

**LU-VE S.p.A.**

**Via Vittorio Veneto 11 – 21100 Varese**

**Economic and Administrative Repertory No.: VA-191975**

**Tax Code: 01570130128**



**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSALS ON THE AGENDA OF THE ORDINARY SESSION OF THE SHAREHOLDERS' MEETING CONVENED IN ORDINARY AND EXTRAORDINARY SESSION ON 28 APRIL 2023 IN A SINGLECALL**

*(drawn up pursuant to Article 125-ter of the Consolidated Law on Finance and Articles 73 and 84-ter of the Issuers' Regulation)*

Dear Shareholders,

in compliance with Article 125-ter of Italian Legislative Decree no. 58 of 24 February 1998 (the “**Consolidated Law on Finance**”), as subsequently amended and supplemented, as well as articles 73 and 84-ter of the Regulation for implementation of the Consolidated Law on Finance concerning the regulation of issuers, adopted by Consob with resolution No. 11971 of 14 May 1999 as subsequently amended and supplemented (the “**Issuers’ Regulation**”), LU-VE S.p.A. (the “**Company**” or “**Issuer**”) makes available an explanatory report (the “**Explanatory Report**”) on the items on the agenda of the ordinary session of the Shareholders’ Meeting convened in ordinary and extraordinary session – by notice of call published on 17 March 2023 on the Company’s web site at [www.luvegroupp.com](http://www.luvegroupp.com) (“*Investor Relations*” section – “*Corporate governance & shareholders*” – “*For the shareholders*” – “*Shareholders’ meeting*” – “*Shareholders’ meeting 28 April 2023*”) and on the authorized storage device eMarket Storage [www.emarketstorage.com](http://www.emarketstorage.com), as well as by abstract, on 18 March 2023, in the daily newspaper “**Il Sole 24 ORE**” – at the Studio Notarile Marchetti, in Milan, Via Agnello no. 18, **on 28 April 2023 at 10:00 a.m.**, in a single call (the “**Shareholders’ Meeting**”).

The **agenda** of the **ordinary session** for the above-mentioned Shareholders’ Meeting is as follows:

1. *Annual Financial Report as at 31 December 2022:*
  - 1.1 *presentation of the Financial Statements as at 31 December 2022, the Director’s Report, the Board of Statutory Auditors’ Report, the Independent Auditors’ Report. Related and subsequent resolutions;*
  - 1.2 *proposal for allocation of the net profit of the year and distribution of the dividend. Related and subsequent resolutions.*
2. *Annual Report on remuneration policy and remuneration paid:*
  - 2.1 *approval of the “2023 Remuneration Policy” in Section I, pursuant to Article 123-ter, paragraph 3-bis of Italian Legislative Decree 58/98;*
  - 2.2 *advisory vote on the “Remunerations paid in the 2022 financial year” reported in Section II, pursuant to Article 123-ter, paragraph 6 of Italian Legislative Decree 58/98.*
3. *Appointment of the Board of Directors*
  - 3.1 *determination of the number of members. Related and subsequent resolutions;*
  - 3.2 *determination of the duration of the office. Related and subsequent resolutions;*
  - 3.3 *appointment of the Directors. Related and subsequent resolutions;*
  - 3.4 *appointment of the Chairman of the Board of Directors. Related and subsequent resolutions;*
  - 3.5 *determination of the remuneration. Related and subsequent resolutions;*
4. *Appointment of the Board of Statutory Auditors for the three-year period 2023/2025:*
  - 4.1 *appointment of the Statutory Auditors and of the Chairman of the Board of Statutory Auditors. Related and subsequent resolutions;*
  - 4.2 *determination of the remuneration; Related and subsequent resolutions.*
5. *Proposed authorisation to purchase and dispose of treasury shares, subject to cancellation of the resolution adopted by the Shareholders’ Meeting of 29 April 2022. Related and subsequent resolutions.*

This Explanatory Report shall be read together with the other separate reports on the items on

the agenda of the ordinary session of the Shareholders' Meeting referred to in the text of the same Report, as well as with the explanatory report on the items on the agenda of the extraordinary session of the Shareholders' Meeting.

On 17 March 2023 this Explanatory Report shall be made available to the public at the administrative office of the Company in Uboldo (VA), via Caduti della Liberazione no. 53 and on the web site at [www.luvegroup.com](http://www.luvegroup.com), (*"Investor Relations"* section – *"Corporate governance & shareholders"* – *"For the shareholders"* – *"Shareholders' meeting"* – *"Shareholders' meeting 28 April 2023"*) and on the authorized storage device eMarket Storage [www.emarketstorage.com](http://www.emarketstorage.com).

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## ORDINARY SESSION

### FIRST ITEM ON THE AGENDA

#### ANNUAL FINANCIAL REPORT AS AT 31 DECEMBER 2022:

##### **1.1 PRESENTATION OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022, ACCOMPANIED BY THE DIRECTORS' REPORT, THE BOARD OF STATUTORY AUDITORS' REPORT, THE INDEPENDENT AUDITORS' REPORT. RELATED AND SUBSEQUENT RESOLUTIONS.**

Dear Shareholders,

with reference to **sub-item 1.1** on the agenda of the ordinary session of the Shareholders' Meeting, we would like to inform you that, following the approval Board of Directors on 14 March 2023 of the draft financial statements of LU- VE S.p.A. as at 31 December 2022, you will be called upon to resolve on the same.

The draft financial statements that we submit for your approval closed with a net profit equal to Euro 16,245,097.23 (sixteen million two hundred forty-five thousand ninety-seven/23).

We also submit to your attention:

(1) the **consolidated financial statements** of the LU-VE Group ("**Group**" or "**LU-VE Group**") as at 31 December 2022, approved by the Board of Directors on 14 March 2023, which, although not subject to Shareholders' Meeting approval, complements the information provided with the draft financial statements of LU-VE S.p.A.

For all further information in this respect, you are invited to refer to the Annual Financial Report - containing the draft separate financial statements and the consolidated financial statements as at 31 December 2022, the Directors' Report, the Board of Statutory Auditors' Report, the Independent Auditors' Report as well as the attestation pursuant to Article 154-bis, paragraph 5 of the Consolidated Law on Finance - which on **30 March 2023** shall be made available to the public at the administrative office of the Company and on the web site of the Company at [www.luvegroup.com](http://www.luvegroup.com) ("*Investor Relations*" section – "*Corporate governance & shareholders*" – "*For the shareholders*" – "*Shareholders' meeting*" – "*Shareholders' meeting 28 April 2023*") and on the authorized storage device *eMarket Storage* [www.emarketstorage.com](http://www.emarketstorage.com), together with additional documentation required by current regulations;

It should be noted that the Annual Financial Report have been drafted pursuant to the Transparency Directive according to the Single Electronic Reporting Format (ESEF) based on the principles provided for by the Delegated Regulation (EU) 2019/815. However, such Report will be published also in a .pdf version to make it easier to read, it being understood that only the version in ESEF format shall have legal value.

(2) the 2022 Sustainability Report of LU-VE Group, containing the **consolidated non-financial statement** related to the financial year 2022 prepared by the Company in compliance with the provisions of article 5, paragraph 3, letter b) of Italian Legislative Decree 254/2016 (hereinafter "**Statement**" or "**NFS**"). The Statement, which is a separate report from the Directors' Report contained in the Annual Financial Report, has been prepared according to GRI Standards.

The reporting scope of the Statement includes all the companies belonging to LU-VE Group. With reference to the treatment of only environmental data and aspects connected with product safety, in the three-year period only the manufacturing companies have been taken into account, with the exception of LUVEDIGITAL S.r.l., as the environmental impact of commercial offices and of LUVEDIGITAL S.r.l. were not deemed material. It should be noted that the reporting scope of the Statement also includes the companies REFRION S.r.l., R.M.S. S.r.l., Refrion Deutschland GMBH even

if became part of LU-VE Group during the financial year. Differently, the company TECN AIR LV S.p.A. is excluded from the reporting scope as it was sold during the year.

Article 8 of Regulation (EU) 2020/852 of 18 June 2020 (so called “**Taxonomy Regulation**”) and the related Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139 provide for the obligation to include in the DNF 2021 a specific information on how and to what extent the undertaking’s activities are associated with economic activities that qualify as environmentally sustainable under the same Regulation. This information is presented in a dedicated separate section of the NFS.

The NFS reports on the Group’s performance in relation to issues that affect its capacity to create value in the short, medium and long terms, reflecting the significant impacts of the organisation and those of interest to the Group’s stakeholders. On **30 March 2023** it shall be made available to the public at the administrative office of the Company and on the web site of the Company at the address [www.luvegroup.com](http://www.luvegroup.com), (“*Investor Relations*” section – “*Corporate governance & shareholders*” – “*For the shareholders*” – *Shareholders’ meeting*” – “*Shareholders’ meeting 28 April 2023*”) as well as on the authorized storage device eMarket Storage [www.emarketstorage.com](http://www.emarketstorage.com).

In this regard, it should be noted that the attestation required in accordance with Article 3, paragraph 10, Italian Legislative Decree 254/2016 as well as by Article 5 of the Consob Regulation adopted by resolution No. 20267 of January 2018, on compliance of the information provided with that required by the decree and with its principles, methodologies and methods, is issued by the independent auditors *Deloitte&Touche S.p.A.* and is published and made available as an attachment to the 2022 Sustainability Report of LU-VE Group. Article 8 of abovementioned Taxonomy Regulation does not provide for the auditor’s review of the information on the activities required by the same Regulation, as part of the NSF.

\* \* \*

It is therefore proposed that the Shareholders’ Meeting adopts the following resolution:

*“The ordinary Shareholders’ Meeting of LU-VE S.p.A., having examined the Directors’ Report and the data of the financial statements of LU-VE S.p.A. as at 31 December 2022, the Board of Statutory Auditors’ Report and the Independent Auditors’ Report and the further documentation required by the legislation*

***resolved***

- 1) *to approve the financial statements of LU-VE S.p.A. as at 31 December 2022, which show a net profit for the year equal to Euro 16,245,097.23 (sixteen million two hundred forty-five thousand ninety-seven/23), and the Directors’ Report;*
- 2) *to grant the Board of Directors – and on behalf of the Board to its Chairman – all power necessary to execute, with the right to sub-delegate, this resolution and file it for registration with the relevant Companies’ Register, making any formal amendments, additions or deletions that may be necessary.”*

## **1.2 PROPOSAL FOR ALLOCATION OF THE NET PROFIT AND DISTRIBUTION OF THE DIVIDEND. RELATED AND SUBSEQUENT RESOLUTIONS.**

Dear Shareholders,

with reference to the issue as per **sub-item 1.2** on the agenda of the ordinary session of the Shareholders’ Meeting, the Board of Directors proposes to allocate the net profit for the year of Euro 16,245,097.23 (sixteen million two hundred forty-five thousand ninety-seven/23) as follows:

- (i) to set aside a part equal to Euro 9,745,403.93, (nine million seven hundred and forty-five thousand four hundred and three/93) to be allocated as follows:

- to the “Legal reserve” for the amount of Euro 812,254.86 (eight hundred twelve thousand two hundred fifty-four/86);
  - to “Unavailable reserve for exchange rates delta” for the amount of Euro 1,481,360.86 (one million four hundred eighty-one thousand three hundred sixty/86) and
  - to “Unavailable Reserve for fair value change of financial instruments” for the remaining amount of Euro 7,451,788.21 (seven million four hundred and fifty-one thousand seven hundred and eighty-eight/21);
- (ii) to allocate the remaining part equal to Euro 6,499,693.30 (six million four hundred and ninety-nine thousand six hundred and ninety-three/30) to the Shareholders, resolving the distribution of a gross per share dividend of Euro 0.38 (zero/38) for each share entitled to it as at the record date pursuant to Article 83-terdecies of Consolidated Law on Finance, using part of the “Extraordinary Reserve” for the remainder.

