraph 2, letter d), Consolidated Law on Finance (T.U.F.))**

On 21 April 2022, the Board of Directors appointed Directors Emanuela Teresa Basso Petrino as its Chairman, Antongiulio Marti and Caterina Caccia Dominioni (the majority independent directors) as members of the Remuneration and Appointments Committee. Subsequently, on 9 May 2022, Caterina Caccia Dominioni was replaced by Simone Andrea Crolla.

Over the course of the Financial Period, the Remuneration and Appointments Committee with functions in the area of appointments met twice, with all members present. The Committee meetings lasted on average 1 hour.

One meeting is planned for the 2023 financial period, which already held as at the date of the Report.

Over the course of the Financial Period, the Remuneration and Appointments Committee with functions in the area of remuneration met once, with all members present. The Committee meetings lasted on average 1 hour.

Three meetings are planned for the 2023 financial period, one of which has already been held as at the date of the Report.

For more information in this regard, see Table 3 in the appendix to this Report.

The work of the Remuneration and Appointments Committee is coordinated by its Chairman. Minutes of the meetings are duly taken and the Chairman of the Committee informs the first available meeting of the Board of Directors.

During the Financial Period, the Remuneration and Appointments Committee was composed of non-executive directors, the majority of whom were independent (other than the Chairman of the Board) with the chairman chosen from among the independent directors (other than the Chairman of the Board). With reference to the remuneration functions, Simone Andrea Crolla and Emanuela Teresa Basso Petrino, on the basis of their *curricula vitae*, have the appropriate knowledge and experience in accounting and financial matters, as well as in remuneration policies, which were considered as such by the Board at the time of their appointment.

In cases where the meetings of the Remuneration and Appointments Committee were attended by directors or representatives of business functions who are not members of the Committee, such attendance took place at the invitation of the Chairman of the Committee itself and - in case of attendance of representatives of business functions competent in the matter - by informing the chief executive officer.

The Chairman of the Board of Statutory Auditors, Simone Cavalli, and the Statutory Auditors, Attilio Massimo Franco Marcozzi and Laura Braga also attended the meetings of the Remuneration and Appointments Committee held during the Financial Period.

### **Appointments functions**

With reference to its appointments functions, the Remuneration and Appointments Committee, in accordance with the provisions of the Code, assists the Board in:

- the self-assessment activities of the Board itself and its Committees, supporting the Chairman of the Board in ensuring the adequacy and transparency of the self-assessment process;
- defining the optimal composition of the Board itself and its Committees;
- identifying candidates for the office of director in the event of co-option;
- presenting a list, if any, by the Board itself, in such a way as to ensure that it is formed and presented in a transparent manner;
- preparing, updating and implementing any succession plan for the chief executive officer and the other executive directors.

The main activities carried out by the Remuneration and Appointments Committee, acting as an appointments committee, during the Financial Period and up to the Date of the Report, consisted of assisting the Board in carrying out its self-assessment activities and defining the optimal composition of the Board itself and its Committees in view of the renewal of the Board of Directors at the Shareholders' Meeting scheduled for 21 April 2022.

## **Remuneration functions**

With reference to its remuneration functions, the Remuneration and Appointments Committee, in accordance with the provisions of the Code:

- assists the Board in drawing up the remuneration policy;
- submits proposals or expresses opinions on the remuneration of executive directors and other directors holding special offices as well as on the setting of performance targets related to the variable component of this remuneration;
- monitors the concrete application of the remuneration policy and checks, in particular, the actual achievement of performance targets;
- periodically assesses the adequacy and overall consistency of the policy for the remuneration of directors and top management.

Directors must not attend the meetings of the Remuneration and Appointments Committee where proposals are submitted to the Board regarding his/her remuneration.

The main activities carried out by the Remuneration and Appointments Committee, acting as remuneration committee, during the year and up to the Date of the Report, consisted of assessing and providing its opinion on the approval of the remuneration policy.

In performing its appointments and remuneration functions, the Remuneration and Appointments Committee had the opportunity to access the information and business functions required to carry out its tasks, and to make use of external consultants, under the terms established by the Board. Financial resources were not allocated to the Remuneration and Appointments Committee since it uses the Company's means and structures to perform its duties.

## **8. REMUNERATION OF DIRECTORS – REMUNERATION COMMITTEE**

### **8.1. REMUNERATION OF DIRECTORS**

Information relating to this Section of the Report is contained in the report on the policy of remuneration and compensation paid, to which reference is made, drawn up pursuant to Articles 123-ter of the Consolidated Law on Finance (T.U.F.) and 84-quater of the Issuers' Regulations as well as in compliance with the recommendations of Article 5 of the Code, made available to the public on the Company's website ([www.tesmec.com](http://www.tesmec.com)) and with the other methods provided for by the regulations in force.

### **8.2. REMUNERATION COMMITTEE**

Information concerning the Remuneration and Appointments Committee, acting as remuneration committee, is contained in Section 7.2 of this Report.



## 9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL, RISK AND SUSTAINABILITY COMMITTEE

The Board of Directors defined the guidelines of the internal control and risk management system - consisting of the set of rules, procedures and organisational structures aimed at the effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the Issuer's sustainable success - in accordance with the Issuer's strategies.

An efficient internal control and risk management system ensures the protection of company assets, the efficiency and effectiveness of company operations, the reliability, soundness, accuracy and timeliness of financial information, and the observance of laws and regulations.

The Board of Directors is responsible for the internal control and risk management system. It defines the guidelines for internal control and business risk management and verifies its operation on a regular basis with the help of the Control, Risk and Sustainability Committee and the Head of the Internal Audit function.

The Board of Directors also ensures that its own assessments and decisions relating to the internal control system, the approval of financial statements and half-year reports and the relations between the Issuer and the external auditor are supported by an adequate preliminary investigation and defines the nature and level of risk compatible with the strategic objectives, including in its assessments all risks that may be relevant to the sustainable success of the Company.

### **Key characteristics of existing internal control and risk management systems in relation to the process of financial reporting pursuant to Article 123-bis, paragraph 2, letter b), Consolidated Law on Finance (T.U.F.)**

The need for continuous monitoring in compliance with the requirements of Italian Law no. 262/2005 focused on:

- ensuring that the Internal Control System currently in place is appropriate to provide reasonable certainty on the fair and correct representation of the economic and financial information produced;
- drawing up adequate administrative and accounting procedures for preparing the financial statements and the consolidated financial statements and every other financial communication.

In defining the size and variables to be considered for the analysis and assessment requirements of the project, in the absence of explicit methodological instructions contained in Italian Law no. 262/2005, guidelines accepted at international level and used for compliance activities required by the Sarbanes Oxley Act of 2002 (Section 404) were used.

This approach, defined by the Public Company Accounting Oversight Board (PCAOB) in the "Auditing Standard no. 2" document, provides directions to analyse as completely as possible the internal control system in order to obtain comprehensive evidence of its operation.

These directions concern:

- the extent of the area on which to analyse and evaluate the controls, defined on the basis of the relevant weight that the variables to be considered must have on the main items of the financial statements;
- the quantitative dimension that the financial statement items must have in order to be considered relevant;
- the determination of the processes for which it is considered appropriate to assess the controls.

After defining the relevant business processes, they were analysed in detail to define the mapping of activities and associated risks.

On the basis of the identified (related) risks, the existing controls were reported whereas any control still missing or to be optimised was defined.

This project led to implementing an adequate control structure aimed at mitigating the risks that arose during mapping, thus bringing the company's exposure within limits in line with the "Risk Tolerance" considered acceptable by the Company Board.

## 9.1. CHIEF EXECUTIVE OFFICER

On 16 April 2019, the Company's Board of Directors, pursuant to Article 7.P.3 of the Self-Regulatory Code of Conduct in force at that time, decided to appoint Caterina Caccia Dominioni as Director responsible for the internal control and risk management system, conferring to her, in accordance with Article 7.C.4 of the Self-Regulatory Code of Conduct in force at that time, responsibility for:

- identifying the main business risks, by taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submitting them on a regular basis to the Board of Directors;
- implementing the guidelines defined by the Board of Directors, by designing, implementing and managing the internal control system and constantly verifying its overall adequacy, effectiveness and efficiency; seeing also to the adaptation of this system to the trend of operating conditions and of the legislative and regulatory framework;
- requesting the Internal Audit function to conduct audits on specific operational areas and on the compliance with internal rules and procedures in executing business operations, while simultaneously informing the Chairman of the Board of Directors, the Chairman of the Control, Risk and Sustainability Committee and the Chairman of the Board of Statutory Auditors;
- reporting promptly to the Control, Risk and Sustainability Committee (or the Board of Directors) with regard to problems and critical issues arising from performance of its activity or which it has become aware of, in order for the Committee (or Board) to take the necessary actions.

During the Financial Period, the Director in charge of the internal control and risk management system, alongside carrying out the ordinary tasks listed above, also implemented and transmitted to Internal Audit the guidelines defined by the Board on the management of the internal control system, verifying its actual implementation and consideration.

