



**CEMBRE**

**REPORT ON  
CORPORATE GOVERNANCE AND  
OWNERSHIP STRUCTURE**

pursuant to article 123 *bis* Consolidated Financial Act (TUF)

(administration and control traditional model)

Issuer: CEMBRE S.P.A. - Via Serenissima 9 - 25135 Brescia  
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## GLOSSARY

**Code or the Code of Corporate Governance:** the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee.

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

**Committee, CG Committee or Corporate Governance Committee:** the Italian Committee for the Corporate Governance of listed companies, promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**Board:** the Issuer's Board of Directors.

**Issuer, Company or Cembre:** the issuer of listed stock to which the Report makes reference.

**Financial year:** the financial year to which the Report refers.

**Consob Issuers' Regulation or Issuers' Regulation:** Rules issued by Consob with Resolution no. 11971 of 1999 on listed companies (as subsequently amended).

**Consob Market Regulation:** Rules issued by Consob with Resolution no. 20249 of 2017 on markets.

**Consob Related Parties Regulation:** Rules issued by Consob with Resolution no. 17221 dated March 12, 2010 (as subsequently amended) on markets.

**Report:** the report on corporate governance and ownership structure drafted and published by Cembre pursuant to art. 123-*bis*, TUF.

**Remuneration Report:** the Report on the remuneration Policy and compensation paid drafted and published by Cembre pursuant to article 123-*ter* TUF and article 84-*quater* of the Consob Issuers' Regulation.

**Consolidated Financial Act or TUF:** Legislative Decree no. 58 of February 24, 1998.

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

## 1.0 PROFILE OF THE COMPANY

The Issuer, founded in 1969, has registered office in Brescia and designs, manufactures and distributes electrical compression connectors and installation tooling, a sector in which it enjoys a leadership position in Italy and gained significant market shares in Europe. Cembre is one of the world's leading manufacturers of tools (mechanical, pneumatic and hydraulic) for the installation of connectors and the shearing of cables.

It has been listed on the Euronext Milan since December 15, 1997, and on the STAR segment since September 24, 2001.

Cembre reports its commitment in the area of social responsibility and sustainability by means of the Consolidated Non-Financial Declaration, which is compulsorily adopted pursuant to Legislative Decree no. 254/2016 implementing Directive 2014/95/EU and published on the website [www.cembre.com](http://www.cembre.com), in the investor relations section.

Starting with the 2020 financial year, Cembre chose to appoint a Sustainability Manager to improve its ability to manage the issue of sustainability and to spread the culture of social, environmental, and economic responsibility in all the Group's locations.

Cembre intends to make sustainability one of the critical elements of its action to create, together with its stakeholders, a business model capable of focusing on innovation and circularity and to develop a virtuous synergy between values, economy, and productive development.

Further information about the integration of this objective into corporate strategies is provided in sections 4.1, 8 and 9 of this Report.

The Issuer qualifies as an SME (small and medium enterprise) pursuant to article 1, paragraph 1, letter *w- quater.1)* of TUF and article 2-*ter* of the Consob Issuers' Regulation as per the list of issuers of listed "SME" shares published by Consob on its website at <https://www.consob.it/web/area-pubblica/emittenti-quotati-pmi>.

The Issuer does not fall under the definition of "large company" pursuant to the Code, while it is a "concentrated ownership company", in view of the ownership structure described in section 2.0 below.

As permitted by the Code, the Issuer made use of the flexibility options concerning the self-evaluation process and the guidelines on the optimal composition of the administrative body (see section 7.1).

The Issuer is controlled by Lysne S.p.A., a company with registered office in Brescia, with a 51.5696% share. Parent company Lysne S.p.A. is owned by the Rosani family, while no entity controls Lysne S.p.A. pursuant to article 93 of TUF.

The Company is organized along traditional administration and control lines, as described in articles 2380-*bis* and following of the Italian Civil Code, and has a Shareholders' Meeting, Board of Directors and Board of Statutory Auditors.

## 2.0 INFORMATION on OWNERSHIP STRUCTURE (pursuant to art. 123-*bis*, TUF) as of December 31, 2023

### a) Share capital structure (art. 123-*bis*, par. 1, lett. a), TUF)

Share capital fully underwritten and paid-up is currently €8,840,000.00

**TABLE 1: Classes of shares:**

	No. of shares	No. of voting rights	Nominal value	Listed (market) / not listed
Ordinary shares (voting right increase not provided for)	17,000,000	17,000,000	0.52	Euronext Milan/STAR segment

Each share gives right to one vote.

Rights and obligations of Shareholders are those prescribed in articles 2346 and following of the Civil Code. See also paragraph 13 of the present Report.

**b) Share transfer restrictions (art. 123-bis, par. 1, lett. b), TUF)**

No restriction exists on share transfer.

**c) Significant shareholdings (art. 123-bis, par. 1, lett. c), TUF)**

As specified in section 1 above, the Issuer qualifies as an SME (small and medium enterprise) pursuant to article 1, paragraph 1, letter *w-quater.1)* of TUF and article 2-ter of the Consob Issuers' Regulation as per the list of issuers of listed "SME" shares published by Consob on its website at [www.consob.it/web/area-pubblica/emittenti-quotati-pmi](http://www.consob.it/web/area-pubblica/emittenti-quotati-pmi). The threshold for communicating the existence of significant shareholdings pursuant to article 120, TUF is 5% of the voting shares (article 120, par. 2, last section, TUF).

At the date of this Report, the Shareholders holding, either directly or indirectly, significant interests in the share capital, through pyramidal ownership structures or cross shareholdings, as resulting from the shareholders register, communications made pursuant to article 120 TUF and other information available to the Company, are shown in the table below:

Declarer	Direct shareholder	% of ordinary capital	% of voting capital
Lysne S.p.A.	Lysne S.p.A.	51.5696	51.5696
Giovanni Rosani	Giovanni Rosani	8.529	8.529
Sara Rosani	Sara Rosani	8.647	8.647

**d) Securities carrying special rights (art. 123bis, par. 1, lett. d), TUF)**

None of the Company shares carries special rights.

The By-laws of the Company do not contain provisions relating to increased voting powers of shares pursuant to article 127-quinquies, TUF.

**e) Employee share ownership: mechanism to exercise voting rights (art. 123-bis, par. 1, lett. e), TUF)**

No specific mechanism is provided to exercise voting rights in case of employee share ownership.

**f) Restrictions to exercise voting rights (art. 123bis, par. 1, lett. f), TUF)**

No restrictions to exercise voting rights exist.

**g) Shareholders agreements (art. 123bis, par. 1, lett. g), TUF)**

The Issuer is aware of the existence of an agreement among Shareholders, relevant pursuant to article 122 TUF, having as the object shares of Lysne S.p.A., the company that controls Cembre S.p.A. pursuant to article 93 TUF.

Said agreement, entered into on December 21, 2005 and subsequently amended on March 19, 2010, sets forth a voting syndicate and a block syndicate, providing thus for restrictions to the exercise of vote and limitations to the free disposal of shares bound by the agreement.

The agreement involves 597,500 shares of Lysne S.p.A. (representing 58.578% of its share capital) of which 520,500 shares (representing 51.028% of the share capital) are subject to both syndicates, and 77,000 shares (representing 7.550% of the share capital) are subject only to the block syndicate.

The owners of the shares bound by the agreement are:

- Giovanni Rosani, owner of 260,250 shares subject to both syndicates, and 38,500 shares subject only to the block syndicate;

- Sara Rosani, owner of 260,250 shares subject to both syndicates, and 38,500 shares subject only to the block syndicate.

For further information we refer to CONSOB's Internet site [www.consob.it](http://www.consob.it) or that of the Company [www.cembre.it](http://www.cembre.it) in the Investor Relations – Corporate Governance – Shareholder Agreements section.

**h) Change of control clause (art. 123-bis, paragraph 1, letter h), TUF) and provisions contained in the By-laws pertaining to public offers to purchase stock (articles 104-paragraph 1-ter and 104-bis paragraph 1, TUF)**

The Issuer and its subsidiaries have not entered into any agreement which includes a clause coming into force or being terminated in the event of change of control.

The provisions of the By-laws do not make exceptions to passivity rules contemplated in articles 104, paragraphs 1 and 1-bis, TUF. It is also acknowledged that the By-laws of the Company do not provide for the application of the neutralization rules contemplated in article 104-bis, paragraphs 2 and 3 of TUF.

**i) Proxies for share capital increase and authorization to purchase own shares (art. 123-bis, par. 1, lett. m), TUF)**

In the course of the year, the Board did not receive a proxy by the Shareholders' Meeting to execute share capital increases pursuant to article 2443 of the Civil Code, or to issue financial instruments involving participation in the share capital.

The ordinary Shareholders' Meeting of April 27, 2023, based on prior revocation of the authorisation conferred by the ordinary Shareholders' Meeting of April 27, 2022 for the part not executed, authorised the Board of Directors to purchase and dispose of own shares, pursuant to articles 2357 et. seq of the Civil Code and art. 132 of the TUF, in order to ensure the Company has the necessary strategic investment opportunity for all purposes permitted by provisions in force, including therein the purposes set forth in art. 5 of Regulation (EU) 596/2014 (Market Abuse Regulation, hereinafter the "MAR") and the permitted practices pursuant to art. 13 of the MAR, where applicable, as well as, where applicable, for the provision of own shares to be allocated to beneficiaries of the incentive plan pursuant to art. 114-bis of the TUF called "*Premio Carlo Rosani per i 50 anni dalla fondazione della Società*" (the "Plan") approved by the ordinary Shareholders' Meeting on April 18, 2019.

In particular the Shareholders' Company resolved:

- to authorise, pursuant and to the purposes of article 2357 of the Italian Civil Code, the purchase, in one or more instalments for a period of 18 months from the date of the resolution, of Cembre ordinary shares, up to a maximum number so that own shares held by Cembre S.p.A., and if applicable its subsidiaries, do not exceed the maximum limit established by applicable regulations, for a consideration that shall not exceed the higher between the price at which the last independent transaction was concluded and the last independent bid price in the market in which the purchase is carried out. For any single purchase, such price per share shall in any case not be more than 20% lower or higher than the closing price registered by Cembre shares on the previous trading day;
- to mandate the Board of Directors, and in its place also its Chair and Managing Director, to determine the number of shares to be purchased according to each purchase plan, for the purposes of the above mentioned ends, prior to the start of the purchase program and to proceed with the purchase of shares in the manner established in the applicable provisions of Issuers' Regulation in implementation of art. 132 of the TUF, in compliance with the conditions and restrictions relating to the negotiation pursuant to arts. 3 and 4 of the Delegated Regulation (EU) 2016/1052 and with the graduality deemed appropriate in the interest of the Company, attributing every broader powers for the execution of the purchase transactions



that are the object of the mandate and any other formality necessary for the same, including the giving of mandates to registered intermediaries and the appointment of special attorneys;

- to authorise the Board of Directors, and for it its Chair and Managing Director, pursuant and in accordance with art. 2357-ter of the Italian Civil Code, to dispose, at any moment, in whole or in part, in one or more instalments, of own shares acquired based on the resolution, or nonetheless already in the company's portfolio, through (i) the disposal of them to the beneficiaries of the incentive plan pursuant to art. 114-bis of the TUF called "*Premio Carlo Rosani per i 50 anni dalla fondazione della Società*" according to the terms, conditions and the methods set forth therein, and in particular, at a price of €10.00 per share; (ii) their disposal in the stock market or outside of the stock market, including through the sale of rights in rem and/or personal rights, including therein, merely by way of an example, securities lending, in compliance with the applicable legal or regulatory provisions in force at the time and for the pursuit of the purposes that are the object of the resolution, according to the terms, methods and conditions for the disposal of own shares deemed most appropriate in the interest of the Company; the authorisation pursuant to this point was agreed with no time limits;
- to attribute the Board of Directors, and for it, its Chair and Managing Director, all the widest powers to execute the transactions pursuant to this resolution and any formality relating to the same, including therein any assignment of engagements to authorised intermediaries pursuant to law and with the right to appoint special prosecutors.

The same Shareholder's Meeting resolved also, pursuant to current regulations, that purchases of own shares be contained within the limits of distributable reserves resulting from the last approved financial statements (also interim reports) at the time of the transaction and that, upon the purchase and sale of own shares, the necessary entries in accounting records are made in compliance with applicable regulations and accounting principles.

At its meeting held on May 15, 2023, the Board of Directors, following the conclusion of the share buy-back programme launched on April 27, 2022, resolved:

- to approve the initiation of an own share purchase plan under the terms and conditions and with the procedures pursuant to Shareholders' Meeting resolution of April 27, 2023 for a maximum of 850,000 ordinary Cembre S.p.A. shares and for a total consideration that shall not exceed €25,000,000;
- to vest the Chair and Managing Director with all of the broadest powers for the execution of all formalities and obligations, also relating to disclosures, including the power to formalise the engagement with an intermediary qualified pursuant to the law, with regard to carrying out transactions on Cembre own shares under the terms and conditions pursuant to the previous point.

At the date of the present Report, the Issuer holds 202,541 treasury shares, representing 1.19% of the Company's share capital.

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

Though under the control of Lysne S.p.A. for the purposes of article 2359 of the Civil Code, the Company does not deem itself to be subject to the management and coordination of its parent pursuant to article 16 of Consob Market Regulation.

The Company deems to operate under full corporate and management autonomy from its parent Lysne S.p.A. In particular, as a non-exhaustive example, the Company manages autonomously its own treasury and relationships with its customers and suppliers, and does not make use of any service provided by its parent company.

Relationships with Lysne S.p.A. are limited to the normal exercise by the same of administrative and ownership rights pertaining to its quality of shareholder.

It should be noted that:

- the information required by art. 123-bis, paragraph 1, letter i) ("agreements between the company and the directors providing for indemnities in case of resignation or dismissal without just cause, or if their



employment ceases following a takeover bid") is contained in the section of the Report regarding remuneration (Sect. 8.1);

- the information required by art. 123-*bis*, paragraph 1, letter l), first part ("rules for the appointment and replacement of Directors, if different from the laws and regulations applicable in addition") is detailed in the section of the Report concerning the Board of Directors (Sect. 4.2);
- the information required by art. 123-*bis*, paragraph 1, letter l), second part ("rules applicable to the amendment of the By-laws, if different from the laws and regulations applicable in addition") is detailed in the section of the Report concerning the Shareholders' Meeting (Sect. 13).

### **3.0 COMPLIANCE (pursuant to art. 123-*bis*, paragraph 2, letter a), first part, TUF)**

The Issuer has adopted the Code, which is accessible to the public on the website of the Corporate Governance Committee at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

Cembre S.p.A. and its subsidiaries are not subject to non-Italian law provisions which may affect the structure of the Company's corporate governance.

## **4.0 BOARD OF DIRECTORS**

### **4.1. ROLE OF THE BOARD OF DIRECTORS**

The management of the Company is the exclusive responsibility of the Board of Directors that carries out all operations necessary to attain the corporate objectives.

The Board of Directors confirmed that the theme of sustainability is an integral and fundamental part of the definition of Cembre's business strategies, the internal control and risk management system and the remuneration policy, as demonstrated, among other things, by the attention to the environmental impact during the phase of new product design (e.g. in relation to the characteristics of the materials and the production processes used and the gradual migration from traditional, more polluting, power tools, to battery-powered ones), as well as in the construction of new high-energy efficiency buildings (equipped with photovoltaic and geothermal plants) and with a low impact on the environment and on the local area.

Cembre made good on its commitment to sustainability in 2023 with several projects spanning the three areas of sustainable development: people, environment and land. The main projects were related to sustainable mobility, digitalisation, energy efficiency, measuring product carbon footprint, sustainable innovation and employee welfare. In particular, CEMBRE has joined the WHP programme, which aims to improve employee health and well-being through initiatives promoting physical activity, healthy eating and stress reduction. Medium-term guidelines (four to five years) have been established for each project, along with investments, commitments and objectives shared with the various categories of stakeholders directly or indirectly concerned by the company's activities. Detailed information on these projects and stakeholders is available in the Consolidated Non-Financial Declaration, which is approved and published each year along with the financial statements. This document, which should be referred to for the details, also summarises the listening and engagement tools and expectations of all of CEMBRE's stakeholders.

