

LU-VE S.p.A.

Via Vittorio Veneto 11 – 21100 Varese

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ANNUAL REPORT
ON THE REMUNERATION POLICY AND THE
REMUNERATION PAID
MARCH 2024

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LETTER FROM THE CHAIRMAN OF THE COMMITTEE

Dear Shareholders:

I am pleased to present the Annual Report of the LU-VE Group on the 2024 remuneration policy and on the remuneration paid in 2023, which will be submitted to the Shareholders' Meeting scheduled for 29 April 2024. The Report - approved by the Board of Directors on 13 March 2024, on the proposal of the Remuneration and Appointments Committee I chair - was prepared in compliance with the applicable regulatory provisions of art. 123-*ter* of Italian Legislative Decree 58/1998 and art. 84-*quater* of Consob Issuers' Regulation and of the relative disclosure schedules, as amended and supplemented, in December 2020, in accordance with Directive (EU) 2017/828 (SHRD II), in compliance with the principles and recommendations dictated by the Corporate Governance Code to which LU-VE S.p.A. adheres.

The Remuneration Policy of the LU-VE Group proposed by the Board of Directors for the year 2024, though in strategic continuity with the one submitted to the vote of the Shareholders' Meeting of 28 April 2023, introduces important evolutions, also with regard to the changes made to the Group's organisational chart.

Since 2023, the Group has had a General Manager and during the year the Board of Directors approved a new Group organisation, resulting in the redefinition of certain managerial positions, both in the proxies for executive directors and in the identification of key management personnel. The new structure has been fully operational since the first few months of this year.

The proposed Remuneration Policy is consistent with the new organisational chart as regards the scope of application and the assignment of responsibilities. It also strengthens the objective of pursuing sustainable success, in line with the positive results achieved in 2023. This leads again to a significant variable component for Executive Directors, the General Manager and the Key management personnel, which can exceed 50% for Executive Directors if both the short-term (MBO) and medium-term (LTI) portion are considered, both including overperformance. Within this framework, significant emphasis remains (up to a maximum of 25% for the MBO and 10% for the LTI) on performance targets linked to ESG factors such as, in particular, emissions, and with a view to enhancing attention to the working conditions of Group employees and their safety, accident rate.

I believe it is appropriate, in the context of this necessary summary, to draw attention to some aspects of the 2024 Remuneration Policy set out in Section I of the Report. In particular, the 2024 Remuneration Policy:

- takes into account the principles and recommendations of the Corporate Governance Code and was developed using benchmarks in order to be analytically in line with the LU-VE comparables identified;
- remains well below the quantitative mandate resolved for the remuneration of the new Board of Directors by the Shareholders' Meeting of 28 April 2023 with reference to both the fixed component and the variable part (MBO and LTI, including overperformance); in particular, it was decided to confirm the nominal values identified in 2023 also for the current year, in compliance with the balance between objectives and incentives;

- provides for maximum disbursement limits if the targets are exceeded. A higher ceiling of 20% of the target for EBITDA has been confirmed, while a ceiling of 10% remains for all other parameters;
- envisages, in compliance with the relevant regulation, an update of the targets of the medium/long-term monetary incentive plan called “2023-2025 LTI Plan” (“LTI Plan”), in line with the 2024-2027 Business Plan approved by the Board of Directors. In particular, the targets of the performance objectives relating to the reduction of Scope 1 and 2 emissions with the same consolidated EBITDA are confirmed, in line with the ESG policies and the actions identified in the Sustainability Plan, and the targets of the leverage reduction objectives in continuity with the positive results achieved in 2023, the first year of the LTI Plan. Growing targets are also defined for the Group's EBITDA and particularly challenging for the US subsidiary LU-VE US (formerly Zyklus);
- confirms the allocation to the Chairman (who is also the Chief Executive Officer), the Vice Chairman (who qualifies as an Executive Director for the proxies attributed to him/her in the subsidiaries of strategic relevance SEST S.p.A. and SEST-LUVE-Polska s.p.zo.o.) and the Honorary Chairman (appointed by the new Board of Directors, pursuant to the statutory provision introduced by the Shareholders' Meeting of 28 April 2023, in the person of Prof. Marco Claudio Vitale, who is not a member of the new Board of Directors), of a fixed remuneration, specific to the office, on the values of the previous year and additional to in addition to the one provided for all the Directors and the one possibly attributed to them as Executive Directors;
- requires the economic and financial parameters considered for the attribution of the short and medium-long term variable component to be conceived with the aim of incentivising the organic growth of the Company and the LU-VE Group by ensuring the necessary investments, while suitably reducing leverage in order to ensure future growth by external routes;
- allows, in order to reward individual or collective results that are particularly significant for the Company and the Group, the possibility for the General Manager and Key Management Personnel to receive one-off monetary bonuses up to a maximum of 25% of the Gross Annual Remuneration for the period to which they relate, including amounts awarded for non-compete clauses. In particular, these one-off bonuses may be established by the Board, on the proposal of the Chief Executive Officer (formulated, for Key Management Personnel, in agreement with the General Manager) and subject to the favourable opinion of the Remuneration and Appointments Committee.

The Remuneration Policy for 2024 of the LU-VE Group is designed as a whole to promote the attractiveness of talent and the retention of all personnel, with a view to consistency between powers and responsibilities. Last but not least, the Group is attentive to pursuing the general interest, balancing the interests of different stakeholders, the well-being of employees and respect for the environment in order to promote sustainable growth.

I think that the very detailed information included in the Report can allow investors to appreciate the consistency of the short, medium and long-term objectives and the adaptability of the motivational choices made in the evolutionary context of the LU-VE Group, in response to the environmental, cultural and macroeconomic conditions that characterise the period we are living through.

I hope that in reading the Report you can appreciate the work that has been done, which naturally draws on the activity of engagement and constant relations with investors.

Thank you also on behalf of the other members of the Committee appointed by the Board of Directors for your appreciation of the 2024 Remuneration Policy of the LU-VE Group as described in Section I of the Report, as well as for the disclosure of the remuneration paid in application of the 2023 Remuneration Policy set forth in detail in Section II of the Report.

Stefano Paleari

Chairman of the Remuneration and Appointments Committee

DEFINITIONS

The main definitions used in this document, in addition to those indicated in the text, are indicated below.

CEO	The Chief Executive Officer of LU-VE S.p.A. At the date of this Report, the role of CEO is held by Matteo Liberali, who also holds the position of Chairman of the Board of Directors.
Executive Directors	The Directors of LU-VE S.p.A. vested with particular roles, to whom specific powers can also be delegated. At the date of this Report, Matteo Liberali (Chairman and CEO), Pier Luigi Faggioli (Vice Chairman with operational proxies in strategic subsidiaries Sest S.p.A. and Sest-LUVE-Polska Sp.zo.o) and Michele Faggioli (Director with Proxy, as <i>Chief Strategic Development Officer</i> – CSDO) are Executive Directors of the Company.
Non-Executive Directors	The Directors of LU-VE S.p.A. not vested with particular roles. As at date of this Report, the Company's Non-Executive Directors are: Raffaella Cagliano, Anna Gervasoni, Fabio Liberali, Laura Oliva, Stefano Paleari, Carlo Paris and Roberta Pierantoni.
Directors	The Executive Directors and Non-Executive Directors of LU-VE S.p.A.
Shareholders' Meeting	The Shareholders' Meeting of LU-VE S.p.A.
Shares	The shares of LU-VE S.p.A., listed on the Euronext STAR Milan market organised and managed by Borsa Italiana S.p.A.
Exceptional circumstances	Situations in which an exemption to the Remuneration Policy is required in order to pursue the long-term interests and the sustainability of the Company and of the Group, to ensure its ability to stay in the market.
Corporate Governance Code	The Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, which the Company subscribed to from 1 January 2021.
Board of Statutory Auditors	The "Board of Statutory Auditors" of LU-VE S.p.A.
Control and Risk Committee	The "Control and Risk Committee with responsibility for Related Party transactions" of LU-VE S.p.A.
Remuneration and Appointments Committee	The "Remuneration and Appointments Committee" of LU-VE S.p.A.
Directors with Proxy	The Directors of LU-VE S.p.A. vested with particular offices within the Company. At the date of this Report, Matteo Liberali (Chairman and CEO) and Michele Faggioli (CSDO) are the Directors with Proxy.

Board of Directors or BoD	The “Board of Directors” of LU-VE S.p.A.
Consob	Commissione Nazionale per le Società e la Borsa, the Italian financial markets regulator, with registered office in Rome, via G.B. Martini, no. 3.
CSDO	The Chief Strategic Development Officer of LU-VE S.p.A. At the date of this Report, Michele Faggioli, who in previous years held the position of Chief Operating Officer - COO.
Addressees of the Policy	The members of the Board of Directors and of the Board of Statutory Auditors, the General Manager, Key management personnel, the Financial Reporting Manager and the Manager of the Internal Audit Function.
General Manager	The General Manager of the LU-VE Group appointed by the Board of Directors. At the date of this Report, this role is held by Riccardo Quattrini, with effect from 27 March 2023.
Financial Reporting Manager	“Financial Reporting Manager” pursuant to art. 154- <i>bis</i> of the Consolidated Law on Finance, appointed by the Board of Directors pursuant to art. 21 of the Articles of Association of LU-VE S.p.A.
Key management personnel	The Group executives (other than the General Manager) identified by the Board of Directors who - in compliance with the provisions of legislation in force - have the power and responsibility, directly or indirectly, for planning, managing and controlling activities of the LU-VE Group. At the date of this report, the following were identified as Key Management Personnel, other than the General Manager: the <i>Chief Financial & Legal Officer, the Chief Procurement Officer, the Chief Commercial Officer Components, the Chief Commercial Officer Cooling Systems, the Chief Technical & Innovation Officer, the Innovation and Applied Research Director, the Cluster Nordic Managing Director and the Cluster Central-East EU Managing Director.</i> ¹
LTI	Variable medium/long-term component of remuneration, attributed in relation to the office of Executive Director or the employment relationship in place with the Company or the Group, payable on attainment of predefined company objectives.

¹ It should be noted that, with respect to the identification carried out on 23 February 2023, at the date of this Report the number of Key Management Personnel has changed during the year; in particular, the Chief Commercial Officer Cooling Systems, on 13 November 2023, and the *Chief Technical & Innovation Officer, the Cluster Nordic Managing Director and the Cluster Central-East EU Managing Director, on 21 February 2024, were identified as Key Management Personnel.*

LU-VE S.p.A. or LU-VE or Company	LU-VE S.p.A., with registered office in Varese, via Vittorio Veneto no. 11, and administrative office in Uboldo (VA), Via Caduti della Liberazione no. 53, Tax Code and VAT no. 01570130128.
LU-VE Group or Group	The group of companies included in the scope of consolidation of LU-VE S.p.A.
LU-VE Italia Group	The LU-VE Group Italian companies
MBO	Variable annual component of remuneration, attributed in relation to the office of Executive Director or the employment relationship in place with the company or the Group, payable on attainment of predefined company objectives.
Sustainability plan	The Group's sustainability plan, approved by the Board of Directors on 23 February 2023, which identifies the strategic areas of intervention for the Group in terms of sustainability, identifies commitments and objectives and defines an efficient data collection system to measure the progress made by the company and monitor the progress made by sustainability strategies over time.
2020-2022 LTI Plan	The medium/long-term monetary incentive plan called "2020-2022 LTI Plan" for the Directors with Proxy and Key management personnel, approved in its guidelines by the Board of Directors at the meeting of 18 March 2020 and whose vesting period ended on 31 December 2022.
2023-2025 LTI Plan or Plan	The medium/long-term monetary incentive plan called "2023-2025 LTI Plan" aimed at the CEO, the CSDO, the General Manager, other Key management personnel and possibly at selected Group managers, approved by the Board of Directors on 12 May 2023.
Remuneration Policy or Policy	The remuneration policy for the 2024 financial year, of the members of the Board of Directors and of the Board of Statutory Auditors, as well as the General Manager, Key management personnel (including the Financial Reporting Manager) and the Manager of the Internal Audit Function of LU-VE S.p.A., approved by the Board of Directors of LU-VE, proposed by the Remuneration and Appointments Committee and with the approval of the Board of Statutory Auditors, which will be submitted to the approval of the Shareholders' Meeting planned for 29 April 2024.
OPC Procedure	The " <i>Related Party Transactions Procedure</i> ", prepared in accordance with Consob Regulation no. 17221 of 12 March 2010, approved by the LU-VE Board of Directors in the version last approved on 29 June 2021.
Chairman or Chairman of the Board of Directors	The Chairman of the Board of Directors of LU-VE S.p.A. At the date of this Report, the aforementioned office is held by Matteo Liberali, who also holds the role of CEO.
Honorary Chairman	Individuals of high standing and/or who have contributed significantly to the affirmation and/or the development and/or reputation of the Company LU-VE, if necessary, appointed by the Board of Directors, also

identifying him/her outside its members. At the date of this Report, the office is held by Marco Claudio Vitale, appointed by the Board of Directors on 28 April 2023.

Regulation of the 2023-2025 LTI Plan	The regulation describing the terms and conditions of the 2023-2025 LTI Plan approved by the Board of Directors on 12 May 2023 and subsequently amended, on the proposal of the CRN and subject to the favourable opinion of the Board of Statutory Auditors, on 28 November 2023 and on 13 March 2024.
Issuers' Regulation	The regulation implementing Legislative Decree no. 58 of 24 February 1998, concerning the regulation of issuers, adopted by Consob through resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented.
OPC Regulation	The regulation adopted by Consob by means of resolution no. 17221 of 12 March 2010, concerning the regulation of related party transactions, as subsequently amended and supplemented.
Report	This <i>"Annual report on remuneration policy and the remuneration paid"</i> of LU-VE S.p.A.
Gross Annual Remuneration	Fixed annual component of remuneration for those with an employment relationship in place with the Company or the Group.
Sustainable Success	The objective that guides the action of the Board of Directors and which is embodied in the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company.
Consolidated Law on Finance or TUF	Italian Legislative Decree 58 of 24 February 1998 (Consolidated Law on financial intermediation), as subsequently amended and supplemented.

INTRODUCTION

This Report was approved by the Board of Directors, on the proposal of the Remuneration and Appointments Committee, on 13 March 2024, in compliance with the applicable legislative and regulatory obligations and, in particular, art. 123-ter of the Consolidated Law on Finance and art. 84-quater of the Issuers' Regulation and of the relative disclosure schedules, as amended and supplemented in accordance with Directive EU 2017/828 (SHRD II), as well as the principles and recommendations dictated by the Corporate Governance Code to which the Company adheres.

The Report outlines:

- in **Section I**, the policy adopted by LU-VE for 2024 for the remuneration of members of the Board of Directors and Board of Statutory Auditors, the Honorary Chairman, the General Manager as well as Key management personnel (including the Financial Reporting Manager) and the Internal Audit Manager, and the procedures used for the adoption and implementation of the policy itself;
- in **Section II**, (organised in two parts): in Part One, an illustration of the fees paid with regard to each of the items that comprise remuneration for the 2023 financial year to the members of the Board of Directors and Board of Statutory Auditors, the Honorary Chairman, the General Manager and Key management personnel, also providing comparative information for 2019, 2020, 2021, 2022 and 2023 with reference to the total annual change in remuneration of the members of the corporate bodies, the results of the Company, as well as the average annual gross remuneration of the employees of the Italian companies of the LU-VE Group; in Part Two (i) a breakdown of the fees paid or accrued in the 2023 financial year to said parties, under any title and in any form, by the Company and by subsidiary or associated companies, using the tables attached to this Report, which are an integral part of the same; as well as *(ii)* the information on the equity investments held in the Company and in the other Group companies by said parties, as well as by their non-legally separated spouses or by their children, directly or via subsidiaries, or trust companies or third parties.

This Report:

- a) is made available to the public at the administrative offices and on the web site of the Company at www.luvegroup.com, in the section "Investor" - "Corporate governance and shareholders" - "For shareholders" - "Shareholders' Meeting" - "Shareholders' Meeting of 29 April 2024", as well as on the authorized storage device *eMarket Storage* www.emarketstorage.com;
- b) is presented to the Shareholders' Meeting, pursuant to and in accordance with the aforementioned articles 123-ter of the Consolidated Law on Finance and art. 84-quater of the Issuers' Regulation, as well as pursuant to and in accordance with art. 13, paragraph 3, letter b) of the OPC Regulation and the relative provision contained in the OPC Procedure.

SECTION I

2024 REMUNERATION POLICY

1. PURPOSES AND PRINCIPLES OF THE REMUNERATION POLICY

1.1. Purposes

The Remuneration Policy is defined on an annual basis, in accordance with the governance model adopted by the Company, according to the indications contained in the Corporate Governance Code.