Following the renewal of the Board of Directors at the Ordinary Shareholders' Meeting scheduled for 21 April 2022 and as part of the process of adapting to the provisions of the new Code, on 21 April 2022, the Board of Directors, pursuant to art. 6 of the Corporate Governance Code, resolved to appoint the Chief Executive Officer Ambrogio Caccia Dominioni and, subordinately, the Vice-President Gianluca Bolelli in charge of maintaining the internal control and risk management system in compliance with the provided by the CG Code.

## 9.2. CONTROL, RISK AND SUSTAINABILITY COMMITTEE

The Board of Directors has set up an internal Control, Risk and Sustainability Committee.

**Composition and operations of the Control, Risk and Sustainability Committee (pursuant to Article 123-bis, paragraph 2, letter d), Consolidated Law on Finance (T.U.F.))**

On 21 April 2022, the Board of Directors appointed the directors Emanuela Basso Petrino, as its Chairman, Simone Andrea Crolla and Guido Luigi Traversa (all independent directors) as members of the Control, Risk and Sustainability Committee.

During the Financial Period, the Control, Risk and Sustainability Committee with control, risk and sustainability functions met seven times, with all members attending. The Committee meetings lasted on average 1 hour and a half.

Five meetings are planned for the 2023 financial period, one of which has already been held on the date of the Report.

During the Financial Period, the Control, Risk and Sustainability Committee with functions regarding related party transactions met two times, with all members attending. The Committee meetings lasted on average 1 hour.

Four meetings are planned for the 2023 financial period, one of which has already been held as at the date of the Report.

For more information in this regard, see Table 3 in the appendix to this Report.

The work of the Control, Risk and Sustainability Committee is coordinated by its Chairman. Minutes of the meetings are duly taken and the Chairman of the Committee informs the first available meeting of the Board of Directors. Special reports produced by Internal Audit were brought to the attention of the Control, Risk and Sustainability Committee and of the Board of Directors.

During the Financial Period, the Control, Risk and Sustainability Committee was composed of non-executive directors, the majority of whom were independent (other than the Chairman of the Board) with the Chairman chosen

from among the independent directors (other than the Chairman of the Board). The Control, Risk and Sustainability Committee as a whole has adequate competence in the business sector in which the Issuer operates and is able to assess the relevant risks. In particular, the members of the Committee have adequate knowledge and experience in accounting and financial matters and/or risk management.

In cases where the meetings of the Control, Risk and Sustainability Committee were attended by directors or representatives of business functions who are not members of the Committee, such attendance took place at the invitation of the Chairman of the Committee itself and - in case of attendance of representatives of business functions competent in the matter - by informing the chief executive officer.

The Chairman of the Board of Statutory Auditors (or another Auditor delegated by the latter) and the Director responsible for the internal control and risk management system also participate in the meetings, along with other persons if applicable (e.g. the Head of Internal Audit, the Executive responsible for preparing the Company's accounting documents, the Chairman of the Supervisory Body), in this case at the invitation of the Control, Risk and Sustainability Committee and on individual items on the agenda.

### **Control, risk and sustainability functions**

With reference to its control, risk and sustainability functions, the Control, Risk and Sustainability Committee, in accordance with the provisions of the Code, carries out the following activities:

- supporting the Board in carrying out the internal control and risk management tasks entrusted to it by the Code;
- assessing - after consulting the Executive responsible for preparing the Company's accounting documents, the External Auditor and the Board of Statutory Auditors - the proper use of the accounting standards and their homogeneity for the purposes of preparing the consolidated financial statements;
- assessing the suitability of periodic financial and non-financial information to correctly represent the Issuer's business model, strategies, the impact of its activities and the performance achieved;
- examining the contents of periodic non-financial information relevant to the internal control and risk management system;
- expressing opinions on specific aspects relating to the identification of the main business risks and supporting the Board's assessments and decisions on the management of risks deriving from adverse events of which the latter has become aware;
- examining periodic and particularly significant reports prepared by the internal audit function;
- monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- entrusting the internal audit function - where it deems it necessary - with the carrying-out of audits on specific operational areas, while informing the Chairman of the Board of Statutory Auditors;
- reporting to the Board of Directors, when the financial statements and half-year reports are approved, on the activities carried out and on the adequacy of the internal control and risk management system;

The Committee receives information from the Board regarding the execution of the internal control and risk management tasks entrusted to it by the Code.

On 1 March 2018, the Board of Directors also assigned sustainability functions to the Control and Risk Committee, with the task of supporting the Board in analysing issues relevant to the generation of long-term value, to assess the sustainability report containing non-financial information pursuant to European Directive no. 2014/95/EU. As the competent body for sustainability, the Committee holds the following responsibilities: (i) providing support and advice to the Board of Directors on sustainability, this taken to mean the processes, initiatives and activities aimed at monitoring the Company's commitment to sustainable development along the chain of value; (ii) also examining the contents of the sustainability report relevant for the purposes of the internal control and risk management system and (iii) examining and evaluating (x) the sustainability policies aimed at ensuring the creation of value over time for all shareholders and for all other stakeholders over the long-term in respect of the principles of sustainable development as well as (y) the guidelines, objectives and the subsequent processes of sustainability and the sustainability reporting submitted to the Board of Directors annually, including therein, the sustainability report.

The Control, Risk and Sustainability Committee carries out its task in a completely autonomous and independent way both with regard to Chief Executive Officers - as to the issues of safeguarding company integrity - and with regard to the independent auditors - as to assessment of the results set out by them in the report and in the letter of suggestions.

The main activities carried out by the Control, Risk and Sustainability Committee during the Financial Period and until the Date of the Report are shown below:

- periodic meetings with the Executive responsible for preparing the Company's accounting documents and the Independent Auditors for sharing the accounting standards used and for monitoring the progress of the auditing activities;
- periodic meetings with the Board of Statutory Auditors;
- review of the Procedure for Related Party Transactions and related transactions;
- review of the Annual Corporate Governance Report for the 2022 Financial Period;
- review of subsidiaries having strategic relevance;
- review of the Safety and Environmental Report and of the activities carried out by the Safety and Environment Manager;
- monitoring of the Organisation, Management and Control Model adopted by the Company and periodic meetings with the Supervisory Body;
- periodic meetings with the Head of the Internal Audit function and approval of the Activity Plan;
- periodic monitoring of backlog and turnover, with reference to the single functions attributed to it;
- performance of support and advisory functions vis-à-vis the Board of Directors regarding sustainability.

#### **Functions concerning related party transactions**

With reference to its functions concerning related party transactions, the Control, Risk and Sustainability Committee, pursuant to the provisions of the Related Party Regulation and the RPT Procedure, issues its reasoned and non-binding opinion in relation to Related Party Transactions to be approved by the Company's Board of Directors or by the competent delegated body.

The Committee for Related Party Transactions must issue its opinion in time for the approval of the Related Party Transaction and must promptly provide the body competent to decide upon the approval of the Related Party Transaction with adequate information concerning the investigation carried out on the Transaction to be approved. Such information must concern at least the nature of the relation, the terms and conditions of the Transaction, the timing, the valuation procedure used and the reasons underlying the Transaction as well as any risk for the Company and its subsidiaries. The Committee must also send to the body competent to decide the approval of the Transaction also the other opinions issued in connection with the Transaction.

The main activities carried out by the Control, Risk and Sustainability Committee, with functions concerning related party transactions, during the Financial Period and up to the Date of the Report, consisted in issuing its own non-binding and reasoned opinion in relation to Related Party Transactions.

For more information in this regard, see Section 10 in this Report.

In performing its functions, both as regards control, risk and sustainability and as regards related party transactions, the Control, Risk and Sustainability Committee had the opportunity to access the information and business functions required to carry out its tasks, to have financial resources and to make use of external consultants, under the terms established by the Board.

Financial resources were not allocated to the Control, Risk and Sustainability Committee since it uses the Company's resources and facilities to perform its duties.

### 9.3. HEAD OF THE INTERNAL AUDIT FUNCTION

The Board of Directors meeting on 27 June 2019, in the presence of the Board of Statutory Auditors, appointed Simone Bianchi as Head of the Internal Audit function, after having assessed his *curriculum vitae* and terms of recruitment, according to corporate policies, with the Control, Risk and Sustainability Committee. In July 2022 Simone Bianchi resigned from his position to assume the role of Operations Project Manager of the Trencher Business Unit. Therefore, with effect from 8 July 2022, the role of Head of the Internal Audit function was assumed by Mattia Capelli. On 5 August 2022, the Board of Directors, in the presence of the Board of Statutory Auditors, after having assessed his curriculum vitae and working conditions together with the Control, Risk and Sustainability Committee in line with company policies, appointed him Head of the Internal audits.

The Head of Internal Audit is in charge of checking that the internal control and risk management system is operational, adequate and consistent with the guidelines defined by the Board.

The Board ensured that this person had adequate requirements of professionalism, independence and organisation, defined his remuneration in line with company policies and ensured that he had adequate resources to carry out his duties.

The Head of the Internal Audit function of the Company is not in charge of any operational area, reports directly to the Board of Directors and has direct access to all the information useful for carrying out his task.

