

REMUNERATION POLICY 2022





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## SECTION I - REMUNERATION POLICY 2022

This section of the Remuneration Report describes, in a comprehensive manner, the principles and guidelines with which Cementir Holding determines and monitors the remuneration policy and its implementation within the Company (hereinafter the “**Remuneration Policy**” or the “**Policy**”).

The Remuneration Policy has the main purpose of summarising the remuneration policies applied within the Group and ensuring a fair and sustainable remuneration system, in line with the long-term corporate strategies and objectives, with regulations and with Stakeholders’ expectations.

The total remuneration of Directors, which is deemed appropriate to the size and structure of the Group, the sector of activity carried out and the level of complexity of the business, contributes to the long-term performance of the Company as it enables the Company to attract and retain qualified and experienced Directors, motivating them to achieve the Company’s business, financial and strategic objectives and their implementation for the creation of long-term value for all stakeholders consistent with the Company and Group’s founding values and culture.

The Policy is also intended to attract and retain members of staff with the professional qualities needed to manage and operate successfully in an international environment characterised by competitiveness and complexity and is also designed to recognise and reward good performance.

Cementir Holding intends to adopt a competitive remuneration system that better guarantees compliance with the delicate balance between strategic objectives and the recognition of the merits of Group employees. With short and medium/long-term variable pay components, the Policy is designed to facilitate the alignment of employees’ interests with the pursuit of the priority objective - creation of value - and the achievement of financial targets. This objective is pursued also by linking a significant part of remuneration to the achievement of set performance targets, by means of both the short-term incentive scheme (STI) and the long-term incentive scheme (LTI). The LTI concerns selected employees only.

The Remuneration Policy is made available on the Company’s website ([www.cementirholding.com](http://www.cementirholding.com)) upon approval by the General Meeting and during the period of its applicability in compliance to Art. 2:135a paragraph 7 DCC.

### 1.1 DEFINITION AND APPROVAL OF THE REMUNERATION POLICY

#### Parties involved in the Remuneration Policy

The definition of the Remuneration Policy is the result of a clear and transparent process in which the Company’s *Remuneration and Nomination Committee* and Board of Directors play a central role.

The Policy is submitted for the approval of the General Meeting by the Board of Directors on the recommendation of the *Remuneration and Nomination Committee*. The Policy is deemed approved with the favourable vote of at least  $\frac{3}{4}$  of the votes cast at the General Meeting. In case the Policy is not approved by the General Meeting, the Company applies the existing policy and submits to the approval of next General Meeting a revised policy.

The bodies and parties involved in the remuneration policies approval process are listed below, along with a precise indication of their roles in the process.

#### General Meeting

With regard to remuneration, the General Meeting:



- adopts the remuneration policy upon proposal of the Board, pursuant to Art. 7.4.1 of the Company's Articles of Association;
- determines the compensation for the Executives and Non-Executive Directors as well as for the members of the board committees (Audit Committee, Remuneration and Nomination Committee and *Sustainability Committee*), in accordance with the remuneration policy, as provided for in Art. 7.4.2 of the Company's Articles of Association;
- expresses a vote, each year, on the first section of the remuneration report, i.e. on the Remuneration Policy;
- receives adequate disclosure about the implementation of remuneration policies and express an advisory vote, each year, on the second section of the Remuneration Report, i.e. on the report on compensation paid;
- resolves on any remuneration plans based on shares or other financial instruments and intended for Directors, employees and other workers, including Key Executives.

### Board of Directors

With regard to remuneration, the Board of Directors:

- submits a remuneration policy proposal to the General Meeting pursuant to Art. 7.4.1 of the Articles of Association, drawn up with the support of the *Remuneration and Nomination Committee*;
- develops the strategy for realising long-term value creation;
- approves the Remuneration Report pursuant to Articles 2:135 and 2:135a DCC, to be presented at the annual General Meeting;
- prepares any remuneration plans based on stocks or other financial instruments and submits them to the General Meeting for approval;
- implements the remuneration plans based on shares or other financial instruments, after authorisation from the General Meeting.

### Non-Executive Directors

The Non-Executive Directors among their duties are responsible for the supervision of:

- the performance of the Executive Directors;
- the development of a general strategy, including the strategy for realising long-term value creation.

### Executive Directors

The Executive Director, who in this case also assumes the role of CEO pursuant to Art. 7.1.2 of the Articles of Association:

- sets performance targets for the Cementir Group;
- submits to the *Remuneration and Nomination Committee* the stock incentives, stock options, corporate shareholding and other types of incentive plans, motivating and retaining the managers of the Group



companies controlled by the Company or, as the case may be, assisting the Committee in their drafting, with the support also of the Group's Human Resources department;

- enforces the Company's Remuneration Policy in accordance with this document.

