

**LU-VE S.p.A.**  
**Via Vittorio Veneto 11 – 21100 Varese**  
**Economic and Administrative Repertory number: VA-191975**  
**Tax Code: 01570130128**



**ANNUAL REPORT**  
**ON REMUNERATION AND COMPENSATION**  
**POLICY**  
**MARCH 2021**

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## 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.

<b>CEOs</b>	The Executive Directors of LU-VE who hold the position of CEO and COO. At the date of this Report, Matteo Liberali (CEO) and Michele Faggioli (COO) are the CEOs of the company.
<b>Executive Directors</b>	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, Iginio Liberali (Chairman), Pier Luigi Faggioli (Vice Chairman), Matteo Liberali (Managing Director - CEO) and Michele Faggioli (Managing Director - COO) are Executive Directors of the company.
<b>Non-Executive Directors</b>	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: Guido Giovanni Crespi, Raffaella Cagliano, Anna Gervasoni, Fabio Liberali, Laura Oliva, Stefano Paleari, Roberta Pierantoni and Marco Vitale.
<b>Shareholders' Meeting</b>	The Shareholders' Meeting of LU-VE S.p.A.
<b>Shares</b>	The shares of LU-VE S.p.A., listed on the Mercato Telematico Azionario (electronic equity market) organised and managed by Borsa Italiana S.p.A..
<b>CEO</b>	The Chief Executive Officer of LU-VE S.p.A. on the date of this Report, Matteo Liberali.
<b>Exceptional circumstances</b>	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.
<b>Corporate Governance Code</b>	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.
<b>Board of Statutory Auditors</b>	The "Board of Statutory Auditors" of LU-VE S.p.A..
<b>COO</b>	The Chief Operating Officer of LU-VE S.p.A. on the date of this Report, Michele Faggioli.

<b>Control and Risk Committee</b>	The “Control and Risk Committee” with responsibility for Related Party transactions of LU-VE S.p.A..
<b>Remuneration and Appointments Committee</b>	The “Remuneration and Appointments Committee” of LU-VE S.p.A..
<b>Board of Directors or BoD</b>	The “Board of Directors” of LU-VE S.p.A..
<b>Consob</b>	Commissione Nazionale per le Società e la Borsa, the Italian financial markets regulator, with registered office in Rome, via G.B. Martini, no. 3.
<b>Addressees of the Policy</b>	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.
<b>Key management personnel</b>	The Group executives 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. 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, the Sales Director Components and the Sales Director Cooling Systems are considered Key Management Personnel.
<b>LTI</b>	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.
<b>LU-VE S.p.A. or LU-VE or Company</b>	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.
<b>LU-VE Group or Group</b>	The group of companies included in the scope of consolidation of LU-VE S.p.A..
<b>MBO</b>	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.
<b>Remuneration Policy or Policy</b>	The remuneration policy for the 2021 financial year, of the members of the Board of Directors and of the Board of Statutory Auditors, as well as 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 27 April 2021.
<b>Diversity Policy</b>	The " <i>Diversity policy for members of the corporate bodies of LU-VE S.p.A.</i> " approved by the Board of Directors on 28 February 2020.
<b>OPC Procedure</b>	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 currently applicable.
<b>Issuers' Regulation</b>	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.
<b>OPC Regulation</b>	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.
<b>Report</b>	This " <i>Annual report on remuneration and compensation policy</i> " of LU-VE S.p.A..
<b>Gross Annual Remuneration</b>	Fixed annual component of remuneration for those with an employment relationship in place with the Company or the Group.
<b>Consolidated Law on Finance or TUF</b>	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 the proposal of the Remuneration and Appointments Committee, on 17 March 2021, 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).

The Report outlines:

- in **Section I**, the policy adopted by LU-VE for 2021 for the remuneration of members of the Board of Directors and Board of Statutory Auditors, 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 2020 financial year to the members of the Board of Directors and Board of Statutory Auditors, and Key management personnel, also providing comparative information for 2019 and 2020 of 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 2020 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) 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](http://www.luvegroup.com), in the section "*Investor Relations*" - "*Corporate governance*" - "*Annual Reports*" - "*2021*", as well as on the authorized storage device eMarket Storage [www.emarketstorage.com](http://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

### 2021 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, by adopting this Policy and its application to managerial staff, the Group intends to equip itself with an important tool able to align the interests of its staff with the pursuit of the objective of sustainable success. Through variable short-term and medium-long term incentive plans, the Policy represents a fundamental mechanism to motivate the Group's resources to achieve the development objectives set by the Board of Directors relating both to economic growth and to creating value, also in the long-term, for its significant shareholders and stakeholders.

The Group is committed to pursuing the progressive integration of environmental, social and governance topics into company strategy, risk management and remuneration processes. In this regard, a project coordinated by Milan Polytechnic, which regards acquiring sustainability requirements in systemic terms, at supply chain level, vis-à-vis suppliers and customers, is at an advanced stage.

In this perspective, when drawing up the Remuneration Policy, parameters relating to ESG policies were given a greater weight for all Executive Directors.



## 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, proportional to their professionalism and expertise, as well as the commitment required of them; directors 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 executive members of the Board of Directors 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 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 certain individuals) 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 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, 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 24 February 2021, confirmed 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, the Sales Director Components and the Sales Director Cooling System as Key management personnel.

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 in consideration of the recommendations on remuneration contained in the Corporate Governance Code; when drawing up the Policy, also for the 2021 financial year, the recommendations made on the topic by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. and reported in the letter of 21 December 2020. that the Chairman of said committee sent to the Company Chairman, were also taken into account.

The Remuneration Policy refers to the 2021 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 for 2021 is substantially in line with that submitted to the vote of the Shareholders’ Meeting last year, which approved it with a favourable vote of 97.16% of the Shares represented in the Shareholders’ Meeting (corresponding to 75.19% of share capital), thus expressing the approval of the absolute majority of Shareholders.

The changes introduced are essentially related to the amendments made to art. 84-*quater* of the Issuers’ Regulation and to the disclosure schedules referred to in Annex 3A (schedule 7-*bis*) to the

same regulation, implementing Directive EU 2017/828 (SHRD II), as well as the intention to increase the relevance of environmental, social and governance sustainability topics, also through the Remuneration Policy.

With regard to the variable component of remuneration of Executive Directors, the percentage weight of the performance target related to accidents has been increased by 5 percentage points for all Executive Directors, to further increase their awareness of issues relating to the working conditions of the Group's employees. Consequently, the percentage weight of the performance target relating to turnover for the Chairman, Vice Chairman and CEO has been reduced, as has that linked to Gross Manufacturing Margin (GMM) for the COO.

With regard to the remuneration policy for key management personnel (see also paragraph 3.2 of this Section I), the paymix has changed with a view to updating the remuneration package of Key management personnel and considering the addition of a new person.

Furthermore, limitations with regard to payments envisaged in the event of resignation, dismissal without just cause or termination of employment of Key management personnel (see also paragraph 3.6 of this Section I).