The Remuneration Policy contributes to business strategy, to pursuing the long-term interests and the sustainability of the Company and of the Group, and in particular:

- is targeted at adequately valuing the individual contribution of the managers to the Group's growth and development, by creating sustainable value in the medium/long-term;
- constitutes a fundamental element for aligning the interests of shareholders and stakeholders with those of management;
- is an essential tool for attracting, motivating and retaining personnel with the professional skills and individual qualities needed to achieve the strategies and the objectives of the LU-VE Group.

In fact, through the adoption of this Policy and its concrete implementation with respect to management figures, the Group intends to adopt an instrument that provides incentives, through both short-term and medium-long term variable incentive plans, for the Group resources in order to achieve the development objectives defined by the Board of Directors in relation to both economic growth and the creation of value, also in the long term, for shareholders and other relevant stakeholders, outlining a system that attributes ever greater importance to remuneration linked to the achievement of objectives defined according to balanced but challenging criteria, which highlight the Group's growing attention to sustainability issues and the pursuit of Sustainable Success.

The Group is increasingly committed to pursuing the integration of environmental, social and governance topics into company strategy, risk management and remuneration processes. With this in view, the Group has strengthened its sustainability supervision by creating a corporate Sustainability Steering Committee to share the progress of the Group's sustainability performance and discuss strategic lines of action, which are then shared by the CEO and the CSDO with the Control and Risk Committee for appropriate evaluation and submitted to the Board of Directors for approval.

During 2023, the corporate Sustainability Steering Committee² met on two occasions to assess the progress of the Sustainability Plan objectives and related actions, in line with the business plan.

With this in mind, when defining the Remuneration Policy, in the proposed MBOs and the 2023-2025 LTI Plan, the presence of both parameters linked to accident indices, used for some time now, and a parameter linked to the reduction of Scope 1 and Scope 2 emissions on a like-for-like basis in terms of consolidated EBITDA was confirmed, which can be traced back to ESG policies and actions identified in the Sustainability Plan, introduced for the first time for the 2023 MBOs and the 2023-2025 LTI Plan.

1.2 General principles

The Remuneration Policy aims to create a remuneration system based on the principles of fairness, quality and proactiveness, a sense of belonging and the recognition of merit.

In defining said Policy, LU-VE adheres to the following principles set out in the Corporate Governance Code:

- 1) the non-executive members of the Board of Directors receive a fixed annual remuneration, proportional to their professionalism and expertise, as well as the commitment required of them; directors members of Board committees are assigned not only a basic fee, but *ad hoc* compensation for the function performed in said committees;
- 2) for the Executive Directors, for the General Manager and for Key management personnel:
 - (i) remuneration represents an incentive and is formed by a balance of fixed and variable components, in line with the strategic objectives and the risk management policy of the Company, also taking the characteristics of the Group and its past history, even recent, into account. Said remuneration is comprised by: (a) a fixed component, commensurate with the powers and responsibilities attributed, and sufficient to remunerate the performance of the Director, the General Manager or of the key manager in the event in which the variable component was not disbursed as a result of the non-achievement of the performance targets established; (b) a short-term variable component and (for the CEO, CSDO, General Manager, the Key management personnel and other managers hired by the Company or by another Group company) medium-long term, linked to the achievement of specific target, consistent with the development plan and the strategic objectives defined by the Board of Directors, some of which relate to sustainability topics;
 - (ii) the targets connected with the variable remuneration are predetermined, measurable and defined in such a way as to ensure, through diversified parameters, the remuneration of performance in both the short- and medium/long-term and based on the results

² The Corporate Sustainability Steering Committee - consisting of the CEO, CSDO, General Manager, Chief Financial Officer, Investor Relator Manager, Sustainability Office and other company managers - was set up in 2022 to review the progress of the Group's sustainability performance and discuss strategic lines of action, which are then submitted by the Directors with proxy to the Control and Risk Committee and the Board of Directors for appropriate assessment and resolutions.

- achieved; these targets are set in accordance with the Company's strategic objectives and seek to promote Sustainable Success, by also including non-financial parameters;
- (iii) variable remuneration envisages maximum payment limits in the event that the set performance target is achieved;
 - (iv) the part of medium/long-term variable remuneration envisages a time deferral for its payment, in accordance with the Group's characteristics and the nature of the targets set;
 - (v) provision is made for the periodic review of salary packages on the basis of the overall company and personal performance, the potential future development of the individual, working conditions and the competitiveness and attractiveness of salaries with respect to market values;
 - (vi) the fixed and variable short-term components are adjusted in relation to the characteristics of the role covered at the company and the responsibilities attributed, in order to ensure, in any event, the sustainability of company results and the creation of value for shareholders in the medium/long-term;
 - (vii) ex post correction mechanisms ("claw back" and "malus") are applied to the amounts accrued of the variable component;
 - (viii) benefits are recognised in line with the practices in the reference salary markets, in order to complete and enhance the total salary package, by taking account of the roles and/or responsibilities attributed;
 - (ix) provision is made for incentive mechanisms consistent with the tasks assigned for both the Manager of the Internal Audit function and the Financial Reporting Manager (who is also a Key Manager);
- 3) members of the Board of Statutory Auditors are attributed a fixed fee by the Shareholders' Meeting at the time of their appointment. In order to contribute to ensuring that the fees of the members of the Board of Statutory Auditors are appropriate to their expertise, professionalism and commitment required by the importance of the position held and the Company's size and sector, as well as its situation, the Company provides the shareholders with the information reported by the Board of Statutory Auditors to the Board of Directors at the time of its renewal, regarding the activities performed during its mandate.

1.3 Scope of application and duration

The Remuneration Policy establishes the principles and guidelines which the Company adheres to and applies to Directors, Honorary Chairman, Statutory Auditors, General Manager, Key management personnel (including the Financial Reporting Manager) and the Manager of the Internal Audit function of LU-VE S.p.A.

In consideration of the corporate reorganisation underway following the appointment of the General Manager, the Board of Directors of the Company, at the meeting of 21 February 2024, identified as Key Managers: the Chief Financial & Legal Officer (who also holds the position of Financial Reporting Officer), the Chief Procurement Officer, the Chief Commercial Officer Components, the Chief Commercial Officer Cooling Systems, the Chief Technical & Innovation

Officer, the Innovation and Applied Research Director, the Nordic Cluster Managing Director and the Central-East EU Managing Cluster Director.

The Policy was drawn up in line with the requirements of art. 123-*ter* of the Consolidated Law on Finance, as well as art. 84-*quater* of the Issuers' Regulation and the relative Annex 3A (schedule 7-*bis*, Section I) and of the recommendations set out in the Corporate Governance Code with regard to remuneration; when drawing up the Policy, also for the 2024 financial year, the recommendations with regard to remuneration made on the topic by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. in the letter of 25 January 2023, which the chairman of said committee sent to the Company Chairman as well as the results of the "XI Report on the Application of the Corporate Governance Code" published by the Corporate Governance Committee on 14 December 2023, were also taken into account.

The Remuneration Policy refers to the 2024 financial year, and therefore has a duration of one year.

1.4 Changes with respect to the previous financial year

The Remuneration Policy proposed by the Board of Directors for 2024 is substantially in line with that submitted to the vote of the Shareholders' Meeting of 28 April 2023, which approved it with a favourable vote of 83.60% of the Votes represented in the Shareholders' Meeting (corresponding to 77.38% of the total voting rights), thus expressing the approval of the absolute majority of Shareholders.

The new elements introduced are essentially attributable to some changes in the governance of LU-VE, and in particular to the introduction of the figure of the General Manager, and the Honorary Chairman, to the expansion of the number of Key Managers and the beneficiaries of the 2023-2025 LTI Plan.

Furthermore, following the change in the identification of the Key management personnel, it was deemed appropriate to provide that non-competition agreements should always be signed with these (which will be implemented in 2024 with reference to the Key management personnel that currently do not have them) and that so-called "golden parachute" clauses may be envisaged when hiring or amending the relevant contracts (see below, paragraph 3.8.1 of this Section I).

Compared to the previous year, the structure of the short-term variable component (MBO) of the Key management personnel was also revised, also in consideration of the ongoing Group reorganisation, changing the weight of the individual categories of performance objectives, the percentages of entry points and overperformance and the calculation scale (see below, paragraph 3.5.3 of this Section I).

Lastly, it should be noted that, following the approval of the Group's new 2024-2027 business plan and the 2024-2030 LU-VE US business plan, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, the Board of Directors deemed it appropriate to adjust the targets of some parameters set by the 2023-2025 LTI Plan for the years 2024-2025, so as to continue to guarantee the incentive function of the plan itself (in this regard, please refer to paragraph 3.6 of this Section I below).

2. CORPORATE BODIES AND INDIVIDUALS INVOLVED

The bodies and individuals involved in the definition, adoption, implementation and possible review of the Remuneration Policy, consistent with the applicable legislative and statutory provisions and taking account of the recommendations of the Corporate Governance Code are: the Shareholders' Meeting, the Board of Directors, the Remuneration and Appointments Committee, the CEO and the Board of Statutory Auditors.

2.1 Shareholders' Meeting

The Shareholders' Meeting:

- (i) decides, when the Board is appointed:
 - the total maximum annual amount of fixed remuneration to be attributed to each director for the performance of the mandate, to the members of internal board committees for the activities performed within said committees, as well as to the Executive Directors on the basis of the specific duties attributed to them;
 - the total maximum annual amount of variable remuneration to be attributed to the Executive Directors on the basis of the specific duties attributed to them;
- (ii) determines the fees due to each member of the Board of Statutory Auditors, at the time of their appointment and for the entire duration of their mandate;
- (iii) resolves, with a binding vote, with regard to the Remuneration Policy, pursuant to art. 123-ter, paragraph 3-bis and 3-ter of the Consolidated Law on Finance, with the frequency required by said Policy, and in any event, at least every three years or whenever said policy is amended;
- (iv) receives adequate information regarding the implementation of the Remuneration Policy;
- (v) resolves, by advisory vote, on the second section of the Remuneration Policy, pursuant to art. 123-ter, paragraph 6 of the Consolidated Law on Finance;
- (vi) resolves, where proposed by the Board of Directors, on the remuneration plans based on financial instruments intended for directors, employees and associates, including therein Key management personnel, pursuant to art. 114-bis of the Consolidated Law on Finance.

2.2 Board of Directors

The Board of Directors:

- (i) determines, in observance of the resolutions of the Shareholders' Meeting, on the proposal of the Remuneration and Appointments Committee and after consultation with the Board of Statutory Auditors:
 - the fixed remuneration attributed for the office to each member of the Board of Directors (including that of the Chairman, as well as the Vice Chairman and the Honorary Chairman if appointed);
 - the *ad hoc* fees attributed to members of board committees, based on the respective commitment;

- the fixed and variable fees attributed to the Executive Directors on the basis of the specific positions;
 - fixed and variable remuneration attributed to the General Manager.
- (ii) with the support of the Remuneration and Appointments Committee: (a) draws up, in compliance with the law and regulations in force at the time, as well as with the principles and recommendations of the Corporate Governance Code, the remuneration policy for directors, Honorary Chairman, General Manager, statutory auditors and Key management personnel, applying a transparent procedure and ensuring that the same is directed towards pursuing sustainable success and takes into account the need to possess, retain and motivate people with the expertise and the professionalism required for the position held in the Company; (b) ensures that the remuneration paid and accrued is consistent with the principles and the criteria defined in the policy, in light of the results achieved and of other circumstances relevant to its implementation;
- (iii) on the proposal of the Remuneration and Appointments Committee, approves the Remuneration Report to be submitted to the Shareholders' Meeting, pursuant to art. 123-ter of the Consolidated Law on Finance;
- (iv) where deemed appropriate and in line with the remuneration policy, prepares, with the help of the Remuneration and Appointments Committee:
- the medium/long-term monetary incentive plans and oversees their implementation through the Remuneration and Appointments Committee; and/or
 - the remuneration plans based on shares or other financial instruments, and presents them to the shareholders' meeting for approval, pursuant to art. 114-bis of the Consolidated Law on Finance and, based on an authorisation of the shareholders' meeting, handles its implementation by availing itself of the Remuneration and Appointments Committee;
- (v) consistently with the Remuneration Policy and on the proposal of the Remuneration and Appointments Committee, defines the objectives and approves the company results and the performance plans to which the determination of the variable remuneration of directors holding special roles is related, where applicable;
- (vi) defines, consistently with the Remuneration Policy and on the proposal of the CEO, based on the prior favourable opinion of the Control and Risk Committee, as well as having consulted the Board of Statutory Auditors, the remuneration of the Manager of the Company's Internal Audit function, in consideration of the salary policies of the same company.
- (vii) on the occasion of the termination of office and/or the dissolution of the relationship with an Executive Director or the General Manager, discloses through a press release, circulated to the market after the result of internal processes leading to the attribution or recognition of any indemnities and/or other benefits, the detailed information recommended by the Corporate Governance Code.

For the purposes of proper functioning and effective organisation, the Board establishes the Remuneration and Appointments Committee internally, in compliance with the principles indicated in the Corporate Governance Code, defining its rules as well as any procedures that may be

appropriate for the functioning of the Committee itself, in particular in order to ensure an effective management of the information to be provided before its meetings.

2.3 Remuneration and Appointments Committee

The Remuneration and Appointments Committee:

- (i) assists the Board in drawing up the remuneration policy for members of the Board of Directors, the General Manager, and top management, as well as, based also on the provisions of article 2402 of the Italian civil code, of the members of the Board of Statutory Auditors;
- (ii) submits the report on the remuneration policy and the remuneration paid, pursuant to article 123-ter of the Consolidated Law on Finance to the approval of the Board, and, in particular the Remuneration Policy, for its submission to the Shareholders' Meeting called to approve the separate financial statements for the year, in the terms envisaged by law;
- (iii) formulates proposals or expresses opinions on the remuneration of the Company's Executive Directors, other directors who fulfil particular roles and the General Manager as well as on the establishment of performance targets relating to the variable component of said remuneration;
- (iv) formulates proposals or expresses opinions on the remuneration of the members of the Committees established by the Board of Directors within itself;
- (v) formulates proposals or expresses an opinion on any remuneration of the Honorary Chairman;
- (vi) monitors the correct application of the Remuneration Policy and checks, in particular, that the performance targets linked to the variable remuneration of the executive directors have actually been achieved;
- (vii) periodically assesses the adequacy and overall consistency of the Remuneration Policy of directors and top management, making use of the information provided by the Chief Executive Officers through the Group Human Resources Department;
- (viii) assists the Board of Directors in the preparation and implementation of: (a) remuneration plans based on shares or other financial instruments and (b) medium/long-term incentive plans; performs the tasks assigned to it pursuant to the *pro tempore* OPC Procedure in force, limited to "Transactions of Lesser Importance" regarding the remuneration of directors and other key managers;
- (ix) carries out the additional tasks that have been attributed to it by the Board of Directors.

For further information on the Remuneration and Appointments Committee, please refer to Section 8.2 of the Company's "Report on corporate governance and ownership structure" relating to the 2023 financial year, made available to the public at the registered office and on the Company's website at address www.luvegroup.com in the section "Investor" - "Corporate governance & shareholders" - "For shareholders" - "Shareholders' meeting" - "Shareholders' meeting of 29 April 2024", as well as on the authorised storage mechanism *eMarket Storage*, which can be consulted at address www.emarketstorage.com.

2.4 CEO

The CEO:

- (i)* presents the Remuneration and Appointments Committee with proposed medium/long-term incentive plans for Key management personnel, including any plans based on financial instruments or, if applicable, supports the Committee in the drafting of said plans;
- (ii)* prepares and implements, also with the collaboration of the General Manager and the Group's Human Resources Department: *(a)* salary policy initiatives for the individual manager, based on the manager's position in the company organisation, professional skills, performance, growth potential, on the market, all in accordance of the amounts allocated in the budget; *(b)* the incentive systems to which to link the accrual of the annual MBOs of the Key management personnel and other managers;
- (iii)* provides the Remuneration and Appointments Committee with all information useful in order to allow the assessment of the adequacy and practical application of the Remuneration Policy.

2.5 Board of Statutory Auditors

The Board of Statutory Auditors performs an advisory role in relation to which:

- (i)* it formulates the opinions required by law and the Corporate Governance Code; in particular, it expresses its opinion with reference to the proposed remuneration of the directors vested with special roles, pursuant to art. 2389, paragraph 3, of the Italian Civil Code, and of the general manager, as well as the opinion relating to the remuneration of the Manager of the Internal Audit function; in expressing the opinions, it verifies the consistency of the proposals formulated by the Remuneration and Appointments Committee to the Board of Directors with the Remuneration Policy approved;
- (ii)* at the invitation of the Remuneration and Appointments Committee, through its Chairman or another statutory auditor designated by the latter, participates in the meetings of the Committee itself, which all statutory auditors may in any case attend.

2.6 Independent experts

No independent experts contributed to the preparation of the Remuneration Policy.