### Remuneration and Nomination Committee

In accordance with the recommendations contained in the Code and the Board of Directors Rules, the *Remuneration and Nomination Committee*:

- prepares the Board's decision-making (including proposals of the Board for the General Meeting) regarding the determination of the remuneration of individual Directors, including severance payments;
- submits a proposal to the Board concerning the remuneration of each Director. The proposal is drawn up according to the remuneration policy that has been established and in any event it covers:
  - (a) the objectives of the strategy for the implementation of long-term value creation within the meaning of Best Practice provision 1.1.1 of the Code;
  - (b) the scenario analyses carried out in advance;
  - (c) the pay ratios within the Company and the Business;
  - (d) the development of the market price of the shares;
  - (e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
  - (f) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and
  - (g) if share options are being awarded, the terms and conditions governing this and the terms and conditions for exercising the share options. Share options may not be exercised during the first three years after they have been awarded.

### Human Resources

The Company's HR Department is involved in defining and approving the proposals for the remuneration plan of the Company's personnel, monitoring and checking that those proposals are fully implemented with the aim of collecting market data in terms of practice, policies and benchmarking and if necessary, resorting to advice from independent experts.

### Composition and activities of the Remuneration and Nomination Committee

As of the date of approval of this Report, the *Remuneration and Nomination Committee* is made up of three Non-Executive Directors, all independent, appointed by the Board of Directors at the meeting of 24 April 2020:

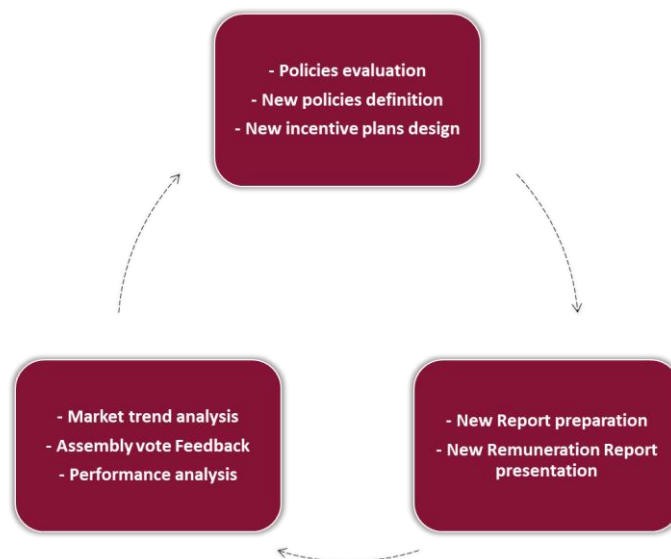
#### Composition of the Committee

<i>Chiara Mancini</i>	<i>Non-Executive independent Director and Chairwoman of the Committee</i>
<i>Veronica De Romanis</i>	<i>Non-Executive independent Director and member of the Committee</i>
<i>Paolo Di Benedetto</i>	<i>Non-Executive independent Director and member of the Committee</i>



The *Remuneration and Nomination Committee* provides advice and submits proposals to the Board of Directors, and supervises to ensure that the Remuneration Policy is defined and applied; specifically it prepares the Board of Directors' decision-making regarding the:

- periodical assessment of size and composition of the Board and its Committees, and the proposal for the profile of the Board also in regard to the professional roles whose presence within the Board or the Board Committees is deemed necessary in order for the Board to express its strategy to shareholders before the new Board is appointed, also taking into account the results of the annual assessment of the Board and the Board Committees as required by the Code;
- periodical assessment of the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
- drawing up of selection criteria and appointment procedures for Executive Directors and Non-Executive Directors;
- drawing up of a succession plan for Executive Directors and Non-Executive Directors;
- proposal of candidates for the office of Executive and Non-Executive Directors;
- supervision of the policy of the Board regarding the selection criteria and appointment procedures for senior management;
- drawing up of the Company's diversity policy for the composition of the Board.



In addition:

- submits proposals to the Board of Directors regarding the remuneration policy for Executive and Non-Executive Directors, periodically assessing the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
- submits proposals or provides opinions to the Board of Directors regarding the remuneration of Executive and Non-Executive Directors with specific duties, and on the setting of performance targets related to the variable-pay component;
- evaluates and formulates proposals to the Board of Directors with regard to stock incentive, stock option, corporate shareholding and similar plans aimed to motivate and retain the managers and employees of the Group companies controlled by the Company;



- reports to the Board on the ways it performs its duties;
- examines the annual Remuneration Report to be approved by the Board and submitted to the vote of the General Meeting as part of the annual financial reports;
- provides opinions on issues submitted to it from time to time for screening by the Board of Directors, concerning remuneration or any pertinent or related topics.

