

LU-VE S.p.A.

Via Vittorio Veneto 11 – 21100 Varese

REA [Economic and Administrative Index] Number: VA-191975

Tax Code: 01570130128



**ANNUAL REPORT
ON REMUNERATION POLICY AND
REMUNERATION PAID
MARCH 2022**

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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.

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| CEOs | 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. |
| Executive Directors | The Directors of LU-VE S.p.A. vested with particular roles, to whom specific powers can also be delegated. At the date of this Report, 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. |
| Non-Executive Directors | The Directors of LU-VE S.p.A. not vested with particular roles. As at date of this Report, the Company's Non-Executive Directors are: Guido Giovanni Crespi, Raffaella Cagliano, Anna Gervasoni, Fabio Liberali, Laura Oliva, Stefano Paleari, Roberta Pierantoni and Marco Vitale. |
| Directors | The Executive Directors and Non-Executive Directors of LU-VE S.p.A. |
| Shareholders' Meeting | The Shareholders' Meeting of LU-VE S.p.A. |
| Shares | The shares of LU-VE S.p.A., listed on the Euronext Milan market organised and managed by Borsa Italiana S.p.A. |
| CEO | The Chief Executive Officer of LU-VE S.p.A. on the date of this Report, Matteo Liberali. |
| Exceptional circumstances | Situations in which an exemption to the Remuneration Policy is required in order to pursue the long-term interests and the sustainability of the Company and of the Group, to ensure its ability to stay in the market. |
| Corporate Governance Code | Corporate Governance Code: the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, which the Company subscribed to from 1 January 2021. |
| Board of Statutory Auditors | The "Board of Statutory Auditors" of LU-VE S.p.A. |
| COO | The Chief Operating Officer of LU-VE S.p.A. on the date of this Report, Michele Faggioli. |

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| Control and Risk Committee | The “Control and Risk Committee” with responsibility for Related Party transactions of LU-VE S.p.A. |
| Remuneration and Appointments Committee | The “Remuneration and Appointments Committee” of LU-VE S.p.A. |
| Board of Directors or BoD | The “Board of Directors” of LU-VE S.p.A. |
| Consob | Commissione Nazionale per le Società e la Borsa, the Italian financial markets regulator, with registered office in Rome, via G.B. Martini, no. 3. |
| Addressees of the Policy | The members of the Board of Directors and of the Board of Statutory Auditors, Key management personnel, the Financial Reporting Manager and the Manager of the Internal Audit Function. |
| Financial Reporting Manager | “Financial Reporting Manager” pursuant to art. 154-bis of the Consolidated Law on Finance, appointed by the Board of Directors pursuant to art. 21 of the Articles of Association of LU-VE S.p.A. |
| Key management personnel | The Group executives 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. |
| LTI | Variable medium/long-term component of remuneration, attributed in relation to the office of Executive Director or the employment relationship in place with the Company or the Group, payable on attainment of predefined company objectives. |
| LU-VE S.p.A. or LU-VE or Company | LU-VE S.p.A., with registered office in Varese, via Vittorio Veneto no. 11, and administrative office in Uboldo (VA), Via Caduti della Liberazione no. 53, Tax Code and VAT no. 01570130128. |
| LU-VE Group or Group | The group of companies included in the scope of consolidation of LU-VE S.p.A. |
| LU-VE Italia Group | The LU-VE Group Italian companies. |
| MBO | Variable annual component of remuneration, attributed in relation to the office of Executive Director or the employment relationship in place with the company or the Group, payable on attainment of predefined company objectives. |

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| Remuneration Policy or Policy | The remuneration policy for the 2022 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 29 April 2022. |
| OPC Procedure | The "Related Party Transactions Procedure", prepared in accordance with Consob Regulation no. 17221 of 12 March 2010, approved by the LU-VE Board of Directors in the version last approved on 29 June 2021. |
| Issuers' Regulation | The regulation implementing Legislative Decree no. 58 of 24 February 1998, concerning the regulation of issuers, adopted by Consob through resolution no. 11971 of 14 May 1999 and subsequent amendments and additions. |
| OPC Regulation | The regulation adopted by Consob by means of resolution no. 17221 of 12 March 2010, concerning the regulation of related party transactions, as subsequently amended and supplemented. |
| Report | This " <i>Annual report on remuneration policy and remuneration paid</i> " of LU-VE S.p.A. |
| Gross Annual Remuneration | Fixed annual component of remuneration for those with an employment relationship in place with the Company or the Group. |
| Sustainable Success | The objective that guides the action of the Board of Directors and which is embodied in the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company. |
| Consolidated Law on Finance or TUF | 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 2022, in compliance with the applicable legislative and regulatory obligations and, in particular, art. 123-ter of the Consolidated Law on Finance and art. 84-quater of the Issuers' Regulation and of the relative disclosure schedules, as amended and supplemented in accordance with Directive EU 2017/828 (SHRD II), as well as the principles and recommendations dictated by the Corporate Governance Code to which the Company adheres.

The Report outlines:

- in **Section I**, the policy adopted by LU-VE for 2022 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 remuneration paid with regard to each of the items that comprise remuneration for the 2021 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, 2020 and 2021 with reference to the total annual change in remuneration of the members of the corporate bodies, the results of the Company, as well as the average annual gross remuneration of the employees of the Italian companies of the LU-VE Group; in Part Two (i) a breakdown of the remuneration paid or accrued in the 2021 financial year to said parties, under any title and in any form, by the Company and by subsidiary or associated companies, using the tables attached to this Report, which are an integral part of the same; as well as (ii) the information on the equity investments held in the Company and in the other Group companies by said parties, as well as by their non-legally separated spouses or by their children, directly or via subsidiaries, or trust companies or third parties.

This Report:

- a) is made available to the public at the administrative offices and on the web site of the Company at www.luvegroup.com, in the section "Investor Relations" - "Corporate governance and shareholders" - "For shareholders" - "Shareholders' Meeting" - "Shareholders' Meeting of 29 April 2022", as well as on the authorized storage device *eMarket Storage* www.emarketstorage.com;
- b) is presented to the Shareholders' Meeting, pursuant to and in accordance with the aforementioned articles 123-ter of the Consolidated Law on Finance and art. 84-quater of the Issuers' Regulation, as well as pursuant to and in accordance with art. 13, paragraph 3, letter b) of the OPC Regulation and the relative provision contained in the OPC Procedure.

SECTION I

2022 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, during 2021, the Company developed a project coordinated by Milan Polytechnic aimed, among other things, to acquiring sustainability requirements in systemic terms, at supply chain level, vis-à-vis suppliers and customers.

In this perspective, when drawing up the Remuneration Policy, parameters relating to ESG policies were more specifically defined 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 remuneration, 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 remuneration, but *ad hoc* remuneration 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 the CEO, COO and Key Management Personnel) 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 remuneration by the Shareholders' Meeting at the time of their appointment. In order to contribute to ensuring that the remuneration 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 (including 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 2022, 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 of the recommendations set out in the Corporate Governance Code with regard to remuneration; when drawing up the Policy, also for the 2022 financial year, the recommendations with regard to remuneration made on the topic by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. in the letter of 3 December 2021 which the chairman of said committee sent to the Company Chairman, were also taken into account.

The Remuneration Policy refers to the 2022 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 2022 is substantially in line with that submitted to the vote of the Shareholders' Meeting of 27 April 2021, which approved it with a favourable vote of 99.22% of the Shares represented in the Shareholders' Meeting (corresponding to 85.93% of share capital), thus expressing the approval of the absolute majority of Shareholders.

The new elements introduced are essentially attributable to the desire to strengthen, also through the Remuneration Policy, the pursuit of the Sustainable Success of the Company and the Group, recognizing the Executive Directors and Key management personnel remuneration linked to the results achieved, through the provision of: (i) financial performance targets set in relation to the profitability deriving from the management choices made, and (ii) non-financial performance targets set taking into account, in addition to those used in the remuneration policies of previous years, also the overall Group data, in order to intensify the relevance of the issues connected to the sustainability strategy of the Company and the Group.