2.7 Process for the definition and approval of the Remuneration Policy

The Remuneration Policy is presented to the Board of Directors for approval annually, on the proposal of the Remuneration and Appointments Committee. In drafting the policy, the Remuneration and Appointments Committee avails itself of the collaboration of the Group Human Resources Department, in order to collect the data in terms of best practices, policies and market salary benchmarks - relating to companies retained comparable by business sector, number of employees and turnover - to be used for a better definition of the Policy in question. For the purposes of defining this Policy, taking into account the internal analyses carried out for the definition of the 2023 remuneration policy, the benchmark data relating to the Chairman/CEO and the CSDO were taken from the analysis of remuneration positioning (marketing assessment) carried

out by OD&M Consulting, a company specialised in remuneration analysis, on a sample of 52 Italian companies listed on the Italian Stock Exchange, belonging to the industrial sector and homogeneous with regard to size and complexity both in terms of turnover and number of employees.

The Board of Directors, having examined and approved the Policy, submits it to the Shareholders' Meeting for a binding vote, pursuant to and in accordance with art. 123-*ter* of the Consolidated Law on Finance, making it available to the public at least 21 days before the date of the Shareholders' Meeting on its website and with the other means envisaged by current legislation.

For the purposes of preparing this Policy, the Remuneration and Appointments Committee, in the exercise of its duties, met to define its structure and contents in the meetings of 15 January 2024, 9 and 26 February 2024 and 4 March 2024.

The Policy was then submitted to the Board of Directors for approval on 13 March 2024, together with the other parts of this Report.

3. POLICY DESCRIPTION

3.1 Remuneration of members of the Board of Directors

Pursuant to art. 2389, paragraph 3, of the Italian Civil Code, and art. 15.6 of LU-VE's articles of association in force, the Shareholders' Meeting of 28 April 2023 established, for the three-year period 2023-2025: (i) the total maximum amount of fixed remuneration to be attributed for each calendar year of the three-year mandate to all Directors as Euro 2,000,000, including the fixed remuneration to be attributed to those vested with special roles, as well as the remuneration to be attributed to the members of the committees that the Board of Directors will decide to establish within it, and (ii) the total maximum amount of variable remuneration as Euro 2,000,000, to be attributed to the Directors vested with special roles for each calendar year of the three-year mandate, giving a mandate to the Board of Directors to divide it between the Directors based on the activities performed for the Company.

At the meeting on 12 May 2023, the Board of Directors resolved to attribute, for the entire three-year period in office, to each member of the Board an annual fixed remuneration to be paid *pro rata temporis* (see below, Section II, Part One, point 1.1 of this Report).

3.1.1 Remuneration of Non-Executive Directors

The Remuneration Policy adopted by the Company and submitted to the binding vote of the Shareholders' Meeting envisages, in observance of the principles and recommendations of the Corporate Governance Code, a fixed fee for the office of Director and an additional fixed fee, supplemented, if necessary, by an additional fee as an attendance bonus for meetings, for participation in the committees set up within the Board of Directors, proportional to the commitment such entailed.

The fee for participation in each of the Committees that the Board of Directors has established internally, was established by the same Board at the meeting on 12 May 2023, establishing for the entire three-year period 2023-2025 the recognition of an annual amount for each member, set so that the maximum total amount resolved by the Shareholders' Meeting for the fixed remuneration of all Directors (see below, Section II, Part One, point 1.1.1 of this Report).

No variable fees were allocated to the Non-Executive Directors.

3.1.2 Remuneration of the Chairman and Vice Chairman

The Remuneration Policy envisages the attribution to the Chairman and the Vice Chairman of a fixed remuneration, specific for the office, in addition to the one envisaged for all the Directors in general and any remuneration attributed to them in their capacity as Executive Directors.

The remuneration for both of these roles was established by the Board of Directors at the meeting of 12 May 2023 (see below, Section II, Part One, point 1.1.2 and 1.1.3 of this Report).

3.1.3 Remuneration of Executive Directors

The Remuneration Policy envisages a fee for the Executive Directors, based on the commitment required of them.

This remuneration, established by the Board of Directors on the proposal of the Remuneration and Appointments Committee, after hearing the Board of Statutory Auditors, is set in accordance with

the amounts established by the Shareholders' Meeting, and with the principles of this Policy, for both the fixed and variable components. The remuneration proposal was formulated by the Remuneration and Appointments Committee, also taking into account the principles and recommendations of the Corporate Governance Code as well as that which emerged from the analyses conducted with regard to the benchmarks examined (see above, paragraph 2.7 of this Section I); the reason for this is to assign a remuneration package that is in line with market values for similar positions.

The structure of the remuneration to be attributed to the Executive Directors consists of:

- (i) a fixed component which guarantees an adequate and certain basic remuneration for the activity performed, and which is established in consideration of the role and of the activity performed for the Company as well as of the responsibilities attributed;
- (ii) a short-term variable component ("MBO") linked to the attainment of specific performance targets (for more details, refer to the content of paragraph 3.5.1 of this Section I);
- (iii) a medium/long-term variable component ("LTI") is only applicable to Directors with Proxy (CEO and CSDO), also linked to the attainment of preset performance targets, defined in quantitative terms (for more details, refer to the content of paragraph 3.6. of this Section I).

For Executive Directors, the fixed component of the remuneration remunerates the position held in terms of the scope of the responsibilities and the business impact, reflecting the experience, skills and expertise required for each position, as well as the overall quality of the contribution to the business results.

The variable component of the remuneration is targeted at recognising the results achieved by the Executive Directors, establishing a link between fees and performance. With a view to enhancing the achievement of long-term sustainable value, also through the Remuneration Policy, the Board of Directors - on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors - has identified targets that are able not only to direct the behaviour of the Executive Directors towards results, such as turnover, which are more closely linked to annual performance, but also to build the foundations for a future sustainable and balanced growth: (a) from an economic standpoint, in terms of profitability (EBITDA) and debt to profitability ratio (NFP/EBITDA); (b) with regard to strategic development (with the inclusion of the profitability (EBITDA) of the US subsidiary LU-VE US (formerly called Zyklus); (c) for the well-being of the people that work in the Group, also due to the inclusion in the MBOs of the Executive Directors, of parameters linked to the rate of accidents, with a view to heightening awareness of the working conditions of Group employees and their safety; and finally (d) with regard to commitment in the area of sustainability, with the introduction among the targets of parameters related to the reduction of direct emissions (Scope 1 and Scope 2) given the same consolidated EBITDA.

Short-term incentives (MBO) are also defined in light of the specific features of the individual roles held by Executive Directors, while medium to long-term incentives (LTI) addressed to the Chief Executive Officer (CEO) and Chief Strategic Development Officer (CSDO) are structured in a unitary form, so as to align interests with the creation of value for the Group in the medium/long term.

Maximum limits are established for both the variable component to be paid, for both MBOs and LTI. The following paragraphs illustrate, for the Executive Directors, the paymix range, or the percentage weight of the different components with respect to total remuneration. In this regard, it should be

clarified that the percentages of the short-term variable component (MBO) and of the medium/long-term variable component (LTI) have been calculated at their minimum value, assuming failure to reach the entry points, for both MBO and LTI and, at their maximum value, assuming results including the over-performances set for MBO and LTI.

PAYMIX OF EXECUTIVE DIRECTORS				
OFFICE	Scenario	FIXED	SHORT-TERM VARIABLE COMPONENT (MBO)	MEDIUM/LONG-TERM VARIABLE COMPONENT (LTI)
Chief Executive Officer (CEO)	Minimum	100%	0%	0%
	Target	51%	36%	13%
	Max	47%	38%	15%
Chief Strategic Development Officer (CSDO)	Minimum	100%	0%	0%
	Target	51%	36%	13%
	Max	47%	38%	15%
Others Executive Directors other than the CSDO	Minimum	100%	0%	–
	Target	51%	49%	–
	Max	47%	53%	–

In accordance with the provisions of the Corporate Governance Code, the application of a “claw-back” clause is envisaged for the variable component of the Remuneration of Executive Directors (which envisages the return of all or part of the amounts paid), as well as a “malus” clause (which envisages the non-payment of remuneration accrued but not yet paid), when said amounts paid or accrued have been determined on the basis of data which, in the subsequent three years, has proven to be materially incorrect, or the result of manipulation or illegal conduct.

3.2 Remuneration of the Honorary Chairman

The Remuneration Policy provides for the attribution to the Honorary Chairman of a fixed remuneration for this role to be established by the Board of Directors.

The remuneration for the Honorary Chairman currently in office - which was identified outside the members of the Board of Directors - was established by the Board itself at the meeting of 12 May 2023 (see below, Section II, Part One, point 1.2 of this Report).

3.3 Remuneration of the General Manager

The remuneration of the General Manager consists of the following elements:

- (i) an annual fixed component ("RAL"), defined according to the chosen positioning in relation to the target market, which guarantees an adequate and certain basic remuneration for the activity performed, established in consideration of the role and of the activity performed for the Company as well as of the responsibilities attributed, the professional level and expertise.

This salary component may be adjusted over time, in keeping with the evolution of the market, by evaluating the abilities and professional skills acquired and the results achieved and potential developed.

Considering the importance of the position held, the fixed component includes amounts awarded for non-compete clauses, the amount of which is proportional to the duration and the constraints envisaged in said clause;

- (ii) a short-term annual variable component (“MBO”) which can be achieved when predefined company objectives are met, defined in quantitative terms with reference to the role covered in the company (for more details, please refer to the paragraph 3.5.2 below), to be disbursed without deferment of the sums accrued;
- (iii) a medium/long-term annual variable component (“LTI”) which can be achieved when predefined company objectives are met, defined in quantitative terms (for more details, please refer to the paragraph 3.6 of this Section I).

Also for the General Manager, the fixed component of remuneration rewards the role held in terms of scope of responsibilities and impact on the business, while the variable component of remuneration is aimed at recognising the results achieved, establishing a link between remuneration and performance.

The purpose of the short-term incentives (MBO) is to award the attainment of quantitative and qualitative objectives, also defined in light of the specific nature of the role covered by the General Manager and based on the business plan of the Group. The medium/long-term incentives (LTI) are structured in a way as to align the interests of all individuals involved with the creation of value for the Group in the medium to long-term.

Maximum limits are established for both the variable component to be paid, for both MBOs and LTI.

For the General Manager, the following may be further envisaged: (i) non-monetary benefits (see below, paragraph 3.7 of this Section I); (ii) on the occasion of recruitment, a one-off entry bonus; (iii) additional one-off monetary bonuses, established by the Board of Directors on the proposal of the CEO, subject to the favourable opinion of the Remuneration and Appointments Committee, up to a maximum of 25% of the Gross Annual Remuneration relating to the reference period, including the amounts awarded for non-compete clauses, to reward individual or collective results that are particularly significant for the Company and for the Group (such as, but not limited to, the finalisation of M&A transactions or significant and/or extraordinary transactions or projects during the year) that are of significant importance for the development of the Group or one of its divisions).

The following paragraphs illustrate the paymix range for the General Manager, or the percentage weight of the different components with respect to total remuneration. In this regard, it should be clarified that the percentages of the short-term variable component (MBO) and of the medium/long-term variable component (LTI) have been calculated: (i) at their minimum value, assuming failure to reach the entry points, for both MBO and LTI and, (ii) at their maximum value, assuming results including the over-performances set for MBO and LTI.

PAYMIX GENERAL MANAGER			
	Fixed	Short-term variable component (MBO)	Medium/long-term variable component (LTI)
MINIMUM	100%	0%	0%
TARGET	69%	20%	11%
MAX	66%	22%	12%

In the paymix described above, any additional amounts attributed as a one-off bonus were not considered.

In accordance with the provisions of the Corporate Governance Code, the application of a “claw-back” clause is envisaged for the variable component of the Remuneration of the General Manager (which envisages the return of all or part of the amounts paid), as well as a “malus” clause (which envisages the non-payment of remuneration accrued but not yet paid), when said amounts paid or accrued have been determined on the basis of data which, in the subsequent three years, has proven to be materially incorrect, or the result of manipulation or illegal conduct.

3.4 Remuneration of Key management personnel

The Remuneration of Key management personnel of the company is composed of the following elements:

- (i) an annual fixed component (“RAL”) which is defined on the basis of the prechosen positioning with respect to the reference market, the levels of responsibility and complexity managed, as well as the professional skills, experience and growth potential of the individual.

This salary component is adjusted over time, in keeping with the evolution of the market, by evaluating the abilities and professional skills acquired and the results achieved and potential developed.

In view of the importance of the role played, employment contracts with Key management personnel may include non-compete clauses under which: (i) the fixed component may include amounts awarded for non-compete clauses, the amount of which is commensurate with the duration and constraints of the clauses; or (ii) specific pre-determined amounts may be paid upon termination of employment with the Group, commensurate with the duration and constraints of the clauses;

- (ii) a short-term annual variable component (“MBO”) which can be achieved when predefined company objectives are met, defined in quantitative terms with reference to the role covered in the company (for more details, please refer to the paragraph 3.5.3 of this Section I), to be disbursed without deferment of the sums accrued;
- (iii) a medium/long-term annual variable component (“LTI”) which can be achieved when predefined company objectives are met, defined in quantitative terms (for more details, please refer to the paragraph 3.6 of this Section I).

Also for Key management personnel, the fixed component of the remuneration remunerates the role covered in terms of the scope of the responsibilities and the business impact, reflecting the experience, skills and expertise required for each position, as well as the overall quality of the contribution to the business results.

The variable component of the remuneration is targeted at recognising the results achieved by management, establishing a link between fees and performance.

The purpose of the short-term incentives (MBO) is to award the attainment of quantitative and qualitative objectives, also defined in light of the specific nature of the roles covered by the Key management personnel within the organisation. The medium/long-term incentives (LTI) are structured in a unitary form, so as to align the interests of all individuals involved with the creation of value for the Group in the medium to long-term.

Maximum limits are established for both the variable component to be paid, for both MBOs and LTI.

For Key management personnel, the following may be further envisaged: *(i)* non-monetary benefits (see below, paragraph 3.7 of this Section I); *(ii)* on the occasion of recruitment, a one-off entry bonus; *(iii)* additional one-off monetary bonuses, established by the Board of Directors, subject to the favourable opinion of the Remuneration and Appointments Committee, on the proposal of the CEO, formulated in agreement with the General Manager, up to a maximum of 25% of the Gross Annual Remuneration relating to the reference period, including the amounts awarded for non-compete clauses, to reward individual or collective results that are particularly significant for the Company and for the Group (such as, but not limited to, the finalisation of M&A transactions or significant and/or extraordinary transactions or projects during the year) that are of significant importance for the development of the Group or one of its divisions).

Key management personnel may be assigned, directly by the Group’s subsidiaries, remuneration for top management roles covered within the same.

The following paragraphs illustrate, for all Key management personnel, the cumulative paymix range or the percentage weight of the different components with respect to total remuneration. In this regard, it should be clarified that the percentage of average values of the short-term variable component (MBO) and of the medium/long-term variable component (LTI) have been calculated, at their minimum value, assuming failure to reach the entry points, for both MBO and LTI, at their maximum value, assuming results including the over-performances set for MBO and LTI.

PAYMIX OF KEY MANAGEMENT PERSONNEL			
	Fixed	Short-term variable component (MBO)	Medium/long-term variable component (LTI)
MINIMUM	100%	0%	0%
TARGET	73%	17%	10%
MAX	69%	20%	11%

The paymix described above does not include any additional amounts attributed as a one-off bonus, nor any remuneration attributed for any offices held in the management bodies of the same.

In accordance with the provisions of the Corporate Governance Code, the application of a “claw-back” clause is envisaged for the variable component of the Remuneration of Key management personnel (which envisages the return of all or part of the amounts paid), as well as a “malus” clause (which envisages the non-payment of remuneration accrued but not yet paid), when said amounts paid or accrued have been determined on the basis of data which, in the subsequent three years, has proven to be materially incorrect, or the result of manipulation or illegal conduct.

3.4.1 Remuneration of the Manager responsible for preparing the company's financial reports (Financial Reporting Manager)

The remuneration of the Financial Reporting Manager is determined, in observance of the aforementioned guidelines laid down for the remuneration of Key management personnel, consistently with the duties assigned to him and is based on the approach to the attribution and determination of remuneration applied for Key management personnel.

3.5 Short-term incentives: the annual variable component (MBO)

The MBO incentive represents the annual variable component of the remuneration of the Executive Directors, General Management and Key management personnel (also including the Financial Reporting Manager), which can be achieved on attainment of predefined annual objectives, both quantitative and qualitative, and individual/qualitative (and therefore linked to the qualitative assessment of individual performance). Said variable component is able to:

- (i) focus the action of management towards strategic objectives in keeping with the priorities set by the Board of Directors;
- (ii) motivate the contribution of each individual to not only financial indicators, but also financial and sustainability ones through an incentive;
- (iii) motivate both the achievement of targets - awarding a part of the fee even if the assigned target is not fully achieved, but an "entry point" is passed - and exceeding them - awarding an additional amount in the event of overperformance. The Remuneration Policy both for Executive Directors and for Key management personnel therefore envisages that all objectives are linked to a performance scale, with a minimum objective, below which the Company does not pay any remuneration component, and with a maximum objective, above which the Company will always pay the maximum amount established.