## 2. CORPORATE BODIES AND INDIVIDUALS INVOLVED

The bodies and individuals 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 CEOs 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 fees for office attributed to each member of the Board of Directors;
  - 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;

(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, any general managers, statutory auditors and top management, 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) 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 consistent with the Remuneration Policy, prepares, with the help of the Remuneration and Appointments Committee, the medium/long-term monetary incentive plans and handles their implementation by availing itself of the Remuneration and Appointments Committee;

(v) where deemed appropriate and consistent with the Remuneration Policy, prepares, with the help of the Remuneration and Appointments Committee, the remuneration plans based on shares or other financial instruments, and submits 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;

(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) defines, consistent with the Remuneration Policy and on the proposal of the Remuneration and Appointments Committee, 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) approves, consistent with the Remuneration Policy and on the proposal of the Remuneration and Appointments Committee, the general criteria for the remuneration of Key management personnel;

(ix) defines, consistent with the Remuneration Policy and 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)* assists the Board in drawing up the remuneration policy for members of the management body, of any general managers, and of 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 remuneration and compensation policy, 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 financial statements for the year, in the terms envisaged by law;
- (iii)* submits proposals or expresses opinions on the remuneration of executive directors and of 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 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;
- (v)* periodically assesses the adequacy and the overall coherence of the Remuneration Policy of directors and top management.

These functions - attributed by the Board of Directors and to the Remuneration and Appointments Committee, taking account of the recommendations of the Corporate Governance Code regarding the remuneration of directors and of key management personnel – augment those then attributed regarding the appointment of directors, and specifically regarding:

- (i)* the self-evaluation of the Board and of the Committees;
- (ii)* the definition of the optimal composition of the Board and of the Committees;
- (iii)* the composition of the Board, in the event of directors leaving during their term in office, also with a view to identifying candidates to co-opt;
- (iv)* the possible submission of a list by the departing Board, to be implemented according to procedures that guarantee a transparent formation and submission;
- (v)* the preparation, update and implementation of any succession plan for the Chief Executive Officer and for other executive directors.

The Remuneration and Appointments Committee also assists the Board of Directors in monitoring and updating the Diversity Policy.

## 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) it attends, through at least one of its members, the meetings of the Remuneration and Appointments Committee.

## 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. To draw up this Policy, considering the analyses made to prepare the 2020 remuneration policy, the benchmark data was taken from a market survey conducted by OD&M Consulting, a company that specialises in salary analysis, on a sample of 140 companies listed with Borsa Italiana S.p.A..

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 the preparation of this Policy, the Remuneration and Appointments Committee, in performing its duties, met to define the structure and content at the meetings on 17 February 2021, 22 February 2021 and 10 March 2021; the Policy was then submitted to the Board of Directors for approval on 17 March 2021, jointly with approval of 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 29 April 2020 established, for the three-year period 2020-2022, the total maximum annual amount of fixed remuneration of all Directors as Euro 1,850,000, including those who are attributed special offices, and the total maximum annual amount of variable remuneration as Euro 1,850,000, linked to performance indicators, to be attributed to the Directors vested with special roles, 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 17 March 2021, the Board of Directors decided to confirm that already established for 2020 at the meeting on 20 May 2020, attributing each member of the Board an annual fixed remuneration to be paid *pro rata temporis* (see 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 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 for the three-year period 2020-2022 by the same Board at the meeting on 20 May 2020 as a fixed annual amount for each member, so that the maximum total amount resolved by the Shareholders' Meeting for the remuneration of the members of all Board committees is complied with.

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

#### 3.1.2 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 consulting 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); the reason for this is to assign a remuneration package that is in line with market values for similar positions, which led to the establishment of a fee for executive directors comprised as follows:



(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 as well as 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 3.3 below);

the remuneration of the CEOs envisages an additional

(iii) medium/long-term variable component (“LTI”), also linked to the attainment of preset performance targets, defined in quantitative terms (for more details, refer to the content of paragraph 3.4 below).

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 - 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 - in terms of profitability (EBITDA) and debt (NFP) - as well as production efficiency (Gross Manufacturing Margin - GMM), and 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.

The purpose of the short-term incentives (MBO) is to award the attainment of financial and non-financial and sustainability targets, also defined in light of the specific nature of the positions held by the Executive Directors. The medium/long-term incentives (LTI) are addressed to the Chief Executive Officer (CEO) and Chief Operating Officer (COO) and are structured in a unitary form, so as to align interests with the creation of value for the Group in the medium term.

Maximum limits are established for both the variable component to be paid, for both MBOs and LTI. The following paragraphs illustrate, for each executive director, 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-achievement set for MBO and LTI.

PAYMIX AMMINISTRATORI ESECUTIVI			
	FISSO	COMPONENTE VARIABILE A BREVE TERMINE (MBO)	COMPONENTE VARIABILE A MEDIO LUNGO TERMINE (LTI)
PRESIDENTE	da 52% al 100%	da 48% a 0%	0
VICEPRESIDENTE	da 47% al 100%	da 53% a 0%	0
CHIEF EXECUTIVE OFFICER (CEO)	da 53% al 100%	da 36% a 0%	da 11 allo 0%
CHIEF OPERATION OFFICER (COO)	da 52% al 100%	da 37% a 0%	da 11 allo 0%

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 Key management personnel

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

(i) a gross annual fixed component (“RAL”), 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.

Considering the importance of the position held, the fixed component includes, for certain Key management personnel, 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 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;

(iii) a medium/long-term gross 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 3.4 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 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 term.

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

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 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-achievement set for MBO and LTI have been attained.

PAYMIX OF KEY MANAGEMENT PERSONNEL			
	FIXED	SHORT-TERM VARIABLE COMPONENT (MBO)	MEDIUM/LONG-TERM VARIABLE COMPONENT (LTI)
KEY MANAGEMENT PERSONNEL	from 71% to 100%	from 21% to 0%	from 8% to 0%

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.

### *3.2.1 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 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 over-performance. 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.

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 (10%)
- NET FINANCIAL POSITION - NFP (30%)

The remaining 10% of the short-term variable component of the Chairman is tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate in Italian and European plants during 2021, to be evaluated on the basis of the performance of the accident ratios, such as rate, frequency and severity.

- **for the VICE CHAIRMAN**

- consolidated EBITDA (50%)
- consolidated TURNOVER (10%)
- NET FINANCIAL POSITION - NFP (30%)

The remaining 10% of the short-term variable component of the Vice Chairman is tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate in Italian and European plants during 2021, to be evaluated on the basis of the performance of the accident ratios, such as rate, frequency and severity.

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

- consolidated EBITDA (50%)
- consolidated TURNOVER (10%)
- NET FINANCIAL POSITION - NFP (30%)

The remaining 10% of the short-term variable component of the CEO is tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate in Italian and European plants during 2021, to be evaluated on the basis of the performance of the accident ratios, such as rate, frequency and severity.