The Non-Executive Directors, including those forming the *Remuneration and Nomination Committee*, can access the information and contact Company departments as necessary, in order to fulfil their duties.

The *Remuneration and Nomination Committee* meets during each financial year according to a calendar scheduled at the beginning of such year and any time it may deem appropriate, upon notice issued by the Chairman of the Committee, so as to ensure the correct execution of its tasks. No Executive Director shall participate to any Committee meeting where proposals related to their remuneration are discussed.

Meetings of the *Remuneration and Nomination Committee* are attended - when deemed appropriate and at the invitation of the Committee - by Company's management (General Counsel, Chief Financial Officer and Chief Human Resources Officer).

Annually, when the financial statements are approved, the *Remuneration and Nomination Committee* reports to the Board in relation to its work.

In 2021, the Remuneration and Nomination Committee met on 9 March and 3 May. During these meetings, the Committee examined and discussed the remuneration policy and the remuneration report drawn up in accordance with Art. 2:135a of the Dutch Civil Code and Best Practice provision 3.1 and following of the Code, as well as the report concerning the activity carried out by the Committee in 2020, drawn up in accordance with Best Practice provision 2.3.5 of the Code; the Remuneration and Nomination Committee also discussed the annual assessment carried out by the members of the Committee pursuant to Best Practice provision 2.2.6 of the Code, confirming the Board Profile. The Remuneration and Nomination Committee also examined and discussed the gates and objectives of the STI 2020, a benchmark analysis on the remuneration of Cementir employees, an analysis of the CEO's paymix with respect to the market.

### **Independent experts who contributed to preparing the Remuneration Policy**

As mentioned in the previous year's Report, in 2020, the Company took advantage of the advice of the independent expert Korn Ferry - Haygroup to conduct international benchmark analyses and to align the Remuneration Policy with peers and market best practices.

## **1.2 CONTENT OF THE REMUNERATION POLICY**

### **1.2.1 Content of the Remuneration Policy and main changes compared to 2021**

The Policy determines the principles and guidelines adopted by the Board in order to define the remuneration of its members and in particular of Executive and Non-Executive Directors as well as members of the Committees. It provides detailed information designed to ensure stakeholders receive more information about pay policies, practices adopted and results achieved, and it shows that the policies are consistent with the business strategy and company performance.



Cementir Holding pursues a Remuneration Policy aimed at motivating, attracting and retaining people who, thanks to their professional skills and personal ability to apply those skills in fulfilling business objectives, are able to build value for the Company's Stakeholders.

The principles applied in defining the Policy are intended to ensure that Cementir Holding is appropriately competitive in its sector and international markets, and in particular for:

- the promotion of merit and performance to reward actions and behaviours that reflect the values of the company, the principles of the code of ethics and the strategic objectives;
- external competitiveness and internal fairness to make sure that pay packages are in line with best practices, and to ensure that they are consistent with the complexity and responsibilities of the role;
- aligning the interests of Management with those of the Shareholders and with the medium-and long-term strategies of the Company;
- aligning the values of the Cementir culture (e.g. sustainability, value of people, etc.) and the model of leadership and skills in line with business objectives, starting from 2021, the skills deriving from the culture of the Cementir Group are also assessed in the context of the STI as a further confirmation and strengthening of the inclination towards the values of the corporate culture;
- the inclusion of specific quantitative KPIs linked to ESG objectives in the STI plan, the Remuneration Policy, therefore, contributes to the implementation of the company strategy, the pursuit of long-term interests and sustainability objectives;
- a focus on rewards and retention purposes based on meritocracy;
- the consideration of the point of view of the Executive-Director and the Board in its entirety, as also provided for by the Code;
- balancing continuity with the choices already made in the past and endorsed by shareholders and the approval of the General Meeting of the proposals presented and, at the same time, a periodic assessment in the light of the international trend, the market practice for comparable companies and the regulatory changes;
- transparency regarding the remuneration system implemented and envisaged for the following year, in accordance with the provisions of the Code and applicable legislation.

The Policy has the primary objective of creating sustainable value over the medium to long-term by creating a strong bond between individual performance and the Group on the one hand, and remuneration on the other.

The 2022 Remuneration Policy does not envisage substantial changes compared to that approved in 2021, confirming the simplification and standardisation of the overall structure of the short-term variable incentive system, thanks mainly to the digitalisation of the process, which will take place through an online definition and subsequent assessment platform. The main change relates to the restructuring of the remuneration of committee members. As a result of the recent establishment of the Sustainability Committee, further confirmation of the Company and Group's growing commitment to ESG, during the year a benchmark analysis was carried out by the Company's departments (in particular the Human Resources department with the contribution of the Legal Department) to verify alignment with the market and the Remuneration Policy was reviewed with reference to market practices.

