



Report on Remuneration Policy and on the compensation paid of Gefran S.p.A.

**Pursuant to Article 123-ter of the TUF and art. 84-quater of
the Consob Issuers' Regulation**

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Approved by the Board of Directors on 09 March 2023

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INTRODUCTION

A. Reference regulatory framework

This Report on Remuneration Policy and on the compensation paid (the “**Report**”), approved by the Board of Directors on 09 March 2023, is divided into two sections:

- Section I: Remuneration policy for the year 2023 (“**2023 Policy**”) and
- Section II: Report on compensation paid for 2022 (the “**2022 Report**”).

This Report was prepared pursuant to Article 123-ter of the Consolidated Law on Finance (“**TUF**” - as amended by Art. 3 of Legislative Decree No. 49 of 2019, which implemented in Italian legislation the so-called Shareholders’ Rights Directive II - EU Directive 828/2017) and Article 84-quater and of 7-bis of Annex 3A of the CONSOB Regulation No. 11971 of 14 May 1999 (as amended by the CONSOB Resolution No. 21623 of 10 December 2020, hereinafter the “**Issuers’ Regulation**”). In the draft of the Report it also takes into account the provisions of the Corporate Governance Code of listed companies, to which Gefran S.p.A. (“**Gefran**” or “**the Company**”) adhered with a resolution passed by the Board of Directors on 16 December 2020.

Moreover, the Report has been adopted pursuant to article 13, paragraph 3, letter b) of CONSOB Regulation 17221/2010 and article 13 of the Regulation governing transactions with related parties, approved by the Company’s Board of Directors on 24 June 2021.

The Report is made available to the public at the company’s registered office, on the authorized storage system (www.1info.it) and on the Company’s website at www.gefran.com.

The 2023 Policy, submitted to binding vote at the Shareholders’ Meeting to be called for the approval of the financial statements as at 31 December 2022, pursuant to article 123-ter, paragraphs 3-bis and 3-ter of the TUF, defines the principles and guidelines determining the remuneration of directors, directors with special duties, general managers and executives with strategic responsibilities for 2023.

B. Purpose of the report

In particular, the 2023 Policy governs the remuneration system for the Gefran Group, with reference to the Parent Company Gefran S.p.A. and its Italian and foreign subsidiaries; it finds its basis in the values, principles and key points that have guided the Gefran Group since its origin, and will continue to guide it, through *Gefran Way* with the objective of constant growth: integrity, balance, meritocracy, engagement and creation of value. The objective is to create and apply a body of remuneration procedures that is effective, efficient and functional, proportionate to the needs of its different entities.

For this purpose, also in the light of the recommendations of the Corporate Governance Code, promoted by the Corporate Governance Committee, the [2023 Policy](#) was prepared to concretely determine the remuneration or compensation system in order to align the interests of management with those of shareholders, pursuing the goal of promoting Gefran's sustainable success over the medium-long term, in accordance with the principles of (i) meritocracy and internal equity, in terms of consistency between remuneration and responsibility, competence, capacity and position held; (ii) competitiveness, in terms of remuneration balanced with the reference markets, for more details, reference should be made to next paragraph C of Section I of this Report.

The [2022 Report](#), submitted to an advisory and non-binding vote of the Shareholders' Meeting pursuant to article 123-ter, paragraph 6 of the Consolidated Law on Finance, provides nominatively for Directors, Statutory Auditors and General Manager and, in aggregate form, for other Managers with Strategic Responsibilities:

- (i) an adequate, clear and understandable presentation of each of the items of remuneration pertaining to 2022 for the people in the positions listed above, including the conditions applicable in the event of resignation from the post or termination of employment, in order to demonstrate its compliance with the Policy;
- (ii) an analytical indication of the compensation paid by the Company and its subsidiaries in the year 2022, for any reason and in any form, reporting any components of the aforesaid remuneration that relate to activities carried out in years prior to the financial year in question, and also showing any fees to be paid in one or more subsequent years for work carried out in 2022, specifying the estimated value of components not objectively quantifiable during the year 2022;
- (iii) an illustration of how the Company has considered the vote expressed by the Shareholders' Meeting on 28 April 2022.

C. Executive summary

In line with best practices and in accordance with the recommendation contained in the letter from the Chairman of the Corporate Governance Committee to the Chairmen of the administrative bodies of listed companies on 25 January 2023, this section contains an executive summary of the main elements of the Report and Policy.

