



**DIVERSITY POLICY  
FOR MEMBERS OF CORPORATE BODIES  
OF LU-VE S.p.A.**

*(Approved by the Board of Directors on 28 February 2020 and afterwards amended on 24 February 2022)*

# CONTENTS

CONTENTS.....	2
GLOSSARY AND DEFINITIONS.....	3
1. Introduction .....	5
2. Purposes .....	5
3. Scope of application and recipients .....	6
4. General Principles .....	6
5. Diversity criteria and objectives in the composition of the Board of Directors .....	7
6. Diversity criteria and objectives in the composition of the Board of Statutory Auditors.....	8
7. Methods of Implementing the Policy .....	9
8. Monitoring Implementation of the Policy .....	10
9. Approval, entry into force and updating of the Policy .....	10

## GLOSSARY AND DEFINITIONS

**Director or Directors:** refers to the members of the LU-VE Board of Directors.

**Shareholders' Meeting:** refers to the shareholders' meeting of LU-VE.

**Shareholders:** refers to the shareholders of LU-VE.

**CEO:** refers to the Chief Executive Officer of LU-VE, assigned the duty of organising and managing the Company's administration, finance and control departments.

**Code or Corporate Governance Code:** refers to the Corporate Governance Code approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, and adopted by LU-VE.

**Civil Code or C.C.:** refers to the Italian Civil Code.

**Board of Statutory Auditors or Control Body:** refers to the Board of Statutory Auditors of LU-VE.

**Board or Board of Directors or Management Body:** refers to LU-VE's board of directors.

**Remuneration and Appointments Committee or RAC:** refers to the board committee of LU-VE which has been assigned the functions of appointment and remuneration of the Directors pursuant to articles 4 and 5 of the Corporate Governance Code.

**LU-VE, Issuer or Company:** refers to LU-VE S.p.A., with registered office in Via Vittorio Veneto no. 11, Varese, Italy, Tax Code and VAT no. 01570130128.

**Directive 2014/95/EU:** refers to Directive 2014/95/EU of the European Parliament and the Council of 22 October 2014 *"amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups"*.

**Corporate Bodies:** refers to the Board of Directors and Board of Statutory Auditors.

**Policy:** refers to this *"Diversity Policy for members of corporate bodies of LU-VE S.p.A."*

**Chairman:** refers to the Chairman of the Board of Directors.

**Report on Corporate Governance:** report on corporate governance and ownership structures governed by art. 123-bis of the Consolidated Law on Finance and published annually by the Company.

**Statutory Auditor or Statutory Auditors:** refers to the members of the Board of Statutory Auditors.

**Articles of Association:** refers to the articles of association of LU-VE.

**Sustainable Success:** refers to, as defined by the Corporate Governance Code, *"objective that guides the action of the management body and which takes the form of creating long-term value for the benefit of shareholders, taking into account the interests of the other stakeholders relevant to the Company"*.

**Consolidated Law on Finance** or **CLF**: refers to the Consolidated Law on Finance, pursuant to Legislative Decree no. 58 of 24 February 1998, as amended.

# 1. INTRODUCTION

This Policy is adopted by the Company in implementation of that set out:

- (i) in art. 123-bis, paragraph 2, letter d-bis) of the Consolidated Law on Finance, pursuant to which, save for the application of the comply or explain principle, companies that issue securities must provide in their reports on corporate governance and ownership structures *“a description of the diversity policies applied regarding the structure of the administrative, management and auditing bodies in relation to aspects such as age, gender and training/professional courses taken, with a description of the objectives, implementation methods and results of said policies”*;
- (ii) in the principles and recommendations contained in art. 2 of the Corporate Governance Code on the *“Composition of corporate bodies”*, with specific regard to the criterion of diversity, including gender diversity.

As indicated in Directive 2014/95/EU, diversity of competences and views of the members of Corporate Bodies: (i) facilitates a good understanding of the business organisation and affairs of an issuer, guaranteeing, inter alia, effective involvement of the Directors in the preparation of the strategies that support the Group’s strategic-operational plan; (ii) enables members of the Corporate Bodies to constructively challenge the management decisions and to be more open to innovative ideas, addressing the similarity of views of members, also known as the ‘group-think’ phenomenon.; and (iii) contributes thus to effective oversight of the management and to successful governance of the undertaking.