With this in mind, in defining the performance objectives underlying the variable component of the remuneration of Executive Directors and Key management personnel, the Board of Directors considered:

- with regard to the financial performance objective linked to the indebtedness of the Company and the Group, to replace the reference to the Net Financial Position (“NFP”) with the reference to the ratio between NFP and EBITDA (see below, paragraph 3.3 of this Section I);
- with regard to the non-financial performance objective linked to accidents in production plants, to take into consideration not only accidents in Italian and other European plants, but also accidents at overall Group level, to be assessed on the basis of trend of accident indicators such as incidence, frequency and severity (see below, paragraph 3.3 of this Section I).

It should also be noted that, in the representation of the *paymix* (percentage weight of the various components of the remuneration with respect to total remuneration) of the Executive Directors and Key management personnel, steps have been taken to indicate for the individual components of the remuneration (fixed, short-term variable and medium-long term variable) also the percentage of the “target” value, in addition to the percentage of the “minimum” and “maximum” value already indicated in the remuneration policy for the year 2021.

2. CORPORATE BODIES AND INDIVIDUALS INVOLVED

The bodies and individuals involved in the definition, adoption, implementation and possible review of the Remuneration Policy, consistent with the applicable legislative and statutory provisions and taking account of the recommendations of the Corporate Governance Code are: the Shareholders' Meeting, the Board of Directors, the Remuneration and Appointments Committee, the 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 remuneration due to each member of the Board of Statutory Auditors, at the time of their appointment and for the entire duration of their mandate;
- (iii) resolves, with a binding vote, with regard to the Remuneration Policy, pursuant to art. 123-ter, paragraph 3-bis and 3-ter of the Consolidated Law on Finance, with the frequency required by said Policy, and in any event, at least every three years or whenever said policy is amended;
- (iv) receives adequate information regarding the implementation of the Remuneration Policy;
- (v) resolves, by advisory vote, on the second section of the Remuneration Policy, pursuant to art. 123-ter, paragraph 6 of the Consolidated Law on Finance;
- (vi) resolves, where proposed by the Board of Directors, on the remuneration plans based on financial instruments intended for directors, employees and associates, including therein Key management personnel, pursuant to art. 114-bis of the Consolidated Law on Finance.

2.2 Board of Directors

The Board of Directors:

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

- the fixed and variable remuneration 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) on the proposal of the Remuneration and Appointments Committee, approves the Remuneration Report to be submitted to the Shareholders' Meeting, pursuant to art. 123-ter of the Consolidated Law on Finance;

(iv) where deemed appropriate and 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 internally, in compliance with the principles indicated in the Corporate Governance Code, defining its rules as well as any procedures that may be appropriate for the functioning of the Committee itself, in particular in order to ensure an effective management of the information to be provided before its meetings.

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) defines, consistently with the Remuneration Policy and on the proposal of the CEO, based on the prior favourable opinion of the Control and Risk Committee, as well as having consulted the Board of Statutory Auditors, the remuneration of the Manager of the Company's Internal Audit function, in accordance with the salary policies of the same company.

(ix) the occasion of the termination of office and/or the dissolution of the relationship with an Executive Director or, if present, the General Manager, discloses through a press release, circulated to the market after the result of internal processes leading to the attribution or

recognition of any indemnities and/or other benefits, the detailed information recommended by the Corporate Governance Code.

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 policy and remuneration paid, pursuant to article 123-ter of the Consolidated Law on Finance to the approval of the Board, and, in particular the Remuneration Policy, for its submission to the Shareholders' Meeting called to approve the financial statements for the year, in the terms envisaged by law;
- (iii) formulates proposals or expresses opinions on the remuneration of the Company's Executive Directors and other directors who fulfil particular roles as well as on the establishment of performance targets relating to the variable component of said remuneration;
- (iv) formulates proposals or expresses opinions on the remuneration of the members of the Committees established by the Board of Directors within itself;
- (v) 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;
- (vi) periodically assesses the adequacy and overall consistency of the Remuneration Policy of directors and top management, making use of the information provided by the Chief Executive Officers through the Group Human Resources Department;
- (vii) supports the Board of Directors in the preparation and implementation of (a) remuneration plans based on shares or other financial instruments and (b) medium/long-term incentive plans;
- (viii) carries out the tasks assigned to it pursuant to the OPC Procedure.

For further information on the Remuneration and Appointments Committee, please refer to Section 8.2 of the Company's "Report on corporate governance and ownership structure" relating to the financial year 2021, made available to the public at the registered office and on the Company's website at address www.luvegroup.com in the section "Investor Relations" – "Corporate governance & shareholders" – "For Shareholders" – "Shareholders' meeting" – "Shareholders' meeting of 29 April 2022", as well as on the authorized storage mechanism *eMarket Storage*, which can be consulted at address www.emarketstorage.com.

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, performance, growth potential, on the market, all in accordance of the amounts allocated in the budget; (b) the incentive systems to which to link the accrual of the annual MBOs of the Key management personnel and other managers.

(iii) provide the Remuneration and Appointments Committee with all information useful in order to allow the assessment of the adequacy and practical application of the Remuneration Policy.

2.5 Board of Statutory Auditors

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

(i) it formulates the opinions required by law and the Corporate Governance Code; in particular, it expresses its opinion with reference to the proposed remuneration of the directors vested with special roles, pursuant to art. 2389, paragraph 3, of the Italian Civil Code, as well as the opinion relating to the remuneration of the Manager of the Internal Audit function; in expressing the opinions, it verifies the consistency of the proposals formulated by the Remuneration and Appointments Committee to the Board of Directors with the Remuneration Policy approved;

(ii) at the invitation of the Remuneration and Appointments Committee, through its Chairman or another statutory auditor designated by the latter, participates in the meetings of the Committee itself, which all statutory auditors may in any case attend.

2.6 Independent experts

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

2.7 Process for the definition and approval of the Remuneration Policy

The Remuneration Policy is presented to the Board of Directors for approval annually, on the proposal of the Remuneration and Appointments Committee. In drafting the policy, the Remuneration and Appointments Committee avails itself of the collaboration of the Group Human Resources Department, in order to collect the data in terms of best practices, policies and market salary benchmarks - relating to companies retained comparable by business sector, number of employees and turnover - to be used for a better definition of the Policy in question. To draw up this Policy, considering the analyses made to prepare the 2021 remuneration policy, the benchmark data was taken from the latest 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 preparing this Policy, the Remuneration and Appointments Committee, in the exercise of its duties, met to define its structure and contents in the meetings of 1 February 2022, 15 February 2022 and 4 March 2022.

The Policy was then submitted to the Board of Directors for approval on 17 March 2022, together with the other parts of this Report.

3. POLICY DESCRIPTION

3.1 Remuneration of members of the Board of Directors

Pursuant to art. 2389, paragraph 3, of the Italian Civil Code, and art. 15.6 of LU-VE's articles of association in force, the Shareholders' Meeting of 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 2022, the Board of Directors decided to confirm that already established for 2020 at the meeting on 20 May 2020, and for 2021 in the meeting of 17 March 2021 (see below, Section II, Part One, point 1.1 of this Report) attributing each member of the Board an annual fixed remuneration to be paid *pro rata temporis*.

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 remuneration for the office of Director and an additional fixed remuneration for participation in the committees set up within the Board of Directors, proportional to the commitment such entailed.

The remuneration for participation in each of the committees that the Board of Directors has established internally was established by the Board itself: (i) as regards the Control and Risk Committee and the Remuneration and Appointments Committee, in the meeting of 20 May 2020 providing for the entire 2020-2022 three-year period the recognition of an annual amount for each member set in such a way as to respect the maximum overall amount resolved by the Shareholders' Meeting for the fixed remuneration of all Directors; (ii) as regards the Independent Committee set up on 29 June 2021, in the session held on the same date and, most recently, in that of 17 May 2022, also attributing an annual remuneration to the members of this committee, for the years 2021 and 2022, again fixed in compliance with the aforementioned maximum total amount approved by the Shareholders' Meeting.