During the Financial Period, the Head of the Internal Audit function:

- verified – both on an ongoing basis and in relation to specific needs and in compliance with international standards – the operations and the adequacy of the internal control and risk management system, by way of an audit plan, approved by the Board and based on a structured process of analysis and prioritisation of the main risks;
- prepared periodical reports containing adequate information on his activities, on how risk management was conducted and on compliance with the established plans for risk containment, as well as an assessment of the suitability of the internal control and risk management system and forwarded them to the Chairmen of the Board of Statutory Auditors, the Control, Risk and Sustainability Committee and the Board of Directors, as well as to the chief executive officer;
- prepared timely reports on particularly significant events, also at the request of the Board of Statutory Auditors, and forwarded them to the Chairmen of the Board of Statutory Auditors, the Control, Risk and Sustainability Committee and the Board of Directors, as well as to the chief executive officer;
- verified as part of the audit plan, the reliability of the information systems including the accounting systems.

On 9 March 2023, the Head of Internal audit function, presented the activities planned for 2023 and the audit plan for 2023 to the Control, Risk and Sustainability Committee. On 10 March 2023, at the presentation of its half year report, the Control, Risk and Sustainability Committee informed the Board of the work plan prepared by the Head of the Internal Audit function, at the presence of the members of the Board of Statutory Auditors.

On the same date, in accordance with the recommendations of the Code, the Board of Directors approved the work plan prepared by the Head of the Internal Audit function, after hearing the Board of Statutory Auditors and the chief executive officer. Therefore, the Company's Board of Directors deemed the current internal control and risk management system to be adequate and effective with respect to the characteristics of the company and the risk profile assumed.

### 9.4 ORGANISATIONAL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231

By way of resolution of the Board of Directors of 23 February 2010, the Company adopted the Organisational, Management and Control Model (the "**Model**") aimed at ensuring fair and transparent conditions in running the company business, in order to protect its own position and image and those of the companies of the Group (here included the subsidiaries having strategic relevance), the expectations of its own shareholders and the work of its own employees. The Model was tailored to the specific needs determined by the coming into force of Italian Legislative Decree no. 231.

The adoption of the Model is a fundamental requirement for listing on the STAR segment of Euronext Milan organised and managed by Borsa Italiana S.p.A.



On 21 April 2022, the Board of Directors decided to appoint Lorenzo G. Pascali (Chairman), Stefano Chirico (Statutory Auditor), Giampaolo Grasso, as members of the Supervisory Body for the three-year period 2022-2024, until the approval of the financial statements as at 31 December 2024.

Therefore, the Board of Directors assigned the functions of the Supervisory Body to a body specifically set up for this purpose, and considered the advisability of appointing at least one member of the Board of Statutory Auditors to this body, in order to ensure coordination between the various parties involved in the internal control and risk management system.

The Supervisory Body met seven times during the Financial Period in order to verify the adequacy of the Model in relation to the development of the regulations, judicial interpretations and any different configuration of business risks.

The specific Risk Assessment task carried out during the update of the Model led to considering the following offences as sensitive for the Company and are thus included in the Model:

- offences committed in relationships with the public administration;
- corporate crimes, including “bribery among private individuals”;
- offences of market abuse;
- transnational offences, organised crime offences and induction to make statements or to make false statements to the judicial authorities;
- offences relating to health and safety at work;
- offences of receiving, laundering and using money, goods or benefits of unlawful origin, as well as self-laundering;
- crimes with the purpose of terrorism;
- crimes against individuals and illegal hiring crimes;
- computer crimes;
- counterfeiting and crimes against industry and trade;
- offences relating to violation of copyright;
- environmental crimes;
- use of illegally staying third-country citizens.
- tax offenses referred to in Article 25-quinquiesdecies of the Decree 231, introduced in 2020;
- smuggling offenses referred to in Article 25-sexiesdecies of Decree 231, introduced in 2020.

The Model is available on paper at the Human Resources Department for consultation, as well as available on the Company’s Intranet.

## 9.5 INDEPENDENT AUDITORS

The Company appointed the independent auditors, Deloitte S.p.A., to carry out the audit, which refers both to the auditing of the financial statements and to the interim auditing concerning the regular keeping of the accounts.

The office also includes the powers provided by the Italian Civil Code, as amended by Italian Legislative Decree no. 6 of 17 January 2003 and by Italian Legislative Decree no. 39 of 27 January 2010 on auditing and was entrusted until the approval of the financial statements as at 31 December 2027, by resolution of the Shareholders' Meeting on 16 April 2019, on the justified proposal of the Board of Statutory Auditors as the internal control and audit committee, and taking account of its recommendation and relative preference expressed, in compliance with the provisions of Italian Legislative Decree no. 39 of 27 January 2010 - as recently amended by Italian Legislative Decree no. 135 of 17 July 2016, implementing Directive no. 2014/56/EU that amended Directive no. 2006/43/EC on the external auditing of the annual accounts and the consolidated accounts - and by European Regulation no. 537/2014 on the auditing of public interest entities.

## **9.6 EXECUTIVE RESPONSIBLE FOR PREPARING THE COMPANY'S ACCOUNTING DOCUMENTS**

Pursuant to Article 19 of the Articles of Association, the Board of Directors, subject to obtaining the mandatory opinion of the Board of Statutory Auditors, appoints the Executive responsible for preparing the Company's accounting documents pursuant to Article 154-*bis* of the Consolidated Law on Finance (T.U.F.), granting him adequate powers and means to perform the duties assigned to him.

The Executive responsible for preparing the Company's accounting documents must meet the requirements of professional standing characterised by qualified experience in administrative and auditing tasks or in managerial or advisory functions, also in relation to the function of drafting and control of company and accounting documents.

Upon appointment, the Board ascertains whether the Executive responsible for preparing the Company's accounting documents meets the requirements demanded by law and by the Articles of Association.

Moreover, the Board of Directors ensures that the Executive responsible for preparing the Company's accounting documents has adequate powers and means to perform the duties assigned to him pursuant to the law, as well as compliance with administrative and accounting procedures.

On 10 January 2020, the Company's Board of Directors, subject to the approval of the Board of Statutory Auditors and in compliance with the requirements of honourable standing and professionalism envisaged by the regulations in force and by the Articles of Association, appointed Marco Paredi, formerly Investor Relations Manager and Chief Financial Officer, as the new Executive responsible for preparing the Company's accounting documents, from 5 August 2022, following the appointment of Marco Paredi as Director of the Trencher Business Unit, the role of Financial Reporting Manager was assumed by Ruggero Gambini, current Chief Financial Officer of the Issuer.

The Executive is assisted by competent company administrative functions (especially the Administration and Financial Statements functions) and constantly coordinated with the appointed Independent Auditors.

## **9.7 COORDINATION AMONG SUBJECTS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Board of Directors defined the principles concerning the coordination and information flows between the various subjects involved in the internal control and risk management system in order to maximise the efficiency of the system itself, reduce duplication of activities and ensure effective performance of the tasks of the Board of Statutory Auditors.

The Company identified practical methods of coordination and efficiency for the subjects involved in the internal control and risk management system, providing for jointly held meetings. In particular, the Board of Statutory Auditors and the Control, Risk and Sustainability Committee promptly exchange information relevant to the performance of their respective duties, and the Chairman of the Board of Statutory Auditors, or another Statutory Auditor designated by him, the Director in charge of the internal control and risk management system, the Head of the Internal Audit function and the Executive responsible for preparing the Company's accounting documents usually take part in the works of the Control, Risk and Sustainability Committee.



## 10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

On 11 November 2010, the Board of Directors approved a Procedure for Related Party Transactions governing the rules, procedures and principles to ensure transparency and the substantial and procedural correctness of Related Party Transactions carried out by the Company, directly or through companies controlled by it, in accordance with the provisions of the Related Party Regulations. By way of resolution of 14 March 2014, of 1 March 2018 and of 28 June 2021, the Board of Directors reviewed and updated the Company's Procedure for Related Party Transactions. It should also be noted that the above Procedure was applied to the transactions approved as from 1 January 2011 and that, as from that date, the Code on Related Party Transactions previously adopted was cancelled.

By means of the Procedure for Related Party Transactions, the Board adopted suitable operating solutions to facilitate the identification and adequate management of situations in which a director has an interest on his own behalf or on behalf of third parties.

The Procedure for Related Party Transactions can be consulted on the Company's website [www.tesmec.com](http://www.tesmec.com) in the Governance/Related Party Transactions section.

Transactions carried out by means of subsidiaries must be subject to the non-binding opinion of the Committee for Related Party Transactions, which issues its opinion in time in order to allow the competent body to authorise, examine or evaluate the Transaction.

The Board of Directors delegated internally the functions of the Control, Risk and Sustainability Committee consisting of three non-executive and independent board directors, appointed by the Board of Directors in the persons of Emanuela Teresa Basso Petrino – Chairman – Simone Andrea Crolla and Guido Luigi Traversa.

Information concerning the Control, Risk and Sustainability Committee, acting as the Committee for Related Party Transactions, is contained in Paragraph 9.2 of this Report.

Since the Company is a "small-sized company" pursuant to Article 3, paragraph 1, letter f), Related Party Regulations, it makes use of the right to apply, in compliance with Article 10 of the Related Party Regulations, to the Related Party Transactions of major importance, the procedure established for the Related Party Transactions of Minor Importance illustrated below and contained in Article 5 of the Procedure. The Board of Directors of the Company or the competent delegated body approves the Related Party Transactions, subject to the reasoned and non-binding opinion of the Committee for Related Party Transactions, on the interest of the Company to carry out the Transaction as well as on the convenience and substantial correctness of the relevant conditions.

