



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

FY 2019

Prepared in accordance with Article 123-*bis* of Italian Legislative Decree no.
58/1998 and approved by the Board of Directors on March 11, 2020



Registered office at Via Gaudenzio Fantoli, 6/15, 20138 Milan
www.orserogroup.it

Share capital Euro 69,163,340.00

Milan-Monza-Brianza-Lodi Companies Register of Companies no. 09160710969

Issuer's identification code (LEI) is 8156001895E0F4E7A803

VAT number 09160710969

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GLOSSARY

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

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

Corporate Governance Code: the Corporate Governance Code for listed companies approved in July 2018 by the Corporate Governance Committee and brought into effect by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

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

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

Report Date: the date of publication of this Report.

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

MTA: indicates the Telematic Stock Market organized and managed by Borsa Italiana S.p.A.

Consob Issuers' Regulation: the Regulation issued by Consob with Resolution no. 11971 of 1999 (and subsequent amendments) on the matter of issuers.

Consob Market Regulation: the Regulation issued by Consob with Resolution no. 16191 of March 12, 2007 (and subsequent amendments) on the matter of markets.

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

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

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

INTRODUCTION

Orsero S.p.A. (the "**Company**", the "**Issuer**" or "**Orsero**") is a company whose shares are traded - as from December 23, 2019 - on the Telematic Stock Market organized and managed by Borsa Italiana S.p.A. ("**MTA**"), in the STAR Segment (the "**Listing**").

Since that date, the Company has implemented the corporate governance structure described in this Report.

It should be noted, for the sake of completeness, that previously the Company's shares were traded on AIM Italia and, therefore, the Company had adopted corporate governance measures appropriate to its characteristics as well as to its status as a company with shares traded on AIM Italia and aligned with the best practice of issuers whose financial instruments are traded on that market. This Report therefore highlights the differences in the corporate governance structure before and after Listing.

In particular, with a view to and for the purposes of Listing, the Company has begun the process of adapting its corporate governance system to the provisions of the Consolidated Law on Finance, the Consob Issuers' Regulation, the Regulation of Markets organized and managed by Borsa Italiana S.p.A., the related Instructions to the aforementioned Market Regulation and the Corporate Governance Code. In particular, the competent bodies of the Company have passed the following resolutions:

- proposal to adopt a new text of the Articles of Association (the "**Articles of Association**"), in line with the regulatory provisions applicable to companies listed on regulated markets, in force from the date of Listing;
- appointment of Laura Soifer, as from the date of Listing, as Director meeting the independence requirements, following the resignation of a director;
- verification of Directors' independence requirements;
- revision and integration of the functions assigned to the previous committees, after verification of the independence requirements, all with effect from the date of the Listing;
- attribution of powers to certain members of the Board of Directors with effect from the date of Listing;
- appointment of the executive director responsible for internal control with effect from the date of Listing;
- appointment of the head of the Internal Audit Department with effect from the date of the Listing;
- approval of the guidelines of the corporate incentive plan based on financial instruments;
- confirmation by the Investor Relator for the purposes of the Listing.

Also in consideration of its status as a STAR issuer, Orsero adopts, as a reference model for its corporate governance, the provisions of the Corporate Governance

Code as in force on the Report Date.

The Report was prepared with reference to the "Format for the report on corporate governance and ownership structure" issued by Borsa Italiana in January 2019.

1. ISSUER'S PROFILE

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

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

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

It should be noted that the rules concerning gender requirements as well as the rules concerning list voting for listed companies are applicable to the Issuer as from the first renewal of the corporate bodies following the Listing. Moreover, it should be noted that the Company's Board of Directors is made up of Directors of both genders and, having 3 out of 9 Directors belonging to the less represented gender, it is already voluntarily compliant with the rules on gender balance.

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

It should also be noted that, as at the Report Date, the Issuer qualifies as an "SME" pursuant to Article 1, paragraph 1, letter w-*quater*.1 of the Consolidated Law on Finance. Please note that the Issuer comes under the scope of this definition given that, on the basis of the verification performed on the financial statements closed as at December 31, 2019, the simple average of daily capitalizations calculated with

reference to the original price, recorded during the corporate year, as envisaged by Article 2-*ter*, point 1, letter (a) of the Issuers' Regulation, totals less than the Euro 500 million threshold, insofar as the above-specified capitalization comes to Euro 126,361,197.

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

Finally, it should be noted that, following the exceeding of the parameters set out in Article 2-*bis* of the Issuers' Regulation, as from January 1, 2019 and until the date of Listing, the Issuer was qualified as an "issuer widely distributed among the public", pursuant to Article 2-*bis* of the Issuers' Regulation.

2. INFORMATION ON OWNERSHIP STRUCTURES

A. Structure of the share capital

Share capital totals Euro 69,163,340.00 (sixty-nine million one hundred sixty-three thousand three hundred forty) and is divided into a total of 17,682,500 (seventeen million six hundred eighty-two thousand five hundred) ordinary shares (the "Ordinary Shares"), with no nominal value set.

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

| STRUCTURE OF THE SHARE CAPITAL | | | | | |
|--|----------------------|---------------------------|-----------------------------|---------------|---|
| | <i>No. of shares</i> | <i>% of share capital</i> | <i>No. voting rights **</i> | <i>Listed</i> | <i>Rights and obligations</i> |
| <i>Ordinary shares (with no nominal value)</i> | 17,682,500 | 100% | 17,682,500 | MTA | The rights and obligations of shareholders are those provided for in Articles 2346 <i>et seq.</i> of the Italian Civil Code; in particular, each share gives the right to one vote. |

For information on the Company's stock grant plan, please refer to the Company's Remuneration Report, available on the website www.orserogroup.it, in the Remuneration Section, or to the consolidated financial statements for the year ended December 31, 2019 available on the same website, in the Investors Section.

B. Restrictions on the transfer of shares

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

As at the Report Date there are no restrictions on the transfer of securities. Please note, for the sake of completeness:

- (i) on February 3, 2017, FIF Holding S.p.A. entered into a lock up commitment towards the Issuer and Banca Aletti & C S.p.A. in the context of the merger by incorporation of GF Group S.p.A. into Glenalta Food S.p.A. (now Orsero), by virtue of which FIF Holding has undertaken, as from the effective date of the merger (and therefore as from February 13, 2017) for a maximum period of 36 months, not to carry out, directly or indirectly, any transaction, act and/or operation that may involve the transfer, directly or indirectly, for any reason and in any form, of the shares issued by Orsero (formerly Glenalta Food S.p.A.) in the favor of FIF Holding to service the exchange ratio of the merger, i.e. 5,590,000 ordinary shares equal to 31.61% of the share capital at the date of this Report, unless prior written authorization is obtained from the Issuer and Nomad. The lock-up commitment ceased to be effective on February 13, 2020;
- (ii) on September 25, 2017, Grupo Fernández made a lock-up commitment to Orsero not to carry out any transaction, act and/or operation, even free of charge, involving the direct or indirect transfer, for any reason and in any form, in whole or in part, of the newly issued shares of Orsero held in the Company following the effectiveness of the Contribution of the 1,000,000 Orsero shares. The lock-up commitment ceased to be effective on February 13, 2020.

For more information, please refer to the Prospectus available on the website www.orserogroup.it, in the "Listing on MTA Market" section.

C. Significant shareholdings

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

| Shareholder | Shares held | % of ordinary capital | % of voting capital |
|-----------------------------------|-------------|-----------------------|---------------------|
| FIF Holding S.p.A. | 5,664,400 | 32.03% | 33.46% |
| Grupo Fernández S.A. | 1,100,000 | 6.22% | 6.50% |
| Praud Asset Management Ltd. | 1,547,026 | 8.75% | 9.14% |
| Global Portfolio Investments S.L. | 996,500 | 5.64% | 5.89% |

The company holds 755,637 treasury shares, equal to 4.27% of the share capital, whose voting rights are suspended.

D. Shares granting special rights

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

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

E. Employee shareholdings: mechanism for exercising voting rights

Without prejudice to that described in the following paragraph 5, as at the Report Date no employee shareholding system is envisaged.

F. Restrictions of voting rights

There are no restrictions concerning voting rights.

G. Shareholders' agreements

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

The FIF Holding Shareholders' Agreement

As at June 20, 2016, among the shareholders of FIF Holding S.p.A. ("**FIF Holding**"), the shareholder who has *de facto* control over the Issuer pursuant to Article 93 of the Consolidated Law on Finance, shareholders' agreements are in force governing, *inter alia*, certain aspects of the governance of FIF Holding itself and Orsero; in particular, the appointment of an independent director in the management body of FIF Holding and Orsero, respectively, and the manner in which decisions are taken by FIF Holding shareholders. The shareholders' agreement binds all shareholders of FIF Holding. The agreement has the maximum duration of the law (3 years) applicable from the date of the Listing.

The Grupo Fernández shareholders' agreement

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

Orsero held over time by the parties. The duration of the agreement will be until September 25, 2022.