Therefore, the dividend of Euro 0.38 (zero/38) would be allocated to each of the shares entitled to it as at the *record date* from the profit for the financial year 2022 for Euro 6,499,693.30 (six million four hundred and ninety-nine thousand six hundred and ninety-three/30) and from the “Extraordinary Reserve” for the remainder.

The Board of Directors also proposes to establish that the dividend will be payable as of 10 May 2023, with ex-dividend date no. 8 on 8 May 2023, in accordance with the calendar of Borsa Italiana, and record date pursuant to Article 83-terdecies of the Consolidated Law on Finance on 9 May 2023.

\* \* \*

It is therefore proposed that the Shareholders’ Meeting adopts the following resolution:

*“The ordinary Shareholders’ Meeting of LU-VE S.p.A., having approved the financial statements as at 31 December 2022, which show a net profit for the year equal to Euro 16,245,097.23 (sixteen million two hundred forty-five thousand ninety-seven/23)*

***resolved***

- 1) *to set aside a part equal to Euro 9,745,403.93, (nine million seven hundred and forty-five thousand four hundred and three/93) to be allocated as follows:*
  - *to the “Legal reserve” for the amount of Euro 812,254.86 (eight hundred twelve thousand two hundred fifty-four/86);*
  - *to “Unavailable reserve for exchange rates delta” for the amount of Euro 1,481,360.86 (one million four hundred eighty-one thousand three hundred sixty/86) and*
  - *to “Unavailable Reserve for fair value change of financial instruments” for the remaining amount of Euro 7,451,788.21 (seven million four hundred and fifty-one thousand seven hundred and eighty-eight/21);*
- 2) *to distribute a gross ordinary dividend of Euro 0.38 (zero/38) for each share entitled to it as at the record date pursuant to Article 83-terdecies of Legislative Decree No. 58/98, by means of using the profit for the year 2022 remaining after deducting the provisions as per point 1 above and by means of using the “Extraordinary Reserve” for the remainder;*
- 3) *to establish that the dividend shall be paid, for each entitled share, on 10 May 2023, with ex-dividend date no. 8 on 8 May 2023, in accordance with the calendar of Borsa Italiana, and record date on 9 May 2023.”.*

## SECOND ITEM ON THE AGENDA

### ANNUAL FINANCIAL REPORT ON REMUNERATION POLICY AND ON REMUNERATIONS PAID:

**2.1 APPROVAL OF THE “2023 REMUNERATION POLICY” IN SECTION I, PURSUANT TO ARTICLE 123-TER, PARAGRAPH 3-BIS OF ITALIAN LEGISLATIVE DECREE 58/98;**

**2.2 ADVISORY VOTE ON “REMUNERATIONS PAID IN THE 2022 FINANCIAL YEAR” REPORTED IN SECTION II, PURSUANT TO ARTICLE 123-TER, PARAGRAPH 6 OF ITALIAN LEGISLATIVE DECREE 58/98.**

Dear Shareholders,

with reference to the second item on the agenda of the Shareholders’ Meeting, you are called upon again this year to express your opinion, pursuant to Article 123-ter of the Consolidated Law on Finance as last amended by Italian Legislative Decree no. 49/2019, which implemented EU Directive 2017/828 (so called SHRD II) – on the “Annual Report on remuneration policy and remuneration paid” of LU-VE S.p.A. (the “**Remuneration Report**” or “**Report**”) in relation to:

- the remuneration policy of the members of the administration and control bodies, of general director and key management personnel (the “**Relevant Persons**”) proposed by the Board of Directors for the 2023 financial year and the procedures used for the adoption and implementation of this policy (the “**2023 Remuneration Policy**”); as well as
- remunerations paid in 2022 to Relevant Persons.

It should be noted that, as in the past, the Report is divided into two distinct sections:

- **Section I**, which describes the 2023 Remuneration Policy and the procedures used for the adoption and implementation of the same policy;
- **Section II** (divided into two parts), which includes, in the First Part, the details of the remunerations paid by the Company to Relevant Persons with reference to each of the items which make up the remuneration for the 2022 financial year for these subjects; and, in the Second Part, the details of the fees paid to Relevant Persons or accrued by them in the 2022 financial year to Relevant Persons, for any reason and in any form, by the Company and by subsidiaries and affiliates, using the tables attached to this Report on Remuneration, which form integral part of the same, as well as information on interests held in the Company and in its subsidiaries by the same parties, as well as their non-legally separated spouses or by their children, directly or via subsidiaries, or trust companies or third parties.

In compliance with the current content of the Article 123-ter of the Consolidated Law on Finance, the vote to be expressed on the 2023 Remuneration Policy contained in Section I of the Report on Remuneration is a binding vote, while the vote to be expressed on the remunerations paid in the 2022 financial year to Relevant Persons, contained in Section II of the Report, is an advisory vote.

It should be noted that the Remuneration Report – and, therefore, the 2023 Remuneration Policy and the remunerations paid to Relevant Persons in the 2022 financial year included respectively in Section I and Section II of the same report – were approved by the Board of Directors on 14 March 2023, at the proposal of the Remuneration and Appointments Committee, in compliance with current legislation and regulations, and will be made available to the public at the administrative office of the Company and on the web site at [www.luvegroup.com](http://www.luvegroup.com) (“*Investor Relations*” section - “*Corporate governance & shareholders*” – “*For the shareholders*” – “*Shareholders’ meeting*” – “*Shareholders’ meeting 28 April 2023*”), as well as on the authorized storage device *eMarket Storage* [www.emarketstorage.com](http://www.emarketstorage.com) on **27 March 2023**.

For any further details, please refer to the text of the above-mentioned Report, the contents of

which have also been defined in compliance with the provisions of Article 84-*quater* of the Issuers' Regulation and in consideration of the related Annexes 3A, Schedule 7-*bis* and Schedule 7-*ter*.

\* \* \*

It is therefore proposed that the Shareholders' Meeting adopts the following resolutions:

In relation to sub-item 2.1 of the ordinary session of the Shareholders' Meeting

*"The Shareholders' Meeting of LU-VE S.p.A.:*

*- having examined Section I of the "Annual Report on remuneration policy and remuneration paid" of March 2023, drawn up pursuant to the current legislation and regulations*

***resolved***

1) *to approve the "2023 Remuneration Policy" contained in Section I of the above-mentioned Report and the related adoption and implementation procedures."*

\* \* \*

In relation to sub-item 2.2 of the ordinary session of the Shareholders' Meeting

*"The Shareholders' Meeting of LU-VE S.p.A.:*

*- having examined Section II of the "Annual Report on Remuneration Policy and Remuneration paid" of March 2023, drawn up pursuant to the current legislation and regulations*

***resolved***

1) *to express a favourable opinion on the "Remunerations paid in the 2022 financial year" indicated in Section II of the above-mentioned Report."*



## **THIRD ITEM ON THE AGENDA**

### **APPOINTMENT OF THE BOARD OF DIRECTORS**

Dear Shareholders,

with the approval of the Annual Financial Report as at 31 December 2022 the Board of Director of the Company will expire due to the end of the office, appointed by the Shareholders' Meeting for the 2020-2022 financial years. The Shareholders' Meeting of 29 April 2020 determined the number of the members of the Board of Directors at 12 (twelve) and appointed Messrs: Iginio Liberali (Chairman), Pierluigi Faggioli (Deputy Chairman), Matteo Liberali (Chief Executive Officer CEO), Michele Faggioli (Chief Operating Officer COO), Anna Gervasoni (independent), Fabio Liberali, Laura Oliva, Stefano Paleari (independent), Roberta Pierantoni, Raffaella Cagliano (independent), Guido Giuseppe Crespi (independent, appointed from the minority list) and Marco Claudio Vitale.

It should be noted that on 22 December 2022 Mr. Iginio Liberali, founder and Chairman of the Company, died, whose functions as Chairman have been performed for the remaining 9 days of the 2022 financial year by the Deputy Chairman, Pierluigi Faggioli, by virtue of the vicarious powers granted to him by the By-Laws. In the meeting of 23 January 2023, also convened to adopt related and subsequent resolutions to the death of the dear departed Chairman, the Board of Directors – having deemed inestimable human and professional value irreplaceable of Mr. Iginio Liberali, as well as his knowledge of business and market dynamics, and considering that: (i) his absence did not affect the functioning of the Board in office and of the committees established within it (of which Mr. Liberali was not a member), nor on the legitimacy of the composition of the same Board, being in any case guaranteed the number of independent directors required by the law and by the By-Laws, as well as compliance with the gender balance; (ii) the Board of Directors in office will cease with the approval of the Annual Financial Report as of 31 December 2022 – at the proposal of the Remuneration and Appointments Committee and with the consent of the Board of Statutory Auditors – resolved not to co-opt any new members to replace Mr. Iginio Liberali and to refer the decision on the composition of the new Board of Directors to the Shareholders' Meeting. It should be also noted that the Board of Directors, in the same meeting, appointed CEO Mr. Matteo Liberali as Chairman of the Board of Directors, up to the next Shareholders' Meeting.

Considering the expiry of the office of the Board of Directors with the approval of the Annual Financial Report as at 31 December 2022, you are therefore called upon to renew it, subject to the determination of the number of its members, considering the appointment of its Chairman and also determining the duration of the office and the related remunerations or the methods to determine them.

#### **3.1 DETERMINATION OF THE NUMBER OF MEMBERS. RELATED AND SUBSEQUENT RESOLUTIONS.**

It should be noted that, pursuant to Article 15 of the By-Laws of LU-VE (the “By-Laws”), the number of members of the Board of Directors may not be less than seven or more than fifteen members.

Shareholders are hereby informed that as part of the self-assessment conducted internally regarding its size, composition and functioning, as well as those of its Committees, the Board of Directors has ascertained that, with regard to the number of members for the proper functioning of the administrative body, the competences of the individual members are relevant, rather than the total number of them.