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

3.1.2 Remuneration of Executive Directors

The Remuneration Policy envisages a remuneration 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 remuneration 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 in consideration of the role and of the activity performed for the Company as well as of the responsibilities attributed;
- (ii) a short-term variable component (“MBO”) linked to the attainment of specific performance targets (for more details, refer to the content of paragraph 3.3 below);
- (iii) a medium/long-term variable component (“LTI”) is only applicable to Executive Directors, 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). This component is not envisaged for the Chairman and the Vice-Chairman by the will of the interested parties, motivated in consideration of their function as guarantors of the correct management of the company, which is the responsibility of the two Executive Officers together with the Key management personnel.

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 remuneration 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 to profitability ratio (NFP/EBITDA) - 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/long 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-performances set for MBO and LTI.

| PAYMIX OF EXECUTIVE DIRECTORS | | | | |
|--------------------------------------|----------|-------|-------------------------------------|---|
| OFFICE | Scenario | FIXED | SHORT-TERM VARIABLE COMPONENT (MBO) | MEDIUM/LONG-TERM VARIABLE COMPONENT (LTI) |
| CHAIRMAN | Minimum | 100% | 0% | – |
| | Target | 55% | 45% | – |
| | Max | 52% | 48% | – |
| VICE CHAIRMAN | Minimum | 100% | 0% | – |
| | Target | 50% | 50% | – |
| | Max | 48% | 52% | – |
| Chief Executive Officer (CEO) | Minimum | 100% | 0% | 0% |
| | Target | 55% | 35% | 10% |
| | Max | 53% | 37% | 10% |
| Chief Operating Officer (COO) | Minimum | 100% | 0% | 0% |
| | Target | 54% | 36% | 10% |
| | Max | 52% | 38% | 10% |

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 remuneration and performance.

The purpose of the short-term incentives (MBO) is to award the attainment of quantitative and qualitative objectives, also defined in light of the specific nature of the 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-performances 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) |
| MINIMUM | 100% | 0% | 0% |
| TARGET | 75% | 18% | 7% |
| MAX | 72% | 20% | 8% |

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 remuneration 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/EBITDA RATIO (30%)

The remaining 10% of the Chairman's short-term variable component is tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate to be recorded during 2022, considered from three different points of view (at overall Group level, in the Italian plants and in European ones), to be evaluated on the basis of the trend in the accident ratios, such as rate, frequency and severity.

- for the VICE CHAIRMAN
 - consolidated EBITDA (50%)
 - consolidated TURNOVER (10%)
 - NET FINANCIAL POSITION/EBITDA RATIO (30%)

The remaining 10% of the Vice Chairman's short-term variable component is tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate to be recorded during 2022, considered from three different points of view (at overall Group level, in the Italian plants and in European ones), to be evaluated on the basis of the trend in the accident ratios, such as rate, frequency and severity.

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

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

The remaining 10% of the CEO's short-term variable component is tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate to be recorded during 2022, considered from three different points of view (at overall Group level, in the Italian plants and in European ones), to be evaluated on the basis of the trend in 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 COO's short-term variable component is tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate to be recorded during 2022, considered from three different points of view (at overall Group level, in the Italian plants and in European ones), to be evaluated on the basis of the trend in 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, 37% for the CEO and 38% 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"> • Consolidated EBITDA • Consolidated turnover | < 90% | 0 |
| | 90% | 90% of target amount |

| Performance Targets | % Achievement of Performance Targets | % MBO to be paid* |
|------------------------------------|--------------------------------------|-----------------------|
| • NFP/EBITDA ratio | 100% | 100% of target amount |
| • Gross Manufacturing Margin (GMM) | ≥ 110% | 110% of target amount |
| • Accident rate | | |

* 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, net of any non-recurring components, as approved by the relevant corporate bodies, as well as with regard to the gross manufacturing margin to the General Management Account (GMA). As for turnover, the data that will be considered is that relating to product turnover.

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 20%.

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

| Obiettivi di Performance | | | % Raggiungimento Obiettivi di Performance | | % MBO da erogare** |
|-----------------------------|-----------|---------------|---|----------|--------------------|
| • Company target | 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, possibly, 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 to which the payment of the cash bonus are subject have been identified by the Board of Directors on the proposal of the Remuneration and Appointments Committee, with the favourable opinion of 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).

In relation to the NFP objective, following the adjustment of the 2021 Policy relating to Exceptional Circumstances approved by the Board of Directors in the meeting of 24 February 2022, upon proposal and reasoned favourable opinion expressed by the Remuneration and Appointments Committee pursuant to OPC procedure, and with the favourable opinion of the Board of Statutory Auditors (see below, paragraph 1.6 of Section II, Part I of this Report), the NFP parameter was replaced with the NFP/EBITDA ratio (achievement of the value determined on the basis of NFP and EBITDA data already defined in the Plan at the end of the 2022 financial year).

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"> Cumulative EBITDA 2020-2022 compared to Cumulative EBITDA Target (55%) | < 90% | 0 |
| | 90% | 90% of target amount |
| <ul style="list-style-type: none"> Cumulative Turnover 2020-2022 compared to Cumulative Turnover Target (20%) | 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"> The 2022 NFP/EBITDA ratio compared to the 2022 Target NFP/EBITDA ratio (25%) ** | ≤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 and subsequently amended in the meeting of 24 February 2022 (see below, paragraph 1.6 of Section II, Part I, of this Report), 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 for the year 2020 or the ratio between the annual NFP and annual EBITDA relative to the year 2021 is lower than 110% respectively of the 2020 NFP target or the ratio between the 2021 NFP ratio and the 2021 EBITDA target and the ratio between the 2022 NFP and the 2022 EBITDA is lower than 110% of the ratio between the 2022 NFP target and the 2022 EBITDA target.

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 ratio between the 2022 NFP and the 2022 EBITDA were to be lower than 90% of ratio between the 2022 NFP Target and the 2022 EBITDA target.

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 define its extent, 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 annual remuneration composed of the fixed component and the short-term variable component (MBO) to be paid 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-performance 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-performance 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 remuneration of the Chairman of the Board of Statutory Auditors at Euro 45,000 (forty-five thousand) per annum, and the remuneration 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

REMUNERATION PAID IN 2021 AND OTHER INFORMATION

PART ONE

Information on the remuneration paid in the 2021 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 2021 financial year ("*2021 Policy*") was verified by the Remuneration and Appointments Committee at the time of the periodic assessment conducted by the same Committee at the meeting held on 4 March 2022. 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 2021 with the 2021 Policy.

Taking advantage of the waiver option relating to the presence of Exceptional Circumstances provided for in paragraph 3.9 of the 2021 Policy approved by the Shareholders' Meeting of 27 April 2021, in the meeting of 24 February 2022 the Board of Directors of the Company, upon proposal and reasoned favourable opinion expressed by the Remuneration and Appointments Committee pursuant to the OPC Procedure, and with the favourable opinion of the Board of Statutory Auditors, approved an adjustment to the 2021 Policy (the "Waiver"), with specific reference to the performance parameter of the Group's Net Financial Position (NFP) included among the performance objectives to be considered for determining the variable component of the remuneration of Executive Directors and Key management personnel, both short-term (MBO) and medium-long term (LTI). For the reasons described below (see paragraph 1.6 of this Part One, Section II), the Waiver entailed the replacement of the NFP parameter envisaged by the 2021 Policy with the NFP/EBITDA ratio both in relation to the MBO and the LTI, starting from the same values.

