



CORPORATE  
GOVERNANCE  
AND  
OWNERSHIP  
STRUCTURE  
REPORT

as per Article 123-*bis* of Legislative Decree No. 58 of February 24, 1998

Issuer: Piovan S.p.A.

Website: [www.piovangroup.com](http://www.piovangroup.com)

Reporting Year: 2019

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## GLOSSARY

In addition to the definitions contained in this Report, the following terms are defined as follows:

**Shareholders' Meeting:** The Shareholders' Meeting of Piovan.

**Self-Governance Code / Code:** the Self-Governance Code of listed companies approved in July 2018 by the Corporate Governance Committee, drawn up and promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria.

**Civil Code / Civ. Cod. / C.C.:** the civil code.

**Board of Statutory Auditors:** The Board of Statutory Auditors of Piovan.

**Board / Board of Directors:** the Board of Directors of Piovan.

**Reporting Date:** the date of approval of the Report by the Board of Directors of Piovan of March 19, 2020.

**Issuer:** the issuer to which the Report refers.

**Year / Year 2019:** the financial year to which the Report refers.

**Piovan Group or Group:** collectively the Issuer and the companies controlled by this latter directly and indirectly pursuant to Article 93 of the CFA.

**MTA:** the "Mercato Telematico Azionario" (Italian Stock Exchange) organized and managed by Borsa Italiana.

**Consob Issuers' Regulation:** the Regulation on issuers published by Consob with Resolution No. 11971 of 1999 (as subsequently amended).

**RPT Regulation:** the Regulation issued by Consob Motion No. 17221 of March 12, 2010 (as subsequently amended) regarding related party transactions.

**Report:** the corporate governance and ownership structure report which the Company is required to prepare in accordance with Article 123-*bis* of the CFA and the Self-Governance Code.

**Consolidated Finance Act / CFA:** Legislative Decree No. 58 of February 24, 1998 and subsequent amendments.

## 1. ISSUER PROFILE

Piovan S.p.A. (“**Piovan**” or the “**Issuer**” or also the “**Company**”) has been listed since October 19, 2018 on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A.

The Group is a global leader in the development and manufacturing of auxiliary automation systems for the storage, conveying and processing of polymers and plastic powders.

Since 2015, the Group has been increasingly involved also in developing auxiliary automation systems for the storage, conveying and processing of food powders.

The Group also supports its customers globally through continual technical assistance, including the sale of spare parts for machinery, the provision of a range of additional services and support activities from the preliminary design phase through to installation and initialization of the equipment and machinery. These steps guarantee optimal product performance and consolidate customer relationships.

Piovan is organized according to the traditional administration and control model, which includes the Shareholders’ Meeting, the Board of Directors and the Board of Statutory Auditors.

Within the Board of Directors, the Nomination and Compensation Committee (“**Nomination and Compensation Committee**”) and the Control, Risk and Sustainability Committee have been set up both with proposal and consultative functions in accordance with the recommendations of the Self-Governance Code and the Related Party Transactions Committee, in accordance with the RPT Regulation and the Company’s related party transactions policy.

The legal-audit of the accounts for the financial years concluding from December 31, 2018 to December 31, 2026 is awarded to the independent audit firm Deloitte & Touche S.p.A., with registered office in Milan, Via Tortona 25, enrolled in the Auditors’ Register, as per Article 6 and subsequent of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135 of July 17, 2016.

The Issuer qualifies as an “SME” as per Article 1, paragraph 1, letter *w-quater*.1 of the CFA, as having turnover for financial year 2019 of less than Euro 300 million.

The capitalization at December 31, 2019 was Euro 314,096,000, with total revenues and other income in 2019 of Euro 234,359,868.

## **2. INFORMATION ON THE OWNERSHIP STRUCTURE (AS PER ARTICLE 123-BIS, PARAGRAPH 1, CFA) AT 31/12/2018**

### **a. Structure of the share capital (as per Article 123-bis, paragraph 1, letter a), CFA)**

At December 31, 2019, the share capital amounted to Euro 6,000,000.00, entirely subscribed and paid-in, comprising 53,600,000 ordinary shares, without par value. One vote attaches to each ordinary share of the Issuer at the Ordinary and Extraordinary Shareholders' Meetings of the Company, in addition to the other administrative rights established under the applicable legal provisions and the By-Laws, subject to that indicated at point d) below concerning multi-vote shares. At the Reporting Date, the Company holds 2,670,700 treasury shares, equal to 4.98% of the share capital.

### **b. Restriction on the transfer of shares (as per Article 123-bis, paragraph 1, letter b), CFA)**

There are no restrictions on the transfer of securities, limitations upon possession or Issuer or other holder approval clauses.

### **c. Significant holdings (as per Article 123-bis, paragraph 1, letter c), CFA)**

The significant direct or indirect shareholdings in Piovan, according to the communications received from the Company at the Reporting Date as per Article 120 of the CFA, are presented in **Table 1** of the annex.

The Issuer qualifies as an SME as per Article 1, paragraph 1, letter *w-quater.1)* of the CFA, as falling within the parameters of this rule. Therefore, the threshold for disclosure of significant investments, as per Article 120 of the CFA, is 5% of the share capital with voting rights (see Article 120, paragraph 2, final point, CFA).

### **d. Securities which confer special rights (as per Article 123-bis, paragraph 1, letter d), CFA)**

No securities exist to which special control rights or special powers attach. Therefore, in exception to the principle by which each one vote attaches to each ordinary share, as per Article 6 of the By-Laws, two votes attach to each share belonging to the same party for a continual period of at least 24 months from enrolment in the appropriate list (the "Slate"), according to the quarterly update made by the Company.

The assessment of the requirements to attach multi-vote rights is made by the Board of Directors - and through it by the Chairperson or the appointed Directors, also with the support of specifically appointed support personnel - on the basis of

the results of this Slate, which should include the shareholder who wishes to benefit from the multi-vote rights, attaching or sending in addition the certification required by Article 83-*quinquies*, paragraph 3 of the CFA.

The By-Laws set out detailed rules on how to compile, maintain and update the Slate, in addition to and also for the appointment of the party in-charge of its management and the setting of the relative maintenance criteria (including where only in computerized form). According to the By-Laws, multi-vote rights are also considered when evaluating quorum requirements to meet and pass resolutions based on percentages of share capital. In addition, multi-vote rights are without any effect on rights other than voting rights devolving on the basis of the possession of a particular portion of capital (e.g. the right to call the Shareholders' Meeting).

**e. Employee shareholdings: voting mechanism (as per Article 123-bis, paragraph 1, letter e), CFA)**

At the Reporting Date, no employee share ownership plans with mechanisms whereby votes are not attached exist.

On April 17, 2019, the Shareholders' Meeting of the Company approved, among other matters, (i) the regulation for the stock grant plan for ordinary company shares, called the "2019-2021 Performance Shares Plan" (the "**Performance Shares Plan**"), and (ii) the regulation for a plan to issue monetary incentives called the "2019-2021 Long-term Monetary Incentive Plan" (the "**Monetary Incentive Plan**").

The Performance Shares Plan is reserved for Executive Directors (excluding the Executive Chairperson), Senior Executives, employees or collaborators of the Company or the Subsidiaries identified by reason of the strategic importance of their roles, while the Monetary Incentive Plan targets, *inter alia*, Executives and employees and/or consultants (including external consultants) of the Company and of the Group, taking into account the importance of their positions.

In particular, the Performance Shares Plan does not provide for mechanisms that exclude or limit the direct exercise by beneficiaries of voting rights relating to ordinary shares subscribed in exercise of the options granted to them.

The details and content of the Performance Shares Plan and the Monetary Incentive Plan can be found in the relative disclosure documents, available on the Company's website ([www.piovangroup.com/en](http://www.piovangroup.com/en)).

On March 19, 2020, the Board of Directors resolved, among other matters, to revoke the Performance Shares Plan and the Monetary Incentive Plan, and submitted new incentive plans to the Shareholders' Meeting scheduled for April 29, 2020. In particular, the following were envisaged:

- (i) a free stock grant plan for ordinary company shares called the "2020-2022 Performance Shares Plan", reserved for Executive Directors (excluding the Executive Chairperson), Senior Executives and employees or consultants of the Company or of the Group;
- (ii) a plan to issue monetary incentives called the "2020-2022 Long-Term Monetary Incentive Plan", reserved for Executives and employees or consultants of the Company or of the Group; and

- (iii) a plan for the free assignment of options and, where appropriate, the issue of monetary incentives called the “2020-2022 Phantom Stock Option Plan”, reserved for Executive Directors, Senior Executives and employees or consultants of the Company or of the Group.

**f. Voting restrictions (as per Article 123-bis, paragraph 1, letter f), CFA)**

There are no restrictions on voting rights.

**g. Shareholder agreements (as per Article 123-bis, paragraph 1, letter g), CFA)**

As far as the Issuer is aware, at the Reporting Date no agreement exists among the company shareholders that may be considered relevant as per Article 122 of the CFA.

**h. Change of control clause (as per Article 123-bis, paragraph 1, letter h), CFA) and statutory provisions concerning Public Purchase Offers (Article 104, paragraph 1-ter and 104-bis paragraph 1, CFA)**

On June 6, 2017, the Issuer agreed a medium/long-term loan for a total amount of Euro 7,500,000.00 with Banca Nazionale del Lavoro S.p.A. (“BNL”), subsequently amended on July 18, 2018, exclusively to supplement working capital and support the Group’s international development plan (the “**BNL Loan Contract**”).

The BNL Loan Contract stipulates repayment by June 6, 2022 in 10 half-yearly installments, paid from December 6, 2017, subject to the option for the Issuer to repay, in full or in part and on satisfying certain conditions, the amounts disbursed under the BNL Loan Agreement in advance to agreed maturity.

Among other issues, the BNL Loan Contract stipulates that where the Issuer’s majority shareholder changes (change of control), the Issuer is required to immediately repay BNL the outstanding amounts, together with the interest matured and the default interest until the date of effective repayment (in addition to any other amounts due as per the BNL Loan Contract).

The Issuer’s By-Laws do not provide for exceptions to the “passivity rule” pursuant to Article 104, paragraphs 1 and 1-bis of the CFA, nor to the application of the neutralization rules pursuant to Article 104-bis, paragraphs 2 and 3 of the CFA.

**i. Power to increase the share capital and authorization to purchase treasury shares (as per Article 123-bis, paragraph 1, letter m), CFA)**

At the Reporting Date, the Board of Directors has not been granted any powers to increase the share capital in accordance with Article 2443 of the Civil Code or to issue equity financial instruments.

At the Reporting Date, the Company holds 2,670,700 treasury shares, equal to 4.98% of the share capital.

**j. Management and Coordination Activities (as per Article 2497 and subsequent of the Civil Code)**

At the Reporting Date, Piovan is not subject to management and co-ordination as per Article 2497 and subsequent of the Civil Code, also in consideration of the fact that the Board of Directors comprises four Independent Directors out of a total of seven.

\*\*\*

It is noted that:

- the information required by Article 123-bis, paragraph 1, letter i) of the CFA, concerning *“the agreements between the Company and Directors which provide indemnity in the case of resignation or dismissal of office without just cause or termination of employment following a public purchase offer”* is illustrated in the Remuneration Report prepared and published as per Article 123-ter of the CFA;
- the information required by Article 123-bis, paragraph 1, letter i) of the CFA, concerning *“the applicable regulations concerning the appointment and replacement of Directors, in addition to the amendment of the by-laws if differing from applicable law and regulations”* is illustrated in section 4.1 of this Report covering the Board of Directors.

**3. COMPLIANCE (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), CFA)**

Piovan has adopted the Self-Governance Code, substantially in line with the corporate governance principles contained therein, as outlined below. The Self-Governance Code is available to the public on the Borsa Italiana website at:

<https://www.borsaitaliana.it/comitato-corporate-governance/codice/codiceeng2018.en.pdf>

Piovan and its subsidiaries are not subject to laws in force outside Italy which affect the Company's corporate governance structures.

**4. BOARD OF DIRECTORS**

**4.1 Appointment and replacement (as per Article 123-bis, paragraph 1, letter L), CFA)**

In the context of the listing of Company shares on the STAR segment of the Italian Stock Exchange, the Company adjusted its By-Laws and its corporate governance system to the key provisions of the CFA and the Code. The By-Laws came into force on the trading commencement date (October 19, 2018) and include, among other

issues, the slate voting mechanism for the appointment of the Board of Directors (and the Board of Statutory Auditors), with provisions which permits the appointment of minority representatives to these bodies. However, the Board of Directors currently in office was appointed before the introduction of the slate voting mechanism and shall remain in office until the Shareholders' Meeting to be called to approve the 2020 Annual Accounts. Therefore, only from the next renewal of the Board of Directors shall the slate voting provisions in the By-Laws be applied, permitting the minority slate obtaining the highest number of votes to appoint a Director, as per Article 147-ter, paragraph 3 of the CFA.

The 2020 Budget Law (Law No. 160 of December 27, 2019) amended the rules in terms of gender balance in the administrative and control boards of listed companies. This law introduced a new criterion for the gender equality quota through which at least two-fifths of Directors and Statutory Auditors must belong to the under-represented gender with effect from the first renewal subsequent to the date of the law's entry into force (that is, commencing from the first renewal of corporate boards after January 1, 2020) provided that, for the first reappointment of the Board of Directors subsequent to the listing, the under-represented gender makes up at least one-fifth of elected Directors. In addition, this gender equality quota criterion shall apply for six consecutive mandates.

The 2020 Budget Law has therefore amended the provisions of Article 147-ter, paragraph 1-ter of the CFA and, even if these provisions shall only find application during the next renewal of the Board of Directors, the By-Laws of the Company are not updated with respect to the new regulatory provision. Nonetheless, the composition of the Board of Directors currently in office conforms to the requirements set out in the new Article 147-ter, paragraph 1-ter, CFA, since two out of seven members of the Board already belong to the under-represented gender; with reference to the renewal of corporate boards envisaged for the year 2021, the Company shall be required to comply with the criterion for the gender equality quota equal to one-fifth of the under-represented gender (and not two-fifths) since this is the first reappointment of the Board of Directors subsequent to the listing.