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

- consolidated EBITDA (50%)

- consolidated TURNOVER (10%)
- GROSS MANUFACTURING MARGIN (GMM) (25%)

The remaining 15% of the short-term variable component of the COO is tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate in Italian and European plants during 2021, to be evaluated on the basis of the performance of the accident ratios, such as rate, frequency and severity.

With regard to the above performance targets, note that with regard to the Net Financial Position (NFP), the performance scale should be read in opposite terms (meaning the target is lower indebtedness).

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 48% for the Chairman, 53% for the Vice Chairman, 36% for the CEO and 37% for the COO.

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 table:

Performance Targets	% Achievement of Performance Targets	% MBO to be paid*
<ul style="list-style-type: none"> <li>• EBITDA</li> <li>• Turnover</li> <li>• Net Financial Position (NFP)</li> <li>• Gross Manufacturing Margin (GMM)</li> <li>• Accident rate</li> </ul>	< 90%	0
	90%	90% of target amount
	100%	100% of target amount
	≥ 110%	110% of target amount

\* 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 Consolidated Non-Financial Statement of the LU-VE S.p.A. Group relating to the year of reference, as approved by the relevant corporate bodies, as well as with regard to the gross manufacturing margin to the General Management Account (GMA).

For Key management personnel, the weight of the MBO (expressed in percentage terms) with respect to the Gross Annual Remuneration cannot exceed a maximum of 21%.

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	20% -25%	EBITDA	< 95%		0%
			100%		100%
			110%		160%
•Obiettivi individuali	65% - 70%	•Numerici*	<80%	<90% ***	0%
			100%	100%	100%
			120%	110%	120%
		•Progettuali	Obiettivo non raggiunto		0%
			Obiettivo raggiunto 100		100%
			<i>over performance</i>		110%
• Obiettivi comportamentali	10%		Obiettivo non raggiunto		0%
			Obiettivo raggiunto 100		100%
			<i>over performance</i>		110%
* Per i risultati intermedi il calcolo è lineare.					
** L'ammontare totale di MBO erogabile non potrà superare il 120%					
*** Scala di calcolo per le dir. Commerciali					

### 3.4 Medium/long-term incentives

At the meeting of 18 March 2020, the Board stated that it was in favour the proposal made by the Remuneration and Appointments Committee, in agreement with the CEOs, to approve the guidelines of a medium/long-term incentive plan (the “2020-2022 LTI Plan” or the “Plan”) to be included in the remuneration policy for the 2020 financial year, addressed to the CEOs, the Key management personnel and to selected managers of the Group.

Following the approval of the Shareholders’ Meeting on 29 April 2020 of the remuneration policy proposed for the 2020 financial year, the Board of Directors approved, on the proposal of the Remuneration and Appointments Committee and with the approval of the Board of Statutory Auditors of the part relating to the CEOs: (i) at the meeting on 20 May 2020, the targets of each of the performance objectives envisaged in the Plan and (ii) at the meeting on 22 July 2020, the Plan regulations, also identifying the beneficiaries.

In line with the founding principles of the Remuneration Policy, the purpose of the 2020-2022 LTI Plan is:

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

The Plan is addressed to the CEOs (CEO and COO), Key management personnel, and, where applicable, a limited number of Group Managers identified by the Board of Directors on the proposal of the CEOs, following consultation with the Remuneration and Appointments Committee.

The Plan awards a cash bonus based on the achievement of the Group’s performance objectives in the three-year period of 2020-2022 (three-year vesting period), whose payment is conditional, for the CEOs, on their remaining in office as at 31 December 2022, and for Key management personnel and other manager beneficiaries, on remaining in employment for the entire three-year period of 2020-2022.

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:

- EBITDA (cumulative three-year value)
- TURNOVER (cumulative three-year value)
- NET FINANCIAL POSITION - NFP (achievement of the value established in the Plan at the end of FY 2022)

With regard to the Net Financial Position (NFP), the performance scale should be read in opposite terms (meaning the target is lower indebtedness).

The target of each of the above-mentioned performance objectives was established by the Board of Directors at the meeting on 20 May 2020, on the proposal of the Remuneration and Appointments Committee, following consultation with the Board of Statutory Auditors for the CEOs, and on the proposal of the Remuneration and Appointments Committee for the other beneficiaries.

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:

Performance Targets and relative percentages	% Achievement of Performance Targets	% of Cash Bonus to be paid*
<ul style="list-style-type: none"> <li>• Cumulative EBITDA 2020-2022 compared to Cumulative EBITDA Target (55%)</li> <li>• Cumulative Turnover 2020-2022 compared to Cumulative Turnover Target (20%)</li> </ul>	< 90%	0
	90%	90% of target amount
	100%	100% of target amount
	≥ 110%	110% of target amount

Performance Targets and relative percentages	% Achievement of Performance Targets	% of Cash Bonus to be paid*
<ul style="list-style-type: none"> <li>• NFP 2022 compared with NFP Target 2022 (25%)**</li> </ul>	≤90%	110% of target amount
	100%	100% of target amount
	110%	90% of target amount
	>110%	0

\* For interim results, the calculation is linear.

\*\* With respect to the Group EBITDA and Group turnover objectives, for those related to the Net Financial Position (NFP), the performance scale should be read in opposite terms (meaning the target is lower indebtedness).

The Plan regulations approved by the Board on 22 July 2020 envisages that the cash bonus for each of the above-indicated performance targets will be paid when: (i) the EBITDA relating to each of the 2020, 2021 and 2022 financial years (“Annual EBITDA”) has reached at least 90% of the relative EBITDA target (“EBITDA Target”) for at least two of the years 2020-2022 and the cumulative EBITDA of the three years (“Cumulative EBITDA”) has reached at least 90% of the relative cumulative EBITDA target (“Cumulative EBITDA Target”); (ii) the turnover relative to each of the 2020, 2021 and 2022 financial years (“Annual Turnover”) has reached at least 90% of the relative Turnover target (“Turnover Target”) for at least two of the years 2020-2022 and the cumulative turnover of the three years (“Cumulative Turnover”) has reached at least 90% of the relative cumulative turnover target (“Cumulative Turnover Target”); (iii) the annual NFP relating to each of the 2020, 2021 and 2022 financial years is lower than 110% of the relative NFP target for at least one of the years 2020 and 2021 and the NFP 2022 is lower than 110% of the NFP target 2022.

No additional percentage will be awarded with respect to the cash bonus already accrued if the Cumulative EBITDA and/or the Cumulative Turnover were to exceed 110% respectively of the Cumulative EBITDA Target and of the Cumulative Turnover Target and/or the NFP 2022 were to be lower than 90% of the NFP Target 2022.

The set targets may be adjusted in the event of significant changes in the Group (e.g. significant acquisitions) by the Board of Directors on the proposal of the Remuneration and Appointments Committee, after consulting the Board of Statutory Auditors for the relevant part. 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 CEOs, and on the proposal of the Remuneration and Appointments Committee for the other beneficiaries.