By express provision of the By-laws (as indicated further on), the following are reserved to the Board of Directors, holding valid powers reserved to the Managing Director:

- (i) the right to examine the operations of the Company, based on the report of the Managing Director and of those Directors that hold specific positions (art.18, paragraph 5 of the By-laws): in exercising such function, the Board shall, among other things, evaluate with particular care potential conflicts of interest (art. 18, paragraph 6 of the By-laws), take into account information received by Managing Director and compare periodically results achieved with those budgeted. The Board also examines and approves strategic guidelines, industrial and financial plans, where these have been drafted, for the Company and the Group (article 18, paragraph 5 of the By-laws);

- (ii) the examination and approval of transactions that have a significant importance either from an asset or financial point of view, with particular reference to transactions with related parties;
- (iii) the evaluation, based on information received by the Managing Director, pursuant to art.16, paragraph 6 of the By-laws, of the adequacy of the general organisational, administrative and accounting structure of the Company and the Group set in place by the Managing Director (article 18, paragraph 5 of the By-laws).

The following powers are also attributed to the Board of Directors:

- a) merger resolutions, in the cases described in articles 2505 and 2505-*bis*, of the Civil Code;
- b) business split resolutions pursuant to the joint provisions of articles 2506-ter and 2505-*bis*, of the Civil Code;
- c) a capital stock reduction in the case of the withdrawal of a Shareholder;
- d) changes to the By-laws in compliance with new regulations;
- e) the transfer of the Registered Office to another location on the national territory;
- f) the creation and suppression of secondary offices, branches, agencies and representative offices;
- g) other powers attributed to the Board of Directors by Law and the Company's By-laws.

At the meeting held on March 14, 2023, the Board resolved, pursuant to Recommendation 33, letter a) of the Code, to deem the internal control and risk management system adequate, effective and functioning, in view of the characteristics of the Company and the risk profile set, based on the support of the Internal Control and Risk Committee and the verification of managing directors and directors holding proxies.

The Board of Directors reviewed at least quarterly the operating performance of the Company, keeping into account, in particular, information received by representative bodies.

As provided by the Recommendation 1, letter e) of the Code, the Company adopted an internal code (the “**Procedure**”) – last amended on March 15, 2011 to keep into account, among other things, of new criteria of significance set forth in Attachment 3B of the Issuers’ Regulation – regulating informative and procedural aspects relating to operations having a specific economic, equity or financial relevance, with particular reference to transactions with related parties, establishing also criteria (quantitative and/or qualitative) for determining which operations fall in this category and are therefore reserved to the responsibility of the Board of Directors of the Issuer.

The Procedure reserves to the exam and approval of the Board “Relevant Operations”, intended as:

- 1) the acquisition or sale of companies, businesses or assets, in case at least one of the parameters listed below is equal or higher than 25%<sup>1</sup>:
  - (i) *Assets*: ratio of total assets of merged company or total assets that are the object of the spin-off, and total assets of the Company;
  - (ii) *Profitability*: ratio of pre-tax profit and result of transferred assets of merged company, or of assets object of the spin-off and pre-tax profit of the same before the spin-off;
  - (iii) *Shareholders’ Equity*: ratio of Shareholders’ Equity of merged company or of the business spun-off and Shareholders’ Equity of the Company;
  - (iv) *Liabilities*: ratio of total liabilities of merged company or liabilities object of the spin-off and total assets of the Company;
- 2) acquisition and sale of company, businesses, part of businesses or assets (including tangible and intangible assets), in case one of the ratios listed below is equal or above 25%<sup>2</sup>:

<sup>1</sup> Accounting data to be used in calculating the degree of significance for the purposes of the Procedure must be drawn from the most recent consolidated balance sheet published or the most recent balance sheet where the Company is not required to produce consolidated financial statements.

<sup>2</sup>*Cfr.* See note above

- (i) *Amount*: ratio of the amount of the transaction and capitalization of the Company at the closing of the last trading day of the period of the most recent periodical financial report published (annual report, half-yearly report or interim report). When the economic terms of the transaction are determined, the amount of the operation is:
- a) with regard to cash components, the amount paid to/by the counterpart pursuant to contractual terms established;
  - b) with regard to components consisting of financial instruments, the fair value determined at the time of the transaction in line with IFRS adopted through EU Regulation no. 1606/2002.

When the economic terms of the operation depend in full or in part on amounts not yet known, the amount of the operation is the maximum determinable value pursuant to the agreement.

- (ii) *Assets*: ratio of total assets of the company, business or part of business acquired or sold and total assets of the Company.

In the case of acquisitions or sale of investments in companies that have an effect on the consolidation area, the value of the numerator is that of the assets of the invested company, irrespective of the percentage of ownership being transferred.

In the case of acquisitions or sale of investments in companies that do not have an effect on the consolidation area, the value of the numerator is:

- a) in the case of acquisitions, the value of the operation plus total liabilities of the acquired company transferred to the acquiring company in the sale;
- b) in the case of sale, the value of the business sold.

In the case of acquisition or sale of other assets (other than the purchase or sale of an equity investment), the value of the numerator is:

- a) in the case of acquisitions, the higher between the consideration paid and the book value attributed to the asset;
- b) in the case of sale, the book value of the asset sold.

- (iii) *Profitability*: ratio of pre-tax profit and of results of assets sold by the company, business or part of business acquired or sold, and the pre-tax profit and result of transferred assets of the Company;

- (iv) *Shareholders' Equity*: ratio of total Shareholders' Equity of the company, business or part of business acquired or sold and the total Shareholders' Equity of the Company;

- (v) *Liabilities*: ratio of total liabilities of the company, business or part of business acquired or sold and total assets of the Company.

Where the purchase or sale relates to an asset, only the ratio described in point (i) above will apply.

- 3) Operations other than the ones indicated in points 1) and 2) above whose value exceeds 20% of Revenues (intended as sales revenues reported in the latest Consolidated Financial Statements or in the most recent statement of income where the Company is not required to prepare consolidated financial statements).

For the purposes of ratios indicated in points 1), 2), and 3) above, each transaction should be considered individually. Exceptionally, transactions that are strictly and objectively linked by a common strategic or operating plan must be qualified as Relevant Operations whenever, considered in the aggregate, they should exceed the above mentioned ratios.

Moreover, in relation to each Relevant Operation, the Board of Directors shall receive from the appointed parties, sufficient information to allow a first review of major elements of the operation. In particular, exhaustive information regarding the strategic reasons for the Relevant Operation and the foreseeable operating, financial and equity impact of the same, also at the consolidated level.

In addition, during the financial year, the Board:

- did not deem it necessary or appropriate to draw up proposals to be submitted to the Shareholders' Meeting concerning the corporate governance system, since it believes that the model currently adopted is fully functional to the company's needs;
- did not deem it necessary or appropriate to adopt a policy for managing dialogue with shareholders in general, considering the current investor relations mechanisms to be adequate.

Further information on the appointment of the Board of Directors, its composition, functioning, self-evaluation, remuneration policy, internal audit and risk management system are included in the sections of this Report dealing with these issues (sections 4.2, 4.3, 4.4, 7.1, 8.1, 9.0 respectively).

## **4.2 APPOINTMENT AND REPLACEMENT OF DIRECTORS (*ex art. 123-bis, par. 1, lett. l), first part, TUF*)**

The Articles of Association governing the composition and appointment of the Board (art. 15) are suitable to guarantee compliance with the regulations regarding the equal representation of both sexes in corporate boards as per article 147-ter, paragraph 1-ter of TUF, as last amended by Law 160/2019, and the related implementation regulations issued by Consob.<sup>3</sup> Art. 15, paragraph 5 of the By-laws states that “*lists that present a total number of candidates equal to or higher than three must be composed of candidates from both genders, so that the gender balance set forth in the currently applicable legislation is respected*”.

Pursuant to art. 15, paragraph 5 of the Company's By-laws, lists of candidates to the position of Director must be deposited by Shareholders at the Company Registered Office at least 25 days prior to the date set for the Shareholders' Meeting on first or sole call.

Lists may be submitted only by Shareholders who represent, either individually or jointly with other Shareholders, at least 2.5% of voting rights at any Shareholders' Meeting, or any other limit established by other laws and regulations. Through management decision of the Head of the Corporate Governance Division no. 92 of January 31, 2024, Consob recently determined the stake in share capital required for the submission of lists of candidates for election of the Issuer's administration body at 2.5%.

The mechanism for the appointment to the position of Directors of candidates in the various lists is the following:

- a) all Directors except one are drawn from the most voted list in the order in which they are listed;
- b) the second voted list that is not connected in any way with any of the Shareholders that submitted or voted the most voted list described in point a) above, is used to draw a Director, in the person of the first person listed. In case the minority list referred to in point b) above has not received at least half of the votes required to submit the list according to the above-mentioned rules, all Directors shall be appointed from the most voted list as in point a) above;

If, through the method described above a sufficient number of Directors possessing requisites of independence equal to the minimum number required by law as a proportion of the total number of Directors is not achieved, the non-independent candidate elected last in the most voted list, as described in point a), will be replaced by the first subsequent independent candidate that has not been elected from the list or, lacking this, by the first independent candidate that has not been elected from the other lists, giving priority to the list according to the number of votes it received. The procedure is followed until the Board comprises a minimum number of Directors possessing the requisites described in article 148, paragraph 3, TUF, equal at least to the minimum

<sup>3</sup> Paragraph 1-ter, of art. 147-ter, of the TUF in force at the date of this Report sets forth, *inter alia*, that the “*less represented gender must account for at least two fifths of the elected directors. This distribution criterion applies for six consecutive mandates*”.

In addition, pursuant to paragraph 3, art. 144-undecies.1 of the Issuers' Regulation, as recently amended by means of Consob Resolution no. 21359 of May 13, 2020, “*if the application of the gender distribution criterion does not result in a whole number of members of the administration and control bodies belonging to the less represented gender, this number is rounded up to the nearest unit, with the exception of corporate bodies formed by three members for which the number is rounded down to the nearest unit*”.

number prescribed by Law. In case, finally, such procedure is unable to ensure the result just indicated, the replacement will take place by resolution of the Shareholders' Meeting with the quorum established by Law.

In case, moreover, the candidates elected in the manner indicated above are such that the composition of the Board of Directors does not comply with applicable regulations on the equal representation of genders, the candidate of the most represented gender elected last in the order of names in the most voted list will be replaced by the first candidate of the least represented gender that was not elected in the same list. The replacement procedure will be repeated until the composition of the Board of Directors complies with applicable regulations on the equal representation of genders. In case the above procedure still does not ensure the above stated result, the replacement will take place by resolution of the Shareholder's Meeting passed with a relative majority of votes, after the presentation of a list of candidates of the least represented gender.

In case only a single list or no list is submitted, the Shareholders' Meeting resolves with the quorum established by Law - in compliance with applicable regulations on the equal representation of genders -without following the procedure described above.

In case in the year one or more Directors leave their position, and provided the majority of the Board is still made up by Directors appointed by the Shareholders' Meeting, the following procedure is applied pursuant to article 2386 of the Civil Code:

- i) the Board of Directors, after a resolution of the Board of Statutory Auditors, replaces the Director with a candidate on the same list as the one who has left office, while the Shareholders' Meeting resolves according to the quorum set by Law, following the same criteria;
- ii) in case in the aforementioned list there do not remain candidates that have not already been elected, or candidates possessing the requirements for appointment, or in any case when, for whatever reason, it is not possible to comply with the procedure described in point i) above, the Board of Directors, after a resolution of the Board of Statutory Auditors and subsequently the Shareholders' Meeting according to the quorum set by Law, proceeds with the replacement of the Director without making use of voted lists.

In any case, the Board and the Shareholders' Meeting proceed to the appointment so as to ensure the presence of the minimum number of independent Directors required by regulations in force.

In the event of one or more Directors leaving their position, and provided the resulting majority of the Board is still made up by Directors appointed by the Shareholders' Meeting, the latter may however resolve to reduce the number of Directors to that of Directors still in office for the duration of their term, provided a sufficient number of independent Directors remains in office to ensure compliance with applicable regulations and that the Director appointed from the minority list is still in office.

In case the majority of Directors appointed by the Shareholders' Meeting leaves office, the whole Board is considered as terminated, effective at the time of the appointment of a new Board, and a Shareholders' Meeting must be called without delay by the Directors still in office to appoint a new Board.

When the number of Directors appointed is lower than the maximum set in article 15, paragraph 1, of the By-laws, the Shareholders' Meeting may, throughout the term of the Board, increase the number of Directors up to the limit set in the By-laws. The appointment of further Directors will take place as follows:

- i) additional Directors are appointed from the most voted list by Shareholders at the time of the appointment of Directors currently in office, drawn from candidates that are still eligible, while the Shareholders' Meeting resolves in accordance with the quorum set by Law, following the same criterion;
- ii) in case no candidates remain in the most voted list, or the case provided for in paragraph 5, last section of article 15 of the By-laws occurs, the Shareholders' Meeting proceeds to the appointment without observing the procedure described in point i), with the quorum set by law and without making use of voting lists.

The Shareholders' Meeting may however resolve to reduce the number of Directors to that of Directors in office for the residual term of their mandate, subject to limits set by applicable laws and regulations regarding the composition of Board of Directors.

Where it has not already been appointed by the Shareholders' Meeting, the Board of Directors appoints one of its members as Chair and, where deemed appropriate, one or more Vice Chair having substitute powers to that



of the Chair.

Please refer to Section 7 below for information on the role of the Board of Directors and Board committees in the processes of self-evaluation, appointment and succession of directors.

### 4.3 COMPOSITION (pursuant to art. 123-bis, paragraph 2, letters d) and d-bis), of the Consolidated Financial Act or TUF)

As stated in article 15 of the Company's By-laws, the Board of Directors shall consist of a minimum of 3 to a maximum of 11 members. Directors are appointed for a term that does not exceed three years, ending with the approval by the Shareholders' Meeting of the financial statements for the last of the three years of the term and may be re-appointed. Before proceeding to the appointment of the Board, the Shareholders' Meeting sets the number of its components and the term of the Board of Directors to be appointed.

Article 16 of the By-laws empowers the Board to appoint from its members one or more Managing Directors and/or an Executive Committee, determining, within the limits set forth in article 2381 of the Civil Code, its powers, and in the case of the Executive Committee, also the number of its components, the term, and norms regulating its functioning. Committees ensure that the organizational, administrative and accounting management of the Company is adequate in relation to the nature and size of the same, and report to the Board of Directors and the Board of Statutory Auditors at least quarterly on the general performance of the Company and its outlook, in addition to major transactions concluded, either by size or importance, by the Company or its subsidiaries.

The Shareholders' Meeting held on April 27, 2021 appointed the Board of Directors currently in office, made up of 8 (eight) members, on the basis of the only list of candidates submitted by the majority shareholder Lysne S.p.A. The list submitted by the majority shareholder Lysne S.p.A. obtained 12,750,624 votes in favour, equal to 91.09% of the voting capital. We remind that the share of voting rights required to submit a list for candidates to said position amounts to 2.5%.

The Board of Directors will remain in office until the date of the Shareholders' Meeting called to approve the Financial Statements at December 31, 2023.

For more information on lists of candidates to the Board of Directors in office submitted, we refer to the Company's website [www.cembre.com](http://www.cembre.com) in the Investor Relations section, where the professional curricula of Directors are published.

The composition of the Board in office at the end of the year is shown in Table 2, in the appendix to this Report.

As can be inferred from the above-mentioned Table, the Board is made up of executive and non-executive Directors, all of whom have the professionalism and skills required for the tasks assigned to them. The number (four) and skills of the non-executive Directors are such as to ensure that they have a significant influence on the Board's resolutions and guarantee effective management monitoring; moreover, a significant portion (50%) of the non-executive Directors is independent.

The other offices held by Director Paola Carrara at the end of the year are as follows:

Company	Registered office	Taxpayer ID	Position held
BCC Milano (ICCREA Group)	Carugate, Via De Gasperi 11	0113 2850155	Permanent Auditor
BCC Milano (ICCREA Group)	Carugate, Via De Gasperi 11	0113 2850155	Member of Supervisory Body
Fiamma S.p.a.	Chignolo d'Isola (BG), Via Bedeschi 22	03709030161	Permanent Auditor
UNICAA S.r.l.	Bergamo, Via Carlo Serassi 7	02916860162	Chairman Supervisory Body

Italian Cable Company S.p.A.	Bolgare (BG), Via Francesca 8	02325450167	Member of Supervisory Body
Radici Pietro Industries and Brands	Cazzano Sant'Andrea (BG), Via Cav. Pietro Radici 19	00217360163	Substitute Statutory Auditor
Miro Radici Family of companies	Cazzano Sant'Andrea (BG), Via Cav. Pietro Radici 19	00681960167	Substitute Statutory Auditor
Grifal S.p.A.	Cologno al Serio (BG), Via XXIV Maggio 1	04259270165	Substitute Statutory Auditor

The other offices held by Director Elisabetta Ceretti at the end of the year are as follows:

Company	Registered office	Taxpayer ID	Position held
LIGHT Scarl	Brescia, Via Branze 45	04451790986	Board member
Kairos Innovation srl Brescia	Via Cefalonia 55	04380110983	Founding Partner

No change in the composition of the Board occurred in the year.