Furthermore, the Shareholders are informed that the Board of Directors, on 23 January 2023, instructed by the Remuneration and Appointments Committee regarding the results of the aforementioned self-assessment process, has ascertained that the size of the Board of Directors

currently in office, determined by the Shareholders' Meeting in the number of 12 (twelve) members, appears above the average of the other listed companies belonging to the FTSE MID CAP list, to which the Company belongs, and that, based on the latest Fin-Gov Report on Corporate Governance in Italy - November 2022 Edition, is determined between 10 (ten) and 11 (eleven) members; furthermore, if reference is made to non-financial companies, the number of directors is between 10 (ten) and 11 (eleven) members; for companies with concentrated ownership and among those with family ownership, the average number falls between 9 (nine) and 10 (ten) members; furthermore, if reference is made to non-financial companies, the number of directors is between 10 (ten) and 11 (eleven) members; for companies with concentrated ownership and among those with family ownership, the average number decreases between 9 (nine) and 10 (ten) members.

The Shareholders' attention is therefore drawn to the opportunity to evaluate a reduction in the number of members of the Board of Directors, determining it in consideration of the above data.

### **3.2 DETERMINATION OF THE DURATION OF THE OFFICE. RELATED AND SUBSEQUENT RESOLUTIONS.**

It should be noted that, pursuant to Article 15 of the By-Laws, the duration of the office, in compliance with the provision of Article 2383 of the Italian Civil Code, may not exceed three financial years.

### **3.3 APPOINTMENT OF THE DIRECTORS. RELATED AND SUBSEQUENT RESOLUTIONS.**

The appointment of the Board of Directors of the Company is carried out in compliance with the provisions of Article 20 of the By-Laws, to which express reference is made for the matters not contained below.

The Directors shall be appointed by the list voting system.

#### ***Preparation of lists***

Shareholders who – at the time the list is submitted – hold alone or together with others, a share representing at least 2.5% of the capital (the share established by Consob with Executive Resolution no. 76 of 30 January 2023, in compliance with current legislation and regulations) may submit a list including a number of candidates not exceeding the number of members to be appointed, listed progressively by number.

Pursuant to the provisions of the current By-Laws, each list that contains a number of candidates not exceeding 7 (seven) must include and identify at least 1 (one) candidate who meets the independence requirements established by applicable legislation and regulations in force at the time on the matter (dictated by the combined provisions of articles 147-ter, paragraph 4 and 148, paragraph 3, of the Consolidated Law on Finance). Each list that contains a number of candidates exceeding 7 (seven) must include and identify at least 2 (two) candidates who meet the independence requirements established by applicable legislation and regulations in force at the time on the matter. In the event of failure to comply with the above obligations, the list shall be deemed as not submitted.

In this regard, it should be noted that, following the attribution of the STAR qualification to the ordinary shares of the Company and the consequent trading of the same in the Euronext STAR Milan segment of the Euronext Milan market of Borsa Italiana starting from 21 September 2022, in compliance with the provisions of the article IA.2.10.6 of the Instructions to the Regulation of the markets organized and managed by Borsa Italiana (the "Instructions"), the number of independent directors is considered adequate for LU-VE when there are at least 2 (two) independent directors if the Board of Directors is made up of up to 8 (eight) members, or at least 3 (three) independent directors if made up of 9 (nine) to 14 (fourteen) members. Shareholders are therefore invited – pending the hopeful approval of the amendment of Article 15 of the By-Law, subject of the first item on the agenda of the extraordinary session of the Shareholders' Meeting convened for 28 April 2023 – to submit the

lists also in compliance with the provisions of the Instructions on the independence requirements of the directors of company with shares listed on the Euronext STAR Milan segment.

Each candidate may be included on only one list, on penalty of losing the right to be elected.

Shareholders submitting lists shall guarantee compliance with the regulations on gender balance. It should be noted that Article 20 of the By-Laws provides that list containing a total number of candidates equal to or exceeding 3 (three) must be made up of candidates belonging to both genders, so that at least the minimum number of candidates required by the legislation and regulations in force at the time on the matter, belongs to the under-represented gender. In this regard, the applicable legislation pursuant to law 160/2019 requires that at least two fifths of the members of the administrative body must belong to the under-represented gender. Shareholders are therefore invited to submit the lists also in compliance with the applicable legislation and regulations in force on gender balance, indicated above and as referred to in the By-Laws, otherwise the list shall be deemed as not submitted.

### ***Submission of lists***

The lists submitted by the Shareholders shall be filed at the Company's administrative office, along with the further required documentation, on penalty of forfeiture,

Shareholders may submit lists by filing them, on penalty of forfeiture, at the Company's administrative office (to the attention of the General Counsel) or by certified electronic message to be sent to the certified e-mail address [luve@legalmail.it](mailto:luve@legalmail.it), at least twenty-five days before the date set for the Shareholders' Meeting (i.e. by **3 April 2023**).

In this regard, it should be noted that information which allow the identification of the subject filing the lists and a reference telephone number shall be sent along with the aforementioned documentation, taking into account the provisions of Article 144-*octies*, of the Issuers' Regulation.

The lists shall be accompanied by:

- (i) information on the identity of the shareholders who have submitted the lists, with indication of the overall percentage shareholding held, together with the certification showing the ownership of this shareholding issued by a legally authorized intermediary, it being understood that this certification can also be produced after the filing of the lists, provided that within the deadline for publication of the lists by the Company (i.e. by **7 April 2023**);
- (ii) statement from shareholders who do not hold, individually or jointly, a controlling or relative majority shareholding, certifying the absence of any direct or indirect association to such latter shareholders, pursuant to the current legislation and regulations.

In this regard, it should be noted the provisions of Article 147-*ter*, paragraph 3 of the Consolidated Law on Finance, regarding the absence of association between the minority list that obtained the most votes and the Shareholders who have submitted or voted the list that came first in terms of number of votes, taking into account Consob Communication no. DEM/9017893 of 26 February 2009. It should be also noted that in this communication the Supervisory Authority recommends that shareholders submitting a "minority list" to file, along with the list, a specific statement certifying: (i) the absence of any direct or indirect association pursuant to art 147-*ter*, paragraph 3, of the Consolidated Law on Finance and Article 144-*quinquies* of the Issuers' Regulation with Shareholders who hold, also jointly, a controlling or relative majority shareholding, as well as the absence of the significant relationships indicated in the same Communication or (ii) specifying, if any, the significant relationships indicated in the aforementioned Communication and the reasons for which

they were not deemed determining for the existence of associations;

- (iii) comprehensive information on the personal and professional characteristics of the candidates, with possible indication of their suitability to qualify as independent directors pursuant to the current legislation and regulations and/or pursuant to the Corporate Governance Code, as well as a statement by the same candidates certifying that they meet the requirements established by current legislation and regulations and by the By-Laws, including the requirements of integrity and, if applicable, independence, and their acceptance of the candidature and of the office, if elected;
- (iv) any other further or different statement, information and/or document required under current legislation and regulations.

It should be noted that the list not submitted in compliance with the provisions set forth above shall be deemed as not submitted.

### ***Composition of the Board of Directors and requirements of the Directors***

With reference to the composition of the lists, the Board of Directors, on the basis of the results of the periodical self-assessment process carried out internally and taking into account the diversity policy in the composition of the administrative body contained in the *"Policy on diversity for members of the corporate bodies of LU-VE S.p.A."* approved in the current version by the same Board of Director on 24 February 2022 on the proposal of the Remuneration and Appointments Committee and consulting the Board of Statutory Auditors (available on the Company's web site at [www.luvegroup.com](http://www.luvegroup.com), "Investor Relations" section – *"Corporate governance & shareholders"* – *"Codes & company documents"* – *"Company documents"*), recommends to the Shareholders who wish to submit a list:

(i) to include in the list candidates with different managerial and/or professional and/or academic and/or institutional profiles, with particular regard to the industrial sector in which the Company and the LU-VE Group operate, to the management of the processes, and to economic, accounting, financial, corporate law, risk management and/or control, remuneration policies and sustainable development matters. In particular:

- managerial profiles should be endowed with an industrial view with skills and experience acquired within organisational functions within complex companies, active at international level;
- professional profiles should have accrued confirmed skills and experience and have carried out their activity, with particular relevance to the business activities, in at least one of the following areas: economic, accounting, financial, corporate law, industrial organisation, as well as in the context of the risks management and/or control and remuneration policies;
- academic and/or institutional profiles should be endowed with skills that might be useful for the development and the enhancement of the business of the LU-VE Group, with particular reference to strategic vision and sustainable development;

(ii) to include in the list a number of candidates with the independence requirements required by the law, by the By-Laws and by the Corporate Governance Code, such as to guarantee compliance with the regulatory and statutory provisions for a heterogeneous composition of the internal committees (i.e., on the basis of the recommendations of the Corporate Governance Code, must be made up entirely or in the majority of independent Directors);

(iii) to include in the list a balanced gender representation in compliance with the current provisions of the legislation, of the By-Laws and as well as in compliance with the provisions of the Corporate Governance Code on the matter;

(iv) to ensure, in selecting the candidates to be included in the list, a balanced combination of

different age groups and/or different seniority in office within the Board of Directors, bearers of different sensitivities and skills, so as to allow – taking into account, *inter alia*, the significant changes that characterize the macro-economic and competitive scenario – a balanced plurality of different perspectives and experiences;

(v) to include in the list candidates who, in the majority, might be qualified as non-executive in compliance with the principles and recommendations of the Corporate Governance Code, who should be endowed with skills as to ensure them a significant weight on the taking board's resolutions carrying out an important dialectic function and contributing to the monitoring of the choices made by the executive directors;

(vi) to include in the list candidates that, in order to allow the Board of Directors to exercise its duties in the most effective way, guarantee adequate time availability for the diligent and responsible performance of their duties of the director's office;

(vii) to ensure, in compliance with the principles and recommendations of the Corporate Governance Code regarding the composition of internal committee, that: (a) at least one member of the Board of Directors should be endowed with an adequate knowledge and experience in financial matters and of remuneration policies; and (b) at least one member of the Board of Directors should be endowed with adequate knowledge and experience in accounting and financial matters or of risk management;

(viii) to ensure that: (a) the Chairman is a person with experience, authority and vision ability such as to be able to represent a point of connection between the executive Directors and the non-executive Directors, ensuring during the office a guarantee management for all Shareholders and for all stakeholders, as well as an effective and efficient functioning of the Board of Directors and board work; and (b) among the candidates there shall be at least two endowed with successful leadership, authority, strategic vision and expert knowledge of industrial sectors preferably related to the one in which the Company and the LU-VE Group operate, in order to allow the new Board of Directors to be able to proceed with the granting of particular powers in line with the current governance.

In fact the Board of Directors deems the presence among its members of personalities endowed with the above-mentioned characteristics to be particularly opportune, in the belief that the heterogeneous and highly qualified nature of the professionals called to contribute to the work of the administrative body, as well as the balanced combination of gender factors and age groups and/or seniority in office allows: (i) to enrich the discussion, the distinctive prerequisite for a thoughtful and informed decision, thanks to the diversified skills of its members which allow decisions to be taken with the contribution of a plurality of qualified and heterogeneous points of views capable of examining the issues under discussion from different perspectives: (ii) an better knowledge of the needs and requests of stakeholders; (iii) to reduce the risk of homologation of the opinions of the members of the body; (iv) to make the decision-making process more effective and thorough; (v) for directors, to constructively question management decisions.