Following a justified proposal by the Remuneration and Appointments Committee, after consulting the Board of Statutory Auditors for the CEOs, and on the justified proposal of the latter, after consulting the Remuneration and Appointments Committee for the other beneficiaries, the Board of Directors also has the power to allow the payment of the cash bonus and the extent of the same, even if the performance targets are partially achieved or not achieved.

For the CEOs, the weight of the LTI (expressed in percentage terms) linked to the medium/long-term results with respect to the total 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, cannot exceed a maximum of 12% (calculated at the maximum value assuming that the results including the over-achievement set are attained).

To check whether the performance targets have been attained, reference will be made to the data of the consolidated financial statements relating to the three-year period 2020-2022 approved by the Board of Directors.

For Key management personnel, the weight of the LTI (expressed in percentage terms) with respect to the Gross Annual Remuneration cannot exceed a maximum of 12% (calculated at the maximum value assuming that the results including the over-achievement set are attained).



At the end of the three-year vesting period, the plan envisages the award, by the end of May 2023, of 60% of the bonus accrued and the deferral of the remaining portion of 40% at the end of December 2023 (namely 12 months after the end of the financial year in which performance was measured).

### **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 CEOs 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), 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 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.

### **3.6 Indemnity in case of termination of office or termination of the employment relationship.**

#### *3.6.1 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 Key management personnel, the company they belong to 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, of up to 24 months pay.

### *3.6.2 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, by either the beneficiary or the company, in the year of reference. For 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 (2020-2022 LTI)**

The regulations of the 2020-2022 LTI Plan envisage:

- 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 CEOs, and on the proposal of the CEOs, 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;

- 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.

## **3.7 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 Shareholders' Meeting of 29 April 2020 established, for the 2020-2022 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", issued by the Board of Professional Accountants and Auditors, referring in particular to Rule Q.1.6., "Remuneration".

### 3.8 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.

### 3.9 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 a managing director or a Key manager, due to unforeseen events, 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);
- award of a one-off cash bonus in the case of new key figures joining the Company.

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, applying the "Related Party Transactions Procedure" in force at the Company.

## **SECTION II**

### **FEES PAID IN 2020 AND OTHER INFORMATION**

## PART ONE

Information on the fees paid in the 2020 financial year to Directors, Statutory Auditors 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 2020 financial year (“2020 Policy”) was verified by the Remuneration and Appointments Committee at the time of the periodic assessment conducted by the same Committee at meetings held on 17 February, 22 February, 10 March 2021 and 16 March 2021. Following the assessment, the Remuneration and Appointments Committee confirmed the consistency and compliance of the remuneration paid to Directors, Statutory Auditors and Key management personnel during 2020 with the 2020 Policy.

### 1.1 Description of the remuneration paid to members of the Board of Directors in the 2020 financial year

During the 2020 financial year, the Company Board of Directors was renewed by the Shareholders’ Meeting held on 29 April 2020. Until said date, the Board had been comprised by 12 members, as specified below:

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

The Shareholders’ Meeting held on 29 April 2020 confirmed the number of members of the Board of Directors as 12, appointing:

- Executive Directors, Iginio Liberali (Chairman), Pier Luigi Faggioli (Vice Chairman), Matteo Liberali (CEO) and Michele Faggioli (COO); as well as
- Non-Executive Directors, Raffaella Cagliano (independent) Guido Crespi (independent), Anna Gervasoni (independent), Fabio Liberali, Laura Oliva, Stefano Paleari (independent), Roberta Pierantoni and Marco Vitale.

The Board of Directors meeting held on 29 April 2020, following said Shareholders’ Meeting, confirmed the establishment of two internal committees, appointing the following members:

- for the Control and Risk Committee with responsibility for Related Party Transactions, the directors Stefano Paleari (Chairman), Anna Gervasoni (independent) and Laura Oliva;
- for the Remuneration and Appointments Committee, the directors Stefano Paleari (Chairman), Anna Gervasoni (independent) and Roberta Pierantoni.

#### 1.1.1 Remuneration of Non-Executive Directors

The Shareholders’ Meeting held on 29 April 2020 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, 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.

At the meeting on 20 May 2020, the Board of Directors resolved to attribute, for 2020:

- each member of the Board, a remuneration for the 2020 financial year of Euro 20,000.00 gross *pro rata temporis*. As the annual fixed fee resolved by the Board of Directors on 12 April 2017 was Euro 18,000.00 gross to be paid *pro rata temporis*, for 2020, the fee accrued by the members still in office for the entire 2020 financial year is Euro 19,344.26;
- (i) an annual fixed fee of Euro 8,000.00 gross *pro rata temporis*. As the annual fixed fee resolved by the Board of Directors on 12 April 2017 was Euro 7,000.00 gross for each office, to be paid *pro rata temporis*, for 2020, the fee accrued by the Chairman of both committees, who has maintained the office for the whole of the 2020 financial year, was Euro 7,672.13 for each of the above-cited offices;
- (ii) an annual fixed fee of Euro 6,000.00 gross *pro rata temporis*. As the annual fixed fee resolved by the Board of Directors on 12 April 2017 was Euro 5,000.00 gross, for 2020, the fee accrued by each member of the committees still in office for the entire 2020 financial year was Euro 5,672.13 gross.

#### 1.1.2 Remuneration of the Chairman of the Board of Directors

The 2020 Policy envisaged the following for the Chairman:

- (i) an additional annual fixed fee of Euro 215,200.00, in addition to the fixed basic fee of Euro 20,000.00 *pro rata temporis* for the office of director, as well as
- (ii) an MBO (for a potential maximum value of Euro 230,010.00), linked to the achievement of the following quantitative targets
  - Consolidated EBITDA (weight of 50%)
  - Consolidated TURNOVER (weight of 15%)
  - NET FINANCIAL POSITION - NFP (weight of 30%)

The remaining 5% of the short-term variable component of the Chairman was tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate in Italian and European plants during 2020.

In application of the 2020 Policy, Iginio Liberali accrued overall:

- (i) as the gross annual fixed component, the following amounts:
  - Euro 19,344.26 gross, for the office of member of the Board of Directors;
  - Euro 215,200.00 gross, as additional remuneration;
- (ii) as the gross annual variable component (MBO), the following amount:
  - Euro 216,325.96.

The final value of the MBO was awarded following the achievement of all of the performance targets set, with an average over-performance percentage of 103.5%.

Based on the above elements, the fixed remuneration paid to the Chairman for the 2020 financial year corresponded to 1.08 times the variable remuneration (comprised by the MBO).