The Board of Directors of the Company, given the absence of a transitory system and in view of the lack of enactment of Consob's implementing provisions necessary to concretely apply the new law, intends to wait for a better definition of the regulatory framework prior to the regulatory adjustment of the By-Laws, in accordance with Article 20.2(e) of the By-Laws, in the section which provides for slates to be composed of one-third (rounded up), instead of two-fifths, of representatives of the under-represented gender.

In accordance with Article 14 of the By-Laws, the Company is governed by a Board of Directors comprising of up to 7 members. The Shareholders' Meeting must first determine the number of Board members according to the above limits.

The procedures for the appointment of the Board of Directors are governed by the new Article 147-ter of the CFA, Article 144-quater of the Consob Issuers' Regulation and Article 14.3 of the By-Laws, in accordance with which the Directors are

appointed for a period of three years, or for a lesser period, although not greater than three years, as established on appointment, and may be re-elected.

The Directors are appointed by the Shareholders' Meeting on the basis of slates presented by Shareholders, as per the applicable statutory and regulatory rules, also in terms of gender balance, on which the candidates, in an amount not greater than seven, and meeting the requirements of the applicable statutory and regulatory provisions, should be numbered progressively.

The slates must be filed at the registered office of the Company according to the manner prescribed by current regulations, at least 25 days prior to the Shareholders' Meeting called to appoint the Directors. The slates must be made available to the public by the Company at least 21 days prior to the Shareholders' Meeting in accordance with the manner prescribed by current regulations.

Each slate should indicate which candidates are considered independent in accordance with the applicable statutory and regulatory provisions. Currently, the By-Laws stipulate that slates which present a number of candidates equal to or above three must be composed of candidates belonging to both genders, so that the under-represented gender represents at least one-fifth of the candidates (at the first renewal of the Board of Directors subsequent to the listing of the ordinary shares of the Company on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A.) and thereafter, one-third of the candidates (rounded up). However, it should be noted that the Company is planning on adjusting the By-Laws as a result of the provisions of the new Article 147-ter, paragraph 1-ter, CFA, in order to comply with the criterion of the gender quality quota equal to two-fifths of the under-represented gender.

Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate at the risk of ineligibility.

Only shareholders who individually or collectively hold at least 2.5% of the share capital (or a differing threshold established by the applicable statutory and legal provisions) have the right to present slates.

The declarations of the individual candidates, in which they accept their candidacies and certify, in good faith, the inexistence of any cause of ineligibility or incompatibility, as well as the satisfaction of the requirements prescribed by applicable law for their respective offices, must be lodged together with each slate by the applicable legal and regulatory deadlines. The declarations shall be accompanied by a curriculum vitae for each candidate, with an indication, where appropriate, of the fact that the candidate qualifies as independent, in accordance with the applicable statutory and legal provisions, in addition to any corporate governance conduct codes adopted by the Company. Slates for which the above provisions have not been complied with are deemed not to have been submitted.

The appointed Directors should communicate without delay to the Board of Directors where no longer meeting the independence requirements, in addition to the arising of reasons for ineligibility or incompatibility.

Those with voting rights may vote on only one slate.

The candidates elected shall be those on the two slates that have obtained the higher number of votes, with the following criteria:

- (i) from the slate that obtains the majority of the votes, in the progressive order presented on the slate, the number of Directors to be elected to the board are elected, less one;
- (ii) the remaining Director shall be elected from the slate which obtained the second highest number of votes ("minority slate") at the Shareholders' Meeting and which is not related in any way, even indirectly, to shareholders who presented or voted upon the slate receiving the highest number of votes.

Should two slates receive the same number of votes, a second vote of the entire Shareholders' Meeting shall decide with the candidate being elected by means of a simple majority of the votes.

Where, on conclusion of voting, an insufficient number of elected Directors satisfy the independence requirements envisaged by the applicable legal and regulatory framework, the candidate lacking these requirements elected last in the progressive order of the slate obtaining the highest number of votes will be excluded. This candidate will be replaced by the subsequent candidate who satisfies the independence requirements, selected from the same slate belonging to the excluded candidate. If necessary, this procedure will be repeated until the number of Independent Directors to be elected is accomplished. Where with the election of the candidates from the slates according to methods indicated above the Board of Directors is not in line with the current of law and regulation from time to time regulations concerning gender equality, the candidate of the over-represented gender elected last in the progressive numbering on the slate which has obtained the highest number of votes will be replaced by the candidate of the under-represented gender elected of the same slate. This replacement procedure is carried out until the composition of the Board of Directors complies with applicable regulations and in particular those concerning gender equality. Where this procedure does not ensure an outcome, the Shareholders' Meeting will elect in accordance with the majority by law, on condition of the presentation of candidates of the under-represented gender.

In the event that only one slate is submitted, Directors will be drawn from the submitted slate, provided it has obtained the approval of the simple majority of votes. If Directors elected in this manner do not meet the number corresponding to the members of the Board determined by the Shareholders' Meeting, or in the event that no slate is submitted or the slate submitted does not permit the appointment of Independent Directors in compliance with applicable legislative and regulatory provisions, the Shareholders' Meeting shall resolve with a statutory majority; all of the above is subject to compliance with the applicable *pro tempore* rules concerning gender balance.

Slate voting is applied only in the case of the appointment of the entire Board of Directors.

Should one or more Directors resign during the year, they shall be replaced in accordance with Article 2386 of the Civil Code. If one or more departing Directors were drawn from a slate also containing unelected candidates, they will be replaced by appointing, in progressive order, persons drawn from the slate to which the Director in question belonged, provided they are still eligible and willing to accept the office. Should the slate not include such candidates or these are unwilling to accept the office, another candidate, indicated by the Directors drawn from the slate to which the departing Director belonged, will be appointed. In any case, the replacement of departing Directors is made by ensuring the presence of the necessary number of Directors satisfying the independence requirements laid down by the law and compliance with the applicable *pro tempore* regulation concerning gender balance.

Where there is no longer a majority of Directors appointed by the Shareholders' Meeting due to resignations or other reasons, the entire Board of Directors will be dissolved. However, the cessation will take effect from the moment in which the Board is reappointed following the new appointments made by the Shareholders' Meeting which must be called as a matter of urgency by the Directors remaining in office.

At the Reporting date, the Company did not have a formalized succession plan for its Directors. However, following the listing on October 19, 2018, the Company initiated an analysis activity to assess the opportunity, also in accordance with the current corporate governance structure, to define measures that enable the continuity of future business, including through the evaluation of a succession plan.

#### **4.2 Composition (as per Article 123-bis, paragraph 2(d) and (d-bis), CFA)**

The appointment of the Board of Directors in its current composition occurred in two progressive stages:

- (i) on June 29, 2018, the Ordinary Shareholders' Meeting of the Company appointed a Board of Directors composed of four members (Nicola Piovan, Filippo Zuppichin, Marco Milani and Lucia Giancaspro);
- (ii) on September 14, 2018, the Ordinary Shareholders' Meeting of the Company appointed Marco Maria Fumagalli, Marco Stevanato and Chiara Mio as new members of the Board of Directors, with efficacy subject to the date of the start of trading (October 19, 2018).

Therefore, the new Directors took office on October 19, 2018 and will remain until the expiry of the term of the Board of Directors envisaged with the approval of the financial statements for the year ended December 31, 2020.

At the date of the Report, the Board of Directors is composed of the following members:

| Name                | Office                |
|---------------------|-----------------------|
| Nicola Piovan (***) | Executive Chairperson |

|                                |                         |
|--------------------------------|-------------------------|
| Filippo Zuppichin              | Chief Executive Officer |
| Marco Stevanato                | Director                |
| Marco Maria Fumagalli (*) (**) | Independent Director    |
| Lucia Giancaspro (*)           | Independent Director    |
| Marco Milani (*)               | Independent Director    |
| Chiara Mio (*)                 | Independent Director    |

(\*) Independent Director pursuant to Article 147-ter paragraph 4 of the CFA and Article 3 of the Self-Governance Code.

(\*\*) Director appointed Lead Independent Director as per Article 2.C.4 of the Self-Governance Code.

(\*\*\*) Previously, the Chairperson Nicola Piovan held the position of Sole Director of the Company or Director of the Company from January 1, 1996.

Reference should be made to **Table 2** for further details on the composition of the Board of Directors, and to the corporate website for the Directors' curriculum vitae (<https://cg.piovangroup.com/en/governance-structure/>).

### Diversity policies

As regards corporate policies concerning diversity, applied in relation to the composition of the Board of Directors in office, relating to aspects such as age, gender composition and training and professional background (Article 123-bis, letter d-bis), CFA), it should be noted that:

- (i) the Company's Board of Directors includes 2 Directors belonging to the under-represented gender, in accordance with the gender balance regulations;
- (ii) the Board is diverse, considering that the age of the Directors ranges from 48 to 66 years;
- (iii) the training and career path of the Directors currently in office guarantees a balanced combination of profiles and experience within the Board of Directors so as to ensure the proper performance of its assigned functions.

Piovan's Ethics Code covers, among other matters:

- development and assigning of responsibility to human resources: the Company in its internal relations and in all third party relations strongly rejects all discrimination based on age, racial and ethnic origin, nationality, political opinions, religious beliefs, gender, sexuality or health status. With particular regard to the fundamental aspect regarding the physical and moral integrity of the individual, as well as respect for human dignity, the Company considers the Ethics Code to be of key importance, using it to fully implement the applicable law on racism and xenophobia;
- equal opportunities and prohibition of harassment: to foster professional

growth opportunities for its staff, Piovan offers equal opportunities for professional growth, ensuring that treatment of all personnel is fair, based on criteria of merit, and free from discrimination.

The Piovan Ethics Code is available on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)), to which reference should be made for further details.

In consideration of the new rules in this regard and the provisions of the new Article 147-ter, paragraph 1-ter, CFA, the Company is planning to adopt a "gender policy" to promote and safeguard gender diversity within the Board of Directors and the Board of Statutory Auditors.

### **List of management and control positions held at other companies**

A list of the positions held by the Company's Directors in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance companies or companies of significant size is attached (Annex 1).

In accordance with the recommendations of Article 1 of the Self-Governance Code, each member of the Board of Directors is required to pass motions with full knowledge of the facts and independently, furthering the objective of creating value for shareholders over the medium/long term and undertakes to dedicate the time necessary to ensure the diligent performance of his/her duties, regardless of the positions held outside the Piovan Group, with full awareness of the responsibilities inherent in the position held.

To this end, each candidate for the office of Director assesses in advance, at the time of accepting the position at the Company and independently of the limits established by law and regulations regarding the accumulation of offices, the ability to carry out the tasks assigned to him/her with due attention and effectiveness, taking particular account of the overall commitment required by offices held outside the Piovan Group.

Each member of the Board of Directors is also required to promptly inform the Board of Directors if he or she becomes a Director or Statutory Auditor at other companies, in order to allow compliance with the disclosure requirements of the applicable laws and regulations.

The Board of Directors has decided not to draw up general criteria on the maximum number of administration and control positions that may be held at other companies as per application criterion 1.C.3 of the Code, subject to the duty of the Director to decide whether the office of Director or Statutory Auditor held in other listed companies on regulated markets (including overseas), in financial, banking, insurance or large companies, is compatible with the diligent undertaking of their duties as Director of the Issuer.

### **Induction Program**

At the Board of Directors' meeting of January 15, 2019, an initial induction program session was held, during which the Directors attended a presentation of the Company and the Group, where, among other matters, they were informed about the Company's strategies as well as upon the industrial, commercial and human resources policies. In view of the importance of this initiative, the Company intends to implement during 2019, also through a series of dedicated sessions, a specific induction program system to provide members of the Board of Directors, in addition to specific information on the matters on the agenda, with adequate knowledge of the business sector in which Piovani operates, company dynamics and their development, the principles of proper risk management and the regulatory and self-regulatory framework.

The Company has scheduled another Induction Session to be held in 2020.

#### **4.3 Role of the Board of Directors**

The Board of Directors met 5 times in 2019. In 2020, 2 meetings of the Board of Directors were held, including the one held on March 19, at which this Report was approved and 3 more are planned.

The average duration of the Board of Directors' meetings in 2019 was approximately 1.53 hours.

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

The documentation is sent to the Directors and Statutory Auditors by the Legal Department, together with the Chief Financial Officer<sup>1</sup>, who will do so in coordination with the Chairperson well in advance of the meetings, taking due account of any confidentiality and price sensitivity requirements associated with certain topics (such as, for example, plans of particular strategic importance for the Company's business and on which the Chief Executive Officer reports directly to the Board of Directors, initiating the consequent process of the Board's review and assessment), as well as any urgency connected with certain issues.

As a matter of practice, at least 3-5 days' notice prior to the date of the Board meeting has been deemed adequate to send the documentation. This period is generally respected.

As a rule, the members of the Board of Directors, the members of the Board of Statutory Auditors, the Chief Financial Officer, the Head of Legal and Corporate Affairs, the Investor Relations Officer and the Internal Audit Manager attend the meetings of the Board of Directors<sup>2</sup>.

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<sup>1</sup> Up to the date of the resignation of the CFO, with effect from 30.09.2019

<sup>2</sup> Commencing from succession to the office of Internal Audit Manager as from 20.05.2019

Piovan's Board is a central body in the Company's corporate governance system and plays a primary role in directing and managing the Company.

In addition to the powers assigned to in accordance with law and the By-Laws, the Board is exclusively responsible for making the most important decisions from an economic and strategic point of view and in terms of structural impact on operations, i.e. those functional to the exercise of the monitoring and guidance activities of the Company and the Group, including the definition of corporate governance.