Fixed Remuneration:

Recipients	Gross annual amount (€)	Paragraph Section I
Directors	30,000	M
Directors with special duties	<ul style="list-style-type: none"> Honorary Chairman: 210,000 The Chairman of the Board of Directors: 250,000 Vice-Chairmen: 160,000 Chief Executive Officer / General Manager: 334,772.48 	N

Variable Remuneration:

Recipients	Gross annual amount (€)	Paragraph Section I
Chief Executive Officer / General Manager	210,000	N

Fixed/variable remuneration ratio of the Chief Executive Officer: 37% (it was 34% in 2022)

Description of the changes compared to the 2022 Report

The main changes in this Report compared to the 2022 Report are as follows:

- Redefinition of the structure of paragraphs with a view to synthesis and clarity of presentation
- Insertion of summary
- Insertion of executive summary (introduction - paragraph C)
- Addition of paragraph on sustainability (Section I - paragraph D)
- Evidence of the outcome of the votes at the last shareholders' meeting (Section I - paragraph E)
- Update of list of executives with strategic responsibilities (Section I - paragraph O)

SECTION I - Remuneration Policy for 2023

A. Parties involved in the process of preparing, adopting and implementing the policy

The 2023 Policy is defined as a result of a process involving the Shareholders' Meeting, the Board of Directors, the Appointments and Remunerations Committee and the Board of Statutory Auditors, who are responsible, each for their functions, for the proper implementation of the Policy and ensure that the Policy is duly implemented.

In line with the policy of the previous year, the Company did not avail itself of independent experts for the preparation of the 2023 Policy, as both statistical and qualitative investigations available on the market were taken into consideration, and, in line with the provisions of the Issuers' Regulation, the votes cast by shareholders during the previous shareholders' meeting were also examined. The same has been adapted as part of an ongoing improvement process aimed at strengthening dialogue with Investors, aware of the importance of remuneration and incentives systems in the overall framework of governance.

Shareholders' Meeting

The Shareholders' Meeting is responsible for:

- establishing the remuneration of bodies appointed by it;
- voting in favour of or against the Policy, with a binding resolution;
- voting, with a non-binding resolution, in favour of or against the approval of the Report on the compensation paid by the Company, pursuant to art. 3 of Legislative Decree 49/2019;
- approving compensation plans based on financial instruments pursuant to art. 114-bis of the TUF.

Board of Directors

The Board of Directors prepares, submits to the Shareholders' Meeting and reviews the remuneration policy at least annually. It is also responsible for its proper implementation. In particular, this body defines the remuneration systems applicable to the Company's administrative bodies, with the support of the Appointments and Remunerations Committee, and having consulted the Board of Statutory Auditors.

With the support of the Appointments and Remunerations Committee, the Board prepares and approves the Policy, for Directors, Board of Statutory Auditors members and top management.

The Board of Directors also submits an annual Report to the Shareholders' Meeting, which contains information, including quantitative information, on the application of the previous year's Policy.

In its activities, the Board of Directors avails itself of the Appointments and Remunerations Committee's support, as well as, in order to ensure correct application of the principles and criteria laid down in the legislation, the competent corporate functions.

In accordance with Policy guidelines, the remuneration of executive directors and directors with special duties are concretely determined by the Board of Directors, whereas the remuneration of executives with strategic responsibilities are determined by the People & Organisation Department, in agreement with the Chief Executive Officer and the Chairwoman of Gefran S.p.A.

Appointments and Remunerations Committee

On 28 April 2020, the Board of Directors of the Company resolved, also pursuant to the provisions of Borsa Italiana Code of Conduct effective at that time, the 2018 edition, to establish an Appointments and Remunerations Committee (hereinafter referred to as the "**Committee**") composed of three non-executive, of which two are independent directors (one of which is its Chairman), who will remain in office until the approval of the financial statements as of 31 December 2022. At the time of its appointment, the Board of Directors believed that the Committee's members included persons with sufficient know-how and experience in the areas of interest to the Committee.

Following the loss of the independence requirements of Director Daniele Piccolo, according to the Board of Directors' 16 December 2021 resolution, Director Cristina Mollis was appointed as Chairwoman of the Committee.

The Directors on the Committee are:

OFFICE	MEMBERS
Independent Director and Chairwoman of the Committee	Cristina Mollis
Independent Director	Monica Vecchiati
Non-executive Director	Daniele Piccolo

The Committee has advisory, proposal-making and supervisory functions to ensure that remuneration policies are defined and applied within the Group. The purpose of these policies is, on the one hand, to attract, motivate and retain staff with the professional skills required to successfully pursue the Group's objectives, and, on the other, to align the interests of management and shareholders.