3.5.1 Annual variable component for Executive Directors

Taking into account the tasks and responsibilities assigned to each beneficiary, the quantitative MBO objectives established for Executive Directors are represented by:

- consolidated EBITDA (50%)
- consolidated TURNOVER (10%)
- NET FINANCIAL POSITION/EBITDA RATIO (25% and, for the CSDO only, 15%).

The remaining 15% and, for the CSDO only, 25% of the short-term variable component is linked to the achievement of sustainability objectives:

- ACCIDENT RATE (10%, and for the CSDO only, 15%) to be recorded during 2024, considered from three different points of view (at overall Group level, in the Italian facilities and in European ones), to be evaluated on the basis of the trend in the accident ratios, such as rate, frequency and severity;
- REDUCTION OF SCOPE 1 AND SCOPE 2 EMISSIONS given the same consolidated EBITDA (5% and, for the CSDO only, 10%).

With regard to the aforementioned performance objectives, it should be noted that:

- for the "Net Financial Position (NFP)/EBITDA ratio", the performance scale should be read in opposite terms (meaning the target is lower indebtedness).
- for the "Reduction of emissions", incentives are given to increase the ratio between consolidated EBITDA and total Scope 1 and Scope 2 emissions, i.e. profitability per unit of issue with respect to a reference base value.

The weight of the MBO (expressed in percentage terms) linked to the short-term results with respect to the total remuneration approved by the Board of Directors, on the proposal of the Remuneration and Appointments Committee, and having consulted the Board of Statutory

Auditors, cannot exceed a maximum of 38% for the CEO and the CSDO and 53% for any other Executive Directors.

The amount of the MBO to be paid to Executive Directors will be calculated on the basis of the assessment criteria shown in the following tables:

2024 MBO TARGETS CEO and other Executive Directors other than the CSDO	WEIGHT	ENTRY POINT	TARGET LEVEL	MAX. LEVEL	MAX. WEIGHT
Consolidated EBITDA	50.00%	90.00%	100.00%	120.00%	60.00%
Consolidated TURNOVER	10.00%	90.00%	100.00%	110.00%	11.00%
NET FINANCIAL POSITION/EBITDA RATIO (consolidated data)	25.00%	90.00%	100.00%	110.00%	27.50%
Reduction of Scope 1 and Scope 2 emissions in relation to consolidated EBITDA	5.00%	90.00%	100.00%	110.00%	5.50%
GROUP ACCIDENT RATE	5.00%	90.00%	100.00%	110.00%	5.50%
ACCIDENT RATE IN ITALY	2.50%	90.00%	100.00%	110.00%	2.75%
ACCIDENT RATE IN EUROPE	2.50%	90.00%	100.00%	110.00%	2.75%
TOTAL	100.00%	90.00%	100.00%	115.00%	115.00%

* For interim results, the calculation is linear.

2024 MBO TARGETS CSDO	WEIGHT	ENTRY POINT	TARGET LEVEL	MAX. LEVEL	MAX. WEIGHT
Consolidated EBITDA	50.00%	90.00%	100.00%	120.00%	60.00%
Consolidated TURNOVER	10.00%	90.00%	100.00%	110.00%	11.00%
NET FINANCIAL POSITION/EBITDA RATIO (consolidated data)	15.00%	90.00%	100.00%	110.00%	16.50%
Reduction of Scope 1 and Scope 2 emissions in relation to consolidated EBITDA	10.00%	90.00%	100.00%	110.00%	11.00%
GROUP ACCIDENT RATE	10.00%	90.00%	100.00%	110.00%	11.00%
ACCIDENT RATE IN ITALY	2.50%	90.00%	100.00%	110.00%	2.75%
ACCIDENT RATE IN EUROPE	2.50%	90.00%	100.00%	110.00%	2.75%
TOTAL	100.00%	90.00%	100.00%	115.00%	115.00%

* For interim results, the calculation is linear.

To check whether the performance targets have been attained, reference will be made to the data of the Annual Financial Report and the sustainability reporting of the LU-VE S.p.A. Group relating to the year of reference, net of any non-recurring components and any variable emoluments accrued by Executive Directors, as approved by the competent corporate bodies. As for turnover, the data that will be considered is that relating to product turnover.

3.5.2 Annual variable component for the General Manager

Taking into account the tasks and responsibilities assigned to the General Manager, the quantitative MBO objectives are represented by:

- consolidated EBITDA (50%)
- consolidated TURNOVER (10%)
- NET FINANCIAL POSITION/EBITDA RATIO (25%).

The remaining 15% of the short-term variable component is linked to the achievement of sustainability objectives:

- ACCIDENT RATE (10%) to be recorded during 2024, considered from three different points of view (at overall Group level, in the Italian facilities and in European ones), to be evaluated on the basis of the trend in the accident ratios, such as rate, frequency and severity;
- REDUCTION OF SCOPE 1 AND SCOPE 2 EMISSIONS given the same consolidated EBITDA (5%).

With regard to the aforementioned performance objectives, it should be noted that:

- for the "Net Financial Position (NFP)/EBITDA ratio", the performance scale should be read in opposite terms (meaning the target is lower indebtedness);
- for the "Reduction of emissions", incentives are given to increase the ratio between consolidated EBITDA and total Scope 1 and Scope 2 emissions, i.e. profitability per unit of issue with respect to a reference base value.

For the General Manager, the weight of the MBO (expressed as a percentage) with respect to the Gross Annual Remuneration, including the amounts awarded for non-compete clauses, cannot exceed a maximum of 22%.

The amount of the MBO to be paid to the General Manager will be calculated on the basis of the assessment criteria shown in the following table:

2024 MBO TARGETS (GENERAL MANAGER)	WEIGHT	ENTRY POINT	TARGET LEVEL	MAX. LEVEL	MAX. WEIGHT
Consolidated EBITDA	50.00%	90.00%	100.00%	120.00%	60.00%
Consolidated TURNOVER	10.00%	90.00%	100.00%	110.00%	11.00%
NET FINANCIAL POSITION/EBITDA RATIO (consolidated data)	25.00%	90.00%	100.00%	110.00%	27.50%
Reduction of Scope 1 and Scope 2 emissions in relation to consolidated EBITDA	5.00%	90.00%	100.00%	110.00%	5.50%
GROUP ACCIDENT RATE	5.00%	90.00%	100.00%	110.00%	5.50%
ACCIDENT RATE IN ITALY	2.50%	90.00%	100.00%	110.00%	2.75%
ACCIDENT RATE IN EUROPE	2.50%	90.00%	100.00%	110.00%	2.75%
TOTAL	100.00%	90.00%	100.00%	115.00%	115.00%

* For interim results, the calculation is linear.

To check whether the performance targets have been attained, reference will be made to the data of the Annual Financial Report and the sustainability reporting of the LU-VE S.p.A. Group relating to the year of reference, net of any non-recurring components and any variable emoluments accrued by Executive Directors, as approved by the competent corporate bodies. As for turnover, the data that will be considered is that relating to product turnover.

3.5.3 Annual variable component for Key management personnel

For Key management personnel, the weight of the MBO (expressed in percentage terms) with respect to the Gross Annual Remuneration, including the amounts awarded for non-compete clauses, cannot exceed a maximum of 20%.

The amount of the MBO to be paid to Key management personnel will be calculated on the basis of the assessment criteria shown in the following table:

Obiettivi di Performance			% Raggiungimento Obiettivi di Performance	% MBO da erogare**
• Company target	35%	EBITDA	>=110%	130%
			100%	100%
			90%	50%
			<90%	0%
• Individual target	60%	Numerici* e/o progettuali	>=110%	140%
			100%	100%
			90%	50%
			<90%	0%
• Obiettivi comportamentali	5%		>=110%	130%
			100%	100%
			90%	50%
			<90%	0%
* Per i risultati intermedi il calcolo è lineare.				
** L'ammontare totale di MBO erogabile non potrà superare il 130%				

To check whether the performance targets have been attained, reference will be made to the data of the Annual Financial Report and the sustainability reporting of the LU-VE S.p.A. Group relating to the year of reference, net of any non-recurring components and any variable emoluments accrued by Executive Directors, as approved by the competent corporate bodies. As for turnover, the data that will be considered is that relating to product turnover.

3.6 Medium/long-term incentives

At its meeting of 14 March 2023, the Board, having consulted with the Board of Statutory Auditors, positively considered the 2023-2025 LTI Plan Guidelines formulated by the Remuneration and Appointments Committee in agreement with the CEO and CSDO for the part falling within their competence, for a medium/long-term monetary incentive plan called 2023-2025 LTI Plan aimed at the Directors with Proxy (CEO and CSDO), the General Manager, Key management personnel and, possibly, selected Group managers.

Following the favourable vote cast by the Shareholders' Meeting of 28 April 2023 on the remuneration policy proposed for the 2023 financial year, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, the Board of Directors, in its meeting of 12 May 2023, approved the Regulations of the 2023-2025 LTI Plan, defining the targets for each of the performance objectives envisaged by the Plan itself and also identifying the beneficiaries, the list of which was then supplemented, on the proposal of the CEO and favourable opinion of the Remuneration and Appointments Committee, on 28 November 2023 and 13 March 2024; at the meeting held on 13 March 2024, the Board of Directors, on the proposal of the Remuneration and Appointments Committee shared for the part falling under its competence with the CEO, and having consulted the Board of Statutory Auditors as regards the Directors with Proxy, also updated the targets initially set for some of the performance objectives envisaged by the Plan (see below).

In line with the founding principles of the Remuneration Policy, the purpose of the 2023-2025 LTI Plan is:

- to enable a correlation between management remuneration and value creation for shareholders in the medium/long-term, combining growth with sustainability;
- to focus management on achieving the Group's three-year objectives;
- to ensure the motivation and retention of the General Manager and Key management personnel as well as of other Group managers, by linking the economic incentive of the Plan to the continuation of employment with the Group.

The 2023-2025 LTI Plan:

- is addressed to the Directors with Proxy (CEO and CSDO), General Manager, Key management personnel, and, where applicable, a limited number of Group Managers identified by the Board of Directors on the proposal of the CEO, following consultation with the Remuneration and Appointments Committee;
- to award a cash bonus based on the achievement of the Group's performance objectives in the three-year period of 2023-2025 (three-year vesting period), whose payment is conditional: (i) for the Directors with Proxy, on their remaining in office as at 31 December 2025, and (ii) for the General Manager and Key management personnel as well as other manager beneficiaries, on remaining in employment for the entire three-year period of 2023-2025.

The performance objectives that must be achieved for the payment of the cash bonus, have been identified by the Board of Directors on the proposal of the Remuneration and Appointments Committee, after consulting the Board of Statutory Auditors as the following parameters and weights:

- consolidated EBITDA (cumulative three-year value)– 50%;
- consolidated TURNOVER (cumulative three-year value)– 20%;
- NET FINANCIAL POSITION/EBITDA RATIO (average value for the three-year period and value for 2025) – 15%;
- EBITDA of the subsidiary LU-VE US (formerly named Zyklus) (three-year cumulative value) – 5%;

- REDUCTION OF SCOPE 1 AND SCOPE 2 EMISSIONS given the same consolidated EBITDA – 10%.

The Regulation of the 2023-2025 LTI Plan includes the possibility for the set targets to be adjusted in case of significant changes to the Group (e.g. significant acquisitions and disposals) or other extraordinary events, at the resolution of the Board of Directors taken on the proposal of the Remuneration and Appointments Committee and after hearing the opinion of the Board of Statutory Auditors to the extent of its competence.

At the end of the three-year period, the Board of Directors will verify the achievement of the targets, on the proposal of the Remuneration and Appointments Committee, following consultation with the Board of Statutory Auditors for the Directors with Proxy, and on the proposal of the CEO, having heard the opinion of the Remuneration and Appointments Committee, for the other beneficiaries.

The target of each of the above-mentioned performance objectives was established by the Board of Directors initially at the meeting on 12 May 2023, on the proposal of the Remuneration and Appointments Committee, following consultation with the Board of Statutory Auditors for the Directors with Proxy, and on the proposal of the CEO, having heard the opinion of the Remuneration and Appointments Committee, for the other beneficiaries. In particular, said targets were identified: (i) in relation to the reduction of Scope 1 and Scope 2 emissions, given the same EBITDA, based on the Sustainability Plan; (ii) in relation to the EBITDA of LU-VE US (formerly named *Zyklus*), based on the data of the 2023-2028 business plan of LU-VE US (formerly named *Zyklus*), approved by the Board of Directors on 23 February 2023, as well as (iii) in relation to all other objectives, on the basis of the data of the 2023-2026 business plan of the Group approved by the Board of Directors on 23 February 2023.

Subsequently, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors as to the Directors with Proxy, in its meeting of 13 March 2024, updated the performance targets for Consolidated EBITDA, Consolidated Turnover and EBITDA of LU-VE US (formerly known as *Zyklus*), to take into account the changes in the data relating to the same indicators contained in the Group's 2024-2027 Business Plan and LU-VE US 2024-2030 Business Plan, approved by the Board of Directors on 21 February 2024. This amendment was appropriate to continue to pursue the incentivising function of the 2023-2025 LTI Plan.

The Board of Directors, on the proposal of the CEO and favourable opinion of the Remuneration and Appointments Committee, supplemented the list of beneficiaries at the meeting of 28 November 2023, to take into account the identification of the CCO Cooling System as Key management personnel, and subsequently again at the meeting of 13 March 2024, to take into account the appointment as Key management personnel of the Chief Technical & Innovation Officer and the Managing Directors of the Nordic and Central-East EU Clusters, as well as identifying another Group executive as the beneficiary. More specifically, the amount of the cash bonus to be paid to each beneficiary will be calculated on the basis of the assessment criteria shown in the following table, taking into account the conditions contained in the Regulation of the 2023-2025 LTI Plan:

PERFORMANCE TARGETS	WEIGHT	ENTRY POINT	TARGET LEVEL	MAX. LEVEL	MAX. WEIGHT
2023-2025 cumulative EBITDA compared to Cumulative EBITDA Target	50.00%	90.00%	100.00%	120.00%	60.00%
Cumulative Turnover 2023-2025 compared to Cumulative Target Turnover	20.00%	90.00%	100.00%	110.00%	22.00%
The 2025 NFP/EBITDA ratio compared to the average of the 2023-2025 Target NFP/target EBITDA ratio	15.00%	90.00%	100.00%	110.00%	16.50%
2023-2025 cumulative ZYKLUS EBITDA compared to Cumulative Target ZYKLUS EBITDA	5.00%	90.00%	100.00%	120.00%	6.00%
Reduction of scope 1 and 2 emissions given the same consolidated EBITDA	10.00%	90.00%	100.00%	110.00%	11.00%
total	100.00%	90.00%	100.00%	115.50%	115.50%

* For interim results, the calculation is linear.

The cash bonus for each of the performance objectives indicated above will be paid only if:

(i) the EBITDA for each of the financial years 2023, 2024 and 2025 (“Annual EBITDA”) has reached at least 90% of the target EBITDA (“Target EBITDA”) for at least two of the financial years 2023, 2024 and 2025 and Cumulative EBITDA for the three years (“Cumulative EBITDA”) has reached at least 90% of the 2023, 2024 and 2025 cumulative EBITDA target (“Cumulative Target EBITDA”);

(ii) the turnover for each of the financial years 2023, 2024 and 2025 (“Annual Turnover”) has reached at least 90% of the target turnover (“Target Turnover”) for at least two of the financial years 2023, 2024 and 2025 and the cumulative turnover of the three years (“Cumulative Turnover”) has reached at least 90% of the 2023, 2024 and 2025 cumulative target turnover (“Cumulative Target Turnover”);

(iii) in the financial years 2023, 2024 and 2025, the average of the ratio between the net financial position for each of the financial years 2023, 2024 and 2025 (“Annual NFP”) and the Annual EBITDA does not exceed 110% of 1.41 (average) of the objectives of the 2023-2025 Business Plan) and the ratio between Annual NFP and Annual EBITDA in 2025 (last year of the Plan), is not higher than 110% of the average value of 1.41;

(iv) the EBITDA of LU-VE US (formerly known as Zyklus) relating to each of the financial years 2023, 2024 and 2025 (“LUVE US Annual EBITDA”) has reached at least 90% of the LU-VE US (formerly called Zyklus) target EBITDA (“LU-VE US Target EBITDA”) for at least two of the financial years 2023, 2024 and 2025 and the LU-VE US (formerly Zyklus) cumulative EBITDA for the three years (“LU-VE US cumulative EBITDA”) has reached at least 90% of the LU-VE US (formerly Zyklus) cumulative target EBITDA 2023, 2024 and 2025 (“LU-VE US Cumulative Target EBITDA”);

(v) the average value of the ratio between the annual Scope 1 and Scope 2 emissions and the Annual EBITDA in the three-year period was no higher than 110% of 273 (average of the targets for the reduction of the aforementioned emissions for the performance period compared to the base year 2022) and the ratio between Scope 1 and Scope 2 emissions in 2025 and Annual EBITDA in 2025 did not exceed 110% of the average value of 273.