The Policy also maintains and confirms the medium and long-term incentive system applied in previous years.

The Remuneration and Nomination Committee, at its meeting on 7 March 2022, reviewed the existing report and the criteria selected to assess the variable remuneration of the Executive Director and the performance of the strategic executives and Group personnel receiving variable remuneration. The Remuneration and





Nomination Committee then assessed the Remuneration Policy from the point of view of its consistency with the objectives of the Company and Group, with particular reference to its suitability to contribute to the creation of long-term value. In particular, the ESG objectives included for some beneficiaries of the incentive plan addressed to Group employees were illustrated and discussed in detail, as a further demonstration of the Company's ongoing commitment to pursuing long-term sustainability objectives. Finally, it concluded that the criteria established for both short-term variable remuneration and medium and long-term variable remuneration, insofar as they are applicable to the respective recipients, fully meet these requirements and appear consistent and appropriate to support the implementation of the strategic objectives. It therefore decided to propose the 2022 Remuneration Policy to the Board of Directors, taking into account the Executive Director's views on the level and structure of his remuneration.

### **1.2.2 Description of fixed and variable pay components with particular regard to their weightings within the overall remuneration, and distinguishing between the short and medium and long-term variable components**

The remuneration of Directors has been defined as follows, with reference to the fixed and variable components:

#### **Remuneration of the Board of Directors**

The Remuneration Policy for the Board of Directors set by the General Meeting of 21 April 2021 includes the following elements:

- (a) remuneration of Directors for the office and for attendance at Board meetings;
- (b) remuneration of the Executive Director (who also holds the position of CEO) for the performance of executive functions, powers and responsibilities;
- (c) remuneration of Non-Executive Directors;
- (d) remuneration of members of the Audit Committee, the *Remuneration and Nomination Committee*.

With reference to letter D., it is recalled that the 2021 Remuneration Policy did not provide for remuneration of the members of the Sustainability Committee, established on 28 July 2021 and therefore after the approval of the aforementioned Policy at the General Meeting.

#### Remuneration of Directors

The remuneration to be paid to Directors (see letter A) shall be in the form of an allowance for attendance at each meeting of the Board of Directors and of a fixed annual payment for the office of Director, payable to each Director (both Executive and Non-Executive Directors) and approved, in accordance with the provisions of the law, by the General Meeting.

The current annual remuneration of all Directors is:

- a fixed annual allowance of EUR 5,000.00;
- a participation token of EUR 1,000.00 for each board meeting in which they participate in presence or by teleconference, except for written resolutions.

The same is confirmed as policy for 2022.



### Remuneration of Directors with specific duties

The compensation to be paid to Directors with specific duties (letters B and D above) is determined, upon proposal of the *Remuneration and Nomination Committee*, taking into account the commitment actually required from each of them and any powers vested in addition to the compensation due to all Directors.

The following Directors have specific duties within the Board of Directors of the Company:

- (i) the Chairman of the Board of Directors;
- (ii) the CEO;
- (iii) the Directors who participate in the Board Committees (Audit Committee, Remuneration and Nomination Committee and Sustainability Committee).

The Non-Executive Directors (i) who are members of the Remuneration and Nomination Committee, the Audit Committee and the Sustainability Committee and (ii) who are appointed as Chairman of such Committees, shall receive an additional fixed compensation, commensurate with the commitment required from each of them in the performance of their aforesaid duties.

### Remuneration of the Chairman and CEO.

The annual gross remuneration of the Chairman of the Board of Directors and the CEO generally includes the following elements:

- a fixed component;
- a variable component determined according to the Group's performance and tied to predetermined, measurable parameters connected to the creation of shareholder value in a medium/long-term time span.

In determining the remuneration of the Chairman and of the CEO, the Board of Directors takes into account (i) the specific content of the vested powers and/or (ii) the functions and the role actually served within the Company, thereby assuring that the provision of a possible variable component is consistent with the nature of assigned duties.

In particular, remuneration is determined on the basis of the following criteria:

- correct balance between the fixed component and the variable component in accordance with the Company's strategic goals and its risk management policy, also taking into account the industry in which it operates and the characteristics of its business;
- provision of maximum limits for the variable components, provided that the fixed component shall be sufficient to remunerate the performance of the Chairman and of the CEO should the variable component not be paid;
- the parameters, economic results and any other specific objectives to which the payment of the variable components is tied are predetermined, measurable and connected to the creation of shareholder value in a medium/long-term time span.