1.1 Description of the remuneration paid to members of the Board of Directors in the 2021 financial year

The Board of Directors in office during the 2021 financial year was appointed by the Shareholders' Meeting of 29 April 2020, which confirmed the number of its members at 12 (twelve), 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, the directors Stefano Paleari (Chairman), Anna Gervasoni (independent) and Laura Oliva (non-executive);
- for the Remuneration and Appointments Committee, the directors Stefano Paleari (Chairman), Anna Gervasoni (independent) and Roberta Pierantoni (non-executive).

Following the loss by LU-VE of the "Small company" qualification pursuant to the OPC Regulation, and the regulatory changes introduced by CONSOB to the same OPC Regulation with Resolution no. 21624 of 10 December 2020 in implementation of European directive 2017/828 on the rights of shareholders (Shareholders Rights Directive, "SHRD 2"), in the meeting of 29 June 2021 the Board of Directors approved the update to the OPC Procedure providing, among other things, a differentiated procedure for "minor" and "major" transactions that has required the establishment of a new internal board committee made up solely of independent directors, entrusted with competence in relation to transactions of greater importance; to this end, in the same session of 29 June 2021, the Board of Directors therefore approved the establishment

- of the Independent Committee, appointing as members the independent directors, Stefano Paleari (with the function of Chairman), Raffaella Cagliano and Guido Giuseppe Crespi.

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.

In the meetings of 20 May 2020 and 17 March 2021, respectively, the Board of Directors resolved, on the proposal of the Remuneration and Appointments Committee, to assign:

- each member of the Board, a remuneration for the 2021 financial year of Euro 20,000.00 gross *pro rata temporis*;
- *an annual fixed remuneration of Euro 8,000.00 gross pro rata temporis* for each office, for the Chairman of the Remuneration and Appointments Committee and of the Control and Risk Committee for the duration of the 2020-2022 three-year mandate.
- *an annual fixed remuneration of Euro 6,000.00 gross pro rata temporis* for each of the other two members of said committees for the duration of the 2020-2022 three-year mandate.

Following the constitution of the new Independent Committee approved by the Board of Directors on 29 June 2021, in the meeting of 7 September 2021 the Board of Directors also resolved, upon the proposal of the Remuneration and Appointments Committee (adopted with the abstention of its chairman) and with the favourable opinion of the Board of Statutory Auditors, to attribute:

- to the Chairman of the Independent Committee an annual fixed remuneration for the year 2021 of Euro 1,500.00 gross;
- to each of the other two members of the same Independent Committee an annual fixed remuneration for the year 2021 of Euro 1,000.00 gross.

1.1.2 Remuneration of the Chairman of the Board of Directors

In accordance with the 2021 Policy, in the meeting of 17 March 2021, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, and taking into account the maximum total annual amount resolved by the Shareholders' Meeting of 30 April 2020 for the fixed remuneration of all Directors, the Board of Directors resolved to attribute to the Chairman:

- (i) an annual fixed remuneration of Euro 274,000.00, in addition to the fixed basic remuneration 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 270,600.00), linked to the achievement of the following quantitative targets:
 - Consolidated EBITDA (weight of 50%)
 - Consolidated TURNOVER (weight of 10%)
 - NET FINANCIAL POSITION - NFP (weight of 30%)

The remaining 10% of the Chairman's short-term variable component was tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate in Italian and European plants during 2021.

In relation to the NFP objective, following the Waiver to the 2021 Policy approved by the Board of Directors in the meeting of 24 February 2022 (see below, paragraph 1.6 of this Part One, Section II), the NFP parameter has been replaced with the NFP/EBITDA ratio, calculating it with the same absolute target values and assuming the same percentage weight.

In compliance with the 2021 Policy approved by the Shareholders' Meeting on 27 April 2021 and taking into account the aforementioned Waiver, for the 2021 financial year Mr. Iginio Liberali accrued overall:

- (i) as the gross annual fixed component, the following amounts:
 - Euro 20,000.00 gross, for the office of member of the Board of Directors;
 - Euro 274,000.00 gross, as additional remuneration;
- (ii) as the gross annual variable component (MBO), the following amount:
 - Euro 244,718.67.

The final value of the MBO was assigned by the Board of Directors on 17 March 2022, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, with an average percentage value of 99.49%, following the achievement of the over-performance set for the EBITDA and Turnover objectives, and the exceeding of the entry point for the NFP / EBITDA ratio objective; as regards the objective of accidents, the entry point relative to the Italian plants alone was not reached, while over-performance was achieved for the other European plants.

Based on the above elements, the fixed remuneration paid to the Chairman for the 2021 financial year corresponded to 1.20 times the variable remuneration (comprised by the MBO).

1.1.3 Remuneration of the Vice Chairman of the Board of Directors

In accordance with the 2021 Policy, in the meeting of 17 March 2021, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, and taking into account the maximum total annual amount resolved by the Shareholders' Meeting of 30 April 2020 for the fixed remuneration of all Directors, the Board of Directors resolved to attribute to the Vice Chairman:

- (i) an annual fixed remuneration of Euro 225,000.00, in addition to the fixed basic remuneration 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 275,000.00), linked to the achievement of the following quantitative targets:
 - Consolidated EBITDA (weight of 50%)
 - Consolidated TURNOVER (weight of 10%)
 - NET FINANCIAL POSITION - NFP (weight of 30%)

The remaining 10% of the Vice Chairman's short-term variable component was tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate in Italian and European plants during 2021.

In relation to the NFP objective, following the Waiver to the 2021 Policy approved by the Board of Directors in the meeting of 24 February 2022 (see subsequent paragraph 1.6 of this Part One, Section II), the parameter of the NFP was replaced with that of the NFP / EBITDA ratio, calculating it with the same absolute target values and assuming the same percentage weight.

In compliance with the 2021 Policy approved by the Shareholders' Meeting of 27 April 2021 and taking into account the Waiver referred to above, for the 2021 financial year, Mr. Pierluigi Faggioli accrued overall:

- (i) as the gross annual fixed component, the following amounts:
 - Euro 20,000.00 gross, for the office of member of the Board of Directors;
 - Euro 225,000.00 gross, as additional remuneration;
- (ii) as the gross annual variable component (MBO), the following amount:
 - Euro 248,697.84 gross.

The final value of the MBO was assigned by the Board of Directors on 17 March 2022, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, with an average percentage value of 99.49%, following the achievement of the over-performance set for the EBITDA and Turnover objectives, and the exceeding of the entry point for the NFP / EBITDA ratio objective; as regards the objective of accidents, the entry point relative to the Italian plants alone was not reached, while over-performance was achieved for the other European plants.

To Mr. Pierluigi Faggioli was also awarded non-monetary benefits corresponding to a value of Euro 5,659.18.

Based on the above elements, the fixed remuneration paid to the Vice Chairman for the 2021 financial year corresponded to 0.99 times the variable remuneration (comprised by the MBO).

1.1.4 Remuneration of the Chief Executive Officer (CEO)

In accordance with the 2021 Policy, in the meeting of 17 March 2021 the Board of Directors - on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, taking into account the maximum total annual amount resolved by the Shareholders' Meeting of 30 April 2020 for the fixed remuneration of all Directors - resolved to attribute to the CEO:

- (i) an annual fixed remuneration of Euro 480,000.00, in addition to the fixed basic remuneration of Euro 20,000.00 for the office of director, as well as
- (ii) an MBO (for a potential maximum value of Euro 335,500.00), linked to the achievement of the following quantitative targets:
 - Consolidated EBITDA (weight of 50%)
 - Consolidated TURNOVER (weight of 10%)
 - NET FINANCIAL POSITION - NFP (weight of 30%)

The remaining 10% of the CEO's short-term variable component was tied to the attainment of objectives relating to the accident rate in Italian and European plants during 2021;

- (iii) an LTI (for a potential maximum value of Euro 99,000.00 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 relation to the NFP objective envisaged for both the MBO and the LTI, following the Waiver to the 2021 Policy approved by the Board of Directors at its meeting on 24 February 2022 (see below, paragraph 1.6 of this Part One, Section II), the NFP parameter was replaced with the NFP/EBITDA ratio, calculating it with the same target absolute values and assuming the same percentage weight.