No additional portion will be paid with respect to the cash bonus already accrued if (i) the Cumulative EBITDA exceeds 120% of the Cumulative Target EBITDA; and/or (ii) the Cumulative Turnover exceeds 110% of the Cumulative Target Turnover; and/or (iii) the ratio between the 2025 Annual NFP and the 2025 Annual EBITDA is 10% lower than the average value of 1.41; (iv) and/or the LU-VE US Cumulative EBITDA exceeds 120% of the LU-VE US Cumulative EBITDA; (v) the ratio between Scope 1 and Scope 2 emissions in 2025 and Annual EBITDA in 2025 is more than 10% lower than the average value of 273.

The Regulation of the 2023-2025 LTI Plan also envisages, subject to the justified proposal of the Remuneration and Appointments Committee, after hearing the opinion of the Board of Statutory Auditors with regard to the Directors with Proxy, and based on the motivated proposal of the CEO, consulting the Remuneration and Appointments Committee for the other beneficiaries, grant the Board of Directors the power to allow the payment of the cash bonus, even if the performance targets are partially achieved or not achieved, to an extent that the Board of Director shall define.

For the Directors with Proxy, the weight of the LTI (expressed in percentage terms) linked to the medium/long-term results and the short-term variable component (MBO) cannot exceed a maximum of 53% of the total remuneration (calculated at the maximum value assuming that the results including the overperformance set are attained).

For the purposes of verifying the achievement of the performance objectives, reference will be made to the data in the Annual Financial Reports, inclusive of the sustainability reports, of the LU-VE Group relating to each year of the three-year period 2023-2025 and the related preparatory documentation, purified by any extraordinary components and any variable remuneration accrued by the Executive Directors, as approved by the competent corporate bodies. As for turnover, the data that will be considered is that relating to product turnover.

For the General Manager and Key management personnel, the weight of the LTI (expressed in percentage terms) with respect to the Gross Annual Remuneration, including the amounts awarded for non-compete clauses, received with reference to each individual year of the vesting period, cannot exceed a maximum of 12% (calculated at the maximum value assuming that the results including the overperformance set are attained); the total cash bonus (base 100) will correspond to 11% of the Gross Annual Remuneration received by each of the above beneficiaries, for each year of the three-year period.

The Gross Annual Remuneration will take into account only the fixed remuneration items and any amounts awarded for non-compete clauses; therefore, any variable amounts paid to the beneficiary (such as, but not limited to, MBO, any indemnities, extra bonuses, etc.) will not be taken into account in the calculation basis.

This incentive percentage is increasing in relation to the role held and therefore this determination will be made by taking into account the strategic relevance of the position of each Beneficiary within the organisational structure of the Company and/or the other Group companies and the impact on the business of the individual beneficiary's role, on the pursuit of company results and the achievement of performance objectives.

At the end of the three-year vesting period, the Plan envisages the award, by the end of May 2026, of 60% of the bonus accrued and the deferral of the remaining portion of 40% at the end of December 2026 (namely 12 months after the end of the financial year in which performance was measured).

3.7 Non-monetary benefits

With the objective of ensuring an overall remuneration offer which is as competitive and aligned to best practices as possible, the salary package of the Directors with Proxy, the General Manager and of the Key management personnel is completed with non-monetary benefits (e.g. company car, even for personal use), with the goal of supplementing the salary package components in kind consistent with the status of the beneficiary, as well as forms of supplementary insurance with the aim, broadly speaking, of protecting the beneficiary's well-being. In addition to insurance cover for life, permanent disability from illness and accidents, including non-professional, on travel risks, the company offers subscription to a fund for the reimbursement of supplementary healthcare costs (which also covers the household), which augments that envisaged by FASI (Supplementary Healthcare Assistance Fund for managers of companies that produce goods and services and their families).

In line with the best practice, a policy was also stipulated to cover the third party civil liability of company bodies (including the Board of Statutory Auditors), the General Manager, the Key management personnel, executives and senior managers (so-called D&O - Directors&Officers Liability). This is in order to indemnify the persons referred to above from the expenses deriving from the performance of their respective functions (excluding cases of wilful misconduct and gross negligence) for compensation of damages.

Lastly, for the General Manager and for certain Key management personnel and executives who work in Group companies, in specific cases, other benefits may be envisaged, such as, for example, the payment of expenses for home services and/or school expenses for their children.

3.8 Indemnity in case of termination of office or termination of the employment relationship.

3.8.1 Indemnity

As at the date of this Report, no provision is made for any indemnity in the case of the termination of office of Executive Directors, or in the event of the termination of the employment relationship with Key management personnel.

With regard to the General Manager and the Key management personnel, the Company makes a quarterly payment (20 January; 20 April; 20 July; 20 October) to the supplementary pension fund chosen by the executive in accordance with the (National Collective Contract applied for industry executives), equal to the percentage of the severance benefit accrued and the additional contribution envisaged contractually.

Furthermore, based on the applicable collective bargaining agreements, if the employer terminates the employment relationship, the executive has the right to a notice period (which increases with years of service); if the notice period is not respected, the company must pay the indemnity corresponding to the notice period not granted. If the termination of the employment relationship is declared as unjustified, the executive has the right to an additional indemnity, which also increases with years of service, based on regulatory provisions. In the event of a challenge by the Key management personnel of the termination communicated by the employer, the Company may initiate negotiations aimed at an out-of-court settlement of the challenge, in order to avoid the emergence of potentially lengthy and costly legal disputes, always having as its primary objective to guarantee the Company's interest.

For the General Manager and for Key management personnel, in the event the Company terminates the employment relationship for reasons not inherent to just cause, the individual agreements reached with each one of them may envisage, in addition to the direct and indirect amounts accrued and the contractual notice period, the payment of an additional amount equal to maximum fifteen months of the Gross Annual Remuneration.

3.8.2 Effects on rights assigned as regards monetary incentive plans

● Short-term incentives (MBO)

The right to the annual variable component of remuneration (MBO) and to the relative cash payment is usually forfeited in the event of termination of employment, on the initiative of either the beneficiary or the company, in the year of reference. For the General Manager and the Key management personnel, the accrual and the payment of the variable MBO component is conditional on still being in employment on 31 January of the year following the reference year.

There may be more restrictive clauses envisaged in individual contracts, and equally more favourable conditions may be agreed at the time of the termination of employment.

● Medium/long-term incentives (2023-2025 LTI)

The Regulation of the 2023-2025 LTI Plan envisages:

- that the right to receive the bonus, even on a pro-rata basis, is forfeited, if at the end of the vesting period the beneficiary is no longer in employment with the Company or with a company belonging to the Group for whatsoever reason, or is in a notice period, that is worked or otherwise, or in similar circumstances that may be applicable by law or by contract;
- the power of the Board of Directors, on the proposal of the Remuneration and Appointments Committee, after consulting the Board of Statutory Auditors for the Directors with Proxy, and on the proposal of the CEO, after consulting the Remuneration and Appointments Committee for the other beneficiaries - to assess, at its discretion, whether the bonus should be fully or partly paid, in the event in which the relevant employment relationship is terminated due to: (i) expiry of the mandate as Company director; (ii) consensual termination by mutual consent; (iii) access by the beneficiary to a pension fund, contribution for years of service or for invalidity on condition that this leads to a termination of employment; as well as in cases of: (iv) dismissal justified by objective reasons (for the category of executives included in the notion of justification); (v) resignation for just cause; (vi) dismissal due to exceeding the compulsory period;
- the payment of the bonus to the beneficiary (or to his/her legitimate heirs or to those entitled) in the event of the termination of the relevant employment relationship due to death or a debilitating event, such that the beneficiary can no longer continue working, for the period between the start date of participation in the plan and the date on which employment ended.

3.9 Remuneration of members of the Board of Statutory Auditors

In respect of the statutory provisions, the remuneration of the standing members of the Board of Statutory Auditors is determined by the Shareholders' Meeting.

The Shareholders' Meeting of 28 April 2023 established, for the 2023-2025 three-year period, the fee of the Chairman of the Board of Statutory Auditors at Euro 45,000 (forty-five thousand) per annum, and the fee for each Standing Auditor at Euro 30,000 (thirty thousand) per annum, also considering the content of the report drawn up by the departing Board of Statutory Auditors pursuant to the "Rules of conduct of the Board of Statutory Auditors of listed companies" (edition of 26 April 2018), issued by the Board of Professional Accountants and Auditors, referring in particular to Rule Q.1.6., "Remuneration" (see below, Section II, Part One, point 1.3 of this Report).

3.10 Remuneration of the Manager of the Internal Audit function

For the sake of transparency, the remuneration of the Manager of the Internal Audit function is comprised by a fixed component and a short-term variable component (MBO), consistent with the functions assigned by the Board of Directors, allocated on the proposal of the CEO, with the approval of the Control and Risk Committee, after consulting the Board of Statutory Auditors.

The procedures for attributing and determining the short-term variable component are identified in observance of the general principles set out in the Remuneration Policy.

3.11 Permitted exemptions to this policy

In the event of Exceptional Circumstances (meaning, by way of example but not limited to such): (i) the need to replace or enter an Executive Director or a Key Manager, due to unforeseen events and/or based on the development of the Group, and to have to rapidly negotiate a remuneration package, where the restrictions imposed by the approved Policy could limit the Company's opportunity to attract managers with the appropriate expertise to manage the business; (ii) significant changes in the scope of the business activity during the validity of the Remuneration Policy, such as the sale of a business/division on which the performance targets of the Remuneration Policy were based, or the acquisition of a significant business not contemplated in the preparation of said Policy; (iii) the occurrence, at national or international level, of extraordinary and unforeseeable events, regarding the Company and/or the sectors and/or the markets it operates in, which have a significant impact on the Company's results, the Board of Directors may exempt the following elements of this Policy, in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay in the market:

- performance targets and/or respective weights, relating to the annual variable components (MBO) and to the medium/long-term monetary incentives (LTI).

These exemptions may be resolved by the Board of Directors, on the proposal of, or in any event, after consulting the Remuneration and Appointments Committee and the Board of Statutory Auditors, applying the "*Related Party Transactions Procedure*" in force at the Company, even if the exemptions provided for therein should apply.

SECTION II

FEES PAID IN 2023 AND OTHER INFORMATION

1. PART ONE

Information on the fees paid in the 2023 financial year to Directors, Statutory Auditors, Honorary Chairman, General Manager and Key management personnel is provided below. An illustration of some items and further information is also available in Section I of this Report.

In this regard, the compliance of the remuneration policy defined for the 2023 financial year (“2023 Policy”) was verified by the Remuneration and Appointments Committee at the time of the periodic assessment conducted by the same Committee at the meeting held on 4 March 2024. Following the assessment, the Remuneration and Appointments Committee confirmed the consistency and compliance of the remuneration paid to Directors, Statutory Auditors, Honorary Chairman, General Manager and Key management personnel during 2023 with the 2023 Policy.

1.1 Description of the remuneration paid to members of the Board of Directors in the 2023 financial year

During the 2023 financial year, the Company Board of Directors was renewed by the Shareholders’ Meeting held on 28 April 2023.

Following the death on 22 December 2022 of the Chairman, Iginio Liberali, during the 2023 financial year the Board was composed, until 28 April 2023, of 11 (eleven) members as specified below:

- Executive Directors, Matteo Liberali (Chairman and CEO), Pier Luigi Faggioli (Vice Chairman), Michele Faggioli (current CSDO, who covered the position of COO); as well as
- Non-Executive Directors, Raffaella Cagliano (independent), Guido Giuseppe Crespi (independent), Anna Gervasoni (independent), Fabio Liberali, Laura Oliva, Stefano Paleari (independent), Roberta Pierantoni and Marco Claudio Vitale.

The Shareholders' Meeting of 28 April 2023, which appointed the new Board of Directors, reduced the number of members of the management body to 10 (ten), appointing:

- Executive Directors, Matteo Liberali (Chairman and CEO), Pier Luigi Faggioli (Vice Chairman), Michele Faggioli (current CSDO, who covered the position of COO); as well as
- Non-Executive Directors, Raffaella Cagliano (independent), Anna Gervasoni (independent), Fabio Liberali, Laura Oliva, Stefano Paleari (independent), Carlo Paris (independent), Roberta Pierantoni.

In addition, on 28 April 2023 the Shareholders' Meeting introduced the figure of the Honorary Chairman in the Articles of Association, and on the same date the Board of Directors assigned this office to Marco Claudio Vitale, external member of the Board.

The Board of Directors meeting held on 28 April 2023, following the Shareholders’ Meeting that had resolved on the appointment, appointed the members of the three committees established within it and already present in the previous mandate.

In particular, from the beginning of 2023 until 28 April 2023, the composition of the three committees established within the Board of Directors was as follows:

- for the Control and Risk Committee, the directors Stefano Paleari (Chairman), Anna Gervasoni (independent) and Laura Oliva (non-executive);

- for the Remuneration and Appointments Committee, the directors Stefano Paleari (Chairman), Anna Gervasoni (independent) and Roberta Pierantoni (non-executive).
- for the Independent Committee, the independent directors, Stefano Paleari (with the function of Chairman), Raffaella Cagliano and Guido Giuseppe Crespi.

Starting from 28 April 2023 and until the date of this Report, the composition of the three committees established within the Board of Directors is as follows:

- for the Control and Risk Committee, the directors Stefano Paleari (Chairman), Anna Gervasoni (independent) and Laura Oliva (non-executive);
- for the Remuneration and Appointments Committee, the directors Stefano Paleari (Chairman), Anna Gervasoni (independent) and Roberta Pierantoni (non-executive).
- for the Independent Committee, the independent directors, Stefano Paleari (with the function of Chairman), Raffaella Cagliano and Carlo Paris.

1.1.1 Remuneration of Non-Executive Directors

With regard to the remuneration due to the Executive Directors who were in office during the 2023 financial year until 28 April 2023 (the date of the Shareholders' Meeting that resolved to renew the Board of Directors currently in office), it should be noted that the Shareholders' Meeting of 29 April 2020 resolved to attribute to the Board of Directors, appointed by the same for the three-year period 2021-2023, a remuneration pursuant to art. 2389, paragraph 3, of the Italian Civil Code, setting: (i) the total maximum annual amount of fixed remuneration, for the entire term in office, of all Directors, including those who are attributed special offices, at Euro 1,850,000.00; and (ii) the total maximum annual amount of variable remuneration, for the entire term in office, at Euro 1,850,000.00, linked to performance indicators, to be attributed to the Directors vested with special roles, bestowing a mandate to the Board of Directors to divide it between the Directors based on the activities performed for the Company.

In accordance with the 2022 Remuneration Policy approved by the Shareholders' Meeting of 29 March 2022, in relation to the period 1 January 2023-28 April 2023 the Board of Directors - on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, taking into account the maximum total annual amount resolved by the Shareholders' Meeting of 29 April 2020 for the fixed remuneration of all Directors - attributed the directors in office in the above-mentioned period the following fees:

- to each member of the Board a remuneration for the year 2023 of Euro 20,000.00 *pro rata temporis*; for the aforementioned period from 1 January 2023 to 28 April 2023 each member therefore accrued the amount of Euro 6,410.96;
- to the Chairman of the Remuneration and Appointments Committee and of the Control and Risk Committee an annual fixed remuneration for each office of Euro 8,000.00 *pro rata temporis* for the entire duration of the 2020-2022 three-year mandate; for the aforementioned period from 1 January 2023 to 28 April 2023, the Chairman of the Remuneration and Appointments Committee and of the Control and Risk Committee therefore accrued the amount of Euro 2,564.38 for each office;
- to each of the other two members of the same committees an annual fixed remuneration of Euro 6,000.00 *pro rata temporis* for the entire duration of the 2020-2022 three-year mandate;

- for the aforementioned period from 1 January 2023 to 28 April 2023, therefore, each member accrued the amount of Euro 1,923.29 for participation in the committee to which they belong;
- to the Chairman of the Independent Committee an annual fixed remuneration for the year 2023 of Euro 3,000.00 *pro rata temporis*; for the aforementioned period 1 January 2023 to 28 April 2023, the Chairman of the Independent Committee therefore accrued the amount of Euro 961.64;
 - to each of the other two members of the same Independent Committee an annual fixed remuneration for the year 2023 of Euro 2,000.00 *pro rata temporis*; for the aforementioned period 1 January 2023 to 28 April 2023, each member therefore accrued the amount of Euro 641.10.

