



**GUIDELINES FROM THE BOARD OF
DIRECTORS OF ORSERO S.P.A. TO
SHAREHOLDERS ON THE FUTURE SIZE
AND COMPOSITION OF THE NEW
BOARD OF DIRECTORS**

**Approved by the Board of Directors on
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Guidelines from the Board of Directors of Orsero S.p.A. to Shareholders on the future size and composition of the new Board of Directors

1. Introduction

Pursuant to the Recommendations of the Corporate Governance Code drafted by the Borsa Italiana Corporate Governance Committee (the "**Corporate Governance Code**" or the "**Code**"), which Orsero S.p.A. (the "**Company**" or "**Orsero**") follows, the Board of Directors of the Company (the "**Board**"), subject to the favorable opinion of the Remuneration and Appointments Committee, expresses its orientation on the future size and composition of the Board of Directors, in view of the appointment of new corporate bodies during the Shareholders' Meeting of the Company, to be convened to approve the financial statements for the year ending December 31, 2022 (the "**Shareholders' Meeting**"). This is also on the basis of the experience gained during the prior three-year period, the evolution and outlooks of the Company and the Group, as well as taking into account the outcomes of the self-assessment on the functioning of the Board and its Committees referring to the years of the Board term that just ended (2020-2022) (the "**Board Evaluation**").

This document is being disclosed to the market in advance of the Shareholders' Meeting to enable Orsero Shareholders to make their own reflections in view of the appointment of the new Board of Directors.

2. Quantitative aspects: size of the board of directors

First of all, it should be noted that Orsero current articles of association (the "**Articles of Association**")¹ establish that the Company shall be administered by a Board of Directors made up of a minimum of 3 and a maximum of 9 members appointed by the Shareholders' Meeting, with a number of members meeting the independence requirements as set by applicable law; the Shareholders' Meeting shall also establish their term of office for a period not exceeding 3 financial years².

¹ The full text of Orsero's Articles of Association can be found at: <https://www.orserogroup.it/governance/statuto/>

² Pursuant to the Articles of Association, the Board of Directors is appointed on the basis of lists submitted by Shareholders which, either alone or jointly with others, hold a stake of at least 4.5% as determined by Consob (see Managerial Determination by the Head of the Corporate Governance Division no. 76 of January 30, 2023). In addition, pursuant to Article 14.10 of the Articles of Association, for the purpose of electing Directors: (a) seven-eighths of the Directors to be elected shall be taken from the list that obtained the majority of the votes cast (rounded down to the lower unit if the number is a fraction); (b) the remaining Directors shall be taken from the other list or lists 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 by number of votes.

It should also be noted that the current composition of the Board of Directors is 9 Directors and that the Company has 3 board committees, namely: (i) the Control and Risks Committee; (ii) the Remuneration and Appointments Committee; and (iii) the Related Parties Committee.

According to well-established corporate governance rules, the number of members of the Board of Directors must be appropriate to the size and complexity of the Company, as well as its evolution, so that the Board is able to effectively oversee all corporate and business operations, as well as the group headed by Orsero (the "**Group**"), in terms of management guidance and supervision; all of this also taking into account the composition of the shareholding structure, which is not in a situation of concentrated ownership.

The proper size of the administrative body is also determined according to the structure of board committees and their composition, avoiding an excessive accumulation of positions and maintaining an adequate presence of Directors meeting the independence requirements. In this regard, it should be noted that on the Committees recommended by the Code (i.e., on internal control and risk management, appointments and remuneration), a majority of the members must be independent directors, and the chairmanship of the remuneration committee and the control and risks committee must be assigned to an independent member. In addition, in compliance with regulations on related party transactions, an adequate number of independent directors are required. Please also recall that, according to the regulations applicable to issuers with financial instruments admitted to trading on the Euronext STAR Milan market, such as Orsero and insofar is of interest here, on Boards of Directors consisting of from 9 to 14 members, there must be at least 3 Directors meeting the independence requirements set forth in Article 148, paragraph 3, of the Consolidated Law on Finance and by Article 2, Recommendation 7 of the Corporate Governance Code (the "**Independent Directors**"). Regarding the Independent Directors and the Committees, please also refer to sections 2.1 and 3.3 below.