### *1.1.3 Remuneration of the Vice Chairman of the Board of Directors*

The 2020 Policy envisaged the following for the Vice Chairman:

- (i) an annual fixed fee of Euro 176,000.00, in addition to the fixed basic fee of Euro 20,000.00 *pro rata temporis* for the office of director, as well as
- (ii) an MBO (for a potential maximum value of Euro 233,750.00), linked to the achievement of the following quantitative targets:
  - Consolidated EBITDA (weight of 50%)
  - Consolidated TURNOVER (weight of 15%)
  - NET FINANCIAL POSITION - NFP (weight of 30%)

The remaining 5% of the short-term variable component of the Vice Chairman was tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate in Italian and European plants during 2020.

In application of the 2020 Policy, Pierluigi Faggioli accrued overall:

- (i) as the gross annual fixed component, the following amounts:
  - Euro 19,344.26 gross, for the office of member of the Board of Directors;
  - Euro 176,000.00 gross, as additional remuneration;
- (ii) as the gross annual variable component (MBO), the following amount:
  - Euro 219,843.45 gross.

The final value of the MBO was awarded following the achievement of all of the performance targets set, with an average over-performance percentage of 103.5%.

Pierluigi Faggioli was also awarded non-monetary benefits corresponding to a value of Euro 3,080.07.

Based on the above elements, the fixed remuneration paid to the Vice Chairman for the 2020 financial year corresponded to 0.89 times the variable remuneration (comprised by the MBO).

### *1.1.4 Remuneration of the Chief Executive Officer (CEO)*

The 2020 Policy envisaged the following for the CEO:

- (i) an annual fixed fee of Euro 380,000.00, in addition to the fixed basic fee of Euro 20,000.00 for the office of director, as well as
- (ii) an MBO (for a potential maximum value of Euro 285,175.00), linked to the achievement of the following quantitative targets:
  - Consolidated EBITDA (weight of 50%)
  - Consolidated TURNOVER (weight of 15%)

- NET FINANCIAL POSITION - NFP (weight of 30%)

The remaining 5% of the short-term variable component of the CEO was tied to the attainment of objectives relating to the accident rate in Italian and European plants during 2020;

(iii) an LTI (for a potential maximum value of Euro 89,100.00 gross), linked to the achievement of the following targets:

- Consolidated EBITDA (weight of 55%)
- Consolidated TURNOVER (weight of 20%)
- NET FINANCIAL POSITION - NFP (weight of 25%)

In application of the 2020 Policy, Matteo Liberali accrued overall:

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

- Euro 19,344.26 gross, for the office of member of the Board of Directors;
- Euro 380,000.00 gross, as additional remuneration;

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

- Euro 268,209.01 gross;

(iii) as the medium/long-term variable component (2020-2022 LTI), the following amount:

- Euro 83,639.61 gross.

The final value of the MBO was awarded following the achievement of all of the performance targets set, with an average over-performance percentage of 103.5%.

With regard to the 2020-2022 LTI plan, the performance targets envisaged for the first year of the plan were reached with an average over-performance percentage of 103.3% and, therefore, the relative amount was allocated to provisions in the financial statements.

Matteo Liberali was also awarded non-monetary benefits corresponding to a value of Euro 6,212.33.

Based on the above elements, the fixed remuneration paid to the CEO for the 2020 financial year corresponded to 1.13 times the variable remuneration (comprised by the MBO and LTI).

#### *1.1.5 Remuneration of the Chief Operating Officer (COO).*

The 2020 Policy envisaged the following for the COO:

(i) an annual fixed fee of Euro 360,000.00, in addition to the fixed basic fee of Euro 20,000.00 for the office of director, as well as

(ii) an MBO (for a potential maximum value of Euro 285,175.00), linked to the achievement of the following quantitative targets:

- consolidated EBITDA (50%)
- consolidated TURNOVER (10%)
- GROSS MANUFACTURING MARGIN (GMM) (30%).

The remaining 10% of the short-term variable component of the COO was tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate in Italian and European plants during 2020.



(iii) an LTI (for a potential maximum value of Euro 89,100.00 gross), linked to the achievement of the following targets:

- Consolidated EBITDA (weight of 55%)
- Consolidated TURNOVER (weight of 20%)
- NET FINANCIAL POSITION - NFP (weight of 25%)

In application of the 2020 Policy approved, Michele Faggioli accrued:

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

- Euro 19,344.26 gross, for the office of member of the Board of Directors;
- Euro 360,000.00 gross, with relation to the powers delegated *pursuant to* art. 2389, paragraph 3, of the Italian Civil Code;

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

- Euro 273,720.81 gross, with relation to the powers delegated *pursuant to* art. 2389, paragraph 3, of the Italian Civil Code;

(iii) as the medium/long-term variable component (2020-2022 LTI), the following amount:

- Euro 83,639.61 gross.

The final value of the MBO was awarded following the achievement of all of the performance targets set, with an average over-performance percentage of 105.6%.

With regard to the 2020-2022 LTI plan, the performance targets envisaged for the first year of the plan were reached with an average over-performance percentage of 103.3% 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 9,271.08.

Based on the above elements, the fixed remuneration paid to the COO for the 2020 financial year corresponded to 1.06 times the variable remuneration (comprised by the MBO and LTI).

\*\*\*\*

With regard to the variable components of remuneration accrued by the Executive Directors in the 2020 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 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 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.

The results achieved in terms of financial performance indicators (EBITDA and NFP for all Executive Directors, as well as turnover as regards the Chairman, Vice Chairman and CEO, and gross

manufacturing margin for the COO) envisaged by the 2020 MBO, were better than the set targets. A similar result was recorded with regard to target relating to the rate of accidents.

Based on the overall proposal of the Remuneration and Appointments Committee, on 17 March 2021, the Board of Directors resolved the vesting of the bonuses relating to the 2020 MBO based on calculations relating to the over-performance achieved.

With regard to the fees paid in the 2020 financial year to the Executive Directors and to the Non-Executive Directors illustrated in this Section II, note that:

- (i) the overall fees of all directors fell in 2020 compared to 2019 by 7.7% (fixed + MBO) and by 1.3% if the provision for the first year of the 2020-2022 LTI plan is included;
- (ii) the fixed fees of all directors amount to Euro 1,401,364.00 against a maximum amount resolved by the Shareholders' Meeting of Euro 1,850,000.00;
- (iii) the variable fees accrued by the Executive Directors (MBO, as well as, just for the CEO and COO, 2020 LTI) amount to a total of Euro 1,145,379.00 (of which Euro 978,099.00 for MBO and Euro 167,280.00 for LTI provision), against a maximum amount resolved by the Shareholders' Meeting of 1,850,000.00.

## 1.2 Remuneration of members of the Board of Statutory Auditors in the 2020 financial year

During 2020, the Company Board of Statutory Auditors was renewed by the Shareholders' Meeting held on 29 April 2020. Until said date, the Board of Statutory Auditors had been comprised by Paola Mignani (Chairperson), Stefano Beltrame and Ivano Pelassa, who were awarded *pro rata temporis*, based on the resolution of the Shareholders' Meeting held on 10 March 2017, an annual remuneration of Euro 45,000.00 for the Chairperson and Euro 30,000.00 gross, for each of the two standing auditors.