In order to allow the Committee for Related Party Transactions to issue a reasoned opinion on this matter:

- the competent Function must provide in reasonable advance to the Company Secretary's Office complete and adequate information concerning the Related Party Transaction. In particular, such information must concern the nature of the relation, the main terms and conditions of the Transaction, the timing, the reasons underlying the Transaction as well as any risk for the Company and its subsidiaries. The Company Secretary's Office sends this information to the Committee; and
- if the Committee for Related Party Transactions deems it necessary or appropriate, it may avail itself of the advice of one or more independent experts of its own choice. Experts are selected among professionally recognised persons competent on these subjects of interest, whose independence and absence of conflict of interest is assessed.

The Committee for Related Party Transactions must issue its opinion in time for the approval of the Related Party Transaction and must promptly provide the body competent to decide upon the approval of the Related Party Transaction with adequate information concerning the investigation carried out on the Transaction to be approved. Such information must concern at least the nature of the relation, the terms and conditions of the Transaction, the timing, the valuation procedure used and the reasons underlying the Transaction as well as any risk for the Company and its subsidiaries. The Committee must also send to the body competent to decide the approval of the Transaction also the other opinions issued in connection with the Transaction.

During the Financial Period, the Company did not complete Transactions of Major Importance with related parties.

For more information on Transactions of Major Importance with Related Parties concluded by the Company, please refer to the relevant information documents available on the Company's website [www.tesmec.com](http://www.tesmec.com) in the "Governance/Related Party Transactions" section.

## 11. BOARD OF STATUTORY AUDITORS

### 11.1 APPOINTMENT AND REPLACEMENT

The Shareholders' Meeting is vested with the appointment of the Statutory Auditors and the Chairman of the Board of Statutory Auditors. The procedures for presenting the lists with the proposals for appointment and voting are governed by the Articles of Association.

Pursuant to Article 22 of the current Articles of Association, the Board of Statutory Auditors consists of three Statutory Auditors and two Alternate Auditors who remain in office for three financial periods; their office terminates on the date the ordinary Shareholders' Meeting is convened to approve the financial statements relating to the third financial period of their office; they can be re-elected.

The Board of Statutory Auditors in office was appointed by the ordinary Shareholders' Meeting of 21 April 2022 and will remain in office until approval of the financial statements ended 31 December 2024.

The members of the Board of Statutory Auditors are resident for the purposes of office at the premises of the Company.

All the members of the Board of Statutory Auditors meet the requirements of integrity and professionalism required by Article 148 of the Consolidated Law on Finance (T.U.F.) and by the Implementation Regulation adopted by Decree of the Ministry of Justice no. 162/2000.

The members of the Board of Statutory Auditors are subject to the limits on the number of administration and control offices held established by Consob regulations.

Pursuant to Article 22 of the Articles of Association, the Board of Statutory Auditors is appointed by the Shareholders' Meeting based on the lists presented by the Shareholders, in accordance with the procedures set forth in the following paragraph, except for different and further provisions provided by mandatory rules of law or regulations.

The minority shareholders - which are not an associate or a subsidiary, direct or indirect, pursuant to Article 148, paragraph 2, of the Consolidated Law on Finance (T.U.F.) and relevant regulations – are entitled to elect a Statutory Auditor as Chairman of the Board, and an Alternate Auditor. The minority Statutory Auditors are elected at the same time of the other members of the supervisory body (except for cases of replacement), regulated later.

The Shareholders who, when the list is presented, own a stake - on their own or together with other presenting Shareholders - at least equal to the one determined by Consob pursuant to Article 147-ter, paragraph 1, of the Consolidated Law on Finance (T.U.F.) and in compliance with the provisions of the Issuers' Regulations, can present a list for the appointment of the members of the Board of Statutory Auditors.(4.5% as per Consob Executive Determination no. 76 of 30 January 2023)

Lists are filed at the registered office at least 25 (twenty-five) days before the date set for the Shareholders' Meeting convened to deliberate on the appointment of the Statutory Auditors. Moreover, lists must be made available to the public by the Company without delay and in any case at least 21 (twenty-one) days before the date set for the Shareholders' Meeting, under the terms prescribed by the laws in force.

The lists must contain the names of one or more candidates for the position of Statutory Auditor and of one or more candidates for the position of Alternate Auditor. The name of the candidates are marked in each section (Statutory Auditor section, Alternate Auditor section) by a progressive number and in numbers not exceeding the members to be elected.

The lists also contain, as an annex:

- a) indication of the identities of the shareholders who presented the lists and the percentage of the overall shareholding, proved by an appropriate certification, without prejudice to what is indicated by Article 147-ter, paragraph 1-bis, of the Consolidated Law on Finance (T.U.F.);
- b) a declaration of the shareholders other than those holding, jointly or otherwise, a controlling interest or a relative majority interest, certifying the absence of any associate or subsidiary relation contemplated by Article 144-quinquies of the Issuers' Regulations with the latter;

- c) an exhaustive document regarding the personal and professional characteristics of the candidates as well as their declaration certifying the possession of the requirements provided by law, and acceptance of candidature, accompanied by the list of management and control positions held by them in other companies;
- d) any additional or different privacy declaration, disclosure and/or document provided for by law and by applicable regulations.

The lists presenting a total number of candidates equal to or greater than three must include candidates belonging to both genders in such a way that a number of candidates for the office of Standing Auditor and a number of candidates for the office of Alternate Auditor belonging to the less represented gender in the list itself is at least equal to the percentage required by the *pro tempore* regulations in force concerning the balance between genders, which shall be calculated on the basis of the criteria provided for therein from time to time.

The lists presented without observing the provisions above will be considered as having not been presented.

In the event in which, on the deadline for the presentation of the lists, only one list has been presented or only lists presented by shareholders related to one another on the basis of the applicable regulations, lists may be presented up until the fifth day following said date. In this case, the thresholds provided above for presenting the lists are reduced by half.

A shareholder cannot present or vote more than one list, albeit by proxy or through a trust. The shareholders belonging to the same group and the shareholders that join a shareholders' agreement concerning shares of the Issuer, cannot present or vote more than one list, albeit by proxy or through a trust. Memberships and votes in violation of this prohibition will not be attributable to any list. Each candidate can come up in one list only under penalty of ineligibility.

The Statutory Auditors are elected as follows:

- (i) two Statutory Auditors and an Alternate Auditor are drawn from the list that obtained the highest number of votes ("**Majority List for the Appointment of Statutory Auditors**"), in the sequential order in which they appear on the list;
- (ii) a Statutory Auditor, who must act as Chairman of the Board of Statutory Auditors ("**Minority Auditor**") and an Alternate Auditor ("**Minority Alternate Auditor**") are drawn from the second list that obtained the highest number of votes and that is not connected directly or indirectly with the Shareholders who presented or voted the Majority List pursuant to the applicable provisions, in the sequential order in which they appear on the list.

In the event that the lists obtain the same number of votes, the list presented by shareholders owning the largest stake when the list is presented, or, subordinately, the one presented by the greatest number of shareholders, prevails.

If, with the procedures described above, the compliance of the composition of the Board of Statutory Auditors with the *pro tempore* regulations on gender balance in force is not ensured, the necessary replacements will be made, within the candidates for the position of Statutory Auditor of the Majority List, in the sequential order in which they appear on the list.

If only one list is presented, the Shareholders' Meeting will vote on it and if it obtains the relative majority of voters, without taking account of abstentions, all the candidates listed for these positions will be elected Statutory and Alternate Auditors. In this case, the Chairman of Board of Statutory Auditors is the first candidate as Statutory Auditor.

In the absence of lists, the Board of Statutory Auditors and its Chairman are appointed by the Shareholders' Meeting with the quorum required by law, in compliance with the *pro tempore* regulations on gender balance in force.

If, for any reason, the Majority Auditor is no longer available, he/she is replaced by the Alternate Auditor drawn from the Majority List for the Appointment of Statutory Auditors.

If, for any reason, the Minority Auditor is no longer available, he/she is replaced by the Minority Alternate Auditor.

The Shareholders' Meeting, as provided by Article 2401, paragraph 1 of the Italian Civil Code, appoints or replaces in compliance with the principle of necessary representation of minorities and in compliance with the *pro tempore* regulations on gender balance in force.

In this regard, it should be noted that, on 1 January 2020, the provisions of Italian Law no. 160 of 27 December 2019 came into force ("2020 Budget Law"), which amend Articles 147-ter, paragraph 1-ter, and 148, paragraph 1-bis, of

the Consolidated Law on Finance (T.U.F.), introduced by Italian Law no. 120 of 12 July 2011 (known as "Golfo-Mosca Law"), regarding gender balance in corporate bodies of companies with listed shares. The 2020 Budget Law requires the management and control bodies of listed companies to ensure at "least two fifths" of members come from the less represented gender (in place of one third) and establishes that this distribution criterion is to apply for "six consecutive mandates" (in place of three). Therefore, in relation to the next renewal of the corporate bodies, the lists must be drawn up and members elected in compliance with the provisions of the 2020 Budget Law and the regulatory provisions of Consob.