In light of the foregoing, having regard to (i) the characteristics, size and activities of the Company and the Group; (ii) the organizational structure and the operating dynamics of the administrative body of your Company, as well as, (iii) the need for an adequate composition of the Board and its members with respect to the needs of the Company, including with regard to its development and outlooks, and finally (iv) in light of the trends and best practices emerging in the market, the outgoing Board of Directors, also taking into account the findings of the Board Evaluation, considers it appropriate - on the occasion of the appointment of the new administrative body - to increase the number of members of the Management Body to 10 Directors.

In fact, the Board of Directors believes that such an increase in the number of Directors is appropriate for the purposes of meeting Orsero governance duties and fostering efficient management as well as the effective functioning of the administrative body, both as a whole

and in its various forms and different areas of responsibility. Furthermore, it is the opinion of the outgoing Board that this number would equally ensure a suitable and balanced constitution and composition of the board Committees, enhancing the non-executive and independent component of the Board as well as different skills and professionalism. This also takes into account the prospective integration within the Board of Directors of competencies and functions in the area of sustainability, in keeping with the growing attention and commitment dedicated by your Company to sustainability issues and targets, and thus to reinforce them, and is also in line with the most recent evolution of national and international best practices, and the increasing attention of the market and the legislature to these areas.

Therefore, in light of the above, the outgoing Board of Directors considers it appropriate for the new Board to consist of 10 members and, to this end, for the maximum number of Board members set forth in the Articles of Association to be increased by means of a special amendment to the Articles of Association to be submitted to the Shareholders' Meeting for review and approval. This is also in accordance with the Code, which, *inter alia*, recommends that the administrative body prepare justified proposals to be submitted to the shareholders' meeting regarding its number of members, "*when deemed necessary to define a corporate governance system that is more functional to the needs of the company.*"³

In this regard, it is anticipated that the relevant proposed amendment to the Articles of Association will be subject to a special explanatory report that will be published in the manner and within the terms established by law in advance of the Shareholders' Meeting of your Company that will be called, *inter alia*, to appoint the Board of Directors.

2.1 Independent Directors Component

Without prejudice to the above-mentioned provisions on Independent Directors, please note the importance of maintaining a significant presence of such Directors such so as to ensure, in terms of number, skills and authority, that their judgment can have significant weight in the taking of decisions by the Board of Directors, as well as in order to allow for the appropriate establishment and composition of the Board Committees, taking into account the needs and characteristics of the Company and corporate governance best practices.

In light of the above, please note that despite the fact that Orsero does not qualify as a "large company" under the Corporate Governance Code⁴, more than half of the members of the Company's Board of Directors currently consists of a majority of Independent Directors (i.e., 5 out of 9)⁵.

³ See Recommendation 2 of the Corporate Governance Code.

⁴ In this regard, the provisions of Recommendation no. 5 with reference to "large companies" do not apply;

⁵ Pursuant to the Corporate Governance Code, a large company is defined as: "*the company whose capitalization was more than 1 billion euros on the last open market day of each of the previous three calendar years.*"

In addition, it should be noted that pursuant to Recommendation no. 7 of the Code, the Board of Directors, at the proposal of the Remuneration and Appointments Committee, approved the "policy on qualitative and quantitative criteria for the assessment of independence requirements" in order to predefine the quantitative and qualitative criteria for assessing the significance of the relationships between Directors and the Company such so as to compromise their independence⁶. This policy can be found on the Company's website www.orserogroup.it, "Governance/Board of Directors" section.

Taking the above into account, the Board of Directors hopes that in the next term of office as well, an adequate representation of Independent Directors will be maintained in the administrative body (subject to the aforementioned minimum requirements of the applicable discipline).

3. Qualitative aspects: composition of the Board of Directors

3.1 Diversity

The Code recommends that the management body be composed of Directors with professionalism and skills appropriate to the tasks entrusted to them; the same Code points out that the number and skills of non-executive Directors should be such so as to ensure that they have a significant impact on board decision-making so as to ensure effective monitoring of management.

⁶ As set forth in the policy, with reference to quantitative criteria, any business, financial or professional relationships that the Director has or has had in the financial year in which the declaration of independence is made or in the three financial years prior to the date on which the declaration is made with the following parties (the "Relevant Parties") are relevant: (i) the Company, its subsidiaries, the entity that controls the Company and companies under joint control, (ii) their executive directors or top management.

These relationships are considered significant if they involve, individually or cumulatively, (i) an annual economic reward of more than Euro 40,000.00; (ii) an annual economic reward of more than Euro 60,000.00, if the relationships with Relevant Parties are engaged in indirectly; (iii) an annual economic reward within the limits set forth in this point (i) if these relationships are engaged in through a legal entity established *ad hoc* to establish such relationships.