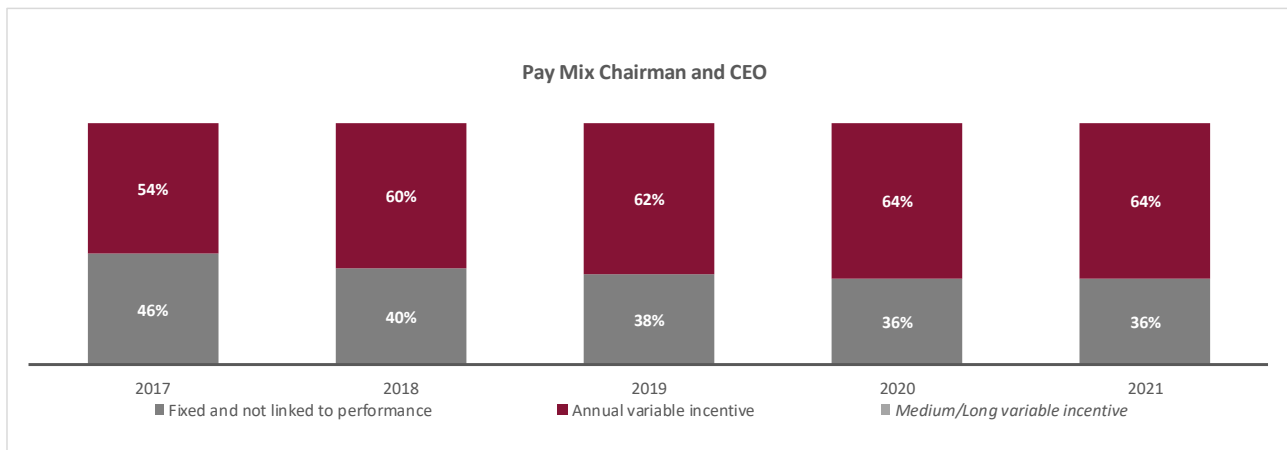
In detail, in line with the resolution approved in previous years, the variable component is set at 2% of the cash flow produced by the Group in the year of reference and is defined according to a formula that enables a quick reference with the consolidated accounts figures, from which the fixed pay component should be deducted. The variable component, which is before taxes and can only have a value of zero or above, can be preliminarily calculated and paid out as payment on account when the Board of Directors approves the Group's half-year financial statements; when the Group's annual financial statements are approved by the General Meeting, the variable component is definitively determined, and the relative balance is paid out. The fixed component is also



confirmed consistently with previous years. The fixed component proposed for the Chairman and Chief Executive Officer is EUR 1.8 million per year before taxes, payable on a monthly basis.

The reference to operational cash flow generated by the Group has been identified as it is considered that this value, more than others, represents the link between annual performance (short-term) and the value of the company, and therefore appropriately aligns the results obtained by the CEO with the objective of creating value for all shareholders.

The following is the historical trend of the pay mix, i.e. the percentage weight of the various components of remuneration in relation to Annual Total Compensation (excluding benefits):



As the Chairman and CEO expresses the will of the Company's controlling shareholders and is a shareholder himself, there is an alignment of the interests of the Executive Director with the interest of all shareholders and stakeholders of the Company, consequently there is no need for an (additional) medium/long-term incentive plan.

#### Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors is not tied to the Group's economic-financial results or based on short or medium-term incentive plans or based on financial instruments.

Remuneration of Non-Executive Directors proposed for 2022 confirms the structure and the order of magnitude defined in the previous years.

The annual remuneration of Non-Executive Directors consists of:

- a fixed annual allowance of EUR 5,000 determined for all Directors (see letter A above);
- an attendance token of EUR 1,000 for each Board meeting they attend (see letter A above).

#### Remuneration of Committees members

In addition to the remuneration of Non-Executive Directors, the Remuneration Policy provides for an additional remuneration for the participation in board committees (currently Audit Committee, Remuneration and Nomination Committee and Sustainability Committee), differentiated according to the time and effort dedicated to the performance of the tasks of these committees.



In particular:

- an annual fee of EUR 30,000 for each position held by the Non-Executive Directors as Chairman of the Audit Committee and Remuneration and Nomination Committee;
- an annual fee of EUR 20,000 for each position held by the Non-Executive Directors as member of the Audit Committee and Remuneration and Nomination Committee;
- an attendance token of EUR 1,000 for each meeting of the Sustainability Committee attended by the Non-Executive Directors.

### **Short-Term Incentive and Long-Term Incentive Schemes**

In addition to the remuneration described above for Executive and Non-Executive Directors, Cementir Holding NV adopts, for the managers within the Company, a compensation scheme to create value, for its Stakeholders, achieving ever-improving performance levels within the sustainable value creation structure that is the Company's true objective.

### **Short-term variable component - STI (Short Term Incentive)**

The variable component is based on a Short-Term Incentive (STI) Plan. The system assesses the performance of the Company and of the beneficiary on an annual basis and directs the actions of the management towards strategic objectives in line with the Group's short-term business priorities.

