

LU-VE S.p.A.
Via Vittorio Veneto 11 – 21100 Varese
Economic and Administrative Index no.: VA-191975
Tax Code: 01570130128



**ANNUAL FINANCIAL REPORT ON
REMUNERATION AND COMPENSATION POLICY
MARCH 2020**

CONTENTS

Definitions	4
Introduction	7
SECTION I	8
2020 Remuneration Policy	8
Purposes and principles of the Remuneration Policy	8
1.1 Purposes	8
1.2 General principles	8
1.3 Scope of application	9
1.4 Changes with respect to the previous financial year	10
Corporate bodies and individuals involved.....	11
2.1 Shareholders' Meeting	11
2.2 Board of Directors.....	11
2.3 Remuneration and Appointments Committee	12
2.4 CEOs.....	13
2.5 Board of Statutory Auditors.....	14
2.6 Independent experts	14
2.7 Process for the definition and approval of the Remuneration Policy.....	14
Policy Description.....	16
3.1 Remuneration of members of the Board of Directors.....	16
3.2 Remuneration of Key management personnel.....	18
3.3 Short-term incentives: the annual variable component (MBO)	19
3.4 Medium/long-term incentives.....	21
3.5 Non-monetary benefits	23
3.6 Indemnity in case of termination of office or termination of the employment relationship.....	23
3.7 Remuneration of members of the Board of Statutory Auditors	24
3.8 Remuneration of the Manager of the Internal Audit function	24
3.9 Allowed derogations from this policy	24
SECTION II	26
Fees paid in 2019 and other information	26
FIRST PART	27
1.1 Description of the remuneration paid to members of the Board of Directors in the 2019 financial year.....	27

1.2	Remuneration of members of the Board of Statutory Auditors in the 2019 financial year	29
1.3	Remuneration of other Key management personnel for the 2019 financial year	30
SECOND PART		31
1.	Fees paid in the 2019 financial year	31
2.	Cash incentive plans in favour of members of the administrative body, general managers and other key management personnel	35
3.	Equity shareholdings held as at 31 December 2019	37

DEFINITIONS

The main definitions regarding the general remuneration policy of LU-VE S.p.A. used in this document, in addition to those indicated in the text, are indicated below.

CEOs	LU-VE's CEOs are the CEO and the COO. At the date of this Report, the Company's Executive Officers are Matteo Liberali (CEO) and Michele Faggioli (COO).
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, the following persons are Executive Directors of the company: Iginio Liberali (Chairman), Pier Luigi Faggioli (Vice Chairman), Matteo Liberali (CEO) and Michele Faggioli (COO).
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: Mr Giovanni Cavallini, Mr Michele Garulli, Ms Anna Gervasoni, Mr Fabio Liberali, Ms Laura Oliva, Mr Stefano Paleari, Ms Roberta Pierantoni and Mr Marco Vitale.
Shareholders' Meeting	The Shareholders' Meeting of LU-VE S.p.A.
Shares	The shares of LU-VE S.p.A., listed on the Electronic Equity Market) organised and managed by Borsa Italiana S.p.A..
CEO	At the date of this Report, the Chief Executive Officer of LU-VE S.p.A. is Matteo Liberali.
Exceptional circumstances	Situations in which the derogation from the Remuneration Policy is necessary in order to pursue the long-term interest and sustainability of the Company and of the Group, to ensure the ability to remain in the market.
Corporate Governance Code	The Corporate Governance Code of listed companies prepared by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A. (July 2018 edition).
Board of Statutory Auditors	The "Board of Statutory Auditors" of LU-VE S.p.A..
COO	At the date of this report, the Chief Operating Officer of LU-VE S.p.A. is Michele Faggioli.

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..
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.
Addressees of the Policy	The members of the Board of Directors and of the Board of Statutory Auditors, Key Management Personnel, the Financial Reporting Manager and the Manager of the Internal Audit Function.
Key management personnel	The Group executives identified by the Board of Directors who - in compliance with the provisions of Annex 1 to the OPC Regulation - have the power and responsibility, directly or indirectly, for planning, managing and controlling activities of the LU-VE Group. In particular, for the purposes of this Report, the Group Operations Director, the Group Chief Financial Officer, the Group Purchasing Director, the Group R&D and Technical Director and the Sales Director Components are considered Key management personnel.
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.
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..
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.

Remuneration Policy or Policy	For the 2020 financial year the remuneration policy for the members of the Board of Directors and of the Board of Statutory Auditors, as well as for Key Management Personnel and the Internal Auditing Officer of LU-VE S.p.A., approved by LU-VE's Board of Directors, on proposal of the Remuneration and Appointments Committee and having received the favourable opinion of the Board of Statutory Auditors, will be put forward for the approval of the Shareholders' Meeting scheduled for 29 April 2020.
OPC Procedure	The "Related Party Transactions Procedure", prepared in accordance with Consob Regulation no. 17221 of 12 March 2010, i.e. the version approved by the LU-VE Board of Directors on 3 May 2017.
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 and subsequent amendments and additions.
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 "Annual remuneration report" of LU-VE S.p.A..
Gross Annual Remuneration	Variable annual component of remuneration for those with an employment relationship in place with the Company or the Group.
Consolidated Law on Finance or TUF	Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on financial intermediation) and subsequent amendments and additions.

INTRODUCTION

This Report was approved by the Board of Directors, on proposal of the Remuneration and Appointments Committee, on 18 March 2020, in compliance with the legal and regulatory obligations and, in particular, with art. 123-ter of the Consolidated Law on Finance as amended and supplemented by Italian Legislative Decree no. 49/2019 implementing EU Directive 2017/828 (so-called SHRD II), and art. 84-*quater* of the Issuer Regulation.

The Report outlines:

- in Section I, the policy adopted by LU-VE for 2020 for the remuneration of members of the Board of Directors and Board of Statutory Auditors, as well as Key management personnel, and the procedures used for the adoption and implementation of the policy itself;
- in **Section II** (broken down into two parts): in the First Part, the representation of the fees paid with reference to each of the items that make up the remuneration for the 2019 financial year for the members of the Board of Directors, the Board of Statutory Auditors, and Key management personnel; in the Second Part (i) details of the fees paid or accrued in the 2019 financial year to these parties, for any reason and in any form, in the Company and in the other subsidiaries and affiliates, using the tables attached to this Report, which form integral part of the same; as well as (ii) information on interests held in the Company and in other Group companies by the same parties, as well as their non-legally separated spouses or by their children, directly or via subsidiaries, or trust companies or third parties.