In compliance with the 2021 Policy approved by the Shareholders' Meeting on 27 April 2021 and taking into account the aforementioned Waiver, for the 2021 financial year Mr. Matteo Liberali accrued overall:

- (i) as the gross annual fixed component, the following amounts:
 - Euro 20,000.00 gross, for the office of member of the Board of Directors;
 - Euro 480,000.00 gross, as additional remuneration;
- (ii) as the gross annual variable component (MBO), the following amount:
 - Euro 303,411.36 gross;
- (iii) as the Medium/long-term variable component (2020-2022 LTI), the following amount:
 - Euro 94,144.27 gross.

The final value of the MBO was assigned by the Board of Directors on 17 March 2022, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, with an average percentage value of 99.49%, following the

achievement of the over-performance set for the EBITDA and Turnover objectives, and the exceeding of the entry point for the NFP/EBITDA ratio objective; as regards the objective of accidents, the entry point relative to the Italian plants alone was not reached, while over-performance was achieved for the other European plants.

With regard to the 2020-2022 LTI plan, the performance targets envisaged for the first year of the plan as amended in consideration of the Waiver applied to the 2021 Policy (see below, paragraph 1.6 of this Part One, Section II) were reached with an average over-performance percentage of 104.60% and, therefore, the relative amount was allocated to provisions in the financial statements.

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

Based on the above elements, the fixed remuneration paid to the CEO for the 2021 financial year corresponded to 1.26 times the variable remuneration (comprised by the MBO and LTI).

1.1.5 Remuneration of the Chief Operating Officer (COO).

In accordance with the 2021 Policy, in the meeting of 17 March 2021 the Board of Directors - on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, taking into account the maximum total annual amount resolved by the Shareholders' Meeting of 30 April 2020 for the fixed remuneration of all Directors - resolved to attribute to the COO:

- (i) an annual fixed remuneration of Euro 455,000.00, in addition to the fixed basic remuneration of Euro 20,000.00 for the office of director, as well as
- (ii) an MBO (for a potential maximum value of Euro 335,500.00), linked to the achievement of the following quantitative targets:
 - consolidated EBITDA (50%)
 - consolidated TURNOVER (10%)
 - GROSS MANUFACTURING MARGIN (GMM) (25%).

The remaining 15% of the COO's short-term variable component was tied to the attainment of objectives relating to sustainability topics insofar as related to the accident rate in Italian and European plants during 2021.

- (iii) an LTI (for a potential maximum value of Euro 99,000.00 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 relation to the NFP objective envisaged for the LTI, following the Waiver to the 2021 Policy approved by the Board of Directors at its meeting on 24 February 2022 (see below, paragraph 1.6 of this Part One, Section II), the NFP parameter was replaced with the NFP/EBITDA ratio, calculating it with the same target absolute values and assuming the same percentage weight.

In compliance with the 2021 Policy approved by the Shareholders' Meeting on 27 April 2021, and taking into account the aforementioned Waiver, Michele Faggioli has accrued:

- (i) as the gross annual fixed component, the following amounts:
 - Euro 20,000.00 gross, for the office of member of the Board of Directors;
 - Euro 455,000.00 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 294,647.32 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 94,144.27 gross.

The final value of the MBO was assigned by the Board of Directors on 17 March 2022, on the proposal of the Remuneration and Appointments Committee and with the favourable opinion of the Board of Statutory Auditors, with an average percentage value of 96.61%, following the achievement the over-performance set for the EBITDA and turnover targets, and the exceeding of the entry point for the GMM target; as regards the objective of accidents, the entry point relative to the Italian plants alone was not reached, while over-performance was achieved for the other European plants.

With regard to the 2020-2022 LTI plan, the performance targets envisaged for the first year of the plan, as amended following the Waiver (see below, paragraph 1.6 of this Part One, Section II), were reached with an average over-performance percentage of 104.60% and, therefore, the relative amount was allocated to provisions in the financial statements.

Michele Faggioli was also awarded non-monetary benefits corresponding to a value of Euro 10,043.89.

Based on the above elements, the fixed remuneration paid to the COO for the 2021 financial year corresponded to 1.22 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 2021 financial year, note that, in order to protect the confidentiality of commercially sensitive information and of unpublished forecasts, the Company does not provide information on the performance targets value achieved with respect to those envisaged. This decision was necessary in consideration of the fact that LU-VE S.p.A. is the only European company in its sector with shares traded on a regulated market of the European Union; as it is also the only company in its sector 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 Turnover for all Executive Directors, as well as the NFP/EBITDA ratio for the Chairman, Vice Chairman and CEO, and the GMM for the COO) envisaged by the 2021 MBO as amended, were better than the set targets with regard to EBITDA and Turnover, therefore determining the over-performance. For the Gross Manufacturing Margin (GMM) and the ratio between NFP/EBITDA, these results instead

made it possible to reach the entry point. As for the non-financial accidents indicator, the objective was not achieved limitedly to the Italian plants, while over-performance was achieved for the other European plants.

Based on the overall proposal of the Remuneration and Appointments Committee, on 17 March 2022, the Board of Directors resolved the vesting of the bonuses relating to the 2021 MBO based on calculations relating to the performance achieved, taking into account the Waiver made by the 2021 Policy (see below, paragraph 1.6 of this Part One, Section II).

With regard to the remuneration paid in the 2021 financial year to the Executive Directors and to the Non-Executive Directors illustrated in this Section II, note that:

(i) the overall remuneration of all directors increased in 2021 compared to 2020 by 18.56% (fixed + MBO) and by 19.01% if the provision for the first year of the 2020-2022 LTI plan is included;

(ii) the fixed remuneration of all directors amounts to Euro 1,514,000.00 (in addition to Euro 21,915.40 attributed to the Executive Directors by way of non-monetary benefits), against a ceiling approved by the Shareholders' Meeting of Euro 1,850,000.00;

(iii) the variable remuneration accrued by the Executive Directors (MBO, as well as, just for the CEO and COO, 2021 LTI) amount to a total of Euro 1,279,763.73 (of which Euro 1,091,475.19 for MBO and Euro 188,288.53 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 2021 financial year

The Shareholders' Meeting in office during the 2021 financial year was appointed by the Shareholders' Meeting held on 29 April 2020, which 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 remuneration of the incoming Board of Statutory Auditors.

1.3 Remuneration of Key management personnel in the 2021 financial year

In accordance with the 2021 Policy approved by the Shareholders' Meeting of 27 April 2021 and taking into account the Waiver made to the 2021 Policy (see below, paragraph 1.6 of this Part One, Section II), the six Key management personnel have cumulatively accrued:

- (i) as the gross annual fixed component, total remuneration of Euro 965,472.31 gross (in addition to Euro 33,932.03 attributed as non-monetary benefits), with relation to their contracts of employment as executives of the Company or of other Group companies;
- (ii) as the gross annual variable component, total remuneration of Euro 212,852.00 gross, with relation to their contracts of employment as executives of the Company or of other Group companies (against a potential target for 2021 of Euro 205,000.00 gross, up to a maximum of Euro 246,000.00 gross, including over-performance);
- (iii) as the medium/long-term variable component (2020-2022 LTI), total remuneration of Euro 91,986.40 gross.

The final value of the MBO was awarded following the achievement of the performance targets set, with an average over-performance percentage of 103.83%.

With regard to the 2020-2022 LTI plan, the performance targets envisaged for the first year of the plan as amended in consideration of the Waiver applied to the above mentioned 2021 Policy, were reached with an average over-performance percentage of 104.53% 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 2021 financial year corresponded to 3.17 times the variable remuneration (comprised by the MBO and LTI). The calculation of the fixed remuneration also included the remuneration accrued by Key management personnel as members of the management bodies of subsidiary or associated companies; net of said remuneration, the fixed remuneration paid overall to Key management personnel for the 2021 financial year corresponded to 2.94 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 2021 financial year, with respect to that envisaged in the 2021 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 Information on the application of *ex post* correction mechanisms for the variable remuneration component

In the financial year 2021, the "claw-back" and "malus" clauses envisaged by the 2021 Remuneration Policy, which respectively provide for the possible return or non-payment in whole or in part of the sum paid as a variable component of remuneration, were not applied by the Company.