The Shareholders' Meeting held on 29 April 2020 appointed the following as members of the Board of Statutory Auditors: Simone Cavalli (Chairman of the Board), Paola Mignani and Stefano Beltrame, awarding the same, *pro rata temporis*, an annual remuneration of Euro 45,000.00 gross 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", 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.

## 1.3 Remuneration of Key management personnel in the 2020 financial year

In application of the 2020 Policy approved, the six Key managers accrued cumulatively:

- (i) as the gross annual *fixed component*, total fees of Euro 919,497.43 gross, with relation to their contracts of employment as executives of the Company or of other Group companies;

- (ii) as the gross annual variable component, total fees of Euro 191,063.33 gross, with relation to their contracts of employment as executives of the Company or of other Group companies (against a potential target of Euro 184,000.00 gross, up to a maximum of Euro 221,000.00 including “over-achievement”, approved for 2020);
- (iii) as the medium/long-term variable component (2020-2022 LTI), total fees of Euro 80,918.33 gross.

The final value of the MBO was awarded following the achievement of the performance targets set, with an average over-performance percentage of 104.4%.

With regard to the 2020-2022 LTI plan, the performance targets envisaged for the first year of the plan were reached with an average over-performance percentage of 103.3% 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 2020 financial year corresponded to 3.38 times the variable remuneration (comprised by the MBO and LTI). The calculation of the fixed remuneration also included the fees 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 2020 financial year corresponded to 3.22 times the variable remuneration (comprised by the MBO and LTI).

For more information on the remuneration paid to the Company’s Key management personnel in the 2020 financial year, with respect to that envisaged in the 2020 Policy, please refer to the content of the tables in Part Two of this Section II, which shows the breakdown of the individual items it is comprised of.

## **1.4 Comparative information**

This paragraph provides information for financial years 2019 and 2020, 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. Note in this regard that the disclosure is limited to 2019 and 2020, pursuant to art. 2, paragraph 2 of CONSOB Resolution no. 21623 of 10 December 2020, which allows the Company to use data relating to financial years started from 1 January 2019.

### Annual changes in the remuneration of Directors and Statutory Auditors

Remuneration of directors and statutory auditors (including any benefits for Executive Directors)	2019 (Euro)	2020 (Euro)	%Change
Iginio Liberali (Chairman)	449,041	450,870	0.41%
Pierluigi Faggioli (Vice Chairman)	453,153	418,268	-7.70%
Matteo Liberali (CEO)	765,432	757,405	-1.05%
Michele Faggioli (COO)	753,416	745,976	-0.99%
Remuneration of non-executive directors*	18,000	19,344	7.47%
Remuneration of the Chairman of the Remuneration and Appointments Committee/Control and Risk Committee*	7,000	7,672	9.60%
Remuneration of members of the Remuneration and Appointments Committee/Control and Risk Committee*	5,000	5,672	13.44%
Chairman of the Board of Statutory Auditors**	45,000	45,000	0.00%
Standing Auditor*	30,000	30,000.00	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.

\*\* Following the above renewal, 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: for details, please refer to Table 1, Part Two, of this Section.

### Annual changes in Group results

Results of the LU-VE Group	2019 (millions of Euro)	2020 (millions of Euro)	%Change
Turnover from products	389.30	392.50	0.82%
Adjusted EBITDA	51.70	45.50	-11.99%
NFP	-107.20	-106.80	-0.37%

Source: Annual Financial Report.

#### 1.4.3 Annual change in the annual average gross remuneration of the employees of LU-VE Group Italy

LU-VE Group Italy (including any benefits)	2019 (Euro)	2020 (Euro)	%Change
Average total remuneration of employees	36,995.38	38,179.19	3.20%

#### 1.4.4 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 two-year period considered, 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 Chief Operating 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 Group Italy.

Relationship between salaries	2019	2020
Chairman/average Gross Annual Remuneration	12.14	11.81
Vice Chairman/average Gross Annual Remuneration	12.25	10.96
CEO/average Gross Annual Remuneration	20.69	19.84
COO/average Gross Annual Remuneration	20.37	19.54
Non-Executive Directors/average Gross Annual Remuneration	0.49	0.51
Chairman of the Board of Statutory Auditors/average Gross Annual Remuneration	1.22	1.18
Standing Auditor/average Gross Annual Remuneration	0.81	0.79

#### 1.5 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 held on 29 April 2020 approved Section II of the 2020 Report.

2.2 voto consultivo sui "Compensi corrisposti nell'esercizio 2019" riportati nella Sezione II, ai sensi dell'art. 123-ter, comma 6 del D. Lgs. n. 58/98.

	N. AZIONISTI (IN PROPRIO O PER DELEGA)	N. AZIONI	% SU AZIONI ORDINARIE RAPPRESENTATE	% SU AZIONI AMMESSE AL VOTO	% SU CAPITALE SOCIALE ORDINARIO
Favorevoli	21	16.718.442	97,161216	97,161216	75,191892
Contrari	1	15.749	0,091527	0,091527	0,070832
Astenuti	1	472.718	2,747257	2,747257	2,126069
Non Votanti	0	0	0,000000	0,000000	0,000000
<b>Totale</b>	<b>23</b>	<b>17.206.909</b>	<b>100,000000</b>	<b>100,000000</b>	<b>77,388793</b>

With a view to further improving the disclosure of information on the remuneration of its management, also considering the new legislative obligations recently introduced by Consob to transpose the SHRD 2, 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 2020 to the Directors, Statutory Auditors 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**

## PART TWO

### 1. Fees paid in the 2020 financial year

The following Table indicates the fees paid in the year ended as at 31 December 2020 to Directors, Statutory Auditors and other Key management personnel.

Nome e cognome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica*	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Iginio Liberali	Presidente del Consiglio di Amministrazione	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				234.544,26 <sup>(1)(2)</sup>		216.325,96				450.870,22		
(II) Compensi da controllate e collegate												
(III) Totale				234.544,26		216.325,96				450.870,22		
Pier Luigi Faggioli	Vice Presidente	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				195.344,26 <sup>(1)(3)</sup>		219.843,45		3.080,07		418.267,78		
(II) Compensi da controllate e collegate												
(III) Totale				195.344,26		219.843,45		3.080,07		418.267,78		
Matteo Liberali	Amministratore Delegato CEO	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				399.344,26 <sup>(1)(4)</sup>		351.848,62 <sup>(5)</sup>		6.212,33		757.405,21		
(II) Compensi da controllate e collegate												
(III) Totale				399.344,26		351.848,62		6.212,33		757.405,21		
Michele Faggioli	Amministratore Delegato COO	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				379.344,26 <sup>(1)(6)</sup>		357.360,42 <sup>(5)</sup>		9.271,08		745.975,76		
(II) Compensi da controllate e collegate												
(III) Totale				379.344,26		357.360,42		9.271,08		745.975,76		

