

# REGULATIONS OF THE BOARD OF DIRECTORS OF BUZZI SpA

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**Buzzi SpA**

Registered office: Casale Monferrato (AL) - via Luigi Buzzi n. 6

Share capital: euro 123,636,658.80 fully paid up

Chamber of Commerce of Alessandria-Asti: 00930290044

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## INTRODUCTION

This document governs the operating rules of the Board of Directors of Buzzi SpA ("Buzzi " or the "Company") in compliance with the laws, regulations and statutory provisions in force from time to time.

The Regulations are inspired by the principles and recommendations of the Corporate Governance Code for listed companies, adopted by the Corporate Governance Committee set up at Borsa Italiana S.p.A., to which the Company adheres and pursuant to which it falls within the definition of company with concentrated ownership.

### **Art. 1 – Role, powers and functions of the Board of Directors**

**1.1** – The Board of Directors is the collective management body of the Company, exercising all powers regarding the ordinary and extraordinary administration of the Company.

The Board of Directors carries out a function of direction and control with regard to the general activity of the Company and of the group it heads, pursuing their sustainable success.

**1.2** - In particular, the Board of Directors, without prejudice to the competences provided for by the legislation and the bylaws, among other things:

- a) defines the corporate governance system of the Company and the structure of the group, evaluating, if deemed necessary, the preparation of proposals to be submitted to the shareholders' meeting;
  - b) defines the strategic lines of management as well as of industrial and financial development of the Company and the group, periodically monitoring their implementation and evaluating the general management trend. In particular, it examines and approves any long-term plans of the Company and of the group, i.e. strategic guidelines;
  - c) defines the nature and level of risk compatible with the strategic objectives of the company, including in its assessments all the elements that may be relevant in view of sustainable success;
  - d) based on the information received from the Chief Executive Officer, it evaluates the adequacy of the organizational, administrative and accounting structure of the Company and its subsidiaries having strategic importance, with particular reference to the internal control and risk management system;
  - e) assigns and revokes the mandates to the members of the Board of Directors and, if appointed, to the executive committee, defining the limits and methods of exercise, as well as any special assignments to other directors;
  - f) resolves on the Company's most significant economic/equity/financial transactions, meaning those for which it is required to make the communications required by the regulations in force for price sensitive transactions to the market;
  - g) examines the most significant economic/equity/financial transactions of the subsidiaries, meaning those for which the Company is required to make the communications required by the regulations in force for price sensitive transactions to the market;
  - h) supervises the general performance of operations, with particular attention to situations of conflict of interest, taking into consideration, in particular, the information received from the Chief Executive Officer; to this end, the latter reports to the Board of Directors and the
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Statutory Auditors' Committee at least quarterly on significant transactions falling within the limits of the powers assigned to him/her;

- i) in case of determination by the Shareholders' Meeting of an overall remuneration of the Board of Directors, it distributes this remuneration among its own members;
- l) defines the Remuneration Policy and its possible revision and the Report on the Remuneration Policy and the remuneration paid to be submitted to the Shareholders' Meeting;
- m) establishes, subject to the opinion of the Statutory Auditors' Committee and, where applicable, the Related Parties Committee, the remuneration of the Chief Executive Officer and that of the Directors to whom special duties are assigned pursuant to art. 2389 of the Italian civil code;
- n) adopts, on the proposal of the Chairman and in agreement with the Chief Executive Officer', a policy for managing dialogue with the generality of shareholders as well as the procedures for external communication of documents and information concerning the Company, with particular reference to inside information;
- o) may decide on the appointment and revocation of a General Manager, determining the powers and functions assigned to him/her;
- p) resolves, on the proposal of the Chairman, the appointment and dismissal of the secretary of the Board of Directors;
- q) approves the appointment and dismissal of the executive in charge of preparing the corporate accounting documents.

**1.3** - As part of the internal control and risk management system, the Board of Directors, with the support of the Control and Risk Committee, if appointed:

- a) defines the guidelines of the internal control and risk management system in line with the Company's strategies and assesses, at least once a year, the adequacy of the same system with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness;
  - b) appoints and dismisses the head of the Internal Audit function, defining his/her remuneration in line with company policies and making sure that he/she is equipped with adequate resources to carry out his/her duties;
  - c) evaluates the advisability of adopting any measures to ensure the effectiveness and impartiality of the corporate functions - other than that of Audit - which are involved in the control system;
  - d) approves, at least once a year, the work plan prepared by the head of the Internal Audit function, after consulting the Statutory Auditors' Committee and the Chief Executive Officer;
  - e) appoints the supervisory body pursuant to Legislative Decree 231/2001;
  - f) evaluates, after consulting the Statutory Auditors' Committee, the results presented by the statutory auditor in any letter of suggestions and in the additional report addressed to the Statutory Auditors' Committee;
  - g) illustrates, in the report on corporate governance, the main characteristics of the internal control and risk management system and the methods of coordination between the parties involved in it, it expresses its overall assessment of the adequacy of the system itself and gives an account of the choices made regarding the composition of the supervisory body referred to in letter e) above.
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**Art. 2 - Composition of the Board of Directors**

**2.1** - According to the Bylaws, the Board of Directors is made up of a variable number of members from a minimum of 7 to a maximum of 15. The determination of the number of members is carried out by the Shareholders' Meeting at the time of appointment.