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

In the 2021 financial year, no indemnities were approved and/or paid for the termination of office or for the termination of the employment relationship in favour of the Company's Directors and Key management personnel.

1.6 Waivers to the 2021 Remuneration Policy

On 24 February 2022, the Issuer's Board of Directors approved - on the proposal of the Remuneration and Appointments Committee (which, in application of the OPC Procedure, issued a non-binding favourable opinion in this regard) and with the favourable opinion of the Board of Statutory Auditors - an adjustment of the 2021 Policy in the presence of Exceptional Circumstances, pursuant to and by effect of art. 123-ter, paragraph 3-bis of the Consolidated Law on Finance and in compliance with the provisions of paragraph 3.9 of the 2021 Policy (the "Waiver").

In line with the provisions of article 123-ter of the Consolidated Law on Finance, paragraph 3.9 of the 2021 Policy expressly provided for the possibility of waiving the 2021 Policy and - in addition to regulating the procedural conditions under which the Waiver could be applied (i.e., application of the OPC Procedure) - indicated: (i) for which elements of the 2021 Policy was possible to derogate from the "performance objectives and/or their respective weights, in relation to the annual variable components (MBO) and medium/long-term monetary incentives (LTI)", as well as (ii) "the occurrence, at national or international level, of extraordinary and unforeseeable events, concerning the Company and/or the sectors and/or markets in which it operates, which significantly affect the Company's results" as possible Exceptional Circumstances.

In particular, the Exceptional Circumstances underlying the Waiver are attributable to the general contingent situation of a shortage of microelectronic components, difficulties, delays and cost increases in transport from the Far East, and an increase in energy costs which intensified in the second half of the year 2021 leading some companies supplying raw materials to reduce their production; for the Company and for the LU-VE Group this entailed the need to increase stocks of raw materials in order to mitigate the risks of shortages in the supply chain and to guarantee the correct availability of raw materials and components to production plants with consequent impact on the indebtedness of the Company and the Group, while allowing the Company and the Group to have access to the raw materials necessary to satisfy customer requests.

The Waiver concerned the performance parameter of the Group's Net Financial Position (NFP) included among the performance objectives to be considered for the determination of the annual variable component (MBO) of the Chairman, the Deputy Chairman, the CEO and the Key management personnel (see paragraph 3.3 of the 2021 Policy set out in Section I of the 2021 Report) and for the determination of the medium/long-term variable component assigned to the Chief Executive Officers and Key management personnel by the medium/long-term incentive plan in place for the period 2020-2022, the "2020-2022 LTI Plan" (see paragraph 3.4 of the 2021 Policy set out in Section I of the 2021 Report). In particular, steps were taken: (i) as regards the 2021 MBO of the Chairman, Vice Chairman, the CEO and the Key management personnel, to modify the NFP parameter by replacing it with the NFP/EBITDA ratio and (ii) as regards the 2020-2022 LTI Plan addressed to Chief Executive Officers and Key management personnel to modify (a) the annual NFP relating to the 2021 financial year by replacing it with the ratio between 2021 NFP target and the 2021 EBITDA target, (b) the 2022 NFP by replacing it with the ratio between the 2022 NFP and the 2022 EBITDA, and (c) the 2022 NFP target with the 2022 NFP target/2022 EBITDA target ratio (see paragraph 3.4 of the 2022 Policy set out in Section I of this Report).

The application of the Waiver was necessary, in the opinion of the Remuneration and Appointments Committee shared by the Board of Directors, for the purpose of pursuing the Company's long-term interests, in line with the provisions of art. 123-ter, paragraph 3-bis of the Consolidated Law on Finance.

In the presence of very positive results such as those recorded by the LU-VE Group in the 2021 financial year, the consideration for the purposes of determining the variable component of the remuneration of the NFP alone is, in fact, not representative of the actual performance of the Group and of the capacity of the same to generate income, since this parameter is more influenced by the general contingent situation described above, totally outside the control of the Executive Directors and Key management personnel who are recipients of the variable remuneration in question. These subjects have made a great effort in order to provide the Company and the Group with the raw materials necessary for the proper conduct of the business, also obtaining very competitive prices compared to those required by the market in the second half of 2021 and the consideration of the NFP alone would have resulted in an unjustifiable non-assignment of all or part of the variable component of the remuneration due to failure to achieve the NFP performance target set by the 2021 Policy.

For the purposes of approving the Waiver, the procedural safeguards envisaged by paragraph 3.9 of the 2021 Policy were observed and, therefore, the OPC Procedure in relation to transactions with related parties was applied. In particular, the procedure for "transactions of lesser importance between related parties" was followed as the application of the Waiver did not fall within any of the hypotheses of exclusions and derogations provided for by art. 9 of the same OPC Procedure (including that of the small amount referred to in paragraph 9.1, letter a of the same procedure) and did not exceed any of the relevance indices provided for in Annex 3 to the OPC Regulation for the purposes of qualifying a transaction of "major importance" with related parties.

The procedural process followed by the Company first of all saw the involvement of the Remuneration and Appointments Committee which examined the matter, in the presence of the Board of Statutory Auditors, during the meetings of 1 February and 15 February 2022, arriving at the formulation, in the latter meeting, of the waiver proposal to be made to the 2021 Policy to be submitted to the Board of Directors, and approving its written favourable opinion prepared pursuant to art. 4, paragraph 4.2, lett. a) and paragraph 4.3 of the OPC Procedure, on the interest and convenience of the Company and the LU-VE Group to apply the Waiver to the 2021 Policy.

The Waiver was submitted by the Remuneration and Appointments Committee to the Board of Directors at the Board meeting held on 24 February 2022, accompanied by the reasoned, non-binding favourable opinion, issued in writing by the Committee itself pursuant to the OPC Procedure; in this session, having also heard the favourable opinion of the Board of Statutory Auditors, the Board of Directors approved the Waiver to the 2021 Policy proposed by the Remuneration and Appointments Committee, simultaneously approving the amendments to be made to the 2020-2022 LTI Plan Regulations in order to update its provisions in consideration of the Waiver.

1.7 Comparative information

This paragraph provides information for financial years 2020 and 2021, 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, 2020 and 2021 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.

1.7.1. 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) | 2021 (Euro) | % Change 2019-2020 | % Change 2020-2021 |
|---|-------------|-------------|-------------|--------------------|--------------------|
| IGINIO LIBERALI (CHAIRMAN) | 449,041 | 450,870 | 538,719 | 0.41% | 19.48% |
| PIERLUIGI FAGGIOLI (Vice Chairman) | 453,153 | 418,268 | 499,357 | -7.70% | 19.39% |
| MATTEO LIBERALI (CEO) | 765,432 | 757,405 | 903,768 | -1.05% | 19.32% |
| MICHELE FAGGIOLI (COO) | 753,416 | 745,976 | 872,766 | -0.99% | 17.14% |
| Remuneration NON-EXECUTIVE DIRECTOR | 18,000 | 19,344 | 20,000 | 7.47% | 3.39% |
| Remuneration CRN/CCR CHAIRMAN** | 7,000 | 7,672 | 8,000 | 9.60% | 4.28% |
| Remuneration CCR/CRN MEMBER** | 5,000 | 5,672 | 6,000 | 13.44% | 5.78% |
| Chairman of the Board of Statutory Auditors** | 45,000 | 45,000 | 45,000 | 0.00% | 0.00% |
| STANDING AUDITOR** | 30,000 | 30,000 | 30,000 | 0.00% | 0.00% |