### Diversity criteria and policies in composition of the Board and in the company organization

The Board of Directors in office until April 27, 2021 included in the explanatory reports prepared pursuant to art. 125-ter, TUF, relating to the appointment of the Board of Directors and the Board of Statutory Auditors by the Shareholders' Meeting called to approve the Financial Statements at December 31, 2020, some indications for Shareholders on diversity in the composition of the Company's corporate bodies; for further information, please refer to the related reports published on the Issuer's website at [www.cembre.it](http://www.cembre.it), in the "Investor Relations – Shareholders' Meetings" section.

Without prejudice to the above-mentioned aspects, the Issuer did not adopt specific policies on diversity with regard to the composition of the management and administrative bodies, with regard to issues such as age, gender, training and professional background, both because the legal provisions and the By-laws in force<sup>4</sup> already ensure a balanced composition of the administrative body, and because, historically, the lists submitted by the shareholders for the appointment of directors were always characterised by the diversity of candidates' profiles.

In this regard, it should be noted that: (i) the Company's Board of Directors includes 4 Directors belonging to the less represented gender; (ii) the Board is characterised by the diversity of its members, taking into account that the age of the Directors is between 47 and 83 years; (iii) the training and professional path of the Directors currently in office guarantees a balanced combination of profiles and experiences within the administrative body suitable to ensure the correct performance of its functions.

In addition, it is noted that Recommendation 23 of the Code does not require companies with concentrated ownership (like Cembre) to express an orientation on its quantitative and qualitative composition of the Board of Directors considered optimal, with a view to its renewal.

With regard to the promotion of equal treatment and opportunities between genders within the whole corporate organisation, the Issuer already promotes inclusion, equal treatment and opportunities between genders among

<sup>4</sup> see section 4.2



employees, as set out in its Code of Conduct, and therefore it was not deemed necessary to adopt ad hoc procedures at present. Further information on policies adopted by Cembre with regard to equal treatment and opportunities is provided in the Consolidated Non-Financial Declaration.

### **Limits on number of positions held in other companies**

The Board of Directors did not deem it necessary to set the maximum number of managerial and administrative positions in other companies that may be considered compatible with the effective carrying out of the role of Director in the Issuer, without prejudice to the duty of each Directors to evaluate the compatibility of positions of Director or Statutory Auditor in other listed companies or of significant size, with the diligent performance of responsibilities and duties assumed with the position of Director in the Issuer. However, effective from 2021, the Code envisages said responsibility solely for large companies.

The Board acknowledges annually the recognition of the offices held by its Directors in other companies, shown in the table contained in section 4.3 of this document.

### **4.4. FUNCTIONING OF THE BOARD OF DIRECTORS (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Financial Act or TUF)**

Pursuant to Recommendation 11 of the Code, at the meeting on November 12, 2020, the Board of Directors approved the adoption of its own internal regulation, in order to regulate the methods of operation of said Board of Directors, including the methods of minute-taking of the meetings and the procedures for the management of disclosures to directors, supplementing the statutory provisions and the legal and regulatory provisions (hereinafter the “**BOD Regulation**”).

With reference to the methods of calling, holding and taking the minutes of the board meetings, pursuant to article 17 of the By-laws and the BOD Regulation, the Board meets at the Company's Registered Office or elsewhere provided in Italy, any time the Chair deems it necessary or whenever at least two of its Directors request it. Board of Directors' meetings may also be convened upon request of two Statutory Auditors, upon prior notice to the Chair of the Board of Directors. Board meetings may also be held by means of communication devices in teleconferencing or video-conferencing, provided each of the participants can be identified by all other participants and that each of them is able to participate in the discussion and to intervene in real time during the discussion of issues, in addition to being able to receive, transmit or review documents and the contemporaneity of the examination of issues and the resulting resolution is ensured.

The call notice is sent, via e-mail, letter or telefax by the Chair, or in event of impediment, by the Vice Chair or two Directors, at least three days before the meeting, and in urgent cases, by telegram, telefax, letter or e-mail, to be sent at least one day before the meeting.

In the absence of formal calling, meetings of the Board will be considered validly constituted when all members of the Board of Directors and of the Board of Statutory Auditors are in attendance and all those entitled to participate have been adequately informed of the items on the meeting's agenda and have stated that they do not oppose the discussion of the items on the agenda.

The Chair, or in the event of its absence or impediment, the Vice Chair or a Managing Director, preside over and coordinates Board proceedings and ensures adequate information is provided to all Directors in the items listed on the agenda.

In case of absence of both the Chair and the Managing Director, other members of the Board present at the meeting shall appoint, with a majority vote of Directors present, one of them as Chair for the purposes of the specific Board meeting.

Resolutions must be taken by majority vote of Directors in office to be valid. Resolutions are passed by majority vote of members present at the meeting; in case of even vote, the vote of the Chair of the meeting shall prevail.

Pursuant to the BoD Regulation, the Chair of the Board of Directors ensures that adequate information on

issues on the agenda is provided to all Directors and Statutory Auditors. In particular, the BoD Regulation requires documentation regarding the items on the agenda to be sent to Directors and Statutory Auditors, for adequate knowledge and evaluation of the matters and the object of the resolutions that will be passed during the meeting, within a term of 3 days before the board meeting, except for cases of justified and exceptional reasons of urgency, in which the documentation is sent at least 1 day in advance. It remains understood that, during the board meeting, clarifications and explanations are provided in relation to the information supplied, also based on the requests for in-depth analysis formulated by the individual directors.

During the year, the above deadlines for sending documentation were met, partly thanks to using digital tools that make it possible to simultaneously provide all participants with the materials relating to the items on the agenda as soon as they are prepared.

During the year, the Board of Directors met 6 (six) times on the following dates: January 31; March 3; March 14; May 15; September 12; November 14.

Minutes of the meetings were regularly kept.

The duration of Board meetings has been on the average about one hour and ten minutes. The time made available by the directors was ample, both in the preparatory phase of reading and analyzing the documentation and in terms of participation in meetings, as shown in Table 2 in the appendix to the Report.

In the current year the Board plans to meet at least 5 (five) times. In addition to the meetings already held on March 5, 2024 (approval of the impairment tests) and March 14, 2024 (approval of the draft financial statements and the consolidated financial statements for the year ended December 31, 2023), the calendar of main corporate events for 2024 (already communicated to the market and Borsa Italiana S.p.A. – the Italian stock market regulator – in compliance with regulations) envisages another 3 (three) Board meetings scheduled at the following dates:

- May 14: approval of the Report on the 1st Quarter of 2024;
- September 12: approval of the half-year financial report as at June 30, 2024;
- November 14: approval of the Report on the 3rd Quarter of 2024.

Pursuant to the BoD Regulation, executives of the group controlled by the Issuer, as well as any external parties, can participate in the aforementioned board meetings, on invitation, for in-depth analyses of the items on the agenda.

#### **4.5. ROLE OF THE CHAIR OF THE BOARD OF DIRECTORS**

The Chair of the Board of Directors plays a liaison role between the executive directors and the non-executive directors and ensures the effective functioning of the Board's work, taking care of:

- the suitability of the pre-meeting information, as well as of the additional information provided during board meetings, to enable directors to act in an informed manner when carrying out their role;
- the coordination of the activities of the board committees (with investigative, propositional and advisory functions) with the activities of the Board;
- the participation in the board meetings of Issuer's managers - who are responsible for the relevant corporate functions depending on the subject - in order to provide any necessary in-depth information on the issues on the agenda;
- the participation of the members of the management and supervisory bodies - after their appointment and during their term of office - in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Issuer operates, of corporate dynamics and of the reference regulatory and self-regulatory framework, also for the purpose of proper risk management;
- the adequacy and transparency of the Board's self-evaluation process, with the support of the Appointments Committee.

If significant content emerges from the dialogue with shareholders, the Chair shall inform the Board at the first available meeting.

The participation of the Executive Directors, who are directly responsible for the main corporate areas (technical-industrial area and commercial area), as well as the Group CFO as manager responsible for the administrative and financial area and personnel, in the Board meetings enables the Directors to receive updated and detailed information on market trends, the progress of projects and the most significant organisational developments.

In particular, during the year, in addition to business issues, the directors and statutory auditors had the opportunity to study in depth the adjustments required by the new European Directive No. 2019/1937 on Whistleblowing, which came into force on December 16, 2019. This in-depth analysis was in preparation for the revision and approval of the Procedure for the management of reports of unlawful and irregular behaviour - whistleblowing adopted by the Company and most recently updated on December 21, 2023, available on the Issuer's website at [www.cembre.com](http://www.cembre.com), in the "Investor Relations - Corporate Governance - Whistleblowing" section.

Furthermore, visits of the Board of Directors and of Statutory Auditors to the Company's production plants are periodically organised.

### **Board Secretary**

The BOD Regulation governs the methods of appointment of the Board Secretary, defining their - in compliance with Recommendation 18 of the Code of Corporate Governance - professional requirements and the associated responsibilities.

According to the Regulation, the appointment and removal of the Secretary is reserved to the Board, upon proposal of the Chair; the Secretary must have adequate knowledge of corporate affairs and corporate governance and has the task of supporting the activities of the Chair and providing impartial assistance and advice to the Board of Directors on all aspects that are important for the proper functioning of the corporate governance system.

During the meeting held on April 27, 2021, the Issuer's Board of Directors appointed its Secretary, in the person of the Group's Head of Corporate Affairs, who meets the requirements described above.

During the Year, the Secretary assisted the Chair of the Board and the Chairs of the internal Board Committees in organizing meetings and sharing the related documentation in a timely manner. Moreover, he reported to the Board and the Board of Statutory Auditors on the most significant regulatory updates for the Company, indicating the need to adjust the corporate governance system, if necessary.

## **4.6 EXECUTIVE DIRECTORS**

### **Managing Directors**

Pursuant to article 16, paragraph 3 of the By-laws, the Board of Directors can appoint among its members one or more Managing Directors and/or an Executive Committee, setting its powers, within the limits set by article 2381 of the Civil Code.

The Chair of the Board and Managing Director currently in office, Giovanni Rosani is empowered with the following powers conferred by the Board of Directors' Resolution dated April 27, 2021, in addition to those reserved by the By-laws to the position of Chair (see below).

In particular, Giovanni Rosani holds, in his quality of Managing Director, powers of legal representation of the Company as well as powers pursuant to applicable provisions of law and the By-laws, without prejudice to the fact that those powers that may not be delegated pursuant to restrictions set in article 2381 of the Civil Code and powers to examine and approve Relevant Operations and Transactions with Related Parties shall remain within the exclusive purview of the Board of Directors. The management powers assigned to Giovanni Rosani by Board resolution of April 27, 2021 are:

- 1) Stipulate, modify, resolve, transfer and acquire by way of transfer, purchase and sale contracts or exchange contracts, also receiving commissions, property, furniture, machinery, motor vehicles, finished products, semi-finished products, raw materials and accessories.
- 2) Assume or assign contract work and supplies in general, signing the related contracts and any other related and consequent deed, including contracts for the temporary association of companies.
- 3) Stipulate, modify and resolve contracts with freelance personnel and professionals.
- 4) Hire and dismiss workers and employees in general, including managers, determining their tasks and remuneration.
- 5) Stipulate, modify and resolve agency and trade representation contracts in general.
- 6) Stipulate, modify and resolve insurance, rent and lease contracts, and resolving the same.
- 7) Represent the Company with the Revenue Service and Administrative and Tax Commissions of any order and level, underwriting petitions, appeals, complaints and whatever else is necessary, with powers to appoint special attorneys.
- 8) Represent the Company with the Bank of Italy, and other similar organisms, with powers to sign all documents or files that may be necessary, exonerating such organisms from any responsibility with regard to the present proxy.
- 9) Represent the Company with customs, railway, tram, maritime, air and transport companies in general, post and telegraph offices in all shipping, import and collection of goods, valuables, packages, belongings, and letters, including registered and insured mail.
- 10) Represent the Company in labour litigation.
- 11) Participate in and bid at public auctions.
- 12) Stipulate, modify, withdraw from and terminate leasing contracts for fixed and non-fixed assets, also registered, and carry out the necessary maintenance; stipulate, modify and terminate financial and operating leases.
- 13) Present for collection, collect, issuing the relevant receipt, amounts, receivables, bills, security deposits, cheques and receivables in general, invoices, money orders, Treasury bonds, guarantee deposits from the Issuing Bank, the Cassa Depositi e Prestiti, post offices, tax offices and treasuries, and any other public or private office. Represent the Company in Court proceedings and in litigation on the collection of receivables.
- 14) Issue money drafts on customers and debtors in general.
- 15) Endorse cheques, bills and transfers in general, both for discounting and deposit on the Company's current accounts, both with banks and post office.
- 16) Endorse cheques in favour of third parties, make money transfers and write cheques for cashing at banks, also against overdrafts covered by lines of credit, or post offices against deposits.
- 17) Transfer funds among banks within credit lines available, also between the Company and its subsidiaries.
- 18) Issue short-term commercial paper.
- 19) Repay loans.
- 20) Establish relationships with banks, credit institutions, post offices, signing contracts concerning the opening of said accounts. Negotiate and accept lines of credit and overdraft lines signing any related contract in the name of the Company.
- 21) Underwrite, accept and endorse bills and credit documents in general.
- 22) Transfer receivables for any reason.
- 23) Issue on behalf of the Company guarantees, joint obligations, secured guarantees in favour of third parties, including Group companies.

- 24) Exercise voting rights and represent the Company in Shareholders' meetings of companies, consortia and other entities in which it holds a stake, in addition to exercising all other rights of the Company vis-à-vis its stake in other companies, consortia and other entity in which it holds a stake.
- 25) Stipulate purchase contracts – including by means of the incorporation of companies and associations of companies – or contracts for the acquisition or sale of investments in other companies or businesses.
- 26) Request any competent Authority administrative and police licenses, in particular commercial licenses, also putting them provisionally in its own name as legal representative of the Company.
- 27) Transact, and settle arbitration, also out of Court, initiate petitions, appeals and complaints, initiate administrative and legal action at any stage and degree and in any proceeding, also cautionary and injunctive, holding legal representation of the Company in Court both as recurrent and defendant, also for revocation and cassation proceedings, appointing lawyers and attorneys in litigation, legally representing the Company with any Authority.
- 28) Protest, request injunctions, promote conservative and executive deeds, intervene in bankruptcy proceedings requiring amounts receivable, declaring their true existence.
- 29) Grant loans to employees and third parties, granting advances for intellectual property rights.
- 30) Represent the Company with Consob (the stock market regulator) and against the companies managing the stock market in proceedings eventually arising before the same, with powers to draft communications and/or any other deed or document pursuant to laws and regulations applicable.
- 31) Sign the report on issues in agenda for the Shareholders' Meeting pursuant to article 125-ter of Legislative Decree 58/1998, and applicable norms and the notice calling Shareholders' Meetings.
- 32) Carry out any operation with factoring and leasing companies, underwriting the related contracts.
- 33) Deposit on behalf of the Company securities for deposit and administration, in addition to retrieving securities deposited with banks, issuing the related receipt.
- 34) Negotiate advances on securities or goods.
- 35) Negotiate the opening of credit with powers to sign all documents relating to import and export operations, including the related foreign-exchange forms, declarations attesting price and assuming responsibilities.
- 36) Negotiate loans in euro and/or any other currency, with powers to sign any related document.
- 37) Confer, modify and/or revoke general proxies and confer, modify and/or revoke special proxies for individual deeds or category of deeds.
- 38) Sign the correspondence in the name of the Company.
- 39) In addition to the above mentioned powers, representing a non-exhaustive example, all management powers belonging to the Board of Directors, with the exception of those otherwise reserved by Law, with legal representation and single signature.