At the time of appointment of the new Board of Directors, the Meeting of 28 April 2023 established, pursuant to art. 2389, paragraph 3, of the Italian Civil Code: (i) the total maximum annual amount of fixed remuneration, for the entire term in office, of all Directors, including those who are attributed special offices as well as the remuneration attributed as member of the Internal Board Committees, at Euro 2,000,000.00; and (ii) the total maximum annual amount of variable remuneration, for the entire term in office, at Euro 2,000,000.00, linked to performance indicators, to be attributed to the Directors vested with special roles, bestowing a mandate to the Board of Directors to divide it between the Directors based on the activities performed for the Company.

In accordance with the 2023 Remuneration Policy approved by the Shareholders' Meeting of 28 April 2023 the Board of Directors - on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, taking into account the maximum total annual amount resolved by the Shareholders' Meeting of 28 April 2023 for the fixed remuneration of all Directors - attributed the following fees:

- to each member of the Board an annual fixed remuneration of Euro 25,000.00 *pro rata temporis* for the entire duration of the 2023-2025 three-year mandate; in relation to the period 29 April-31 December 2023, in the financial year 2023 each member of the Board of Directors accrued the amount of Euro 16,986.30;
- to the Chairman of the Remuneration and Appointments Committee and of the Control and Risk Committee an annual fixed remuneration for each office of Euro 11,000.00 *pro rata temporis* for the duration of the 2023-2025 three-year mandate; in relation to the period 29 April-31 December 2023, in the financial year 2023 the Chairman of the Remuneration and Appointments Committee and of the Control and Risk Committee accrued the amount of Euro 7,473.97 for each office;
- to each of the two members of the same committees an annual fixed remuneration of Euro 8,000.00 *pro rata temporis* for the entire duration of the 2023-2025 three-year mandate; in relation to the period 29 April-31 December 2023, in the financial year 2023 each member accrued the amount of Euro 5,435.62;
- to the Chairman of the Independent Committee an annual remuneration of Euro 5,500.00 *pro rata temporis* for the entire duration of the 2023-2025 three-year mandate; in relation to the period 29 April-31 December 2023, in the 2023 financial year the Chairman of the Independent Committee accrued the amount of Euro 3,736.99;

- to each of the two members of the same Independent Committee an annual fixed remuneration of Euro 4,000.00 *pro rata temporis* for the entire duration of the 2023-2025 three-year mandate; in relation to the period 29 April-31 December 2023, in the financial year 2023 each member accrued the amount of Euro 2,717.81;

1.1.2 Remuneration of the Chairman of the Board of Directors and CEO

In accordance with the 2023 Policy, with regard to 2023, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, and taking into account the maximum total annual amount resolved by the Shareholders' Meeting of 28 April 2023 for the fixed remuneration of all Directors, the Board of Directors, in the meeting of 12 May 2023, resolved to attribute to the Chairman of the Board of Directors and CEO, Mr. Matteo Liberali:

- (i) an annual fixed fee of Euro 175,000.00, for the office of Chairman of the Board of Directors, in addition to the fixed basic fee of Euro 25,000.00 *pro rata temporis* for the office of director;
- (ii) a fixed annual remuneration of Euro 525,000.00, for the position of CEO, for the proxies assigned pursuant to art. 2389, paragraph 3, of the Italian Civil Code;
- (iii) an MBO (for a potential maximum value of Euro 450,000.00), linked to the achievement of the following quantitative targets:
 - Consolidated EBITDA (weight of 50%)
 - Consolidated TURNOVER (weight of 10%)
 - NET FINANCIAL POSITION/EBITDA RATIO (with a 25% weight)
 - Reduction of Scope 1 and Scope 2 emissions given the same consolidated EBITDA (5%)
 - GROUP ACCIDENT RATE (5%)
 - ACCIDENT RATE ITALY (2.5%)
 - ACCIDENT RATE EUROPE (2.5%);
- (iv) an LTI for the 2023-2025 three-year period (for a potential maximum value of Euro 170,000.00), linked to the achievement of the following targets:
 - consolidated EBITDA (cumulative three-year value, 50%)
 - consolidated TURNOVER (cumulative three-year value, 20%)
 - NET FINANCIAL POSITION - NFP/EBITDA RATIO (average value for the three-year period and value for 2025, 15%)
 - 2023-2025 cumulative ZYKLUS EBITDA compared to Cumulative Target ZYKLUS EBITDA (5%)
 - Reduction of Scope 1 and Scope 2 emissions given the same consolidated EBITDA (10%).

In accordance with the 2022 Policy ³ and the 2023 Policy, for the year 2023, Mr. Matteo Liberali accrued overall:

(i) as the annual *fixed component*, the following amounts:

- Euro 23,397.26 for the office as member of the Board of Directors (of which Euro 6,410.96 in relation to the last period of the 2020-2022 mandate);
- Euro 175,000.00 as additional remuneration for the office of Chairman of the Board of Directors;
- Euro 525,000.00, as additional remuneration for the office of CEO;

(ii) as the annual *variable component* (MBO), the following amount:

- Euro 393,433.06;

(iii) as the medium/long-term variable component (2023-2025 LTI), the following amount:

- Euro 136,574.03.

The final value of the MBO was assigned by the Board of Directors on 13 March 2024, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, with an average percentage value of 100.54% of the target value, following the achievement of the overperformance set for the objectives of NFP/EBITDA ratio, *Group accident rate, accident rate of European facilities and accident rate of Italian facilities*; as regards the EBITDA and Turnover objectives, accidents, the entry point was exceeded but the target was not reached; with regard to the Scope 1 and Scope 2 emissions reduction objective in relation to consolidated EBITDA, the target was exceeded but overperformance was not achieved.

With regard to the 2023-2025 LTI Plan, the performance targets envisaged for the first year of the Plan were reached with an average value of 92.79% and, therefore, the relative amount was allocated to provisions in the financial statements.

To Mr. Matteo Liberali was also awarded non-monetary benefits corresponding to a value of Euro 5,596.33.

Based on the above elements, the total fixed remuneration paid to the Chairman and CEO for the 2023 financial year corresponded to 1.36 times the variable remuneration (comprised by the MBO and LTI) accrued in the same year.

In particular, with reference only to the fixed remuneration paid to the CEO for the 2023 financial year, this corresponded to 0.99 times the variable remuneration (comprised by the MBO and LTI) accrued in the same year.

With reference to the 2020-2022 LTI Plan for which the CEO had accrued a total remuneration of Euro 215,325.00 at the end of the vesting period, it should be noted that the same was paid during the 2023 financial year in two tranches, in accordance with the provisions of the relative regulation.

³ See paragraph 1.1.1 of this Part One, Section II of the Report for details on the annual fixed component paid as a member of the Board of Directors.

1.1.3 Remuneration of the Vice Chairman of the Board of Directors

In accordance with the 2023 Policy, with regard to 2023, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, and taking into account the maximum total annual amount resolved by the Shareholders' Meeting of 28 April 2023 for the fixed remuneration of all Directors, the Board of Directors, in the meeting of 12 May 2023, resolved to attribute to the Vice Chairman:

- (i) an annual fixed fee of Euro 25,000.00, for the office of Vice Chairman of the Board of Directors, in addition to the fixed basic fee of Euro 25,000.00 *pro rata temporis* for the office of director, as well as
- (ii) an annual fixed remuneration of Euro 235,000.00 for the proxies assigned in the subsidiaries of strategic relevance SEST S.p.A and SEST-LUVE-Polska s.p.zo.o.;
- (iii) an MBO (for a potential maximum value of Euro 290,000.00), linked to the achievement of the following targets:
 - Consolidated EBITDA (weight of 50%)
 - Consolidated TURNOVER (weight of 10%)
 - NET FINANCIAL POSITION/EBITDA RATIO (with a 25% weight)
 - Reduction of Scope 1 and Scope 2 emissions given the same consolidated EBITDA (5%).
 - GROUP ACCIDENT RATE (5%)
 - ACCIDENT RATE ITALY (2.5%)
 - ACCIDENT RATE EUROPE (2.5%).

In accordance with the 2022 Policy⁴ and the 2023 Policy, for the year 2023, Mr. Pier Luigi Faggioli accrued overall:

- (i) as the annual fixed component, the following amounts:
 - Euro 23,397.26 for the office as member of the Board of Directors (of which Euro 6,410.96 in relation to the last period of the 2020-2022 mandate);
 - Euro 25,000.00 as additional remuneration for the office of Vice Chairman of the Board of Directors;
 - Euro 235,000.00 as additional remuneration for the proxies assigned in the subsidiaries of strategic relevance SEST S.p.A and SEST-LUVE-Polska s.p.zo.o.;
- (ii) as the annual variable component (MBO), the following amount:
 - Euro 253,546.06.

The final value of the MBO was assigned by the Board of Directors on 13 March 2024, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, with an average percentage value of 100.54% of the target value, following the achievement of the overperformance set for the objectives of NFP/EBITDA ratio,

⁴ See paragraph 1.1.1 of this Part One, Section II of the Report for details on the annual fixed component paid as a member of the Board of Directors.

Group accident rate, accident rate of European facilities and accident rate of Italian facilities; as regards the EBITDA and Turnover objectives, accidents, the entry point was exceeded but the target was not reached; with regard to the Scope 1 and Scope 2 emissions reduction objective in relation to consolidated EBITDA, the target was exceeded but overperformance was not achieved.

To Mr. Pier Luigi Faggioli was also awarded non-monetary benefits corresponding to a value of Euro 6,458.28.

Based on the above elements, the total fixed remuneration paid to the Vice Chairman, also for the proxies attributed for the 2023 financial year corresponded to 1.12 times the variable remuneration (comprised by the MBO) accrued in the same year.

In particular, with reference only to the fixed remuneration paid for the proxies attributed for the 2023 financial year, this corresponded to 0.93 times the variable remuneration (comprised by the MBO) accrued in the same year.

1.1.4 Remuneration of the Chief Strategic Development Officer (CSDO)

In accordance with the 2023 Policy, with regard to 2023, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, and taking into account the maximum total annual amount resolved by the Shareholders' Meeting of 28 April 2023 for the fixed remuneration of all Directors, the Board of Directors, in the meeting of 12 May 2023, resolved to attribute to the current CSDO Michele Faggioli (who at that time held the position of COO):

- (i) an annual fixed fee of Euro 525,000.00, in addition to the fixed basic fee of Euro 25,000.00 for the office of director, for the proxies assigned pursuant to art. 2389, par. 3 of the Italian Civil Code, as well as
- (ii) an MBO (for a potential maximum value of Euro 450,000.00), linked to the achievement of the following targets:
 - Consolidated EBITDA (weight of 50%)
 - Consolidated TURNOVER (weight of 10%)
 - NET FINANCIAL POSITION/EBITDA RATIO (15%).
 - Reduction of Scope 1 and Scope 2 emissions given the same consolidated EBITDA (10%).
 - GROUP ACCIDENT RATE (10%)
 - ACCIDENT RATE ITALY (2.5%)
 - ACCIDENT RATE EUROPE (2.5%);
- (iii) an LTI for the 2023-2025 three-year period (for a potential maximum value of Euro 170,000.00), linked to the achievement of the following targets:
 - Consolidated EBITDA (weight of 50%)
 - Consolidated TURNOVER (weight of 20%)
 - NET FINANCIAL POSITION/EBITDA RATIO (15%)
 - 2023-2025 cumulative ZYKLUS EBITDA compared to Cumulative Target ZYKLUS EBITDA (5%)

-Reduction of Scope 1 and Scope 2 emissions given the same consolidated EBITDA (10%).

In accordance with the 2022 Policy⁵ and the 2023 Policy, for the year 2023 Michele Faggioli has accrued:

(i) as the annual fixed component, the following amounts:

- Euro 23,397.26, for the office of member of the Board of Directors;
- Euro 525,000.00, as additional remuneration for the office of COO;

(ii) as the annual variable component (MBO), the following amount:

- Euro 392.107,67;

(iii) as the medium/long-term variable component (2023-2025 LTI), the following amount:

- Euro 136,574.03.

The final value of the MBO was assigned by the Board of Directors on 13 March 2024, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, with an average percentage value of 100.21% of the target value, following the achievement of the overperformance set for the objectives of NFP/EBITDA ratio, Group accident rate, accident rate of European facilities and accident rate of Italian facilities; as regards the EBITDA and Turnover objectives, accidents, the entry point was exceeded but the target was not reached; with regard to the Scope 1 and Scope 2 emissions reduction objective in relation to consolidated EBITDA, the target was exceeded but overperformance was not achieved.

With regard to the 2023-2025 LTI Plan, the performance targets envisaged for the first year of the Plan were reached with an average value of 92.79% and, therefore, the relative amount was allocated to provisions in the financial statements.

Michele Faggioli was also awarded non-monetary benefits corresponding to a value of Euro 10,751.88.

Based on the above elements, the fixed remuneration paid to the CSDO for the 2023 financial year corresponded to 1.04 times the variable remuneration (comprised by the MBO and LTI) accrued in the same year.

With reference to the 2020-2022 LTI Plan for which the CSDO had accrued a total remuneration of Euro 215,325.00 at the end of the vesting period, it should be noted that the same was paid during the 2023 financial year in two tranches, in accordance with the provisions of the relative regulation.

With regard to the variable components of remuneration accrued by the Executive Directors in the 2023 financial year, note that, in order to protect the confidentiality of commercially sensitive information and of unpublished forecasts, the Company does not provide information on the performance targets value achieved with respect to those envisaged. This decision was necessary in consideration of the fact that LU-VE S.p.A. is the only European company in its sector with shares traded on a regulated market of the European Union; as it is also the only company in its sector

⁵ See paragraph 1.1.1 of this Part One, Section II of the Report for details on the annual fixed component paid as a member of the Board of Directors.

subject to the disclosure obligations envisaged by the SHRD II Directive, as transposed into our legal system, and as instead the disclosure of this information to the public is not required of its competitors, this would enable the latter to gain a competitive advantage that could damage the Company's business.

With reference to the MBOs, the results achieved with regard to the financial performance indicators EBITDA and Turnover for all Executive Directors (for the CEO, the Vice Chairman and the CSDO) exceeded the entry point but did not reach the target, while the NFP/EBITDA ratio reached the overperformance set for the objective. With regard to the non-financial indicator of accident rate, the objective has reached the overperformance with reference to the accident rate of both the Group and the European and Italian facilities. Lastly, the non-financial indicator of the reduction of Scope 1 and Scope 2 emissions in relation to consolidated EBITDA exceeded the target but did not reach the overperformance.

With reference to the LTI, the results achieved with regard to the financial performance indicators of EBITDA and Turnover exceeded the entry point but did not reach the target. With regard to the financial indicator given by the NFP/EBITDA ratio, the overperformance was achieved. The financial indicator of EBITDA of the subsidiary LU-VE US did not reach the entry point. Finally, the non-financial indicator of the reduction of Scope 1 and Scope 2 emissions in relation to consolidated EBITDA exceeded the target but did not reach the overperformance.

Based on the overall proposal of the Remuneration and Appointments Committee, on 13 March 2024, the Board of Directors resolved the vesting of the bonuses relating to the 2023 MBO and the 2023 LTI based on calculations relating to the overperformance achieved.

With regard to the fees paid in the 2023 financial year to the Executive Directors and to the Non-Executive Directors illustrated in this Part One, Section II of the Report, note that:

- (i) the overall fees of all directors fell in 2023 compared to 2022 by 7.59 % (fixed + MBO) and by 2.99 % if the provision for the first year of the 2023-2025 LTI Plan is included;
- (ii) the fixed remuneration of all directors amounts to Euro 1,555,191.78 (in addition to Euro 22,806.49 attributed to the Executive Directors by way of non-monetary benefits), against a ceiling approved by the Shareholders' Meeting of Euro 2,000,000.00;
- (iii) the variable fees accrued by the Executive Directors (MBO, as well as, just for the CEO and CSDO, 2023 LTI) amount to a total of Euro 1,312,234.85 (of which Euro 1,039,086.80 for MBO and Euro 273,148.05 for 2023 LTI portion), against a maximum amount resolved by the Shareholders' Meeting of Euro 2,000,000.00.

1.2 Remuneration of the Honorary Chairman in 2023

At the Board meeting of 12 May 2023, the Board of Directors awarded the Honorary Chairman appointed for the three-year period 2023-2025 a fixed annual remuneration of Euro 25,000.00 *pro rata temporis*.

1.3 Remuneration of members of the Board of Statutory Auditors in the 2023 financial year

During 2023, the Company Board of Statutory Auditors was renewed by the Shareholders' Meeting held on 28 April 2023. Until said date, the Board of Statutory Auditors had been comprised by Simone Cavalli (Chairman), Paola Mignani and Stefano Beltrame, who were awarded *pro rata temporis*, based on the resolution of the Shareholders' Meeting held on 29 April 2020, an annual remuneration of Euro 45,000.00 for the Chairman and Euro 30,000.00 gross, for each of the two standing auditors.