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

** 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.

1.7.2 Annual changes in Group results

| Results of the LU-VE Group | 2019 | 2020 | 2021 | % Change 2019-2020 | % Change 2020-2021 |
|--|--------|--------|--------|--------------------|--------------------|
| Consolidated turnover (in Euro/million) | 391.6 | 401.5 | 492.0 | 2.53% | 22.54% |
| Turnover from products (in Euro/million) | 389.3 | 392.5 | 483.1 | 0.82% | 23.08% |
| Reported EBITDA (in Euro/million) | 46.8 | 45.2 | 60.8 | -3.42% | 34.51% |
| Adjusted EBITDA (in Euro/million) | 51.7 | 45.5 | 60,8 | -11.99% | 33.63% |
| NFP (in Euro/million) | -107.2 | -106.8 | -121.9 | -0.37% | 14.14% |
| Reported NFP/EBITDA ratio | 2.29 | 2.36 | 2.0 | - | - |

| Results of the LU-VE Group | 2019 | 2020 | 2021 | % Change 2019-2020 | % Change 2020-2021 |
|----------------------------|------|------|------|--------------------|--------------------|
| Adjusted NFP/EBITDA ratio | 2.07 | 2.35 | 2.0 | - | - |

Source: Annual Financial Report.

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

| LU-VE Group Italy (including any benefits) | 2019 | 2020 | 2021 | % Change 2019-2020 | % Change 2020-2021 |
|--|-----------|-----------|-----------|--------------------|--------------------|
| Remuneration average total remuneration of Employees (in Euro) | 36,995.38 | 38,179.19 | 38,350.80 | 3.20% | 0.45% |
| Number of Employees | 989 | 974 | 1,022 | - 1.52% | 4.93% |

1.7.4 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 | 2021 |
|---|-------|-------|-------|
| Chairman/average Gross Annual Remuneration | 12.14 | 11.81 | 14.05 |
| Vice Chairman/average Gross Annual Remuneration | 12.25 | 10.96 | 13.02 |
| CEO/average Gross Annual Remuneration | 20.69 | 19.84 | 23.57 |
| COO/average Gross Annual Remuneration | 20.37 | 19.54 | 22.79 |
| Non-Executive Directors/average Gross Annual Remuneration | 0.49 | 0.51 | 0.52 |
| Chairman of the Board of Statutory Auditors/average Gross Annual Remuneration | 1.22 | 1.18 | 1.17 |
| Standing Auditor/average Gross Annual Remuneration | 0.81 | 0.79 | 0.78 |

In this regard, it should be noted that the increase in the ratio in relation to the 2021 financial year compared to the 2019 and 2020 financial years is mainly attributable to the significant growth in

size of the Group during 2021 which led to a significant increase in the number of employees quantifiable at 201 for the Group and 48 with reference to the LU-VE Italia Group.

1.8 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 27 April 2021 approved Section II of the 2021 Report, with 99.62% of the voting rights represented in the Meeting (equal to 86.28% of all voting rights).

2.2 voto consultivo sui "Compensi corrisposti nell'esercizio 2020" 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. VOTI | % SU VOTI PRESENTI O RAPPRESENTATI | % SU TOTALE DIRITTI DI VOTO |
|---------------|--|-------------------|---------------------------------------|--------------------------------|
| Favorevoli | 46 | 31.167.467 | 99,622118 | 86,277017 |
| Contrari | 3 | 118.223 | 0,377882 | 0,327262 |
| Astenuti | 0 | 0 | 0,000000 | 0,000000 |
| Non Votanti | 0 | 0 | 0,000000 | 0,000000 |
| Totale | 49 | 31.285.690 | 100,000000 | 86,604279 |

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 2021 to the Directors, Statutory Auditors and other Key management personnel.

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

PART TWO

1. Remuneration paid in the 2021 financial year

The following Table indicates the remuneration paid in the year ended as at 31 December 2021 to Directors, Statutory Auditors and other Key management personnel.

| (A) Name and Surname | (B) Office | (C) Period for which office was held | (D) Expiry of office* | (1) Fixed remuneration | (2) Remuneration for participation in committees | (3) Variable non-equity remuneration | | (4) Non-monetary benefits | (5) Other remuneration | (6) Total | (7) Fair value of equity remuneration | (8) Severance pay or termination of employment indemnity |
|--|------------------------------------|---|---|---------------------------|---|---|----------------|------------------------------|---------------------------|--------------|--|---|
| | | | | | | Bonuses and other incentives | Profit-sharing | | | | | |
| Iginio Liberali | Chairman of the Board of Directors | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 294.000,00 ⁽¹⁾ | | 244.718,67 | | | | 538.718,67 | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | |
| (III) Total | | | | 294.000,00 | | 244.718,67 | | | | 538.718,67 | | |
| Pier Luigi Faggioli | Vice Chairman | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 245.000,00 ⁽²⁾ | | 248.697,84 | | 5.659,18 | | 499.357,02 | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | |
| (III) Total | | | | 245.000,00 | | 248.697,84 | | 5.659,18 | | 499.357,02 | | |
| Matteo Liberali | CEO | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 500.000,00 ⁽³⁾ | | 397.555,63 ⁽⁴⁾ | | 6.212,33 | | 903.767,96 | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | |
| (III) Total | | | | 500.000,00 | | 397.555,63 | | 6.212,33 | | 903.767,96 | | |
| Michele Faggioli | COO | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 475.000,00 ⁽⁵⁾ | | 388.791,59 ⁽⁴⁾ | | 10.043,89 | | 873.835,48 | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | |
| (III) Total | | | | 475.000,00 | | 388.791,59 | | 10.043,89 | | 873.835,48 | | |
| Raffaella Cagliano | Director | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 20.000,00 | 1.000,00 ⁽⁶⁾ | | | | | 21.000,00 | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | |
| (III) Total | | | | 20.000,00 | 1.000,00 | | | | | 21.000,00 | | |
| Guido Giuseppe Crespi | Director | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 20.000,00 | 1.000,00 ⁽⁶⁾ | | | | | 21.000,00 | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | |
| (III) Total | | | | 20.000,00 | 1.000,00 | | | | | 21.000,00 | | |

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

| | | | | | | | | | | | | | | | | | | | | | | | | |
|--|----------|-----------------------|---|-----------|---------------------------|--|--|--|----------|---------------------------|--|--|--|--|--|--|--|--|--|-----------|------------|-----------|--|--|
| Anna Gervasoni | Director | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | | | | | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 20.000,00 | 12.000,00 ⁽⁷⁾ | | | | | | | | | | | | | | | 32.000,00 | | | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | | | | | | | | | | | |
| (III) Total | | | | 20.000,00 | 12.000,00 | | | | | | | | | | | | | | | | 32.000,00 | | | |
| Fabio Liberali | Director | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | | | | | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 20.000,00 | | | | | 6.731,18 | 101.183,47 ⁽⁸⁾ | | | | | | | | | | | 127.914,65 | | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | | | | | | | | | | | |
| (III) Total | | | | 20.000,00 | | | | | 6.731,18 | 101.183,47 | | | | | | | | | | | 127.914,65 | | | |
| Laura Oliva | Director | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | | | | | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 20.000,00 | 6.000,00 ⁽⁹⁾ | | | | | | | | | | | | | | | | 26.000,00 | | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | | | | | | | | | | | |
| (III) Total | | | | 20.000,00 | 6.000,00 | | | | | | | | | | | | | | | | 26.000,00 | | | |
| Stefano Paleari | Director | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | | | | | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 20.000,00 | 17.500,00 ⁽¹⁰⁾ | | | | | | | | | | | | | | | | 37.500,00 | | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | | | | | | | | | | | |
| (III) Total | | | | 20.000,00 | 17.500,00 | | | | | | | | | | | | | | | | 37.500,00 | | | |
| Roberta Pierantoni | Director | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | | | | | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 20.000,00 | 6.000,00 ⁽¹¹⁾ | | | | | | | | | | | | | | | | 26.000,00 | | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | | | | | | | | | | | |
| (III) Total | | | | 20.000,00 | 6.000,00 | | | | | | | | | | | | | | | | 26.000,00 | | | |
| Marco Vitale | Director | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | | | | | | | | | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 20.000,00 | | | | | | | | | | | | | | | | | | 20.000,00 | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | | | | | | | | | | | |
| (III) Total | | | | 20.000,00 | | | | | | | | | | | | | | | | | | 20.000,00 | | |