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

H. Change of control clauses and provisions of the articles of association regarding public takeover bids

The table below summarizes the amount of loans subject to change of control clauses in place at December 31, 2019:

Financial payables subject to change of control

| <i>(in thousands of Euro)</i> | at December 31, 2019 |
|---|----------------------|
| Debenture loan (Orsero S.p.A.) | 30,000 |
| Pool financing (Orsero S.p.A.) | 49,091 |
| Transaction cost (Orsero S.p.A.) | (411) |
| BNL loan (Fruttital S.r.l.) | 198 |
| Caixa loan (Fruttital S.r.l.) | 2,600 |
| Credit Lyonnais loan (AZ France) | 656 |
| Banque Populaire Mediterranee (AZ France) | 966 |
| Banque Populaire Mediterranee (AZ France) | 48 |
| Credit Lyonnais loan (AZ France) | 1,650 |
| La Caixa €1.8 M loan (Hermanos Fernandez Lopez S.A.) | 567 |
| Banamex \$1 M loan Comercializadora de Frutas Acapulco S.A. | 415 |
| Banamex \$0.5 M loan Comercializadora de Frutas Acapulco S.A. | 237 |
| Total financial payables subject to change of control clause | 86,017 |

Below is a summary of the clauses of the loan agreements in effect at December 31, 2019 that allow the respective lenders to demand early repayment of loans.

| Contract | Change of control clauses |
|--|--|
| Debenture loan, Euro 30,000 thousand for Orsero | The loan is subject to the change of control clause. |
| Pool loan (granted by Banco BPM S.p.A., Intesa San Paolo S.p.A., Banco Santander S.A., Credit Agricole S.p.A., Caixa Bank S.A. and Banca IMI S.p.A. as agent), Euro 60,000 thousand for Orsero | The contract is subject to the change of control clause. |

| | |
|---|--|
| Banca Nazionale del Lavoro, Euro 4,000 thousand for Fruttital | The contract provides, among other things, for the possibility of early repayment in the event of changes in the form or corporate structure of the "Debtor", or cessation of its business or modification such as to make it no longer possible to achieve the purpose of the loan. |
| La Caixa, Euro 2,600 thousand for Fruttital | The loan is subject to the change of control clause. |
| Credit Lyonnais 1,650 thousand for AZ | The loan is subject to the change of control clause. |
| Banco Popular, Euro 340 thousand for Hermanos Fernandez Lopez | The loan is subject to the change of control clause in the event of a change of direct control. |
| La Caixa, Euro 1,800 thousand for Hermanos Fernandez Lopez | The loan is subject to the change of control clause in the event of a direct or indirect change of control. |
| Banamex, USD 1,500 thousand for Comercializadora de Frutas Acapulco | The two loans maturing in April and August 2020 provide for early repayment, <i>inter alia</i> , in the event of a change of control that occurs if the Group ceases to own the investment in Comercializadora de Frutas Acapulco S.A. |

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

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

I. Powers to increase the share capital and authorize the purchase of treasury shares

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

On April 20, 2018, the Issuer's Shareholders' Meeting resolved, after revoking the previous authorization, to authorize the Board of Directors to purchase, on one or more occasions, for a period of 18 months from the date on which the resolution was approved (by October 20, 2019) and dispose of ordinary treasury shares up to a maximum that, taking into account the ordinary shares of the Company held over time in the portfolio by it and its subsidiaries, does not exceed the maximum limit established by the regulations in force over time and, in any case, for a maximum value of Euro 5,000,000.00. The Board of Directors was required to identify the amount of shares to be purchased before the launch of each purchase program, at a price that is not greater than the highest price considering the last independent transaction and the highest current independent offer price in trading venues where the purchases are carried out. However, in any case, the unit price could not be more than 20% lower and 10% higher than the arithmetic average of the official prices of the Company's share in the ten trading days prior to each individual purchase transaction.

In execution of this Shareholders' Meeting authorization, the Company has purchased a total of 39,700 treasury shares and, as at the Report Date, the Company holds a total of 755,637 treasury shares, equal to 4.27% of the Issuer's share capital with voting rights. The amount of treasury shares recorded as a direct reduction of shareholders' equity is Euro 7,405,098.

L. Management and coordination

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

3. COMPLIANCE

The Board of Directors resolved on September 30, 2019 to adhere to the Code.

The Code is available to the public on the Corporate Governance Committee's website at:

<https://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codic e2018clean.pdf>.

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

4. BOARD OF DIRECTORS

4.1 Appointment and replacement

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

In accordance with the Articles of Association, the Directors shall serve for three (3) financial years, or for any lesser term as set in their letter of appointment; there shall be no term limits. Directors' office shall expire on the date of the Shareholders' Meeting convened to approve the financial statements relating to their last year in office, without prejudice to any cause of termination and revocation provided by law and the Articles of Association.

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

The outgoing Board of Directors, as well as those shareholders who (whether singly or together with other shareholders) represent a stake at or above the one set by Consob pursuant to applicable law or regulation, shall have standing to submit a list of candidates. In this regard, please remember that, as at the Report Date, Consob has determined that 4.5% of the share capital is the stake required to submit a list for the election of the Company's management body (see Managerial Determination by the Head of the Corporate Governance Division no. 28 of January 30, 2020). Title to the minimum stake required to submit a list shall be determined with respect to those shares registered to the shareholder on the day the lists are filed with the Company. The related certification may be submitted either before or after filing, provided it is submitted by the deadline set by the Company for publishing the slates.

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

The lists must be executed by those submitting them, and may include a maximum of nine candidates. The lists must identify candidates meeting the independence criteria set and governed by applicable law. The lists with a slate of three (3) or more candidates must include candidates of both genders as required by gender-equality laws; where gender parity does not result in a whole number of directors of the under-represented gender, the number must be rounded up.

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

Each candidate may appear on only one list, or be disqualified. The lists must be filed at the registered office by the deadline set by applicable rules; any list submitted by the outgoing Board of Directors must be filed at least thirty days before the Shareholders' Meeting. Upon submitting the list of candidates, information on the identity of the nominating shareholder must be submitted as well, stating the equity interest held by such nominating group overall.

Any list filed which does not comply with provisions of these Articles shall be deemed void.

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

Directors shall be elected pursuant to the following rules; however, for purposes of allocating the directors to be elected, the lists which receive a voting percentage which is less than half what is needed to submit the same shall not count:

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

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

If, following the procedure described above, the Board of Directors has not been properly formed as required under gender-equality laws in force *pro tempore*, the candidate from the more-represented gender who was last elected (in terms of the list's sequential order) on the list receiving the most votes will be replaced by the first

candidate of the under-represented gender not elected from that same list (in terms of the list's sequential order) provided that such substitution does not lead to an insufficient number of independent directors, in which case, the candidate elected penultimate will be elected.

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

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

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

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

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

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Finally, it should be noted that, on December 5, 2019, in the context of the Listing and also taking into account the recommendations of the Corporate Governance Code, the Company's Board of Directors approved a succession plan for the Chief Executive Officers of Orsero in the event of early termination of office (the "**Succession Plan**" or the "**Plan**"); this Plan, following the Listing, on March 11, 2020, was approved by the Company's Remuneration and Appointments Committee which took office as from the date of the Listing.

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

the structure of the management proxies.

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

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

Furthermore, the Plan defines the parties responsible for its implementation and revision, in line with the Corporate Governance Code and taking into account the Company's governance structure. More specifically, in accordance with Article 2381 of the Italian Civil Code and Article 5.C.2 of the Corporate Governance Code, the Board of Directors of Orsero is the body responsible for approving the Succession Plan, as well as for its evaluation and, if necessary, its revision, and the entity required to take the necessary resolutions to implement the succession as indicated above. Moreover, in accordance with the provisions of the Corporate Governance Code, the Remuneration and Appointments Committee is the entity competent to carry out the preliminary investigation for the definition of the Plan and the proposal to the Board of Directors regarding its possible updating/redefinition. The above mentioned Committee is also responsible for the concrete implementation of the Succession Plan, if the conditions for its activation are met.

4.2 Members

The Issuer's Board of Directors in office as at the Report Date numbers nine members; it was appointed by the Company's Ordinary Shareholders' Meeting on November 30, 2016 (with effect from February 13, 2017), subsequently integrated on September 15, 2017 and, lastly, on October 25, 2019, with effect from the date of Listing, and will remain in office until the date of approval of the financial statements as at December 31, 2019.

As at the Report Date, the majority of the Board of Directors are non-executive members (specifically: seven non-executive members out of a total of nine members). Three of the six non-executive members also meet the independence requirements of the Consolidated Law on Finance and the Corporate Governance Code (directors Vera Tagliaferri, Laura Soifer and Armando de Sanna).

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

| Name and surname | Position | Place and date of birth |
|--|--------------------------|--|
| Paolo Prudenziati⁽¹⁾ | Chairman | Milan, May 31, 1956 |
| Raffaella Orsero* | Deputy Chairman and CEO | Savona, September 12, 1966 |
| Matteo Colombini* | CFO | Bologna, October 23, 1983 |
| Armando De Sanna** | Director | Milan, September 6, 1962 |
| Vera Tagliaferri** | Director | Milan, April 19, 1973 |
| Gino Lugli | Director | Modena, May 20, 1953 |
| Laura Soifer** *** | Director | Buenos Aires (Argentina), December 10, 1974 |
| Alessandro Piccardo | Director | Albenga, January 19, 1964 |
| Carlos Fernandez Ruiz | Director | Barcelona (Spain), October 20, 1976 |
| Luca Giacometti**** | Fabio Director | Milan, October 2, 1960 |

* Chief Executive Officer.

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

*** Director in office since the Listing, following the resignation of Director Luca Fabio Giacometti on September 27, 2019 and as at the date of the Listing.

⁽¹⁾ Chief Executive Officer until December 23, 2019.

**** Director no longer in office since the Listing, following his resignation on September 27, 2019

It should be noted that the appointment of the Board of Directors in office on the Report Date was made without the application of the list voting mechanism, as the Company was not subject to the application of this provision. It should be noted, however, that these appointments were made in accordance with the provisions of the shareholders' agreements, for a description of which reference should be made to paragraph 2.G. above.

It should also be noted that the rules concerning gender requirements as well as the rules concerning list voting for listed companies are applicable to the Issuer as from the first renewal of the corporate bodies following the Listing, namely at the Shareholders' Meeting convened to approve the financial statements for the year ended as at December 31, 2019.

Taking into account the structure and size of the Company, the qualitative and quantitative membership of the Board of Directors, which ensures sufficient diversification in terms of skills, age, domestic and international experience and gender, as well as the relative ownership structure and the list voting mechanism provided for in the Articles of Association, which in turn ensures a transparent appointment procedure and a balanced members of the management body, the Board

of Directors, also taking into account the recent Listing, did not consider it necessary to adopt policies and/or practices regarding diversity in relation to the members of the administrative, management and control bodies with regard to quality, gender members and training and professional background. The Board of Directors, however, reserves the right to adopt such policies and/or practices at a later date.

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

It should also be noted that the Company has already voluntarily adapted to the gender balance regulations, having already, in fact, more than 1/5 Directors belonging to the less represented gender as at the Report Date.

* * *

Below is a brief CV of the members of the Company's Board of Directors in office on the Report Date. For the sake of completeness, the CV of Luca Fabio Giacometti, in office until the Listing, is also reported.