The Shareholders' Meeting held on 28 April 2023 appointed the following as members of the Board of Statutory Auditors: Mara Palacino (Chairman), Paola Mignani and Domenico Angelo Magno Fava awarding the same, *pro rata temporis*, an annual remuneration of Euro 45,000.00 for the Chairman and Euro 30,000.00 gross for each of the two standing auditors, also considering the recommendations provided by the departing Board of Statutory Auditors in its report drawn up pursuant to the "Rules of conduct of the Board of Statutory Auditors of listed companies" (edition of 26 April 2018), issued by the Board of Professional Accountants and Auditors, referring in particular to Rule Q.1.6., "Remuneration"; in said report, the departing Board of Statutory Auditors had detailed the activities performed, the time employed to prepare its work, as well as for its meetings and for the participation in the meetings of the Board of Directors, of the Board Committees, to provide recommendation for the definition of the fees of the incoming Board of Statutory Auditors.

Mr. Stefano Beltrame also accrued other remuneration from the subsidiaries for the offices of statutory auditor and member of the Supervisory Body pursuant to Italian Legislative Decree 231/2001, indicated in Table 1 of Part Two of this Section II of the Report, to which reference should be made.

1.4 Remuneration of the General Manager in 2023

In compliance with the 2023 Policy, in the 2023 Financial Year, the General Manager who holds this position with effect from 27 March 2023, accrued:

- (i) as a annual fixed component, total remuneration of Euro 298,269.23;
- (ii) as an annual variable component (MBO), a remuneration of Euro 86,719.28, linked to the achievement of the following quantitative objectives:
 - Consolidated EBITDA (weight of 50%)
 - Consolidated TURNOVER (weight of 10%)
 - NET FINANCIAL POSITION/EBITDA RATIO (with a 25% weight)
 - Reduction of Scope 1 and Scope 2 emissions given the same consolidated EBITDA (5%)
 - GROUP ACCIDENT RATE (5%)
 - ACCIDENT RATE ITALY (2.5%)
 - ACCIDENT RATE EUROPE (2.5%);
- (iii) as a medium/long-term variable component (LTI), a remuneration of Euro 41,514.60 linked to the achievement of the following quantitative objectives:

- Consolidated EBITDA (weight of 50%)
- Consolidated TURNOVER (weight of 20%)
- NET FINANCIAL POSITION/EBITDA RATIO (15%)
- 2023-2025 cumulative ZYKLUS EBITDA compared to Cumulative Target ZYKLUS EBITDA (5%)
- Reduction of Scope 1 and Scope 2 emissions given the same consolidated EBITDA (10%).

The final value of the MBO was assigned by the Board of Directors on 13 March 2024, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, with an average percentage value of 100,54 % of the target value, following the achievement of the overperformance set for the objectives of NFP/EBITDA ratio, Group accident rate, accident rate of European facilities and accident rate of Italian facilities; as regards the EBITDA and Turnover objectives, accidents, the entry point was exceeded but the target was not reached; with regard to the Scope 1 and Scope 2 emissions reduction objective in relation to consolidated EBITDA, the target was exceeded but overperformance was not achieved.

With regard to the 2023-2025 LTI Plan, the performance targets envisaged for the first year of the Plan were reached with an average value of 92.79% and, therefore, the relative amount was allocated to provisions in the financial statements.

The General Director was also awarded non-monetary benefits corresponding to a value of Euro 5,571.20.

Based on the above elements, the fixed remuneration paid to the General Manager for the 2023 financial year corresponded to 2.33 times the variable remuneration (comprised by the MBO and LTI) accrued in the same year.

1.5 Remuneration of Key management personnel in the 2023 financial year

In accordance with the 2023 Policy, in the 2023 financial year, the four executives who were identified as Key management personnel throughout the year and the executive who held this position from 13 November 2023⁶, accrued cumulatively:

- (i) as the annual *fixed component*, total remuneration of Euro 870,322.57 (in addition to Euro 26,643.12 attributed as non-monetary benefits), with relation to their contracts of employment as executives of the Company or of other Group companies;
- (ii) as the annual *variable component* (MBO), total remuneration of Euro 140,180.00, with relation to their contracts of employment as executives of the Company (or of other Group companies (against a potential target for 2023 for the five Key Managers who held this position for the entire financial year of Euro 170,000.00, up to a maximum of Euro 221,000.00, including overperformance);

⁶ In this regard, please refer to note 1 of Section I of this Report. It should be noted that the remuneration reported in this paragraph was calculated considering the entire annual amount of the remuneration paid for 2023 to the Key management personnel, which acquired this qualification starting from 13 November 2023.

(iii) as the medium/long-term variable component (2023-2025 LTI), a total remuneration of Euro 103,478.74.

The final value of the MBO was awarded following the achievement of the performance targets set, with an average percentage of 91.81% of the target value.

With regard to the 2023-2025 LTI Plan, the performance targets envisaged for the first year of the Plan were reached with an average value of 92.79% and, therefore, the relative amount was allocated to provisions in the financial statements.

Based on the above items, the fixed remuneration paid overall to Key management personnel for the 2023 financial year corresponded to 3.57 times the variable remuneration (comprised by the MBO and LTI) accrued in the year. The calculation of the fixed remuneration also included the remuneration accrued by Key management personnel as members of the management bodies of subsidiary or associated companies; net of said remuneration, the fixed remuneration paid overall to Key management personnel for the 2023 financial year corresponded to 3.12 times the variable remuneration (comprised by the MBO and LTI) accrued in the year.

For more information on the remuneration paid to the Company's Key management personnel in the 2023 financial year, with respect to that envisaged in the 2023 Policy, please refer to the content of the tables in Part Two of this Section II of the Report, which shows the breakdown of the individual items it is comprised of.

With reference to the 2020-2022 LTI Plan for which the four members of Key management personnel in office as at 31.12.2022 had accrued a total remuneration of Euro 141,075.02 at the end of the vesting period, it should be noted that the same was paid in two tranches, in accordance with the provisions of the relative Regulation.

1.6 Information on the application of *ex post* correction mechanisms for the variable remuneration component

In the financial year 2023, the "claw-back" and "malus" clauses envisaged by the 2023 Remuneration Policy, which respectively provide for the possible return or non-payment in whole or in part of the sum paid as a variable component of remuneration, were not applied by the Company.

1.7 Indemnity for termination of office or termination of the employment relationship.

In the 2023 financial year, no indemnities were approved and/or paid for the termination of office or for the termination of the employment relationship in favour of the Company's Directors, General Manager and Key management personnel.

1.8 Waivers to the 2023 Remuneration Policy

For the year 2023, no exceptions were made to the 2023 Remuneration Policy, approved by the Shareholders' Meeting on 28 April 2023.

1.9 Comparative information

This paragraph provides information for financial years 2019, 2020, 2021, 2022 and 2023, comparing the annual change: (i) in the total remuneration of Directors and Statutory Auditors, (ii)

in the results of the Company and (iii) in the annual average gross remuneration of the employees of the Italian companies of LU-VE Group.

1.9.1 Annual changes in the remuneration of Directors and Statutory Auditors

Directors' and Statutory Auditors' fees (including any benefits for Executive Directors)	2019 (Euro)	2020 (Euro)	% change 2020 vs 2019	2021 (Euro)	% change 2021 vs 2020	2022 (Euro)	% change 2022 vs	2023 (Euro)	% change 2023 vs 2022
Number of members of the Board of Directors	12	12		12		12		10	
Iginio Liberali / Matteo Liberali (Chairman) ****	449.041	450.870	0,41%	538.719	19,48%	568.125	5,46%	198.397	-65,08%
Matteo Liberali (CEO)	765.432	757.405	-1,05%	903.768	19,32%	954.387	5,60%	1.060.603	11,13%
Pierluigi Faggioli (Vice Chairman) *****	453.153	418.268	-7,70%	499.357	19,39%	529.435	6,02%	543.402	2,64%
Michele Faggioli (CSDO)	753.416	745.976	-0,99%	873.835	17,14%	927.495	6,14%	1.087.831	17,29%
Remuneration of non-executive directors*	18.000	19.344	7,47%	20.000	3,39%	20.000	0,00%	23.397	16,99%
Remuneration of the Chairman of the Remuneration and Appointments Committee/Control and Risk Committee*	7.000	7.672	9,60%	8.000	4,28%	8.000	0,00%	10.038	25,48%
Remuneration of members of the Remuneration and Appointments Committee/Control and Risk Committee*	5.000	5.672	13,44%	6.000	5,78%	6.000	0,00%	7.359	22,65%
Remuneration of the Chairman of the INDEPENDENT COMMITTEE**	-	-		-	NA	3.000	NA	4.699	56,62%
Remuneration of the member of the INDEPENDENT COMMITTEE**	-	-		-	NA	1.500	NA	3.359	123,93%
Chairman of the Board of Statutory Auditors***	45.000	45.000	0,00%	45.000	0,00%	45.000	0,00%	45.000	0,00%
Standing Auditor	30.000	30.000	0,00%	30.000	0,00%	30.000	0,00%	30.000	0,00%

* During the 2020 financial year, the corporate bodies were renewed: the remuneration amounts shown for 2020 refer to the assumption of continuity of office for the entire year. During the 2023 financial year, the corporate bodies were renewed: the remuneration amounts shown for 2023 refer to the assumption of continuity of office for the entire year.

** It should be noted that the remuneration of the Chairman and of the members of the Independent Committee has not been considered for 2021 as this committee was established by the Board of Directors on 29 June 2021. This remuneration was considered starting from the 2022 financial year.

*** Following the renewal of the corporate bodies on 2020 and 2023, the annual remuneration of the Chairman of the Board of Statutory Auditors did not change, even though the person that holds this position did change.

**** It should be noted that the office of Chairman of the Board of Directors until 2022 refers to Mr. Iginio Liberali, from 2023 to Mr. Matteo Liberali; in this regard, it should be noted that with reference to the change 2023 vs 2022, the assignment of the office of Chairman to the CEO already in office must be taken into account, with a consequent change in remuneration.

***** It should be noted that with reference to the 2023 vs 2022 change, account must be taken of the allocation of a new fee of Euro 25,000.00 for the specific office of Vice Chairman.

1.9.2 Annual changes in Group results

Results of the LU-VE Group	2019	2020	% change 2019- 2020	2021	% change 2020- 2021	2022	% change 2021- 2022	2023	% change 2022- 2023
Consolidated turnover (in Euro/million)	391,6	401,5	2,53%	492	22,54%	618,6	25,73%	617,3	-0,21%
Turnover from products (in Euro/million)	389,3	392,5	0,82%	483,1	23,08%	605,0	25,23%	606,8	0,30%
Reported EBITDA (in Euro/million)	46,8	45,2	-3,42%	60,8	34,51%	75,1	23,52%	78,8	4,93%
Adjusted EBITDA (in Euro/million)	51,7	45,5	-11,99%	60,8	33,63%	78,8	29,61%	80,1	1,65%
NFP (in Euro/million)	-107,2	-106,8	-0,37%	-121,9	14,14%	-142,3	16,74%	-126,3	-11,24%
Reported NFP/EBITDA ratio	2,29	2,36	-	2	-	1,89	-	1,60	-
Adjusted NFP/EBITDA ratio	2,07	2,35	-	2	-	1,81	-	1,58	-

Source: Annual Financial Report.

1.9.3 Annual change in the annual average gross remuneration of the employees of LU-VE Italia Group

LU-VE Italia Group (including any benefits)	2019 (Euro)	2020 (Euro)	% Change 2019-2020	2021 (Euro)	% Change 2020-2021	2022 (Euro)	% Change 2021- 2022	2023 (Euro)	% Change 2022- 2023
Average total remuneration of employees	36.995,38	38.179,19	3,20%	38.350,80	0,45%	38.558,52	0,54%	41.172,54	6,78%
Number of Employees	989	974	-1,52%	1022	4,93%	1180	15,46%	1183	0,25%

1.9.4 Trend of relationships between the remuneration of the Executive Directors and the Gross Annual Remuneration of Employees

The following table shows the trend, in the years 2019, 2020, 2021, 2022 and 2023, of the relationships between (i) the remuneration of the Executive Directors (indicated separately for the Chairman, the Vice Chairman, the Chief Executive Officer and the Industrial Strategic Development Officer), of the Non-Executive Directors (considered cumulatively) and of the members of the Board of Statutory Auditors (indicated separately for the Chairman of the Board of Statutory Auditors and each Standing Auditor) and (ii) the average gross annual remuneration of employees of LU-VE Italia Group.

Relationship between salaries	2019	2020	2021	2022	2023
Chairman/average Gross Annual Remuneration	12,14	11,81	14,05	14,73	4,82
Vice Chairman/average Gross Annual Remuneration	12,25	10,96	13,02	13,73	13,20
CEO/average Gross Annual Remuneration	20,69	19,84	23,57	24,75	25,76
CSDO/average Gross Annual Remuneration	20,37	19,54	22,79	24,05	26,42
Non-Executive Directors/average Gross Annual Remuneration	0,49	0,51	0,52	0,52	0,57
Chairman of the Board of Auditors/average Gross Annual Remuneration	1,22	1,18	1,17	1,17	1,09
Chairman of the Board of Auditors/average Gross Annual Remuneration	0,81	0,79	0,78	0,78	0,73

* The figure takes into account the change in the governance of the Company during the 2023 financial year, which saw the concentration in the CEO also of the role of Chairman; in particular, the figure indicated refers exclusively to the remuneration for the sole role of Chairman and does not include any remuneration for the proxies attributed to him in relation to his office as CEO.

** It should be noted that, following the changes made to the governance of the Company following the renewal of the new Board of Directors resolved by the Shareholders' Meeting of 28 April 2023 (represented, in particular, by the concentration in the head of the CEO of the role of Chairman and the decrease in the number of directors from twelve to ten), the total amount of remuneration attributed to all directors remained in line with that of the previous year.

In this regard, it should be noted that the increase in the ratio in relation to the 2021 financial year compared to the 2019 and 2020 financial years is mainly attributable to the significant growth in size of the Group during 2021 which led to a significant increase in the number of employees quantifiable at 201 for the Group and 48 with reference to the LU-VE Italia Group.

1.10 Disclosure regarding the vote made by the shareholders' meeting on Section II of last year's report

As shown in the table below, the Shareholders' Meeting of 28 April 2023 - in which a total of 141 shareholders representing 20,338,417 ordinary shares equal to 91.472881% of the ordinary capital and 23,668,688 votes, equal to 92.56% of the total amount of voting rights attributed to the share capital - with 95.02% of the voting rights represented at the Shareholders' Meeting (equal to 87.95% of the total voting rights), expressed a positive opinion with regard to Section II of the 2023 Report.

2.2 voto consultivo sui "Compensi corrisposti nell'esercizio 2022" riportati nella Sezione II, ai sensi dell'art. 123-ter, comma 6 del D. Lgs. n. 58/98.

	N. AZIONISTI (PER DELEGA)	N. VOTI	% SU VOTI RAPPRESENTATI	% SU TOTALE DIRITTI DI VOTO
Favorevoli	115	22.490.920	95,023940	87,952591
Contrari	26	1.177.768	4,976060	4,605759
Astenuti	0	0	0,000000	0,000000
Non Votanti	0	0	0,000000	0,000000
Totale	141	23.668.688	100,000000	92,558350

With a view to further improving the disclosure of information on the remuneration of its management, also considering the legislative obligations introduced by CONSOB to transpose the SHRD II, this Section II of the Report has been prepared, focusing in particular on providing a detailed, clear and comprehensible illustration of each of the items that comprises the remuneration paid during 2023 to the Directors, Statutory Auditors, General Manager and other Key management personnel.

TABLE 1 – ANNEX 3A, TABLE 7-BIS ISSUERS’ REGULATION
FEES PAID TO MEMBERS OF THE ADMINISTRATION AND CONTROL BODIES, TO GENERAL MANAGERS
AND OTHER KEY MANAGEMENT PERSONNEL

2. PART TWO

1. Fees paid in the 2023 financial year

The following Table indicates the fees paid in the year ended as at 31 December 2023 to Directors, Statutory Auditors, General Manager and other Key management personnel.