## **11.2 COMPOSITION AND OPERATION (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTERS D AND D)-BIS), CONSOLIDATED LAW ON FINANCE (T.U.F.))**

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting of 21 April 2022 for three financial periods, i.e. until the date of the Shareholders' Meeting convened to approve the financial statements ended 31 December 2024.

During this Meeting and for the purposes of the renewal of the Board of Statutory Auditors, only one list was presented by the Company shareholders. The list presented by shareholder TTC S.r.l. indicated as candidates the individuals subsequently appointed to the Board of Statutory Auditors. After the voting, the list presented by the shareholder TTC S.r.l. was approved unanimously by those present.

The Board of Statutory Auditors currently comprises:

Simone Cavalli (Chairman)

Attilio Massimo Franco Marcozzi (Statutory Auditor)

Laura Braga (Statutory Auditor)

Alice Galimberti (Alternate Auditor)

Maurizio Parni (Alternate Auditor)

During the Financial Period, the Board of Statutory Auditors met 16 times, 7 of which jointly with the Control, Risk and Sustainability Committee. The average duration of the meetings of the Board of Statutory Auditors was 2.5 hours and the attendance percentage by members of the Board of Statutory Auditors was as follows: Simone Cavalli 100%, Stefano Chirico 100%, Alessandra De Beni 100%, Attilio Marcozzi 100%, and Laura Braga 92 %.

For 2023, 15 meetings are planned 4 of which have already been held.

Information concerning the personal and professional characteristics of each Statutory Auditor currently in office is provided below:

Simone Cavalli, born in 1965 in Verona, graduated in Business and Economics from the University of Bergamo in 1992. He has been enrolled with the Register of Auditors since 2003. He began his professional career in 1992 at the independent auditors, Arthur Andersen S.p.A., and was appointed executive officer and member of the Transaction Advisory Services in 1999. Since 2004, he has been a partner of the Firm Studio per il Controllo Contabile - corporate analysis and assessment, where he deals with the auditing of separate and consolidated financial statements, accounting and financial due diligence, company valuations and consultancy services in the administration, finance and control area. He is a member of the Board of Statutory Auditors, external auditor in various companies, including companies whose securities are listed on the Milan Stock Exchange.

Attilio Massimo Franco Marcozzi, was born in Giulianova in 1961, graduated in Business and Economics from the Bocconi University in Milan. He has been registered as an accountant since 1988, and as an auditor since 1995. Owner of the accountants' office based in Milan, he holds the position of member of the Board of Statutory Auditors and statutory auditor in various companies.

He has been collaborating since 1996 as CTU with the Court of Milan and since 1997 as CT with the Public Prosecutor's Office of the Court of Milan. He has been registered since 2017 in the Register of Judicial Administrators - Expert section in business management.

Laura Braga, born in Milan in 1984, graduated in 2008 in Administration, Finance and Control from Bocconi University in Milano. During her studies she gained work experience at IBM Servizi Finanziari and KPMG - Auditing, starting her own activity in 2008 at the Studio for Accounting Control - company analysis and valuation.

Since 2013 Laura Braga is a Registered Chartered Accountants and Legal Auditors. She currently holds positions in supervisory bodies at various companies. She is the author of publications in sector magazines.

For further information on the composition of the Board of Statutory Auditors of the Company in office at the end of the Financial Period, see Table 4 indicated in the Appendix to this Report.

The Statutory Auditors operate autonomously and independently and, therefore, they do not “represent” the majority or minority of those who indicated or elected them.

The Auditors must maintain the documents and information acquired when carrying out their tasks strictly confidential and must observe the procedure adopted for the external communication of documents and information concerning the Company.

The Board of Statutory Auditors carries out the tasks and activities required by law. The Board of Statutory Auditors must meet at least every ninety days. The resolutions of the Board of Statutory Auditors are passed with the presence of the majority of the Statutory Auditors holding office and with the favourable vote of the majority of those present.

Moreover, the Auditors can collectively and individually ask the Directors for news and clarifications on the information received and more in general on the performance of company operations or certain business, as well as carry out at any moment inspections and controls and request information, as provided by the law. Two members of the Board of Auditors are also entitled, jointly, to convene the Shareholders' Meeting.

The Board of Statutory Auditors supervised the independence of the Independent Auditors, ensuring compliance with prevailing laws and the nature and type of services other than auditing services provided to the Issuer and its subsidiaries by the Independent Auditors and the entities belonging to its network.

The Board of Statutory Auditors received from the Directors, with appropriate frequency, information about general operating performance and outlook, and about the activities carried out and the most important transactions from an economic, financial and equity related perspective performed during the financial period, also through subsidiaries. It verified that they were compliant with the law and the deed of incorporation and that they were not manifestly imprudent or risky, in potential conflict of interest or in contrast with the resolutions adopted by the Shareholders' Meeting or such as to compromise the integrity of the company's assets.

During the meetings of the Board of Directors, in which the Board of Statutory Auditors takes part, adequate information on the development of the corporate business and the regulatory environment is given by both the Chairman and the General Manager, who has twenty years' experience in the industry and is often invited to participate in the Board of Directors' meetings (see paragraph 4.5 of this Report).

In carrying out its activities, the Board of Statutory Auditors collaborated with the Head of Internal Audit, with the Control, Risk and Sustainability Committee and with the appointed independent auditors.

### **Diversity criteria and policies**

On 1 March 2018, the Board of Directors of the Company approved its Diversity Policy relating to the formation of the administration and management bodies and control bodies in relation to aspects such as age, gender composition and the training and professional path.

The Diversity Policy represents the tool identified by the Issuer - also taking into account its ownership structure - for the implementation of the diversity criteria defined by the Issuer itself for the composition of the Board of Statutory Auditors.

Particularly pursuant to the content of the Diversity Policy:

- with reference to the composition of the Board of Statutory Auditors, it should be noted that, pursuant to the regulations in force, at least one of the Standing Auditors must be in the register of external auditors and must have carried out the external auditing of the accounts for a period of not less than three years. Statutory Auditors who do not meet this requirement must be chosen from among those who have at least three years' experience:
  - in administration or control or who have executive duties with joint-stock companies with a share capital of at least two million Euros, or



- in professional activities or university teaching in legal, economic, financial, technical and scientific subjects closely related to the company's activities, or
- in managerial functions with public bodies or administrations operating in the credit, financial and insurance sectors or in any case in sectors closely related to that of the company's business (i.e. matters relating to commercial law and tax law, business administration and corporate finance, as well as matters and sectors of activity relating to energy in general, communications and network structures).
- With regard to professional requirements, the Articles of Association refer to the subjects and sectors closely related to that of the company that coincide with the activities indicated in detail in the business purpose, as well as in matters related to private and administrative law regulations, economic regulations and those relating to audit and business organisation.
- With regard to gender quotas, in line with what is currently required by the regulations in force and the Articles of Association, the Board of Statutory Auditors must be made in such a way that the "less represented" gender, which - based on past experience, usually coincides with the female gender - obtains at least two fifths of the Statutory Auditors.
- The members of the Board of Statutory Auditors must also meet the requirements of integrity and independence envisaged by the regulations in force and by the Articles of Association.

On 21 April 2022, the Board of Statutory Auditors was appointed, by taking account of the provisions of the Diversity Policy adopted by the Company.

With regard to diversity, note that on 1 January 2020 the provisions of Italian Law no. 160 of 27 December 2019 ("2020 Budget Law") came into force, amending Articles 147-*ter*, paragraph 1-*ter*, and 148, paragraph 1-*bis*, of the Consolidated Law on Finance (T.U.F.), introduced by Italian Law no. 120 of 12 July 2011 (known as "Gulf-Moscow Law"), on the subject of gender balance in the corporate bodies of companies with listed shares. The 2020 Budget Law requires the management and control bodies of listed companies to ensure at "least two fifths" of members come from the less represented gender (in place of one third) and establishes that this distribution criterion is to apply for "six consecutive mandates" (in place of three). Therefore, in relation to the next renewal of the corporate bodies, the lists must be drawn up and members elected in compliance with the provisions of the 2020 Budget Law and the regulatory provisions of Consob.

## **Independence**

The Board of Statutory Auditors:

- assessed the independence of its members immediately after their appointment;
- assessed - when circumstances relevant to independence occurred and in any case at least once during the Financial Period - the continued existence of the independence requirements for its members;
- in making the above assessments, considered all the information made available by each member of the Board of Statutory Auditors, evaluating all the circumstances that appear to compromise independence identified by the Consolidated Law on Finance (T.U.F.) and the Code, and applied (among others) all the criteria set out in the Code with reference to the independence of directors.

The composition of the Board of Statutory Auditors is adequate to ensure the independence and professionalism of its function. At the meeting on 23 February 2023, the Board of Statutory Auditors verified whether the independence requirements of the Auditors (established prior to their appointment) were still met, on the basis of the criteria provided for by the law and by the CG Code and sent the outcome of these checks to the Board of Directors; it also complied with the limit on the number of offices provided for by the Articles of Association and by Article 144-*terdecies* of the Issuers' Regulations, fulfilling – where required – Consob's reporting obligations during the year.

The Board of Statutory Auditors also carried out the self-assessment aimed at verifying the suitability of its standing members and of the Board as a whole, as set forth in the "Rules of Conduct of the Board of Statutory Auditors of Listed Companies" issued by the National Institute of Chartered Accountants. The Board of Statutory Auditors therefore informed the Company's Board of Directors that said preliminary activity did not bring to light any deficiencies regarding either each standing member or the Board's composition.