Mr. Giovanni Rosani is the Chief Executive Officer of the Company. No occurrence of any interlocking directorate situation may be currently envisaged.

Granting management powers to the Chair ensures that there is uniform strategic direction within the Group. In addition, this structure is considered appropriate in light of the size of the company.

In line with Recommendation 32 of the Code, by resolution of the Board dated April 27, 2021, Mr. Giovanni Rosani, in his capacity as Chief Executive Officer, was also given the responsibility for implementing the guidelines set by the Board (as provided by Recommendation 34 of the Code of Corporate Governance) through the planning, management and monitoring of the internal control and risk management system, monitoring its adequacy and efficacy. For more information we refer to paragraph 9.1 below.

The Managing Director is also in charge of ensuring that the organisational, administrative and accounting organization of the Company is adequate in respect of the nature and dimensions of the same (see article 16, paragraph 6 of the By-laws).



Director Aldo Bottini Bongrani, who was appointed Vice Chair by Board resolution on April 27, 2021, is granted the powers listed below, in addition to those assigned to him pursuant to the By-laws:

- 1) In case of absence or impediment of the Chair and Managing Director - ascertained by the Board of Directors - all ordinary management powers held by the Board, with legal representation and single signature, except for those powers which cannot be delegated by law;
- 2) Manage relationships and relations with employees and their families, of non-profit humanitarian associations in general and of all those organisations which, as per the statute, carry out solidarity, social and civil activities;
- 3) Identify any acquisition opportunities, manage relationships with relevant stakeholders and appointed external consultants, participating in the contract definition process;
- 4) Manage special projects, such as any identification of properties for expansion of manufacturing and commercial activities and any other projects as may be defined by the Board of Directors or the Managing Director.

### **Chair and Vice Chair**

According to the By-laws, the Chair of the Board holds powers to chair the Shareholders' Meeting (article 13), call Board meetings (article 17), in addition to holding the legal representation of the Company against third parties and in Court (article 19), and to delegated powers as specified above.

On April 27, 2021, the Board of Directors confirmed Managing Director, Mr. Giovanni Rosani as Chair.

The Board deems the conferral of powers to manage the Company to the Chair to be consistent with the organizational needs of the Company which are the smooth functioning of its Board of Directors, in view also of its size. As this is the case, we remind that the Company appointed Director Paola Carrara as Lead Independent Director pursuant to the Code. For further information regarding the Lead Independent Director we refer to paragraph 4.7 below.

The Vice Chair has substitute responsibilities with respect to those of the Chair (article 16 of the By-laws).

### **Executive Committee**

The Board of Directors did not create an Executive Committee among its members.

### **Information to the Board of Directors and Board of Statutory Auditors**

As prescribed in art. 16 of the By-laws, the Managing Director informed the Board of Directors and the Board of Statutory Auditors in a timely manner and at least on a quarterly basis at Board meetings on: (i) activities implemented in compliance with their proxies; (ii) the operating performance of the Company and their outlook; (iii) the most significant corporate events, either by dimension or characteristics, involving the Company or its subsidiaries, and (iv) Transactions with Related Parties, in compliance with the internal procedure described in paragraph 10 below.

### **Other Executive Directors**

Note that the Company's other executive directors are Franco Celli and Felice Albertazzi, due to the management duties they hold within the Issuer.

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

Pursuant to the joint provisions of articles 147-ter, paragraph 4 and 148, paragraph 3 TUF and in compliance with the provisions of article 2.2.3, paragraph 3, letter m) of the Stock Market Regulation and Recommendation

7 of the Code, the Board of Directors currently includes two Independent Directors (Paola Carrara and Elisabetta Ceretti), each of which declared:

- (i) that they are not a spouse, relative or relation up to the fourth degree of the Issuer's Directors, nor is she a director, spouse, relation up to the fourth degree of the directors of the Issuer's subsidiaries and parent companies and of those companies subject to joint control with the Issuer;
- (ii) that they are not linked to the Issuer or its subsidiaries, parent companies or companies subject to joint control, or to the Issuer's Directors and the persons mentioned in the previous point, by independent or subordinate work relations or other financial or professional relationships that compromise independence;
- (iii) that they are not a significant shareholder of the Company;
- (iv) that they are not, or has not been in the previous three financial fiscal years, an executive director or employee:
  - a. of the Company, a strategically important subsidiary of the Company or a company under joint control;
  - b. of a significant shareholder of the company;
- (v) not to have, or not to have had in the previous three financial years, directly or indirectly (for example, through subsidiaries or companies managed as an executive director, or as a partner in a professional firm or consultancy company), a significant commercial, financial or professional relationship:
  - a. with the Company or its subsidiaries, or with the relevant executive directors or top management (meaning, pursuant to the Code, "top managers who are not members of the board of directors and who have the power and responsibility for planning, directing and controlling the activities of the company and the group");
  - b. with a person who, also together with others through a shareholders' agreement, controls the Company or with the executive directors or top management of the parent company;
- (vi) that they do not receive, or has not received in the previous three financial years, from the Company, one of its subsidiaries or the parent company, any significant remuneration in addition to the fixed remuneration for the office and the remuneration for participation in the committees;
- (vii) not to have been a director of the Company for more than nine financial years, including non-consecutive ones, in the last twelve financial years;
- (viii) not to cover the position of Executive Director in any other company in which another Executive Director of the Company holds a position as director;
- (ix) not to be a partner or director of a company or entity that is part of the network of the independent auditors of the Company;
- (x) not to be a close family member (meaning, among others, parents, children, the spouse not legally separated, the cohabitant partner more uxorio and cohabitant family members) of a person who is in one of the situations referred to in the points above.

It should be noted that, on November 12, 2020, the Board of Directors, in compliance with the provisions of Recommendation 7 of the Code of Corporate Governance, defined, in the BoD Regulation, the quantitative and qualitative criteria for evaluating the significance of financial, equity or professional relations, pursuant to letters c) and d) of the aforementioned Recommendation 7, capable of compromising the independence of its members. In particular, the Board set forth that:

- with reference to the commercial, financial or professional relations pursuant to letter c), the following quantitative parameter is to be considered: the fee received for the commercial, financial or professional relationship must not exceed €20 thousand per annum (net of VAT and any Social security funds). This parameter is understood to be separate from those pursuant to letter d) and, therefore, the observance of each threshold will be evaluated without the accumulation of the amounts received according to the two items. The parameter must not be exceeded in any of the three years prior to the evaluation of independence;



- with reference to the additional remuneration received in the previous three-year period pursuant to letter d), the amount of €20 thousand per annum (net of VAT and any Social security funds) is to be considered. This parameter is understood to be separate from those pursuant to letter c) and, therefore, the observance of each threshold will be evaluated without the accumulation of the amounts received according to the two items. The parameter must not be exceeded in any of the three years prior to the evaluation of independence.

The Board assesses the existence and continuation of requisites described above, based on information that parties involved are required to supply under their responsibility, or of any other information otherwise available to the Board.

The possession of prerequisites for independence pursuant to Recommendation 7 of the Civil Code (also taking into account the above criteria) and of par. 3, letters b) and c) of article 148 of TUF of Independent Directors currently in office were verified by the Board at its meeting of April 27, 2021 at which they were appointed<sup>5</sup>, at the meetings held on March 14, 2022 and March 14, 2023 and, lastly, on March 14, 2024.

Independent Directors pledged to maintain their independence throughout their mandate and in any case to inform with no delay the Board of Directors on possible events or situations that may compromise their independence.

Pursuant to art. 15, paragraph 4 of the Company's By-laws, the loss of the requisite for independence of an Independent Director provided for in art. 148, paragraph 3 of TUF, does not determine their revocation in case these requisites continue to hold for a minimum number of Directors that must possess them in accordance with the Law.

In carrying out the above assessments, the Board applied all the criteria provided for in the Code and considered all the information in its possession.

At its meeting of February 9, 2023, the Board of Statutory Auditors verified that the criteria and procedures used by the Board of Directors in assessing requisites for independence were applied in a correct manner.

Independent Directors regularly attended all Board meetings held in the year. The number and skills of the Independent Directors are deemed adequate for the needs of the business and the functioning of the Board and its Committees.

During the year, the independent directors took part, on December 14, 2023, in a meeting specifically called, separate and different from the meetings of the internal Board committees. The meeting was geared towards exchanging opinions and comments regarding the quality of information flows, the functioning of the Company's governance mechanisms and control structure, and ESG issues.

Minutes of these meeting were regularly kept.

As provided for in the Civil Code and there applying conditions set forth therein, on April 27, 2021, the Board appointed Director Paola Carrara as Lead Independent Director, to whom the Non-executive Directors, and especially Independent Directors, shall refer for coordination of their action and cooperate with the Chair to ensure that Directors receive a complete and timely information flow.

The Lead Independent Director, being an Independent Director competent in the field of accounting and finance, also covers the position of Chair of the Appointments and Remuneration Committee and Chair of the Internal Control Committee.

## 5.0. HANDLING OF COMPANY INFORMATION

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<sup>5</sup> Following the Board meeting held on April 27, 2021, the Company disclosed the result of its evaluations through a press release published pursuant to article 144-novies, paragraph 1-bis, of the Consob Issuers' Regulation.

## **Privileged information**

Since 2007, the Issuer's Board has adopted a procedure for the internal management and disclosure of privileged information, pursuant to articles 114 and 181, TUF.

The Procedure was subsequently updated in 2013, 2016 and 2018 also in order to incorporate the changes introduced by the "Market Abuse" Regulation and related implementing provisions, as well as the guidelines issued by the European Securities and Markets Authority (ESMA) and the recommendations contained in Guidelines no. 1/2017 on the subject of "*Management of privileged information*".

Lastly, the "Procedure for the management of Privileged Information and the Register of persons who have access to it" was revised and updated by the Board of Directors on September 9, 2021 and can be consulted on the Issuer's website at [www.cembre.com](http://www.cembre.com), in the section "Investor Relations - Corporate Governance - Procedure for the management of privileged information".

## **Internal Dealing**

With regard to the management of disclosure obligations set out in the Internal Dealing Code pursuant to art. 114, paragraph 7, TUF, and art. 152-*sexies*, 152-*septies* and 152-*octies* of the Consob Issuers' Regulation, since 2006 the Issuer's Board has adopted the "Procedure for the fulfilment of Internal Dealing obligations", aimed at ensuring maximum transparency and uniformity of information to the market, which was subsequently updated in 2007, 2013 and 2018, also in order to implement the amendments introduced by the "Market Abuse" Regulation and Consob Resolution no. 19925 of March 22, 2017.

Details of the transactions subject to the regulations carried out during the year are available on the Issuer's website [www.cembre.com](http://www.cembre.com), under section "Investor Relations - Internal Dealing".

### **6.0 BOARD OF DIRECTORS' INTERNAL COMMITTEES (pursuant to art. 123-*bis*, paragraph 2, letter d) TUF)**

The Board of Directors appointed the Appointments and Remuneration Committee, the Control and Risk Committee and the Committee for Related Parties Dealing. In this regard, please note that the Appointments and Remuneration Committee and the Control and Risks Committee appointed on April 27, 2021 consist of two non-executive independent Directors, as permitted by Recommendation 16 of the Code of Corporate Governance. We refer to paragraph 12 below for information on the Committee for Related Parties Dealing.

The Board determined the composition of the Committees by giving priority to the expertise and experience of their members: this criterion guided the choice of the Independent Directors as members of both Committees. The concentration of duties in these Directors was not deemed excessive, as these Directors have demonstrated to have ample time to perform their assigned duties.

Pursuant to Recommendation 11 of the Code of Corporate Governance, at the meeting on November 12, 2020, the Board of Directors adopted the regulations that define the rules of operation of the Appointments and Remuneration Committee and the Control and Risk Committee, including the methods of meeting minute-taking and the procedures for the management of disclosures to directors.

In particular, the Committees' Regulations govern the Committees' duties and the procedures to be followed for meetings and resolutions.

The Regulations require the explanatory documents relating to the items to be discussed to be sent to all Committee members at least one day before the meeting. During the year, the deadline was met, partly thanks to using digital tools that make it possible to simultaneously provide all participants the materials relating to the items on the agenda as soon as they are prepared.

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

No further committees have been set up by the Issuer. It was not deemed necessary or appropriate to establish a specific committee to support the Board in its analysis of issues relevant to long-term value generation, as this analysis is conducted by the Board in its plenum.

## **7.0 SELF-EVALUATION AND SUCCESSION OF THE DIRECTORS - APPOINTMENTS COMMITTEE**

### **7.1 SELF-EVALUATION AND SUCCESSION OF THE DIRECTORS**

On March 11, 2021, in view of the renewal of the administrative body, based on a specific questionnaire distributed to directors, divided into different areas of investigation (i.e. composition, structure, size and functioning of the Board, interaction with management, risk governance, composition and structure of committees, etc.) and with the possibility of expressing comments and proposals, the Board carried out its annual assessment pursuant to Recommendation 21 of the Code, deeming the composition and functioning of the Board and its internal committees as adequate for the management and organizational needs of the Company, keeping into account the presence, on a total of eight members, of four Non-Executive Directors, of which two Independent Non-Executive Directors, that ensure an appropriate composition of the internal Board committees. In addition, the Directors deemed the composition of the Board of Directors to reflect an adequate diversity of profiles in relation to aspects such as age, gender composition, training and professional development.

In line with Recommendation 22 of the Code, which recommends that the self-evaluation process will be conducted every three years, in view of the renewal of the administrative body, at the beginning of 2024 the Board conducted the self-assessment process in view of the renewal of the Board, which will take place at the Shareholders' Meeting called to approve the financial statements as of December 31, 2023. The board review was carried out by completing special questionnaires divided into different survey areas, also including the opportunity for individual board members to provide comments and detailed answers. The Appointments and Remuneration Committee supported the Board and the Chair of the Board in ensuring the adequacy and transparency of the self-assessment process. Specifically, in view of the imminent renewal of the Board, the analysis focused on salient aspects such as the size, composition and actual functioning of the Board and its committees, having regard to the role played by the Board in defining strategies and monitoring management performance and the adequacy of Cembre's internal control system. The investigation also focused on the management of information flows between the Board and the top management and the adequacy of the number and role of the independent directors.

Based on the results, it was found that the Board operates in substantial conformity with the Code and best practices, at both Italian and international level, and the Directors expressed their general satisfaction with the functioning of and activities carried out by the Board and its committees.

With regard to the areas for improvement identified, in the context of a high level of appreciation for the work done by the Board of Directors as well as the individual elements characterising its functioning, a number of suggestions were made concerning ESG issues.

With regard to the optimal composition of the Board of Directors, please refer to paragraph 4.3 of this Report.

#### **Succession plans**

In view of the dimension and the organisational structure of the Issuer, in addition to the practice of appointing as Executive Director individuals who have matured a significant experience within the Company, due to the unique characteristics of the sector and the need for specific competence and knowledge, the Board of Directors did not deem it necessary to adopt a plan for the succession of Executive Directors. Moreover, with the entry into force of the Code, as from financial year 2021 the adoption of such a plan (as well as of adequate procedures for the succession of top management) is recommended to large companies, a category to which

the Issuer does not belong.

## 7.2. APPOINTMENTS COMMITTEE

As allowed by the Code's Recommendation 16, the Issuer has set up a single internal committee with functions regarding both the appointment of directors and remuneration. Information about the Appointments Committee will therefore be provided in section 8.2 below.

## 8.0 DIRECTORS' REMUNERATION - REMUNERATION COMMITTEE

### 8.1 THE REMUNERATION OF DIRECTORS

The remuneration of Directors is set by the Shareholders' Meeting.

Pursuant to article 21, second paragraph, of the By-laws, the Shareholders' Meeting may determine an overall compensation for all Directors, including those holding particular proxies, and can moreover assign compensation, in full or in part, in the form of participation in the profit of the Company or the assignment of rights to underwrite shares of the Company to be issued at a pre-set price.

The "**Remuneration Policy**," illustrated in Section I of the Remuneration Report, already adopted pursuant to article 5 of the Code by the Board of Directors on November 11, 2011, upon proposal of the Remuneration Committee, was amended on March 11, 2021, also upon the consistent proposal of the Appointments and Remuneration Committee (in its capacity as the Remuneration Committee), in order to acknowledge the adjustments made by Consob to the Issuers' Regulation (see art. 84-*quater* and Annex 3A, Scheme 7-*bis*) in implementation of the SHRD by means of Resolution no. 21623 of December 10, 2020. Most recently, the Board updated the Remuneration Report, and the Policy contained therein, on March 14, 2024.