This Report:

- a) will be filed and 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 Relations” - “Corporate governance” - “Annual Reports” - “2020”, 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 art. 8.1, letter c) of the OPC Procedure.

SECTION I

2020 REMUNERATION POLICY

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 the corporate strategy, to the pursuit of 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 shareholders' interests with those of management;
- is an essential tool for attracting, motivating and retaining personnel with the professional skills and individual qualities needed to pursue the objectives of the LU-VE Group.

In fact, through the adoption of this Policy, its practical implementation with respect to key management and the strong link between the development objectives shared by the Board of Directors and the short-term variable incentive schemes already applied in previous years, and the medium-long term ones put forward to the Shareholders' Meeting for the first time for such parties, the Group intends to use an important instrument able to align the interests of its resources with the pursuit of the objective of sustainable success, aimed at the creation of value in the long term for shareholders and for other relevant stakeholders, as well as for the achievement of pre-set economic objectives.

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 fee, commensurate to the commitment required from them; directors, who are members of Board committees or to whom special offices are assigned receive not only a basic fee, but

- ad hoc compensation for the function performed in said committees or for the performance of the specific roles assigned;
- 2) for the executive members of the Board of Directors and Key management personnel:
- (i) remuneration is incentivising and is composed: (a) of a fixed component, commensurate with the powers and responsibilities attributed, and sufficient to remunerate the performance of the director or 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) of a short-term and (for some roles) a medium-long term variable component, defined within the maximum limits and linked to the achievement of given performance targets, consistent with the development plan and the strategic objectives defined by the Board of Directors, some of which are linked to sustainability issues;
 - (ii) the objectives 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 achieved;
 - (iii) provision is made for the periodic review of salary packages on the basis of the overall company and personal performances, the potential future development of the individual and the competitiveness and attractiveness of salaries with respect to market values;
 - (iv) 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 the sustainability of company results and the creation of value for shareholders in the medium/long-term;
 - (v) 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;
 - (vi) 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.

1.3 SCOPE OF APPLICATION

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

The Company's Board of Directors, at the meeting on 28 February 2020, defined the Group Operations Director, the Group Chief Financial Officer (who also covers the role of Financial Reporting Manager), the Group Purchasing Director, the Group R&D and Technical Director and the Sales Director Components as Key management personnel.

The Policy was prepared in line with the provisions of art. 123-ter of the TUF as well as the contents of the Issuers' Regulation and in consideration of the recommendations regarding remuneration contained in the Corporate Governance Code.

1.4 CHANGES WITH RESPECT TO THE PREVIOUS FINANCIAL YEAR

The Remuneration Policy approved today by the Board includes some significant new elements, even though it is essentially a continuation of the policy put forward for approval to the Shareholders' Meeting last year (which had approved it with a favourable vote from 99.69% of participants).

In fact, the Policy outlined for 2020 includes:

- (i)* for all executive directors, the concentration of the disbursement of fees within LU-VE, to take into account the increasingly focus on the activity of each of them with regard to projects with relevance to the whole Group, and not strictly functional to the management of the individual subsidiaries;
- (ii)* the recalculation of the performance parameters on the basis of the MBO of Executive Directors;
- (iii)* the introduction of a three-yearly monetary LTI, aimed at the CEO, the COO, Key management personnel as well as selected Group managers, which will see the recognition of a further variable remuneration, on reaching specific medium/long term objectives.

CORPORATE BODIES AND INDIVIDUALS INVOLVED

The bodies and entities involved in the definition, adoption and implementation 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 delegated directors and the Board of Statutory Auditors.

2.1 SHAREHOLDERS' MEETING

The Shareholders' Meeting:

- (i)* determines the maximum total amounts for the fixed remuneration of all members of the Board of Directors for the fulfilment of their mandate at the time of their appointment and for the entire duration of their mandate;
- (ii)* determines the maximum total amounts for the further fixed remuneration and for the variable remuneration to be allocated to the Executive Directors, at the time of their appointment and for the entire duration of their mandate;
- (iii)* determines the overall amount that the Board of Directors can use for the remuneration of the members of its committees;
- (iv)* 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;
- (v)* resolves, by advisory vote, regarding the Remuneration Policy, pursuant to art. 123-ter, paragraph 3bis and 3ter of the Consolidated Law on Finance, with the frequency required by the duration of the same Policy, and in any case at least every three years or on occasion of amendments to the same policy;
- (vi)* receives adequate information regarding the implementation of the Remuneration Policy;
- (vii)* resolves, by advisory vote, regarding the second section of the Remuneration Policy, pursuant to art. 123-ter, paragraph 6 of the Consolidated Law on Finance;
- (viii)* 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 resolution of the Shareholders' Meeting, on the proposal of the Remuneration and Appointments Committee and based on the prior opinion of the Board of Statutory Auditors:

- the fixed fees for office attributed to each member of the Board of Directors;
- the ad hoc fees attributed to members of the Board Committees, based on the respective commitment;
- the fixed and variable fees attributed to the executive directors as a result of their role;

(ii) defines, on the proposal of the Remuneration and Appointments Committee, the Remuneration Policy;

(iii) approves the Remuneration Report to submit to the Shareholders' Meeting, pursuant to art. 123-bis of the TUF;

(iv) where deemed appropriate, prepares, with the help of the Remuneration and Appointments Committee, the medium/long-term incentive plans and handles their implementation by availing itself of the Remuneration and Appointments Committee;

(iv) where deemed appropriate, prepares, with the help of the Remuneration and Appointments Committee, 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 TUF and, based on an authorisation of the shareholders' meeting, handles its implementation by availing itself of the Remuneration and Appointments Committee;

(vi) establishes the Remuneration and Appointments Committee within the Board itself, in observance of the principles indicated in the Corporate Governance Code.

In line with the governance of the Company, it also:

(vii) 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;

(viii) on proposal of the Remuneration and appointments committee, approves the general criteria for the remuneration of Key management personnel;

(ix) defines, on the proposal of the director responsible for the internal control and risk management system, and based on the prior favourable opinion of the Control and Risk Committee, as well as having consulted the Board of Statutory Auditors, the structure of the remuneration of the Manager of the Company's Internal Audit function, in accordance with the salary policies of the company.