**2.2** - The Board of Directors is made up of executive, non-executive and independent Directors, classified as such in accordance with the recommendations of the Corporate Governance Code. Furthermore, the composition of the Board of Directors complies with the principles and current provisions on diversity, including gender. To this end, the Board of Directors defines the diversity policies relating to the composition of the corporate bodies, which are aimed at guaranteeing, as far as possible and without prejudice to the competence of the shareholders' meeting, a diversity considered as optimal for the purposes of the correct performance of the functions of the administrative and control bodies. These policies provide indications on the professional characteristics that the members of the corporate bodies should have in order to ensure levels of competence and professionalism being suitable for the complexity and international dimension of the group.

**2.3** - Each Director ensures adequate time availability for the meticulous fulfillment of the tasks assigned to him/her. In particular, the Directors of Buzzi accept the office and maintain it as they believe they can dedicate the necessary time to the diligent performance of their duties, taking into account both the number and quality of the offices held in the administrative or control bodies in other companies, listed or of significant size, and the commitment required of them by the additional professional activities carried out.

**2.4** – The number and skills of the independent Directors suit the needs of the Company, of the functioning of the Board of Directors and of the constitution of the board committees, comply with the provisions of Legislative Decree no. 58 of 24 February 1998 (“TUF”) and are in line with the recommendations of the Corporate Governance Code. The Board of Directors assesses the independence of each non-executive Director, in accordance with the law and the Corporate Governance Code, immediately after his/her appointment as well as during the course of his/her mandate in the event of circumstances relevant to independence and, in any case, at least once a year. Each non-executive Director provides all the elements necessary or useful for the evaluation of the Board which considers, on the basis of all the information available, any circumstance that affects or may appear likely to affect the independence of the Director. For the purposes of the foregoing and in line with the recommendations of the Corporate Governance Code, the Board of Directors pre-defines, at least at the beginning of its mandate, the quantitative and/or qualitative criteria for assessing the significance of relationships of a professional, financial, commercial and economic nature and of additional remuneration that may be relevant for the assessment of independence.

**2.5** - The independent Directors meet, in the absence of the other Directors, on a periodic basis and, in any case, at least once a year to assess the issues deemed to be of interest with respect to the functioning of the Board of Directors and the management of the company and in particular as regards the adequacy of the dialogue and information flows between executive and non-executive Directors.

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**2.6** - In the cases envisaged by the Corporate Governance Code, the Board of Directors appoints an independent Director as lead independent director. Where appointed, the lead independent director (i) represents a point of reference and coordination of the requests and contributions of the non-executive Directors and, in particular, of the independent ones and (ii) coordinates the meetings of the independent Directors only, as per previous paragraph 2.5. In the event that the lead independent director has not been appointed, the aforementioned meetings are convened and coordinated by the independent director designated for this purpose by the other independent directors or, failing that, by the most senior in office.

### **Art. 3 – Board committees**

**3.1** - The Board of Directors may set up internal Committees with preliminary, proposing and consultative functions, which are entrusted with the task of supporting the Board in carrying out its duties in line with the recommendations of the Corporate Governance Code.

The function that the Corporate Governance Code assigns to the various Committees can be distributed differently or merged into a single committee, in compliance with the recommendations of the Code itself.

By implementing the provisions of the Procedure for transactions with related parties approved by the Board of Directors and by Consob Regulation no. 17221 of 12 March 2010, and subsequent amendments, regarding the transactions with related parties, the Board of Directors also establishes a specific Related Parties Committee within itself.

**3.2** – The Board of Directors defines the duties of the Committees, determines their composition and appoints their members, including the respective Chairmen, taking into account the skills and experience of the related members in relation to the tasks assigned to the Committees.

**3.3** – The composition of the Committees, their duties, the procedures for calling, conducting and recording the related meetings are governed by specific organizational regulations approved by the Board of Directors.

### **Art. 4 – Chairman of the Board of Directors**

**4.1** – In the exercise of the functions attributed to him/her by law, the Bylaws and the provisions of these Regulations, the Chairman of the Board of Directors plays a role of liaison between the executive Directors and the non-executive Directors and takes care of the effective functioning of the Board's works.