(A) Name and surname	(B) Office	(C) Period for which office was held	(D) Expiry of office*	(1) Fixed remuneration	(2) Remuneration for participation in committees	(3) Variable non-equity remuneration		(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair value of equity remuneration	(8) Severance pay or termination of employment indemnity
						Bonuses and other incentives	Profit sharing					
Matteo Liberali	Chairman of the Board of Directors and CEO	01/01/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				723.397,26 ⁽¹⁾⁽²⁾		530.007,09 ⁽⁴⁾		5.596,33		1.259.000,68		
(II) Remuneration from subsidiaries and associates												
(III) Total				723.397,26		530.007,09		5.596,33		1.259.000,68		
Pier Luigi Faggioli	Vice Chairman	01/01/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				283.397,26 ⁽¹⁾⁽⁴⁾		253.546,06		6.458,28		543.401,60		
(II) Remuneration from subsidiaries and associates												
(III) Total				283.397,26		253.546,06		6.458,28		543.401,60		
Michele Faggioli	CSDO	01/01/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				548.397,26 ⁽¹⁾⁽⁵⁾		528.681,70 ⁽³⁾		10.751,88		1.087.830,84		
(II) Remuneration from subsidiaries and associates												
(III) Total				548.397,26		528.681,70		10.751,88		1.087.830,84		
Raffaella Cagliano	Director	01/01/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				23.397,26 ⁽¹⁾⁽⁷⁾	3.358,90 ⁽⁷⁾					26.756,16		
(II) Remuneration from subsidiaries and associates												
(III) Total				23.397,26	3.358,90					26.756,16		
Guido Giuseppe Crespi	Director	01/01/2023-28/04/2023	Approval of 2023 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				6.410,96 ⁽¹⁾⁽⁷⁾	641,10 ⁽⁷⁾					7.052,05		
(II) Remuneration from subsidiaries and associates												
(III) Total				6.410,96	641,10					7.052,05		
Anna Gervasoni	Director	01/01/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				23.397,26 ⁽¹⁾⁽⁷⁾	14.717,81 ⁽⁶⁾⁽⁸⁾					38.115,07		
(II) Remuneration from subsidiaries and associates												
(III) Total				23.397,26	14.717,81					38.115,07		
Fabio Liberali	Director	01/01/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				23.397,26 ⁽¹⁾⁽⁷⁾				6.907,57	99.465,96 ⁽⁹⁾	129.770,79		
(II) Remuneration from subsidiaries and associates												
(III) Total				23.397,26				6.907,57	99.465,96	129.770,79		

TABLE 1 – ANNEX 3A, TABLE 7-BIS ISSUERS’ REGULATION
FEES PAID TO MEMBERS OF THE ADMINISTRATION AND CONTROL BODIES, TO GENERAL MANAGERS
AND OTHER KEY MANAGEMENT PERSONNEL

Laura Olive	Director	01/01/2023-31/12/2023	Approval of 2025 Financial Statements							
(I) Remunerations in the company that prepares the Financial Statements				23.397,26 ⁽¹⁾	7.358,90 ⁽⁶⁾					30.756,16
(II) Remuneration from subsidiaries and associates										
(III) Total				23.397,26	7.358,90					30.756,16
Stefano Paleari	Director	01/01/2023-31/12/2023	Approval of 2025 Financial Statements							
(I) Remunerations in the company that prepares the Financial Statements				23.397,26 ⁽¹⁾	24.775,34 ⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾					48.172,60
(II) Remuneration from subsidiaries and associates										
(III) Total				23.397,26	24.775,34					48.172,60
Carlo Paris	Director	28/04/2023-31/12/2023	Approval of 2025 Financial Statements							
(I) Remunerations in the company that prepares the Financial Statements				16.986,30 ⁽¹⁾	2.717,81 ⁽⁷⁾					19.704,11
(II) Remuneration from subsidiaries and associates										
(III) Total				16.986,30	2.717,81					19.704,11
Roberta Pierantoni	Director	01/01/2023-31/12/2023	Approval of 2025 Financial Statements							
(I) Remunerations in the company that prepares the Financial Statements				23.397,26 ⁽¹⁾	7.358,90 ⁽⁶⁾					30.756,16
(II) Remuneration from subsidiaries and associates										
(III) Total				23.397,26	7.358,90					30.756,16
Marco Vitale	Director	01/01/2023-28/04/2022	Approval of 2023 Financial Statements							
	Honorary Chairman	28/04/2023-31/12/2023	Approval of 2025 Financial Statements							
(I) Remunerations in the company that prepares the Financial Statements				23.397,26 ⁽¹⁾⁽¹³⁾						23.397,26
(II) Remuneration from subsidiaries and associates										
(III) Total				23.397,26						23.397,26
Mara Palacino	Chairman - Board of Statutory Auditors	28/04/2023-31/12/2023	Approval of 2025 Financial Statements							
(I) Remunerations in the company that prepares the Financial Statements				30.575,34 ⁽¹⁴⁾						30.575,34
(II) Remuneration from subsidiaries and associates										
(III) Total				30.575,34						30.575,34
Simone Cavalli	Chairman - Board of Statutory Auditors	01/01/2023-28/04/2023	Approval of 2023 Financial Statements							
(I) Remunerations in the company that prepares the Financial Statements				14.424,66 ⁽¹⁴⁾						14.424,66
(II) Remuneration from subsidiaries and associates										
(III) Total				14.424,66						14.424,66

TABLE 1 – ANNEX 3A, TABLE 7-BIS ISSUERS’ REGULATION
FEES PAID TO MEMBERS OF THE ADMINISTRATION AND CONTROL BODIES, TO GENERAL MANAGERS
AND OTHER KEY MANAGEMENT PERSONNEL

Paola Mignani	Standing Auditor	01/01/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				30.000,00 ^(14f)							30.000,00	
(II) Remuneration from subsidiaries and associates												
(III) Total				30.000,00							30.000,00	
Domenico A.M. Fava	Standing Auditor	28/04/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				20.383,56 ^(14f)							20.383,56	
(II) Remuneration from subsidiaries and associates												
(III) Total				20.383,56							20.383,56	
Stefano Beltrame	Standing Auditor	01/01/2023-28/04/2023	Approval of 2023 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				9.616,44 ^(14f)								
(II) Remuneration from subsidiaries and associates				72.000,00 ⁽¹⁵⁾								
(III) Total				81.616,44								
Riccardo Quattrini	General Manager	27/03/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				298.269,23		128.233,88 ⁽¹⁶⁾		5.571,20			432.074,31	
(II) Remuneration from subsidiaries and associates												
(III) Total				298.269,23		128.233,88		5.571,20			432.074,31	
Key Management Personnel	5	01/01/2023-31/12/2023	Approval of 2025 Financial Statements									
(I) Remunerations in the company that prepares the Financial Statements				759.922,57		243.658,74 ⁽¹⁷⁾		22.574,75			1.026.156,06	
(II) Remuneration from subsidiaries and associates									110.400,00 ⁽¹⁸⁾		110.400,00	
(III) Total				759.922,57		243.658,74		22.574,75		110.400,00	1.136.556,06	

(*) The expiry date refers to the Shareholders' Meeting that will approve the Financial Statements for the year indicated

(1) following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to assign each member of the Board an annual gross remuneration of Euro 25,000.00 pro rata temporis. Since the fixed annual remuneration approved during the previous mandate was Euro 20,000.00 pro rata temporis, the remuneration accrued by the Directors remaining in office for the entire year 2023 was Euro 23,397.26 (Euro 6,410.95 as Director for the period 1/1/2023 - 27/04/2023, and Euro 16,986.30 as Director for the period 28/4/2023 - 31/12/2023)

(2) of which Euro 23,397.26 as Director, Euro 175,000.00 for the office of Chairman of the Board of Directors and Euro 525,000.00 for the office of Chief Executive Officer;

(3) of which Euro 136,574.02 as variable medium/long term component (2023 -2025 LTI) accrued for 2023;

(4) of which Euro 23,397.26 as Director, Euro 25,000.00 for the office of Vice Chairman of the Board of Directors and Euro 235,000.00 as executive director;

(5) of which Euro 23,397.26 as Director and Euro 525,000.00 as COO (from 28 November 2023 CSDO);

(6) following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to assign each member of the Remuneration and Appointments Committee and of the Control and Risk Committee a fixed annual fee of Euro 8,000.00 pro rata temporis. Until 28 April 2023 this fee was of Euro 6,000.00. For the year 2023, the remuneration accrued by each member of the committees other than the Chairman in office for the entire 2023 financial year was Euro 7,358.90 (specifically Euro 1,923.28 for the period 1/1/2023 -27/4/2023, and Euro 5,435.61 for the period 28/04/2023 - 31/12/2023);

(7) following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to grant each of the members of the Independent Committee other than the committee Chair a fixed annual remuneration of Euro 4,000.00 gross pro rata temporis. Until 28 April 2023 this fee was of Euro 2,000.00 gross. For the year 2023, the remuneration accrued by each member of the committee other than the Chair in office for the entire 2023 financial year was Euro 3,358.90 gross (and in detail Euro 641.10 for the period 1/1/2023 -27/4/2023, and Euro 2,717.80 for the period 28/04/2023 - 31/12/2023);

(8) of which Euro 7,358.90 as a member of the Remuneration and Appointments Committee, and Euro 7,358.90 as a member of the Control and Risk Committee;

(9) as annual gross remuneration accrued in relation to the employment with LU-VE SPA;

(10) following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors resolved to assign the Chairmen of the Remuneration and Appointments Committee and of the Control and Risk Committee a fixed annual fee of Euro 11,000.00 pro rata temporis. Until 28 April 2023, this fee was Euro 8,000.00 gross for each office to be paid pro rata temporis. For the year 2023, the remuneration accrued by the Chairmen of both committees was Euro 10,038.36 for each assignment (specifically Euro 2,564.38 for the period 1/1/2023 -27/4/2023, and Euro 7,473.97 for the period 28/4/2023 - 31/12/2023);

(11) following its renewal resolved by the Shareholders' Meeting on 28 April 2023, the Board of Directors has resolved to grant the Chair of the Independent Committee a fixed annual remuneration of Euro 5,500.00 gross pro rata temporis. Until 28 April 2023 this fee was of Euro 3,000.00 gross. For the year 2023, the remuneration accrued by the Chair for the entire year 2023 amounted to Euro 4,698.63 gross (and specifically Euro 10,038.36 as Chair of the Remuneration and Appointments Committee, Euro 10,038.36 as Chair of the Control and Risk Committee, and Euro 4,698.63 as Chair of the Independent Committee;

(12) of which Euro 10,038.36 as Chair of the Remuneration and Appointments Committee, Euro 10,038.36 as Chair of the Control and Risk Committee, and Euro 4,698.63 as Chair of the Independent Committee;

(13) The Shareholders' Meeting of 28 April 2023 introduced the figure of the Honorary Chairman into the Articles of Association, and, on the same date, the Board of Directors appointed Mr. Vitale. At the meeting of 12 May 2023, the Board of Directors awarded the Honorary Chair appointed for the three-year period 2023-2025 a fixed annual fee of Euro 25,000.00. For the year 2023, Mr. Vitale received remuneration of Euro 6,410.95 as director for the period 1/1/2023 - 27/04/2023 and remuneration of Euro 16,986.30 as Honorary Chairman for the period 28/04/2023 - 31/12/2023.

(14) the mandate of the Board of Statutory Auditors was renewed by the Shareholders' Meeting of 28 April 2023 which confirmed an annual remuneration of Euro 45,000.00 for the Chairman and of Euro 30,000 for each of the two standing auditors, to be attributed pro rata temporis ;

(15) by way of remuneration accrued in relation to the office of statutory auditor and member of the supervisory body pursuant to Legislative Decree 31/01 of subsidiaries;

(16) of which Euro 41,514.60 accrued as variable medium/long term Component (2023-2025 LTI) for 2023;

(17) of which Euro 89,210.21 as variable and medium/long term Component (2023 -2025 LT) accrued for 2023;

(18) By way of remuneration accrued in relation to roles held at subsidiaries.

TABLE 3B – ANNEX 3A, TABLE 7-BIS ISSUERS' REGULATION
CASH INCENTIVE PLANS IN FAVOUR OF MEMBERS OF THE MANAGEMENT BODY, GENERAL MANAGER AND OTHER KEY MANAGEMENT
PERSONNEL

2. Cash incentive plans in favour of members of the management body, general manager and other key management personnel

The Table below shows the cash incentive plans recognised in the year ended as at 31 December 2023 to members of the management body and other Key management personnel.

	A Name and surname	B Office	(1) Plan	(2) Bonus for the year			(3) Bonus of previous years			(4) Other bonuses
				(A)	(B)	(C)	(A)	(B)	(C)	
				Payable/Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still deferred	
	Matteo Liberali	Chairman of the Board of Directors and CEO								
1	(I) Remunerations in the company that prepares the Financial Statements		2023 MBO	393.433,06						
	(I) Remunerations in the company that prepares the Financial Statements		2023-2025 LTI		136.574,03	2026				
	(I) Remunerations in the company that prepares the Financial Statements		2020-2022 LTI				215.325,00 ⁽¹⁾			
	(II) Remuneration from subsidiaries and associates									
	(III) Total			393.433,06	136.574,03		215.325,00			
	Pier Luigi Faggioli	Vice Chairman of the Board of Directors								
2	(I) Remunerations in the company that prepares the Financial Statements		2023 MBO	253.546,06						
	(I) Remunerations in the company that prepares the Financial Statements									
	(I) Remunerations in the company that prepares the Financial Statements									
	(II) Remuneration from subsidiaries and associates									
	(III) Total			253.546,06						
	Michele Faggioli	CSDO								
3	(I) Remunerations in the company that prepares the Financial Statements		2023 MBO	392.107,68						
	(I) Remunerations in the company that prepares the Financial Statements		2023-2025 LTI		136.574,03	2026				
	(I) Remunerations in the company that prepares the Financial Statements		2020-2022 LTI				€ 215.325,00 ⁽¹⁾			
	(II) Remuneration from subsidiaries and associates									
	(III) Total			392.107,68	136.574,03		215.325,00			
	Riccardo Quattrini	General Manager								
4	(I) Remunerations in the company that prepares the Financial Statements		2023 MBO	86.719,28						
	(I) Remunerations in the company that prepares the Financial Statements		2023-2025 LTI		41.514,60	2026				
	(I) Remunerations in the company that prepares the Financial Statements									
	(II) Remuneration from subsidiaries and associates									
	(III) Total			86.719,28	41.514,60					

TABLE 3B – ANNEX 3A, TABLE 7-BIS ISSUERS' REGULATION
CASH INCENTIVE PLANS IN FAVOUR OF MEMBERS OF THE MANAGEMENT BODY, GENERAL MANAGER AND OTHER KEY MANAGEMENT
PERSONNEL

Key Management Personnel	no. 5							
(I) Remunerations in the company that prepares the Financial Statements		2023 MBO	140.180,00					
(I) Remunerations in the company that prepares the Financial Statements		2023-2025 LTI		103.478,74	2026			
(I) Remunerations in the company that prepares the Financial Statements		2020-2022 LTI				€	93.634,64	
5 (II) Remuneration from subsidiaries and associates								
(II) Remuneration from subsidiaries and associates								
(II) Remuneration from subsidiaries and associates								
(II) Remuneration from subsidiaries and associates								
(II) Remuneration from subsidiaries and associates								
(III) Total			140.180,00	103.478,74		0,00	93.634,64	

TABLES 1 AND 2 – ANNEX 3A, TABLE 7-TER ISSUERS' REGULATION
SHAREHOLDINGS OF MEMBERS OF THE ADMINISTRATION AND CONTROL BODIES, OF GENERAL MANAGERS AND KEY MANAGEMENT PERSONNEL

3. Equity shareholdings held as at 31 December 2023

The Table below indicates the equity investments held in the period 31 December 2022 - 31 December 2023 in LU-VE S.p.A. and in its subsidiaries as at 31 December 2023, by Directors, Statutory Auditors, General Manager and other Key management personnel of the Company, as well as by their non-legally separated spouses, and dependent children, directly or via subsidiaries, trust companies or third parties, reported in the shareholders' register, the communications received and other information acquired.

Surname and Name	Office	Investee company	Number of shares held at the end of the previous financial year (31/12/2022)		Number of shares purchased in the 2023 financial year	Number of shares sold in the 2023 financial year	Number of shares held at the end of the current financial year (31/12/2023)
Matteo Liberali	Chairman of the Board of Directors and CEO	LU-VE S.p.A.	10.188.999	(pi)	-	-	10.187.999 (*)
Pier Luigi Faggioli	Vice Chairman of the Board of Directors	LU-VE S.p.A.	10.000	(pd)	-	-	10.000
Michele Faggioli	CSDO	LU-VE S.p.A.	3.558.272	(pi)	-	-	3.558.272
Laura Oliva (**)	Director	LU-VE S.p.A.	1.700	(pd)	400	-	2.100
Key management personnel (no. 5) (***)		LU-VE S.p.A.	-	(pd)	-	-	(****) 80

Notes:

(pd) direct shareholding

(pi) indirect shareholding

(*) The daughter Eliana Liberali holds 1,000 shares, as at 31 December 2023 not included in those held by Matteo Liberali, unlike the figure reported as at 31 December 2022

(*) The son Leo Liberali holds 230 shares

(***) It should be noted that of the 5 members of Key management personnel, one was qualified as such from 13 November 2023 and at that date already held LU-VE shares

(****) It should be noted that all 80 shares held at the end of the 2023 financial year refer to the Key management personnel, which was qualified as such from 13 November 2023