In particular, they are reserved to the exclusive remit of the Board of Directors:

- (i) the adoption of the Company's corporate governance rules and the definition of the Group's corporate governance guidelines;
- (ii) the approval and monitoring of the organizational, administration and general accounting system of the Company and of its strategic subsidiaries, with particular reference to the internal control system and the management of the conflict of interests;
- (iii) the assigning and revocation of powers to the Chief Executive Officer, defining limits and procedures for their exercise;
- (iv) the set out also of the timing, at least quarterly, with which the delegated bodies shall report to the Board on the activities performed in the exercise of their delegated powers;
- (v) the definition, based on the proposals of the Nomination and Compensation Committee, of the Company's remuneration policy pursuant to Article 123-ter of the Consolidated Law;
- (vi) the establishment, after examining the proposals of the Nomination and Compensation Committee and after having consulted with the Board of Statutory Auditors, of the remuneration of the Chief Executive Officer and of the Senior Directors, as well as dividing the total fees to which the Directors are entitled among the individual members of the Board, if this has not already been decided by the Shareholders' Meeting;
- (vii) the evaluation of the general operational performance, taking into account, in particular, the information received from Executives, as well as periodically comparing the results with the budgets;
- (viii) the examination and prior approval of the transactions of the Company and its subsidiaries, when such transactions have a significant strategic, economic, equity or financial significance for the Company, paying particular attention to situations in which one or more Directors have an interest on their own behalf or on behalf of third parties and, more generally, to transactions with related parties in accordance with the Related Party Transactions Regulation and the procedures on related party transactions adopted by the Company in accordance with the aforementioned Regulation;
- (ix) the establishment and appointment of the Nomination and Compensation Committee and the Control, Risk and Sustainability Committee, as well as any other internal committees with advisory and proposal functions;

- (x) the appointment and dismissal of the Executive Officer for financial reporting in accordance with Article 20.4 of the By-Laws;
- (xi) the approval of the procedures and internal organizational controls provided for by applicable laws and regulations and recommended by the Self-Governance Code (such as, for example, the related parties transactions policy, the internal procedure for the management and maintenance of the insider register and the handling of confidential information, the internal dealing procedure);
- (xii) the approval of transactions with related parties to which the Company and/or Group companies are a party, in accordance with the applicable laws and regulations, as well as the procedures for transactions with related parties adopted by the Company in accordance with the aforementioned regulations;
- (xiii) the hiring, amendment and termination of contractual relationships with Executives and key managers who report directly to the Chief Executive Officer;
- (xiv) the approval of stock option plans and incentive plans in general, in accordance with the applicable laws and regulations and in compliance with the Remuneration Policy adopted by the Company;
- (xv) the preparation, review and approval of the budgets and of the strategic, industrial and financial plans of the Company and of the Group;

Without prejudice to the power of the Shareholders' Meeting and in compliance with Article 2436 of the Civil Code, the Board of Directors, in accordance with Article 20 of the By-Laws, has the power to pass motions, without the power to delegate, in relation to:

- a) mergers and spin-offs, in the cases referred to in Articles 2505 and 2505-*bis* of the Civil Code, also as referred to in Article 2506-*ter* of the Civil Code;
- b) the opening and closing of secondary offices;
- c) indication of which Directors may represent the Company;
- d) any reduction of the share capital in the case of the return of shares by one or more shareholders;
- e) modify the Company By-laws in compliance with law;
- f) the transfer of the registered office within Italy;
- g) motions concerning the issue of bonds within the limits envisaged by law.

In 2019, the Company deemed it appropriate not to carry out the evaluation on the functioning of this Board and its committees since, in view of the recent listing, the number of meetings of the Board of Directors did not allow the attainment of a significant sample for the preparation of a complete and comprehensive evaluation. However, the Company intends to carry out this board evaluation during 2020.

## 4.4 Executive bodies

### 4.4.1 Chief Executive Officers

In accordance with Article 21, paragraph 1 of the By-Laws, the Board of Directors may assign, within the limits set out in Article 2381 of the Civil Code, its powers to an Executive Committee, determining its powers and number of members, or to one or more of its members, if necessary with the title of Chief Executive Officers, establishing the content, limits and any means for the exercise of the mandate. Within the limits of the authority conferred, the delegated boards shall have the power to delegate single acts or classes of acts to employees of the Company or to third parties, authorizing sub-delegation.

Mr. Filippo Zuppichin, in his capacity as Chief Executive Officer of the Company, is vested with the powers related to the function held and the related powers of representation vis-à-vis third parties, to be exercised individually, with the power to sub-delegate for individual acts or categories of acts to Company employees or third party special attorneys and coordinating in any case the exercise thereof with the powers vested in the Board of Directors and the Chairperson.

The Managing Director Filippo Zuppichin also qualifies as Chief Executive Officer and does not hold the position of Director in another listed issuer of which a Director of the Company is Chief Executive Officer.

The Executive Chairperson is Mr. Nicola Piovan, who, as described in point 4.4.2 below, is vested with certain executive powers, in addition to the powers related to the function held and the related powers of representation vis-à-vis third parties, to be exercised individually, with the power to sub-delegate for individual acts or categories of acts to Company employees or third party special attorneys and coordinating in any case the exercise thereof with the powers vested in the Board of Directors and the Chief Executive Officer.

### 4.4.2 Chairperson of the Board of Directors

The Chairperson of the Board of Directors has the powers provided for by law and the By-Laws with regard to the functioning of the corporate boards and the legal representation of the Company vis-à-vis third parties.

The Chairperson of the Board of Directors, appointed by motion of the Shareholders' Meeting of June 29, 2018, is Nicola Piovan.

Pursuant to Article 22 of the By-Laws, the Chairperson and, in the event of his/her absence or impediment, the Chief Executive Officer are responsible for the legal representation of the Company and for signing on behalf of the Company.

As mentioned in the previous paragraph "4.4.1 Chief Executive Officers", Mr. Nicola Piovan, in his capacity as Executive Chairperson of the Company, possesses the powers related to the function held and the related powers of representation with third parties.

In addition, the Board of Directors of the Company has granted the Executive Chairperson, Mr. Nicola Piovan, additional management powers as the business leader who has furthered the development of the Company, contributing significantly to its gaining of market leadership positions. In particular, Nicola Piovan has held various positions within the Company over the years, becoming General Manager in 1997, Chief Executive Officer in 2002 and Sole Director of the Company in 2011.

In particular, the Executive Chairperson has been assigned the powers for:

Supervision and co-ordination:

- (i) powers to coordinate the structures of the Company and its subsidiaries;
- (ii) powers to represent the Company at the Shareholders' Meetings of subsidiaries;
- (iii) supervision of the correct functioning of the corporate governance rules, thereafter reporting to the Board of Directors;
- (iv) management and coordination of external relations with institutions, authorities, bodies and third parties, both domestic and international, the press, media, trade associations; and
- (v) management and coordination of relations with the market, the financial community, shareholders and investors.

Strategic Management:

- (i) propose to the Board of Directors the guidelines for the preparation of strategic, industrial and financial plans, the approval of which is reserved to the Board of Directors;
- (ii) propose to the Board of Directors the operating plan and the annual budget, whose approval is reserved to the Board of Directors;
- (iii) verify, through periodic meetings with management, that the operating performance is in line with the objectives set out in the budget and with the strategies outlined in the plans;
- (iv) carry out all the transactions and activities provided for in the budget approved by the Board of Directors, in accordance with the established limits and procedures;
- (v) establish, acquire, sell or dispose of, and acquire or establish ownership or beneficial rights, guarantees, charges, encumbrances or third party rights of any kind (including real) on, equity investments, or interests, including controlling interests, in companies, other legal persons or other entities, companies or business units, providing and accepting them as carry-over and in warranty, carry out transactions in accordance with stock exchange and securities market practices in general, for an amount not exceeding Euro 25 million (or its equivalent in another currency) per individual transaction,

without prejudice to the following provisions regarding real estate companies.

- (vi) unless otherwise provided for, to carry out all the transactions and activities provided for in the approved budget, according to the established limits and procedures;
- (vii) carry out corporate reorganization actions that do not have a significant impact on the group headed by the Company, understood as a whole;

#### Operating activities

- (i) acquire the availability of the goods and services required to manage Company and Group operations, including through the signing of appropriate contracts for an amount not exceeding Euro 25 million (or its equivalent in another currency) for each individual transaction, without prejudice to the following provisions concerning real estate transactions;
- (ii) proceed with the purchase of the plant and equipment and services necessary or appropriate for the Company's ordinary operations, in Italy or overseas, without limits with respect to the Company's subsidiaries and, in other cases, up to a maximum amount of Euro 3 million per each individual transaction, including assets recorded in Public Registers;
- (iii) sell and export the Company's and the Group's products, also ensuring the correct management of trade receivables, including the conclusion of framework supply agreements with an estimated turnover not exceeding Euro 25 million per year (or its equivalent in another currency);
- (iv) enter into contracts and/or confidentiality agreements;
- (v) make investments and divestments from tangible or intangible fixed assets not exceeding Euro 10 million (or its equivalent in another currency) for each individual transaction;
- (vi) enter into, modify or terminate loans or credit lines with credit institutions or other financial institutions, negotiating the relevant contractual conditions, up to a maximum amount of Euro 10 million for each individual transaction;
- (vii) enter into, modify or terminate loans or overdraft facilities from or in favor of companies of the group headed by the Company without monetary limit;
- (viii) open and close credit facilities, open and close current accounts, undertake any payment and withdrawal transaction in Italy or overseas in the national currency or foreign currencies, at Banks, credit institutions, or other financial institutions and the Post and Telegraphs Administration within the limits of the powers issued to him, designating persons who should operate these accounts and conferring to them the necessary powers for deposit and withdrawal transactions within the limits of pre-agreed and obtained funds and/or overdraft facilities and, in particular, to withdraw or, in any case, to utilize checks, letters of credit etc. with the methods that would possibly be stipulated at banks in Italy and overseas, with the power to fully settle and discharge all the sums relating to the Company which would be paid or

credited for whatever reason;

- (ix) transactions to acquire the ownership or rights of use/exploitation of trademarks, patents, designs, domain names or other intellectual property rights of any kind, or any act of disposal on trademarks, patents, designs, domain names or other intellectual property rights, or to acquire or establish real rights and/or use, guarantees, charges, encumbrances or third party rights of any kind (including real) on them, for a value not exceeding Euro 10 million (or its equivalent in other currencies) per each individual transaction, except in the case of the following provisions;
- (x) transactions for the granting of licenses or other rights of use/exploitation of trademarks, patents, designs, domain names or other intellectual property rights of any kind, for an estimate amount not exceeding Euro 10 million (or its equivalent in other currencies) per year;
- (xi) real estate transactions of any kind, including for the purchase and/or the sale and/or acts of disposal of property, the acquisition or the establishment of real rights and/or of use on property (including entering into contracts for its lease, rent or loan, also for a period exceeding 9 years in each case) and/or the establishment of guarantees, charges, encumbrances or third party rights of any kind (including real) on them, the establishment and/or the purchase and/or sale and/or acts of disposal (of any kind and under any form), and the acquisition or establishment of real rights and/or of use, guarantees, charges, encumbrances or third party rights of any kind (including real) on holdings or interests, including of control, in real estate companies, for an amount not exceeding Euro 10 million (or its equivalent in other currencies) per each individual transaction or, in the case of lease contracts, for an amount not exceeding Euro 2 million each;
- (xii) stipulate and terminate insurance contracts covering all types of risks, with the faculty to undertake all necessary for their management, renewal and amendment, and to proceed with the settlement of damages and collect the related indemnities, issuing receipts and discharges;
- (xiii) the signing of contracts for the distribution in general of the Company's and the Group's products, including, as an indicative and not exhaustive list, franchising, agency and reporting agreements (i) with an estimated turnover not exceeding Euro 15 million per year each (or its equivalent in another currency) if concluded with companies not belonging to the Group, and (ii) with an estimated turnover even exceeding the aforementioned limit as per point (i) if concluded with companies belonging to the Group;
- (xiv) pay duties, taxes and levies, request and receive their refund and issuing acknowledgements, and make payments in favor of insurance and social security public institutions;
- (xv) assign consultancy appointments in general to third parties for an amount not exceeding Euro 5 million (or its equivalent in other currencies) per each individual transaction;

Representation:

- (i) represent the Company before any judicial, administrative, tax, ordinary and special authority in any proceedings and before all courts, as well as before mediation bodies, with the power to sign applications, appeals and settlement applications pursuant to Legislative Decree No. 218/1997, verbal and written applications for exemption and refunds for any object, filing and sustaining actions in civil, criminal and administrative matters of any kind, including legal actions for investigation and enforcement, to protest bills, file civil actions and also procedures for bankruptcy, composition, moratoria and extraordinary administration, attending to the relative formalities and, therefore, also granting special powers of attorney and mandates to attorneys and special proxies for legal proceedings and elect domicile; to settle in arbitration, including through out-of-court mediators, any and all disputes in which the Company has interests; to propose and validly sign in-court and out-of-court transactions, settlement reports, also pursuant to Article 48 of Legislative Decree No. 546/1992, within the limits of charges for the Company of Euro 500,000.00 (five hundred thousand) per litigation;
- (ii) represent the Company at any and all tax disputes, at any authority or office, including tax commissions, land commissions, customs offices and appraisal boards.
- (iii) represent the Company in Italy and abroad in relations with the competent authorities, administrations and public bodies, public and private offices, banks and financial institutions and investors;
- (iv) represent the Company at trade union and business organizations in general, at business associations and trade and industry consortia;
- (v) sign correspondence and any deed or contract other than those listed in the preceding points, necessary for the ordinary management of the Company, with the exception of transactions carried out with related parties, as identified by Consob Regulation No. 17221 of March 12, 2010;

Human resources:

- (i) propose general policies relating to the organization and management of human resources to the Board of Directors;
- (ii) establish, amend and terminate employment relationships with Executives, Senior Managers, white-collar staff, clerical staff, blue-collar employees, undertaking all acts relating to management in terms of recruitment, promotion, dismissal, disciplinary measures, the assigning of duties and remuneration, transfers and secondments to other Group companies;
- (iii) in implementation of the remuneration policy approved by the Board of Directors, to sign, amend and terminate individual employment contracts concerning key managers and Executives, undertaking all acts relating to the management of staff, and without prejudice to the tasks of a propositional and consultative nature of the Nomination and Compensation Committee;
- (iv) sign, amend and terminate business agreements with trade union representatives and workers' unions;

- (v) also in implementation of the remuneration policy approved by the Board of Directors, to manage and provide guidelines for the human resources policy of the Company and once defined, to provide motivation, training, compensation and development;
- (vi) provides indications to the Nomination and Compensation Committee regarding the remuneration of Senior Executives; and
- (vii) appoint and revoke the Investor Relator.