The Committee plays an important driving and proposing role, because it:

- submits proposals or expresses opinions to the Board of Directors regarding the

remuneration of executive directors and other directors with special duties (recalling that the remuneration proposal regarding fees for directors with special duties must be calculated after consultation with the Board of Statutory Auditors, pursuant to article 2389 of the Italian Civil Code), as well as setting performance targets determining the variable component of that remuneration;

- monitors application of the Board's decisions, checking in particular that performance targets are actually achieved, on the basis of long-term value-creation parameters;
- periodically assesses the adequacy, overall consistency and actual application of the policy for the remuneration of directors and managers with strategic responsibilities, based on the information provided by the directors with special duties and by the Chief People & Organisation Officer.

The Committee also consults with the Board of Directors, whenever requested to do so, on remuneration and other related matters.

In carrying out its duties, the Committee shall formulate its opinions and proposals on the basis of an evaluation taking into account the following parameters: (i) the principles contained in the Policy, (ii) the importance of responsibilities in the corporate organisational structure; (iii) impact on the Company's results and the assumption of related risks; (iv) economic and financial results achieved by the Company and the Group; (v) general analysis of the market and of peers in the sector for similar positions.

In preparing the Remuneration Policy, the Committee also considers business strategies, the market context and the Group's consequent performance, in order to better align its compensation systems with Gefran's actual requirements.

The functions performed by the Committee in the quality of Appointments Committee are described in the appropriate section of the Report on Corporate Governance and Ownership Structure.

The Committee has the right to access the company information and corporate functions necessary for the performance of the tasks assigned to it, and has sufficient financial resources to guarantee its operating independence within the terms and within the limits on expenditure established by the Board of Directors. In this regard, the Committee may also use external consultants, when considered useful for comparing the market standards of remuneration systems, after ascertaining that their independence of judgement is not compromised in any way.

The Committee meets whenever its Chairman considers it necessary or when requested at least by one member, and in any event, with the frequency required to perform its duties.

The meetings are duly recorded in minutes. The Committee operates on the basis of its own regulations.

Meetings may also be attended by other directors and representatives of the Company, especially the Chief People & Organisation Officer, when deemed appropriate or on the

Committee's invitation.

The Chairman of the Board of Statutory Auditors and the Standing Auditors are also entitled to attend Committee meetings.

No director may attend Committee meetings in which proposals concerning their own remuneration are being presented to the Board of Directors. This is in order to avoid conflicts of interest.

The available and necessary documents and information are sent to all members of the Remuneration Committee sufficiently in advance of the meeting to enable them to express an opinion.

During 2022 the Appointments and Remunerations Committee held three meetings with an average duration of one and a half hours each, attended regularly by all members and the whole Board of Statutory Auditors. On Chairman's invitation, the Chief People & Organisation Officer also attended to provide details of the incentive scheme adopted by the Company.

MEETING DATE	ITEMS ON THE AGENDA
01 February 2022	<ol style="list-style-type: none"> 1. Summary of the progress of the Executive Recovery Plan; 2. Self-evaluation of the Board of Directors; 3. Any other business.
03 March 2022	<ol style="list-style-type: none"> 1. 2021 MBO closure of the Chief Executive Officer; 2. Opinion on the 2022 MBO of Chief Executive Officer; 3. Presentation of the Remuneration Report; 4. Analysis of the results of the Directors' annual self-evaluation assessment; 5. Any other business.
06 October 2022	<ol style="list-style-type: none"> 1. MBO system guidelines for 2023; 2. Digitalisation of the MBO system; 3. Any other business.

As of the date of this Report, the Committee has met twice in the year 2023 so far.

People & Organization Department

The People & Organization Department, which reports regularly to the Committee, is responsible for implementing the Policy.

In order to assess the appropriateness, consistency and application of the Policy, People & Organisation provides all members of the Committee with documentation containing all the information necessary for such an assessment, including concrete information on remuneration

and compensation schemes, cooperation agreements and systems for providing incentives to executive directors and directors with particular responsibilities.

At the end of the financial year, People & Organization Department ascertains to what extent targets have been met, based on final figures supplied by Controlling Department.

Board of Statutory Auditors

The Board of Statutory Auditors is responsible for expressing opinions on the remuneration of directors with special duties.