With regard to the independence requirement, the Board recommends to the Shareholders, in addition to what has already been set forth in the previous paragraph "*Preparation of the lists*" and also in order to allow the composition of the Board Committees recommended by the Corporate Governance Code of listed companies to which LU-VE adheres (the "**Corporate Governance Code**" or the "**Code**"), to include in the lists an adequate number of candidates meeting the independence requirements set forth in Recommendation No. 7 of the Corporate Governance Code, taking into account the recommendations of Article 2 of the Code.

In this regard, it should be noted that, for the assessment of the significance of commercial, financial or professional relationships and of the additional remuneration pursuant to, respectively, letters c)

and d) of Recommendation No. 7 of the Code, the Board of Directors - upon proposal of the Remuneration and Appointments Committee and having consulted with the Board of Statutory Auditors - approved in the meeting of 21 December 2020 the quantitative and qualitative criteria for assessing said significance (the “**Significance Criteria**”), providing for the application from 1 January 2021. Moreover, again for the purposes of applying the relevant circumstances indicated in Recommendation No. 7 of the Code to assess the independence of directors, at the same meeting the Board also established the definition of “*close family members*” to be considered, identifying them as parents, children, spouse not legally separated or the common-law cohabitant, as well as the latter’s children and cohabiting relatives (the “**Close Family Members**”).

In order to allow the assessment of the independence under the Corporate Governance Code of the candidates to be included in the list, the aforementioned Significance Criteria approved by the Board of Directors, which also apply to the assessment of independence pursuant to the Corporate Governance Code of the Statutory Auditors, are reported below.

#### ***Significance of the commercial, financial or professional relationship***

Pursuant to letter c) of Recommendation No. 7 of the Corporate Governance Code, significant commercial, financial or professional relationships (“**Significant Relationships**”) are those by virtue of which an amount exceeding 5% of the annual revenue (or the equivalent item) of the company and entity of which the director has control or is an executive director, or of the professional firm or consulting company of which he/she is a partner or shareholder, is derived in a single financial year, provided that this amount is also at the same time more than twice the total amount of the annual remuneration received by the director as fixed remuneration for the office and remuneration for attendance in board committees.

With regard to professional relationships, if the relationship is entertained by the director in the context of an individual activity or in representation of an institution he/she belongs to as contact person of the project, the parameter of significance to be considered for each financial year in relation to the remuneration personally received is twice the total amount of the annual remuneration received by the director as fixed remuneration for the office and the remuneration for attendance in board committees. In the event that the director is a partner of a professional firm or consulting company, the significance of the professional relationship shall also be assessed with regard to the effect that it could have on his/her position and role within the firm or consulting company, as well as in consideration of the external visibility that it could entail for the director or the importance of the transaction subject to the professional relationship for the Company and the Group, regardless of whether the aforementioned quantitative criteria are met.

#### ***Significance of the additional remuneration***

Pursuant to letter d) of Recommendation No. 7 of the Corporate Governance Code, significant additional remuneration means additional remuneration that is equal to, or greater than, in any single financial year, twice the total amount of the annual remuneration received by the director as fixed remuneration for the office and remuneration for attendance in board committees.

\* \* \*

Shareholders are also informed that, at the end of the self-assessment process concerning its size, composition and operation, as well as those of its Committees, carried out internally, upon the preliminary investigation of the Remuneration and Appointments Committee, at the meeting of 23 January 2023, the Board of Directors deemed (i) the number (4) of Directors who qualify as independent pursuant to the combined provisions of Articles 147-ter, paragraph 4, and 148, paragraph 3, of the Consolidated Law on Finance, as well as pursuant to Recommendation no. 7 of the Corporate Governance Code, to be appropriate in relation to the size of the Board and to the activity carried out

by the Company; (ii) the ratio between the current members of the Board (11) and the non-executive directors present (8) to be appropriate; (iii) satisfactory and sufficiently heterogeneous the nature of the professional skills called upon to contribute to the work of the administrative body and, in particular, the skills of the non-executive directors in office in economics, accounting, finance, corporate law, industrial organisation matters, hoping for a strengthening of skills in sustainability and innovative processes matters.

For the purpose of an optimal composition of the new Board of Directors, it should be therefore hoped that, in identifying the members of the list for the renewal of this corporate body by the Shareholders:

- (i) an objective of integrating different managerial and professional profiles is pursued, with particular regard to the industrial sector in which the Company and the LU-VE Group operate, to process management and to economic, accounting, financial, corporate law, risk management and/or risk control, remuneration policies and sustainable development;
- (ii) a balanced presence of independent members and a balanced gender representation will be taken into account in compliance with the law, the By-Laws and the principles and recommendations of the Corporate Governance Code, as well as the benefits that may arise from the desired presence of different age group and/or different seniority in office, also in terms of plurality of perspectives and different experiences.

#### ***Appointment rules***

It should be also noted that, pursuant to Article 20 of the By-Laws, the appointment of members of the Board of Directors shall proceed as follows:

- (a) no account is taken of lists that have not obtained a percentage at least equal to half of the percentage required the submission of the same lists;
- (b) from the list that obtained the highest number of votes, all the directors to be elected, except 1 (one), are taken, in the sequential order in which they are stated in the list, without prejudice to the provisions set forth below to ensure the presence of a suitable number of directors meeting the independence requirements and the gender balance in compliance with applicable legislation and regulations in force at the time on the matter;
- (c) the remaining director to be elected is taken from the list that obtained the second highest number of votes after the list referred to in letter (b) above, votes cast by shareholders who are not in any way associated, either directly or indirectly, pursuant to applicable legislation and regulations in force at the time, with the shareholders who submitted or voted for the list referred to in letter (b) above;
- (d) in the event of a tie between lists, the list submitted by shareholders holding the greater shareholding or, in the alternative, by the highest number of shareholders, shall prevail;
- (e) if, after voting has been completed a sufficient number of directors meeting the independence requirements established by applicable legislation and regulations in force at the time have not been elected, the last candidate who does not meet these requirements elected in the sequential order of the list that obtained the highest number of votes shall be excluded and shall be replaced by the first non-elected candidate from the same list who meets the aforesaid independence requirements following the sequential order. If necessary, this procedure shall be repeated until the number of independent directors to be elected has been reached. If at the end of this replacement procedure, the composition of the Board of Directors does not allow compliance with the minimum number of members meeting the independence requirements established by applicable legislation, the replacement shall be made by resolution passed by the Shareholders' Meeting by majority vote of those represented, subject to submission of candidatures of persons meeting said independence

requirements;

(f) furthermore if, after voting has been completed and the previous letter (e) has been applied, the candidates elected do not ensure that the composition of the Board of Directors complies with applicable legislation and regulations in force at the time on gender balance, the last candidate of the over-represented gender elected in the sequential order of the list that obtained the highest number of votes shall be excluded and shall be replaced by the first non-elected candidate from the same list of the under-represented gender following the sequential order. This replacement procedure shall take place until it has been ensured that the composition of the Board of Directors complies with applicable legislation and regulations in force at the time on gender balance. If at the end of this replacement procedure, the composition of the Board of Directors does not comply with applicable legislation and regulations in force at the time on gender balance, the replacement shall be made by resolution passed by the Shareholders' Meeting by majority vote of those represented, subject to submission of candidatures of persons belonging to the under-represented gender;

(g) If the number of candidates elected on the basis of the lists submitted is lower than the number of directors to be elected, the remaining directors shall be elected by the Shareholders' Meeting, deliberating by majority vote of those represented and, in any case, so as to ensure (i) the presence of the minimum number of independent directors established by applicable legislation and regulations in force at the time, and (ii) compliance with applicable legislation and regulations in force at the time on gender balance. In the event of a tied vote between a number of candidates, a second ballot shall be held between them through a further shareholders' meeting vote, and the candidate who obtains the highest number of votes shall prevail;

(h) If only one list is submitted, the Shareholders' Meeting casts its vote on said list and, if it obtains the majority of votes represented at the Shareholders' Meeting, all the members of the Board of Directors shall be taken from said list in compliance with applicable legislation and regulations in force at the time, also on the matter of (i) independent directors and (ii) gender balance;

(i) If no lists are submitted or only one list is submitted and it does not obtain the majority of votes represented at the Shareholders' Meeting or if the entire Board of Directors does not need to be renewed or if it is not possible for any reason to appoint the Board of Directors in accordance with the procedures established by this article, the members of the Board of Directors shall be appointed by the Shareholders' Meeting with ordinary procedures and majority vote of those represented, without applying the list voting mechanism, and in any case so as to ensure (i) the presence of the minimum number of independent directors established by applicable legislation and regulations in force at the time on the matter, and (ii) compliance with applicable legislation and regulations in force at the time on gender balance, without prejudice to the provisions of paragraphs 20.17 to 20.19 of the By-Laws on directors replacement.

### **3.4 APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS. RELATED AND SUBSEQUENT RESOLUTIONS.**

With regard to the appointment of the Chairman of the Board of Directors, reference is made to Article 17.1 of the By-Laws, which provides that the Chairman shall be appointed by the Board from among its members, if the appointment has not been made by the Shareholders' Meeting.

### **3.5 DETERMINATION OF THE REMUNERATION. RELATED AND SUBSEQUENT RESOLUTIONS.**

Shareholders are reminded that, pursuant to Article 15 of the By-Laws and the relevant regulations in force on the matter, the members of the Board of Directors are entitled - in addition to the reimbursement of expenses incurred in connection with their office and, subject to the provisions of Article 2389, paragraph 3, of the Italian Civil Code - to the remuneration determined by the Shareholders' Meeting.



The same provision of the By-Laws then stated that the Shareholders' Meeting may determine an overall remuneration of all board directors, including those vested with particular offices, to be divided by the Board of Directors in accordance with the law, and may also grant the Directors with a remuneration and an end-of-service allowance, also in the form of an insurance policy.

It should be also noted that, on occasion of the appointment of the Board of Directors currently in office, the Shareholders' Meeting of 29 April 2020 resolved to determine (i) Euro 1,850,000 (one million eight hundred fifty thousand) as the maximum total annual amount for the entire term of office of the fixed remuneration of all Directors, including those vested with special offices; and (ii) Euro 1,850,000 (one million eight hundred and fifty thousand) as the maximum total annual amount for the entire term of office for the variable remuneration, linked to performance indexes, to be attributed to Directors vested with special offices, entrusting the Board of Directors to allocate it among the Directors in consideration of the activity performed in favour of the Company.