## **Remuneration**

The remuneration of Statutory Auditors shall be appropriate to the competence, professionalism and commitment required by the importance of the role covered and the size and sector characteristics of the company and its situation.

For further information in this regard, reference is made to the report on the policy of remuneration and compensation paid, drawn up pursuant to Articles 123-*ter* of the Consolidated Law on Finance (T.U.F.) and 84-*quater* of the Issuers' Regulation as well as in compliance with what is recommended by Article 5 of the Code, made available to the public on the company's website ([www.tesmec.com](http://www.tesmec.com)) and with the other methods provided for by the regulations in force.

## **Managing interests**

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



## 12. INVESTOR RELATIONS

### Access to information

In compliance with the provisions of Article 2.2.3, third paragraph, letter k) of the Stock-Exchange Regulations, the Company appointed Marco Paredi as the Investor Relations Manager with the task of maintaining dialogue with the shareholders and institutional investors.

The Investor Relations Manager is entrusted with the task of organising meetings with investors and the financial community to illustrate the Company's strategies and performance. In any case, the possibility for communications to be made on significant events before they are disclosed to the market is excluded.

To encourage dialogue with investors and to provide timely and easy access to information concerning the Issuer that is important to its shareholders, the Issuer established a specific section on its website [www.tesmec.com](http://www.tesmec.com) (Investors section), easily identifiable and accessible, in which information concerning the Issuer that is important to its shareholders is made available, so that they can exercise their rights in an informed manner.

### Dialogue with shareholders

The Board of Directors works actively to establish a constructive dialogue with the shareholders based on an understanding of their mutual roles.

In accordance with the CG Code and in compliance with the policy for managing dialogue with all the shareholders - adopted by the Board of Directors at the meeting of 11 March 2022, at the proposal of the Chairman, who is also the chief executive officer - Tesmec maintains an ongoing dialogue with shareholders, institutional investors, socially responsible investors, analysts and all financial market operators.

To this end, Tesmec ensures the systematic dissemination of comprehensive and timely information on its activities to investors, the market and the media, without prejudice to the confidentiality requirements that may apply to certain information. This information is provided through press releases, regular meetings with institutional investors, the financial community and the press, as well as through the extensive documentation and numerous publications made available and constantly updated on the Company's website, in the "Investor relations" section, in particular. Further information can also be requested by email to [info@tesmec.it](mailto:info@tesmec.it).

During 2022, Tesmec attended industry conferences and meetings on a quarterly. These included:

- the 4th Italian Mid CAP Conference in January 2022;
- the Euronext STAR Conference 2022 in March 2022;
- the Mid & Small Virtual 2022 Conference in June 2022;
- the "Le eccellenze del Made in Italy 2022" (The excellence of Made in Italy 2022) organised by Intermonte SIM SpA in September 2022; and
- the Mid & Small in Milan 2022 Conference in November 2022.

In order to maximise shareholder participation, the information materials prepared by the Company for these events were also made available on the Company's website.

For further information in this regard, please refer to the full text of the policy for managing dialogue with all shareholders, which is published on the Company's website [www.tesmec.com](http://www.tesmec.com) in the *Governance/Corporate Documents* section.

### **13. SHAREHOLDERS' MEETINGS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER C), CONSOLIDATED LAW ON FINANCE (T.U.F.)**

As a rule, all the Directors attend the meetings. The Directors take steps to encourage the fullest possible attendance at the Shareholders' Meetings and to facilitate the exercise of the Shareholders' rights.

The Shareholders' Meetings are also an occasion for informing the Shareholders on the Issuer, in compliance with the rules on inside information. In particular, the Board of Directors reports during the Shareholders' Meeting on the activity carried out and planned and does its best to ensure adequate disclosure to the shareholders on the elements required so that they can take informed decisions pertaining to the Shareholders' Meeting. The Chairman of each Board Committee shall report to the shareholders on how the Committee is performing its functions.

The Articles of Association of the Company contain provisions in compliance with the provisions of the Italian Civil Code and of the Consolidated Law on Finance (T.U.F.) on the protection of minorities.

If and until the shares are traded on a regulated market, the Shareholders' Meeting shall be convened within the deadlines and in the manner provided for by regulations in force from time to time.

The agenda of the Shareholders' Meeting is established by the person with powers to convene meetings pursuant to the law and to the Articles of Association or, should the call be carried out at the request of the shareholders, on the basis of the agenda.

Pursuant to Article 8 of the Articles of Association, shareholders having a right to vote are entitled to attend the Shareholder's Meeting. They are entitled to attend the Shareholders' Meeting by sending the notice issued by the intermediary who keeps the accounts, pursuant to the law. Those entitled to attend the Shareholders' Meeting may grant a written proxy for attendance and voting, in accordance with the provisions of the law. In compliance with Article 6 of the Articles of Association, ordinary and extraordinary Shareholders' Meetings may be held, by decision of the Directors, also by way of video/teleconference, with participants located in different places, either near or far, provided that the plenary method and the principles of good faith and equal treatment among the shareholders are applied.

As specified by Article 9 of the Articles of Association, each share has one voting right. The Articles of Association do not envisage multiple vote shares or mechanisms for increasing voting rights.

For further information on the Shareholders' Meeting, please refer to the full text of the Issuer's Articles of Association published on the Company's website [www.tesmec.com](http://www.tesmec.com) in the Governance/Code of Ethics and Articles of Association section, as well as to the Governance/Meetings section of that website.

During the Financial Period, the Shareholders' Meeting was held on 21 April 2022, and was attended by six Company Directors and the entire Board of Statutory Auditors.

The Board of Directors has not adopted regulations for shareholders' meetings and the Shareholders' Meetings are held as indicated by existing legislation that guarantees proper conduct of the Shareholders' Meetings and ensures that each shareholder may exercise his/her rights, including the right to speak on the matters being discussed. In accordance with the Articles of Association, the resolutions under Articles 2365, paragraph 2 of the Italian Civil Code do not fall within the competence of the Shareholders' Meeting and are instead attributed to the competence of the Board of Directors, in compliance with Article 2436 of the Italian Civil Code.

Moreover, again on 10 March 2023, the Board of Directors did not deem it necessary or appropriate to develop justified proposals to be submitted to the Shareholders' Meeting for the definition of a different corporate governance system that is more functional to the Company's needs, considering the current corporate governance system of the Issuer and the structure of the Group it heads as already adequate and functional to such needs.

**14. OTHER CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), CONSOLIDATED LAW ON FINANCE (T.U.F.))**

As at the Date of the Report no further corporate governance practices have been adopted in addition to those outlined above.

## **15. CHANGES SINCE THE END OF THE FINANCIAL PERIOD**

Except as described in the Report, from the end of the Financial Period to the Date of the Report, no changes occurred in the Issuer's corporate governance structure.

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

The recommendations made in the letter sent by the Chairman of the Corporate Governance Committee on 25 January 2023 were brought to the attention of the Board of Directors on 10 March 2023 and of the relevant Committees of the Issuer on 9 March 2023 and these were considered, including during the self-assessment, to identify possible developments in governance or to fill any gaps in the application or explanations provided. These recommendations were also examined by the Board of Statutory Auditors, to the extent of their competence.

The recommendations for 2023 are aimed at supporting companies in the process of adopting the Code and, at the same time, highlighting the opportunity for an appropriate adaptation process.

The Issuer's considerations and the initiatives planned and/or undertaken with regard to these recommendations are set out below.

With regard to the recommendation to adopt a policy for dialogue with shareholders and to implement it effectively (including by means of an adequate review of the results), it should be noted that, as mentioned in Section I of this report, at the meeting of 11 March 2022, the Board of Directors adopted the "Policy for Managing Dialogue with all the Shareholders", a document that sets out the general principles, management methods and main contents of the dialogue between the Issuer and its Shareholders. In particular, Tesmec communicates and interacts with all the Shareholders on an ongoing basis through various channels (i.e. the company's website, social media, physical and virtual meetings with the financial community, institutional investors and analysts, and, annually, at the Shareholders' Meeting); Shareholders can also request information and express their comments by contacting the Investor Relations Manager.

With regard to the recommendation to promote dialogue with other relevant stakeholders, it should be noted that, as indicated in Section I of this Report, the parties involved in the dialogue with the Issuer's stakeholders are the Board of Directors and the Investor Relations Manager, and that, during 2022, the Company participated on a quarterly basis in conference calls and meetings with the financial community in order to ensure a continuous and complete update on Tesmec's performance.

With regard to the recommendation to include in the Corporate Governance Report an adequate explanation of the decision to grant the Chairman of the Board of Directors management proxies (see Section I of this Report), it should be noted that the reason for granting the Chairman of the Board of Directors management proxies is that Ambrogio Caccia Dominioni is one of the key figures in the Group's development and, having many years of experience in the Group's operations, he is operational and plays an important role in the management of the Company and Group business.