A more detailed description of the Remuneration Policy and of compensation paid in the year to Directors, other than the summary contained below, is provided in Sections I and II of the Remuneration Report available on the Issuer's website [www.cembre.com](http://www.cembre.com) in the Investor Relations section.

### 8.2 APPOINTMENTS AND REMUNERATION COMMITTEE

On April 27, 2021, the Board of Directors resolved to establish, as permitted by the Code, a committee with both the functions of appointing directors and remuneration functions and, therefore, to set up an Appointments and Remuneration Committee; this is in order to ensure the company has a Committee also responsible with carrying out the functions of appointment of directors, without burdening the company's governance structure with the formation of an appropriate committee.

At the meetings on November 12, 2020 and February 25, 2021, the Board of Directors firstly approved and subsequently updated the Regulation of the Appointments and Remuneration Committee in order to align its functions with the provisions of Recommendations 19 and 25 of the Code.

#### **Composition and functioning of the Appointments and Remuneration Committee (ex art. 123-*bis*, paragraph 2, letter d), TUF)**

The committee in office at the end of the year and the date of this Report was established by Board resolution of April 27, 2021 and consists of two members, exclusively non-executive Directors, all independent, who are:

- Paola Carrara – Independent Director – acting as Chair;
- Elisabetta Ceretti – Independent Director

#### **Functions of the Appointments and Remuneration Committee**

In consideration of the attribution to said committee of both the functions of appointing directors and the remuneration functions, it is necessary to distinguish between the functions it performs when acting in one capacity or the other.

**(i) when acting as the Appointments Committee**, it supports the Board, at the request of the latter, with the following activities:

- self-evaluation of the administration body and its committees;
- any definition of the optimal composition of the administration body and its committees;
- identification of candidates for the office of director in the event of co-optation;
- any presentation of a list by the outgoing administration body;
- any preparation, update and implementation of the plan for the succession of the CEO and other executive directors.

**(ii) when acting as the Remuneration Committee**, it is responsible for:

- supporting the Board with the preparation of the “Remuneration Policy” outlined in Section I of the Remuneration Report;
- preparing proposals or expressing opinions on the remuneration of executive directors and other directors who hold special offices as well as the establishment of the performance objectives related to the variable component of said remuneration;
- monitoring the practical application of the Remuneration Policy and verifying, in particular, the actual attainment of the performance objectives;
- periodically evaluating the adequacy and overall consistency of the Remuneration Policy of directors and top management.

The proposal relating to the compensation to be allocated to the directors vested with special offices is formulated by taking into consideration the mandatory opinion of the Board of Statutory Auditors pursuant to art. 2389 of the Italian Civil Code.

The Committee also formulates proposals for the breakdown of any total compensation established by the Shareholders’ Meeting among the individual members of the Board.

The Committee also carries out advisory functions regarding the remuneration that the Board of Directors sees fit to request, from time to time, from the Committee itself.

With regard to the requirements set forth in Recommendation 26 of the Code of Corporate Governance with respect to the composition of the committee responsible for remuneration matters, please note that Paola Carrara has consolidated financial and remuneration policy experience deemed suitable at the time of appointment.

Pursuant to Recommendation 26 of the Code of Corporate Governance, Directors must abstain from participating in meetings at which their own remuneration is discussed. In defining said remuneration, the Committee duly takes into consideration the consistency of remuneration recognised in previous mandates, the adequacy of commitments undertaken and responsibilities for positions held, professional qualifications held by the persons involved and the size of the Company, the Group and the related growth prospects.

In the year, the Appointments and Remuneration Committee met on March 10, 2023 to assess the adequacy, consistency and concrete application of the Remuneration Policy, approve the updated Remuneration Report, update the list of beneficiaries of the Incentive Plan based on Cembre shares adopted by the Company pursuant to article 114-*bis* TUF. The Committee also verified the achievement of the targets set for the year 2022 and expressed its favourable opinion on the Managing Director's proposal on the targets underlying the executive director incentive system for the year 2023.

The Chair of the Board of Statutory Auditors participated in the meeting. The meeting duration was approximately one hour. The meeting was coordinated by the Chairman and minutes were duly taken. Notice of the Committee's work shall be given at the first available Board meeting.



In the current year, a meeting of the Appointments and Remuneration Committee has already been held on March 5, 2024, in which the Committee reviewed the results of the Board's self-assessment process (see par. 7.1 above), assessed the adequacy, consistency and concrete application of the Remuneration Policy, approved the updated Remuneration Report, defined the guidelines of the STIs of the Executive Directors and verified the achievement of the objectives set for the year, updated the list of beneficiaries of the Incentive Plan and verified the achievement of the targets set for the Managing Director LTI plan.

The Appointments and Remuneration Committee has no expense budget as it normally makes use, in carrying out its tasks, of the resources and structures of the Company. The Committee, where necessary, may avail itself of the work of independent external consultants, within the limits of the budget determined by the Board of Directors from time to time.

Additional information regarding the structure of Board committees at the end of the year and the meetings held is provided in Table 3 in the appendix to this Report.

## 9.0 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE

The Board defines the nature and level of risk compatible with the strategic objectives of the issuer - including in its evaluations the main risks that may take on significance with a view to the medium/long-term sustainability of the issuer's activities - and defines the guidelines for the internal control and risk management system, intended as a set of rules aimed at monitoring the efficiency of company operations, the reliability of financial information, the respect for laws and regulations, and the protection of the Company's assets.

To such end, the Board, having received the opinion of the Control and Risk Committee:

- (i) sets the guidelines for the internal control and risk management system aimed at ensuring that these risks are correctly identified and adequately measured, monitored, managed and evaluated, also in relation to the safeguard of company assets and the correct conduct of the Company, in line with the strategic objectives set;
- (ii) verifies periodically, and in any case at least annually, the adequacy, efficacy and effective functioning of the internal control and risk management system.
- (iii) approves, at least annually, the plan prepared by the manager responsible for Internal Audit, having heard the Board of Statutory Auditors and the Chief Executive Officer;
- (iv) evaluates, after consulting with the Board of Statutory Auditors, the comments of the Independent Auditing firm in the letter of suggestions, where issued, and in the auditing letter issued by the legal audit.

Moreover, the Board - upon proposal of the Chief Executive Officer and subject to the favourable opinion of the Control and Risk Committee - and after having consulted the Board of Statutory Auditors:

- (a) appoints and revokes the responsible for Internal Audit;
- (b) ensures that the same has adequate resources to carry out their task;
- (c) sets their remuneration in line with corporate policies.

In line with international models and best practices (COSO Internal Control - Integrated Framework), Cembre's internal control system is based on the following key elements:

- a) **Control environment:** it is the environment in which individuals operate and it represents the internal control culture that permeates the organization. It is made up by the following elements: corporate organizational chart, system of proxies, organizational rules, administrative and accounting control model as per Law 262/2005 and Organization, management and control model as per Legislative Decree 231/2001, inclusive of Code of Conduct, of which it is an integral part, as well as the Anti-corruption Policy, procedures contained in the Integrated Management System, procedure for the Management of privileged information and the register of persons who have access to it, procedure for Related Party Transactions, procedure for the compliance with internal dealing requirements.

- b) **Identification and assessment of risks:** it is the periodic process through which the Company identifies and analyses the main risks faced by the Group (e.g. general, financial, operational risks, etc.) and the related management and control instruments. Particular attention is dedicated to the analysis of administrative and accounting risks, relating to financial reporting, and of the monitoring of risks identified.
- c) **Control activities:** it is the set of control rules and procedures put in place to allow the monitoring and control of corporate risks to reduce them to an acceptable level and ensure the achievement of corporate objectives. It consists of the following elements:
- i. Administrative and accounting control procedures: set of corporate procedures for the preparation and disclosure of accounting information (e.g. Group accounting manual, administrative and accounting procedures, managerial accounting forms, financial statement operating instructions);
  - ii. Corporate procedures for the avoidance and monitoring of operating risks, such as: integrated management system (quality, environment, occupational health and safety, prevention of corruption), compliant with the respective reference ISO standards, etc.
- d) **Information and communication:** is the process created to ensure the accurate and timely collection and communication of corporate information. With reference to financial information, the Accounting Control Model adopted by the Company pursuant to Law 262/2005, sets rules and procedures for the correct drafting of accounting records (see the next chapter below for more information);
- e) **Monitoring activities:** is the set of activities necessary to verify and evaluate periodically the adequacy, operational efficiency and efficacy of internal controls. With particular regard to financial information, it currently focuses on the periodical valuation and reporting process regarding the adequacy and effective application of procedures and controls on financial reporting, such as to allow the Managing Director and the person in charge to issue the attestations and statements required pursuant to article 154-*bis*, TUF (see the next chapter below for more information).

### **Main characteristics of the risk management and internal control systems in connection with financial reporting**

#### **- Foreword**

As an integral part of its internal control system, Cembre defined its own Administrative-Accounting Control Model in which rules for the management of risk and internal control relating to financial reporting are set forth.

The system is aimed at ensuring a reasonable credibility, accuracy, reliability and timeliness of financial information.

#### **- Organisation of the risk management and internal control system in connection with financial reporting**

Based on the content of the Administrative-Accounting Control Model, the main characteristics of the risk management and internal control system in connection with financial reporting are described below:

#### **a) Phases of the risk management and internal control system regarding the financial reporting process**

##### **a1. Identification and evaluation of risks on financial reporting**

The risk identification and evaluation process (risk assessment) relating to accounting and financial reporting is carried out at least yearly by the Director in charge of the Internal Control System with the possible help of the Person in charge of Internal Audit and shared with the Managing Director.

The risk assessment process consists of the following activities:



- **analysis and selection of relevant accounting information** disclosed to the market (analysis of last statutory and consolidated annual report or last half-year report available, to identify main risk areas and related relevant processes);
- **identification of relevant subsidiaries and significant administrative and accounting areas**, for each item in the consolidated financial statements, based on set quantitative criteria;
- **identification and valuation of risks inherent to** significant administrative and accounting areas in addition to the related processes and flows upstream from the same, based on the analysis of qualitative and quantitative indicators (including the risk of errors that may affect to a relevant degree financial reporting);
- **communication**, to the sectors involved, of the **target areas** for which it is necessary to prepare and/or update administrative and accounting procedures.

#### **a2. Identification of controls on risks identified**

Cembre devised a system of administrative and accounting procedures to comply with requirements regarding the drafting of accounting documents pursuant to article 154-*bis*, TUF, introduced by Law 262, December 28, 2005.

The set of procedures defines “Matrices for the administrative and accounting control”, describing existing control procedures for each administrative and accounting process selected through periodical risk assessments, indicating, among other items:

- **objective of control in connection with financial reporting;**
- **description of current control;**
- **person in charge of the control;**
- **frequency.**

The matrix indicates “key checks”: these are controls whose absence can represent a deficiency in the administrative and accounting internal control system. Controls described in the matrices can be considered an integral part of the Group’s administrative and accounting internal control system. These matrices must be used as an instrument for the selection of controls applied in the periodic assessments of the administrative and accounting internal control system. Matrices are continuously updated by the persons in charge of Internal Control who communicate to the Director in charge of the Internal Control any relevant change occurred, sharing decisions on the necessary update to be carried out.

A minimum set of controls based on Process Level Matrix Template (PLM) and elaborated on the control matrices applied for the parent company were set for subsidiaries and used as a documentation, check and evaluation instrument for the respective administrative and accounting internal control system.

#### **a3. Evaluation of controls for risks identified:**

The verification and periodic evaluation of the adequacy, operation and effectiveness of administrative and accounting controls is structured into the following three phases:

- **Continuous supervision**, on the part of persons in charge of the supervision or the Company, applicable to the operations of the Company (e.g. verification of consistency of company operations within the Group’s administrative and accounting procedures; verification of the update of matrices for administrative and accounting controls used; information provided to the Director of accounting and financial control regarding periodical verifications carried out on the update of procedures and of matrices, etc.).
- **“Independent testing”**, carried out by the Appointed Director and the Internal Audit function and aimed at evaluating the adequacy of the design and the efficient operation of controls performed. Testing activity is carried out on the basis of the General Audit Plan prepared by the Appointed Director and integrated with specific “262” actions included in the General Audit Plan, reviewed and approved by the Appointed Director, the Control and Risk Committee and the Managing Director.

- **Monitoring**, carried out by the Director responsible for Internal Audit on the basis of information provided by the Internal Audit Department, to supervise the update of the set of procedures and the actual implementation of controls identified in administrative and accounting procedures.

The result of verifications described above regarding the adequacy and operating effectiveness of the accounting control system is communicated by the Manager in charge of drafting the Company's accounts to the Board through a continuous flow of information.

#### b) **Roles and positions involved**

The Organisation, Management and Control Model describes the roles and responsibilities of persons involved to various degrees in the drafting and/or control of financial reporting of the Cembre Group.

In particular we list below the main responsibilities of persons involved in supervising the correct functioning of the system:

- the **Board of Directors** is responsible for appointing the Manager in charge of drafting the Company's accounts and ensuring that the same possesses adequate requisites (in terms of authority, professional profile and independence), powers and means to carry out the tasks assigned; promoting a periodical flow of information through which the Manager in charge of drafting the Company's accounts may report on the results of activities carried out and possible critical factors emerged, with the aim of sharing decisions on action to be taken to overcome critical factors. In carrying out its task, the Board of Directors is assisted by the **Control and Risk Committee** that has both a consulting and prompting function, with reference also to the internal administrative and accounting control system;
- the **Managing Director** is responsible for implementing and monitoring the correct application of the accounting control model and of the related Internal Control System, with particular reference to the administrative and accounting procedures; for validating, in agreement with the Appointed Manager, the results of the periodical risk assessment activity; for evaluating the efficacy of procedures implemented, keeping into account information gathered by the Appointed Manager; for reviewing all other financial information disclosed to the market (among which, in particular, quarterly reports);
- the **Manager in charge of drafting the Company's accounts and records**, in addition to the responsibilities assumed jointly with the Managing Director, is required to evaluate and monitor the level of adequacy and operative efficiency of the internal administrative and accounting control system, through adequate information gathering;
- the **Internal Audit Department** supports the Managing Director and the Appointed Manager in evaluating the stage of formalization and update of procedures and matrices for the administrative and accounting controls; it is also responsible for providing advice on control principles, reference methods and models; for carrying out independent control, analysis and supervision, both at the central and local level, presenting results to the Managing Director and the Appointed Manager as well as management, providing suggestions as to how to devise corrective action and monitoring the implementation of corrective action defined by management in the context of analysis and verifications made, through successive follow-up phases.

Persons in charge of Internal Control and of subsidiaries that are involved in the drafting and management of accounting and financial information, are responsible for the correct functioning and update of the accounting control system limited to all processes and flows under their responsibility, in agreement with the Appointed Manager.

In the year and specifically at the meetings held on February 24 and September 5, 2023, the Control and Risk Committee reported to the Board on its activity, the results of verifications carried out and the functioning of the internal control system, highlighting how the latter resulted appropriate in view of the dimensions and organisational and operating structure of the Company.

At the meeting held on March 14, 2024, the Board of Directors resolved, pursuant to Recommendation 33 of the Code, to deem adequate, effective and functioning the internal control and risk management system in view of the characteristics of the Company and the risk profile set, based on the periodic reports by the Control and

Risk Committee and the Head of Internal Audit, as well as the checks and controls carried out by the managing directors and executive directors.

## 9.1 CHIEF EXECUTIVE OFFICER

On April 27, 2021, the Board appointed the Managing Director and Chief Executive Officer Mr. Giovanni Rosani for the establishment and maintenance of the internal control and risk management system.

The Chief Executive Officer;

- (i) carried out the identification of main risks to which the Company is typically exposed (strategic, operational, financial and relating to compliance), taking into account its characteristics and those of its subsidiaries, in addition to the sector in which they operate;
- (ii) implemented – through the design, management and monitoring of the internal control system – the guidelines set by the Board of Directors, reporting on its activity, where required, to the Board.
- (iii) overseen the adaptation of the system to the operating conditions and the legal and regulatory framework in which it is applied;
- (iv) reported with no delay to the Control and Risk Committee on problems and critical situations emerged in the course of his activity or of which it had in any case knowledge, so that the Committee could take appropriate action. During the year, no critical issues emerged that would require such disclosure.