# 2. PURPOSES

This Policy defines and formalises the criteria and implementation methods used by LU-VE to ensure an adequate level of diversity among the members of its Corporate Bodies, with the goal of guaranteeing an optimum composition of those bodies, in order to:

- enrich discussion, which is a crucial condition for a well-thought out and informed decision, due to the diversified competencies of its members, which make it possible to take decisions with the contribution of multiple qualified, differing points of view, capable of examining the issues under discussion from different viewpoints;
- enable a better understanding of stakeholders' needs and demands;
- reduce the risk of validating opinions of the members of the bodies;
- make the decision-making process more effective and in-depth;
- ensure the following for the members of the Corporate Bodies: (i) the Directors can constructively discuss the decisions of the management, and (ii) the Statutory Auditors can more effectively exercise their supervisory duties.

### 3. SCOPE OF APPLICATION AND RECIPIENTS

This Policy refers to the members of the Board of Directors and the Board of Statutory Auditors of LU-VE.

It is specifically targeted to the parties involved in the process of selecting and appointing the Directors and Statutory Auditors, and thus:

- to Shareholders who, pursuant to law and the Articles of Association, intend to submit lists of candidates for the appointment of the Board of Directors and/or the Board of Statutory Auditors;
- to the Shareholders' Meeting called to appoint the Board of Directors and/or the Board of Statutory Auditors;
- to the “outgoing” Board of Directors, in the case where – on reappointment of that body – it intends to submit its own list of candidates;
- to the Board of Directors, as well as the Shareholders, in the case where – during the term of office – it is necessary to replace a Director pursuant to art. 2386 of the Italian Civil Code.
- to the Shareholder, in the case where – during the term of office – it is necessary to replace a Statutory Auditor through majority vote, in compliance with the provisions of the Articles of Association;
- to the Board of Directors and the Board of Statutory Auditors, where they decide to submit to the Shareholders their guidelines on the optimum composition of the corporate bodies.

### 4. GENERAL PRINCIPLES

The Company is aware that diversity and belonging are two fundamental elements of company culture of a multinational group such as the LU-VE Group. Specifically, promoting diversity as a crucial element in pursuing Sustainable Success is a reference paradigm for both workers of the LU-VE Group as well as for the members of the Company’s Board of Directors and Board of Statutory Auditors.

The Board of Directors, along with the Board of Statutory Auditors, where necessary, in compliance with the prerogatives of the Shareholders on designating and appointing the members of these Boards, hope that:

- *in the composition of the Board of Directors*

(i) an objective is pursued to integrate managerial and professional profiles different from each other, with particular regard to the industrial sector in which the LU-VE Company and Group operate, to the management of processes and issues relating to economic, accounting, financial, juridical of enterprises, risk management and/or control, remuneration policies and sustainable development matters;

(ii) a balanced representation of independent members and a balanced representation of gender are also considered in compliance with the provisions of law the Articles of Association and the principles and recommendations of the Corporate Governance Code, as well as the benefits that may derive from the hoped for inclusion of various ages and/or career seniority, also in terms of multiple prospectives and experiences that differ from each other;

- in the composition of the Board of Statutory Auditors

(i) the goal of integrating professional and/or academic profiles that differ from each other is pursued, with specific regard to economic, accounting, legal, financial and risk management topics, who, due to their characteristics, can ensure an optimum performance of the supervisory functions assigned to the Board of Statutory Auditors;

(ii) in addition to meeting the necessary requirements of integrity, professionalism and independence, as well as the limit to the number of positions held required by law and the Articles of Association, the importance of a balanced representation of gender is also considered in compliance with the provisions of law the Articles of Association in force at the time and the Corporate Governance Code, as well as the benefits that may derive from the presence of various ages, also in terms of multiple perspectives and experiences, as well as different levels of career seniority, in order to effectively mediate between continuity and renewal needs.

The Corporate Bodies of LU-VE also consider it a priority that they maintain and consolidate a collaborative, loyal and synergistic climate, in which the Directors and Statutory Auditors can best express their professionalism and maximise their contributions.