2.3 REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee:

- (i) formulates proposals to the Board of Directors on the remuneration policy of directors and Key management personnel to be adopted annually by the Company, presenting it in advance to the shareholders' meeting for a non-binding vote pursuant to art. 123-ter of the Consolidated Law on Finance;
- (ii) periodically assesses the adequacy, overall consistency and actual application of the remuneration policy for directors and key management personnel adopted, by availing itself, as regards the latter, of the information provided by the Chief Executive Officer; formulates the relevant proposals to the Board of Directors;
- (iii) presents proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other directors who fulfil particular roles as well as on the establishment of performance targets relating to the variable component of said remuneration;
- (iv) monitors the application of the decisions taken by said Board by verifying, in particular, the actual attainment of the performance targets;
- (v) supports the Board of Directors in the preparation and implementation of (i) remuneration plans based on shares or other financial instruments and (ii) medium/long-term incentive plans;
- (vi) reports to shareholders on the methods of performance of its functions; to this end, the Chairman of the Remuneration and Appointments Committee or another member of said committee takes part in the annual shareholders' meeting;
- (vii) if it considers it necessary or appropriate for the fulfilment of the duties attributed to it, avails itself of independent expert consultants regarding salary policies, in observance of the recommendations formulated in this regard by the Corporate Governance Code.

These functions - attributed by the Board of Directors, taking account of the recommendations of the Corporate Governance Code regarding the remuneration of directors or key management personnel in application criterion 6.C.5 – augment those then attributed regarding the appointment of directors, indicated in detail in paragraph 7.2 of the *“Report on corporate governance and ownership structures”* of LU-VE relating to 2019, published on the Issuer's website at the address www.luvegroup.com, in the section *“Investor Relations” – “Corporate Governance” – “Annual reports” – “2020”*.

2.4 CEOs

The CEOs:

- (i) present the Remuneration and Appointments Committee with proposed medium/long-term incentive plans, including any plans based on financial instruments or, if applicable, support the Committee in the drafting of said plans;
- (ii) prepare and implement, availing themselves of the collaboration of 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, performances, growth

potential, on the market; (b) the incentive systems to which to link the accrual of the annual MBOs of the Key management personnel and other managers.

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, 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) participates, through one of its members, in the meetings of the Remuneration and Appointments Committee.

2.6 INDEPENDENT EXPERTS

In the preparation of the Remuneration Policy, and in particular in support to the preparatory activities for the implementation of the LTI and the definition of MBOs for the Executive Directors, the Remuneration and Appointments Committee availed itself of the support of Prof. Massimo Belcredi, a third-party governance and remuneration expert, whose independence pursuant to application criterion 6.C.7 of the Corporate Governance Code was positively confirmed before the task was assigned.

2.7 PROCESS FOR THE DEFINITION AND APPROVAL OF THE REMUNERATION POLICY

This 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 market data in terms of the practices, policies and benchmarking to be used for a better definition of the Policy itself; where it considers it appropriate, the Remuneration and Appointments Committee involves independent experts on the matter. The Committee has assessed its choices in relation to the Remuneration Policy also in the light of the data examined with regard to other listed issuers comparable to the Issuer in terms of sector, shareholding structure and size.

The Board of Directors, having examined and approved the Policy, presents it to the Shareholders' Meeting for an advisory 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.

For the purposes of the preparation of this Policy, the Remuneration and Appointments Committee, in performing its duties, defined its structure and contents at the meetings on 14

January, 3 February, 12 February and 10 March 2020; the Policy was then presented to the Board of Directors for approval on 18 March 2020, together with the other parts of this Report.

POLICY DESCRIPTION

3.1 REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

The mandate of the Company's Board of Directors comes to an end with the Shareholders' Meeting convened for the approval of the financial statements as at 31 December 2019: therefore, the remuneration for the directors will be agreed by the same Shareholders' Meeting concurrently with the appointment of the new Board of Statutory Auditors, pursuant to art. 2389 of the Italian Civil Code.

For this purpose, the Board of Directors has prepared the Policy described in this paragraph 3 of the Report to submit to the Shareholders' Meeting, defining the principles and criteria used for the determination of the amounts due to each one.

3.1.1 Remuneration of Non-Executive Directors

The Remuneration Policy adopted by the Company and presented to the Shareholders' Meeting for approval, makes provision, in observance of the principles laid down by the Corporate Governance Code, for the fixed fee for the roles of Directors and a further fixed fee for the participation in the committees set up within the Board of Directors in proportion to the anticipated commitment.

The remuneration for the participation to each of the committees that the new Board of Directors will decide to form internally will be established by the Board itself in an annual amount for each member that will set so as to respect the overall amount deliberated by the Shareholders' Meeting for the remuneration of the members of all Board committees.

No variable fees were allocated to the non-executive directors.

3.1.2 Remuneration of Executive Directors

The Remuneration Policy makes provision for the attribution of a fee to the Executive Directors, determined in relation to the commitment required of them.

This remuneration, determined by the Board of Directors on the proposal of the Remuneration and Appointments Committee, having consulted the Board of Statutory Auditors, is set within the limits of the total fee established by the shareholders' meeting with respect to this Policy, both for the fixed and variable components. In the definition of this remuneration, the Remuneration and appointments committee will formulate the relative proposal to the Board of Directors respecting the principles outlined in this Policy, as well as by taking into account data relative to other listed issuers comparable with LU-VE in terms of sector, shareholding structure and size; the proposal will be aimed at assigning a remuneration package in line with market values for similar roles, defined in accordance with the principles of the Corporate Governance Code, so that the remuneration paid to executive directors is made up of:

(i) a fixed component which guarantees an adequate and certain basic remuneration for the activity performed, and which is established on the basis of the role and the activity performed for the Company and the responsibilities attributed;

(ii) a variable short-term component (“MBO”) linked to the attainment of specific performance targets (for further details, please refer to paragraph 3.3 below);

the remuneration of CEOs envisages a further

(iii) variable medium/long term component (“LTI”), also linked to the attainment of specific performance targets defined in quantitative terms (for further details, please refer to paragraph 3.4 below);

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 CEOs, establishing a link between fees and performance.

The short-term incentives (MBO) are aimed at rewarding the achievement of objectives, both quantitative and qualitative, defined in the light of the specific characteristics of individual roles assumed by executive directors. The medium/long-term incentives (LTI) are aimed at the Chief Executive Officer (CEO) and Chief Operating Officer (COO) and are structured in the same way, so as to align the value creation interests for the Group in the medium term.