**4.2** – The Chairman convenes the Board of Directors, sets the agenda and coordinates its work.

**4.3** – For the effective conduct of the meetings and to ensure and encourage the participation in the discussion of all directors, in particular non-executive and independent directors, with the assistance of the Secretary, he/she is responsible for:

- the pre-meeting information and complementary information provided during the meetings being suitable to allow the directors to act in an informed manner in the performance of their role;
  - the activity of the Committees being coordinated with that of the Board of Directors;
  - in agreement with the Chief Executive Officer, the participation of managers of the Company and of group companies at Board meetings, as well as external consultants or other persons whose participation is deemed useful to provide appropriate insights on the topics on the order of the day;
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- the adequacy and transparency of the self-assessment process of the Board of Directors;
- the information being provided to the Board of Directors on the development of dialogue with the generality of shareholders.

#### **Art. 5 – Secretary of the Board of Directors**

**5.1** – The Board of Directors, on the proposal of the Chairman, appoints and, if necessary with a motivated resolution, revokes its own Secretary, who may also be extraneous to the Company.

In case of absence or impediment of the Secretary, the Board of Directors, again on the proposal of the Chairman, can appoint a substitute for the single meeting

In the cases provided for by law, the functions of Secretary are performed by a Notary.

**5.2** – The Secretary is chosen from among the members of the Board of Directors or among the managers of the Company and, without prejudice to the case-by-case assessment, must have gained adequate experience during at least three years in the legal field in the matters of company law and corporate governance or in the performance of corporate secretarial activity for companies with securities traded on regulated markets, large companies, banks or financial companies. These requisites must also be met if the Secretary is chosen from outside the Company.

**5.3** – The Secretary supports the activity of the Chairman and provides assistance and advice to the Board of Directors with impartial judgment on the aspects relevant to the proper functioning of the corporate governance system.

#### **Art. 6 – Convening of meetings of the Board of Directors**

**6.1** – The Board of Directors, pursuant to the Bylaws, meets at the call of the Chairman or a Vice-Chairman, whenever it deems it appropriate or at the request of a Chief Executive Officer or by the majority of Directors.

**6.2** – The notice of meeting, signed by the Chairman and drawn up with the help of the Secretary and in agreement with the Chief Executive Officer, indicates the day, time and place of the meeting, the list of subjects to be discussed and the procedures for participation.

The notice of call is normally sent, by the Secretary, to the members of the Board of Directors and to the members of the Statutory Auditors' Meeting at least five days before the date set for the meeting, usually to the e-mail address indicated by the interested parties to that purpose. In cases of urgency, the term may be shorter, in compliance with a minimum notice normally equal to 24 hours.

**6.3** – The General Manager, if appointed, is usually invited to attend meetings of the Board of Directors.

#### **Art. 7 – Pre-meeting information and documentation relating to the meetings of the Board of Directors**

**7.1** – In preparation for the meetings of the Board of Directors, the documentation relating to the items on the agenda is made available to the Directors and Statutory Auditors at least three days before the date of the meetings.

This deadline can be extended in the case of particularly significant and/or complex documentation or reduced in the case of urgent or ongoing operations, as well as of mere disclosures.

This term cannot be waived for mere reasons of confidentiality.

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**7.2** - In the event that the documentation is particularly complex and voluminous, the Chairman, with the assistance of the Secretary, ensures that it is accompanied by a document that summarizes the most significant and relevant points for the purpose of examining the subjects on the agenda. Where, in specific cases, it is not possible to provide the necessary information well in advance, the Chairman, with the help of the Secretary, ensures that adequate and timely in-depth analyzes are carried out during board meetings.

**7.3** - The documentation is made available to the Directors and Statutory Auditors as a rule by inserting it, by the Secretary, in a specific computer protected web application which is accessible only to Directors and Statutory Auditors with a password created and known exclusively by them. The aforementioned persons are notified by means of a message sent to the e-mail address indicated by them that the documentation has been uploaded.

### **Art. 8 – Conduct of meetings of the Board of Directors**

**8.1** – The meetings of the Board of Directors are chaired by the Chairman and, in the event of his/her absence, by the most senior Vice-Chairman by appointment and, if equal, by the oldest in age. Failing this, the chairmanship is taken by another Director designated by the Board of Directors.

**8.2** - Pursuant to the Bylaws, the presence of the majority of the Directors in office is required for the Board meetings to be valid. Resolutions are taken by an absolute majority vote of those present. In the event of a tie, the vote of the person chairing the meeting prevails.