Paolo Prudenziati. Born in Milan on May 31, 1956. In 1980 he graduated in Agricultural Sciences. Since February 13, 2017 he has been Chairman of Orsero. He began his professional career in 1981 at the Sales Office of Veneta Mineraria, a leading Italian company in the market for the treatment of mining products, raw materials and laboratory services. From 1981 to 1989 he worked for Cargill, a US multinational company, a leader mainly in the food commodities sector, starting as a trainee at Cargill Albion Ltd (UK), continuing as a salesman and subsequently holding various positions including Assistant to Sales Manager, Sales Manager FCOJ Europe (Cargill Citrus) in Brazil and becoming, once back in Italy, Assistant to the General Manager. In 1987 he finally took up the position of General Manager at the San Marco plant in Ferrara. He then held this position until 1989. In 1989 he began his career at Chiquita Brands International as Sales Director North Italy until 1995, when he became Sales Director Italy. From 1999 to 2000 he was General Manager of Chiquita Italia and in 2000 he became Vice President South Europe. In 2003, he was appointed Chief Executive Officer and General Manager of Chiquita Italia, also assuming the positions of Vice President South Europe, Med (2005-2008), Vice President South Europe, Med, Middle East (2008-2012) and Vice President & General Manager Banana Europe (2012-2013). From 2013 to 2015 he was Senior Vice President Trading & Emerging Markets.

Raffaella Orsero. Born in Savona on September 12, 1966. Since February 13, 2017 she has been Deputy Chairman and Chief Executive Officer of Orsero. During her law studies in 1993 she began her professional career at Simba, a Group company that deals with the import and distribution of bananas and pineapples on behalf of the US multinational Del Monte Fresh Produce Inc., where she gained experience in the commercial area. In 2002 she assumed the position of Chief Executive Officer of SIMBA, which she retained until 2012. From 2003 to 2007 she also took on the role

of Chief Executive Officer of Reefer Terminal S.p.A., a company operating in the port terminal sector where she expanded her professional experience in the field of work organization and trade union relations. From 2007 until July 2019 she was Chairman of Cosiarma S.p.A. where she expanded her knowledge of shipping. In September 2006, following the untimely death of her father, Cav. Lav. Raffaello Orsero, founder of the GF Group, together with her brother Antonio, appointed Chairman of the Board of Directors and Chief Executive Officer, she took on the position of Chief Executive Officer of GF Group, a position she then held until July 2015. From September 2013 to March 2018 she was Chairman of the Board of Directors and Chief Executive Officer of Fruttital. From 2006 to 2015 she was a member of the Port Committee of the Savona Port Authority. From April 2012 to October 2013 she was Deputy Chairman of the Board of Directors of Banca Carisa S.p.A. Since 2014 she has been a director of CPR System, a cooperative company that associates over 1,000 companies covering the entire production and distribution chain of fruit and vegetables. From May 2016 to March 2018 she was a director of Invitalia Ventures SGR S.p.A.

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

Armando de Sanna. Born in Milan on September 6, 1962, he graduated in Economics and Business from Bocconi University in Milan. From 1988 to 1990 he was Analyst M&A for Incapital, the Benetton Group's financial advisor. Subsequently and until 1997 he worked as Investment Director at Eurosuez, a private equity fund worth about 400 million euros where he managed investments in Italy. From 1997 to 2001 he was Managing Director M&A for Crédit Agricole Indosuez/Calyon where he was co-head of the Italian-French M&A consulting team. In 2001 he moved to Rabobank International where until 2011 he provided strategic advice in the M&A sector and was head of the Wine & Spirits sector and member of the executive committee of the Rabobank-Rotschild Cooperation in the Food & Beverage sector. He worked in Italy, the United States and Holland, where from 2009 to 2011 he was European Head of M&A. From 2012 to 2015 he was Managing Director M&A at DGPA & Co., a consulting boutique and in 2015 he founded De Sanna & Partners, of which he is Sole Director, which deals with strategic consulting in relation mainly

to national and transnational M&A operations. Since 2018 he has also been Managing Director of De Sanna & Pardolesi, a strategic consulting and M&A company. On February 13, 2017, he was appointed as independent director on the Board of Orsero S.p.A.

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

Gino Lugli. Born in Modena on May 20, 1953. He graduated in Law with specialization in industrial and commercial law in 1978 from the University of Modena. From 1978 to 1982, he began his professional career as head of marketing and customer development at Credito Romagnolo in Bologna, then the largest private bank in Italy, merged into the Unicredit Group. Between 1982 and 1984 he worked with the Inalca-Cremonini Group's major clients and then moved on to the Giglio Group, where he spent nine years of his career and where he was General Manager of Giglio Trading S.p.A. from 1991 to 1993. From 1993 to 1996 he was Sales and Marketing Director within the Parmalat Group and then moved to the Ferrero Group in 1996, where he held numerous positions and where he started as General Manager of Belgium and Holland and then joined the CEO Giovanni Ferrero as Central Sales Director of Ferrero International and finally returned to Italy as Chief Executive Officer of Ferrero S.p.A. In 2015, he was Director of Ferrero S.p.A. and Deputy Chairman of Ferrero Food Service Luxembourg. On February 13, 2017 he was appointed as Director of Orsero S.p.A.

Alessandro Piccardo. Born in Albenga on January 19, 1960. He obtained a degree in History from the University of Genoa with a final mark of 110/110 with distinction. From 1998 to 2015, he was employed by Reefer Terminal S.p.A., initially as Assistant to the Commercial Director (1998-1999), then as Operations Director (1999-2003), continuing as General Manager (2004-2006) and finally, in 2007, he took on the role of Chairman and Chief Executive Officer. From 2003 to 2009, Chairman of the Savona-Vado Port Operators Association. From 2006 to 2008, he was Deputy Chairman of Assiterminal. From 2009 to 2012, he was Chairman and Chief Executive Officer of the company Interporto di Vado I.O. S.p.A. From 2011 to 2015, he was Deputy Chairman of the Port Savona Vado Users' Association. From 2013 to 2015, he was engaged as Deputy Chairman of the Industrial Union of Savona -

Infrastructures Section, while from 2015 to date he is Member of the Council of the Industrial Union of Savona. Since 2005 he has held the position of Manager at GF Group, currently in relation to the position of Group Human Resources Manager. During that same period, he was Managing Director at Fruttital with the role of Head of Human Resources and Work Organization, managing and supervising the processes concerning the planning and acquisition of personnel (recruitment, selection and placement), management of industrial relations, management of relations with external bodies, trade unions and trade associations and management of contracts relating to cooperatives employed at all company sites. He has been a director of Orsero since September 15, 2017.

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

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

Luca Fabio Giacometti. Born in Milan on October 2, 1960. He graduated in International Finance from the Luigi Bocconi University of Milan and began his professional career in 1986 at Citibank, becoming head of the Syndication Dept., working with his team on the syndication of senior and subordinated loans to service the buy-out operations carried out by Citicorp in Italy and Europe. In 1991, he joined the new merchant banking division of Banca Commerciale Italiana (BCI, now Banca Intesa Sanpaolo S.p.A.) as Deputy Director to start the corporate finance activity for the BCI Group, with particular focus on private equity, privatizations and acquisitions

with or without leverage. His work at BCI was essentially focused on origination, structuring equity investments, and the various relationships with entrepreneurs, directors and intermediaries. From 1996 to 2002, he worked with GE Capital (GE Equity) as Managing Director for Italy creating the first local division of the company (Milan) and was also elected director on the majority of the boards of the investee companies. In September 2003 Luca Fabio Giacometti was co-founder and Managing Director of the start-up Nutequity, a European investment fund promoted by the Ferrero family and dedicated to investments in consumer goods, particularly food products. Since 2008, he has been a partner of the co-investment funds of Capital Dynamics, a London-based private equity fund of Swiss nationality. Luca Fabio Giacometti was co-founder and executive director of 4 SPAC, incorporated under Italian law with financial instruments admitted to trading on AIM Italia (Made in Italy 1 which merged with SESA S.p.A., Italian leader in the value distribution of IT for small and medium sized companies now listed on the MTA; IPO Challenger S.p.A., now become Italian Wine Brands listed on AIM Italia from January 2015; Glenalta Food s.p.a., merged with Orsero; and finally Glenalta S.p.A., merged with CFT S.p.A.). On February 13, 2017 he was appointed as Director of Orsero S.p.A. Since 2014 he has been an independent director on the board of directors of Digital Magics, the first digital start-up incubator in Italy listed on the AIM.

* * *

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

The Deputy Chairman of the Board of Directors Raffaella Orsero and the Director Alessandro Piccardo are married.

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

4.3 Number of offices held in other companies

In accordance with the provisions of Article 1 of the Corporate Governance Code, each member of the Board of Directors is required to deliberate with knowledge of the facts and in autonomy, pursuing the objective of creating value for the shareholders over a medium to long-term horizon, and undertakes to devote to the post held in the Issuer the time needed to ensure a diligent performance of his duties, regardless of the positions held outside the Orsero Group, with full awareness of the responsibilities inherent to the office held.

To this end, each candidate for the position of Director is to carry out, prior to accepting the post at the Company and independent of the limitations established by the provisions of law and regulation regarding the accumulation of posts, an

assessment of his ability to perform the tasks assigned to him with due attention and effectiveness, taking into account, in particular, the overall commitment required by the posts held outside of the Orsero Group.

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

The Board of Directors has not deemed it necessary to define any general criteria with regards to the maximum number of administrative and control offices held in other companies that can be considered compatible with an efficient holding of the role of director of the Company, without prejudice to the requirement of each Director to evaluate the compatibility of the offices of director and auditor held in other companies listed in regulated markets (both national and abroad), in financial, banking or insurance companies or in companies of significant size, with the diligent fulfillment of the tasks accepted as Company director, also taking into account participation in board committees, as indicated in application criterion 1.C.3 of the Corporate Governance Code.

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

Finally, in the Listing process, the members of the Board of Directors, together with the members of the Board of Statutory Auditors and senior managers of the Issuer, took part in initiatives, such as meetings with consultants, internal training courses, road shows, aimed at increasing their knowledge of the business sector in which the Issuer and the Group operate, the company dynamics and their evolution, the principles of proper risk management and the reference regulatory and self-regulatory framework, also taking into account the extraordinary transactions carried out during the year. Moreover, again in the context of the Listing process, the Company's Board of Directors, also with the help of its consultants, was informed about the regulations applicable to companies listed on regulated markets.

4.4 Role of the Board of Directors

During the year ended December 31, 2019, the Board of Directors met 8 times with the regular participation of the members of the Board of Directors and the Board of Statutory Auditors. The meetings of the Board of Directors lasted an average of 1 hour and 33 minutes.