Maximum limits for the variable component to be paid are set both for MBO and for LTI. The pay-mix interval, or the percentage weight of the various components with respect to the overall remuneration, is defined below for each executive director. With regard to this, it is specified that the percentage of the short-term variable component (MBO) and of the medium/long-term variable component have been calculated, for both MBO and LTI, both in terms of the minimum value in the case of achieving the entry points, and of the maximum values in the case the overall overachievement targets set for MBO and LTI have been achieved.

	FIXED	SHORT-TERM VARIABLE COMPONENT (MBO)	MEDIUM/LONG-TERM VARIABLE COMPONENT (LTI)
CHAIRMAN	from 50% to 100%	from 50% to 0%	0
VICE CHAIRMAN	from 45% to 100%	from 55% to 0%	0
CHIEF EXECUTIVE OFFICER (CEO)	from 50% to 100%	from 38% to 0%	from 12% to 0%
CHIEF OPERATION OFFICER (COO)	from 50% to 100%	from 38% to 0%	from 12% to 0%

In accordance with the Corporate Governance Code to which the Company adheres, in relation to the variable component of the remuneration of Executive Directors, the provision is envisaged for the application at contractual level of “claw-back” (which indicate the possible reimbursement, in total or in part, of the amounts paid) and of “malus” (which indicate the non-payment of

remuneration accrued but not yet paid) clauses in case the sum paid have been determined on the basis of data that in the subsequent three years are proven to have been incorrect or the result of illicit manipulations or behaviour.

After the Shareholders' Meeting, which will appoint the new Board of Directors, the latter will proceed to the appointment of the new Executive Directors and, in accordance with the deliberations of the Shareholders' Meeting itself, of the principles dictated by the Corporate Governance Code and by the provisions of this Remuneration Policy, to the determination of the fixed and variable remuneration to be paid to the same.

3.2 REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

- a gross 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, mainly, the results achieved and potential developed;

- a short-term gross 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 3.3 below), to be disbursed without deferment of the sums accrued.

- a medium/long-term gross annual variable component ("LTI") which can be achieved when predefined company objectives are met, defined in quantitative terms (for further details, please refer to paragraph 3.4 below).

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 short-term incentives (MBO) are aimed at rewarding the achievement of objectives, both quantitative and qualitative, defined also in the light of the specific characteristics of individual roles assumed by Key management personnel in the context of the corporate structure. The medium/long-term incentives (LTI) are structured in the same way, so as to align the value creation interests for the Group in the medium term.

Maximum limits for the variable component to be paid are set both for MBO and for LTI.

The pay-mix interval, or the percentage weight of the various components with respect to the overall remuneration, is defined below for all Key management personnel. With regard to this, it is specified that the percentage of the short-term variable component (MBO) and of the medium/long-term variable (LTI) component have been calculated, for both MBO and LTI, both in terms of the minimum value in the case of achieving the entry points, and of the maximum values in the case the overall overachievement targets set for MBO and LTI have been achieved.

	FIXED	SHORT-TERM VARIABLE COMPONENT (MBO)	MEDIUM/LONG-TERM VARIABLE COMPONENT (LTI)
KEY MANAGEMENT PERSONNEL	from 60% to 100%	from 28% to 0%	from 12% to 0%

In accordance with the Corporate Governance Code to which the Company adheres, in relation to the variable component of the remuneration of Key management personnel, the provision is envisaged for the application at contractual level of “claw-back” (which indicate the possible reimbursement, in total or in part, of the amounts paid) and of “malus” (which indicate the non-payment of remuneration accrued but not yet paid) clauses in case the sum paid have been determined on the basis of data that in the subsequent three years are proven to have been incorrect or the result of illicit manipulations or behaviour.

3.2.1 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.

3.3 SHORT-TERM INCENTIVES: THE ANNUAL VARIABLE COMPONENT (MBO)

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

- (i) to direct the management activity towards strategic objectives in harmony with the priorities set by the Board of Directors;
- (ii) to incentivise the contribution of each individual not only on quantitative but also qualitative indicators;
- (iii) to stimulate the achievement of targets - recognising one part of the remuneration also in the case the set target has not been fully achieved but where a determined “entry point” has been exceeded - and in the case it has been exceeded - recognising an additional

amount in case of overperformance. The Remuneration Policy both for Executive Directors and for Key management personnel requires the [main] quantitative objectives to be 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.

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

- for the **CHAIRMAN**

- consolidated EBITDA (50%)
- consolidated TURNOVER (15%)
- NET FINANCIAL POSITION (NFP) (30%).

The remaining 5% of the short-term variable component of the Chairman is tied to the attainment of qualitative targets, connected to sustainability issues linked to the number of accidents in the European plants during 2020.

- for the **VICE CHAIRMAN**

- consolidated EBITDA (50%)
- consolidated TURNOVER (15%)
- NET FINANCIAL POSITION (NFP) (30%).

The remaining 5% of the short-term variable component of the Vice Chairman is tied to the attainment of qualitative targets, connected to sustainability issues linked to the number of accidents in the European plants during 2020.

- for the **CHIEF EXECUTIVE OFFICER (CEO)**

- consolidated EBITDA (50%)
- consolidated TURNOVER (15%)
- NET FINANCIAL POSITION (NFP) (30%).

The remaining 5% of the short-term variable component of the CEO is tied to the attainment of qualitative targets, connected to the number of accidents in the European plants during 2020.

- for the **CHIEF OPERATION OFFICER (COO)**

- consolidated EBITDA (50%)
- consolidated TURNOVER (10%)
- GROSS INDUSTRIAL MARGIN (MIL) (30%).

The remaining 10% of the short-term variable component of the COO is tied to the attainment of qualitative targets, connected to sustainability issues linked to the number of accidents in the European plants during 2020.

With regard to the above-mentioned performance targets, it is specified that with regard to the Net Financial Position (NFP) performance applies in opposite terms (in the sense that it incentivises a lower level of debt).

The weight of the MBO (expressed in percentage terms) linked to the short-term results with respect to the total approved remuneration approved by the Board of Directors, on the proposal of the Remuneration and Appointments Committee, and having consulted the Board of Statutory Auditors, is equal to a maximum of 50% for the Chairman, and up to a maximum of 55% for the Vice Chairman and 38% for the CEOs.

After the Shareholders' Meeting, which will appoint the new Board of Directors, the latter will proceed to the appointment of the new Executive Directors and, in accordance with the deliberations of the Shareholders' Meeting itself, of the principles dictated by the Corporate Governance Code and by the provisions of this Remuneration Policy, to the determination of the variable remuneration to the same as short-term incentive.