The Chairperson of the Board of Directors is the Company's majority shareholder. Specifically, the Company is indirectly legally controlled, pursuant to Article 2359, paragraph 1 of the Civil Code and Article 93 CFA, by the Chairperson of the Board of Directors Nicola Piovan who, through the company Pentafin S.p.A., holds 56.126% of the Issuer's share capital. The share capital of Pentafin S.p.A. is 85% held by Nicola Piovan.

#### 4.4.3 Executive committee

At the reporting date, an Executive Committee had not been established.

#### 4.4.4 Reporting to the Board

Pursuant to Article 20, paragraph 3 of the By-Laws and Article 150 of the CFA, and as per the best practices set out in the Self-Governance Code, the delegated boards shall report to the Board of Directors and to the Board of Statutory Auditors - or, in the absence of the delegated boards, the Directors shall report to the Board of Statutory Auditors - at least quarterly - on the activities undertaken, on the general operating performance and its prospects and on the significant economic, financial and equity transactions, or on the significant transactions in terms of their size and characteristics, undertaken by the Company and its subsidiaries; in particular, such persons shall report any transactions in which they have an interest, on their own account or on behalf of third parties, or those which are influenced by the person who performs management and co-ordination activities, where existing.

#### 4.5 Other Executive Directors

At the Reporting date, there are no other Executive Directors at the Issuer.

#### 4.6 Independent Directors

In accordance with the recommendations of Article 3 of the Self-Governance Code and the provisions of Article 14.3 of the By-Laws, outlined at paragraph 4.1 above, at the Reporting Date four Independent Directors are in office, in the persons of Marco Maria Fumagalli, Lucia Giancaspro, Marco Milani and Chiara Mio, who are

considered independent as per the combined provisions of Articles 147-ter, paragraphs 4 and 148, sentence 3 of the CFA. The Company believes that an adequate number of Independent Directors has been identified, also for the purposes of appointing the Committees described in the following paragraphs. Directors Marco Maria Fumagalli, Lucia Giancaspro, Marco Milani and Chiara Mio, in declaring their acceptance of the office of Company Directors and in attesting to the requisites for appointment to office, stated their suitability to qualify as Independent Directors and, simultaneously, undertook to promptly communicate to the Board of Directors and to the Board of Statutory Auditors any changes with regard to the requisites, including those of independence, as well as of any circumstances for revocation that might occur.

On June 29, 2018 and September 14, 2018, the Board of Directors of the Issuer undertook, on the basis of candidates' curriculum vitae and declarations, its evaluation with regard to the existence of the requisites of independence envisaged by the combined provisions of Article 147-ter, paragraph 4 and Article 148, paragraph 3 of the CFA and of the Self-Governance Code with respect to the Directors who qualified as such. On March 19, 2020, the Board of Directors carried out the annual verification of compliance with the requisites of independence. Furthermore, a meeting of Independent Directors was scheduled in 2020.

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

The Company appointed, with Board of Directors motion of September 14, 2018, in accordance with the recommendations at Articles 2.C.4. and 2.C.5 of the Self-Governance Code, the Independent Director Marco Maria Fumagalli as the Lead Independent Director. Specifically, the Lead Independent Director represents a point of reference and coordination for the petitions and contributions of Non-Executive Directors and, in particular, of Independent Directors, and works together with the Chairperson of the Board of Directors in order to ensure that Directors receive complete and timely information.

### **5. PROCESSING OF CORPORATE INFORMATION**

The Company adopted:

- (i) an internal procedure for the management of inside information as per the applicable domestic and EU regulation for the prevention of market abuse and public disclosure, in addition to compliance with the recommendations as per Article 1.C.1 (j) of the Self-Governance Code drawn up by the Corporate Governance Committee of Listed companies set up by Borsa Italiana S.p.A. to govern the management and processing of corporate information and the procedures to be observed for the outside communication by the Company of documents and information concerning the Company, with particular regard to inside information;

- (ii) an internal dealing policy adopted as per, and in compliance with, the domestic and European rules regarding transactions executed by persons exercising an administrative, control or management function (“internal dealing”) and market abuse. In particular, the policy governs the disclosure and conduct obligations to be observed by covered persons, covered shareholders, connected persons and by the Company to ensure specific, timely and correct transparent disclosure regarding transactions with the public and the competent authorities.

## **6. INTERNAL COMMITTEES TO THE BOARD (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) CFA)**

The Nomination and Compensation Committee, the Control, Risk and Sustainability Committee and the Related Parties Committee have been set up within the Board.

In accordance with the recommendations of the Self-Governance Code, on July 6, 2018, the Board of Directors of the Company approved:

- (i) the setting up, as per Articles 4, 5 and 6 of the Self-Governance Code, of the Nomination and Compensation Committee and the internal functioning regulation;
- (ii) the setting up, as per Articles 4, 5 and 7 of the Self-Governance Code, of the Control, Risk and Sustainability Committee and the internal functioning regulation;

and

- (iii) the setting up as per the Consob Regulation No. 17221 of March 12, 2010, in addition to Article 2391-*bis* of the Civil Code, of the Related Party Transactions Committee;

with their establishment subject to the admission of the company shares to trading on the STAR market managed by Borsa Italiana (admitted on October 19, 2018).

At the Reporting Date, no additional Committees to those recommended by the Self-Governance Code or required by the RPT Regulation have been set up.

These procedures can be found at the following link:

<https://cg.piovangroup.com/en/procedures-and-regulations>

## 7. NOMINATION AND COMPENSATION COMMITTEE

### 7.1 Composition and functioning of the nomination and compensation committee

In view of the Company's organization, operating processes and the size of its Board of Directors, the Company has set up a single Nomination and Compensation Committee, as per the recommendations of Articles 4, 5 and 6 of the Self-Governance Code.

The Nomination and Compensation Committee comprises at least three Non-Executive Directors, possessing the qualifications and experience required to execute the duties of the Nomination and Compensation Committee, with at least two members chosen from among the Directors considered independent as per the Self-Governance Code. At least one member of the Nomination and Compensation Committee should possess appropriate financial or remuneration policy experience.

By Board of Directors' motion of September 14, 2018, the Independent Director Lucia Giancaspro (as chairperson of the Nomination and Compensation Committee), the Independent Director Marco Maria Fumagalli and the Independent Director Chiara Mio were appointed to the Nomination and Compensation Committee. On appointment, the Board of Directors verified that the majority of the members of the Nomination and Compensation Committee possesses the appropriate knowledge and experience upon financial and remuneration policy matters.

The work of the Nomination and Compensation Committee is coordinated by the Chairperson Lucia Giancaspro. Where non-members attend the meetings of the Nomination and Compensation Committee, attendance takes place on the invitation of the committee and on individual items on the agenda.

In 2019, the Nomination and Compensation Committee examined, among other matters, the stock grant plan for ordinary company shares called the "2019-2021 Performance Shares Plan" (the "**Performance Shares Plan**"), and the plan to issue monetary incentives called the "2019-2021 Long-term Monetary Incentive Plan", the "**Monetary Incentive Plan**", collectively the "**Plans**") resolving to submit both plans for the examination of the Board of Directors. The Board of Directors, having consulted the opinion of the Board of Statutory Auditors, approved on January 15, 2019 the regulations for both Plans, following the approval of the Shareholders' Meeting of April 17, 2019. On May 14, 2019, the Nomination and Compensation Committee took note of the resignation of the Director Marco Stevanato from the office of Director in charge of the internal control and risk management system, proposing to the Board of Directors that this office is covered by Mr. Zuppichin. On September 5, 2019, the Committee took note of the resignations of the Group Chief Financial Officer, the Executive Officer and Investor Relator, recommending to the Board of Directors the appointment of Mr. Marco Mammano as Executive Officer

and Ms. Patrizia Tammaro Silva as Investor Relations Officer. Further information in this regard is provided in subsequent paragraphs.

## 7.2 Duties of the committee

In line with the recommendations contained in Article 6 of the Self-Governance Code, the Nomination and Compensation Committee assists the Board of Directors through investigative, propositional and consultative duties, in the evaluations and decisions concerning the composition of the Board of Directors and the remuneration of Directors and Senior Executives.

In particular, the Nomination and Compensation Committee undertakes the following duties:

- (i) draws up opinions for the Board of Directors on its size and composition and express recommendations regarding professionals whose experience on the Board is considered beneficial, in addition to questions upon the maximum number of Director or Statutory Auditor appointments at companies listed on regulated markets in Italy or overseas, in financial, banking, insurance or significantly-sized companies, which may be considered compatible with the effective undertaking of the role of Director at the listed issuer and the Shareholders' Meeting authorizations granted to the Directors to operate in exception to the general competition prohibition as per Article 2390 of the Civil Code;
- (ii) proposes to the Board of Directors candidates for the office of Director in the cases of co-option, or to replace Independent Directors;
- (iii) formulates proposals to the Board of Directors for the drawing up of a remuneration policy for Directors and Senior Executives;
- (iv) periodically assesses the suitability, overall consistency and tangible application of the remuneration policy for Directors and Senior Executives. In the latter regard, it makes use of information provided by the Chief Executive Officers; it formulates proposals to the Board of Directors in this area;
- (v) presents proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors and other Senior Directors as well as establishing the performance objectives related to the variable component of this remuneration; monitors the application of the decisions adopted by the Board and the achievement of the performance objectives;
- (vi) expresses an assessment on the particular and specific issues regarding the remuneration whose review has been requested by the Board of Directors.

In line with the provisions of the Self-Governance Code, in the performance of its duties, the Nomination and Compensation Committee is authorized to access the

information and corporate departments necessary for the performance of its duties, including through the use of external consultants.

The Company, according to the terms established by the Board of Directors, is also required to make available to the Nomination and Compensation Committee adequate financial resources to the committees for the undertaking of their duties within the budget limits approved by the Board.

Directors do not participate in Nomination and Compensation Committee meetings in which proposals concerning their remuneration are drawn up for the Board of Directors.

Meetings of the Nomination and Compensation Committee are minuted. The Chairperson and the secretary sign the minutes of the meetings which are archived by the secretary in chronological order.

The Chairperson of the Nomination and Compensation Committee reports (i) to the Board of Directors, on at least a half-yearly basis, regarding the activities carried out, and (ii) to the Shareholders' Meeting, at least annually, on the approval of the statutory financial statements according to its operating methods.

## **8. REMUNERATION OF DIRECTORS**

For all information concerning remuneration of Directors, reference should be made to the Remuneration Report, drawn up as per Article 123-ter of the CFA, available at the registered office and on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)), in the <https://ir.piovangroup.com/en/> section.

At the Reporting date, no agreements have been signed between the Company and the Directors stipulating indemnities in the case of resignation or revocation of office without just cause or the termination of employment following a takeover or change of control.

## **9. CONTROL, RISK AND SUSTAINABILITY COMMITTEE**

### **9.1 Composition and functioning of the Control, Risk and Sustainability Committee**

As indicated in paragraph 6 above, as per the recommendations set out by Article 7 of the Self-Governance Code, the Board of Directors of the Company has set up the Control, Risk and Sustainability Committee, approving its operating regulation.

With motion of September 14, 2018, the Board of Directors appointed to the Control, Risk and Sustainability Committee: the Independent Director Chiara Mio

(as chairperson of the Control, Risk and Sustainability Committee), the Independent Director Marco Maria Fumagalli and the Independent Director Marco Milani. On appointment, the Board of Directors also verified that all members of the Control, Risk and Sustainability Committee have adequate accounting and financial risk management experience.

In 2019, the Control, Risk and Sustainability Committee met five times. Where meetings of the Control, Risk and Sustainability Committee are attended by non-members, their attendance takes place on the invitation of the committee and on the individual items on the agenda;

## **9.2 Control, Risk and Sustainability Committee functions**

As per the recommendations of Article 7 of the Self-Governance Code, the Control, Risk and Sustainability Committee undertakes investigative, consultative and proposal functions, supporting, with appropriate preparatory activities, the assessments and decisions of the Board of Directors on the Internal Control and Risk Management System, in addition to those concerning the approval of the periodic financial reports.

In particular, in supporting the Board of Directors, the Control, Risk and Sustainability Committee:

- (i) evaluates, together with the Executive responsible for the preparation of the financial statements and having consulted the independent audit firm and the Board of Statutory Auditors, the correct application of the accounting standards and their uniformity for the preparation of the consolidated financial statements;
- (ii) expresses opinions on specific aspects concerning the identification of the main corporate risks;
- (iii) examines the periodic reports, concerning the evaluation of the internal control and management of risks system, and those of particular size, prepared by the Internal Audit department;
- (iv) monitors the Company's compliance with the regulatory provisions adopted by the Company and its subsidiaries, making proposals and suggestions to the Board of Directors;
- (v) monitors the independence, adequacy, efficacy and efficiency of the Internal Audit department;
- (vi) requests the internal audit department, where necessary or appropriate, to carry out verifications on specific operational areas, simultaneously communicating such to the Chairperson of the Board of Statutory Auditors;

- (vii) reports, at least every six months, on the approval of the annual and half-year accounts, to the Board of Directors on the work carried out and on the adequacy of the internal control and risk management system;
- (viii) supports, with appropriate investigative activities, the evaluations and decisions of the Board of Directors concerning the management of risks from events which the Board of Directors becomes aware of, and undertakes additional duties assigned by the Board of Directors.