**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	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Raffaella Cagliano	Consigliere	30/04/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				13.442,62 <sup>(1)</sup>						13.442,62		
(II) Compensi da controllate e collegate												
(III) Totale				13.442,62						13.442,62		
Giovanni Cavallini	Consigliere	01/01/2020-29/04/2020	29/04/2020									
(I) Compensi nella società che redige il bilancio				5.901,64 <sup>(1)</sup>						5.901,64		
(II) Compensi da controllate e collegate												
(III) Totale				5.901,64						5.901,64		
Guido Giuseppe Crespi	Consigliere	30/04/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				13.442,62 <sup>(1)</sup>						13.442,62		
(II) Compensi da controllate e collegate												
(III) Totale				13.442,62						13.442,62		
Michele Garulli	Consigliere	01/01/2020-29/04/2020	29/04/2020									
(I) Compensi nella società che redige il bilancio				5.901,64 <sup>(1)</sup>	1.639,34 <sup>(7)</sup>				7.213,11 <sup>(8)</sup>	14.754,09		
(II) Compensi da controllate e collegate												
(III) Totale				5.901,64	1.639,34			7.213,11	14.754,09			
Anna Gervasoni	Consigliere	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				19.344,26 <sup>(1)</sup>	11.344,26 <sup>(7)</sup>					30.688,52		
(II) Compensi da controllate e collegate												
(III) Totale				19.344,26	11.344,26 €					30.688,52		
Fabio Liberali	Consigliere	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				19.344,26 <sup>(1)</sup>				5.051,79	101.696,75 <sup>(8)</sup>	126.092,80		
(II) Compensi da controllate e collegate												
(III) Totale				19.344,26			5.051,79	101.696,75	126.092,80			
Laura Oliva	Consigliere	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				19.344,26 <sup>(1)</sup>	4.032,79 <sup>(7)</sup>					23.377,05		
(II) Compensi da controllate e collegate												
(III) Totale				19.344,26	4.032,79					23.377,05		

**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	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Stefano Paleari	Consigliere	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				19.344,26 <sup>(1)</sup>	15.344,26 <sup>(10)</sup>					34.688,52		
(II) Compensi da controllate e collegate												
(III) Totale				19.344,26	15.344,26					34.688,52		
Roberta Pierantoni	Consigliere	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				19.344,26 <sup>(1)</sup>	5.672,13 <sup>(7)</sup>					25.016,39		
(II) Compensi da controllate e collegate												
(III) Totale				19.344,26	5.672,13					25.016,39		
Marco Vitale	Consigliere	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				19.344,26 <sup>(1)</sup>						19.344,26		
(II) Compensi da controllate e collegate												
(III) Totale				19.344,26						19.344,26		
Paola Mignani	Presidente Collegio Sindacale	01/01/2020-29/04/2020	29/04/2020									
	Sindaco Effettivo	30/04/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				34.918,03 <sup>(11)</sup>						34.918,03		
(II) Compensi da controllate e collegate												
(III) Totale				34.918,03						34.918,03		
Simone Cavalli	Presidente Collegio Sindacale	30/04/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				30.245,90 <sup>(11)</sup>						30.245,90		
(II) Compensi da controllate e collegate												
(III) Totale				30.245,90						30.245,90		
Stefano Beltrame	Sindaco Effettivo	01/01/2020-31/12/2020	Approvazione Bilancio 2022									
(I) Compensi nella società che redige il bilancio				30.000,00 <sup>(11)</sup>						30.000,00		
(II) Compensi da controllate e collegate												
(III) Totale				30.000,00						30.000,00		



**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	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Ivano Pelassa	Sindaco Effettivo	01/01/2020-29/04/2020	29/04/2020									
(I) Compensi nella società che redige il bilancio				9.836,07 <sup>(11)</sup>						9.836,07		
(II) Compensi da controllate e collegate												
(III) Totale				9.836,07						9.836,07		
Dirigenti Strategici		01/01/2020-31/12/2020	Approvazione Bilancio 2020									
(I) Compensi nella società che redige il bilancio				724.005,18		215.838,66 <sup>(12)</sup>		26.013,17		965.857,01		
(II) Compensi da controllate e collegate				151.492,25		56.143,00 <sup>(13)</sup>		5.739,93	44.000,00 <sup>(14)</sup>	257.375,18		
(III) Totale				875.497,43		271.981,66		31.753,10	44.000,00	1.223.232,19		

(1) a seguito del suo rinnovo deliberato dall'Assemblea del 29 aprile 2020, il Consiglio di Amministrazione ha deliberato di attribuire a ciascun membro del Consiglio un compenso annuo lordo di euro 20.000,00 pro rata temporis. Poiché la remunerazione annua fissa deliberata dal Consiglio del 12/4/2017 era di euro 18.000,00 pro rata temporis, il compenso maturato dai consiglieri rimasti in carica per l'intero esercizio 2020 è pari ad euro 19.344,26 (e dettagliatamente 5.901,64 come consigliere per il periodo 1°1°2020 - 29/04/2020, ed euro 13.442,62 come consigliere per il periodo 30/4/2020 - 31°12/2020);

(2) di cui euro 19.344,26 come membro del Consiglio di Amministrazione, ed euro 215.200,00 per la particolare carica di Presidente del Consiglio di Amministrazione;

(3) di cui euro 19.344,26 come membro del Consiglio di Amministrazione, ed euro 176.000,00 per la particolare carica di Vice-Presidente del Consiglio di Amministrazione;

(4) di cui euro 19.344,26 come membro del Consiglio di Amministrazione, ed euro 380.000,00 per la particolare carica di Amministratore Delegato CEO;

(5) di cui euro 83.639,61 maturati a titolo di Componente variabile a medio/lungo termine (LTI 2020 -2021) per l'anno 2020;

(6) di cui euro 19.344,26 maturati come membro del Consiglio di Amministrazione, ed euro 360.000,00 per la particolare carica di Amministratore Delegato COO;

(7) a seguito del suo rinnovo deliberato dall'Assemblea del 29 aprile 2020, il Consiglio di Amministrazione ha deliberato di attribuire a ciascuno dei membri del Comitato Remunerazioni e Nomine e del Comitato Controllo e Rischi diverso dal presidente del comitato un compenso annuo fisso di Euro 6.000,00 lordi pro rata temporis. Fino al 29/4/2020 tale compenso era pari ad Euro 5.000,00 lordi. Per l'anno 2020, il compenso maturato da ciascun membro dei comitati diverso dal presidente rimasto in carica per l'intero esercizio 2020 è stata pari a Euro 5.672,13 lordi (e dettagliatamente euro 1.639,34 per il periodo 1°1°2020 -29/4/2020, ed euro 4.032,79 per il periodo 30/04/2020 - 31°12/2020);

(8) rateo del compenso per l'incarico di Investor Relator (in relazione al quale era stato previsto un compenso annuo fisso di Euro 22.000,00 lordi) maturato per il periodo 01/01/2020 - 29/04/2020 dal consigliere Michele Garulli che è cessato dalla carica di Amministratore, con l'assemblea del 29/04/2020;