With regard to the determination of the remuneration to be attributed to new directors, Shareholders are invited to take into account, when formulating their proposal at this regard, of the 2023 Remuneration Policy contained in Section I of the *"Annual Report on remuneration policy and remuneration paid"* of LU-VE S.p.A. which, as already illustrated in this Report with regard to the Second Item on the Agenda of the Ordinary Session of the Shareholders' Meeting, on **27 March 2023** shall be made available to the public at the Company's administrative offices and on the web site at [www.luvegroup.com](http://www.luvegroup.com) (*"Investor Relations"* section – *"Corporate governance & shareholders"* – *"For the shareholders"* – *Shareholders' meeting"* – *"Shareholders' meeting 28 April 2023"*), as well as on the authorized storage device *eMarket Storage* [www.emarketstorage.com](http://www.emarketstorage.com), and which will be submitted for approval at the Shareholders' Meeting on 28 April 2023.

Lastly, the Board of Directors points out that, taking into account the recommendation formulated in previous years to the administrative bodies and committees responsible for remuneration by the Chairman of the Corporate Governance Committee to verify that the amount of remuneration paid to non-executive directors is appropriate to the competence, professionalism and commitment required by their office, special attention was paid to this aspect during the self-assessment process conducted internally. In view of what emerged in this regard from the results of the aforementioned process, the Board, with the support of the Remuneration and Appointments Committee, verified the data reported in the summary tables of the *"Fin-Gov Report on Corporate Governance in Italy - November 2022 Edition"* edited by the *"Centre for Financial Research on Corporate Governance"* of the Università Cattolica del Sacro Cuore concerning the remuneration attributed to non-executive directors in the year 2021 by listed companies with characteristics similar to those of LU-VE (the aforesaid Report and the relevant summary tables are available at the website <https://centridiricerca.unicatt.it/fin-gov-centro-di-ricerca-sulla-corporate-governance-fin-gov-pubblicazioni#content>). Examination of this data revealed a discrepancy between the remuneration currently attributed to the Company's non-executive directors and that attributed to companies with similar characteristics to LU-VE. The Board therefore recommends that Shareholders also take this data into account when formulating their remuneration proposals.

\* \* \*

Having regard to the foregoing, the expiring Board of Directors refrains from formulating specific proposals on this item on the agenda of the ordinary session of the Shareholders' Meeting and therefore invites the Shareholders' Meeting to express its voting right, based on the proposals that may be formulated by the Shareholders.

In order to allow Shareholders to express their voting rights in a diversified manner with reference to the five sub-items on the agenda of the Shareholders' Meeting, it should be recommended that Shareholders who intend to submit a list for the renewal of the Board of Directors prepare and file,

together with the same list, resolution proposals relating to each of the said sub-items, concerning, in particular:

- (i) the determination of the number of directors who will make up the Board of Directors, in compliance with the limits set forth in the By-Laws;
- (ii) the term of the office of the Board of Directors to be appointed, in compliance with the limits set forth in the By-Laws;
- (iii) the appointment of directors;
- (iv) the appointment of the Chairman of the Board of Directors, it being understood that, pursuant to Article 17 of the By-Laws, in the event the Shareholders' Meeting does not appoint the Chairman, the Board of Directors may do so;
- (v) the determination of the relative remuneration.

The lists and the information submitted with them, as well as the resolutions proposals on the matter, shall be publicised pursuant to the legislation and regulations in force by being made available at the administrative offices and on the Company's web site at [www.luvegroup.com](http://www.luvegroup.com) ("*Investor Relations*" section – "*Corporate governance & shareholders*" – "*For the shareholders*" – "*Shareholders' meeting*" – "*Shareholders' meeting 28 April 2023*"), as well as on the authorized storage device *eMarket Storage* [www.emarketstorage.com](http://www.emarketstorage.com), at least twenty-one days before the date set for the Shareholders' Meeting (i.e. by **7 April 2023**).

## **FOURTH ITEM ON THE AGENDA**

### **APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS FOR THE THREE-YEAR PERIOD 2023/2025**

Dear Shareholders,

with the approval of the Annual Financial Report as at 31 December 2022 the Board of Statutory Auditors of the Company will expire due to the end of the office, appointed by the Shareholders' Meeting for the 2020-2022 financial years and made up, as at the date of this Report, of the auditors, Messrs: Simone Cavalli (Chairman, appointed from the minority list), Paola Mignani (Standing Auditor) Stefano Beltrame (Standing Auditor), Laura Acquadro (Standing Auditor), Patrizia Paleologo Oriundi (Alternate Auditor, appointed from the minority list).

In this regard, it should be noted that all the aforementioned members of the Board of Statutory Auditors were appointed by the Shareholders' Meeting on 29 April 2020.

You are therefore called upon to renew the Board of Statutory Auditors (which, pursuant to Article 22 of the By-Laws, must be made up of three standing auditors, including the Chairman, and two alternate auditors), as well as to appoint its Chairman, determining their relative remuneration.

It should be noted that, pursuant to Article 22 of the By-laws, auditors are appointed for three financial years, they expire on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their office and may be re-elected.

#### **4.1 APPOINTMENT OF THE STATUTORY AUDITORS AND OF THE CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS. RELATED AND SUBSEQUENT RESOLUTIONS.**

The appointment of the Board of Statutory Auditor of the Company is carried out based on lists submitted by shareholders, in compliance with the provisions of Article 23 of the By-Laws, to which express reference is made for the matters not contained below.

##### *Preparation of lists*

Shareholders who – at the time the list is submitted – hold alone or together with others, a share representing at least 2.5% of the capital (the share established by Consob with Executive Resolution no. 76 of 30 January 2023, in compliance with current legislation and regulations) may submit a list including a number of candidates not exceeding the number of members to be appointed, listed progressively by number.

Each candidate may be included on only one list, on penalty of losing the right to be elected.

The lists are divided into two sections: one for candidates to the office of standing auditor, the other for candidates to the office of alternate auditor. The first of the candidates of each section must be entered in the register of independent auditors and have carried out auditing activity for no less than 3 (three) years. If the other candidates do not meet the requirement established above, they must meet the other requirements of professionalism established by applicable legislation and regulations in force at the time. In the event of failure to comply with the obligations set forth in this paragraph, the list shall be deemed not to have been submitted.

Shareholders submitting lists must guarantee compliance with the regulations on gender balance. It should be noted that Article 23 of the By-Laws provides that list containing a total number of candidates equal to or exceeding 3 (three) must be made up of candidates belonging to both genders, so that at least the minimum number of candidates required by the legislation and regulations in force at the time on the matter belongs to the under-represented gender. In this regard, the applicable legislation pursuant to law 160/2019 requires that at least two fifths of the members of the administrative body must belong to the less represented gender. Shareholders are therefore invited to submit the lists also in compliance with the legislation and regulations in force on gender balance,

indicated above and as referred to in the By-Laws, otherwise the list shall be deemed as not submitted. The lists submitted by the Shareholders shall be filed at the Company's administrative office, together with the further required documentation, on penalty of forfeiture, also via a means of remote communication.

Shareholders may submit lists by filing them, on penalty of forfeiture, at the Company's administrative office (to the attention of the General Counsel) or by certified electronic message to be sent to the certified e-mail address [luve@legalmail.it](mailto:luve@legalmail.it), at least twenty-five days before the date set for the Shareholders' Meeting (i.e. by 3 April 2023). In this regard, it should be noted that information which allow the identification of the subject filing the lists and a reference telephone number shall be sent along with the aforementioned documentation, taking into account the provisions of Article 144-*octies*, of the Issuers' Regulation.

It should be noted that, pursuant to Article 144-*sexies* of the Issuers' Regulation, in event that - at the expiration of the aforesaid deadline for filing lists (i.e. **3 April 2023**) – only one list has been filed, or only lists submitted by shareholders who are associated pursuant to Article 144-*quinques* of the Issuers' Regulations, lists may be submitted up to the third day after this date (i.e. until **6 April 2023**). In this case, shareholders who, alone or together with other shareholders, hold – on the day on which the lists are filed – a shareholding of at least 1.25% of the share capital (i.e. equal to half of the 2.5% shareholding established by Consob in the aforementioned Executive Resolution) are entitled to submit lists of candidates. The lists shall be accompanied by:

- (i) information on the identity of the shareholders who have submitted the lists, with indication of the overall percentage shareholding held, together with the certification showing the ownership of this shareholding issued by a legally authorized intermediary, it being understood that this certification can also be produced after the filing of the lists, provided that within the deadline for publication of the lists by the Company (i.e. by **7 April 2023**);
- (ii) statement from shareholders who do not hold, individually or jointly, a controlling or relative majority shareholding, certifying the absence of any direct or indirect association to such latter shareholders, pursuant to the current legislation and regulations;

In this regard, it should be noted the provisions of Article 147-*ter*, paragraph 3 of the Consolidated Law on Finance, regarding the absence of association between the minority list that obtained the most votes and the Shareholders who have submitted or voted the list that came first in terms of number of votes, taking into account Consob Communication no. DEM/9017893 of 26 February 2009. It should be also noted that in this communication the Supervisory Authority recommends that shareholders submitting a "minority list" to file, along with the list, a specific statement certifying: (i) the absence of any direct or indirect association pursuant to art 147-*ter*, paragraph 3, of the Consolidated Law on Finance and Article 144-*quinques* of the Issuers' Regulation with Shareholders who hold, also jointly, a controlling or relative majority shareholding, as well as the absence of the significant relationships indicated in the same Communication or (ii) specifying, if any, the significant relationships indicated in the aforementioned Communication and the reasons for which they were not deemed determining for the existence of associations;

- (iii) comprehensive information on the personal and professional characteristics of the candidates, with specification of the offices of administration and control held in other companies, as well as a statement by the same candidates certifying that they meet the requirements, including those of integrity, professionalism, independence and related to the cumulation of offices, provided for by current legislation and regulations and by the By-

Laws, and their acceptance of the candidature and of the office, if elected;

- (iv) any other further or different statement, information and/or document required under current legislation and regulations.

Furthermore, taking into account that – pursuant to Article 2400, last paragraph, of the Italian Civil Code – at the time of appointment of the Statutory Auditors and prior the acceptance of the office, any administration and control office they hold in other companies must be disclosed to the Shareholders’ Meeting, and also taking into account the provisions on the limits on the cumulation of offices pursuant to Article 148-*bis* of the Consolidated Law on Finance, it should be advised to include all the relevant information in the curriculum vitae of individual candidates filed with the lists.

It should be noted that the list not submitted in compliance with the provisions set forth above shall be deemed as not submitted.

### ***Composition of the Board of Statutory Auditors and requirements of Statutory Auditors***

The members of the Board of Statutory Auditors shall be endowed with the requirements of integrity, professionalism and independence and related to the cumulation of offices, provided for by current legislation and regulations on the matter. For the purposes of Article 1, paragraph 2, letters b) and c) of Italian Decree of the Ministry of Justice No 162 of 30 March 2000, as subsequently amended and integrated, matters on commercial law, corporate law, tax law, business economics, corporate finance, disciplines with a similar or assimilable object, as well as matters and sectors pertaining to the Company’s field of activity and referred to in Article 2 of the By-Laws, shall be deemed to be strictly pertaining to the Company’s field of activity.