For Key management personnel, the weight of the MBO (expressed in percentage terms) with respect to the Gross Annual Salary cannot be higher than a maximum of 28%.

3.4 MEDIUM/LONG-TERM INCENTIVES

In line with the definition of the 2019 Remuneration Policy of LU-VE, in the meeting of 18 March 2020 the Board of Directors has positively evaluated the proposal of the Remuneration and Appointments Committee in agreement with the Chief Executive Officers, to approve the guidelines of a medium/long-term incentive plan (the “2020-2022 LTI Plan” or the “Plan”), aimed at Executives Directors, Key management personnel and selected Group managers, which will be defined in detail and approved by the new Board of Directors.

After the acquisition of the “Air” division from the Alfa Laval international Group, and approval of the medium-term business plan, the Board in fact deemed it opportune to proceed with the determination of the guidelines of such plan which identify, among other things, the type of performance targets the new Board should take into account in the plan.

In accordance with the basic principles of the Remuneration Policy, the 2020-2022 LTI Plan is finalised at:

- allowing the correlation between management remuneration and the creation of value for shareholders in the medium/long-term;
- focusing management on reaching the Group’s three-year targets;
- ensuring the motivation and retention of Key management personnel and other Group managers through the linking the Plan economic incentive to the continuing working relationship with the Group.

The Plan will be targeted to the Chief Executive Officers (CEO and COO), to Key management personnel and to a restricted number of Group managers identified by the Board of Directors on proposal of the Chief Executive Officers and having consulted the Remuneration and appointments committee.

The Plan will recognise a cash bonus on the basis of the achievement of the Group's performance targets in the 2020-2022 three-year period (vesting three-year period) whose payment is subject, for the Chief Executive Officers, to their remaining in post until 31 December 2022 and, for Key management personnel and any other beneficiaries, to being employed by the company throughout the 2020-2022 three-year period.

The performance targets which will determine the payment of the bonus have been identified by the Board of Directors on proposal of the Remuneration and appointments committee having consulted the Board of Statutory Auditors on the following parameters:

- EBITDA (three-year cumulative value)
- TURNOVER (three-year cumulative value)
- NET FINANCIAL INDEBTEDNESS (NFP) (achievement of the value defined by the Plan at the end of the 2022 financial year)

For the Net Financial Position (NFP) target, the performance range applies in opposite terms (in the sense that it incentivises a lower level of debt).

The target for each of the above-mentioned performance objectives will be determined by the Board of Directors on proposal of the Remuneration and appointments committee having consulted the Board of Statutory with regard to the Chief Executive Officers, and on proposal of the Chief Executive Officers having consulted the Remuneration and appointments committee with regard to other beneficiaries. The possibility is envisaged for the fixed targets to be adjusted in case of significant changes to the Group (e.g. significant acquisitions) on deliberation of the Board of Directors on proposal of the Remuneration and Appointments Committee and having consulted the Board of Statutory Auditors for the part of their competence. The verification of the achievement of targets will be carried out by the Board of Directors at the end of the three-year period, on proposal of the Remuneration and appointments committee having consulted the Board of Statutory with regard to the Chief Executive Officers, and on proposal of the Chief Executive Officers having consulted the Remuneration and appointments committee with regard to other beneficiaries.

For Chief Executive Officers, the weight of the LTI (expressed in percentage terms) linked to the medium/long-term results with respect to the gross annual remuneration approved by the Board of Directors, on the proposal of the Remuneration and Appointments Committee, and having consulted the Board of Statutory Auditors, may not be higher than a maximum of 12% (calculated in its maximum value on the hypothesis that the comprehensive overachievements objectives are attained).

For Key management personnel, the weight of the LTI (expressed in percentage terms) with respect to the Gross Annual Salary cannot be higher than a maximum of 12% (calculated in its

maximum value on the hypothesis that the comprehensive overachievements objectives are attained).

At the end of the vesting three-year period, the plan provides for the recognition by the end of May 2023 of 60% of the bonuses accrued and the deferral of the remaining 40% to the end of December 2023 (that is 12 months after the end of the tax year for the assessment of performance).

3.5 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 Chief Executive Officers and Key management personnel is completed with non-monetary benefits (e.g. company car), 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, the company offers subscription to a fund for the reimbursement of supplementary healthcare costs, which augments that envisaged by FASI (Supplementary Healthcare Assistance Fund for managers of companies that produce goods and services).

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), 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, in particular cases, benefits such as, for example, the payment of accommodation services and/or of children's school fees may be provided for specific Key management personnel and managers.

3.6 INDEMNITY IN CASE OF TERMINATION OF OFFICE OR TERMINATION OF THE EMPLOYMENT RELATIONSHIP

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.

In relation to Key management personnel, the company of reference quarterly (20 January, 20 April, 20 July, 20 October) pays to the complementary pension plans chosen by the manager in accordance with the applicable National Collective Labour Agreement (CCNL for Industrial managers) the portion of employee severance indemnity and the contractually agreed additional contribution.

Furthermore, on the basis of the applicable collective agreements, in case of termination of the employment relationship by the employer, if deemed not to be justified, the manager is entitled to a period of notice (rising on the basis of the length of employment), or an indemnity equivalent to the period of notice due and an additional indemnity, also rising on the basis of length of employment, of up to 24 months' pay.

3.7 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 Board of Statutory Auditors' mandate comes to an end with the Shareholders' Meeting convened for the approval of the financial statements as at 31 December 2019: therefore, the remuneration for the auditors with regard to the 2020-2022 three-year period will be agreed by the same Shareholders' Meeting concurrently with the appointment of the new Board of Statutory Auditors.

Pursuant to the "Rules of conduct governing boards of statutory auditors" issued by the National Board of Accountants and Auditors (Edition of April 2018, making particular reference to the Rule Q.1.6., "Remuneration"), the Board of Statutory Auditors prepared its Report to the Board of Directors which indicated that the overall commitment for an individual member, overall considering the activities of pertinence to the Board of Statutory Auditors, was on average of around 220 hours per year for each Permanent Auditor and of around 295 hours per year for the Chairman of the Board of Statutory Auditors.

This above mentioned Relation to Board of Directors prepared by Board of Statutory Auditors is annexed to the Board of Directors' Report on the items on the agenda published on 20 March 2020 and available on the Company's website at www.luvegroup.com in the section "Investor Relations", "Shareholders' Meeting documentation", "Shareholders' Meeting on 29th April 2020".