In 2021, the structure of the short-term incentive system was confirmed, based on the financial objectives of the Group and/or the subsidiaries (access system Gate). In addition, objectives were defined with indicators linked to individual performance, as well as skills related to the leadership model. Each target (corporate and individual) is matched with a minimum performance, target performance and maximum performance level, correlated to the payout curve within the range 90%-120%.

In 2021, a fully digitalised performance appraisal system was used for the first time within the Group, by means of a dedicated Performance Management platform that also enables the management of the short-term incentive system and the related assessment of results achieved.

Therefore, the same will continue to be based on the Group's and/or subsidiaries' financial targets, which are the factor that enables access (Gate) to the system. Each target will be matched with a minimum performance, target performance and maximum performance level, correlated to the payout curve within the range 90%-120%. Other individual objectives should be defined on the basis of indicators linked to company performance and/or individual performance specific to the role, while skills have been assessed in relation to the organisational position of reference. The total individual performance assessment is defined according to a rating scale ranging from 1- Unsatisfactory to 5- Exceptional and which will measure the "What" of the objectives, but also the "How" ensuring adherence to company values.

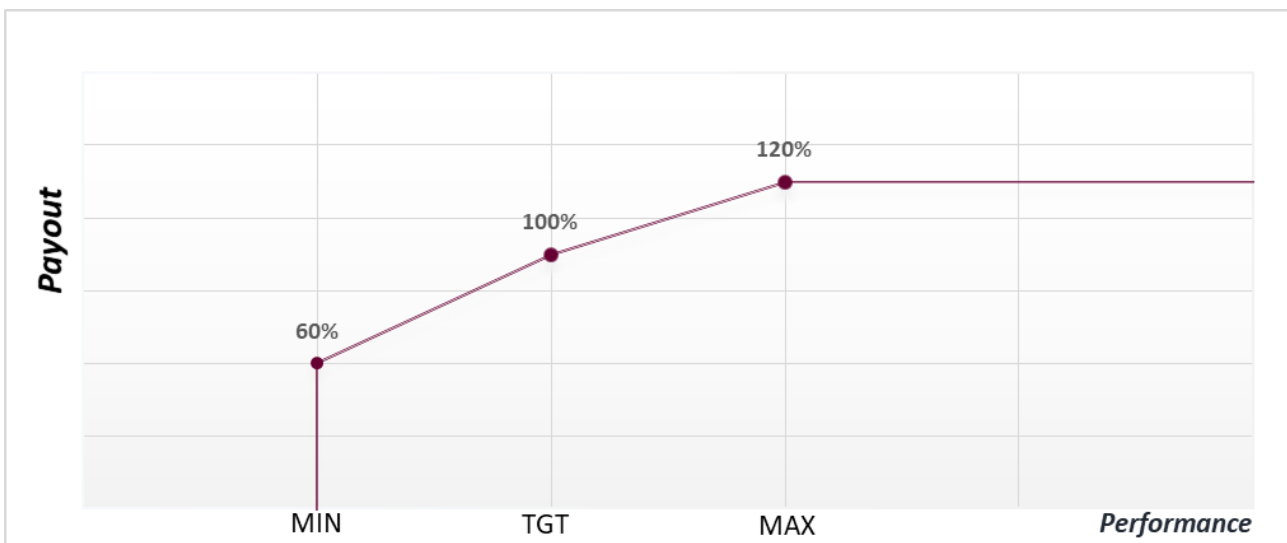
The combination of corporate and individual objectives, as well as skills will entitle to a variable bonus payment.

For the purposes of incentivisation and the final bonus, overall performance, taking into account the entry gate and performance results, cannot be less than 60%.

The structure and weighting of the various objectives, which is standardised at the Group level, is shown in the following table:



30% Weighting	70% Weighting
<b>Group targets</b> <ul style="list-style-type: none"><li>• Economic-Financial Targets (Gate)<ul style="list-style-type: none"><li>○ EBIT (20%)</li><li>○ NCF (10%)</li></ul></li></ul>	<b>Individual targets 80%</b> <ul style="list-style-type: none"><li>• Targets based on Operational Projects/Results and sustainability of earnings</li><li>• Organisational Development and Growth Targets</li></ul> <b>Cementir Leadership Competencies Model 20%</b>



In order to encourage managers to pursue their annual budget targets, the short-term incentive plan is addressed to all managers within the Group with exactly the same scheme as described above. Target incentive levels expressed as percentages of fixed remuneration, depend on the responsibility and complexity of the role covered, whilst maintaining a single structure throughout the Group.