Candidates shall be endowed the independence requirements required by the current legislation (in particular, those set forth in Article 148, paragraph 3 of the Consolidated Law on Finance). With regard to situations of ineligibility and the limits on the cumulation of administration and control office that may be held by members of the Board of Statutory Auditors, the provisions of current legislation and regulations apply.

It should be noted that the Corporate Governance Code, to which the Company adheres, recommends, *inter alia*, that the Statutory Auditors meet the independence requirements for qualifying as independent Directors pursuant to the same Corporate Governance Code (in this regard, please refer to what was illustrated in the previous Third Item on the Agenda, with particular reference to the Significance Criteria).

With reference to the composition of the lists, the Board of Directors, taking into account the diversity policy in the composition of the administrative body contained in the “*Policy on diversity for members of the corporate bodies of LU-VE S.p.A.*” approved in the current version by the same Board of Director on 24 February 2022 on the proposal of the Remuneration and Appointments Committee and consulting the Board of Statutory Auditors (available on the Company’s web site at [www.luvegroupp.com](http://www.luvegroupp.com), “*Investor Relations*” section – “*Corporate governance & shareholders*” – “*Codes & company documents*” – “*Company documents*”), recommends to the Shareholders who wish to submit a list that is desirable to ensure the most effective functioning of the Board of Auditors:

- (i) that at least one Standing Auditor and one Alternate Auditor are accounts auditors registered in the specific register;
- (ii) that a balanced combination is considered within the Board of Statutory Auditors of different seniority in office and, if possible, different age groups, so as to allow for a balanced combination of experiences and sensitivities;
- (iii) that the composition of the Board of Statutory Auditors in any case ensures the balance between genders, in compliance with current legislation and regulations, as well as in compliance with

the provisions of the Corporate Governance Code on this matter, both at the time of appointment and throughout the office;

(iv) that at least one Standing Auditor has an adequate experience with listed companies, complex and/or international contexts;

(v) that the presence of Auditors who, as a whole, are competent in the industrial sectors preferably similar to those in which the LU-VE Company and Group operate is ensured;

(vi) that the presence of figures with a managerial and/or professional and/or academic and/or institutional profile is ensured in order to achieve a combination of different and complementary skills and experiences;

(vii) that the Chairman is a person endowed with authority such as to ensure the adequate performance and coordination of the work of the Board of Statutory Auditors with any further activities carried out by other parties involved in the internal control and risk management system.

In order for the Board of Statutory Auditors of the Company to be able to perform its duties in the most effective manner, in addition to the above mentioned requirements in terms of diversity, it is deemed of paramount importance that the Statutory Auditors guarantee a sufficient time availability for the accurate and conscious performance of their duties, taking into account the number of other offices held in the administrative and control bodies of other companies (in compliance with the current legislation) and the commitment required of them by any additional work and professional activities carried out.

For the purpose of an optimal composition of the new Board of Statutory Auditors, it should be therefore hoped that, in identifying the members of the list for the renewal of this corporate body by the Shareholders:

(i) an objective of integrating different professional and/or academic profiles is pursued, with particular regard to economic, accounting, legal and financial and risk management matters, and which, due to their characteristics, may enable an optimal performance of the supervisory functions entrusted to the Board of Statutory Auditors;

(ii) account is also taken – in addition to the necessary requirements of integrity, professionalism and independence, as well as the limit on the cumulation of offices required by law and the By-Laws – of the importance of a balanced gender representation in compliance with the provisions of the law and the By-Laws in force and the Corporate Governance Code, as well as of the benefits that may arise from the presence of different age groups, also in terms of plurality of perspectives and experience, as well as of different seniority in office, in order to effectively mediate between the needs of continuity and renewal.

### ***Appointment rules***

It should be also noted that, pursuant to Article 23 of the By-Laws, the appointment of members of the Board of Directors shall proceed as follows:

(a) from the list that obtained the highest number of votes, 2 (two) standing auditors and 1 (one) alternate auditor are taken, in the sequential order in which they are stated in the appropriate sections of the list;

(b) the remaining standing auditor and the remaining alternate auditor are taken, on the basis of the sequential order in which they are stated in the appropriate sections of the list, from the list that obtained the second highest number of votes after the list referred to in letter (a) above, votes cast by shareholders who are not in any way associated, either directly or indirectly, pursuant to applicable legislation and regulations in force at the time, with the shareholders who submitted or voted for the

list that obtained the highest number of votes;

(c) in the event of a tie between lists, the list submitted by shareholders holding the greater shareholding or, in the alternative, by the highest number of shareholders, shall prevail;

(d) if, after voting has been completed the candidates elected do not ensure that the composition of the Board of Statutory Auditors complies with applicable legislation and regulations in force at the time on gender balance, the last candidate to the office of standing auditor of the over-represented gender elected in the sequential order in the appropriate section of the list that obtained the highest number of votes shall be excluded and shall be replaced by the first non-elected candidate of the under-represented gender from the same section following the sequential order. If at the end of this replacement procedure, the composition of the Board of Statutory Auditors does not comply with applicable legislation and regulations in force at the time on gender balance, the replacement shall be made by resolution passed by the Shareholders' Meeting by majority vote of those represented, subject to submission of candidatures of persons belonging to the under-represented gender;

(e) if the number of candidates elected based on the lists submitted is lower than the number of statutory auditors to be elected, the remaining statutory auditors shall be elected by the Shareholders' Meeting, deliberating by majority vote of those represented and, in any case, so as to ensure compliance with applicable legislation and regulations in force at the time on gender balance. In the event of a tied vote between a number of candidates, a second ballot shall be held between them through a further shareholders' meeting vote, and the candidate who obtains the highest number of votes shall prevail;

(f) if only one list is submitted, the Shareholders' Meeting casts its vote on said list and, if it obtains the majority of votes represented at the Shareholders' Meeting, all the members of the Board of Statutory Auditors shall be taken from said list in compliance with applicable legislation and regulations in force at the time, also on the matter of gender balance;

(g) if no lists are submitted or only one list is submitted and it does not obtain the majority of votes represented at the Shareholders' Meeting or if the entire Board of Statutory Auditors does not need to be renewed or if it is not possible for any reason to appoint the Board of Statutory Auditors in accordance with the procedures established by this article, the members of the Board of Statutory Auditors shall be appointed by the Shareholders' Meeting with ordinary procedures and majority vote of those represented, without applying the list voting mechanism, and in any case so as to ensure compliance with applicable legislation and regulations in force at the time on gender balance.

#### ***Appointment of the Chairman***

It should be noted that the Chairman of the Board of Statutory Auditors is identified as the standing auditor appointed by the minority, unless only one list has been voted or no lists have been submitted, in which case the Chairman of the Board of Statutory Auditors shall be appointed by the Shareholders' Meeting deliberating by majority vote of those represented.

#### **4.2 DETERMINATION OF THE REMUNERATION. RELATED AND SUBSEQUENT RESOLUTIONS.**

With regard to the determination of remuneration to be attributed to the standing members of the Board of Statutory Auditors, it should be noted that, pursuant to Article 2402 of the Italian Civil Code, the remuneration of standing Auditors is determined by the ordinary Shareholders' Meeting at the time of appointment, for the entire duration of their office. Therefore, Shareholders are called upon to resolve also on the determination of remuneration to its members.

In this regard, it should be noted that, for the three-year period 2020-2022, the Shareholders' Meeting of 29 April 2020 resolved on a gross annual remuneration for the Chairman of the Board of Statutory Auditors equal to Euro 45,000 (forty-five thousand) and for each of the two Standing Auditors equal to

Euro 30,000 (thirty thousand).

In order to allow the Shareholders to assess the adequacy of the remuneration to be proposed, the Board of Directors recalls the data and information provided on the average time spent in each financial year for the performance of the term of office expiring and the relative summary considerations expressed by the expiring Board of Statutory Auditors in the report drawn up pursuant to Rule Q.1.6 of the “Rules of Conduct for the Board of Statutory Auditors of Listed Companies” issued by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*, attached hereto.

\* \* \*

The expiring Board of Directors and invites the Shareholders’ Meeting to express its voting right on the present item on the agenda of ordinary session of the Shareholders’ Meeting, based on the proposals that may be formulated by the Shareholders.

It should be recommended that Shareholders who intend to submit a list for the renewal of the Board of Statutory Auditors shall prepare and file, together with the same list, resolution proposals relating to each of the said sub-items as per the present item on the agenda of the ordinary session of the Shareholders’ Meeting, concerning, in particular:

- (i) the appointment of statutory auditors (three standing auditors and two alternate auditors) and of the Chairman of the Board of Statutory Auditors for the 2023, 2024 and 2025 financial years, by voting on any candidate lists submitted;
- (ii) the determination of remuneration attributable to members of the Board of Statutory Auditors for the performance of the office to be granted;

The lists and the information submitted with them, as well as the resolutions proposals on the matter, shall be publicised pursuant to the legislation and regulations in force by being made available at the administrative offices and on the Company’s web site at [www.luvegroup.com](http://www.luvegroup.com) (“Investor Relations” section – “Corporate governance & shareholders” – “For the shareholders” – Shareholders’ meeting” – “Shareholders’ meeting 28 April 2023”), as well as on the authorized storage device *eMarket Storage* [www.emarketstorage.com](http://www.emarketstorage.com), at least twenty-one days before the date set for the Shareholders’ Meeting (i.e. by **7 April 2023**).



## FIFTH ITEM ON THE AGENDA

### PROPOSAL FOR AUTHORISATION OF THE PURCHASE AND DISPOSAL OF TREASURY SHARES, SUBJECT TO REVOCATION OF THE RESOLUTION ADOPTED BY THE SHAREHOLDERS' MEETING OF 29 APRIL 2022. RELATED AND SUBSEQUENT RESOLUTIONS.

Dear Shareholders,

the Shareholders' Meeting held on 29 April 2022, having revoked the resolution previously adopted on this matter by the Shareholders' Meeting held on 27 April 2021, authorised the Company to purchase treasury shares, for a period of 18 (eighteen) months from the date of the resolution, as well as to dispose of them without time limits.

As of today, the Company has not exercised the aforementioned authorisation and, against purchases made in the past, holds No. 28,027 treasury shares in portfolio, equal to 0.1261% of the ordinary share capital and equal to 0.1096% of the voting share capital. The Company does not hold treasury shares indirectly through subsidiaries, trusts or third parties.

Since the term of validity for the above authorisation will expire on 29 October 2023, in order to avoid having to convene a specific Shareholders' Meeting close to that deadline and given that this proposal is in line with practices followed by most listed companies, the Board of Directors considers it useful to propose that you proceed with the approval of a new authorisation to purchase and dispose treasury shares, subject to revocation of the authorisation previously resolved by the Shareholders' Meeting of 29 April 2022.

The reasons and procedures for purchase and disposal of treasury shares for which we request your authorisation are indicated below.