With reference to the remuneration received by the Director, additional remuneration that, individually or cumulatively, exceeds Euro 60,000.00 recognized to the Director by the following is to be considered significant for the purpose of assessing independence: (i) the Company, and/or (ii) one of its subsidiaries, and/or (iii) its parent company, even indirectly, for professional appointments and/or consulting services with respect to the fixed compensation for the office and committee membership. Remuneration received by the Director in the form of participation in the company's performance-related incentive plans is also relevant for this purpose.

If the Director is also a partner in a professional firm or consulting firm, the professional relationships of the firm and/or consulting firm with Relevant Parties also qualify as significant if they: a) may have an effect on his or her position and/or role in the firm or consulting firm; or b) relate to important operations of the Company and/or its parent group.

In addition, the Board of Directors may consider any additional elements deemed useful and/or appropriate, by applying additional and different criteria. In particular, the Board of Directors may, giving adequate justification when the decision is being made: (i) also take into consideration relationships that, although not economically significant, are particularly relevant to the prestige of the Director concerned or likely to affect his or her independence; (ii) assess the fulfillment and/or continued fulfillment of the independence requirements for a Director despite the presence of one of the criteria of significance.

For additional information,] the full text of the policy may be consulted at www.orserogroup.it/governance/consiglio-di-amministrazione

The Code also recommends that issuers apply diversity criteria, including regarding gender diversity, for the composition of the board of directors, in compliance with the overriding objective of ensuring the adequate competence and professionalism of its members.

The composition of the Board of Directors must take into account Orsero current and prospective needs, as well as – as mentioned above – the need to maintain an adequate presence of Independent Directors, with diversity, including gender and seniority, that takes into account the legal and regulatory provisions applicable to the upcoming term of office and in compliance with the recommendations of the Code. In this last regard, it should be noted that, for the next board term, at least two-fifths of the Directors must belong to the less represented gender (rounded up to the next higher unit), and for comprehensiveness, it should be recalled that in accordance with the Articles of Association, lists that include a number of candidates equal to or greater than 3 must consist of candidates belonging to both genders in compliance with applicable regulations on gender balance⁷.

The objective of the Board of Directors with regard to its composition is to combine different professional and managerial backgrounds, recognizing the value attributed to the complementarity of skills and experience, together with diversity in terms of gender (subject to compliance with the applicable regulations in this regard), age, seniority in office, education and past experience, to ensure the proper and effective functioning of the Board. Therefore, the Board of Directors hopes that the above-mentioned complementarity and diversity will continue for the next three years.

It is also pointed out that Orsero current Board of Directors guarantees an adequate diversity in terms of age and length of service of its members, and it is therefore hoped that such characteristics will be maintained for the next board term as well.

Therefore, the Board of Directors believes it is important to emphasize the importance of:

- a) adequately balancing the ratio between executive Directors, non-executive Directors and independent Directors (on this point, please also refer to Section 3.3 below);
- b) giving due consideration to the total number of offices held and the time availability that candidates for the office of Director could guarantee in performing their official duties, considering them to be key components for the effective performance of the role (on this point, also see Section 3.4 below);
- c) duly promoting differences in background and gender diversity;

⁷ For information on procedures and deadlines, as well as the documents to be filed for the submission of lists for the appointment of the Board of Directors, please refer to what will be described in the directors' explanatory report on the relevant item on the agenda of the Shareholders' Meeting, which will be made available in the manner and terms prescribed by law, as well as in general, to the requirements of the applicable provisions of the law and the Articles of Association.

- d) ensuring that the distribution of Directors by age group and seniority in office is balanced to ensure an effective exchange of experiences within the Board of Directors;
- e) ensuring that the Directors' educational and professional background allows for a balanced combination of profiles, skills and experience (including financial, business and compliance-related) suitable for ensuring the proper performance of their duties.

3.2 General competencies and professional characteristics of Directors

The Board of Directors hopes that in the future the Directors as a whole will possess the following skills:

- knowledge of Orsero's business, related scenarios and the strategies of the sectors in which the Group operates;
- entrepreneurial and/or business management and business organization experience;
- international background and experience, with a specific focus on some of the particular business development areas of the company and the Group;
- ability to read and interpret economic and financial management and budget data;
- financial and extraordinary operations expertise;
- business judgment (ability to determine and/or evaluate the criteria to be used and/or used in relation to the alternatives, with respect to method, consistency and performance of analysis, for economic and risk assessment of outcomes and decision making);
- expertise in sustainability and innovation;
- knowledge of legal and regulatory frameworks;
- legal skills and expertise in agreements and contracts.