3.8 REMUNERATION OF THE MANAGER OF THE INTERNAL AUDIT FUNCTION

For transparency purposes, it is reported that the remuneration of the Manager of the Internal Audit function is composed of a fixed component and a short-term variable component (MBO), consistently with the functions assigned by the Board of Directors, on the proposal of the Director responsible for the Internal Control and Risk Management System, and based on the prior favourable opinion of the Control and Risk Committee, and having consulted 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.

3.9 ALLOWED DEROGATIONS FROM THIS POLICY

In the presence of exceptional circumstances, the Board of Directors may derogate from the following elements of this Policy, in order to pursue the long-term interest and sustainability of the Company overall and to ensure its ability to remain in the market:

- performance targets and/or respective weighting, in relation to annual variable components (MBO) and to long term monetary incentives (LTI);
- allocation di a one-off monetary bonus in case of entry of new key figures.

These derogations can be deliberated by the Board of Directors, on proposal of or in any case in consultation with the Board of Statutory Auditors, following the “Procedure for operations with related parties” applicable to the Company.

SECTION II

FEES PAID IN 2019 AND OTHER INFORMATION

FIRST PART

Information on the fees paid in the 2019 financial year to Directors, Statutory Auditors and Other Key management personnel is provided below. The illustration of some items and further information is also available in Section I of this Report.

In this matter, the remuneration policy defined for the 2019 financial year (“2019 Policy”) was verified by the Remuneration and Appointment Committee on occasion of the periodical evaluation carried out by the same Committee in the meeting of 13 March 2020. On the outcome of the verification, the Remuneration and Appointment Committee confirmed the coherence and compliance to the 2019 Policy of remuneration paid to Directors, Statutory Auditors and other Key management personnel during the 2019 financial year.

1.1 DESCRIPTION OF THE REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS IN THE 2019 FINANCIAL YEAR

During 2019, the 12 (twelve) members in post in the Board of Directors appointed by the Shareholders' Meeting of 10 March 2017 until the approval of the financial statements as 31 December 2019) were:

- the Executive Directors, Iginio Liberali (Chairman of the Board of Directors), Pier Luigi Faggioli (Vice Chairman), Matteo Liberali (Chief Executive Officer) and Michele Faggioli (COO); as well as
- the Non-Executive Directors, Messrs. Giovanni Cavallini, Michele Garulli, Anna Gervasoni (independent), Fabio Liberali, Laura Oliva, Stefano Paleari (independent), Roberta Pierantoni and Marco Vitale.

The Board of Directors, following the meeting on 13 March 2017, formed two board committees, appointing the following members:

- for the Control, Risk and Sustainability Committee the directors: Stefano Paleari (with function of Chairman), Anna Gervasoni (independent) and Michele Garulli;
- for the Remuneration and Appointments Committee the directors: Stefano Paleari (with function of Chairman), Anna Gervasoni (independent) and Roberta Pierantoni;

1.1.1 *Remuneration of Non-Executive Directors*

The Shareholders' Meeting of 10 March 2017 established:

1) pursuant to art. 2389, paragraph 3, of the Italian Civil Code, (i) the total maximum annual amount of fixed remuneration of all Directors at Euro 1,000,000 (one million), including those who are attributed special offices; and (ii) the total maximum annual amount of variable remuneration for the duration of the mandate at Euro 1,000,000 (one million), linked to performance indicators, to be attributed to the Directors vested with special roles, bestowing a mandate to the Board of Directors to distribute it between the Directors based on the activities performed for the Company.

At the meeting on 12 April 2017, the Board of Directors resolved to attribute:

- to each member of the Board an annual fixed remuneration of Euro 18,000 (eighteen thousand);
- (i) an annual fixed fee of Euro 7,000 (seven thousand) to the Chairmen of the Remuneration and Appointments Committee and of the Control and Risk Committee; and (ii) an annual fixed fee of Euro 5,000 (five thousand) to each of the other two members of said committees;
- an annual fixed fee of Euro 22,000 (twenty-two thousand) was attributed to the Director Michele Garulli, who was also assigned the role of Investor Relator.

1.1.2 Remuneration for the Chairman of the Board of Directors

In application of the 2019 Policy, Mr Iginio Liberali received:

(i) for the annual gross fixed component, the following remuneration:

- Euro 18,000 gross in relation to his role as member of the Board of Directors;
- Euro 214,000 gross in relation to the mandates assigned to him pursuant art. 2389, paragraph 3 of the Italian Civil Code;

(ii) for the annual gross variable component (MBO), the following remuneration:

- Euro 199,041 gross in relation to the mandates assigned to him pursuant art. 2389, paragraph 3 of the Italian Civil Code (compared to a maximum potential of Euro 291,953 gross).

Mr Iginio Liberali also received other remuneration from the subsidiary Sest S.p.A. for the role of director in that company, indicated and better specified in Table 1 of the Second Part of this Report, to which reference is made.

1.1.3 Remuneration for the Vice Chairman of the Board of Directors

In application of the 2019 Policy, Mr Pierluigi Faggioli received the following remuneration with regard to the annual gross fixed component:

- Euro 18,000 gross in relation to his role as member of the Board of Directors;
- Euro 12,000.00 gross in relation to his office of Vice Chairman of the Board of Directors.

In consideration of other remuneration received in other Group companies, by express waiver of the interested party, also for the 2019 financial year the remuneration of the Vice Chairman did not include a variable component.

Mr Iginio Liberali also received other remuneration from the subsidiaries Sest S.p.A. and SEST-LUVE-POLSKA Sp.z.o.o. for the role of director in those companies, indicated and better specified in Table 1 of the Second Part of this Report, to which reference is made.

Mr Pierluigi Faggioli was also recognised non-monetary benefits for an equivalent value of Euro 3,723.96 by the subsidiary Sest S.p.A..

1.1.4 Remuneration for the Chief Executive Officer (CEO)

In application of the 2019 Policy, Mr Matteo Liberali received:

(i) for the annual gross fixed component, the following remuneration:

- Euro 18,000 gross in relation to his role as member of the Board of Directors;
- Euro 297,000 gross in relation to the mandates assigned to him pursuant art. 2389, paragraph 3 of the Italian Civil Code;

(ii) for the annual gross variable component (MBO), the following remuneration:

- Euro 400,220 gross in relation to the mandates assigned to him pursuant art. 2389, paragraph 3 of the Italian Civil Code (compared to a maximum potential of Euro 435,750 gross).