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

| | | | | | | | | | |
|--|---|-----------------------|---|------------|----------------------------|-----------|--|---------------------------|--------------|
| Simone Cavalli | Chairman of the Board of Statutory Auditors | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 45.000,00 | | | | | 45.000,00 |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | | 45.000,00 | | | | | 45.000,00 |
| Paola Mignani | Standing Statutory Auditor | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 30.000,00 | | | | | 30.000,00 |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | | 30.000,00 | | | | | 30.000,00 |
| Stefano Beltrame | Standing Statutory Auditor | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 30.000,00 | | | | | 30.000,00 |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | | 30.000,00 | | | | | 30.000,00 |
| Key management personnel | | 01/01/2021-31/12/2021 | Approval of the 2022 financial statements | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | | | 741.699,35 | 250.438,90 ⁽¹²⁾ | 28.214,31 | | 70.000,00 ⁽¹⁴⁾ | 1.020.352,56 |
| (II) Remuneration from subsidiaries and associates | | | | 153.772,96 | 54.399,50 ⁽¹³⁾ | 5.717,72 | | | 283.890,18 |
| (III) Total | | | | 895.472,31 | 304.838,40 | 33.932,03 | | 70.000,00 | 1.304.242,74 |

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

(1) of which Euro 20,000.00 as member of the Board of Directors, and Euro 274,000.00 for the office as Chairman of the Board of Directors;

(2) of which Euro 20,000.00 as member of the Board of Directors, and Euro 225,000.00 for the office as Vice Chairman of the Board of Directors;

(3) of which Euro 20,000.00 as member of the Board of Directors and Euro 480,000.00 for the office as CEO;

(4) of which Euro 94,144.27 as variable and medium/long term Component (2020 -2022 LTI) accrued for 2021;

(5) of which Euro 20,000.00 as member of the Board of Directors and Euro 455,000.00 for the office as COO;

(6) as member of Independent Directors Committee from 29 June 2021 (establishment date of the Committee) to 31 December 2021;

(7) of which Euro 6,000.00 as member of the Remuneration and Appointments Committee and Euro 6,000.00 as member of the Control and Risk Committee;

(8) as annual gross remuneration accrued in relation to the employment with LU-VE S.p.A.

(9) as member of the Control and Risk Committee;

(10) of which Euro 8,000.00 as Chairman of the Remuneration and Appointments Committee, Euro 8,000.00 as Chairman of the Control and Risk Committee and Euro 1,500.00 as Chairman of the Independent Directors Committee from 29 June 2021 (establishment date of the Committee) to 31 December 2021;

(11) as member of the Remuneration and Appointments Committee;

(12) of which Euro 76,306.90 as variable and medium/long term Component (2020 -2022 LTI) accrued for 2021;

(13) of which Euro 15,679.50 as variable and medium/long term Component (2020 -2022 LTI) accrued for 2021;

(14) amount paid for remuneration in relation to the office of director held by two key management personnel in administrative bodies of subsidiaries and associates;

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

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

The Table below shows the monetary incentive plans recognised in the year ended as at 31 December 2021 to members of the management body and other Key management personnel.

| A Name and surname | B Office | (1) Plan | (2) Bonus for the year | | | (3) Bonus of previous years | | | (4) Other bonuses |
|--|---|---------------|---------------------------|-----------------|-------------------------|--------------------------------|---------------------|--------------------------|----------------------|
| | | | (A) Payable/Paid | (B) Deferred | (C) Deferment period | (A) No longer payable | (B) Payable/Paid | (C) Still deferred | |
| Iginio Liberali | Chairman of the Board of Directors | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | MBO 2021 | 244.718,67 | | | | | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | 244.718,67 | | | | | | |
| Pier Luigi Faggioli | Vice Chairman of the Board of Directors | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | MBO 2021 | 248.697,84 | | | | | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | 248.697,84 | | | | | | |
| Matteo Liberali | CEO | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | MBO 2021 | 303.411,36 | | | | | | |
| | | LTI 2020-2022 | | 94.144,27 | 2023 | | | 83.639,61 ⁽¹⁾ | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | \ | 94.144,27 | | | | 83.639,61 | |
| Michele Faggioli | COO | | | | | | | | |
| (I) Remuneration in the company preparing the financial statements | | MBO 2021 | 294.647,32 | | | | | | |
| | | LTI 2020-2022 | | 94.144,27 | 2023 | | | 83.639,61 ⁽¹⁾ | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | 294.647,32 | 94.144,27 | | | | 83.639,61 | |

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

| Key management personnel | No. 6 | | | | | | | |
|--|---------------|------------|-----------|------|--|--|--------------------------|--|
| (I) Remuneration in the company preparing the financial statements | MBO 2021 | 174.132,00 | | | | | | |
| | LTI 2020-2022 | | 76.306,90 | 2023 | | | 65.423,33 ⁽¹⁾ | |
| (II) Remuneration from subsidiaries and associates | MBO 2021 | 38.720,00 | | | | | | |
| | LTI 2020-2022 | | 15.679,50 | 2023 | | | 15.495,00 ⁽¹⁾ | |
| (III) Total | | 212.852,00 | 91.986,40 | | | | 80.918,33 | |

(1) as variable and medium/long term Component (2020 -2022 LTI) accrued for 2021.

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

3. Shareholdings held as at 31 December 2021

The Table below indicates the shareholdings held in the period 31 December 2020 - 31 December 2021 in LU-VE S.p.A and in its subsidiaries as at 31 December 2021, 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.

| Name and Surname | Office | Investee Company | Number of shares held at the end of the previous financial year (31/12/2020) | | Number of shares purchased in the 2021 financial year | Number of shares sold in the 2021 financial year | Number of shares held at the end of the current financial year (31/12/2021) | |
|----------------------------------|---|------------------|--|-------------------|---|--|---|-------------------|
| Iginio Liberali | Chairman of the Board of Directors | LU-VE S.p.A. | 38.387 | (pd) | 8.000 | - | 46.387 | (pd) |
| Pier Luigi Faggioli | Vice Chairman of the Board of Directors | LU-VE S.p.A. | 10.000 | (pd) | - | - | 10.000 | (pd) |
| Matteo Liberali | CEO | LU-VE S.p.A. | 11.175.159 | (pi) (f) (*) | - | 987.160 | 10.188.999 | (pi) (f) (**) |
| Michele Faggioli | Director | LU-VE S.p.A. | - | - | - | - | 3.905.112 | (pi) (***) |
| Laura Oliva | Director | LU-VE S.p.A. | 1.950 | (pd) | - | - | 1.950 | (pd) |
| Guido Giuseppe Crespi | Director | LU-VE S.p.A. | 7.890 | (pd) + (c) (****) | - | - | 7.890 | (pd) + (c) (****) |
| Key management personnel (No. 6) | | LU-VE S.p.A. | 1.500 | (pd) | | - | 1.500 | (pd) |

Note:

(pd) direct shareholdings

(pi) indirect shareholdings

(f) son

(c) spouse

(*) of which: (i) No. 11,174,159 held via Finami S.p.A. and (ii) No. 1,000 owned by the dependent daughter Eliana Liberali

(**) of which: (i) No. 10,187,999 held via Finami S.p.A. and (ii) No. 1,000 owned by the dependent daughter Eliana Liberali

(***) attributed to Michele Faggioli on 12.06.2021 following his acquisition of control of G4 S.r.l.

(****) of which No. 4,000 owned by the spouse not legally separated