In addition, the Board highlights the importance of including representation of the following profiles within the management body as well:

- risk management skills;
- strategic and market orientation expertise (evolution of industry scenarios and opportunities and risks, evolution of competitiveness drivers and competitors, medium- to long-term sector and business opportunities, and identification, analysis and evaluation of strategic options and choices);
- expertise in marketing and communications, shareholder and financial community relations. Knowledge of financial markets;
- knowledge of the socio-political realities and/or territories where Orsero and the Group

have a presence and/or strategic ambition.

In view of the appointment, the Board recommends that all of the above competencies be represented on the body, both ensuring an effective balance between the value of continuity and the need for constant renewal and evolution of the Board, and achieving adequate diversification and complementarity of professional profiles.

Consideration is given to the desirability of having soft skills or non-technical competencies among the Directors to be appointed for the next term, including:

- awareness of one's role and responsibilities;
- independence of thought and integrity;
- orientation towards results;
- ability to constructively handle conflict;
- collaboration and ability to influence;
- ability to work on a team and interact with Top Management;
- ability to integrate sustainability issues into the strategic and business vision;
- adequate availability of time and energy;
- balance in seeking out consensus.

The following are important and complementary to the above for all Board members, including Directors vested with specific duties: authority, personal standing and strong communication skills.

3.3 Significant representatives on the Board of Directors

Orsero Board of Directors, in view of the relevance of certain roles on the Board of Directors, also indicates the main specific characteristics of the individuals called to fill these roles on the new Board, also in light of Orsero strategy for the future.

Chairman of the Board of Directors

In addition to the characteristics relevant to all Directors, the Board believes that the Chairman should specifically have:

- authority and standing for the performance of the office and thus represent a figure capable of taking into account the interests of all Shareholders and a point of reference for the management of dialog with them and stakeholders and, in any case, possess characteristics and skills such so as to ensure transparent and proper management of the functioning of the Board of Directors;
- specific knowledge of corporate governance issues;

- prior experience in leading Boards of Directors of listed companies and/or companies of similar size or complexity to Orsero;
- ability to foster the integration of the different skills and experiences of the Directors by working in synergy with delegated parties.

Delegated parties

Aside from the characteristics relevant to all Directors, the Board believes that the Chief Executive Officer should have:

- specific know-how of the most relevant business sectors for Orsero and the Group, and adequate skills in economic-financial matters and business strategy;
- leadership and entrepreneurial skills;
- high credibility and authority;
- intellectual independence and integrity;
- expertise on and sensitivity to sustainability issues.

In view of the appointment of the new Board, the attribution of broad managerial powers to one, or more, chief executive officers – also in order to continue to guarantee greater speed and flexibility in the exercise of managerial powers considering the nature of the business and the organizational and geographical structure of the Group – (on the whole) with experience and expertise specific to the Company, the Group and their reference markets and (on the whole) with the above-mentioned skills and characteristics is positively evaluated.

This is also in view of the fact that the number of non-executive as well as independent members currently in office has proven to be suitable to ensure significant weight to this component in the passing of board resolutions and to ensure effective monitoring of management. Furthermore, with regard to the relationship between the Chairman and the Chief Executive Officer(s), the Board emphasizes the need for complementarity between such figures in order for the management body to function effectively as well as, and more generally, to ensure the good governance of Orsero.

Board Committees

Also on the basis of the findings of the Board Evaluation, the Board of Directors believes it is appropriate to ensure substantial continuity with the current breakdown and structure of the board committees in the areas of internal control and risk management, appointments and remuneration, and related parties, including in terms of duties, operation and size, as such Committees are deemed effective in carrying out the tasks assigned to them as well as adequate to ensure the appropriate oversight for which they are responsible in the above-mentioned areas.

Furthermore, as already highlighted, the Board of Directors considers it appropriate to set up a special board committee to which specific tasks and responsibilities are attributed on sustainability, with operating methods and a composition, in terms of numbers and expertise, aligned with that of the other Committees, without prejudice to what is necessary to reflect the value, including strategic and business-related, of sustainability aspects for the Company and the Group.