**8.3** - In accordance with the provisions of art. 2391 of the Italian Civil Code, if a Director has an interest, on his/her own behalf or on behalf of third parties, in a specific transaction and the decision on the transaction falls within the competence of or is submitted to the Board of Directors, the Director concerned must give notice, even if only orally during the meeting, to the Board of Directors and the Statutory Auditors' Committee of the interest which, on his/her own behalf or on behalf of third parties, he/she has in the transaction, specifying the nature, terms, origin and extent of the interest.

Similarly, if a Statutory Auditor has an interest, on his/her own or on behalf of third parties, in a specific transaction, the Auditor concerned must promptly notify the other Statutory Auditors and the Chairman of the Board of Directors, specifying the nature, terms, origin and the extent of interest.

The decision to take part in the discussion and resolution on the issues in respect of which they have declared to have an interest of their own is left to the discretion of the Directors, without prejudice to the abstention obligations deriving from the regulations on transactions with related parties.

The General Manager, if present, has the right to intervene in the discussion and to express his advisory opinion on the items on the agenda.

**8.4** - The order of discussion of the subjects on the agenda is established by the person chairing the meeting and may be different - unless the Board of Directors objects - from that provided for in the notice of meeting.

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**Art. 9 – Minutes of the meetings of the Board of Directors**

**9.1** – A special report of the meetings of the Board of Directors is drawn up by the Secretary or, if required by law, by the Notary, which clearly and concisely illustrates the progress of the discussion and the resolutions adopted.

**9.2** - For the sole purpose of facilitating the related minutes, and unless otherwise provided by the chairman of the meeting, the meetings of the Board of Directors can be recorded with audio-video tools, it being understood that the audio-video supports and the relative transcripts are subject to destruction as soon as the relative minutes have been transcribed in the book.

**9.3** - The draft minutes prepared by the Secretary are submitted for sharing to the Chairman and the Chief Executive Officer for comments. Subsequently, the draft is submitted to the other members of the Board of Directors and to the members of the Statutory Auditors' Committee for any observations and is submitted for the approval of the Board of Directors at the first available meeting.

Once approved, the minutes are transcribed in the book of meetings and resolutions of the Board of Directors by the Secretary. If a board resolution requires immediate execution, an extract from the minutes containing the text of the resolution being transcribed on the specific corporate book is signed by the person who chaired the meeting and who performed the functions of secretary, even in cases where the process of sharing the entire report has not yet been completed.

**Art. 10 – Board evaluation**

**10.1** – The Board of Directors carries out at least every three years, in view of its renewal, an assessment of the size, composition and concrete functioning of the Board of Directors and its Committees, also considering the role played by the Board itself in defining strategies and monitoring of management trends and the adequacy of the internal control and risk management system.

**10.2** - The board evaluation process is carried out by filling in a specific questionnaire by the members of the Board of Directors, the results of which are presented to the Board of Directors for appropriate considerations and evaluations.

The board evaluation questionnaire is prepared by the internal corporate affairs function and the collection and processing of the responses is carried out under the supervision of the Chairman, who ensures the adequacy and transparency of the board evaluation process, evaluating the possible opportunity to avail himself/herself of an independent consultant.

**Art. 11 – Board induction**

**11.1** – The Chairman of the Board of Directors ensures that all members of the Board of Directors and of the Statutory Auditors' Committee can participate, after their appointment and during their mandate, in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Company and the group it heads operate, of the business dynamics and their evolution also with a view to sustainable success, as well as of the principles of correct risk management and the regulatory and self-regulatory framework of reference.

**11.2** – These initiatives are mainly planned through the internal functions of the Company, to which the Chairman of the Board of Directors, in agreement with the Chief Executive Officers, requests to present to the members of the Board of Director and the Statutory Auditors' Committee, on the occasion of dedicated meetings or in the context of other meetings of the

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Board of Directors, in-depth information on the topics indicated in paragraph 11.1 above. The Chairman of the Board of Directors, in agreement with the Chief Executive Officer and the internal functions concerned, may invite external experts on specific topics to these in-depth sessions.

**Art. 12 – Confidentiality Obligations**

**12.1** – The Directors, Statutory Auditors and all other persons who are called to take part in the meetings of the Board of Directors and/or who have access to the related documentation are required to keep the documents and information acquired in the context of the meetings confidential and, more generally, of board activities, in compliance with the confidentiality obligations contemplated by current legislation, as well as by the procedures adopted by the Company, with particular reference to the provisions of the "Procedure for the management of relevant and inside information", approved by the Board of Directors of the Company.

**Art. 13 – Amendments to the Regulations of the Board of Directors**

**13.1** – The Board of Directors periodically checks the adequacy of these Regulations and approves any amendments or additions, except for the amendments deriving from the mere transposition of legislative, regulatory or statutory changes. In this case the Chairman of the Board of Directors can provide for the adaptation of such changes, reporting about them during the first available meeting.