The Chief Executive Officer may also request the Internal Audit Department to carry out controls on specific operational areas and to verify compliance with internal rules and procedures in the carrying out of company operations, giving immediate notice to the Chair of the Board of Directors, the Chair of the Control and Risk Committee, and the Chair of the Board of Statutory Auditors; no event requiring the exercise of this power occurred in the year.

In the exercise of these functions, the Chief Executive Officer made use of the cooperation of the Person in charge of Internal Audit.

## 9.2. CONTROL AND RISK COMMITTEE

The Board created a Control and Risk Committee among its members.

The Control and Risk Committee (formerly Internal Control Committee) was originally created with resolution of the Board dated May 14, 2004, pursuant to article 2.2.3, of the Stock Market Regulation. Subsequently to the appointment of the new Board of Directors, it was formed by means of Board resolution on April 27, 2021.

### **Composition and functioning of the Control and Risk Committee (ex art. 123-bis, paragraph 2, letter d) TUF)**

The Control and Risk Committee in office at the end of the year and the date of this Report consists of two non-executive independent Directors:

- Paola Carrara – Independent Director – acting as Chair;
- Elisabetta Ceretti – Independent Director.

Both Paola Carrara and Elisabetta Ceretti have accounting and financial or risk management experience deemed suitable at the time of appointment. In particular, the Chair of the Committee, Paola Carrara, has this experience, since she is a Registered Accountant and holds professional positions also in favour of other listed companies.

In the course of the year, the Control and Risk Committee met 4 (four) times, on February 24, May 9, September 5 and November 9, with all members regularly attending all meetings. The Chair of the Board of Statutory Auditors participated in all Committee meetings. Upon invitation of the Committee, the Managing Director and Chief Executive Officer Mr. Giovanni Rosani, Claudio Bornati, in his capacity of Manager responsible for the preparation of the Company's accounts, Ms. Elena Morelli, responsible for Internal Audit, in addition to representatives of the Independent Auditors, participated to the meetings at times. Their participation was deemed useful for the purposes of the analysis of some of the items in the agenda.

Minutes of Control and Risk Committee meetings were coordinated by its Chair and minutes of the meetings were regularly kept.

The average duration of meetings was about one hour and fifty-five minutes.

At least 4 (four) meetings of the Control and Risk Committee are planned for the current year, one of which was already held on February 26, 2024.

Additional information regarding the structure of Board committees at the end of the year and the meetings held is provided in Table 3 in the appendix to this Report.

### **Responsibilities attributed to the Control and Risk Committee**

The Committee, in supporting the administration body:

- a) evaluates, having consulted the Manager responsible for the preparation of the Company's accounts, the Independent Auditor and the control body, the correct application of accounting standards and, in the case of groups, their consistency for the preparation of the Consolidated Financial Statements;
- b) evaluates the suitability of the periodic financial and non-financial information, in correctly representing the business model, the company's strategies, the impact of its activities and the performances achieved, coordinating with any sustainability committee where appointed;
- c) examines the content of the periodic non-financial information which is relevant for the purposes of the internal control and risk management system;
- d) expresses opinions on specific aspects regarding the identification of the main corporate risks and supports the evaluations and decisions of the administration body relating to the management of risks deriving from prejudicial facts that have come to the knowledge of the latter;
- e) examines the periodic reports and those of particular relevance prepared by the Internal Audit department;
- f) monitors the autonomy, adequacy, efficiency and effectiveness of the Internal Audit department;
- g) may entrust the performance of specific checks on operating areas to the Internal Audit department, simultaneously notifying the Chair of the Statutory Auditors of this;
- h) reports to the Board of Directors, at least at the time of approval of the annual and half-year financial report, on the activities carried out and on the adequacy of the internal control and risk management system.

If identified by the Board of Directors as the Committee performing the functions set out in the regulation in force governing related party transactions, provides preventive opinions requested from time to time, at the moment of approval of these transactions by the competent body, pursuant to the Related Parties Procedure adopted by the Company.

The Committee and the Board of Statutory Auditors promptly exchange relevant information for the performance of their respective tasks.

The Control and Risk Committee is required to carry out its tasks in coordination with the Board of Statutory Auditors, the manager in charge of Internal Audit and the Managing Director holding proxies for internal control.

Within individual functions attributed to it, in the year the Control and Risk Committee verified the internal control system with particular regard to:

- progress made in the action plan for 2023 audit activities;
- the update of risk scoring, as per Law 262/05;
- the evaluation and monitoring of the adequacy of administrative and accounting procedures as per Law 262/05;
- the evaluation, together with the Manager in charge of preparing the Company's accounts, of the correct application of accounting principles and their consistency for the purposes of preparing the consolidated financial statements.

The Control and Risk Committee met with the Independent Auditors and the Board of Statutory Auditors to discuss the results of the auditing of the accounts of the parent company and the consolidated accounts. The Control and Risk Committee also invited to participate to meetings the Manager responsible for the preparation of the Company's accounts and the manager responsible for Internal Audit to discuss the update of internal audit activities in compliance with Law 262/2005 and Legislative Decree 231/2001.

At the Board meetings of March 14, 2023 and September 12, 2023, the Committee reported on the activity carried out and the state of the internal control system and read the Report of the Control and Risk Committee, respectively.

In carrying out its tasks, the Control and Risk Committee is entitled to access information and departments of the Company that may be necessary for the tasks assigned, in addition to making use of external consultants, at the conditions set by the Board of Directors.

The Control and Risk Committee has no expense budget as it makes use in carrying out its task of means and structures of the Company.

As illustrated in section 10 of this Report, the Issuer's Board of Directors entrusted the Control and Risk Committee with the functions of Committee for Related Party Transactions.

### **9.3. PERSON RESPONSIBLE FOR INTERNAL AUDIT**

Starting with the 2016 financial year, the Company created an Internal Audit Department appointing a manager responsible from the ranks of the Company. In particular, on November 13, 2015, the Board of Directors, upon proposal of the Appointed Manager (Chief Executive Officer pursuant to the Code of Corporate Governance) and prior opinion of the Control and Risk Committee, having heard the Board of Statutory Auditors, appointed Ms. Elena Morelli, a Registered Accountant registered under no. 130984 in the National Public Accountant Register as Head of Internal Audit, effective January 1, 2016.

The Manager of the Internal Audit Department, who reports directly to the Chief Executive Officer and is not in charge of any operating area, defines an annual "risk based" action plan based on the analysis and prioritisation of main risks. The audit plan is illustrated and shared with the Control and Risk Committee with the cooperation of the Manager in charge of drafting the Company's accounts. The Board of Directors, after consulting with the Board of Statutory Auditors and the Chief Executive Officer, in addition to receiving the opinion of the Control and Risk Committee, on March 14, 2023 approved the action plan prepared by the Manager of the Internal Audit Department for the year, and approving on March 14, 2024 the work plan prepared by the Person Responsible for Internal Audit for 2024.

The Person Responsible for Internal Audit reported quarterly to the Control and Risk Committee, to whose opinion it also submits the action plan and the results of controls carried out.

The Person Responsible for Internal Audit is attributed the following tasks and powers:

- a) verify, both as an ongoing process and in relation to specific needs and in compliance with international standards, the operation and adequacy of the internal control and risk management system through an audit plan approved by the Board of Directors based on a structured process for the analysis and prioritization of main risks;



- b) draft periodic reports containing adequate information on the activity carried out, the manner in which risks are managed and the compliance with plans set for the containment of said risk. Periodic reports contain an assessment of the appropriateness of the internal control and risk management system;
- c) issue in a timely manner reports on events of particular importance;
- d) deliver the reports in paragraph (b) and (c) above to the Chair of the Board of Statutory Auditors, that of the Control and Risk Committee, that of the Board of Directors and the Chief Executive Officer;
- e) verify, within the audit plan, the reliability of information systems, including accounting systems.

On February 26, 2024, the Manager of the Internal Audit Department delivered to the Chair of the Board of Directors, as well as to the Chief Executive Officer, the Chair of the Control and Risk Committee and the Chair of the Board of Statutory Auditors an annual report on the activities carried out and on the overall adequacy, effectiveness and effective functioning of the internal control and risk management system of the Cembre Group, of which Cembre S.p.A. is the parent company. As a result of audits carried out, the Manager of the Internal Audit Department concluded that no shortcomings or irregularities have emerged such as to suggest that the internal control and risk management system of the Cembre Group is not complete, inadequate, ineffective or non-functional as a whole.

The Person Responsible for Internal Audit may access directly all information that it may deem useful to carry out its tasks.

#### **9.4 ORGANISATION MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001**

The Issuer adopted a first version of the Organisation, Management and Control Model (the “Model”) aiming at preventing crimes set forth in Legislative Decree 231/2001 (as subsequently amended), on March 25, 2008 taking into account the requirements of the same Decree in addition to the Guidelines issued by the Italian Industrial Association (Confindustria).

The exemption from administrative responsibilities provides for the mandatory creation of a Supervisory Body within the Issuer, having autonomous powers of initiative and control, responsible for verifying the Model execution and observance, overseeing its update.

The current Supervisory Body was appointed on April 27, 2021 and its term expires with the approval of the Financial Statements at December 31, 2023; it is made up by Fabio Fada (Chair), Paola Carrara (Independent Director), and Elena Morelli (Person in charge of Internal Audit). In this regard, please note that at the same meeting the Board of Directors deemed that, although the law allows for the attribution to the Board of Statutory Auditors of the functions of the Supervisory Body, a body established *ad hoc*, different from the Company’s control body, is capable of providing more efficient and effective oversight.

The offences envisaged by the Decree on which the company saw fit to focus most attention based on its specific operations (as described in particular in the Model itself) are: crimes against the public administration (art. 25) and its property (art. 24); cyber-crime and unlawful data processing crimes (art. 24-*bis*); organised crime (art. 24-*ter*); crimes relating to counterfeiting of coins, falsification of public credit cards and revenue stamps and identification instruments and distinctive signs (art. 25-*bis*); crimes against industry and trade (art. 25-*bis*.1); corporate crimes (art. 25-*ter*); crimes against the individual (art. 25-*quinquies*), market abuse crimes (art. 25-*sexies*); manslaughter or actual or grievous bodily harm committed with a violation of the workplace health and safety regulations (art. 25-*septies*); crimes involving the receipt of stolen goods, money laundering or use of money, assets or utilities of illegal origin, as well as self-laundering (art. 25-*octies*); crimes on non-cash means of payment (art. 25-*octies*.1); crimes involving copyright infringement (art. 25-*novies*); inducement to not make statements or make false statements to the Judicial Authorities (art. 25-*decies*); environmental crimes (art. 25-*undecies*); employment of illegally staying third-country nationals (art. 25-*duodecies*); transnational crimes (art. 10, Law no. 146 of March 16, 2006); tax offences (art. 25-*quinquiesdecies*) as well as the offence of contraband (art. 25-*sexiesdecies*).

The Model contains a number of Protocols that summarise controls currently carried out by Cembre to monitor and limit risks relating to crimes. Protocols are communicated to all employees also through specific training courses.

The Model was most recently updated by the Board of Directors at its meeting on March 3, 2023, in order to align its Protocols with the organisational changes that have taken place and to incorporate the additions made in order to implement the Anti-Corruption Management System pursuant to UNI ISO 37001:2016.

The Company also has a Group Code of Conduct, which is an integral part of the Organisational Model itself and was last updated at the Board meeting of November 11, 2021.

The Model provides for sanctions in case of violations of the Code of Conduct or the Model, as a fundamental requisite for the same.

In the year, the Supervisory Body, supported by the Internal Audit function and outside consultants, planned and carried out specific verifications on the correct application of Protocols contained in the Model.

During the meeting of the Board of Directors of March 14, 2023, the periodic report of the Supervisory Body with the action plan for 2023 was presented; at the meetings on September 12, 2023 and March 14, 2024, the periodic report of the Supervisory Body for the first half of 2023 and the periodic report of the Supervisory Body for the second half of 2023 with the action plan for 2024 were presented, respectively.

In the performance of its current duties, the Supervisory Body is authorised to spend up to €10,000.00 per individual transaction, with no need for authorization, and is subject to authorization by the Board for higher amounts.

The Model and the Code of Conduct are available for consultation on the Issuer's institutional site [www.cembre.com](http://www.cembre.com) under the Cembre Group section.

## **9.5. INDEPENDENT AUDITORS**

The statutory audit has been entrusted to EY S.p.A., by resolution of the Shareholders' Meeting on April 26, 2018. The term of office is until the approval of the financial statements as of December 31, 2026.

During the Year, on May 15, 2023, the Board evaluated, in consultation with the Board of Statutory Auditors, the results illustrated by the statutory auditor in the additional report addressed to the Board of Statutory Auditors.

## **9.6 MANAGER IN CHARGE OF DRAFTING THE ACCOUNTING AND CORPORATE RECORDS AND OTHER CORPORATE ROLES**

The manager in charge of drafting the accounting and corporate records of the Issuer on a permanent basis is Claudio Bornati, employed by the Issuer as Director of Administration, Finance and Control, appointed by the Board at the meeting on June 26, 2007.

Pursuant to article 16.7 of the By-laws, the manager in charge of drafting the accounting and corporate records must possess, in addition to the requisites of integrity prescribed by current regulations for those who cover administrative and directive positions, requisites of professionalism characterised by specific competence in administration and accounting. Such competence, to be ascertained by the Board of Directors, must be acquired through work experience in an adequate position of responsibility for an appropriate period of time.

The Manager in charge of drafting the accounting and corporate records is appointed by the Board of Directors, based on a prior mandatory opinion of the Board of Statutory Auditors.

Upon the appointment, the Board endowed the Manager in charge of drafting the accounting and corporate records with adequate powers and means to fulfil his assignment. In particular, he is therefore entitled to:



- access all the information deemed necessary to fulfil his tasks, both within the Issuer and other Group companies, with the authority to view all documents relating to the drafting of the accounting and corporate records of the Issuer and of other Group companies, with further authority to request clarifications from all subjects involved in the formation of the accounting records of the Company and of all other Group companies. It is moreover provided that the Managing Director and the managers of the Issuer and of other Group companies are required to inform without delay and to keep informed at all times the manager in charge of drafting the accounting and corporate records of any deed, fact or event that may influence, also potentially, the accounting records mentioned above;
- attend, without participate in, Board meetings;
- engage in dialogue with all administrative and control bodies and with the Control and Risk Committee;
- approve corporate procedures, when these have an impact on the financial statements, the consolidated financial statements or documents subject to the issue of a certification;
- participate in the development of information systems that have an impact on the economic and financial situation of the Company;
- set up an adequate (in terms of number and professional level of resources) structure to carry out his tasks, using available internal resources, and, where necessary, outsourcing them;
- employ Internal Audit resources to map processes and in carrying out specific controls, in a client/supplier environment, and, in the event resources needed are not present internally, the power to outsource them;
- use for control purposes the Company's information systems.

In the performance of his current duties, the manager in charge of drafting the accounting and corporate records is authorised to spend up to €10,000.00 per individual transaction, with no need for authorization, but is subject to authorization by the Board for higher amounts.

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It should be noted that in the Issuer's organisational chart, in addition to the roles and company functions indicated in the previous paragraphs, the "Integrated Management System" is present in the Technical-Industrial Function, with specific tasks regarding control and management of risks relating to quality, safety and environment and anti-corruption, also for the purposes of the ISO 9001, ISO 14001, ISO 45001 and ISO 37001 certifications obtained by the Issuer.

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

Coordination among the various entities involved in the internal control and risk management system (Board of Directors, Chief Executive Officer, Control and Risk Committee, Board of Statutory Auditors, Head of *Internal Audit*, Supervisory Body 231, Appointed Manager and Independent Auditing Firm) is ensured through a continuous flow of information between these entities and planned periodic meetings, allowing adequate visibility to potential corporate risks managed by the Cembre Group in addition to problems that have emerged and were brought to the attention of the various monitoring and control boards.

The Control and Risk Committee and the Board of Statutory Auditors promptly exchange relevant information for the performance of their respective tasks.

The Chair of the Board of Statutory Auditors, or another auditor designated by this, takes part in the work of the Control and Risk Committee.

## **10.0 INTEREST OF THE DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES**

On November 11, 2010, the Board of Directors, having acknowledged the opinion in favour issued by the Board of Statutory Auditors and the Independent Directors, adopted for the first time the procedure for dealing with related parties (the “**Related-Party Transactions Procedure**”) adopted pursuant to the Consob Related Parties Regulation in force at said date.