The table below shows the percentage attendance by each Director.

| Director* | % attendance at meetings held in FY 2019 |
|-----------|--|
|-----------|--|

| | |
|-------------------------|--------|
| Paolo Prudenziati | 87.50% |
| Raffaella Orsero | 100% |
| Matteo Colombini | 100% |
| Vera Tagliaferri | 100% |
| Armando de Sanna | 100% |
| Gino Lugli | 100% |
| Luca Fabio Giacometti** | 75% |
| Carlos Fernandez | 100% |
| Alessandro Piccardo | 100% |

*The table does not take into account the attendance of the Director Laura Soifer, in office since December 23, 2019, given that, since that date and until the end of the financial year, no meetings of the Board of Directors have been held in the new members in office since the Listing

**Director no longer in office as at the date of the Listing

In the current financial year and up to the Report Date, the Board of Directors met 3 times and a total of at least 7 meetings are planned for the current financial year.

The Board of Directors generally meets in Milan and the members of the Board participate mainly in person and, in some cases, by telephone. During the 4 meetings held during this year, there were 4 cases of absence, all of which had sent their apologies. The Board meetings are always attended by the Board of Statutory Auditors and, where appropriate, Managers of the Issuer and its subsidiaries, the head of internal audit, as well as the independent auditors and external consultants of the Issuer, in order to provide the Board with the necessary in-depth information on the items on the agenda, according to their respective functions and matters. Depending on the items on the agenda each time, the board committees report on their activities and evaluations.

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

The Board of Directors is the central body in the Company's corporate governance system and plays a primary role in guiding and managing the Company. The Board of Directors shall be vested with plenary authority for the routine and special administration of the Company, with authority the carry out all acts deemed necessary or convenient in the pursuit of the corporate purpose, except for those reserved by law to the Shareholders' Meeting. In addition to exercising the powers attributed by law and by the Articles of Association, the Board of Directors may resolve upon: (a) mergers and spin-offs, in those cases contemplated by law; (b) the establishment or closing of secondary offices; (c) identifying which, amongst the Directors, has the authority to represent the Company; (d) amendments to the Articles of Association for purposes of statutory compliance; (e) transfers of the company registered office within Italy. The vesting of such authority in the Board of Directors shall not be to the exclusion of the Shareholders' Meeting's authority.

During the meeting held on March 11, 2020, the Board of Directors assessed the adequacy of the Issuer's organizational, administrative and accounting structure prepared by the Chief Executive Officers, and especially the internal control and risk management system.

In addition, at its meeting of March 11, 2020, the Board of Directors also assessed the adequacy of the organizational, administrative and accounting structure of subsidiaries of strategic importance prepared by the Chief Executive Officers, with particular reference to the internal control and risk management system.

The Board of Directors moreover evaluated the general management trend, especially keeping in consideration the information received by delegated bodies and comparing on a regular basis, the results attained with those envisaged.

Finally, in accordance with the Articles of Association, the Board of Directors has the right to resolve on the transactions of the Issuer and its subsidiaries, when such transactions have a significant strategic, economic, equity or financial importance for the Issuer.

4.5 Executive Committee

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

In particular, it should be noted that, in view of the Listing, in order to bring the system of Board powers of the Company more in line with the recommendations of the Corporate Governance Code, the meeting of the Company's Board of Directors held on December 5, 2020 resolved, with effect from the Listing itself, to revoke the Board powers previously in place and to grant new powers described below to directors Raffaella Orsero and director Matteo Colombini, subject to the revocation of the previous powers. As at the date of Listing, the Chairman, Mr. Prudenziati (previously the recipient of proxies) has therefore maintained the role of Chairman of the Board of Directors, but has ceased to hold the position of Chief Executive Officer. For more information on previous delegations, please refer to the Prospectus available on the website www.orserogroup.it, in the "*Listing on MTA Market*" section.

Raffaella Orsero was attributed by the Board of Directors on December 5, 2019 and as at the Listing, the most extensive powers for the management of the Company, without prejudice to the spending limits indicated below and the powers of the Board of Directors pursuant to the law and/or the Articles of Association and with regard to related party transactions provided for by the regulations and the procedure adopted by the Company. Among the powers conferred on the Director Raffaella Orsero are the following, indicated by way of example:

General

- (a) to implement the decisions of the Shareholders' Meeting and the Board of Directors insofar as competent to do so;
- (b) to implement the corporate and Group strategies, within the framework of the directives established by the Board, and exercise the delegated powers, and in

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

Management activities

- (a) to purchase and sell shares, units, holdings, businesses and business units of companies of legal entities operating on the market for the import and distribution of fruit and vegetables, with the limit (a) of Euro 5,000,000.00 (five million/00) per individual transaction; and (b) of Euro 15,000,000.00 (fifteen million/00) per individual transaction carried out with the joint signature of another director with delegated powers;
- (b) to perform the following acts of ordinary administration of the Company, with the limit (a) of Euro 2,000,000.00 (two million) per individual transaction; (b) of Euro 5,000,000.00 (five million) per individual transaction carried out with the joint signature of another director with delegated powers:
 - (i) to enter into, amend and terminate on behalf of the Company agreements and contracts with suppliers, customers, consultants and collaborators, as well as any other agreement and contract consistent with the corporate purpose;
 - (ii) to enter into, amend and terminate contracts for the purchase, exchange, supply and sale of all types of products, services and tangible (including registered) and intangible movable property relating to the management of the Company;
 - (iii) to enter into, modify and terminate any further contract for the purchase, supply and provision of services of any kind to the Company;
 - (iv) to grant, within the framework of authorized contracts, discounts or other payment facilities in accordance with the approved trade policy;
 - (v) to take out, amend and terminate insurance contracts, and agree, in the event of a claim, the indemnity due from the insurer, issuing receipts for the amount collected, without any limit of value.

Banking and financial transactions, payments, collections and transactions

- (a) to open, modify and terminate bank and postal current accounts, in Italy and abroad, in any currency, carrying out any transaction permitted;
- (b) to make payments relating to the fulfillment of obligations undertaken by the Company, or due as a result of obligations already undertaken by the Company, acts already approved by the Board of Directors, or in any case due by law, with

- a limit of (a) Euro 2,000,000.00 (two million) per individual transaction; (b) Euro 5,000,000.00 (five million) per individual transaction carried out with the joint signature of another director with delegated powers;
- (c) to draw bank checks, request bank drafts, arrange for transfers and in any case carry out any transaction on the Company's bank and postal accounts, including for the use of overdrafts within the limits of the credit facilities granted to the Company, with a limit of (a) Euro 2,000,000.00 (two million) per individual transaction; (b) Euro 5,000,000.00 (five million) per individual transaction carried out with the joint signature of another director with delegated powers;
 - (d) to negotiate and stipulate with banks and other financial intermediaries the granting of loans and credit facilities, not backed by collateral on the Company's assets, with a limit of (a) Euro 10,000,000.00 (ten million/00) for each loan or credit facility; (b) Euro 20,000,000.00 (twenty million/00) for each loan or credit facility stipulated with the joint signature of another director with delegated powers;
 - (e) to use loans and credit facilities granted to the Company, within the limits allowed by the same, and in any case with the limit (a) of Euro 10,000,000.00 (ten million/00) for each use with single signature; (b) of Euro 20,000,000.00 (twenty million/00) for each use with joint signature of another director with delegated powers;
 - (f) to enter into loan agreements with subsidiaries, with the limit (a) of Euro 10,000,000.00 (ten million/00) for each loan granted with individual signature; (b) of Euro 20,000,000.00 (twenty million/00) for each loan granted with joint signature of another director with delegated powers;
 - (g) to purchase and sell Italian or foreign shares and bonds, government securities of foreign or supranational Italian issuers, as well as other financial products, including structured products, and securities of any kind, with a limit of Euro 2,000,000.00 (two million) for each transaction performed by individual signature;
 - (h) to carry out any active and passive financial transaction, bills of exchange discounts on bills of exchange signed by the Company itself, discounts on invoices and trade receivables, and repatriation operations to any bank, including the issuing bank, taking on the necessary commitments and fulfilling the necessary formalities;
 - (i) to manage factoring agreements, sign all the required deeds, such as the assignment of receivables, mandates for collection, advance and discount transactions, the establishment of guarantees and carry out any operation of use of the factoring relationship itself, with the right also to delegate these powers to third parties;
 - (j) to issue sureties, deposits and any kind of guarantee in the interest of the Company and its subsidiaries in favor of the Public Administration;
 - (k) to issue letters of patronage, sureties and any kind of guarantee (but excluding guarantees relating to shares, equity investments or units owned by the Company for which prior approval by the Board of Directors is required) in favor and on behalf of subsidiaries up to a maximum amount of Euro 5,000,000.00 (five million/00) for each guarantee given with individual signature;
 - (l) to arrange for payments, withdrawals and endorsements of checks, issue and

- endorsement of bills of exchange, withdraw, accept and endorsement of drafts and other negotiable bearer securities or instruments;
- (m) to claim and collect any receivable and amount, of any nature or for any reason, due to the Company, including through issuing the relative receipts for full or partial payment;
 - (n) to buy and sell treasury shares, to the extent permitted by law, in order to implement incentive remuneration plans that provide for the assignment/subscription of shares (such as stock options and stock grants) approved by the competent corporate bodies;
 - (o) to promote and accept transactions and negotiate, reconcile and settle disputes of any nature whatsoever between the Company and third parties, including by accepting the auditing of accounts and items, which also involve the waiver of receivables, for amounts not exceeding Euro 2,000,000.00 (two million/00) by individual signature;
 - (p) to request declarations of bankruptcy and promote bankruptcy proceedings in general, of debtors of the Company, with all the inherent powers, none excluded or excepted, including those of instituting claims, declare them true and real, accept or reject proposals from debtors or the bodies of the proceedings, waive and settle.

Management of property, plant, machinery and equipment

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

Staff management

- (a) to hire, transfer and dismiss employees, including managers, establishing their classification, determining their duties and remuneration, varying the conditions inherent to the above mentioned employment relationships, and managing them from every managerial, organizational and disciplinary point of view;
- (b) to direct the activities of the General Manager (if appointed), according to the strategic, industrial and financial objectives of the Company, verifying their punctual and correct execution;
- (c) to exercise all the necessary powers for the management of trade union negotiations, for any opening of staff reduction procedures (mobility), ordinary and extraordinary redundancy and earnings, for the signing of any agreements, missed agreements and/or minutes of meetings, with the trade unions, or at the employment offices, for the signing of the resulting letters of termination of

employment relations, for the signing of individual settlement agreements, communications to the bodies and whatever else may be necessary for the management of the negotiations themselves and the above procedures;

- (d) to enter into contracts for the granting of loans to Company employees, determining the amount of interest and how the loans are to be repaid;
- (e) to represent the Company and in any case make complaints, statements, questions and anything else necessary to the competent offices, such as by way of example: INAIL, INPS, ASL, Employment Inspectorate, Local Employment Directorate;
- (f) to request the issue of documentation relating to employment relationships, pay salaries, wages and liquidations, taxes, contributions and social security;
- (g) to represent the Company before the employment magistracy at every place and level, as well as out-of-court, at trade unions or at the public offices in charge, in arbitration and any other competent place in employment disputes, with all the broadest powers including those to reconcile and settle disputes, to ensure the execution of the judgments and to do whatever else is necessary and appropriate for the complete and better settlement of such disputes.