In order to identify the Directors who will be called to serve on the Committees, lastly, it is deemed useful to recall that the Code recommends:

- adequate knowledge and experience in financial or compensation policy matters on the part of at least one member of the remuneration committee;
- adequate knowledge and experience in accounting and finance or risk management on the part of at least one member of the control and risks committee and the possession by the committee, as a whole, of adequate expertise in the business sectors in which the Company and the Group operate, in order to properly assess the relative risks.

3.4 Availability of time and number of offices held

Although Orsero is not required to express any guideline regarding limits on the maximum number of offices held on the boards of directors or statutory auditors of other listed companies⁸, the Board of Directors nevertheless recognizes that adequate time and energy to be devoted to the diligent performance of the role is a fundamental requirement that all candidates for the position of Director must meet. This is in view of the nature, quality and complexity of the role and also taking into account the activities deriving from participation in the work of the Board Committees, should they be members of them, and any positions assigned to individual Directors. Therefore, candidates for the position of Director should take into account both the commitment required of them by additional work and professional activities performed and the positions held on the boards of directors and statutory auditors of other companies.

In order to facilitate the performance of the evaluation by the candidates for the position of Director regarding adequate time availability, the following information is provided for information purposes only, without prejudice to what may be necessary in addition to this in view of the prospective establishment of an *ad hoc* Board Committee with expertise in sustainability issues:

⁸ And this is because the relative Recommendation of the Code is addressed to "large companies" (see Recommendation no. 15 of the Corporate Governance Code according to which "*in large companies, the board of directors expresses its guidance as to the maximum number of positions on the boards of directors or statutory auditors in other listed or large companies that can be considered compatible with the effective performance of the role of director of the company, taking into account the commitment resulting from the position held.*").

Body	Meetings in 2022	Average meetings in the 2020 - 2022 three-year period	Average duration of meetings year 2022	Average duration of meetings in the 2020-2022 three-year period
Board of Directors	8	8.6	01:52	02:11
Control and Risks Committee	5	4.6	00:42	00:53
Remuneration and Appointments Committee	2	2.3	01:08	01:03
Related Parties Committee	1	2	00:20	00.43

In addition to the time devoted to meetings, it is also of course necessary to consider the time necessary for the preparation of each meeting and, for the Chairpersons of the Board and each of the prospective Committees, also the time devoted to the performance of the role and the activities of preparing, organizing and coordinating the respective meetings.

The Board of Directors also draws attention to the threshold of expected attendance at meetings of the Board of Directors and Board committees, which – also based on experience and need – is recommended as no less than 90% annually, unless justified.

4. Recommendations to Shareholders submitting a list

Lastly, the Board of Directors invites Shareholders:

- that submit their own lists of candidates for the appointment of the Board of Directors to ensure that such lists are accompanied by all necessary information to enable all Shareholders to cast their votes in an informed manner, including an indication of whether the candidates qualify as independent;
- that submit a list containing a number of candidates greater than half of the members (see Recommendation no. 23 of the Code) to:
 - (i) provide adequate information in the documentation submitted for the filing of the list about the list's compliance – which can also be ascertained through the CV of each candidate - with the guidance expressed by the outgoing Board, also with reference to the diversity criteria set forth in Principle VII and Recommendation no. 8 of the Corporate Governance Code⁹;
 - (ii) to indicate their candidate for the position of Chairman of the Board of Directors,

⁹ Principle VII of the Code "The company shall apply diversity criteria, including regarding gender diversity, for the composition of the board of directors, in compliance with the overriding objective of ensuring the adequate competence and professionalism of its members," and Recommendation no. 8 of the Code "The company shall define diversity criteria for the composition of the boards of directors and statutory auditors and identify, also taking into account its ownership structure, the most appropriate method for their implementation."

who will be appointed in the manner set forth in the Articles of Association;

- (iii) to formulate and transmit to the certified email address orsero@legalmail.it the proposals required for the process of appointing the Board of Directors (term of office, number of members in compliance with statutory limits, proposal for the office of Chairman and remuneration due to the Directors) well in advance so that, for the benefit of all Shareholders, these proposals can be published by Orsero at the same time as the lists submitted

The above is also considered having regard to the indication of the Board of Directors regarding the increase in the number of members comprising the new Administrative Body (10) and the relative proposed amendment to the Articles of Association that will be submitted to the Shareholders' vote.