The Control, Risk and Sustainability Committee expresses its opinion to the Board of Directors on:

- a) the drafting of the guidelines of the internal control and risk management system, so that the main risks connected to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, in addition to determining the criteria of compatibility of these risks in line with the strategic objectives of the Company;
- b) the periodic assessment, at least annually, of the adequacy of the internal control and risk management system with the particular characteristics of the Company and the risk profile assumed, as well as its efficacy;
- c) the approval, at least annually, of the work plan prepared by the Internal Audit Manager;
- d) the description, in the corporate governance report, of the main features of the internal control and risk management system, expressing its assessment on its overall adequacy;
- e) the evaluation of the results of the independent audit firm's letter of recommendations and of the report on fundamental questions arising during the audit of the accounts;
- f) the appointment and revocation of the mandate of the internal audit function, providing adequate resources and setting remuneration in line with company policy.

The Control, Risk and Sustainability Committee also oversees sustainability, assessing the adequacy of the declaration containing the non-financial disclosure as per European Directive 2014/95/EC.

In the performance of its duties, the Control, Risk and Sustainability Committee is authorized to access the information and corporate departments necessary for the performance of its duties, including through the use of external consultants.

The Chairperson of the Board of Statutory Auditors attends the Control, Risk and Sustainability Committee meetings (or another statutory auditor nominated by him/her), while the other statutory auditors may also attend. The Chairperson on a case by case basis may invite to meetings of the Control, Risk and Sustainability Committee other members of the Board of Directors and the Board of Statutory Auditors, the independent auditors, the heads of the various departments within

the Company and the subsidiaries, or other parties whose presence may assist the functions of the Control, Risk and Sustainability Committee.

Meetings of the Control, Risk and Sustainability Committee are minuted. The Chairperson and the secretary sign the minutes of the meetings which are archived by the secretary in chronological order.

The Control, Risk and Sustainability Committee, reports to the Board of Directors on the work carried out and the adequacy of the internal control system at least every six months, at the time of the approval of the annual and half-yearly accounts.

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

According to the Self-Governance Code, the internal control system is the overall rules, procedures and organizational structures aimed at permitting, through an adequate process of identification, measurement, management and monitoring of the principal risks, a safe, correct and coherent management of the enterprise with its set objectives.

The approval and monitoring of the organizational, administration and general accounting system of the Company and of its strategic subsidiaries, with particular reference to the internal control system and the management of the conflict of interest is reserved for the exclusive consideration of the Board of Directors.

As per the recommendations of Article 7 of the Self-Governance Code, the Control, Risk and Sustainability Committee undertakes investigative, consultative and proposal functions, supporting, with appropriate preparatory activities, the assessments and decisions of the Board of Directors on the Internal Control and Risk Management System.

The Control, Risk and Sustainability Committee, among other matters, in supporting the Board of Directors:

- (i) examines the periodic reports, concerning the evaluation of the internal control and management of risks system, and those of particular size, prepared by the Internal Audit department;
- (ii) reports, at least every six months, on the approval of the annual and half-year accounts, to the Board of Directors on the work carried out and on the adequacy of the internal control and risk management system.

In addition, the Control, Risk and Sustainability Committee expresses its opinion to the Board of Directors on:

- a) the drafting of the guidelines of the internal control and risk management system, so that the main risks connected to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, in addition to determining the criteria of compatibility of these risks in line with the strategic objectives of the Company;

- b) the periodic assessment, at least annually, of the adequacy of the internal control and risk management system with the particular characteristics of the Company and the risk profile assumed, as well as its efficacy;
- c) the approval, at least annually, of the work plan prepared by the Internal Audit Manager;
- d) the description, in the corporate governance report, of the main features of the internal control and risk management system, expressing its assessment on its overall adequacy;
- e) the evaluation of the results of the independent audit firm's letter of recommendations and of the report on fundamental questions arising during the audit of the accounts;
- f) the appointment and revocation of the mandate of the internal audit function, providing adequate resources and setting remuneration in line with company policy.

On March 14, 2019, the Board of Directors of the Company approved the preliminary Audit Plan for 2019. On September 9, 2019, the Board of Directors, having consulted the Director in charge of the Internal Control and Risk Management System and the Board of Statutory Auditors, approved the proposal of the new Internal Audit Manager to improve, for the second half of 2019, the Internal Audit Plan adopted by the Company.

The Board of Directors, latterly on March 19, 2020, positively assessed the adequacy, efficacy and effective functioning of the internal control and risk management system with respect to the characteristics of the Company and the risk profile assumed.

#### **10.1 Director in charge of the Internal Control and Risk Management System**

The Director in charge of the internal control and risk management system, Marco Stevanato, appointed on September 14, 2018, resigned solely from this office on May 14, 2019. On the same date, the Board of Directors resolved to appoint Filippo Zuppichin, with effect from May 14, 2019, as Director in charge of the Internal Control and Risk Management System, in implementation of the recommendations contained in Article 7 of the Self-Governance Code, and conferring to him all the powers connected to this role. The date of office was established, subject to earlier termination, for the same period as Company Director and, therefore, up to the approval of the financial statements for year ended December 31, 2020.

#### **10.2 Internal Audit Manager**

The Company appointed, with Board of Directors' motion of July 6, 2018, as per the recommendations of Article 7. P.3. (b) of the Self-Governance Code, Ms. Stefania Tessarollo as the internal audit manager. The Company, with a view to efficiency in

the implementation of a better internal audit structure and given the other activities performed by Ms. Tessarollo, in agreement with the latter, already initiated the succession and selection process of a new person to be fully dedicated to the role of Internal Audit Manager. On May 14, 2019, therefore, Ms. Stefania Tessarollo resigned solely from the office of Internal Audit Manager of the Company. On the same date, the Board of Directors resolved to appoint Mr. Giacomo Montesel as the new Internal Audit Manager, with effect from the engagement date of May 20, 2019. The appointment was made on the proposal of the Director in charge of the internal control and risk management system, Mr. Zuppichin, with the prior favorable opinion of the Control, Risk and Sustainability Committee and after consultation with the Board of Statutory Auditors. Mr. Montesel is not responsible for any operational areas and hierarchically reports to the Board of Directors.

### 10.3 Organizational Model as per Legislative Decree 231/2001

The Group adopted an organization, management and control model as per Legislative Decree No. 231 of June 8, 2001 ("**Legislative Decree 231/2001**") which lays down the "Rules on the administrative liability of legal persons, companies and associations, including those without legal status" (the "**231 Model**").

The 231 Model was adopted with Board of Directors' motion of August 2, 2018.

The 231 Model was updated on September 9, 2019, through the inclusion of a special section in the part specifically focusing on the prevention of Market Abuse offences, the introduction of potentially significant predicate offences in the special section of the Model relating to corporate offences and through the update of the General Section.

The 231 Model comprises:

- (i) a general section relating the issues concerning the oversight and application of Legislative Decree 231/2001, the composition and functioning of the supervisory board as per Article 6 of Legislative Decree 231/2001 and Chapter 2 of the 231 Model and the sanctions applicable in the case of breaches of the 231 Model conduct rules; and
- (ii) a special section concerning the various categories of offenses under Legislative Decree 231/2001 as a requirement for the administrative liability of the Company and the relative conduct rules.

With the motion of August 2, 2018, the Board of Directors set up the Supervisory Board pursuant to Article 6 of Legislative Decree 231/2001 and chapter 2 of the 231 Model, with the duty to oversee 231 Model compliance and to ensure its updating.

The Supervisory Board comprised Lucia Giancaspro, Independent Director of the Issuer (as chairperson), Giovanni Boldrin, accountant, and Carlo Sedona, the Issuer's legal department manager. On September 9, 2019, Mr. Carlo Sedona resigned solely from the office of member of the Supervisory Board and, on the

same date, the Board of Directors resolved to appoint Ms. Patrizia Santonocito, a Statutory Auditor of the Company, as a member of the Supervisory Board. Therefore, this is now composed of Lucia Giancaspro (as the chairperson), Giovanni Boldrin and Patrizia Santonocito.

The 231 Model adopted by the Company is completed by the Ethics Code, which sets out the key ethical values of the Group and to which all employees and outside collaborators should comply with in the exercise of their duties.

On September 16, 2019, the Italian subsidiaries of Piovan S.p.A., namely Penta S.r.l., Aquatech S.r.l., Studio Ponte S.r.l., Progema S.r.l. e Energys S.r.l. considered it opportune to conform to the policies of the Piovan S.p.A. Group and adopted their own internal control system for the prevention of possible offences set out in Decree 231, adopting their own Models and setting up the relative Supervisory Boards.

On September 9, 2019, the Board of Directors of the Company approved the Guidelines on Corporate Criminal Liability & Compliance, drawn up by the Company in order to introduce its compliance system within the overseas subsidiaries of the Group, particularly with regard to the matters of money laundering and corruption, so as to make the overall internal regulation as consistent as possible with the Group's international structure. These Guidelines were subsequently transmitted to Group Companies (with the exception of companies acquired in the second half of 2019), which adopted and implemented them. The Board of Directors of September 9, 2019 also approved a policy drawn up by the Company in order to regulate transactions and commercial relationships with parties and countries subjected to sanctions by the United States (the "OFAC Guidelines"). The Company and all the Piovan Group companies (with the exception of companies acquired in the second half of 2019) have therefore adopted and implemented the OFAC Guidelines.

With particular reference to the companies that joined the Group in the second half of 2019, also in consideration of their operating and financial significance with respect to the Group, their integration into the Group compliance system is expected to take place in 2020.

In relation to the changes in the composition of the Group connected with the acquisition process underway, the Company is committed to integrate the new acquisitions into the internal control and risk management system implemented by the Group.

#### **10.4 Independent Audit Firm**

The Company appointed to audit the Issuer's accounts is Deloitte & Touche S.p.A., with registered office in Milan, Via Tortona 25, enrolled in the Auditors' Register as per Articles 6 and subsequent of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135 of July 17, 2016 (the "**Independent Audit Firm**").

Specifically, the ordinary Shareholders' Meeting of the Issuer of July 1, 2016 assigned the audit of the Issuer's financial statements to the Independent Audit Firm, as well as the verification of the proper maintenance of accounting records and the correct recording of the operational activities in the accounting records for the years 2016 - 2018, pursuant to Legislative Decree No. 39 of January 27, 2010.

On September 14, 2018, the Shareholders' Meeting, in view of the listing and consequent qualification as a public interest entity as per Article 16 of Legislative Decree No. 39 of January 27, 2010 and subsequent amendments, granted to the Independent Audit Firm, of Article 17 of Legislative Decree No. 39/2010 and Article 16 of Regulation (EU) No. 537/2014:

- (i) the legal-audit of the accounts for financial years 2018-2026, and therefore until the Shareholders' Meeting called to approve the 2026 Annual Accounts, with regards to the statutory financial statements of the Company and the consolidated financial statements of the Piovan Group; and
- (ii) the limited audit of the condensed consolidated half-year financial statements for the periods ending June 30 for the financial years 2019-2026.

### 10.5 Executive Officer for Financial Reporting

In accordance with Article 21, paragraph 4 of the By-Laws, the Board of Directors:

- (i) appoints and withdraws the appointment of the Executive Officer for financial reporting ("**Executive Officer**"), following the prior obligatory but non-binding opinion of the Board of Statutory Auditors;
- (ii) establishes its duration and
- (iii) confers upon the role the adequate powers and means for its execution.

The Executive Officer for Financial Reporting must have at least five years of significant professional experience in accounting, economics and finance and must meet any additional requirements set by the Board of Directors and/or by applicable law and regulations.

The Board of Directors, with motion of July 6, 2018, having consulted the Board of Statutory Auditors, appointed Luca Sabadin as the Executive Officer. On July 24, 2019, Mr. Sabadin resigned with effect from September 30, 2019, in order to embark on a new professional role. Therefore, on September 9, 2019, the Board of Directors resolved to appoint Mr. Marco Mammano, currently the General Manager of the Company, as the new Executive Officer, after having verified that he satisfies the requisites required by the reference legislation and statutory provisions.

The Executive Officer has the following powers:

1. prepares appropriate administrative and accounting procedures for the preparation of the separate financial statements and consolidated financial statements, in addition to any other financial communications;
2. issues written declarations certifying the consistency of the Company's deeds and communications to the market and the relative accounting disclosure, including of an interim nature, of the Company to the accounting documents and records;
3. declares, together with the Chief Executive Officer, in the form of a report provided according to the Consob regulation compliant model, annexed to the statutory financial statements, the condensed half-year financial statements and the consolidated financial statements:
  - a) the adequacy and effective application of the procedures as per point 1. above during the period to which the documents refer;
  - b) that the documents are drawn up in conformity with the applicable international accounting standards recognized by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
  - c) consistency with the underlying accounting documents and records;
  - d) provides a true and fair view of the equity, operating and financial situation of the Company and of the other companies in the consolidation scope;
  - e) for the separate and consolidated financial statements, that the Directors' Report includes a reliable analysis on the performance and operating result as well as on the situation of the Company and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed;
  - f) for the condensed half-year financial statements, that the interim Directors' report includes a reliable analysis of the disclosure required by paragraph 4 of Article 154-ter of Legislative Decree 58/1998.