With regard to the recommendation to establish procedures for the management of the pre-board meeting report, which would ensure the timeliness and appropriateness of the provision of board documentation, the Board of Directors adopted regulations setting out the operating rules of the Board and the Committees, including the procedures for managing the information to be made available to the directors who are members of the committee, specifying the deadlines for sending the information in advance (well in advance, normally after the meeting has been convened) and the procedures for protecting the confidentiality of the data and information provided so as not to compromise the timeliness and completeness of the information flows. For all Board and Committee meetings, the members of the Board and of the Committees were provided with the documents and information required to enable them to express an informed opinion on matters to be discussed in a timely manner (usually an average of five days in advance) via a confidential portal.

With reference to the recommendation to provide information in this Report on the actual attendance of managers at board and committee meetings, it should be noted that, if necessary, at the request of the Chairman or of one or several directors, persons external to the Board, the Issuer's executives with strategic responsibilities can attend the meetings of the Board of Directors to provide the appropriate in-depth information on the items on the agenda.

With regard to the recommendation to express an opinion on the optimal composition of the Board of Directors with a view to its renewal, it should be noted that, although Tesmec qualifies as a concentrated ownership company, during the Financial Year, [the Board of Directors, on 11 March 2022, expressed an opinion, with a view to its renewal, on its quantitative and qualitative composition considered optimal, taking into account the results of its own self-assessment, with a view to the renewal of the Board of Directors at the Shareholders' Meeting of 21 April 2022.

With regard to the recommendation on the advisability of improving remuneration policies by considering the inclusion of a clear indication of the weighting of short-term and long-term variable components, reference is made to the report on the policy of remuneration and compensation paid, drawn up pursuant to Articles 123-ter of the Consolidated Law on Finance (T.U.F.) and 84-*quater* of the Issuers' Regulation as well as in compliance with the recommendations of Article 5 of the CG Code, which is made available to the public on the company's website ([www.tesmec.com](http://www.tesmec.com)) and in the other ways provided for by the regulations in force.

With regard to the recommendation to include in the remuneration policies a variable component with a multi-year horizon, in line with the Company's strategic objectives and the pursuit of sustainable success, it should be noted that the remuneration policy adopted by the Company already provides that the remuneration of the Chief Executive Officer, the General Manager and the Executives with Strategic Responsibilities includes, inter alia, a variable component, linked to objectives consistent with the Company's strategic objectives and the pursuit of sustainable success, in particular, in terms of the turnover, EBITDA and net financial position of the Company and the Group, also with a view to giving greater importance to profitability and cash generation, and to the achievement of certain milestones in the areas of environment, sustainability and conscious consumption. Furthermore, in order to ensure greater compliance with the aforementioned recommendation and in line with the best market practice, the Company started the preparatory activities for the adoption of a long-term incentive plan reserved for key management and executive directors of the Company and the Group. For further information, please refer to the report on the policy of remuneration and compensation paid, drawn up by the Company pursuant to Articles 123-ter of the Consolidated Law on Finance (T.U.F.) and 84-*quater* of the Issuers' Regulation as well as in compliance with the recommendations of Article 5 of the CG Code, made available to the public on the Company's website ([www.tesmec.com](http://www.tesmec.com)) and in the other ways provided for by the regulations in force.

With regard to the recommendation to provide a clear indication of the sustainability objectives envisaged in the variable component of the CEO's remuneration, please refer to what is stated in this regard in the report on the policy of remuneration and compensation paid, drawn up pursuant to Articles 123-ter of the Consolidated Law on Finance (T.U.F.) and 84-*quater* of the Issuers' Regulation as well as in compliance with the recommendations of Article 5 of the CG Code, made available to the public on the Company's website ([www.tesmec.com](http://www.tesmec.com)) and in the other ways provided for by the regulations in force.

\* \* \*

Grassobbio, 10 March 2023

The Chairman of the Board of Directors  
Ambrogio Caccia Dominioni

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AS AT THE DATE OF THE REPORT**

SHARE CAPITAL STRUCTURE				
	No. of shares	No. of voting rights	Listed (indicate the markets)/not listed	Rights and Obligations
Ordinary shares <small>(indicating whether the possibility of an increase in voting rights is envisaged)</small>	606,460,200 <small>The possibility of an increase in voting rights is not envisaged</small>	606,460,200	Euronext Milan – STAR Segment – Regulated market organised and managed by Borsa Italiana S.p.A.	-
Preferred shares	-	-	-	-
Multiple voting right shares	-	-	-	-
Other categories of shares with voting rights	-	-	-	-
Savings shares	-	-	-	-
Convertible savings shares	-	-	-	-
Other categories of shares without voting rights	-	-	-	-
Other	-	-	-	-

OTHER FINANCIAL INSTRUMENTS (granting the right to subscribe newly issued shares)				
	Listed (indicate the markets)/not listed	No. of outstanding instruments	Category of shares relative to the conversion/exercise	No. of shares relative to the conversion/exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

SIGNIFICANT EQUITY INVESTMENTS			
Declarer	Direct shareholder	% on ordinary capital	% on voting capital
TTC S.r.l.	FI.IND. S.p.A.	14.851%	14.851%
	MTS – Officine Meccaniche Di Precisione S.p.A.	0.514%	0.514%
	RX S.r.l.	0.998%	0.998%
	TTC S.r.l.	31.450%	31.450%
	<b>Total</b>	<b>47.813%</b>	<b>47.813%</b>
Jacopo Meneguzzo	Palladio Holding S.p.A.	2,036%	2,036%
	Fenice S.r.l.	3,121%	3,121%
	<b>Totale</b>	<b>5,157%</b>	<b>5,157%</b>



**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AS AT THE END OF THE REPORTING PERIOD**

Board of Directors													
Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until	List (presenters) (**)	List (M/m) (***)	Exec.	Non exec.	Indep. based on Code	Indep. based on Consolidated Law on Finance (T.U.F.)	No. other offices (****)	Attendance (*****)
<b>Chairman and CEO</b>	Ambrogio Caccia Dominioni	1946	23/02/2010	29/04/2016	Approval of the Financial Statements as at 31/12/2024	Shareholders	M	X	-	-	-	10	13/13
<b>Vice Chairman</b>	Gianluca Bolelli	1959	23/02/2010	29/04/2016	Approval of the Financial Statements as at 31/12/2024	Shareholders	M	-	X	-	-	26	13/13
<b>Director</b>	Lucia Caccia Dominioni	1977	30/04/2013	29/04/2016	Approval of the Financial Statements as at 31/12/2024	Shareholders	M	-	X	-	-	3	13/13
<b>Director</b>	Caterina Caccia Dominioni	1979	23/02/2010	29/04/2016	Approval of the Financial Statements as at 31/12/2024	Shareholders	M	-	X	-	-	1	13/13
<b>Director</b> ○	Paola Durante	1969	29/04/2019	29/04/2019	Approval of the Financial Statements as at 31/12/2024	Shareholders	M	-	X	X	X	1	10/13
<b>Director</b>	Simone Andrea Crolla	1972	16/04/2019	16/04/2019	Approval of the Financial Statements as at 31/12/2024	Shareholders	M	-	X	X	X	3	11/13
<b>Director</b>	Emanuela Teresa Basso Petrino	1974	16/04/2019	16/04/2019	Approval of the Financial Statements as at 31/12/2024	Shareholders	M	-	X	X	X	2	13/13
<b>Director</b>	Antongiulio Marti	1984	21/04/2022	21/04/2022	Approval of the Financial Statements as at 31/12/2024	Shareholders	M		X	-	-	6	11/13
<b>Director</b>	Nicola Iorio	1978	21/04/2022	21/04/2022	Approval of the Financial Statements as at 31/12/2024	Shareholders	M		X	-	-	13	10/13
<b>Director</b>	Guido Luigi Traversa	1949	16/04/2019	16/04/2019	Approval of the Financial Statements as at 31/12/2024	Shareholders	M	-	X	X	X	2	12/13
<b>-----DIRECTORS WHO RESIGNED DURING THE FINANCIAL PERIOD -----</b>													
<b>Director</b>	Surname and name	-	-	-	-	-	-	-	-	-	-	-	-

Indicate the number of meetings held during the Financial Period: 13

Indicate the *quorum* required for the presentation of minority lists for the election of one or more members (pursuant to Article 147-ter of the Consolidated Law on Finance (T.U.F.)): 4.5%

**NOTES**

The symbols indicated below must be included in the "Office" column:

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

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

(\*) Date of first appointment of each Director means the date on which the Director was appointed for the first time (ever) in the Issuer's BoD.

(\*\*) This column indicates whether the list from which each Director was drawn was submitted by shareholders (indicating "Shareholders") or by the BoD (indicating "BoD").

(\*\*\*) This column shows the list from which each Director was drawn ("M": majority list; "m": minority list).

(\*\*\*\*) This column shows the number of offices as Director or Auditor held by the interested subject in other companies or large-sized companies. In the Corporate Governance Report, these offices are written out in full.

(\*\*\*\*\*) This column shows the percentage of attendance by the Directors at the BoD meetings (indicate the number of meetings attended with respect to the overall number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).