Mr Matteo Liberali was also recognised non-monetary benefits for an equivalent value of Euro 6,212.33.

Mr Matteo Liberali also received other remuneration from the subsidiaries Sest S.p.A. e Tecnair LV S.p.A. for the role of director in those companies, indicated and better specified in Table 1 of the Second Part of this Report, to which reference is made.

1.1.5 Remuneration for the Chief Operation Officer (COO)

In application of the 2019 Policy, Mr Michele Faggioli received:

(i) for the annual gross fixed component, the following remuneration:

- Euro 18,000 gross in relation to his role as member of the Board of Directors;
- Euro 187,000 gross in relation to the mandates assigned to him pursuant art. 2389, paragraph 3 of the Italian Civil Code;

(ii) for the annual gross variable component (MBO), the following remuneration:

- Euro 229,758 gross in relation to the mandates assigned to him pursuant art. 2389, paragraph 3 of the Italian Civil Code (compared to a maximum potential of Euro 249,000 gross).

Mr Michele Faggioli was also recognised non-monetary benefits for an equivalent value of Euro 9,840.38 by the subsidiary Sest S.p.A..

Michele Faggioli also received other remuneration from the subsidiaries Tecnair LV S.p.A., Sest S.p.A. and SEST-LUVE-POLSKA Sp.z.o.o. for the role of director in those companies, indicated and better specified in Table 1 of the Second Part of this Report, to which reference is made.

1.2 REMUNERATION OF MEMBERS OF THE BOARD OF STATUTORY AUDITORS IN THE 2019 FINANCIAL YEAR

During the 2019 financial year the Board of Statutory Auditors was composed by Paola Mignani (with role of Chairperson), Stefano Beltrame and Ivano Pelassa.

The Shareholders' Meeting of 10 March 2017 established, for the 2017-2019 three-year period, the annual fee of the Chairman of the Board of Statutory Auditors at Euro 45,000 per annum, and the fee for each of the two Standing Auditors at Euro 30,000 per annum.

1.3 REMUNERATION OF OTHER KEY MANAGEMENT PERSONNEL FOR THE 2019 FINANCIAL YEAR

The remuneration paid to other Key personnel management during the 2019 financial year, in accordance with the provisions of the 2019 Policy, is illustrated in detail in the tables in the second part of this Section II, with details of the individual items that make it up.

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

SECOND PART

1. FEES PAID IN THE 2019 FINANCIAL YEAR

The remuneration paid in the year ended as at 31 December 2019 to Directors, Statutory Auditors and Other Key management personnel is provided in the Table below.

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi (Euro)	Compensi per la partecipazione a comitati (Euro)	Compensi variabili non equity (Euro)		Benefici non monetari (Euro)	Altri compensi (Euro)	Totale (Euro)	Fair value dei compensi equity (Euro)	Indennità di fine carica o di cessazione del rapporto di lavoro (Euro)
						Bonus e altri incentivi	Partecipazione agli utili					
Iginio Liberali	Presidente esecutivo	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				232.000 ⁽¹⁾		199.041				431.041		
(II) Compensi da collegate e controllate				18.000						18.000		
(III) Totale				<u>250.000</u>		<u>199.041</u>				<u>449.041</u>		
Pierluigi Faggioli	Vice Presidente	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				30.000 ⁽²⁾						30.000		
(II) Compensi da collegate e controllate				185.000		234.429		3.724		423.153		
(III) Totale				<u>215.000</u>		<u>234.429</u>		<u>3.724</u>		<u>453.153</u>		

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

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi (Euro)	Compensi per la partecipazione a comitati (Euro)	Compensi variabili non equity (Euro)		Benefici non monetari (Euro)	Altri compensi (Euro)	Totale (Euro)	Fair value dei compensi equity (Euro)	Indennità di fine carica o di cessazione del rapporto di lavoro (Euro)
						Bonus e altri incentivi	Partecipazione agli utili					
Matteo Liberali	Amministratore Delegato CEO	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				315.000 ⁽³⁾		400.220		6.212		721.432		
(II) Compensi da collegate e controllate				44.000						44.000		
(III) Totale				<u>359.000</u>		<u>400.220</u>		<u>6.212</u>		<u>765.432</u>		
Michele Faggioli	Amministratore Delegato COO	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				205.000 ⁽⁴⁾		229.758				434.758		
(II) Compensi da collegate e controllate				129.000		179.818		9.840		318.658		
(III) Totale				<u>334.000</u>		<u>409.576</u>		<u>9.840</u>		<u>753.416</u>		
Giovanni Cavallini	Consigliere	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				18.000						18.000		
(II) Compensi da collegate e controllate										-		
(III) Totale				<u>18.000</u>						<u>18.000</u>		
Michele Garulli	Consigliere	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				40.000 ⁽⁵⁾	5.000					45.000		
(II) Compensi da collegate e controllate										-		
(III) Totale				<u>40.000</u>	<u>5.000</u>					<u>45.000</u>		
Anna Gervasoni	Consigliere	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				18.000	10.000					28.000		
(II) Compensi da collegate e controllate										-		
(III) Totale				<u>18.000</u>	<u>10.000</u>					<u>28.000</u>		

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

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi (Euro)	Compensi per la partecipazione a comitati (Euro)	Compensi variabili non equity (Euro)		Benefici non monetari (Euro)	Altri compensi (Euro)	Totale (Euro)	Fair value dei compensi equity (Euro)	Indennità di fine carica o di cessazione del rapporto di lavoro (Euro)
						Bonus e altri incentivi	Partecipazione agli utili					
Laura Oliva	Consigliere	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				18.000						18.000		
(II) Compensi da collegat e controllate										-		
<u>(III) Totale</u>				<u>18.000</u>						<u>18.000</u>		
Fabio Liberali	Consigliere	1/1/2019-31/12/2019	Approvazione bilancio 2019							-		
(I) Compensi nella società che redige il bilancio				126.512 ⁽⁶⁾				5.080		131.592		
(II) Compensi da collegat e controllate										-		
<u>(III) Totale</u>				<u>126.512</u>				<u>5.080</u>	<u>-</u>	<u>131.592</u>		
Stefano Paleari	Consigliere	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				18.000	14.000					32.000		
(II) Compensi da collegat e controllate										-		
<u>(III) Totale</u>				<u>18.000</u>	<u>14.000</u>					<u>32.000</u>		
Roberta Pierantoni	Consigliere	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				18.000	5.000					23.000		
(II) Compensi da collegat e controllate										-		
<u>(III) Totale</u>				<u>18.000</u>	<u>5.000</u>					<u>23.000</u>		
Marco Vitale	Consigliere	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				18.000						18.000		
(II) Compensi da collegat e controllate										-		
<u>(III) Totale</u>				<u>18.000</u>						<u>18.000</u>		