### Medium/Long Term Incentive – LTI

The LTI plan is intended for Key Executive and a selected group of managerial staff, chosen from those who have the greatest impact on the Group’s medium/long-term results.

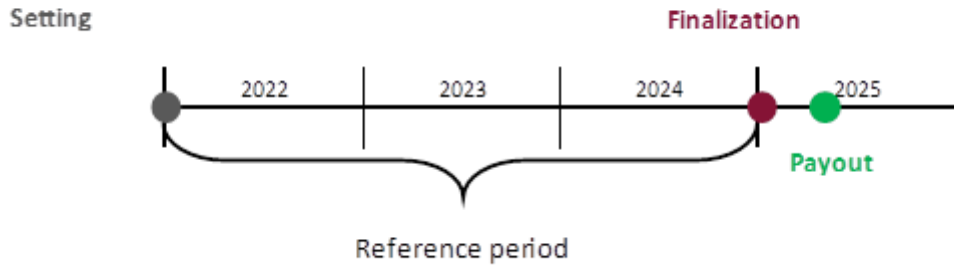
As the CEO is also a major shareholder, he does not participate in this plan.

The LTI plan consists of three-year cycles based on the medium/long-term performance of the Group in relation to the existing Business Plan, and it has the following aims:

- Incentivise the aforementioned Key Executives to achieve the objectives set out in the Business Plan;
- To converge the interests of Key Executives with those of shareholders to create sustainable medium/long-term value;
- To introduce a motivation and retention plan.

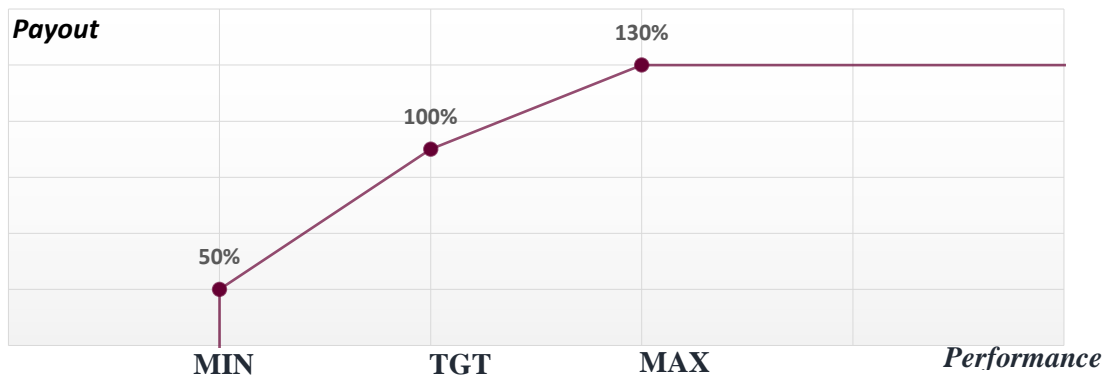


The LTI also provides for the annual award of the right to receive a monetary performance bonus measured over a three-year period, in line with the company's medium-term strategic planning (vesting period).



Bonus opportunities for beneficiaries vary and amount to 30% or 40% of annual gross remuneration to be assigned on achieving the target; the incentive payable at the end of the vesting period is determined on the basis of the performance achieved and varies from 50% to 130% of the value of the bonus.

This incentive may rise to up to 52% (the "cap") of gross annual remuneration upon achievement of levels of performance higher than the target levels.



Performances below the target will see a reduction in the bonus of up to 20% of gross annual salary, when a performance threshold is reached.

No bonus will be awarded if the results are below the threshold.

The award of the bonus depends on two performance conditions being met. These conditions operate separately, and each have a weighting of 50% in the calculation of the bonus:

- Three-year cumulative Free Cash Flow
- Three-year cumulative EBIT

The threshold, target and maximum amount are set in line with the Company's medium-term business plan.



### **Clawback and malus clauses**

A clawback clause applies to both the LTI and the STI. This allows the Board of Directors to ask the beneficiaries to return all or part of the bonuses paid if they find that the performance targets were achieved on the basis of inaccurate or untrue data.

During the 2021, no clawback is deemed required and consequently no clawback has been applied.

### **1.2.3 Criteria used in assessing performance targets underlying the award of shares, options, other financial instruments and variable pay components**

The criteria used in assessing performance targets is based on the financial results of the Group. For more information, refer to the contents of paragraph 1.2.2 above.

### **1.2.4 Information on the alignment of the Remuneration Policy and the pursuit of the Company's long-term interests and risk management policy**

As described above, the Remuneration Policy, inspired by the principles described in paragraph 1.2.1 above, pursues the objective of creating sustainable value over the medium to long-term, for the Company and its shareholders.