(A) Reasons for requesting authorisation to purchase and dispose of treasury shares

The reason for the resolution of the Board of Directors to submit, once again, to the Shareholders' Meeting the request for authorisation to carry out transaction to purchase treasury shares – subject to revocation of the authorisation resolved by the Shareholders' Meeting last year – and, under certain conditions, to dispose the same, in compliance with the equal treatment of shareholders and the applicable legislation and regulations, including Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“**Regulation (EU) no. 596/2014**”) and the related regulatory technical standards, as well as market practices permitted by Consob, is to allow the Company:

- a) to be able to invest in the Company shares, in the interest of the same and of all the Shareholders, if the trend of stock market prices or the amount of available liquidity may make such a transaction convenient in economic terms;
- b) to be able to act in the interests of the Company and of all Shareholders, in compliance with applicable regulations, in relation to contingent market situations, to carry out an activity that improves the liquidity of the stock, encouraging the regular trend of trading;
- c) if necessary, to use treasury shares as part of transactions related to industrial or commercial projects, or in any case of interests of the Company or the LU-VE Group, in relation to which opportunities to exchange or dispose of packages of shares or to pledge collateral on the same;
- d) if necessary, to be able to purchase and/or sell and/or assign treasury shares (or options on the shares) in relation to (i) compensation plans based on financial instruments pursuant to Article 114-bis of the Consolidated Law on Finance in favour of, inter alia, directors, employees, collaborators or consultants of the Company or its subsidiaries, and (ii) the issue

of financial instruments convertible to shares and (iii) plans to assign shares free of charge to Shareholders.

(B) Maximum number and nominal value of the shares that to which authorisation proposal refers

The proposal envisages that the authorisation involves purchases of the Company's shares, carried out, also in one or more tranches, up to a maximum number of 2,223,436 (two million two hundred twenty-three thousand four hundred thirty-six) treasury shares, equal to 10% (ten per cent) of the share capital, and therefore in an extent not exceeding one fifth of the Company's share capital – taking account, for this purpose, any shares held by subsidiaries – and in any case within the limit of distributable profits and available reserves as recorded in the latest duly approved financial statements.

The requested authorisation includes the power to subsequently dispose of the shares held, without any time limits, on one or more tranches, even before reaching the maximum quantity of shares that may be purchased, and, if necessary, to buy back the same shares, in compliance with the limits and conditions established in this authorisation.

(C) Information useful for the valuation in accordance with the provisions of Article 2357, paragraph 3 of the Italian Civil Code

As mentioned above, the value of the shares for which authorisation to purchase is requested does not exceed the limit corresponding to the fifth part of the Company's share capital, taking into account for this purpose also the shares that may be purchased by the Company and its subsidiaries.

In any case, specific instructions will be given to the subsidiaries to promptly report any purchase of shares carried out pursuant to Article 2359-bis et seq. of the Italian Civil Code.

(D) Duration of the authorisation

The authorisation to purchase treasury shares is requested for a period of 18 (eighteen) months from the date on which the Shareholders' Meeting adopts the related resolution.

The authorisation to dispose of treasury shares, even before the purchases are exhausted, is requested without any time limits.

(E) Minimum and maximum price and market assessments

Purchase of treasury shares

The purchase price of each of the treasury shares shall be, as a minimum, not less than 15% (fifteen per cent), and, as a maximum, not more than 15% (fifteen per cent) of the average official stock exchange price recorded on Euronext STAR Milan market in the three stock market sessions prior to the purchase or the announcement of the transaction, according to the technical procedures established by the Board of Directors.

Disposal of treasury shares

With regard to the disposal of treasury shares, only the minimum price limit of the sale to third parties is defined, which shall be such as not to entail negative economic effects for the Company, and in any case not less than 95% (ninety-five per cent) of the average official stock exchanges prices recorded on the Euronext STAR Milan market in the three stock market sessions prior to the sale. This price limit may be waived in the event of exchangers or transfers of treasury shares (or pledging collateral on the same) as part of transactions related to industrial and/or commercial projects and/or in any case of interests to the Company or the Group, and in the case of assignment and/or transfer of shares (or options on

the same) in relation to (i) stock options plans based on financial instruments pursuant to Article 114-bis of the Consolidated Law on Finance (in favour of, *inter alia*, directors, employees, collaborators or consultants of the Company or the Group companies), and/or (ii) to service the issuance of other financial instruments convertible into shares and/or (iii) free of charge stock grant programs.

(F) Procedures for the purchase and disposal of treasury shares

The transactions to purchase treasury shares may be made in accordance with the provisions of Article 5 of Regulation (EU) no. 596/2014, and shall be carried out in compliance with Article 132 of the Consolidated Law on Finance, Article 144-bis of the Issuers' Regulation and, if any, the accepted market practices, therefore including, *inter alia*, (i) by means of public takeover bid or exchange offer, or (ii) on the market or, if need be, on multilateral trading systems, according to the operating procedures established by the market management company that do not allow the direct matching of trading proposal to purchase with predetermined trading proposal to sell, or (iii) through purchase and sale, in compliance with the applicable regulations, of derivative instruments traded on regulated markets or, if need be, on multilateral trading systems that require the physical delivery of the underlying shares, or (iv) by granting Shareholders, in proportion to the shares held, with a put option to be exercised within 18 (eighteen) months from the date on which the Shareholders' Meeting adopts the corresponding resolution, or (v) as established by market practices permitted by Consob pursuant to Article 13 of Regulation (EU) no. 596/2014, or in any case, in such a way as ensure equal treatment of Shareholders and compliance with all applicable provisions, including European regulations (including, if applicable, the regulatory technical standards adopted in implementation of Regulation (EU) no. 596/2014).

Treasury shares may be purchased in other ways than those indicated above if permitted by regulations in force from time to time, taking into account the requirement to comply with the principle of equal treatment of Shareholders in all cases.

Purchases may be made in one or more tranches.

The disposal of the treasury shares may be take place, on one or more tranches, even before the maximum number of shares that may be purchased has been exhausted; the disposal shall be take place through sale on the stock exchange, off-market or through exchange with equity interest or other asset or through the pledging of collateral on shares as part of transaction connected to industrial and/or commercial projects and/or in any case of the interests to the Company or the Group, in execution of incentive programmes or in any case of stock option plans based on financial instruments pursuant to Article 114-bis of the Consolidated Law on Finance (in favour of, *inter alia*, directors, employees, collaborators of the Company or of Group companies), to service the issuance of other financial instruments convertible into shares, through free of charge stock grant programs and also by means of public takeover bid or exchange offer; shares may also be disposed of in association with other financial instruments.

Treasury shares may be disposed in other ways than those indicated above, if permitted by the legislation, including European legislation, in force from time to time.

(G) Information on the instrumentality of the purchase for the reduction of the share capital

It should be noted that the abovementioned purchase of treasury shares is not instrumental to a reduction of the share capital.

\* \* \*

In view of the above, we propose that the following resolution be adopted:

*“The Shareholders’ Meeting of LU-VE S.p.A.,*

- *having regard the resolution of the ordinary Shareholders’ Meeting of LU-VE S.p.A., held on 29 April 2022, concerning the authorisation to purchase and dispose of treasury shares;*
- *having acknowledged the Board of Directors’ Report and taken into account the current provision of legislation and regulations;*

**resolved**

- 1) *to revoke, with effect from the date of this Shareholders’ Meeting resolution, the resolution relating to the authorisation to purchase and dispose treasury shares adopted by the Shareholders’ Meeting of 29 April 2022;*
- 2) *to authorise purchase and sale transactions of treasury shares for the purposes indicated in the above-mentioned Directors’ Report, in accordance with the terms and methods set out below:*
  - *without prejudice to the limits pursuant to Article 2357 of the Italian Civil Code, the purchase may take place by means of one or more tranches, to an extent not exceeding 10% of the share capital, and up to the total amount of no. 2,223,436 (two million two hundred and twenty-three thousand and four hundred and thirty-six) ordinary shares, taking into account the shares held by the Company and by the subsidiaries of LU-VE S.p.A. and within the limits of the distributable profits and of the available reserves resulting from the last duly approved financial statements;*
  - *the authorisation to purchase treasury shares has been resolved for a period of 18 (eighteen) months starting from today’s date and therefore up to 28 October 2024;*
  - *the authorisation includes the power to subsequently dispose of the shares held, on one or more tranches, even before the maximum number of shares that may be purchased has been exhausted, and, if appropriate, to buy back those shares, always in accordance with the limits and conditions provided for by this authorisation.*
  - *the purchase price of each of treasury shares shall be, as a minimum, not less than 15% (fifteen per cent), and, as a maximum, not more than 15% (fifteen per cent) of the average official stock exchange price recorded on Euronext STAR Milan market in the three stock market sessions prior to the purchase or the announcement of the transaction, according to the technical procedures established by the Board of Directors.*
  - *the sales price to third parties shall not be less than 95% (ninety-five per cent) of the average official stock exchanges prices recorded on the Euronext STAR Milan market in the three stock market sessions prior to the sale. This price limit may be waived in the event of exchangers or transfers of treasury shares (or pledging collateral on the same) as part of transactions related to industrial and/or commercial projects and/or in any case of interests to the Company or the Group, and in the case of assignment and/or transfer of shares (or options on the same) in relation to stock options plans based on financial instruments pursuant to Article 114-bis of the Consolidated Law on Finance (in favour of, inter alia, directors, employees, collaborators or consultants of the Company or the Group companies), and/or to service the issuance of other financial instruments convertible into shares and/or free of charge stock grant programs; the transactions to purchase treasury shares may be made in accordance with the provisions of Article 5 of Regulation (EU) no. 596/2014, and shall be carried out in compliance with Article 132 of the Consolidated Law on Finance, Article 144-bis of the Regulation adopted by Consob resolution no. 11971/1999 and, if any, the accepted market practices, therefore including, inter alia, (i)*

*by means of public takeover bid or exchange offer, or (ii) on regulated market or, if need be, on multilateral trading systems, according to the operating procedures established by the market management company; (iii) by means of purchase and sale, in compliance with the applicable regulations from time to time, of derivative instruments traded on regulated markets or, if need be, on multilateral trading systems that require the physical delivery of the underlying shares, or (iv) by granting Shareholders, in proportion to the shares held, with a put option to be exercised within 18 (eighteen) months from the date on which the Shareholders' Meeting adopts the corresponding resolution, or (v) as established by market practices permitted by Consob pursuant to Article 13 of Regulation (EU) no. 596/2014; (vi) by different means permitted by the legislation, including European, from time to time in force; in any case equal treatment of Shareholders and compliance with applicable rules, including European rules, shall be ensured;*

- *the authorisation to dispose of treasury shares, even before the maximum number of shares that may be purchased has been exhausted, was granted without any time limits.”.*

\* \* \*

Uboldo, 14 March 2023

On behalf of the Board of Directors

The Chairman and Chief Executive Officer

Mr. Matteo Liberali

## **REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE BOARD OF DIRECTORS**

Dear Directors,

with this report, drawn up in accordance with the “*Codes of conduct of the board of statutory auditors of listed companies*” issued by the National Board of Accountants and Accounting Experts (Edition of April 2018, making reference in particular to Regulation Q.1.6, “*Remuneration*”), the Board of Statutory Auditors of LU-VE S.p.A. (hereinafter “LU-VE S.p.A. or the “Company””) reports on the activities carried out, specifying the number of meetings and their duration, as well as on the time required for the activities carried out and the professional resources used, in order to allow Shareholders and auditors candidates to assess the adequacy of the compensation proposed.