In addition, the Executive Officer was granted:

- a) all powers of an organizational and operational nature for the exercise of the duties attributed by the applicable legislation, the By-Laws and this motion, including direct access to all the departments, offices and information necessary for the production and verification of accounting, financial and economic data, without the need for any authorization;
- b) full autonomy of expenditure for the exercise of the duties assigned by the applicable regulations, the By-Laws and this motion, according to the limit of the allocated general annual budget and subject to any supplements and amendments considered necessary which may be reviewed and approved by the Board of Directors at any time;
- c) the obligation to:
  - 1) attend the meetings of the Board of Directors of the Company where the agenda includes the review of the Company's results;

- 2) promptly report to the Chief Executive Officer and the Board of Directors, including through the Control and Risk Committee, any significant aspects which he feels must be declared, where these are incorrect, in the statements envisaged by Article 154-*bis* of Legislative Decree 58/1998;
- 3) report on the operations carried out on a half-yearly basis, to the Board of Directors, directly or through the Control and Risk Committee, and to the Board of Statutory Auditors;
- d) all the powers of representation in respect of third parties connected to the role held and in the exercise of the duties attributed by the applicable legislation, the By-Laws and the appointment motion.

## **10.6 Co-ordination of the parties involved in the internal control and risk management system**

The various parties involved in the internal control and risk management system (its functions are summarized in paragraphs 9 and 10 of this report) coordinate their activities according to their respective duties. Specifically, the presence of members of the Board of Statutory Auditors, the Executive Director in charge of the internal control and risk management system, the Executive Officer for financial reporting and the Internal Audit Manager in the meetings of the Control, Risk and Sustainability Committee is generally expected. The Chairperson of the Control, Risk and Sustainability Committee handles the continuity and completeness of the flow of information towards the Board of Directors with regard to risk management and internal controls.

## **11. DIRECTORS INTERESTS AND RELATED PARTY TRANSACTIONS**

### **11.1 Policy for related party transactions**

As per Article 27 of the By-Laws, the Company approves the transactions with related parties in accordance with law and current regulations, these By-Laws and the relative procedures adopted to ensure transparency and substantial correctness.

On November 12, 2018, the Board of Directors approved, with the favorable opinion of the Related Party Transactions Committee, the related party transactions policy ("**RPT Policy**"), in fulfilment of Article 2391-*bis* of the Civil Code and the RPT Regulation, taking account also of the indications and guidelines to apply the RPT Regulation provided by Consob with communication No. DEM/10078683 of September 24, 2010, which sets out the rules governing the approval and execution of related party transactions by the Company, directly or through subsidiaries, in order to ensure the transparency and substantial and procedural correctness of the transactions.

The RPT Policy is available on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)), in the section <https://cg.piovangroup.com/en/>, to which reference should be made for further details.

## **11.2 Related Party Transactions Committee**

With the motion of July 6, 2018, the Board of Directors of the Company established the Related Party Transactions Committee, in accordance with the RPT Regulation and the RPT Policy (the "Related Parties Committee") and approved the relative operating regulation. The Related Parties Committee performs the duties and tasks envisaged by the RPT Policy, the RPT Regulation and applicable law; in particular:

- (i) expresses its prior favorable opinion on the approval and amendments of the RPT Policy;
- (ii) expresses its reasoned and non-binding opinion on minor transactions and its reasoned and binding favorable opinion on significant transactions;
- (iii) intervenes in the negotiation phase and in the preparatory phase of significant transactions;
- (iv) resolves cases in which the identification of a related party is disputed on the basis of the relevant definition laid down in the RPT Policy; and
- (v) supports the business functions responsible for preliminary checks relating to the identification of related parties and transactions with related parties in accordance with the RPT Policy and applicable law.

In the meeting of September 14, 2018, the Board of Directors appointed the members of the Related Parties Committee in the persons of the Independent Director Marco Maria Fumagalli (as Chairperson), the Independent Director Lucia Giancaspro and the Independent Director Marco Milani.

## **11.3 Directors' interests**

At the Reporting Date, the Board of Directors did not consider it necessary to adopt, in addition to the RPT Policy and the disclosure obligations envisaged by Article 2391 of the Civil Code, a specific policy for the identification and management of situations in which a Director has a personal interest or an interest on behalf of third parties.

## **12. APPOINTMENT OF STATUTORY AUDITORS**

In accordance with Article 25, paragraph 2 of the By-Laws, Statutory Auditors and Alternate Auditors are appointed by the Shareholders' Meeting, in compliance with

the applicable *pro tempore* rules concerning gender balance, on the basis of slates, presented by shareholders in accordance with the applicable legal and regulatory framework, on which the candidates must be listed by means of a progressive number and must not exceed the number of members of the board to be elected.

The provisions concerning voting by slates in the By-Laws, as already previously discussed for the Board of Directors, will find application as from the first renewal of the Board of Statutory Auditors subsequent to listing.

Each slate is to comprise two sections: one for the appointment of Statutory Auditors and the other for the appointment of Alternate Auditors. The first candidates in each section are to be identified from among the auditors enrolled in the special register referred to in Article 2397 of the Civil Code.

The Company By-Laws envisage that the slates which present a total number of candidates equal to or above three must be composed of candidates belonging to both genders, so that the under-represented gender represents at least one-fifth of the candidates (at the first renewal of the Board of Directors subsequent to the Company's listing on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A.), and thereafter one-third of the candidates (rounded up) for the office of Statutory Auditor, as well as at least one-fifth (at the first renewal of the Board of Directors subsequent to admission to listing of the Company's shares on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A.) and then one-third of candidates (rounded up) for the office of Alternate Auditor. As previously discussed with reference to the Board of Directors, the 2020 Budget Law (Law No. 160 of December 27, 2019) amended regulations with regard to gender balance in the administrative and control boards of listed companies. This Law introduced a new criterion for the gender equality quota for which at least two-fifths of Directors and Statutory Auditors must belong to the under-represented gender with effect from the first renewal subsequent to the data of the law's entry into force (that is, commencing from the first renewal of the corporate boards subsequent to January 1, 2020). This is subject to the under-represented gender obtaining at least one-fifth of elected Directors at the first renewal of the Board of Directors subsequent to listing. In addition, this gender quality quota criterion shall apply for six consecutive mandates. Following the amendment of Article 148, paragraph 1-*bis* of the CFA, the Company intends to proceed with the regulatory adjustment of the By-Laws, pursuant to Article 20.2(e) therein, with particular reference to Article 25.

Only shareholders who individually or collectively hold at least 2.5% of the share capital (or a differing threshold established by the applicable statutory and legal provisions) have the right to present slates. Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate at the risk of ineligibility.

The declarations of the individual candidates, in which they accept their candidacies and attest, in good faith, the inexistence of any cause of ineligibility or incompatibility, as well as the satisfaction of the requisites prescribed by applicable law and the by-laws for their respective offices, must be lodged together with each slate and within the timeframes prescribed by applicable legislation. Slates

presented that do not comply with all of the above formalities are considered as not presented. Each candidate's declarations shall be accompanied by curriculum vitae covering personal and professional characteristics and shall include the list of administration and control offices held by each candidate in other companies.

Applicable legal and regulatory provisions shall apply for the presentation, filing and publication of slates. The slates comprise two sections: one for candidates for the position of Statutory Auditor and the other for the position of Alternate Auditor. Those with voting rights may vote on only one slate. The procedure for electing Statutory Auditors is as follows:

- a) from the slate obtaining the highest number of votes in the Shareholders' Meeting, and based on the progressive order in which they are listed in the sections of the slate, 2 standing members and 1 alternate member are elected;
- b) from the second slate obtaining the highest number of votes in the Shareholders' Meeting and which is not related in any manner, even indirectly, with the Shareholders who presented or voted on the slate with the highest number of votes, and based on the progressive order in which they are listed in the sections of the slate, the remaining standing member - who will assume the office of Chairperson of the Board of Statutory Auditors - and the other alternate member are elected. Where more than one minority slate has obtained the same number of votes, the eldest slate candidate is elected as Statutory Auditor and Alternate Auditor;
- c) in the event that only one slate is presented, the whole Board of Statutory Auditors is elected from this slate if it obtains the approval of the simple majority of votes.

Where the above procedures do not ensure the composition of the Board of Statutory Auditors, for the appointment of the standing members, in accordance with the current *pro tempore* provisions relating to gender equality, within the slate which attracted the highest number of votes the necessary substitutions of candidates elected to the roles of standing auditor is made, according to the progressive order in which the candidates were elected.

Where his/her legal and statutory requisites no longer exist, the Statutory Auditor must leave office. In the case of replacement of a Statutory Auditor, the alternate auditor belonging to the same slate replaces him, or in the case of the resignation of the minority standing auditor, the next candidate on the same list replaces him or the first candidate of the minority slate which obtain the second highest number of votes.

The Chairperson of the Board of Statutory Auditors will always be the candidate elected by the minority shareholders and the composition of the Board of Statutory Auditors will have to comply with the *current pro tempore* regulations concerning gender equality.

Where the Shareholders' Meeting is required to appoint statutory and/or alternative auditors necessary to integrate the Board of Statutory Auditors the following procedures apply: where auditors elected from the majority slate are to be replaced, the appointment is made with the favorable votes of a relative majority without being tied to a slate; where instead auditors elected from the minority slate are to be replaced, the Shareholders' Meeting replaces them with the favorable votes of a relative majority, choosing where possible from among the candidates on the slate from which the auditor to be replaced was elected or, if not possible, from the minority slate which achieved the second highest number of votes.

Where the application of these procedures does not permit, for any reason, the replacement of the Statutory Auditors elected by the minority, the Shareholders' Meeting votes in accordance with the relative majority, following the presentation of candidacies by shareholders who, alone or with others, are holders of shares with voting rights at least representing the above-mentioned percentage in relation to the procedure for the presentation of slates; however, the results of this latter vote will not include the votes of shareholders that, according to the communications received pursuant to current regulations, hold, even indirectly or together with other shareholders through a shareholder agreement, in accordance with Article 122 of Legislative Decree 58/1998, the majority of the votes exercisable in the Shareholders' Meeting, as well as the shareholders that control, are controlled or are subject to their joint control.

The replacement procedure outlined in the previous paragraphs must in every case ensure compliance with the gender equality regulation in force at the time.

In accordance with Article 25, paragraph 3 of the By-Laws, statutory auditors may be re-elected.

### **13. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTERS D) AND D-BIS) CFA)**

In accordance with Article 25, paragraph 1 of the By-Laws, the Shareholders' Meeting elects the Board of Statutory Auditors, comprising 3 (three) statutory auditors, and establishes their remuneration. The Shareholders' Meeting also elects 2 (two) Alternate Auditors.

The powers, duties and duration in office of Statutory Auditors are those established by law.

The Board of Statutory Auditors of the Company consists of 5 members, of which 3 standing and 2 alternate and was appointed by the Ordinary Shareholders' Meeting of the Company of September 14, 2018.

On September 25, 2018, following the resignation on the same date of the Chairperson of the Board of Statutory Auditors in office, the Shareholders' Meeting of the Company appointed Ms. Carmen Pezzuto as Chairperson of the Board of Statutory Auditors, for the same duration as the other members of the Board of Statutory Auditors.

The Board of Statutory Auditors will remain in office until the Shareholders' Meeting called for the approval of the financial statements for the year ended December 31, 2020.

The following table lists the members of the Board of Statutory Auditors in office at the Reporting Date, together with the respective office held.

| Name                 | Office            |
|----------------------|-------------------|
| Carmen Pezzuto (*)   | Chairperson       |
| Luca Bassan          | Statutory Auditor |
| Patrizia Santonocito | Statutory Auditor |
| Kristian Sartor      | Alternate Auditor |
| Stefania Targa       | Alternate Auditor |

(\*) The Chairperson of the Board of Statutory Auditors Carmen Pezzuto was appointed on September 25, 2018, following the same-date resignation of the then Chairperson of the Board of Statutory Auditors.

For further details on the composition of the Board of Statutory Auditors, reference should be made to **Table 3** in the appendix.

The members of the Board of Statutory Auditors in office at the Reporting Date are all domiciled for the purposes of office at the Company's registered office.

All members of the Board of Statutory Auditors satisfy the requisites of independence envisaged by Article 148, paragraph 3 of the CFA and by the combined provisions of Articles 3 and 8 of the Self-Governance Code. None of the members of the Board of Statutory Auditors had relationships of a monetary or professional nature, even indirectly, by means of third party companies or professional firms, with the Issuer, the Group it belongs to, companies that control it or those subject to common control, during the last three years.

The declaration of members of the Board of Statutory Auditors with regard to satisfying the requisites of independence was verified by the Board of Directors of September 14, 2018. The declaration of the Chairperson of the Board of Statutory Auditors, Ms. Carmen Pezzuto, was verified by the Board of Directors of September 25, 2018. The Board of Statutory Auditors confirmed the independence of its own members, in accordance with Article 8 of the Self-Governance Code.

Moreover, all members of the Board of Statutory Auditors satisfy the requisites of independence and good standing in accordance with Article 148 of the CFA and the Regulation adopted with Ministry of Justice Decree No. 162/2000.

On November 11, 2019, the Board carried out the annual self-assessment on its members' fitness to properly execute their office. The Board confirmed the independence of all its members pursuant to Article 148, paragraph 3, CFA and criteria 8.C.1. and 3.C.1. of the Self-Governance Code of listed companies.

Notably, the members of the Board of Statutory Auditors in office at the Reporting Date satisfy the requisites of professionalism envisaged by Art. 1 of Ministerial Decree No. 162/2000, as follows:

- (i) at least two statutory auditors and one alternate auditor are enrolled in the Auditors' Register and have practiced the profession of legal auditor for a period of no less than three years; or
- (ii) they are selected from among those who have gained a total of at least three years' experience in the exercise of (a) administration or control activities or a managerial role in companies having a share capital of no lower than Euro two million, or b) professional activities or university teaching role on law, economics, finance and technical-scientific, strictly related to the activities of the Company, or c) managerial roles in public entities or administrations operating in the credit, financial and insurance sectors or, in any case, in sectors strictly related to the activities of the Company;
- (iii) in the period between the two financial years preceding the adoption of the relative provisions and the current year, they did not perform, for at least eighteen months, administration, management or control functions in companies: (a) subject to bankruptcy, compulsory administrative liquidation or similar procedures; (b) operating in the credit, financial, securities and insurance sectors subjected to extraordinary administration procedures;
- (iv) no measure was adopted in their regard for their removal from the single national roll of financial intermediaries envisaged by Article 201, paragraph 15 of Legislative Decree No. 58 of February 24, 1998 and of financial intermediaries excluded from trading in a regulated market.