Health and Safety

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

Personal data

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

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

- (a) to comply with all procedures relating to, and any compulsory payment relating to, all types of direct or indirect taxes, duties, contributions and tariffs, to sign direct and indirect tax statements (including the statements and declarations required by the rules on value added tax), forms and questionnaires; accept or

refuse assessments, reach agreed definitions, appeal against tax roles and acts; file applications, claims, appeals, challenges, information and documents against any tax office or tax commission, including the Court of Cassation, receive refunds, remuneration and interest and issue receipts;

- (b) to represent the Company in relation to any local and central tax office, including abroad, with the power to appoint and revoke delegates and special attorneys and to grant powers to legal attorneys and accountants.

Special attorneys

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

Representation

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

..*

Matteo Colombini was granted, by the Board of Directors on December 5, 2019, from the Listing, the following powers and within the spending limits indicated below:

General

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

Management activities

- (a) to purchase and sell shares, units, holdings, businesses and business units of companies of legal entities operating on the market for the import and distribution of fruit and vegetables, with the limit (a) of Euro 2,500,000.00 (two point five million/00) per individual transaction; and (b) of Euro 15,000,000.00 (fifteen million/00) per individual transaction carried out with the joint signature of another director with delegated powers;
- (b) to perform the following acts of ordinary administration of the Company, with the limit (a) of Euro 1,000,000.00 (one million) per individual transaction; (b) of Euro 5,000,000.00 (five million) per individual transaction carried out with the joint signature of another director with delegated powers:
 - (i) to enter into, amend and terminate on behalf of the Company agreements and contracts with suppliers, customers, consultants and collaborators, as well as any other agreement and contract consistent with the corporate purpose;
 - (ii) to enter into, amend and terminate contracts for the purchase, exchange, supply and sale of all types of products, services and tangible (including

- registered) and intangible movable property relating to the management of the Company;
- (iii) to enter into, modify and terminate any further contract for the purchase, supply and provision of services of any kind to the Company;
- (iv) to grant, within the framework of authorized contracts, discounts or other payment facilities in accordance with the approved trade policy;
- (v) to take out, amend and terminate insurance contracts, and agree, in the event of a claim, the indemnity due from the insurer, issuing receipts for the amount collected, without any limit of value.

Banking and financial transactions, payments, collections and transactions

- (a) to open, modify and terminate bank and postal current accounts, in Italy and abroad, in any currency, carrying out any transaction permitted;
- (b) to make payments relating to the fulfillment of obligations undertaken by the Company, or due as a result of obligations already undertaken by the Company, acts already approved by the Board of Directors, or in any case due by law, with a limit of (a) Euro 1,000,000.00 (one million) per individual transaction; (b) Euro 5,000,000.00 (five million) per individual transaction carried out with the joint signature of another director with delegated powers;
- (c) to draw bank checks, request bank drafts, arrange for transfers and in any case carry out any transaction on the Company's bank and postal accounts, including for the use of overdrafts within the limits of the credit facilities granted to the Company, with a limit of (a) Euro 1,000,000.00 (one million) per individual transaction; (b) Euro 5,000,000.00 (five million) per individual transaction carried out with the joint signature of another director with delegated powers;
- (d) to negotiate and stipulate with banks and other financial intermediaries the granting of loans and credit facilities, not backed by collateral on the Company's assets, with a limit of (a) Euro 5,000,000.00 (five million/00) for each loan or credit facility; (b) Euro 20,000,000.00 (twenty million/00) for each loan or credit facility stipulated with the joint signature of another director with delegated powers;
- (e) to use loans and credit facilities granted to the Company, within the limits allowed by the same, and in any case with the limit (a) of Euro 5,000,000.00 (five million/00) for each use with single signature; (b) of Euro 20,000,000.00 (twenty million/00) for each use with joint signature of another director with delegated powers;
- (f) to enter into loan agreements with subsidiaries, with the limit (a) of Euro 5,000,000.00 (five million/00) for each loan granted with individual signature; (b) of Euro 20,000,000.00 (twenty million/00) for each loan granted with joint signature of another director with delegated powers;
- (g) to purchase and sell Italian or foreign shares and bonds, government securities of foreign or supranational Italian issuers, as well as other financial products, including structured products, and securities of any kind, with a limit of Euro 1,000,000.00 (one million) for each transaction performed by individual signature;
- (h) to carry out any active and passive financial transaction, bills of exchange

discounts on bills of exchange signed by the Company itself, discounts on invoices and trade receivables, and repatriation operations to any bank, including the issuing bank, taking on the necessary commitments and fulfilling the necessary formalities;

- (i) to manage factoring agreements, sign all the required deeds, such as the assignment of receivables, mandates for collection, advance and discount transactions, the establishment of guarantees and carry out any operation of use of the factoring relationship itself, with the right also to delegate these powers to third parties;
- (j) to issue sureties, deposits and any kind of guarantee in the interest of the Company and its subsidiaries in favor of the Public Administration;
- (k) to issue letters of patronage, sureties and any kind of guarantee (but excluding guarantees relating to shares, equity investments or units owned by the Company for which prior approval by the Board of Directors is required) in favor and on behalf of subsidiaries up to a maximum amount of Euro 2,500,000.00 (two point five million/00) for each guarantee given with individual signature;
- (l) to arrange for payments, withdrawals and endorsements of checks, issue and endorsement of bills of exchange, withdraw, accept and endorsement of drafts and other negotiable bearer securities or instruments;
- (m) to claim and collect any receivable and amount, of any nature or for any reason, due to the Company, including through issuing the relative receipts for full or partial payment;
- (n) to buy and sell treasury shares, to the extent permitted by law, in order to implement incentive remuneration plans that provide for the assignment/subscription of shares (such as stock options and stock grants) approved by the competent corporate bodies;
- (o) to promote and accept transactions and negotiate, reconcile and settle disputes of any nature whatsoever between the Company and third parties, including by accepting the auditing of accounts and items, which also involve the waiver of receivables, for amounts not exceeding Euro 1,000,000.00 (one million/00) by individual signature;
- (p) to request declarations of bankruptcy and promote bankruptcy proceedings in general, of debtors of the Company, with all the inherent powers, none excluded or excepted, including those of instituting claims, declare them true and real, accept or reject proposals from debtors or the bodies of the proceedings, waive and settle.

Real estate management

- (a) to enter into property lease contracts, both as lessor and tenant, with the limit, only for contracts in which the Company is the tenant, that the total costs and charges arising to the Company from each contract signed individually may not exceed the amount of Euro 100,000.00 (one hundred thousand/00) for each financial year of the duration of the contract.

Staff management

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

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

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

Representation

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

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

Disclosure to the Board of Directors

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

Chairman of the Board of Directors

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

For further information on the previous delegations in force until the Listing, please refer to the Prospectus available on the website www.orserogroup.it, "Listing on MTA Market" section.

4.6 Other executive directors

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

4.7 Independent directors

As at the Report Date, the Company, whose Board of Directors numbers nine

members, has appointed three Independent Directors, in the persons of Vera Tagliaferri, Laura Soifer and Armando de Sanna.

It should be noted that Laura Soifer was appointed Director of the Company, upon proposal of the Board of Directors meeting held on September 30, 2019, on October 25, 2019 and from the Listing.

The existence of the requirements of independence, pursuant to and for the purposes of Article 148, paragraph 3, of the Consolidated Law on Finance (as referred to in Article 147-ter, paragraph 4, of the Consolidated Law on Finance) and Article 3 of the Corporate Governance Code, was verified by the Board of Directors on September 30, 2019 for its current independent directors and therefore also for Laura Soifer. Upon completion of the verification, the current directors Vera Tagliaferri and Armando de Sanna and also Laura Soifer are considered to meet said independence requirements. In compliance with Article 3.C.5 of the Corporate Governance Code, the Board of Statutory Auditors verified, within the scope of the tasks assigned to it by law, the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of Directors.

For the sake of completeness, it should be noted that the independence of the Independent Directors in office even before the Listing had already been verified by the Board of Directors in relation to the provisions of Article 148 of the Consolidated Law on Finance, which at the time was applicable to the Company by reference to the Articles of Association.

The Board of Directors met on January 13, 2020 to verify that the Company met the independence requirements again, following the Listing. On that occasion, the Board of Statutory Auditors acknowledged the correctness of the verification procedure.

In 2019, in addition to the meetings of the Board of Directors, the Independent Directors attended the meetings of the Board Committees to which they belonged during the financial year.

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

Lead independent director

As at the Report Date, no lead independent director has been appointed, since the conditions indicated in application criterion 2.C.4 of the Corporate Governance Code have not been met.

5. PROCESSING OF CORPORATE INFORMATION

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

It should be noted, however, that similar procedures were in force even before the

Listing, in line with the best practice of companies traded on AIM Italia.

For further information, please refer to the text of the procedures available on the website www.orserogroup.it, "Governance" section.

6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

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

In particular, in view of the Listing and in the context of the governance adjustment procedure for obtaining the status of STAR Issuer, on September 30, 2019, the Issuer's Board of Directors resolved to modify and supplement, with effect from the Listing, the structure and the powers of the board committees in office at the time, in order to implement the provisions of the Corporate Governance Code.

The Issuer's Board of Directors therefore resolved: (a) to assign to the then Remuneration Committee also the function of Appointments Committee and set up a Remuneration and Appointments Committee in accordance with the recommendations set out in Articles 5 and 6 of the Corporate Governance Code ("**Remuneration and Appointments Committee**"); and (b) to integrate the members and responsibilities of the then Related Party Transactions Committee in line with the new related party transactions procedure (also adopted by the Board of Directors, with effect from the date of commencement of trading of the Company's shares on the MTA, on September 30, 2019) also assigning to this committee the function of control and risk committee referred to in Article 7 of the Corporate Governance Code, and has thus established a control, risks and related parties committee (the "**Control, Risks and Related Parties Committee**").

Below is a brief description of the members, tasks and internal functioning of the aforementioned committees, in office since the Listing and as at the Report Date.