Therefore the remuneration of Executive Directors and key executives is structured so as to:

- ensure that the overall remuneration structure is adequately balanced between fixed and variable components, with the aim of creating sustainable value over the medium to long-term, for the Company;
- coordinate the variable remuneration with the achievement of operational and financial targets, in line with the creation of value over the medium to long-term and the actual results achieved by the Company;
- ensure that overall pay levels reflect the professional value of individuals and their contribution to creating sustainable value over the medium to long-term.

For Non-Executive Directors, please refer to paragraph 1.2.2.

In order to achieve challenging Group strategic objectives, the Board approved a compensation plan for the Company's executives to create value for its stakeholders by achieving increasingly better performance levels within the sustainable value creation structure that represents the ultimate goal pursued by the Company. The LTI Plan is intended for Key Executives and a selected group of managers, chosen from among those who have the greatest impact on the Group's medium/long-term results. The LTI plan is divided into three-year cycles based on the medium/long-term performance of the Group in relation to the existing Business Plan. The sustainability objectives were approved and included in the short-term incentive and in the three-year business plan.

Metrics and targets are being continuously assessed and monitored, with a view to progressive improvement, reflecting the increasing alignment between strategy, sustainability and incentive systems.

### **1.2.5 Vesting period, deferred payment schemes, indication of deferment periods and criteria used to determine them, as well as ex-post adjustment mechanisms and information about clauses on the**



### **inclusion of financial instruments in the portfolio after acquisition, with details of the holding periods and criteria used to determine them**

The Company has not adopted any Remuneration Plan based on shares or any other financial instruments nor does it award shares or other financial instruments as variable performance-based pay components. In addition, no clauses were determined for the retention in portfolio of financial instruments after their acquisition, meaning clauses that include the obligation of non-portability on a relevant portion of the shares awarded.

#### **1.2.6 Policy on indemnities applied after termination of contract or resignation**

In general, for all Directors, there shall be no (i) indemnities in case of resignation or revocation without just cause or non-renewal, (ii) agreements prescribing the allocation or continuation of non-monetary benefits in favour of persons who have resigned from their office and, (iii) consulting agreements with the Directors for a period following termination of their employment.

With regard to the above, it is consistent that on the one hand the Chairman and CEO is among the main shareholders of the Company, but on the other hand, it must be considered that the payment to be assigned to the other Directors consist in an attendance token and a fixed annual remuneration of a modest entity for each Director, thus limiting the risk of any claim related in any way to the termination of office as Director, and in any case the corresponding amount.

Directors that have an employment relationship with the Company or its Subsidiaries must comply in any case with current provisions related to Collective Labour Agreements for the termination of their employment relationship, in accordance with the legal procedures and requirements.

Where necessary, the Company may request the signature of a non-competition agreement by an outgoing Director, which includes the payment of an indemnity related to the terms and extension of such obligation.

The breach of this agreement will determine the refusal to pay the indemnity or its reimbursement, as well as an obligation to damage compensation for an agreed amount (i.e. the double of the agreed indemnity).

If employment with the Company is terminated for reasons other than just cause, efforts will be made to reach a termination agreement. Subject in any case to the obligations set out by law and/or by the employment agreement, the arrangements for the termination of employment with the Company are tailored on the basis of the relevant reference benchmarks and within the limits defined by courts and practice.

#### **1.2.7 Information about insurance coverage, welfare or pension provision**

In line with best practices, a Directors & Officers (D&O) Liability insurance policy covering the liability of the Board of Directors towards third parties has been undersigned.

In case of employment relationship with the Company, pension or welfare provision are in line with the practices applied for managers of the Company.

#### **1.2.8 Information about the use of benchmark pay policies from other companies**

The Remuneration Policy was devised by the Company without using as reference the policies of other companies. However, prior to the preparation of the 2022 Remuneration Policy, as part of the annual review, a specific benchmarking activity was carried out on the remuneration of non-executive directors with information available in the remuneration reports published by comparable companies.

The current Remuneration Policy is valid 1 (one) year and is therefore revised yearly by the Remuneration and Nomination Committee and by the Board of Directors and submitted to approval of the General Meeting.





### **1.3. Derogations and deviations**

The Board of Directors, with the abstention, if any, of the Director concerned, on the proposal of the Remuneration and Nomination Committee, may discretionally approve derogations or deviations from any part of the Remuneration Policy, where there are exceptional circumstances that provide compelling reasons for the deviation. However, these derogations can only be temporary until a new policy is adopted in the following circumstances: (a) in the event of changes in the corporate bodies, both in terms of composition and number or competence; or (b) in additional exceptional circumstances. Exceptional circumstances are circumstances in which the deviation from the Remuneration Policy is necessary to pursue long-term interests and sustainability of the Company and/or to ensure its profitability.