(9) compenso corrisposto a titolo di retribuzione lorda annua maturata in relazione al rapporto di lavoro dipendente in essere con LU-VE S.p.A.;

(10) a seguito del suo rinnovo deliberato dall'Assemblea del 29 aprile 2020, il Consiglio di Amministrazione del 29/04/2020 ha deliberato di attribuire ai Presidenti del Comitato Remunerazioni e Nomine e del Comitato Controllo e Rischi un compenso annuo lordo fisso di Euro 8.000,00 pro rata temporis. Fino al 29/4/2020 tale compenso era pari ad Euro 7.000,00 lordi per ciascun incarico da corrispondersi pro rata temporis. Per l'anno 2020, il compenso maturato dal Presidente di entrambi i comitati è stato pari ad Euro 7.672,13 per ciascun incarico (dettagliatamente euro 2.295,08 per il periodo 1°1°2020 -29/4/2020, ed euro 5.377,05 per il periodo 30/4/2020 - 31°12/2020);

(11) il mandato del Collegio sindacale è stato rinnovato dall'Assemblea del 29/4/2020 che ha confermato, pro rata temporis, un compenso annuo di Euro 45.000,00 lordi per il Presidente e di Euro 30.000 lordi per ciascuno dei due sindaci effettivi;

(12) di cui euro 15.495,00 maturati a titolo di Componente variabile a medio/lungo termine (LTI 2020 -2021) per l'anno 2020;

(13) di cui 15.495,00 a titolo di Componente variabile a medio/lungo termine (LTI 2020 -2021) maturata per l'anno 2020;

(14) importo corrisposto a titolo di compensi erogati in relazione alla carica di consigliere rivestita da due Dirigenti con Responsabilità Strategiche presso organi amministrativi di società controllate e collegate del Gruppo LU-VE;

## 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 2020 to members of the management body and other Key management personnel.

A Nome e cognome	B Carica	(1) Piano	(2) Bonus dell'anno			(3) Bonus di anni precedenti			(4) Altri bonus
			(A) Erogabile/Erogato	(B) Differito	(C) Periodo di differimento	(A) Non più erogabili	(B) Erogabile/Erogati	(C) Ancora Differiti	
			<b>Iginio Liberali</b> <b>Presidente del Consiglio di Amministrazione</b>						
		MBO 2020	216.325,96						
(I) Compensi nella società che redige il bilancio									
(I) Compensi nella società che redige il bilancio									
(I) Compensi nella società che redige il bilancio									
(I) Compensi nella società che redige il bilancio									
(II) Compensi da controllate e collegate									
(III) Totale			216.325,96						
<b>Pier Luigi Faggioli</b> <b>Vice Presidente del Consiglio di Amministrazione</b>									
		MBO 2020	219.843,45						
(I) Compensi nella società che redige il bilancio									
(I) Compensi nella società che redige il bilancio									
(I) Compensi nella società che redige il bilancio									
(I) Compensi nella società che redige il bilancio									
(II) Compensi da controllate e collegate									
(III) Totale			219.843,45						
<b>Matteo Liberali</b> <b>Amministratore Delegato CEO</b>									
		MBO 2020	268.209,01						
(I) Compensi nella società che redige il bilancio		LTI 2020-2022		83.639,61	2023				
(I) Compensi nella società che redige il bilancio									
(I) Compensi nella società che redige il bilancio									
(I) Compensi nella società che redige il bilancio									
(II) Compensi da controllate e collegate									
(III) Totale			268.209,01	83.639,61					

A Nome e cognome	B Carica	(1) Piano	(2) Bonus dell'anno			(3) Bonus di anni precedenti			(4) Altri bonus
			(A)	(B)	(C)	(A)	(B)	(C)	
			Erogabile/Erogato	Differito	Periodo di differimento	Non più erogabili	Erogabile/Erogati	Ancora Differiti	
Michele Faggioli	Amministratore Delegato COO								
(I) Compensi nella società che redige il bilancio									
(I) Compensi nella società che redige il bilancio		MBO 2020	273.720,81						
(I) Compensi nella società che redige il bilancio		LTI 2020-2022		83.639,61	2023				
(I) Compensi nella società che redige il bilancio									
(II) Compensi da controllate e collegate									
(III) Totale			273.720,81	83.639,61					
Dirigenti con responsabilità strategiche	n° 6								
(I) Compensi nella società che redige il bilancio		MBO 2020	150.415,33						
(I) Compensi nella società che redige il bilancio		LTI 2020-2022		65.423,33	2023				
(I) Compensi nella società che redige il bilancio									
(I) Compensi nella società che redige il bilancio									
(II) Compensi da controllate e collegate		MBO 2020	40.648,00						
(II) Compensi da controllate e collegate		LTI 2020-2022		15.495,00	2023				
(III) Totale			191.063,33	80.918,33					

### 3. Equity shareholdings held as at 31 December 2020

The Table below indicates the equity investments held in the period 31 December 2019 - 31 December 2020 in LU-VE S.p.A and in its subsidiaries as at 31 December 2020, by Directors, Statutory Auditors 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.

Cognome e Nome	Carica	Società partecipata	Numero azioni possedute alla fine dell'esercizio precedente (31/12/2019)	Numero azioni acquistate nell'esercizio 2020	Numero azioni vendute nell'esercizio 2020		Numero azioni possedute alla fine dell'esercizio in corso (31/12/2020)	
Iginio Liberali	Presidente del Consiglio di Amministrazione	LU-VE S.p.A.	35.887	2.500	/		38.387	(pd)
Pier Luigi Faggioli	Vicepresidente del consiglio di Amministrazione	LU-VE S.p.A.	10.000	/	/		10.000	(pd)
Matteo Liberali	Amministratore Delegato	LU-VE S.p.A.	11.176.159	/	/		11.176.159	(pi) (*)
Guido Giuseppe Crespi	Consigliere	LU-VE S.p.A.	5.032	6.232	5.574	(**)	5.690	(pd) (***)
Laura Oliva	Consigliere	LU-VE S.p.A.	-	1.650	/		1.650	(pd)
Dirigenti con responsabilità strategiche (n. 5)		LU-VE S.p.A.	1.500	/	/		1.500	(pd)

Note:

(pd) partecipazione diretta

(pi) partecipazione indiretta

(u) usufrutto

(c) coniuge

(ps) performance share (in tutto o in parte)

(\*) di cui n. 11.175.159 detenute tramite Finami S.p.A. e n. 1.000 detenute dalla figlia a carico Eliana Liberali

(\*\*) tutte le operazioni sono state effettuate antecedentemente al 29/04/2020, data in cui Guido Giuseppe Crespi ha assunto la carica di consigliere in LU-VE

(\*\*\*) di cui n. 1.800 detenute dalla moglie Maria Sole Bianca Luisa Brioschi