The Company applies the Related-Party Transactions Procedure, also taking into account Consob’s Communication no. DEM/10078683 published on September 24, 2010 and containing “*Guidelines and orientations for the application of the Regulation on Related Parties Dealing adopted with Resolution no. 17221 of March 12, 2010, as subsequently amended*”.

The Related-Party Transactions Procedure was last amended by the Board of Directors on June 24, 2021, subject to the positive opinion of the Control and Risk Committee acting as the Related Parties Committee, in order to adapt its contents to the provisions of Consob Resolution no. 21624 of December 10, 2020, implementing the SHRD.

The Related-Party Transactions Procedure regulates the identification, approval and management of transactions with related parties. In particular, the Procedure:

- regulates the methods for the identification of related parties, defining procedures and timing for the drafting and update of the list of related parties, naming the corporate structures in charge;
- regulates the procedures for carrying out transactions with related parties by the Company, including through subsidiaries;
- sets the procedures and timing for the compliance with disclosure requirements with respect to corporate bodies and the market.

The Related-Party Transactions Procedure may be consulted on the Company’s institutional website [www.cembre.com](http://www.cembre.com) in the Investor Relations section.

## **Committee for Transactions with Related Parties**

The Board of Directors, during the meeting held on April 27, 2021, with a view to adopting an efficient organization of board committees, also considering the small number of transactions subject to approval in the previous three-year period, deemed it appropriate to avoid the creation of an ad hoc committee, assigning to the Control and Risk Committee the functions of Committee for Transactions with Related Parties, in order to carry out the activities provided for by Consob Regulation no. 17221 of March 12, 2010 (and subsequent amendments) and by the Related-Party Transactions Procedure adopted by the Company.

During the year, five meetings of the Committee for Transactions with Related Parties were held on February 17, 2023, March 10, 2023, March 31, 2023, July 11, 2023 and September 12, 2023, in order to examine the transactions brought to its attention. Additional information regarding the Committee's structure and meetings is provided in Table 3 at the end of this Report.

The Committee's work is coordinated by the Chair - who informs the Board of Directors at the first available meeting - and the minutes of the meetings are duly recorded.

No change in the composition of the Committee occurred from the end of the year.

The Board has not adopted specific procedures for identifying and managing situations in which a director has an interest on their own behalf or on behalf of third parties, since for such situations there is a legal disclosure obligation pursuant to Article 2391 of the Italian Civil Code.

## **11.0 BOARD OF STATUTORY AUDITORS**

### **11.1 APPOINTMENT AND REPLACEMENT**

The appointment and replacement of Statutory Auditors is regulated by currently applicable norms and by article 23 of the Company’s By-laws. The provisions of the By-laws were recently amended by means of resolution of the Issuer’s Board of Directors of February 25, 2021 drafted by public deed and adopted on the basis of the provisions of art. 2365 of the Italian Civil Code and art. 18 of the By-laws, in order to align these

with the regulation on gender balance in the composition of the administration bodies pursuant to art. 148, paragraph 1-bis of the TUF, as recently amended by Law 160/2019, and the related implementing provisions of Consob<sup>6</sup>.

Art. 23 of the By-laws in force at the date of this report state that *“lists that present a total number of candidates equal to or higher than three must be composed of candidates from both genders, so that the gender balance set forth in the currently applicable legislation is respected”*.

Pursuant to article 23 of the Issuer’s By-laws, lists submitted by Shareholders must be deposited at the Company’s registered office at least twenty five days prior to the first call of the shareholders’ meeting.

The appointment of Statutory Auditors is based on lists submitted by the Shareholders that shall comply with current regulations regarding the equal representation of genders. No Shareholder, or Shareholders participating in a Shareholders’ agreement relevant pursuant to article 122 TUF, as well as the parent company, any subsidiary or company under joint control pursuant to article 93 TUF, can submit or contribute to the submission, either through a third party or trust company, of more than one list, nor vote on different lists.

Lists may be submitted only by Shareholders who represent, either individually or jointly with other Shareholders, at least 2.5% (two point five per cent) of share capital voting rights at the ordinary Shareholders’ Meeting, or any other percentage limit established or referenced by other laws and regulations. Through management decision no. 92 of January 31, 2024, Consob set the stake in share capital needed for submitting lists of candidates for the election of the Issuer’s Board of Statutory Auditors at 2.5%. Statutory Auditors are elected as follows:

- a) two Permanent Statutory Auditors and one Substitute Statutory Auditor are drawn from the most voted list based on the order in which they are listed;
- b) one Permanent Statutory Auditor and one Substitute Statutory Auditor are drawn from the second voted list that is not connected, either directly or indirectly, in any way with any of the Shareholders that submitted the most voted list, based on the order in which they are listed;

In case of a tied vote between two or more lists, Statutory Auditors will be appointed by seniority.

In case through the above procedures it is not possible to obtain a composition of the Board of Statutory Auditors in compliance with current regulations on the equal representation of genders, elected auditors will be replaced by the first candidate of the least represented gender in the order of the most voted list of candidates for Permanent Statutory Auditor until such requirement is met.

The Chairman of the Board of Statutory Auditors shall be appointed pursuant to applicable rules and regulations.

The above provision regarding the appointment of Statutory Auditors do not apply to Shareholders’ Meetings for which a single list is submitted or a single list is voted upon. In such cases the Shareholders’ Meeting resolves on simple majority, with no prejudice to applying regulations on the equal representation of genders.

In case, at the expiration of the term for the presentation of lists, only one list has been submitted or only lists submitted by Shareholders that are connected in a manner that is relevant pursuant to applicable regulations are deposited, additional lists may be submitted for a term of three days subsequent to the expiration of the first term. In this case the minimum shareholding threshold required for list submission is halved.

At least two Permanent Statutory Auditors and at least one Substitute Statutory Auditor appointed must be

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<sup>6</sup> Paragraph 1-bis, of art. 148 of the TUF in force from the date of this report sets forth, *inter alia*, that the *“certificate of incorporation of the company also establishes that the distribution of members pursuant to paragraph 1 is carried out to ensure that the less represented gender obtains at least two fifths of standing members of the Board of Statutory Auditors. This distribution criterion applies for six consecutive mandates”*.

In addition, pursuant to paragraph 3, art. 144-undecies.1 of the Issuers’ Regulation, as recently amended by means of Consob Resolution no. 21359 of May 13, 2020, *“if the application of the gender distribution criterion does not result in a whole number of members of the administration and control bodies belonging to the less represented gender, this number is rounded up to the nearest unit, with the exception of corporate bodies formed by three members for which the number is rounded down to the nearest unit”*.

registered accountants who must have exercised the accounting audit profession for at least three years. Statutory Auditors who do not possess the above requisite are chosen among professionals who have had at least three years of experience in:

- (a) management or control, with management appointments in joint stock companies with a capital stock of at least €2 million, or;
- (b) the exercise of professions or university teaching in the field of law, economics, finance or technical and scientific subjects, relating to the production and sale of electromechanical products, electric connectors and mechanical products in general, or;
- (c) management positions in public offices or the public administration in the banking, financial and insurance field, or in any case in the electromechanical sector.

Statutory Auditors are removed from their office in cases where they no longer meet the requirements set forth by the By-laws for their appointment.

Statutory Auditors may not hold administration and control positions beyond the limits established by applicable laws and regulations. Where it does not result in separation, exceeding these limits constitutes just cause for revocation of the Statutory Auditor.

With no prejudice to other applicable rules and regulations, in the event of replacement of a Statutory Auditor, their place will be taken by the Substitute Auditor appointed from the same list as the one it replaces, while in the event of the replacement of the Chair of the Board of Statutory Auditors, the successor will be chosen from auditors appointed from the list of the replaced Chair.

The Issuer is not subject to further regulations concerning the composition of the Board of Statutory Auditors.

## **11.2 COMPOSITION AND FUNCTIONING (pursuant to art. 123-bis, paragraph 2, letters d) and d-bis), of the Consolidated Financial Act or TUF)**

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting on April 27, 2021 on the basis of the single list of candidates submitted by the majority shareholder Lysne S.p.A. and will remain in office until the date of the Shareholders' Meeting called to approve the Financial Statements at December 31, 2023. The list submitted by the majority shareholder Lysne S.p.A. obtained 13,997,447 votes in favour, equal to 100% of the voting capital.

For further information on lists of candidates to the Board of Statutory Auditors in office submitted, and view the curricula of Statutory Auditors, we refer to the Company's institutional site [www.cembre.com](http://www.cembre.com) in the *Investor Relations* section, where these are published.

The composition of the Board of Statutory Auditors at the end of the financial year and the information on the meetings held are shown in Table 4 in the appendix to this Report.

No change in the composition of the Board of Statutory Auditors occurred in the year.

Pursuant to article 22 of the By-laws, the Board of Statutory Auditors must meet at least quarterly. The meeting can be held also with participation from several locations through an audio/video connection, provided the following conditions apply, and this fact is recorded in the minutes of the meeting:

- that the Chair is able to ascertain the identity of persons participating in the meeting and to regulate the meeting;
- that the secretary keeping the minutes is able to adequately perceive the events of the meeting for which the minutes are kept;
- that the persons convened are allowed to participate in the discussion and the subsequent voting on the issues in agenda, in addition to being able to view, receive and transmit documents.

The Board of Statutory Auditors is regularly convened when the majority of Statutory Auditors is present, and

resolves by simple majority of auditors present.

Members of the Board of Statutory Auditors attend Shareholders' Meetings, those of the Board of Directors and of the Executive Committee. Auditors not attending without justification Shareholders' Meetings or, in a fiscal year, two Board of Directors' meetings or those of the Executive Committee, are removed from office.

The Board of Directors performs the duties attributed to it by Law and other applicable regulations.

The participation of the Chair of the Board of Statutory Auditors and of individual Auditors to Board of Directors' meetings and the way in which information regarding meetings is communicated allow Auditors to achieve an adequate knowledge of the industry in which the Company operates, of corporate life and events and their evolution, in addition to relevant norms regulating the sector.

In the year, the Board of Statutory Auditors met seven times.

The Board of Statutory Auditors participated in two meetings with the Independent Auditors to exchange information, organised during the meetings of the Control and Risk Committee.

The Chair also attended two further meetings with the Supervisory Body, two additional meetings with the Control and Risk Committee and one meeting with the Appointments and Remuneration Committee. On two of these occasions, the Chair was supported by another Statutory Auditor. Finally, the Chair attended five meetings of the Related Parties Committee.

The average duration of the meetings of the Board of Statutory Auditors was 2 hours.

### **Self-evaluation of the Board of Statutory Auditors**

In compliance with the provisions of 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 carried out an evaluation in relation to:

- the suitability of the members and adequate composition of the body, with reference to the professionalism, competence, integrity and independence requirements set forth in the legislation;
- the availability of adequate time and resources in keeping with the complexity of the engagement.

The Board of Statutory Auditors prepares the document relating to its self-evaluation which outlines the methodology and the individual phases the self-evaluation process is composed of:

- the parties involved;
- the results obtained, highlighting any strengths and weaknesses;
- the necessary corrective actions proposed by the Statutory Auditors;
- the progress status or degree of implementation of any corrective measures defined in the previous self-evaluation.

The self-evaluation document presented to the Board of Statutory Auditors for approval is then shared with the Board of Directors.

During the meeting of August 6, 2019, the Board of Statutory Auditors established the qualitative-quantitative criteria and methods for being able to proceed with the self-evaluation of the functioning, composition and size of the Board and prepared and delivered a questionnaire to each statutory auditor. The questions formulated therein involve the analysis (i) of the size and composition of the Board of Statutory Auditors also with reference to the professional characteristics and experience of the statutory auditors; (ii) its functioning; (iii) the organisation of its work; (iv) the role and responsibility of its members; (v) respect for compliance with the law and the company by-laws, respect for correct administration and of company procedures, the adequacy of the organisational structure and of the internal control system and the adequacy and functioning of the administrative-accounting system.

The process then continued through the compilation of these questionnaires, whose results were analysed and discussed by the Board of Statutory Auditors at the meeting held on January 30, 2024.

To complete the procedure, at the same meeting, the Board prepared the Self-Evaluation Report, the Self-Evaluation Document and each Statutory auditor filled in and produced a self-certification showing that they possess the professional requirements and skills, the list of positions held and their CVs. The above documentation was shared by the Chair of the Board of Statutory Auditors with the Chair of the Board of Directors on February 6, 2024.



In conclusion of its self-evaluation process, the Board deems that (a) the requirements of professionalism, competence and experience of each member of the control body are adequate, (b) the independence requirements of all members in office of the Board of Statutory Auditors are truthful, (c) the availability of the time dedicated by its members in relation to the methods of fulfilment of the engagement is appropriate, (d) the number of positions held by each individual member does not prejudice the normal functioning of the control body, (e) the composition of the entire Board of Statutory Auditors with respect to gender and age is adequate and (f) the information exchanged between the different members, committees and corporate bodies is exhaustive and prompt.

Finally, also during the self-assessment process, the Board of Statutory Auditors confirmed the points for improvement identified as part of the self-assessment process conducted in 2023, the implementation of which will continue in 2024.

### **Diversity Criteria and Policies**

Please refer to paragraph 4.3 above for the Issuer's considerations on the adoption of a diversity policy in the composition of corporate bodies.

Moreover, with specific reference to the Board of Statutory Auditors, it is noted that: (i) one Permanent Auditor belongs to the less represented gender, in compliance with the legislation on gender balance; (ii) without prejudice to the requirements of professionalism provided by law, the formation and professional experience of the members of the Board of Statutory Auditors currently in office ensures that they possess the appropriate skills for the correct functioning of the Board and the fulfilment of its responsibilities.

### **Independence**

The Board of Statutory Auditors verified the independence of its members, not only during the meeting held on April 27, 2021 at the time of their appointment, but also at the meetings held on February 7, 2022, February 9, 2023 and lastly at the meeting on January 30, 2024.

It should be noted that, as regards the Chair of the Board of Statutory Auditors, Fabio Longhi, the criterion set out in Recommendation 7, letter e) was not applied, since the fact that he has been in office for more than nine years is not deemed to affect his impartiality and independent judgement.

### **Remuneration**

Information on the remuneration of the Statutory Auditors is contained in the Remuneration Report published by the company pursuant to art. 123-ter of Legislative Decree no. 58/1998 and art. 84-*quater* of Consob Regulation 11971/1999 This Report is available on the Issuer's website [www.cembre.com](http://www.cembre.com) in the Investor Relations section.

### **Interest Management**

As it is deemed to be an ethical responsibility to inform other Statutory Auditors and the Chair of the Board of Directors whenever individual auditors have, either directly or through third parties, an interest in an operation involving the Issuer, no provision was made for a specific obligation in this regard.

## **12.0. RELATIONSHIPS WITH SHAREHOLDERS**

Main corporate documents are made available to Shareholders in a timely manner and on an ongoing basis on the Company's institutional website ([www.cembre.com](http://www.cembre.com) – section: *Investor Relations*).

The Company uses for the transmission of Regulated Information the eMarket SDIR circuit, and for the storage of regulated information, it makes use of the authorized storing mechanism named eMarket STORAGE that may be viewed on the [www.emarketstorage.com](http://www.emarketstorage.com) Internet site, both managed by Teleborsa S.r.l., with registered office at piazza di Priscilla, 4, Rome.

In particular, all press releases issued, Issuer's financial documents approved by the respective corporate organs (annual report, half-year report and interim reports), in addition to documents distributed at meetings with



institutional investors, analysts and the financial community, are published and freely available on the site, both in Italian and in English.

The institutional site also contains for consultation purposes main corporate governance documents (among which the annual Report on Corporate Governance), documents to be distributed at Shareholders' Meetings, the Organizational Model pursuant to Legislative Decree 231/2001, and the Code of Conduct, as well as all other documents and/or information required by law or regulation.

In compliance with the provisions of article 2.2.3, paragraph 3, letter k) of the Stock Market Regulation, relationships with shareholders are managed by the Investor Relations Manager. The position is currently covered by Claudio Bornati (contact: [claudio.bornati@cembre.com](mailto:claudio.bornati@cembre.com)).

The Investor Relations Manager participated in the procedure for the handling of privileged information, managing relations with the Supervisory Body, contributing to the drafting of press releases and coordinating the flow of information to the financial community to ensure the full compliance with current regulations and confidentiality requirements.