- Remuneration and Appointments Committee

The Remuneration and Appointments Committee is entrusted with the following tasks:

- with regard to appointments (Application Criterion 5.C.1 of the Corporate Governance Code):
 - a) to provide opinions to the Board of Directors concerning its size and members and expresses recommendations with regard to the professional figures whose presence within the Board of Directors is deemed appropriate;
 - b) to make recommendations to the Board of Directors on the maximum number of offices as a director or statutory auditor held in listed companies in regulated markets, even abroad, in financial, banking or insurance companies or in companies of significant size, which can be considered compatible with the effective performance of the office of director of the Issuer, also taking into account the participation of directors in the committees set up within the Board of Directors;
 - c) to make recommendations to the Board of Directors on any issues related

to the application of the non-competition clause provided for by Article 2390 of the Italian Civil Code if the Issuer's Shareholders' Meeting, for organizational reasons, has authorized exceptions to this clause in general and in advance;

- d) to propose to the Board of Directors the list of candidates for the office of director in cases of co-opting, when it is necessary to replace independent directors; and
 - e) to carry out a preliminary investigation into the preparation of a succession plan for the Company's executive directors, if the Board of Directors decides to adopt such a plan.
- with regard to remuneration (Application Criterion 6.C.5 of the Corporate Governance Code):
 - a) to make proposals to the Board of Directors for the implementation of policies regarding the remuneration of Directors and managers with strategic responsibilities;
 - b) to periodically assess the appropriateness, general consistency and concrete application of the policy for the remuneration of the Directors and Managers with Strategic Responsibilities, availing itself, in this latter context, of the information provided by the Managing Directors. To this end, the Remuneration and Appointments Committee makes proposals to the Board of Directors in this regard;
 - c) to submit proposals to the Board of Directors and express opinions regarding the remuneration of the Executive Directors and other Directors holding specific offices and also concerning the determination of the performance targets correlated to the variable component of their remuneration;
 - d) to monitor the implementation of decisions taken by the Board of Directors, by verifying, in particular, the effective achievement of performance targets.

On September 30, 2019, the Board of Directors appointed as members of the Remuneration and Appointments Committee three non-executive directors, in the persons of the directors Vera Tagliaferri and Armando de Sanna (as Chairman), who are both independent directors, and the director Gino Lugli. All appointments were approved by the Board of Directors and accepted by the parties concerned with effect from Listing. The Issuer believes that these appointments are in line with the provisions of the Corporate Governance Code due to the specific knowledge and experience in financial matters and remuneration policies possessed by the persons appointed and the compliance by two of them (directors Vera Tagliaferri and Armando de Sanna) of the independence requirements set out in the Corporate Governance Code.

- *Control, Risks and Related Parties Committee*

The Control, Risks and Related Parties Committee is entrusted with the following tasks:

- in regard to internal control and risk management:
 - a) to support, investigating appropriately, the assessments and decisions of the Board of Directors relative to the internal control and risk management

system as well as relative to the approval of the periodic financial reports (Principle 7.P.3 of the Corporate Governance Code). In particular, the Control, Risks and Related Parties, in compliance with the provisions of the Corporate Governance Code, in assisting the Board of Directors: (i) assesses, together with the Manager appointed to prepare the company's accounting documents, after consulting the Independent Auditors and the Board of Statutory Auditors, the correct use of the accounting standards and their uniformity for the purposes of preparing the consolidated financial statements; (ii) expresses opinions on specific aspects relating to the identification of the main corporate risks; (iii) examines the periodic reports on the assessment of the internal control and risk management system and those of particular importance prepared by the Internal Audit Department; (iv) monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Department; (v) may ask the Internal Audit Department to carry out checks on specific operating areas, notifying the Chairman of the Board of Statutory Auditors at the same time; (vi) reports to the Board, at least every six months, on the occasion of the approval of the annual and half-yearly financial reports, on the activities carried out and on the adequacy of the internal control and risk management system; and (vii) supports the Board of Directors' evaluations and decisions regarding the management of risks deriving from prejudicial facts of which the Board of Directors has become aware (Application Criterion 7.C.2 of the Corporate Governance Code);

- b) to give its prior opinion to the Board of Directors (i) on the definition of the guidelines for the internal control and risk management system, so that the main risks relating to the Issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining the degree of compatibility of such risks with a management of the company consistent with the strategic objectives identified; (ii) the adequacy of the internal control and risk management system with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness; (iii) the activity carried out and the work plan prepared by the head of the Internal Audit Department; (iv) the description, in the report on corporate governance, of the main characteristics of the internal control and risk management system and the methods of coordination between the persons involved in it, including their own assessment of its adequacy; (v) the results set out by the Independent Auditors in the letter of suggestions, if any, and in the report on the fundamental issues that emerged during the statutory audit; (vi) the proposal regarding the appointment, dismissal and remuneration of the head of the Internal Audit Department, as well as the adequacy of the resources allocated to the latter for the performance of the relevant duties (Criterion 7.C.1 of the Corporate Governance Code);
- with regard to related party transactions, the Control, Risks and Related Parties Committee is responsible for the duties provided for by the new Related Party Transactions Procedure adopted by the Company, effective as at Listing and,

in particular, the task of giving its opinion on related party transactions of greater or lesser significance, by participating in negotiations and issuing a specific prior opinion on the transaction from time to time concerned.

On September 30, 2019, the Board of Directors, considering the previous members of the then Related Party Transactions Committee, taking into account the rules applicable to listed companies regarding the Related Party Transactions Committee, as well as the nomination proposal of the independent Director Laura Soifer, appointed three independent directors as members of the Control, Risks and Related Parties Committee, in the persons of Laura Soifer, Vera Tagliaferri (as Chairman) and Armando de Sanna. All appointments were approved by the Board of Directors and accepted by the parties concerned with suspensive effect subject to Listing. The Issuer believes that these appointments are in line with the provisions of the Corporate Governance Code due to the specific knowledge possessed by the persons appointed in accounting, financial and risk management matters and their compliance with the independence requirements set out in the Corporate Governance Code.

From the time of Listing until the Report Date, the Remuneration and Appointments Committee has met twice, with the regular participation of its members. The meetings concerned (i) assessments of the Company's remuneration; (ii) orientations regarding the managerial and professional figures whose presence is deemed appropriate within the Board of Directors; and (iii) resolutions regarding the succession plan.

The meetings of the Remuneration and Appointments Committee lasted an average of 1 hour.

Since the Listing and until the Report Date, the Control, Risks and Related Parties Committee has met 4 times, with the regular participation of its members. The sessions were aimed at (i) examining a transaction carried out by a subsidiary; (ii) assessing the framework of ordinary transactions and/or at arm's length that could, from time to time, be carried out within the Group; (iii) the audit guidelines, the internal control and risk management system, the assessment of the correct use of accounting standards and the impairment test.

The meetings of the Control, Risks and Related Parties Committee lasted an average of 1 hour.

The table below shows the percentage of attendance at the meetings of both Committees by each member.

It should also be noted that, as indicated above, in FY 2019 and up to the time of Listing, the Company had two internal committees, namely the Remuneration Committee and the Related Parties Committee, with a duration equivalent to the Board mandate. These Committees are briefly described below.

- Remuneration Committee: made up of three non-executive directors, two of whom were independent in the persons of the non-executive director Gino Lugli (as Chairman) and the independent directors Vera Tagliaferri and Armando de Sanna. The Remuneration Committee was assigned propositional and consultative duties regarding the remuneration of the members of the Board of Directors and other Managers with Strategic Responsibilities of the Company,

including any incentive plans in favor of such persons, substantially in line with the provisions of the Corporate Governance Code taking into account the status of the Company at the date of establishment of the Remuneration Committee, i.e. that of company with shares traded on AIM Italia.

- Related Parties Committee: made up of three non-executive directors, two of whom were independent in the persons of the non-executive director Luca Fabio Giacometti (as Chairman) and the independent directors Vera Tagliaferri and Armando de Sanna. The Related Parties Committee was entrusted with the duties provided for by the Related Party Transactions Procedure of the Company in force on that date and, in particular, with the task of giving its opinion on related party transactions of greater or lesser significance, by participating in negotiations and issuing a specific prior opinion on the transaction from time to time concerned.

7. DIRECTORS' REMUNERATION

In FY 2019 and as at the Report Date, the remuneration of the Issuer's non-executive directors was and is made up of a fixed fee determined by the Shareholders' Meeting and is commensurate with the commitment required of each of them and not linked to the economic results achieved by the Issuer itself. There is also a fixed fee for participation in board committees.

On the other hand, in 2019 and as at the Report Date, a significant portion of the remuneration of the Issuer's executive directors and Managers with Strategic Responsibilities is linked, also in the form of remuneration plans based on financial instruments or profit sharing, to the economic results achieved by the Issuer and/or the achievement of specific objectives set not exclusively in the short term.

In 2019 a stock grant plan (the "Stock Grant Plan") was in force for FYs 2017-2019, adopted following the merger between Glenalta Food S.p.A. and GF Group S.p.A. and, specifically, in May 2017. In particular, the plan was reserved for persons who (i) held the position of Director with executive positions in the Company, and (ii) had an open-ended employment relationship with Orsero with managerial status, as identified by the Board of Directors among the persons who held strategically important roles or functions in the Company. The plan was to be implemented by means of a free allotment of ordinary shares of the Issuer. For further information on the stock grant plan, please refer to the illustrative report of the Board of Directors on the items on the agenda of the Shareholders' Meeting of May 16, 2017, available on the website www.orserogroup.it "*Shareholders' Meeting*" section and the Prospectus available on the website www.orserogroup.it "*Listing on MTA Market*" section.

It should be noted that the Company's Board of Directors will submit to the Shareholders' Meeting the remuneration policy that regulates the remuneration of Directors, Statutory Auditors and Strategic Managers for the three-year period 2020-2022, in compliance with Article 123 *ter* of the Consolidated Law on Finance applicable from the Company's Listing and on which, on March 11, 2020, the Remuneration and Appointments Committee expressed a favorable opinion.

Moreover, upon proposal of the Board of Directors (subject to the favorable opinion

of the then Remuneration Committee also in its capacity as Related Party Transactions Committee), on October 25, 2019, the Shareholders' Meeting, in the context of the Listing, approved - also for the purpose of qualifying as STAR issuer - the guidelines relating to the new incentive plan based also on financial instruments for the period 2020-2022 (the "**Plan**") (the "**Guidelines**"). As permitted by Borsa Italiana regulations, the Guidelines were implemented with the approval of the related regulations by the Board of Directors on March 11, 2020 (subject to the favorable opinion of the Remuneration and Appointments Committee), as well as with the adoption of executive decisions (identification of beneficiaries and recognition of potential monetary bonuses upon fulfillment of the conditions, as well as the terms and conditions of the plan) choosing, in particular, who the plan is intended for. Lastly, the plan is in line with the practice of companies listed on regulated markets.