**TABLE 3: STRUCTURE OF BOARD COMMITTEES AS AT THE END OF THE FINANCIAL PERIOD**

BoD		OPC Committee		Control, Risk and Sustainability Committee		Remuneration and Appointments Committee acting as Remuneration Committee		Remuneration and Appointments Committee acting as Appointments Committee	
Office/Role	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman of the Executive Board and CEO	Ambrogio Caccia Dominioni	-	-	-	-	-	-	-	-
Non-executive, non-independent Vice Chairman	Gianluca Bolelli	-	-	-	-	-	-	-	-
Non-executive, non-independent Director	Lucia Caccia Dominioni	-	-	-	-	-	-	-	-
Non-executive, non-independent Director	Caterina Caccia Dominioni	-	-	-	-	-	-	-	-
Non-executive, independent Director based on T.U.F. and/or Code	Paola Durante	-	-	-	-	-	-	-	-
Non-executive, independent Director based on T.U.F. and/or Code	Simone Andrea Crolla	2/2	M	7/7	M	1/1	M	2/2	M
Non-executive, independent Director based on T.U.F. and/or Code	Emanuela Teresa Basso Petrino	2/2	P	7/7	P	1/1	P	2/2	P
Non-executive, non-independent Director	Antongiulio Marti	-	-	-	-	1/1	M	2/2	M
Non-executive, non-independent Director	Nicola Iorio	-	-	-	-	-	-	-	-
Non-executive, independent Director based on T.U.F. and/or Code	Guido Luigi Traversa	2/2	M	7/7	M	-	-	-	-
-----DIRECTORS WHO RESIGNED DURING THE FINANCIAL PERIOD-----									
Executive/Non-executive, Director – independent based on T.U.F. and/or Code/non-independent	Surname and name	-	-	-	-	-	-	-	-
-----ANY MEMBERS WHO ARE NOT DIRECTORS-----									
Manager of the Issuer/ Other	Surname and name	-	-	-	-	-	-	-	-
<b>No. of meetings held during the Financial Period:</b>		2		7		1		2	

(\*) This column shows the percentage of attendance by the Directors at the committee meetings (indicate the number of meetings attended with respect to the overall number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).

(\*\*) This column shows the role of the Director in the committee: "C": Chairman; "M": member.

**TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AS AT THE END OF THE FINANCIAL PERIOD**

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until	List (M/m) (**)	Indep. based on Code	Attendance at the Board meetings (***)	No. other offices (****)
Chairman	Simone Cavalli	1965	23.02.2010	21/04/2022	Approval of the Financial Statements as at 31/12/2024	M	X	16/16	3
Statutory Auditor	Laura Braga	1984	21.04.2022	21/04/2022	Approval of the Financial Statements as at 31/12/2024	M	X	11/12	1
Statutory Auditor	Attilio Marcozzi	1961	23.02.2010	21/04/2022	Approval of the Financial Statements as at 31/12/2024	M	X	12/12	-
Alternate Auditor	Alice Galimberti	1988	21.04.2022	21/04/2022	Approval of the Financial Statements as at 31/12/2024	M	X	n.a.	n.a.
Alternate Auditor	Maurizio Parni	1979	21.04.2022	21/04/2022	Approval of the Financial Statements as at 31/12/2024	M	X	n.a.	n.a.
-----AUDITORS WHO RESIGNED DURING THE FINANCIAL PERIOD -----									
Statutory Auditor	Stefano Chirico	1967	17.04.2008	16/04/2019	Approval of the Financial Statements as at 31/12/2021	M	X	4/4	6
Statutory Auditor	Alessandra De Beni	1958	30.04.2013	16/04/2019	Approval of the Financial Statements as at 31/12/2021	M	X	4/4	-
Alternate Auditor	Stefania Rusconi	1979	23.02.2010	16/04/2019	Approval of the Financial Statements as at 31/12/2021	M	X	n.a.	n.a.

Indicate the number of meetings held during the Financial Period: 16

Indicate the *quorum* required for the presentation of minority lists for the election of one or more members (pursuant to Article 148 of the Consolidated Law on Finance (T.U.F.)): 4.5%

**NOTES**

(\*) Date of first appointment of each Auditor means the date on which the Auditor was appointed for the first time (ever) in the Issuer's Board of Statutory Auditors.

(\*\*) This column shows the list from which each Auditor was drawn ("M": majority list; "m": minority list).

(\*\*\*) This column shows the percentage of attendance by the Auditors at meetings of the Board of Statutory Auditors (indicate the number of meetings attended with respect to the overall number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).

(\*\*\*\*) This column shows the number of offices as Director or Auditor held by the interested party pursuant to Article 148-bis of the Consolidated Law on Finance (T.U.F.) and to the relevant implementation provisions of the Consob Issuers' Regulations. The complete list of offices is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulations.

## ANNEX A

### List of existing offices held by the current members of the Board of Directors

Information relating to corporate offices held by the Directors is reported below.

Name and surname	Company	Office
<b>Ambrogio Caccia Dominioni</b>	Ambrosio S.r.l.	Director
	FLIND. S.p.A.	Director
	MTS – Officine Meccaniche di Precisione S.p.A.	Director
	Promor Fondazione	Director
	Tesmec Automation S.r.l.	Chairman of the Board of Directors and Chief Executive Officer
	Tesmec New Technology Beijing Ltd.	Chairman of the Board of Directors
	Tesmec Rail S.r.l.	Chairman of the Board of Directors
	Tesmec SA (Pty) Ltd.	Director
	Tesmec USA Inc.	Chairman of the Board of Directors
	4 Service S.r.l.	Director
<b>Gianluca Bolelli</b>	Cfo Sim S.p.A.	Chairman of the Board of Directors
	Comifin S.p.A. in liquidazione (in liquidation)	Liquidator
	E. Boselli & C. S.r.l.	Chairman of the Board of Directors
	Damiani S.p.A	Chairman of the Board of Statutory Auditors
	Irpplast S.p.A.	Chairman of the Board of Statutory Auditors
	Ronchi Mario S.p.A.	Chairman of the Board of Statutory Auditors
	Ronchi Holding S.p.A.	Chairman of the Board of Statutory Auditors
	Rubelli S.p.A.	Chairman of the Board of Statutory Auditors
	Planetaria Hotels S.p.A.	Statutory Auditor
	TTC S.r.l.	Director
	Tesmec Rail S.r.l.	Director
	ICS Tech S.r.l.	Director
	Tre Laghi S.p.A.	Director
	Alucart S.p.A.	Chairman of the Board of Statutory Auditors
	Ghial Industriale S.p.A.	Statutory Auditor
	Ghial S.p.A.	Statutory Auditor
	Banca Progetto S.p.A.	Alternate Auditor
	Ciprofin S.r.l.	Statutory Auditor
	Piazza Italia S.p.A.	Director
	Le Caselle S.p.A.	Chairman of the Board of Statutory Auditors
	Eurofinleading Fiduciaria S.p.A.	Statutory Auditor
	Dream Immobiliare S.r.l.	Director
	Penelope S.r.l.	Director
Investment Club S.r.l.	Director	
Tesmec S.p.A.	Deputy Chairman of the Board	
Tennis Club Milano Bonacossa	Director	
<b>Lucia Caccia Dominioni</b>	TTC Srl;	Director
	DREAM IMMOBILIARE Srl;	Director
	RX Srl.	Director
<b>Caterina Caccia Dominioni</b>	Marais Technologies SAS	Chairman of the Board of Directors
<b>Paola Durante</b>	Liu Jo S.p.A.	General Manager
<b>Simone Andrea Crolla</b>	American Chamber of Commerce in Italy	Managing Director
	Synergo Capital SGR S.p.A.	Director
	Vitali S.p.A.	Director
<b>Emanuela Teresa Basso Petrino</b>	Fondazione Theodora Onlus	Managing Director
	WIIT S.p.A.	Director and Chairwoman of the Remuneration and Appointments Committee
<b>Antongiulio Marti</b>	Hoop Capital S.p.A.	Sole Director
	Tesmec S.p.A.	Director
	Eurotech S.p.A.	Director

	HPS S.r.l.	Director
	Emera S.r.l.	Chairman of the Board of Directors
	We Wear S.r.l.	Director
	G&PH S.r.l.	Director
<b>Nicola Iorio</b>	Costa Experience S.p.A.	Director
	Bios Line S.p.A.	Director and Deputy Chairman of the BoD
	Bernardinello Engineering S.p.A.	Director
	Wisycom S.r.l.	Director
	RCF Group S.p.A.	Director and Deputy Chairman of the BoD
	Evergreen Life Products S.r.l.	Director
	Palladio Holding S.p.A. in breve PFH S.p.A.	Prosecutor
	Venice PMI S.r.l.	Sole Director
	Venice European Investment Capital S.p.A.	Director and Chief Executive Officer
	Naus S.p.A.	Director
	Sonica S.r.l.	Chairman and Chief Executive Officer
	Rebula S.r.l.	Chairman and Chief Executive Officer
	WT Holding S.p.A.	Chairman and Chief Executive Officer (Assignment during registration by the Chamber of Commerce).
<b>Guido Luigi Traversa</b>	ILB Helios Italia S.r.l.	Chairman and Chief Executive Officer
	Escogit Capital Srl	Member of the Advisory Committee



## ATTRACTIVE TECHNOLOGIES

Tesmec S.p.A.

**Registered Office**

Piazza S. Ambrogio, 16  
20123 Milano - Italy

Share Capital Euro 15.702.162 fully paid  
VAT identification code IT10227100152  
Milan Register of companies no. 314026

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