## **5. DIVERSITY CRITERIA AND OBJECTIVES IN THE COMPOSITION OF THE BOARD OF DIRECTORS**

The Company's Board of Directors, also based on the results of the periodic self assessment process, guided by the Remuneration and Appointments Committee on reappointment of the Management Body, deems that its optimum composition shall meet the following requirements:

- (i) in compliance with the principles and recommendations of the Corporate Governance Code, the Board of Directors should be composed for the most part by non-executive Directors, who should have such skills as to ensure them a significant weight in the adoption of board resolutions through significant logical discussions and in the monitoring of the choices made by Executive Directors;
- (ii) the number of Directors of the Company with the independence requirements set by the law, the Articles of Association and the Corporate Governance Code must be such as to guarantee compliance with the relative applicable regulatory and statutory provisions as well as with the recommendations of the same Code to which the Company adheres, so as to allow a heterogeneous composition of the board committees (which, on the basis of the Corporate Governance Code must be composed entirely or in the majority by Independent Directors);
- (iii) the composition of the Board of Directors must in any case ensure the gender balance in compliance with the applicable regulatory provisions and those of the Articles of Association applicable at the time, as well as in accordance with the provisions of the Corporate Governance Code, both at the time of appointment and throughout the mandate;
- (iv) a balanced combination must be ensured of various ages and/or seniority in office within the Board of Directors, able to contribute different sensitivities and competences from each

other, so as to allow – also taking into account, among other things, the relevant changes that characterise the macro-economic and competitive landscape – a balanced plurality of perspectives and experiences different from each other;

- (v) Directors must be represented by figures with a managerial and/or professional and/or academic and/or institutional profile such as to realise a mix of competences and experiences that are different from and complementary to each other. More specifically:
  - managerial profiles must have an industrial vision with competences and experiences acquired in the context of organisational functions within complex enterprises, active at international level;
  - professional profiles should have gained accredited competences and experiences and have carried out their activity, with particular relevance to enterprise activities, in at least one of the following areas: economic, accounting, financial, legal status of enterprise, industrial organisation, as well as in the context of risk management and/or control and remuneration policies;
  - academic and/or institutional profiles should have competences that can be useful for the development and value enhancement of the LU-VE Group business, with particular reference to strategic vision and sustainable development;
- (vi) in line with the principles and recommendations dictated by the Corporate Governance Code with regard to the composition of board committees: (a) at least one member of the Board of Directors should have an adequate knowledge of financial matters or remuneration policies; and (b) at least one member of the Board of Directors should have an adequate knowledge of accounting and finance or of risk management;
- (vii) the Chairman should be a person with experience, authority and ability of vision such as to represent a connection point between executive and non-executive directors, ensuring during the mandate a guaranteed management for all Shareholders and stakeholders, as well as the efficient and effective management of the Board of Directors and of the Board's works;
- (viii) the Chief Executive Officers must be persons with proven leadership, authority, strategic vision and an in-depth knowledge of the industrial sectors preferably relevant to those in which the LU-VE Company and Group operate.

So that the Board of Directors may most effectively carry out its duties, in addition to the above-mentioned requirements in terms of diversity, it is crucial that all the members of the Management Body ensure sufficient time availability for the accurate and conscientious performance of their tasks.

It is also hoped that Directors have a suitable knowledge of English to allow the correct understanding of written texts and, therefore, ensure the possibility of taking decisions that relate directly to documents written in English, also in consideration of the international scope of the LU-VE Group.

## **6. DIVERSITY CRITERIA AND OBJECTIVES IN THE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS**

The composition of the Board of Statutory Auditors must comply with the applicable legislative and regulatory provisions, as well as those of the Articles of Association applicable at the time. In addition to the requirements for Statutory Auditors under the law and the Articles of Association

on integrity, professionalism and independence, as well as the limit to the number of positions held, also based on the experience matured by the Board of Statutory Auditors currently in office in carrying out its mandate, in relation to the composition of the Board of Statutory Auditors, it is deemed that, for the composition of the Auditing Body:

- (i) at least one Standing Auditor and one Alternate Auditors are auditors entered in the relevant register;
- (ii) a balanced combination of different seniority of office and, if possible, different age bands is desirable within the Board of Statutory Auditors so as to allow a balanced combination of experiences and sensitivities;
- (iii) the composition of the Board of Statutory Auditors must in any case ensure the gender balance in compliance with the applicable regulatory provisions and those of the Articles of Association applicable at the time, as well as in accordance with the provisions of the Corporate Governance Code, both at the time of appointment and throughout the mandate;
- (iv) at least one Standing Auditor should have an adequate experience in listed companies, complex and/or international environments;
- (v) the presence should be ensured of Auditors who, overall, are competent in industrial sectors preferably pertinent to that in which the LU-VE Company and Group operate;
- (vi) the presence should be ensured of figures with a managerial and/or professional and/or academic and/or institutional profile such as to realise a combination of competences and experiences that are different from and complementary to each other;
- (vii) the Chairman should be a person with authority such as to ensure the adequate performance of the coordination of the work of the Board of Standing Auditors with any further activities carried out by other subjects involved in the Internal Control and Risk Management System.

So that the Board of Statutory Auditors may most effectively carry out its duties, in addition to the above-mentioned requirements in terms of diversity, it is crucial that all Statutory Auditors ensure sufficient time availability for the accurate and conscientious performance of their tasks, taking into account the number of other offices held in administration and control bodies of other companies (in compliance with the requirements of the law currently in force) and the commitment required of them by other working and professional activities carried out.

## **7. METHODS OF IMPLEMENTING THE POLICY**

Taking account of the experience matured during its term of office, on conclusion of the periodic self assessment process, the Board of Directors, on proposal by the RAC, will decide whether to express its opinion on the quantitative and qualitative composition deemed optimum, taking account of the self assessment carried out, in line with the criteria of diversity and the objectives set out in paragraph 4 of this Policy.

If formulated, that approach will be described in the Report to the Shareholders on the appointment of the Board of Directors, as well as in the Report on Corporate Governance. The Board of Directors, on proposal from the Remuneration and Appointments Committee, will also consider the composition criteria set out in paragraph 5 of this Policy where it is necessary to replace one or more Directors terminated during their term, without prejudice to compliance with the composition requirements set out by law and the Articles of Association.

On reappointing the Auditing Body, the Board of Statutory Auditors may express its opinion on the composition in line with the criteria of diversity and the objectives set out in paragraph 6 of this Policy. If formulated, that approach will be published by the company at the time of publication of the notice of call of the Shareholders' Meeting called to decide on the reappointment of the Auditing Body.

## **8. MONITORING IMPLEMENTATION OF THE POLICY**

The Company's Board of Directors, with the support of the RAC and after consulting with the Board of Statutory Auditors regarding diversity policies in the composition of the Auditing Body, is responsible for verifying the results deriving from the application of this Policy.

A description of the results of implementing this Policy is contained in the Report on Corporate Governance, starting from the year following application of the policies described herein.

## **9. APPROVAL, ENTRY INTO FORCE AND UPDATING OF THE POLICY**

This Policy has been approved by the Board of Directors of LU-VE, on proposal by the Remuneration and Appointments Committee, which prepared the content, taking account of the following: *(i)* as regards diversity in the composition of the Management Body, the results of the periodic self assessment process conducted by the Board of Directors on reappointment of the Management Body in office at the date of approval of the Policy, guided by the Committee; *(ii)* as regards diversity in the composition of the Auditing Body, the indications that were provided in this regard by the members of the Board of Statutory Auditors during the Committee's work to define the text of this Policy, then submitted for approval of the Board of Directors.

This Policy includes the changes made to the previous version dated 28 February 2020 by the Board of Directors on 24 February 2022, on proposal by the RAC, after consulting with the Board of Statutory Auditors. They shall enter into force at the time they are approved.

The Company's Board of Directors, with the support of the RAC and after consulting with the Board of Statutory Auditors regarding diversity policies in the composition of the Auditing Body, is responsible for verifying the results deriving from the application of this Policy.

The Chairman and the CEO of the Company are authorised by the Board of Directors, individually, to make any minor changes or additions to this Policy that may be necessary or appropriate to align its content with mandatory laws and self-governance recommendations, without prejudice to the powers that the applicable regulations reserve to the Board of Directors and the Shareholders' Meeting. The Chairman and/or CEO of the Company shall inform the Board of Directors of any changes made by the next Board meeting following the introduction of the change.