At the Reporting Date, to the Company's knowledge, none of the members of the Board of Statutory Auditors exceeds the limits on the accumulation of offices set out in Article 114-*terdecies* of the Consob Issuers' Regulation.

At the Reporting Date, to the Company's knowledge, none of the members of the Board of Statutory Auditors are related to other members of the Board of Statutory Auditors of the Issuer, to the members of the Board of Directors or to the key Executives of the Company.

As per the recommendations set out in application criterion 8.C.4 of the Self-Governance Code, the Company considers that the remuneration of Statutory Auditors is commensurate with the commitment required, the importance of the role covered and the size and sector of the Company.

It should also be noted that in undertaking its activities, the Board of Statutory Auditors liaises with the Internal Audit department and with the Control, Risk and Sustainability Committee.

In 2019, the Board of Statutory Auditors held 7 meetings, while 2 meetings of the Board of Statutory Auditors were held in 2020, to date.

A brief *curriculum vitae* of each member of the Board of Statutory Auditors in office at the Reporting Date outlining their business management expertise and experience is presented below.

#### **Carmen Pezzuto – Chairperson of the Board of Statutory Auditors**

Born in Sacile on November 22, 1967, she graduated in Economics and Commerce in 1991 at the Ca' Foscari University of Venice. She has been enrolled in the Accountants Register of Padua since 1994 and the Auditors Register since 1999. She has been a partner in Studio Associato di Consulenza Tributaria of Padua since 2008, where she has practiced her profession since 1994. She has twenty years' experience in consultancy on taxation, corporate, accounting and corporate finance and in auditing. In particular, she provides tax consultancy with reference to direct and indirect national taxation and certain important aspects of international taxation. She holds offices as a Director and Statutory Auditor in various listed and non-listed companies. She is a Member of the Italian Order and the Foundation of the Accounting Profession and is registered with the Arbitration Court of Padua.

#### **Luca Bassan - Statutory Auditor**

Born in Padua on October 8, 1962, he graduated in Economics and Commerce in 1986 at the Ca' Foscari University of Venice. He has been enrolled in the Accountants Register of Padua since 1990 and the Auditors Register since 1995. He has held offices as an auditor in various companies since 1990 and is also a consultant and advisor on taxation, corporate and administrative matters to joint stock companies and partnerships.

#### **Patrizia Santonocito - Statutory Auditor**

Born in Borgo Valsugana on June 21, 1963, she graduated in Political Sciences at the University of Padua. She is a consultant on taxation, corporate and financial matters for companies, including publicly-held companies. She handles bankruptcy proceedings, having been appointed by the Court of Padua as Curator, Judicial Commissioner and Judicial Liquidator in several proceedings. She has also held offices as a Statutory Auditor in listed companies.

#### **Kristian Sartor - Alternate Auditor**

Born in Venice on July 5, 1974, he graduated in Economics and Commerce in 2000 at the Ca' Foscari University of Venice. He has been enrolled in the Order of the Accounting Profession of Venice since 2008. He holds several offices as a bankruptcy curator and judicial commissioner at the Court of Venice.

#### **Stefania Targa - Alternate Auditor**

Born in Padua on September 23, 1970, she graduated in Political Sciences at the University of Padua. She has been enrolled in the Order of Chartered Accountants

and the Auditors' Register since 1997. She practices accountancy primarily in the consultancy, business and corporate assistance, taxation and administrative field for joint stock companies (including publicly-held companies) and public and mixed institutions, where she also held offices as Statutory Auditor and/or chairperson of the Board of Statutory Auditors.

The annual remuneration of auditors was determined by the Shareholders' Meeting of June 29, 2018 and is commensurate with the commitment required, the importance of the role covered, in addition to the size and sector of the Company.

### **Diversity criteria and policies**

It should be noted that the rules which require a quota of members of the Board of Statutory Auditors to be elected on the basis of criteria which ensure gender balance, in accordance with Article 148, paragraph 1-*bis* of the CFA and Article 8.P.2 of the Self-Governance Code, were incorporated into the Issuer's By-Laws. In particular, Article 148, paragraph 1-*bis* of the Consolidated Act and Law 120/2011, as clarified by Consob Communication DIE No. 0061499 of July 18, 2011, require that the gender balance provisions are applied from the reappointment of the Board of Statutory Auditors subsequent to listing, establishing that, for this first reappointment, the under-represented gender makes up at least one-fifth of elected auditors in the first renewal of the Board of Statutory Auditors and at least one-third of the auditors elected for the two consecutive subsequent mandates (rounded up).

In addition, it should be noted that at the Reporting Date, the composition of the Board of Statutory Auditors already conformed to the provisions of Article 148, paragraph 1-*bis*, CFA and Article 8.P.2 of the Self-Governance Code, in line with the Code of Ethics adopted by the Company and in accordance with the priority objective of ensuring adequate expertise and professionalism in the members of corporate boards. As this adjustment was made on a voluntary basis, it will not be taken into account for the purposes of calculating the three consecutive mandates envisaged as the period of application of the gender balance rules.

As the composition of the Board of Statutory Auditors conformed to regulatory provisions on gender diversity from the first day of listing, at the Reporting Date, the Company did not deem it necessary to currently adopt *ad hoc* diversity policies in relation to the composition of the control boards for aspects such as age, gender composition and training and professional background.

In consideration of the new rules in this regard and the provisions of the new Article 147-*ter*, paragraph 1-*ter*, CFA, the Company is planning to adopt a "gender policy" to promote and safeguard gender diversity within the Board of Directors and the Board of Statutory Auditors.

## 14. RELATIONS WITH SHAREHOLDERS

The Company considers it essential and of a strategic interest and obligation to establish and maintain constant and open dialogue with its shareholders, investors, particularly institutional investors, and more generally, with all the stakeholders that come into contact with Piovan and the Group.

To this end, the Board of Directors of the Company appointed Mr. Luca Sabadin as Investor Relator, with the Board of Directors' motion of July 6, 2018, as per the recommendations of Article 9.C.1 of the Self-Governance Code. On July 24, 2019, Mr. Sabadin resigned with effect from September 30, 2019, in order to embark on a new professional role. On September 9, 2019, the Board of Directors resolved to appoint Ms. Patrizia Tammaro Silva, a specialist in this regard, as the new Investor Relations Officer with effect from September 16, 2019.

A special section on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)) called "Investor Relations" is dedicated to significant financial and corporate information for investors. This section contains an email address for receiving and responding to information requests from shareholders and investors.

Investor Relations details are: e-mail [ir@piovan.com](mailto:ir@piovan.com).

## 15. SHAREHOLDER MEETINGS (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER C), CFA)

Pursuant to Article 13 of the By-Laws, the Shareholders' Meeting shall resolve on all matters authorized by law.

Motions of the Shareholders' Meeting are passed with the majorities required by law.

Motions approved by the Shareholders' Meeting in accordance with the law and the By-Laws shall be binding upon all Shareholders, even if they did not attend or voted against the resolution.

In accordance with Article 9 of the By-Laws, the ordinary and extraordinary shareholders' meetings shall normally be held in the municipality where the Company's registered office is located, except as otherwise resolved by the Board of Directors and provided that this is in Italy or in a country in which the Company, directly or through its subsidiaries or investees, performs its business.

Ordinary and Extraordinary Shareholders' Meetings are held in single call as required by law.

The call is made within the timeframes prescribed by applicable law and regulations, by means of a notice to be published on the Company's website and

with the methods envisaged by applicable law and regulations, with prior notice of not less than the legal minimum with respect to the date set for the Shareholders' Meeting.

The right to participate in the Shareholders' Meeting and the right to vote is governed by applicable law.

Pursuant to law, those with the right to vote may be represented in the Shareholders' Meeting by means of a proxy issued according to the procedures envisaged by applicable law. The proxy can also be notified to the Company electronically, by e-mail, according to the procedures indicated in the call notice.

The Company does not make use of the option envisaged by law to designate a representative to whom shareholders may confer the proxy with voting instructions on all or some of the proposals on the agenda of the Shareholders' Meeting.

Shareholders' Meetings are chaired by the Chairperson of the Board of Directors or, if absent or prevented from doing so, by the Vice Chairperson or Chief Executive Officer, if appointed and present; in their absence, the Shareholders' Meeting elects its chairperson.

Motions of the Shareholders' Meeting must be recorded in minutes of the meeting drawn up in accordance with applicable legislation and signed by the chairperson and by the secretary or notary selected by the chairperson.

Proceedings of shareholders' meetings are governed by a special regulation for an orderly functioning of meetings ("**Shareholders' Meeting Rules**") approved with the motion of the Ordinary Shareholders' Meeting of July 6, 2018, as per the recommendations of Article 9.C.3. of the Self-Governance Code and the provisions of Article 10 of the By-Laws.

The Shareholders' Meeting Rules can be found on the Company's website ([www.piovangroup.com](http://www.piovangroup.com)), in the section "Corporate Governance", to which reference should be made for further details.

Following the Company's listing on October 19, 2018, a Shareholders' Meeting of the Issuer was convened on April 17, 2019. This Shareholders' Meeting approved the Financial Statements of Piovan S.p.A. for the year ended December 31, 2018 and resolved to distribute a dividend to shareholders for a total of Euro 7,639,395.00. The Shareholders' Meeting also approved the adoption of the "2019-2021 Performance Shares Plan" and the "2019-2021 Long-Term Monetary Incentive Plan" and approved the remuneration policy for the members of administration boards, General Managers and Senior Executives, in addition to the procedures utilized for the adoption and implementation of this policy, as illustrated in the first section of the Remuneration Report drawn up by the Board of Directors.

It should be noted that, at the Reporting Date, market capitalization was equal to Euro 214,400,000, compared to Euro 314,096,000 at December 31, 2019 and no significant variations were confirmed in the composition of the Issuer's shareholder structure.

Also worth noting is that on June 20, 2019, a variation in the share capital occurred. This was expressed in voting rights following the shareholder Pentafin S.p.A.'s waiver of multi-voting rights for a number of 9,518,443 shares. This waiver increased the float expressed in terms of voting rights, while Pentafin S.p.A. did not sell any shares.

## **16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

There are no corporate governance practices further to those already described in the preceding paragraphs.

## **17. CHANGES SUBSEQUENT TO THE YEAR-END**

Subsequent to the close of the 2019 financial year and up to the approval of this Report by the Board of Directors on March 19, 2020, no changes were made to the Corporate Governance structure of the Company.

\* \* \*

Santa Maria di Sala, March 19, 2020

Piovan S.p.A.

For the Board of Directors, the Chairperson

Nicola Piovan

## ANNEX 1

List of positions held by the Directors of Piovan in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance companies or companies of significant size\*; List of positions held by the Statutory Auditors in other companies.

Board of Directors as at 31.12.2019

| Name                         | Office                                                   | Other offices                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Nicola Piovan</b>         | Executive Chairperson                                    | N/A                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Filippo Zuppichin</b>     | Chief Executive Officer                                  | Director of: <ul style="list-style-type: none"> <li>Inglass S.p.A.</li> </ul>                                                                                                                                                                                                                                                                                                                                                 |
| <b>Marco Stevanato</b>       | Non-Independent Director                                 | Chairperson BoD of: <ul style="list-style-type: none"> <li>Arsenale RE SGR S.p.A.</li> </ul> Director of: <ul style="list-style-type: none"> <li>Crédit Agricole Friul Adria S.p.A.</li> </ul> Vice Chairperson of: <ul style="list-style-type: none"> <li>Stevanato Group S.p.A.</li> </ul> Management Board Member: <ul style="list-style-type: none"> <li>Gestione Fondazione Opera Immacolata Concezione Onlus</li> </ul> |
| <b>Lucia Giancaspro</b>      | Independent Director                                     | N/A                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Marco Milani</b>          | Independent Director                                     | Chairperson BoD of: <ul style="list-style-type: none"> <li>Bormioli Pharma S.p.A.</li> </ul>                                                                                                                                                                                                                                                                                                                                  |
| <b>Chiara Mio</b>            | Independent Director                                     | Chairperson BoD of: <ul style="list-style-type: none"> <li>Crédit Agricole Friul Adria S.p.A.</li> <li>Corà Domenico &amp; Figli S.p.A.</li> </ul> Director of: <ul style="list-style-type: none"> <li>Danieli &amp; C. Officine Meccaniche S.p.A.</li> <li>Eurotech S.p.A.</li> <li>O.V.S. S.p.A.</li> <li>Servizi Italia S.p.A.</li> <li>Mcz Group S.p.A.</li> <li>Bluenergy Group S.p.A.</li> </ul>                        |
| <b>Marco Maria Fumagalli</b> | Independent Director<br><i>Lead Independent Director</i> | Director of: <ul style="list-style-type: none"> <li>Elettra Investimenti S.p.A.</li> </ul>                                                                                                                                                                                                                                                                                                                                    |

\* Only 'large enterprises' were considered for the purposes of this report. These are companies which surpass at least two of the following parameters: their revenues and/or total activity and/or employees exceed 50 million, €100 million and 100, respectively.