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### **1. Introduction**

In its current composition, the Board of Statutory Auditors began its term of office on 29 Aprile 2020 (two of the three members were already in office prior to such date). The report below, therefore, refers to the period included between 29 April 2020 to today, 15 February 2023.

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### **2. Activities carried out, number of meetings and their duration, time required**

In its supervisory activity (on the observance to the law and to the articles of associations, on compliance with the principles of correct administration and the adequacy of the organizational, administrative and accounting structure adopted by the Company and its correct operation), during the period in question (29 April 2020 to 15 February 2023) the Board held regular meetings, met various managers of company functions, participated in the Shareholders’ Meetings, the Board of Directors’ meetings and the meetings of the Board Committees, i.e., the Control and Risk Committee with responsibility for Related Party Transactions and the Remuneration and Appointments Committee, met the members of the Supervisory Body, the Company’s auditors, and exchanged information with members of the Board of Statutory Auditors of the Group’s Italian subsidiaries.

A summary of the data and information useful to provide a comprehensive framework of the time spent on average (per financial year) to carry out the office is provided below. The forecast of the time necessary to develop ones own knowledge of the Company and of the group as well as keeping up to date with the legislation, regulations and the uses pertaining to the office of the Board of Statutory Auditors in listed companies, which can be assessed only by each individual, must be added to the summary provided. More specifically, the Board

1) during the 2020 financial year (from 29 April to 31 December)

- met 6 times; all auditors attended the meetings and the average duration of these meeting was of around 2.5 hours;
- attended 6 meetings of the Board of Directors, whose average duration was of around 2.45 hours;
- participated, normally in the form of the entire board,
  - ✓ in the 6 meetings held by the “Control and Risk Committee with responsibility for Related Party Transactions”;

✓ in the 5 meetings held by the Remuneration and Appointments Committee;

2) during the 2021 financial year:

- met 10 times; all auditors attended the meetings and the average duration of these meeting was of around 2 hours;
- attended 11 meetings of the Board of Directors, whose average duration was of around 2.45 hours;
- participated in the Shareholders' Meeting held on 27 April 2021;
- participated, normally in the form of the entire board,
  - ✓ in the 10 meetings held by the "Control and Risk Committee with responsibility for Related Party Transactions";
  - ✓ to the 6 meetings held by the Remuneration and Appointments Committee;

3) during the 2022 financial year:

- met 9 times; all auditors attended the meetings and the average duration of these meeting was of around 3 hours;
- attended 12 meetings of the Board of Directors, whose average duration was of around 2.00 hours;
- participated in the Shareholders' Meeting held on 29 April 2022;
- participated, normally in the form of the entire board,
  - ✓ in the 7 meetings held by the "Control and Risk Committee with responsibility for Related Party Transactions";
  - ✓ to the 8 meetings held by the Remuneration and Appointments Committee;

4) during the current 2023 financial year:

- met 2 times; all auditors attended the meetings and the average duration of these meeting was of around 2 hours;
- attended 1 meeting of the Board of Directors, whose duration was of around 2.00 hours;
- participated, normally in the form of the entire board,
  - ✓ in the 2 meetings held by the "Control and Risk Committee with responsibility for Related Party Transactions";
  - ✓ to the 2 meetings held by the Remuneration and Appointments Committee.

In the period in question, the Board of Statutory Auditors:

- verified the compliance of the organizational structure, the internal procedures, the corporate deeds and the resolutions of the corporate bodies with applicable legal standards, provisions of the articles of association and applicable regulations, as well as the codes of conduct to which the Company adheres;

- obtained information from the Directors, with the required frequency, on the activity carried out as well as on the transactions of greatest economic, patrimonial and financial relevance approved and carried out during the year, including through subsidiaries. With regard to transactions able to significantly affect the economic, patrimonial and financial situation of the Company, the following should be, *inter alia*, noted:
- with reference to 2020
  - ✓ in February 2020 the purchase price of the “Al Air”, air heat exchangers division (“Air Division”) of the Alfa Laval Group acquired in 2019 has been redetermined with a relevant reduction to a value of Euro 51 million;
  - ✓ the Company had to face the emergency related to the Covid-19 pandemic, establishing *inter alia* a specific Crisis Committee; the Board participated regularly to the meeting of such Committee;
  - ✓ during the financial year, following the exercise by the minority shareholder of Spirotech Ltd of his put option related to the remaining 5% of his shareholding, the parent company LU-VE S.p.A. acquired the 100% of the share capital of the affiliate. For the transfer, LU-VE paid Euro 4.1 million;
  - ✓ during the financial year, new financing agreements have been entered into, for an overall amount of Euro 170.5 million, the majority of which without availing of the assistances provided for under the various decrees of the Prime Minister;
- with reference to 2021:
  - ✓ during the financial year, new financing agreements have been entered into, for an overall amount of Euro 160.0 million and other terminated in advance for an overall amount of Euro 59.7 million with the purpose to further optimize the financial structure;
  - ✓ the Board continued to participate to the meetings of the Crisis Committee, paying the utmost attention to the measures adopted by the Company to face the pandemics and safeguard the health of its employees.
- With reference to 2022:
  - ✓ dramatic difficulties related to the conflict between Russia and Ukraine added to those related to the Covid-19 pandemic not yet normalized. The Board followed the measures adopted by the Company and the Group with reference, *inter alia* and in particular, to the decisions taken concerning the Russian affiliates and the plant situated in the Russian Federation;
  - ✓ on 21 March 2022 the LU-VE Group sold its overall participation (79,9%) in Tecnair LV S.p.A. (active in the production of precision air conditioning units for white chambers and datacenter) to the Swedish company Systemair AB, listed in the Stockholm Stock Exchange for a value of Euro 12.9 million;
  - ✓ on 30 March 2022 has been completed the acquisition of an interest equal to 75% in the company Refrion S.r.l. with registered office in Flumignano (UD), specialized in the production of ventilated products with adiabatic technology, which allows significant reductions in energy and water consumption and in sound emissions. The agreement provides for a put&call option for the purchase of the remaining 25% of the share capital, enforceable within the next five years. The provisional



price defined in the agreement was equal to Euro 9.5 million and the consideration paid at closing and founded with internal cash availability of the Group was equal to Euro 8.1 million;

- ✓ at the beginning of August has been completed the purchase of the business of Italian Wnabao ACC S.r.l. in Borgovalbelluna (BL), and end September has been carried out the first step in the reconversion of the plant with the installation and start up of the two first production lines of heat exchangers;
  - ✓ during the financial year, new financing agreements have been entered into, for an overall amount of Euro 150.0 million, with the purpose to further optimize the financial structure
  - ✓ at the end of September, the Company passed to the Euronext STAR Segment of the Italian Stock Exchange.
- supervised the adequacy of the organizational structure of the Company and the Group, compliance with the principles of proper administration in terms of structure, procedures, roles and responsibilities, taking into account the size of the Company and the nature and methods for the pursuit of the corporate purpose, also with reference to the adequacy of the instructions provided by the Company to its subsidiaries, pursuant to art. 114, paragraph 2 of the Consolidated Law on Finance.
  - released opinions relating to the annual and long term incentive plans for Executive Directors and the proposal of annual audit plan;
  - verified that each of the three standing members and the two alternates provided the Company with a list of their current management and control offices, with information about their personal and professional characteristics; the Board has also carried out a self-assessment process;
  - evaluated and supervised the adequacy of the internal control and risk management system, the activities of the Control and Risk Committee and, lastly, the activities of the Remuneration and Appointments Committee;
  - supervised the accounting-administrative system and, on the basis of the provisions of art. 19 of Italian Legislative Decree 39/2010, on: (i) the financial reporting process; (ii) the independent audit of the annual and consolidated accounts; (iii) the independence of the auditing firm, with reference to the non-audit services provided. The company responsible for auditing the accounts of LU-VE is Deloitte & Touche S.p.A. (hereinafter also the “Auditing firm”). This engagement was assigned by the LU-VE Ordinary Shareholders' Meeting by resolution of 10.03.2017 and will end with the approval of the financial statements as at 31 December 2025; the Board has monitored the tasks assigned to Deloitte & Touche S.p.A. relative to other services. During systematic meetings between the Board of Statutory Auditors and the Auditing Firm, the Board:
    - ✓ analyzed the auditing plan prepared by the Auditing Firm, verifying the adequacy of the audits and the validations planned with respect to the size and organizational and business complexity of the Company;
    - ✓ received from the Auditing Firm the audit reports on the financial statements of the Company and the Group pursuant to arts. 14 of Italian Legislative Decree 39/10 and 10 of Regulation (EU) 537/2014;

- ✓ received from the Auditing Firm the additional report established by art. 11 of Regulation (EU) 537/2014;
- ✓ received from the Auditing Firm the report pursuant to art. 3, paragraph 10 of Italian Legislative Decree 254/2016 and art. 5 of Consob Regulation no. 20267, concerning the limited assurance engagement, on the consolidated non-financial statement (NFS) of LU-VE S.p.A. and its subsidiaries;
- ✓ received from the Auditing Firm a communication confirming its independence pursuant to article 17, paragraph 9, letter a) of Italian Legislative Decree no. 39/2010. In addition, it verified compliance with the provisions of Italian Legislative Decree 135/2016 and Regulation (EU) no. 537/2014 which, so as to guarantee the independence of the Auditing Firm, establish specific limits on the assignment of advisory projects to auditing firms which already perform audit activities.

The performance of the above-mentioned activities took place in a context of relevant development of the Company and of the holding Group.

In summary, the overall commitment for an individual member, overall considering the activities of pertinence to the Board of Statutory Auditors, was on average of around 240 hours per year for each Permanent Auditor and of around 320 hours per year for the Chairman of the Board of Statutory Auditors.

### **3. Summary considerations**

In the awareness of the objective difficulty in calculating a precise quantification of the time and commitment required from the Board of Statutory Auditors to adequately complete its role, the Board deems that what has been reported here is indicative of the breadth and complexity of the issues dealt with in the context of its operation, the operation of the Board of Directors and the relative Committees, as well as of the Shareholders' Meeting and in consequence of the professionalism and commitment, also in temporal terms, required to the members of the Board of Statutory Auditors itself. It should also be noted that the professionalism and the competences required need a continuous updating, also taking into account the development of the national and European regulations for listed companies and the sectors in which the LU-VE Group operates.

Having said this, it is deemed that what has been reported represents a significant indication in support of the assessment of the adequacy of the compensation that will be proposed for the members of the future Board of Statutory Auditors of the Company.

Uboldo, 15 February 2023

For the Board of Statutory Auditors

The Chairman

Simone Cavalli