For more information, please refer to the related information document available on the website www.orserogroup.it, in the "*Shareholders' Meeting*" section.

In light of the above, the Company's Board of Directors believes that its remuneration policy is, both in relation to non-executive and executive directors and to Managers with Strategic Responsibilities, in compliance with the recommendations contained in Article 6 of the Corporate Governance Code.

8. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

8.1 Director appointed for the internal control and risk management system

With effect from the date of Listing, as per the Board of Directors' resolution of September 30, 2019, Matteo Colombini has assumed the role of director appointed for the internal control and risk management system, which performs the functions listed in application criterion 7.C.4 of the Corporate Governance Code (the "**Appointed Director**"). In this regard, the Issuer believes that the appointment of Matteo Colombini for this position is in line with the provisions of the Corporate Governance Code, in view of the specific knowledge he possesses due to his experience and the powers attributed to him as Chief Executive Officer of the Company.

The Appointed Director is responsible for supervising the function of the internal control and risk management system and implementing the related guidelines defined by the Board of Directors, ensuring that all necessary actions are taken to implement the system. In particular, in accordance with application criterion 7.C.4 of the Corporate Governance Code, the Director appointed for the internal control and risk management system, has the task of: a) identifying the main corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submitting them periodically to the Board of Directors for examination; b) implementing the guidelines defined by the Board of Directors, designing, implementing and managing the internal control and risk management system and constantly checking its adequacy and effectiveness; c) adapting this system to the dynamics of the operating conditions and the legislative and regulatory framework; d) asking the Internal Audit Department to carry out checks on specific

operating areas and on compliance with internal rules and procedures in the execution of corporate transactions, simultaneously informing the Chairman of the Board of Directors, the Chairman of the Control, Risks and Related Parties Committee and the Chairman of the Board of Statutory Auditors; and e) reporting promptly to the Control, Risks and Related Parties Committee (or to the Board of Directors) on problems and critical issues that have emerged in the performance of its activities or that have been reported to it, so that the Committee (or the Board of Directors) can take appropriate initiatives.

8.2 Head of the Internal Audit Department

On September 30, 2019, the Board of Directors appointed Raffaella Novaro as the head of the Internal Audit Department, subject to the Listing and as at the date of the Listing itself, as well as to allocate to her the resources necessary and/or appropriate for the performance of the aforementioned office. In particular, pursuant to Article 7 of the Code (governing the internal control and risk management system), the Head of the Internal Audit Department has been assigned the following tasks and duties:

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

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

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

In particular, it will map business processes in order to identify the Audit Universe, i.e. the list of all possible Audit activities that can be performed and a Risk Assessment will be carried out in order to identify the main risks.

The Risk Assessment (RA) process:

- Evaluates the relevance of the Audit Universe (AU) elements, the most significant

risks (assessed in terms of impact and probability of occurrence) and the adequacy of the related controls

- Provides a starting point for risk-based planning
- It is based on a combined assessment of Inherent Risk (pure risk in the absence of managerial actions aimed at modifying the probability and impact in achieving the objectives) and the Adequacy of the Internal Control System associated with each element of the Audit Universe
- Determines the Audit Need, which indicates the priorities of the Audit at the planning stage
- It is carried out annually and is updated after each audit activity.

8.3 Organizational Model pursuant to Italian Legislative Decree no. 231/2001

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

At the date of this Report, the Model has also been adopted by the companies that have recently joined the Group, i.e. Galandi S.p.A., Fruttital Firenze S.p.A., Fruttital Cagliari S.r.l. and M.A.P. Servizi Generali S.r.l.

The Issuer's Supervisory Body currently in office was appointed by resolution of the Company's Board of Directors passed on February 13, 2017, subject to the favorable opinion of the Board of Statutory Auditors, and is made up of Emanuela Baj (Chairman), Carlo Golda and Serafino Oscarino. The Supervisory Body possesses independent powers of initiative and control as is required by Italian Legislative Decree 231.

It should be noted that the Group's non-European companies, as well as those based in France, Spain, Portugal and Greece, have not adopted organizational models similar to those set out in the aforementioned Legislative Decree 231 and in certain foreign countries where the Group operates, the adoption of this model is not provided for and/or required by local legislation.

On February 13, 2017, the Company's "Code of Ethics and Conduct" was also adopted.

8.4 Independent auditors

Following the surpassing of the parameters set out in Article 2-*bis* of the Issuers' Regulation, the Company acquired, as at January 1, 2019, the status of "issuer of financial instruments widely distributed among the public" within the meaning of the aforementioned Article 2-*bis* of the Issuers' Regulation and, therefore, of "entity subject to intermediate regime" (ESRI) within the meaning of Legislative Decree no.

39/2010, with the consequent application of the relative regulations which establish, *inter alia*, that the duration of the audit assignment is nine financial years. Consequently, the Issuer's Ordinary Shareholders' Meeting held on April 24, 2019, following the consensual resolution of the statutory audit mandate conferred on KPMG on April 20, 2018, appointed KPMG for the nine-year period 2019-2027 to perform the statutory audit of the separate financial statements and the consolidated financial statements. At the Shareholders' Meeting held on April 24, 2019, KPMG was also appointed in accordance with Article 16 of Legislative Decree no. 39/2010, subject to and with effect from the Listing and therefore to the assumption of the status of "entity of public interest" (EIP). With the Listing, the Company assumed the status of EIP and the above mentioned audit assignment became effective. This assignment involves verifying that the company's accounts are properly kept and that the report on operations is consistent with the financial statements and complies with the law, verifying the consistency of certain specific information contained in the report on corporate governance and ownership structure indicated in Article 123-*bis* of the Consolidated Law on Finance, as well as the limited audit of the consolidated interim financial statements.

8.5 Manager appointed to prepare the company's accounting documents and other roles and corporate duties

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

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

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

9. INTERESTS OF THE DIRECTORS AND RELATED PARTY TRANSACTIONS

In 2019 and as at the Report Date, a Related Party Transactions Procedure is in force, as approved, with a view to Listing, on September 30, 2019 by the Company's Board of Directors and most recently amended by Board resolution passed on December 5, 2019, which conforms the text of the previous procedure to the rules applicable to issuers of shares listed on the MTA and has entered into force at Listing (the "**RPT Procedure**"). The RPT Procedure regulates two separate approval procedures for Related Party Transactions, depending on whether they are considered of "lesser significance" or "greater significance", not availing themselves of the exemption from the simplifications provided for newly listed companies.

The RPT Procedure defines as related party transactions of "greater significance" those in which at least one of the materiality indicators indicated in Annex 3 of the RPT Regulation is exceeded. Under the RPT Procedure, the following transactions are considered to be of "negligible value": (i) transactions whose value does not individually exceed Euro 250,000 when the counterparty is a legal entity or Euro 100,000.00 when the counterparty is a natural person, or (ii) several transactions which are part of the same project but executed at different times and do not exceed Euro 300,000.00 when the counterparty is a legal entity or Euro 150,000.00 when the counterparty is a natural person. Finally, related party transactions are considered "ordinary" and "concluded at arm's length" or "standard" transactions that fall within the ordinary course of the Company's operations and related financial activities, pursuant to Article 3, paragraph 1, letter e) of the RPT Regulation.

In accordance with the RPT Regulation, the RPT Procedure establishes that the approval of a related party transaction is the responsibility of the Board of Directors and takes place with the involvement of the Control, Risks and Related Parties Committee, numbering three independent directors who must also be non-related directors for each transaction. In relation to transactions of "lesser significance" the opinion requested from the Control, Risks and Related Parties Committee is not binding, while for transactions of "greater significance" the opinion is binding. In the latter case, in the absence of a grounded favorable opinion, the Board of Directors may not proceed with the transaction.

The rules provided by the RPT Procedure do not apply in the following cases which are exempt:

- (i) transactions of "negligible value";
- (ii) remuneration plans based on financial instruments approved by the Shareholders'

Meeting in accordance with Article 114-*bis* of the Consolidated Law on Finance and the pertinent transactions to implement them;

- (iii) resolutions, other than those indicated in Article 13, paragraph 1, of the RPT Regulation, concerning the remuneration of directors assigned with specific duties and other Managers with Strategic Responsibilities, in compliance with the conditions set out in Article 13, paragraph 3, letter b) of the RPT Regulation. For the purposes of exclusion, it is necessary that: (i) the Company has adopted a remuneration policy; (ii) a committee composed exclusively of non-executive directors, the majority of whom independent, has been involved in its definition; (iii) a report presenting the remuneration policy was put to the approval or advisory vote of Orsero's Shareholders' Meeting; (iv) the proposed remuneration is in line with that policy;
- (iv) ordinary transactions executed under terms and conditions equivalent to arm's length or standard terms and conditions;
- (v) transactions with or between subsidiaries and associates of the Company, if there are no significant interests of other related parties of the Company in these companies.

The RPT Procedure establishes that resolutions on the procedure itself and related amendments are always the responsibility of the Company's Board of Directors, but for this purpose the prior favorable opinion of the Control, Risks and Related Parties Committee is required.

Before the Listing, the Company applied the Related Party Transactions Procedure originally approved on January 15, 2015 by the Board of Directors of Glenalta Food S.p.A., subject to the favorable opinion of the independent director of the latter, and amended after the merger between Glenalta Food S.p.A. and Orsero by resolution of February 13, 2017 of the Board of Directors of Orsero, subject to the favorable opinion of the independent directors of the same (the "**Previous RPT Procedure**"). The Previous RPT Procedure set out the rules governing the procedures for identifying, approving and managing the Company's related party transactions in order to ensure the transparency and substantive and procedural correctness of related party transactions, carried out directly or through subsidiaries pursuant to Article 2359 of the Italian Civil Code or in any case subject to management and coordination. For the purposes of the Previous RPT Procedure and unlike the provisions of the RPT Procedure, the Company, pursuant to Article 13 of the AIM Issuers' Regulation, made use of the waiver granted by Article 10, paragraph 1, of the RPT Regulation.

For more information on the RPT Procedure, please refer to the procedure available on the website www.orserogroup.it, in the *Governance Section*.