Board of Statutory Auditors as at 31.12.2019

| Name                        | Office                                   | Other offices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Carmen Pezzuto</b>       | Chairperson, Board of Statutory Auditors | <p>Chairperson, Board of Statutory Auditors of:</p> <ul style="list-style-type: none"> <li>SAFILO GROUP S.p.A.</li> </ul> <p>Statutory Auditor:</p> <ul style="list-style-type: none"> <li>Safilo S.p.A.</li> <li>Safilo Industrial S.r.l.</li> <li>Forno d'Asolo S.p.A.</li> <li>Buona Compagnia Gourmet S.r.l.</li> <li>Gradiente SGR S.p.A.</li> <li>Pixartprinting S.p.A.</li> <li>Isoclima S.p.A.</li> <li>Compar S.p.A.</li> <li>Aquafin Holding S.p.A.</li> <li>Forno della Rotonda S.p.A.</li> <li>S.P.A.R. S.r.l.</li> </ul> <p>Sole Statutory Auditor of:</p> <ul style="list-style-type: none"> <li>Gate Eleven S.r.l.</li> </ul> <p>Alternate Auditor of:</p> <ul style="list-style-type: none"> <li>Santa Margherita S.p.A.</li> <li>Ca' del Bosco S.r.l. – Azienda Agricola</li> <li>S.M. Tenimenti Lamole e Vistarenni e San Disdagio S.r.l.</li> <li>Zignago Holding S.p.A.</li> <li>Exo Automotive S.p.A.</li> <li>Aquaspace S.p.A.</li> <li>Multitecno S.r.l.</li> <li>M31 S.p.A.</li> <li>Tessilquattro S.p.A.</li> <li>Alessi Domenico S.p.A.</li> <li>Ca' Maiol S.r.l. – Società Agricola</li> <li>Lizzi S.r.l.</li> <li>Fratelli Ceni S.p.A.</li> <li>Cà del Bosco Hospitality S.r.l.</li> <li>Cà del Bosco S.r.l.</li> </ul> <p>Director of:</p> <ul style="list-style-type: none"> <li>The Order of the Accounting Profession of Padua</li> <li>The Foundation of the Accounting Profession of Padua</li> <li>Eurotech S.p.A.</li> </ul> <p>Independent Auditor of:</p> <ul style="list-style-type: none"> <li>Lucy's Line S.r.l.</li> </ul> |
| <b>Patrizia Santonocito</b> | Statutory Auditor                        | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

|                        |                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Luca Bassan</b>     | Statutory Auditor | <p>Chairperson, Board of Statutory Auditors of:</p> <ul style="list-style-type: none"> <li>• Calcio Padova S.p.A.</li> <li>• Pittarello Holding S.p.A.</li> <li>• Sacchi Giuseppe S.p.A.</li> <li>• Sonepar Italia Holding S.p.A.</li> <li>• Sonepar Italia S.p.A.</li> <li>• H2C S.p.A.</li> </ul> <p>Statutory Auditor:</p> <ul style="list-style-type: none"> <li>• Consorzio Ottico Italiano Soc. Coop.</li> <li>• Veneto Energie S.p.A.</li> <li>• Elettroveneta S.p.A.</li> <li>• Demo S.p.A.</li> </ul> <p>Alternate Auditor of:</p> <ul style="list-style-type: none"> <li>• O.C.S. Officine Costruzioni speciali S.p.A.</li> <li>• Ravagnan S.p.A.</li> <li>• Tubital S.r.l.</li> </ul> <p>Chairperson of the BoD and Executive Director:</p> <ul style="list-style-type: none"> <li>• Verifid S.r.l.</li> </ul> |
| <b>Stefania Targa</b>  | Alternate Auditor | <p>Chairperson of:</p> <ul style="list-style-type: none"> <li>• Ceccato S.p.A. in Liquidation</li> </ul> <p>Sole Auditor of:</p> <ul style="list-style-type: none"> <li>• G.M.P. Minuterie Metalliche S.r.l.</li> <li>• CO.M.IT S.r.l.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Kristian Sartor</b> | Alternate Auditor | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## TABLES

**TABLE 1: OWNERSHIP STRUCTURE**

| SHARE CAPITAL STRUCTURE        |            |                    |                                           |                        |
|--------------------------------|------------|--------------------|-------------------------------------------|------------------------|
|                                | No. shares | % of share capital | Listed (with market indicated)/not listed | Rights and obligations |
| Ordinary shares(*)             | 53,600,000 | 100%               | MTA                                       | -                      |
| Shares with multiple votes(**) | 19,496,557 | -                  | -                                         | -                      |
| Shares with limited voting     | -          | -                  | -                                         | -                      |
| Shares without voting          | -          | -                  | -                                         | -                      |
| Other                          | -          | -                  | -                                         | -                      |

  

| OTHER FINANCIAL INSTRUMENTS<br>(attributed the right to subscribe to new share issues) |                                           |                                |                                         |                                           |
|----------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------|-----------------------------------------|-------------------------------------------|
|                                                                                        | Listed (with market indicated)/not listed | No. of instruments outstanding | Class of shares for conversion/exercise | No. of shares for the conversion/exercise |
| Convertible bonds                                                                      | -                                         | -                              | -                                       | -                                         |
| Warrants                                                                               | -                                         | -                              | -                                       | -                                         |

(\*) of which, 2,670,700 treasury shares held by Piovan S.p.A.; (\*\*) of which, shares with multi-voting rights

| SIGNIFICANT SHAREHOLDINGS |                        |                                 |                                |                                   |                                  |
|---------------------------|------------------------|---------------------------------|--------------------------------|-----------------------------------|----------------------------------|
| Shareholder               | Direct shareholder     | % of ordinary share capital (*) | % of voting share capital (**) | % of ordinary share capital (***) | % of voting share capital (****) |
| Nicola Piovan             | Pentafin S.p.A         | 56.126                          | 67.828                         | 51.143                            | 64.174                           |
| Allianz SE                | ALLIANZ IARD SA        | 7.799                           | 5.718                          | 7.799                             | 5.718                            |
| 7INDUSTRIES HOLDING BV    | 7INDUSTRIES HOLDING BV | 8.955                           | 6.567                          | 8.955                             | 6.567                            |

(\*) Total No. ordinary shares: 53,600,000, including Piovan S.p.A. treasury shares equal to 2,670,700

(\*\*) Share capital expressed as number of votes as per Article 120, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 ("CFA") including Piovan S.p.A. treasury shares.

(\*\*\*) Total No. ordinary shares: 50,929,300, excluding the Piovan S.p.A. treasury shares

(\*\*\*\*) Share capital expressed as number of votes as per Article 120, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 ("CFA") excluding Piovan S.p.A. treasury shares.

Details on significant holdings were included on the basis of information published by the Company through the 120 Communications and on the basis of data in the Company's possession.

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

| Board of Directors                                                                                                                         |                         |               |                          |                |                                             |                                               |       |           |           |                                         |                       |       | Control, Risk and Sustainability Committee |      | Nomination and Compensation Committee |      | Related Parties Committee |      |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------|--------------------------|----------------|---------------------------------------------|-----------------------------------------------|-------|-----------|-----------|-----------------------------------------|-----------------------|-------|--------------------------------------------|------|---------------------------------------|------|---------------------------|------|
| Office                                                                                                                                     | Components              | Year of birth | Date of first appoint. * | In office from | In office until                             | Slate **                                      | Exec. | Non Exec. | Ind. Code | Ind. CFA                                | No. other offices *** | % (*) | (*)                                        | (**) | (*)                                   | (**) | (*)                       | (**) |
| Executive Chairperson                                                                                                                      | Nicola Piovan           | 24/09/1963    | ****                     | 29/06/2018     | Approval of financial statements 31/12/2020 | N/A                                           | X     |           |           |                                         | N/A                   | 100   |                                            | N/A  |                                       | N/A  |                           | N/A  |
| Chief Executive Officer                                                                                                                    | Filippo Zuppichin ◊     | 24/12/1968    | 29/06/2018               | 29/06/2018     | Approval of financial statements 31/12/2020 | N/A                                           | X     |           |           |                                         | 1                     | 80    |                                            | N/A  |                                       | N/A  |                           | N/A  |
| Director                                                                                                                                   | Marco Stevanato •       | 27/12/1972    | 14/09/2018               | 19/10/2018     | Approval of financial statements 31/12/2020 | N/A                                           |       | X         |           |                                         | 4                     | 80    |                                            | N/A  |                                       | N/A  |                           | N/A  |
| Independent Director                                                                                                                       | Marco Maria Fumagalli ◊ | 22/09/1961    | 14/09/2018               | 19/10/2018     | Approval of financial statements 31/12/2020 | N/A                                           |       | X         | X         | X                                       | 1                     | 100   | 5/5                                        | M    | 4/4                                   | M    | 1/1                       | P    |
| Independent Director                                                                                                                       | Lucia Giancaspro        | 16/03/1971    | 29/06/2018               | 29/06/2018     | Approval of financial statements 31/12/2020 | N/A                                           |       | X         | X         | X                                       | N/A                   | 100   |                                            | N/A  | 4/4                                   | P    | 1/1                       | M    |
| Independent Director                                                                                                                       | Marco Milani            | 24/01/1954    | 14/09/2018               | 19/10/2018     | Approval of financial statements 31/12/2020 | N/A                                           |       | X         | X         | X                                       | 1                     | 100   | 4/5                                        | M    |                                       | N/A  | 1/1                       | M    |
| Independent Director                                                                                                                       | Chiara Mio              | 19/11/1964    | 14/09/2018               | 19/10/2018     | Approval of financial statements 31/12/2020 | N/A                                           |       | X         | X         | X                                       | 8                     | 100   | 5/5                                        | P    | 4/4                                   | M    |                           | N/A  |
| DIRECTORS RESIGNING DURING THE YEAR OF REFERENCE: N/A                                                                                      |                         |               |                          |                |                                             |                                               |       |           |           |                                         |                       |       |                                            |      |                                       |      |                           |      |
| Number of meetings held in the year of reference: 5                                                                                        |                         |               |                          |                |                                             | Control, Risk and Sustainability Committee: 5 |       |           |           | Nomination and Compensation Committee 4 |                       |       |                                            |      | Related Parties Committee:1           |      |                           |      |
| Quorum required for the presentation of slates by minority shareholders for the election of one or more members (as per Art. 147 CFA): N/A |                         |               |                          |                |                                             |                                               |       |           |           |                                         |                       |       |                                            |      |                                       |      |                           |      |

**NOTE:**

The following symbols must be indicated in the “Office” column:

- This symbol indicates the Director in charge of the internal control and risk management system.
- ◊ This symbol indicates the person responsible for the Issuer’s operative management (Chief Executive Officer or CEO).
- This symbol indicates the Lead Independent Director (LID).

\* The first appointment of each Director refers to the date on which the Director was appointed for the first time to the Board of the Issuer.

\*\* This column indicates the slate from which each Director originated (“M”: majority slate; “m”: minority slate; “BoD”: slate presented by the BoD).

\*\*\*This column indicates the number of offices a Director or Statutory Auditor holds in other companies listed on regulated markets, including foreign markets, in holding, banking, insurance or large enterprises. The Corporate Governance Report indicates all offices held.

\*\*\*\* previously in office as the Sole Director of the Company.

(\*). This column indicates the percentage of attendance of the Director in relation to the number of BoD and Committee meetings (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

(\*\*). This column indicates the position of the Director on the Committee: “C”: Chairperson; “M”: member.

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

| Board of Statutory Auditors                                                                                                                   |                      |               |                          |                |                                                   |          |           |                                  |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------|--------------------------|----------------|---------------------------------------------------|----------|-----------|----------------------------------|-------------------------|
| Office                                                                                                                                        | Components           | Year of birth | Date first appointment * | In office from | In office until                                   | Slate ** | Ind. Code | Attendance in Board meetings *** | Other offices held **** |
| Chairperson                                                                                                                                   | Carmen Pezzuto       | 22/11/1967    | 25/09/2018               | 25/09/2018     | approval of financial statements as at 31/12/2020 | N/A      | x         | 7/7                              | 32                      |
| Statutory Auditor                                                                                                                             | Luca Bassan          | 08/10/1962    | 14/09/2018               | 14/09/2018     | approval of financial statements as at 31/12/2020 | N/A      | x         | 7/7                              | 14                      |
| Statutory Auditor                                                                                                                             | Patrizia Santonocito | 21/06/1963    | 14/09/2018               | 14/09/2018     | approval of financial statements as at 31/12/2020 | N/A      | x         | 7/7                              | N/A                     |
| Alternate Auditor                                                                                                                             | Kristian Sartor      | 05/07/1974    | 18/07/2013               | 14/09/2018     | approval of financial statements as at 31/12/2020 | N/A      | x         |                                  | N/A                     |
| Alternate Auditor                                                                                                                             | Stefania Targa       | 23/09/1970    | 14/09/2018               | 14/09/2018     | approval of financial statements as at 31/12/2020 | N/A      | x         |                                  | 3                       |
| ----- STATUTORY AUDITORS RESIGNING DURING THE YEAR -----                                                                                      |                      |               |                          |                |                                                   |          |           |                                  |                         |
|                                                                                                                                               |                      |               |                          |                |                                                   |          |           |                                  |                         |
| Number of meetings held in the year: 7                                                                                                        |                      |               |                          |                |                                                   |          |           |                                  |                         |
| Quorum required for the presentation of slates by minority shareholders for the election of one or more members (as per Article 148 CFA): N/A |                      |               |                          |                |                                                   |          |           |                                  |                         |

**NOTE**

\* The first appointment of each Statutory Auditor refers to the date on which the Statutory Auditor was appointed for the first time to the Board of Statutory Auditors of the Issuer.

\*\* This column indicates the slate from which each Statutory Auditor originated ("M": majority slate; "m": minority slate).

\*\*\* This column indicates the percentage of attendance of the Statutory Auditors in relation to the number of meetings of the Board of Statutory Auditors (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

\*\*\* This column indicates the number of offices of Director or Statutory Auditor in accordance with Article 148-bis of the CFA and the relative enacting provisions in the Consob Issuers' Regulations. The complete list of offices held is published by Consob on its website pursuant to Article 144-*quinquiesdecies* of the Consob Issuers' Regulations.





Corporate Governance and Ownership  
Structure Report of Piovan S.p.A.

PIOVAN S.p.A.  
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