The Issuer did not deem it necessary or appropriate to adopt a policy for managing dialogue with shareholders in general, considering the current investor relations mechanisms to be adequate.

### 13.0 MEETINGS

Pursuant to article 12.7 of the By-laws *“the legitimacy to intervene in the Shareholder’s Meeting and to exercise the right to vote is attested by a communication to the Company made by the intermediary that is a certified public accountant, based on evidence contained in the accounting records as of the end of the seventh market opening day before the date of the Shareholders’ Meeting on first call, received by the Company within the term prescribed by Law”*.

Pursuant to article 12.2 of the By-laws, the Ordinary Meeting is called at least once a year to approve the financial statements within 120 days of the closing of the financial year, or within 180 days in case the Company is required to prepare consolidated financial statements and whenever particular needs relating to the peculiar structure and corporate objective of the Company so require. Extraordinary Shareholders' Meetings are called, in addition of those cases and for the purposes provided for by law, whenever the Board of Directors deems it necessary. The Meeting shall be called without delay when a request has been made pursuant to the Law.

The notice of Meeting is made by the Board of Directors through a notice to be published at least thirty days before the date of the Meeting on the Company's Internet site and, whenever required by applicable legislation, also through an abstract, the *Gazzetta Ufficiale della Repubblica Italiana* or, as an alternative, on newspaper “Il Giornale”.

Pursuant to article 14 of the By-laws, the Shareholders' Meeting can convene on first or second call and, limited to the Extraordinary Meeting, on third call.

Pursuant to article 126-bis, TUF, shareholders who, individually or jointly, represent one fortieth of the capital stock, can request – with the exception of the event in which the proposal made falls within the scope of the Board of Directors or is based on a project or report drafted by the same – at least ten days from the publication of the notice of Meeting (or five days in case the meeting is called pursuant to article 125-bis, paragraph 3, TUF or article 104, paragraph 2, TUF), an integration of items on the agenda, indicating in the petition the proposed issues, or submitting proposals for resolutions on issues already listed in the agenda. Shareholders requiring the integration of the agenda are required to prepare a report on the issues they wish to discuss and deliver it to the Board of Directors within the term provided.

In this regard, it should be noted that the majority shareholder Lysne S.p.A. submitted well in advance in the course of 2021 its proposals with regard to the appointment of the corporate bodies to be submitted to the shareholders' meeting.

Pursuant to article 2367 of the Civil Code, whenever Shareholders representing at least 5% of the voting rights so request, the Board of Directors must call without delay a Shareholders' Meeting.

Article 127-ter TUF states that Shareholders entitled to vote are also entitled to pose questions on items in the agenda also before the Meeting. Questions posed before the Meeting will be addressed at the latest at the Meeting. The Company may choose to provide a comprehensive answer to all questions regarding the same issue. The call notice indicates the term by which questions posed before the date of the Meeting must be received by the Company. The term cannot be less than five trading days before the date of the Shareholders' Meeting in first or single call, or the record date pursuant to art. 83-sexies, paragraph 2, TUF (end of the seventh market opening day before the date of the Shareholders' Meeting) of the call notice requires the company to provide, before the Shareholders' Meeting, a response to the questions received. In that case, the responses are provided at least two days before the Shareholders' Meeting, also through publication in an appropriate section of the Company's website; ownership of the voting right can also be certified after the responses are sent, provided within the third day after the aforementioned record date. In view of the time required to grant the appointed representative the proxies and voting instructions, the Company, in order to facilitate the shareholders, accepted the invitation made by Consob in its Communication of April 10, 2020, bringing forward the publication of any responses to the third trading day prior to the Shareholders' Meeting.

Pursuant to article 13 of the By-laws, the Shareholders' Meeting is chaired by the Chair of the Board of Directors or, in their absence, by a person designated by the Meeting. The Chair of the Meeting is responsible for verifying, with the aid of appointed persons, where appropriate, that the Meeting is regularly convened, ascertaining the identity and legitimacy of persons present, and conducts the Meeting, verifying the results of voting procedures.

The Shareholders' Meeting must be conducted so that all the rightful participants can follow events with no delay and form independent opinions and express freely their vote in a timely manner.

To facilitate participation in the Meeting and the exercise of vote by Shareholders, article 13.7 of the By-laws provides for the possibility of holding the Meeting in different places contemporaneously, either contiguous or distant from each other, in video/audio conference, provided no prejudice is made to the collegial method and the principles of good faith and equal treatment.

The Ordinary Shareholders' Meeting is responsible for and has powers assigned to it by the Law and the By-laws of the Company. In particular, the Ordinary Shareholders' Meeting:

- a) approves the financial statements;
- b) appoints and revokes Directors, and appoints Statutory Auditors and the Chair of the Board of Statutory Auditors;
- c) determines the compensation of Directors and Statutory Auditors, where not already determined in the By-laws;
- d) resolves on responsibilities of Directors and Statutory Auditors;
- e) approves Shareholders' Meetings rules;

The Extraordinary Shareholders' Meeting is responsible for:

- a) amendments to the By-laws, except in the case provided for by article 18, 3rd paragraph of the By-laws;
- b) appointment, replacement and setting of powers of liquidators, pursuant to article 26 of the By-laws;
- c) the issue of financial instruments as per article 6 of the By-laws;
- d) the issue of bonds, within the limits set by article 7 of the By-laws;
- e) other matters attributed to it by Law and pursuant to the By-laws.

The right of withdrawal may be exercised only within the limits and according to binding law provisions and, pursuant to article 10 of the By-laws, is in any case barred in case of:

- a) extension of the duration of the Company;
- b) introduction, change or elimination of restrictions to the circulation of shares.

Pursuant to article 25 of the By-laws, net profits reported in the financial statements, less possible remuneration of Directors pursuant to article 21 of the By-laws, and of 5% of net profits to be accrued to the ordinary reserve until this has reached 20% of the share capital, are available to the Shareholders' Meeting for assignment to Shareholders as dividends, without prejudice to any other resolution of the Meeting.

Amendments to the Company's By-laws are regulated by applicable laws in force.

The Board of Directors proposed the adoption of the *Rules for Shareholders' Meetings* (the Rules) regulating the correct and functional course of the Company's ordinary and extraordinary Shareholders' Meetings, guaranteeing to each Shareholder the right to speak at the meeting on the issues under discussion.

The *Rules* are available to Shareholders at the Company's headquarters, at the sites where the Shareholders' Meetings take place and on the Issuer's website [www.cembre.com](http://www.cembre.com) in the section Investors Relations – Shareholders' Meetings.

Said *Rules*, whose approval and amendment are reserved – pursuant to article 11 of the By-laws – to the Shareholders' Meeting, regulate the conduction of Shareholders' Meetings and, in particular:

- the attendance of Meetings by experts, financial analysts, journalists, representatives of independent auditors and – where deemed useful – of employees of the Issuer or its subsidiaries;
- the access to the premises in which the Meeting takes place;
- the procedures used in verifying the right of individual Shareholders to speak at the Meeting, that the Meeting is legally convened and the opening of the Meeting;
- cases for a recess of Meetings;
- the discussion of issues, including the setting of a maximum duration for individual speeches (limit which can in any case be increased by the Chair of the Meeting in view of the importance of the issue discussed) and for rebuttals;
- the voting procedure and that for disclosing results.

Pursuant to article 7 of the *Rules*, the Chairman of the Shareholders' Meeting is in charge of conducting the meeting, ensuring the regularity of the same, the correctness of the discussion and the right of individual Shareholders to speak. Requests to speak on the issues under discussion can be submitted to the Chair at the desk or by raising a hand from the moment the Meeting is declared convened until the Chair declares closed the discussion on the related issue under discussion. In calling persons to speak, the Chair normally follows the order of presentation of requests. Each Shareholder may only speak once on each individual issue under discussion, for a maximum of ten minutes, except when, in view of the importance of one or more issues in agenda, the Chair, in declaring the Meeting regularly convened, deems it appropriate to raise the time limit for each speech to twenty minutes.

During the year - in accordance with the procedures set forth in art. 106 of Decree Law no. 18/2020, converted into Law no. 27/2020, as extended by art. 3 of Decree Law no. 228/2021, converted into Law no. 15/2022, and as most recently extended by art. 3 of Decree Law no. 198/2022, converted to Law no. 14/2023, containing "*Measures for strengthening the health service and of economic support for families, workers and businesses relating to the COVID-19 epidemiological emergency*", as amended, just one Shareholders' Meeting was held on April 27, 2023, attended (in person or through the proper audio-video link-up) by all Directors. At the Meeting, the Board of Directors reported on the activity carried out and future plans, providing Shareholders with adequate information regarding the elements necessary for the Meeting to resolve from an informed position on items in the agenda.

With regard to Shareholders' rights not illustrated in the present report, we refer to currently applicable norms and regulations.

The Board of Directors did not deem it necessary to propose to the Shareholders' Meeting any amendment to the By-laws with regard to minimum percentages to qualify for the exercise of prerogatives of minority interests, as –in application of article 144-*quater* of Consob Issuers' Regulation regarding the presentation of lists of candidates to the position of Director and Statutory Auditor– articles 15.5 and 23.2 of the Company's By-laws require a minimum threshold of 2.5% of voting shares or a different percentage established or contained in laws and regulations. Through management decision of the Head of the Corporate Governance Division no. 92 of January 31, 2024, Consob set at 2.5% of voting rights the quorum for submitting lists of candidates to the position of Director and Statutory Auditor of the Company.

#### 14.0. FURTHER CORPORATE GOVERNANCE PRACTICES

The Issuer does not adopt any other corporate governance practices in addition to those provided for laws and regulations and to those described in the present Report.

#### 15.0 CHANGES OCCURRED FROM THE CLOSING OF THE FINANCIAL YEAR

No changes in the corporate governance structure of the Company occurred from the closing of the financial year, other than those specifically mentioned in the present Report.

#### 16.0. CONSIDERATIONS ON THE LETTER OF THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE

The letter dated December 14, 2023, sent by the Chair of the Corporate Governance Committee to the Chairs of the Boards of Directors of Italian listed companies, was brought to the attention of the Appointments and Remuneration Committee, the Control and Risk Committee and the Board of Statutory Auditors at the meeting on February 26, 2024, as well as to the Board of Directors of the Issuer at the meeting on March 14, 2024. In general, the Board believes that the Issuer's governance is substantially aligned with the recommendations in the letter.

As a preliminary remark, in continuity with what was done in relation to the 2022 financial year, in order to implement the Corporate Governance Committee's Recommendations for 2023, the Issuer has highlighted, in summary form, the basic information regarding its compliance with the specific recommendations of the Code of Corporate Governance, including a table in an appendix to the Report, indicating whether each provision was applied, not applied or not applicable.

In particular, with reference to the recommendations made for the financial year 2024, the Board highlighted the following.

- **Business Plan:** on September 9, 2021, the Company's Board of Directors approved the forecast data for the financial years from 2021 to 2023; furthermore, at all Board of Directors' meetings convened to approve the financial data for the period, as part of the information provided by the delegated bodies, also pursuant to art. 2381<sup>v</sup> of the Italian Civil Code and art. 150 of the TUF, the issues relevant to the generation of long-term value are examined and discussed, also on an outlook basis.
- **Pre-Board Disclosure:** the Company has adopted procedures and terms in accordance with the recommendation of the Corporate Governance Committee and no exceptions are applied for confidentiality reasons; the respective information is included in section "4.4 Functioning of the Board of Directors" of this Report.
- **Guidance on the optimal composition of the Board of Directors:** as described in section "4.3

Composition” of this Report, Recommendation 23 of the Code does not require companies with concentrated ownership (like Cembre) to express an orientation on its quantitative and qualitative composition of the Board of Directors considered optimal, with a view to its renewal.

- **Increased voting powers:** the company's administrative body has not made any proposals for the introduction of increased voting powers, so the recommendation is not applicable.

Brescia, March 14, 2024

for the Board of Directors

Chair and Managing Director

Mr. Giovanni ROSANI

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

Office held	Member	Year of birth	Date of first appointment (*)	In office since	In office until	List (submitters) (**)	List (M/m) (***)	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. others Assignments (****)	Equity Investments (*****)
Chair and Managing Director (CEO*)	Giovanni Rosani	1974	5/15/2000	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	Shareholders	M	X					6/6
Vice Chair	Aldo Bottini Bongrani	1957	6/24/1994	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	Shareholders	M	X					5/6
Director	Anna Maria Onofri	1940	6/24/1994	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	Shareholders	M		X				6/6
Director	Sara Rosani	1971	04/30/1997	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	Shareholders	M		X				6/6
Director	Felice Albertazzi	1961	04/26/2018	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	Shareholders	M	X					6/6
Director	Franco Celli	1958	04/26/2018	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	Shareholders	M	X					6/6
Director <sup>o</sup>	Paola Carrara	1976	04/26/2018	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	Shareholders	M		X	X	X	8	6/6
Director	Elisabetta Ceretti	1966	04/27/2021	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	Shareholders	M		X	X	X	2	5/6

**Number of meetings held during the Year: 6**

**Quorum required to submit the lists by minorities for the election of one or more members (pursuant to art. 147-ter TUF): 2.5%.**

#### NOTES

• This symbol indicates the Chief Executive Officer.

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

(\*) The date of first appointment of each director means the date when the director was appointed for the first time (ever) to the Board of Directors of the Issuer.

(\*\*) This column shows whether the list from which each director was drawn was submitted by shareholders (indicating "Shareholders") or by the Board of Directors (indicating "Board of Directors").

(\*\*\*) This column indicates whether the list from which each director was drawn is "majority" (with an "M"), or "minority" (with an "m").

(\*\*\*\*) This column shows the number of offices as director or auditor held by the person concerned in other listed companies or companies of significant size.

(\*\*\*\*\*) This column shows the attendance of Directors at Board meetings (indicate the number of meetings attended compared with the total number of meetings which could have been attended; e.g. 6/8; 8/8 etc.).



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

		Control and Risk Committee and RPT		Appointments and Remuneration Committee	
Position/Qualification	Members	(*)	(**)	(*)	(**)
Non-executive Director - independent as per TUF and Code	Paola Carrara	9/9	C	1/1	C
Non-executive Director - independent as per TUF and Code	Elisabetta Ceretti	9/9	M	1/1	M
<b>No. of meetings held during the Year:</b>		9 (of which 5 as OPC Committee)		1	

**NOTES**

(\*) This column shows the attendance of committee meetings (indicate the number of meetings attended compared with the total number of meetings which could have been attended; e.g. 6/8; 8/8 etc.).

(\*\*) This column indicates the title of the director within the committee: "C": chair; "M": member.

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

Board of Statutory Auditors									
Office held	Members	Year of birth	Date of first appointment (*)	In office since	In office until	List (M/m) (**)	Indep. Code	Attendance at Board meetings (***)	No. of other positions (****)
Chair	Fabio Longhi	1963	04/27/2012	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	M	X	7/7	13
Statutory Auditor	Rosanna Angela Pilenga	1973	04/23/2015	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	M	X	7/7	4
Statutory Auditor	Riccardo Astori	1979	04/26/2018	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	M	X	7/7	8
Substitute Statutory Auditor	Maria Grazia Lizzini	1945	04/30/1997	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	M	X		
Substitute Statutory Auditor	Alessandra Biggi	1974	04/27/2021	04/27/2021	Approval of Fin. Stat. at Dec. 31, 2023	M	X		

Number of meetings held during the Year: 7

Quorum required for minorities to submit the lists for the election of one or more members (pursuant to art. 148 TUF): 2.5%

#### NOTES

(\*) The date of first appointment of each auditor means the date when the auditor was appointed for the first time (ever) to the Board of Statutory Auditors of the Issuer.

(\*\*) This column indicates whether the list from which each auditor was drawn is "majority" (with an "M"), or "minority" (with an "m").

(\*\*\*) This column shows the attendance of auditors at the meetings of the Board of Statutory Auditors (indicate the number of meetings attended compared with the total number of meetings which could have been attended; e.g. 6/8; 8/8 etc.).

(\*\*\*\*) This column shows the number of offices of director or statutory auditor held by the person concerned pursuant to art. 148-bis TUF and the related implementing provisions contained in the Consob Issuers' Regulation. The complete list of offices is published by Consob on its website pursuant to art. 144-quinquiesdecies of the Consob Issuers' Regulation.