10. APPOINTMENT OF THE STATUTORY AUDITORS

The Board of Statutory Auditors numbers three standing auditors and two alternate auditors who, in accordance with current regulations, remain in office for three financial years, may be re-elected; their term of office expires on the date of the Shareholders' Meeting called to approve the financial statements for the third year of

their term of office. The members of the Board of Statutory Auditors must fulfill the requirements of integrity, professionalism and independence as well as the requirements relating to the limit in the number of other appointments in accordance with the provisions, including the regulatory provisions, in force *pro tempore*.

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

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

Each list:

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

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

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

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

- The first two candidates on the list receiving the most votes, and the first candidate on the list coming in second in terms of votes, and which was presented by Shareholders unrelated (whether directly or indirectly) to the Shareholders

who submitted or voted for the list securing the most votes, shall be elected as Statutory Auditors; the candidate on the latter list shall be the Chairman of the Board of Statutory Auditors. The first substitute-candidate on the list coming in second in terms of number of votes, and which was presented by shareholders unrelated (whether directly or indirectly) to the shareholders who submitted or voted for the list securing the most votes shall be elected.

- A run-off election shall be held in case of any tie.
- If, following the procedure described supra, the Board of Statutory Auditors has not been properly formed as required under gender-equality laws, the candidate from the more-represented gender who was last elected (in terms of the list's sequential order) on the list receiving the highest number of votes will be replaced by the first candidate of the under-represented gender not elected from that same list (in terms of the list's sequential order) provided that such substitution does not lead to an insufficient number of independent directors, in which case, the candidate elected penultimate will be elected.

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

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

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

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

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

11. MEMBERS AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The Issuer's Board of Statutory Auditors was appointed on November 30, 2016 (with effect from February 13, 2017) and will remain in office until the date of the Shareholders' Meeting called to approve the financial statements as at December 31, 2019.

As at the date of this Report, the Board of Statutory Auditors has the members

indicated in the following table.

| Name and surname | Position | Place and date of birth |
|----------------------------|---|--------------------------------|
| Michele Paolillo | Chairman of the Board of Statutory Auditors | Milan, May 16, 1953 |
| Guido Riccardi | Standing Auditor | Milan, December 12, 1955 |
| Paolo Rovella | Standing Auditor | Milan, April 11, 1965 |
| Elisabetta Barisone | Alternate Auditor | Genoa, December 27, 1967 |
| Giovanni Tedeschi | Alternate Auditor | Milan, June 7, 1954 |

The members of the Board of Statutory Auditors are domiciled for the purpose in Milan, at Via Gaudenzio Fantoli 6/15.

All members of the Board of Statutory Auditors meet the eligibility requirements set forth in Article 2399 of the Italian Civil Code. In addition, all members of the Board of Statutory Auditors meet the requirements of independence required by Article 148, paragraph 3 of the Consolidated Law on Finance, and the Corporate Governance Code, as well as the requirements of integrity and professionalism required by Article 148 of the Consolidated Law on Finance and the Implementing Regulation adopted by Decree of the Minister of Justice no. 162/2000. On September 5, 2019, the Board of Statutory Auditors, in view of the Listing, and subsequently on February 25, 2020, in accordance with the provisions of the Corporate Governance Code, ascertained that its members met the independence requirements set out in the Corporate Governance Code.

As far as the Issuer is aware, all members of the Board of Statutory Auditors comply with the provisions of Article 144-*terdecies* of the Issuers' Regulation on limits to the number of positions held. This requirement was last verified on February 25, 2020.

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

During the year ended December 31, 2019, the Board of Statutory Auditors met 6 times with the regular participation of its members. The meetings of the Board of Statutory Auditors lasted an average of 3 hours.

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

| Auditor | % attendance at meetings held in FY 2019 |
|------------------|--|
| Michele Paolillo | 100 |
| Guido Riccardi | 100 |
| Paolo Rovella | 100 |

As at the date of this Report, the Board of Statutory Auditors has met twice during the current financial year and a total of at least 3 meetings are scheduled before the next Shareholders' Meeting to appoint the new Board of Statutory Auditors. The Chairman and/or the Standing Auditors also attended the meetings of the existing Board Committees (Remuneration and Appointments Committee and Control, Risks and Related Parties Committee). The Issuer's Board of Statutory Auditors operates in contact with the Boards of Statutory Auditors of the subsidiaries, with whom there is a constant exchange of information.

In addition to the recommendations given in application criterion 8.C.4 of the Corporate Governance Code, the Company believes that the remuneration of statutory auditors is commensurate with the commitment required, the importance of the role held and the size and segment characteristics of the same.

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

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

* * *

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

Michele Paolillo. Born in Milan on May 16, 1953. He graduated in business administration in 1979 from the L. Bocconi University of Milan, has been registered with the Milan Register of Accountants since 1988 and with the Register of Auditors pursuant to Ministerial Decree 4/12/1995 published in Official Journal no. 31 bis of April 21, 1995, IV Special Series no. 43077. After a professional experience of about 6 years in Arthur Andersen he moved in 1985 to the Law and Tax Consultancy Firm - Andersen Legal, becoming Equity Partner in 1991. After the integration in 2003 with the Deloitte network, he moved to the Tax and Corporate Firm, where he

remained until the end of 2015. In the course of his work in the firms, he held various positions: head of the "Global Financial Services Industry" business sector, area manager (Milan office) and head of the "Quality & Risk Management" department. He is specialized in tax law with consolidated experience in the banking and financial sector and in the extraordinary operations of medium and large corporate groups (reorganizations, acquisitions, etc.). He holds or has held positions in control bodies (as Statutory Auditor or Chairman) of companies operating in the financial and manufacturing sectors. Formerly an expert in "Banking Technique" at the Faculty of Economics of the University of Udine and in "Economics of Financial Intermediaries" at the Faculty of Economics of the University of Verona. He has taught and trained in seminars organized by SDA Bocconi, Milan.

Guido Riccardi. Born in Milan on December 12, 1955, he graduated in Business Economics from the Bocconi University of Milan in 1980. Employed at Peat, Marwick, Mitchell & Co from 1980 to 1983. Registered with the Milan Register of Chartered Accountants and Bookkeepers since 1983 and on the Register of Statutory Auditors under no. 49248. He has been a founding partner of Studio Riccardi-Salom-Tedeschi in Milan since 1984. In 1999, he held a lectureship at Bocconi University at the Training School for the State Examination organized by the Foundation of Chartered Accountants, provided for by the law on internship; single-subject courses on commercial law and professional practice.

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

Elisabetta Barisone. Born in Genoa on December 27, 1967. In 1991 she graduated in Economics and Business from the University of Genoa; in 1994 she passed the State Examination for the exercise of the profession of Registered Accountant and enrolled in the relevant Register. Since 1999, she has been registered with the Register of Statutory Auditors at the Ministry of Justice. From 1992 to 2005, she worked with Studio Tributario e Societario (Deloitte Touche Tohmatsu network, previously part of Arthur Andersen), since 1999 as an associate (at the time of termination of

employment, with the title of Senior Manager), at the Turin-Genoa office and, in the period 1997-1999, at the Milan office. Since May 2005 she has been collaborating with Studio Fasce (Paolo and Francesca Fasce) and has been practicing her profession on her own, also holding positions as Sole Auditor, member of Boards of Statutory Auditors, Sole Director of joint-stock companies. She also provides tax and corporate consulting services to companies belonging to different sectors, prepares appraisals for the valuation of companies and shareholdings in extraordinary transactions, advises on tax litigation and prepares tax due diligence.

Giovanni Tedeschi. Born in Milan on June 7, 1954. He graduated in Economics and Commerce in 1980 from the Catholic University of the Sacred Heart in Milan, worked for the auditing firm KPMG between 1980 and 1983, and has been registered with the Register of Chartered Accountants of the District Court of Milan and Lodi since May 15, 1985. He is a partner of Studio Riccardi - Salom - Tedeschi, a firm active in providing assistance to private equity operators, both in terms of consulting to various advisory companies and in the structuring of the acquisition, establishment and management of the newco and any related extraordinary transactions. He is registered with the Official List of Auditors established by Ministerial Decree of March 11, 1994 and is enrolled in the Register of Statutory Auditors established by Ministerial Decree of April 12, 1995 published in the OJ bis on April 21, 1995.

12. SHAREHOLDER RELATIONS

As at the Report Date, the Company has an investor relator, in the person of Edoardo Dupanloup, who was first appointed following the merger between Glenalta Food S.p.A. and GF Group S.p.A. as the person in charge of managing relations with investors and the market. On September 30, 2019, the Board of Directors confirmed the appointment of Edoardo Dupanloup as investor relator, also in view of and from the Listing, also confirming the functions, responsibilities, resources and economic benefits already attributed to him.

13. SHAREHOLDERS' MEETINGS

In the context of the Listing, the Shareholders' Meeting of October 25, 2019 approved a new text of the Articles of Association in force since the Listing.

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

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

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

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

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

Those with the right to vote may be represented (insofar as permitted by applicable law) at the Shareholders' Meeting by proxy, which proxy shall issue according to applicable law. The proxy may be served upon Company in electronic or hard-copy form, or via email, pursuant to the instructions provided in the notice.

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

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

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

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

For more information, please refer to the Articles of Association available on the website www.orserogroup.it, in the "*Governance*" section.

14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

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

15. CHANGES AFTER THE CLOSURE OF THE FINANCIAL YEAR OF REFERENCE

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

16. CONSIDERATIONS ON THE LETTER OF DECEMBER 19, 2019 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The letter of December 19, 2019, addressed by the Chairman of the Corporate Governance Committee to the Chairmen of the Boards of Directors of Italian listed companies, was brought to the attention of the Board of Auditors, as well as the Board of Directors of the Issuer.

The Board took notice of the recommendations contained therein on the following subjects:

- sustainability as an integral and fundamental part of the Company's business strategies,
- management of information flows to the Board of Directors, which must be characterized by timeliness, completeness and availability, in compliance with the requirements of confidentiality;
- rules for the application of the principles of independence to individual Directors, in accordance with the Consolidated Law on Finance and the Corporate Governance Code;
- appropriateness of the remuneration of non-executive Directors and Monitoring Board members, based on a comparison with the remunerations attributed to similar figures of the companies belonging to the STAR segment and taken into account.

* * *

This Report was approved by the Board of Directors on March 11, 2020.

Milan, March 30, 2020

Orsero S.p.A.

On behalf of the Board of Directors

Matteo Colombini