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

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi (Euro)	Compensi per la partecipazione a comitati (Euro)	Compensi variabili non equity (Euro)		Benefici non monetari (Euro)	Altri compensi (Euro)	Totale (Euro)	Fair value dei compensi equity (Euro)	Indennità di fine carica o di cessazione del rapporto di lavoro (Euro)
						Bonus e altri incentivi	Partecipazione agli utili					
Paola Mignani	Presidente Collegio Sindacale	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				45.000						45.000		
(II) Compensi da collegate e controllate										-		
(III) Totale				45.000						45.000		
Stefano Beltrame	Sindaco Effettivo	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				30.000						30.000		
(II) Compensi da collegate e controllate				44.333						44.333		
(III) Totale				74.333						74.333		
Ivano Pelassa	Sindaco Effettivo	1/1/2019-31/12/2019	Approvazione bilancio 2019									
(I) Compensi nella società che redige il bilancio				30.000						30.000		
(II) Compensi da collegate e controllate										-		
(III) Totale				30.000						30.000		
Dirigenti con responsabilità strategiche (n. 5)												
(I) Compensi nella società che redige il bilancio				500.780		122.904		21.628		645.312		
(II) Compensi da collegate e controllate				180.185		41.288		6.086		227.558		
(III) Totale				680.964		164.192		27.714		872.870		

- (1) di cui Euro 18.000 come consigliere, ed Euro 214.000 per la carica di Presidente del Consiglio di Amministrazione
- (2) di cui Euro 18.000 come consigliere, ed Euro 12.000 per la carica di Vice-Presidente del Consiglio di Amministrazione
- (3) di cui Euro 18.000 come consigliere, ed Euro 297.000 per la carica di Amministratore Delegato CEO
- (4) di cui Euro 18.000 come consigliere, ed Euro 187.000 per la carica di Amministratore Delegato COO
- (5) di cui Euro 18.000 come consigliere, ed Euro 22.000 per l'incarico di Investor Relator
- (6) di cui Euro 18.000 come consigliere, ed Euro 108.512 in virtù del rapporto di lavoro dipendente in essere con LU-VE S.p.A.

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

2. CASH INCENTIVE PLANS IN FAVOUR OF MEMBERS OF THE ADMINISTRATIVE BODY, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

The Table below shows the cash incentive plans recognised in the year ended as at 31 December 2019 to members of the administrative body and other Key management personnel.

Nome e cognome	Carica	Piano	Bonus dell'anno			Bonus di anni precedenti			Altri Bonus
			Erogabile/ Erogato	Differito	Periodo di differimento	Non più erogabile	Erogabile/ Erogato	Ancora Differiti	
Iginio Liberali	Presidente del Consiglio di Amministrazione								
(I) Compensi nella società che redige il bilancio		MBO 2019	199.041						
(II) Compensi da controllate e collegate									
(III) Totale			<u>199.041</u>						
Pier Luigi Faggioli	Vicepresidente del Consiglio di Amministrazione								
(I) Compensi nella società che redige il bilancio									
(II) Compensi da controllate e collegate		MBO 2019	234.429						
(III) Totale			<u>234.429</u>						

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

Nome e cognome	Carica	Piano	Bonus dell'anno			Bonus di anni precedenti			Altri Bonus
			Erogabile/ Erogato	Differito	Periodo di differimento	Non più erogabile	Erogabile/ Erogato	Ancora Differiti	
Matteo Liberali	Amministratore Delegato CEO								
(I) Compensi nella società che redige il bilancio		MBO 2019	400.220						
(II) Compensi da controllate e collegate									
(III) Totale			<u>400.220</u>						
Michele Faggioli	Amministratore Delegato COO								
(I) Compensi nella società che redige il bilancio		MBO 2019	229.758						
(II) Compensi da controllate e collegate		MBO 2019	179.818						
(III) Totale			<u>409.576</u>						
Dirigenti con responsabilità strategiche (n. 5)									
(I) Compensi nella società che redige il bilancio		MBO 2019	229.758						
(II) Compensi da collegate e controllate		MBO 2019	179.818						
(III) Totale			<u>409.576</u>						

3. EQUITY SHAREHOLDINGS HELD AS AT 31 DECEMBER 2019

The Table below indicates the equity investments held in the period 31 December 2018 - 31 December 2019 in LU-VE S.p.A and in its subsidiaries as at 31 December 2019, by Directors, Statutory Auditors and Other Key management personnel of the Company, as well as by their non-legally separated spouses and underage children, directly or via subsidiaries, trust companies or third parties, reported in the shareholders' register, the communications received and other information acquired.

Cognome e nome	Carica	Società partecipata	Numero delle azioni possedute alla fine dell'esercizio precedente	Numero azioni acquistate	Numero azioni vendute	Numero azioni possedute alla fine dell'esercizio in corso
Iginio Liberali	Presidente	LU-VE S.p.A.	32.218	3.669	-	35.887
Pierluigi Faggioli	Vice Presidente	LU-VE S.p.A.	5.000	-	-	5.000
Matteo Liberali	Amministratore Delegato	LU-VE S.p.A.	11.176.159	- ⁽¹⁾	-	11.176.159
Giovanni Cavallini	Consigliere	LU-VE S.p.A.	782.532 ⁽²⁾	-	66.772	715.760
Dirigenti con responsabilità strategiche (n. 5)	-	LU-VE S.p.A.	1.950	-	450	1.500

(1) Di cui: (i) n. 11.135.035 (già detenute da Finami S.p.A. alla data del 31.12.2017) sono pervenute a Matteo Liberali in data 9.02.2018, come comunicato al mercato in data 16.02.2018, a seguito dell'acquisizione da parte dello stesso del controllo di Finami S.p.A. (oggetto di comunicazione ex art 120 TUF in data 15.02.2018); (ii) n. 40.124 sono state acquistate nel corso dell'esercizio indirettamente, per il tramite di Finami S.p.A.; e (iii) n. 1.000 sono state acquistate dalla figlia a carico Eliana Liberali.

(2) Detenute in parte direttamente e in parte indirettamente attraverso Giober S.r.l., di cui Giovanni Cavallini detiene il 50% ed è amministratore unico.