B. Exceptional circumstances permitting temporary exceptions to remuneration policy

In accordance with art. 123-ter, paragraph 3-bis of the Consolidated Law on Finance, in the presence of exceptional circumstances the company may make temporary exceptions to the Policy, provided the policy specifies the procedural conditions under which such exceptions may be made and specifies the elements of the policy to which exceptions may be made.

Gefran believes that, in order to pursue its long-term interests and achieve sustainability for the Company as a whole, and to ensure its ability to remain on the market, changes to its Policy may be made in exceptional circumstances, such as, by way of example:

- (i) the need to replace the Chief Executive Officer or a manager with strategic responsibilities due to unexpected events, having to negotiate a remuneration package quickly, in cases in which the limitations imposed by the Policy may limit the Company's ability to attract a highly professional manager;
- (ii) significant changes in the scope of the company's business while the Policy remains in effect, as in the case of sale of a company or company branch on whose performance the on performance-based objectives of the applicable policy were based, or acquisition of a significant business not included in the policy;
- (iii) the need to deal with exceptional and/or exogenous and/or endogenous circumstances.

These changes may relate to:

- as regards the Chief Executive Officer and the General Manager:
 - (i) the aggregation of the roles of General Manager and Chief Executive Officer, or the appointment of two different people for these offices;
 - (ii) remuneration of the Chief Executive Officer, including both fee and salary as a Company employee;
 - (iii) the variable part of remuneration.

- in the case of the Chairwoman:
 - (i) in the event that the Chairwoman is granted powers to act as Chief Executive Officer due to absence of this figure for any reason, an additional fee may be established, which, in addition to the current fee, may not exceed the amount of € 500.000,00.
- to the extent that Executives with Strategic Responsibilities:
 - (ii) the Company may introduce new figures deemed useful for the development of the Gefran Group.

Changes of this type must be introduced by resolution of the Board of Directors, with the approval of the Appointments and Remunerations Committee.

C. Aims, principles and tools of the remuneration policy

The aim of the Gefran Group's Policy is **to hire, encourage and reward** individuals who make use of their experience and expertise at the service of the Gefran Group, so become participants in its development, while maintaining the correct alignment between incentives and the risk profile of the activity in question.

The remuneration system thus adopted therefore represents one of the essential tools for attracting, motivating and retaining competent people who can contribute to the Group's performance, while upholding Gefran's strategy, the **purpose**, **promise** and Gefran's guiding principles in view of the fact that the company's size and the size of the remuneration package are closely linked.

With this in mind, the remuneration policy implemented takes into account the Company's best practices and **sustainability**, rather than those of other companies or external benchmarks, which are nevertheless assessed and taken into consideration.

The guidelines are adopted by Gefran when new managers join the Company and when career advancement paths are prepared and implemented for existing staff in the Group.

This **annual** Policy has been developed with the aim of promoting ever-greater alignment of *management's* interests with those of *Stakeholders*, also taking into account the principle market practices, in compliance with current legislation.

In determining its content, the Company also took into account the compensation and working conditions of its employees.

The remuneration of independent and/or non-executive directors, as well as remuneration of the members of the Board of Statutory Auditors, is not linked to the economic results achieved by the Company and/or the Group and is represented exclusively by a fixed component approved

by the Ordinary Shareholders' Meeting (apart from any additional remuneration provided in view of participation in internal committees within the Board of Directors).

The criteria for determining the remuneration of the Board of Statutory Auditors are based on market parameters and fully aligned with them, guaranteeing their independence and autonomy and, moreover, are established on a proposal from the shareholders and subject to the approval of the Ordinary Shareholders' Meeting.

D. Sustainability

It should be noted that in the year 2020 Gefran adopted its [Strategic Sustainability Plan](#), subsequently updated in November 2021, with the goal of setting out the guidelines for achieving the Group's sustainable success. The targets contained in the Sustainability Strategic Plan are included in the variable remuneration of the Chief Executive Officer and managers responsible for the actions identified in the strategic plan. The Company has identified some parameters related to environmental, social and governance (ESG) issues by including these objectives among the qualitative objectives assigned to the beneficiaries of the plans. In 2022, the percentage of the amount of MBOs tied to ESG targets was 6%.

In 2023, Gefran integrated the Strategic Plan into the [Sustainability Report](#) by increasing its commitment to implementing sustainability-related projects.

The objectives of the MBOs for 2023 of the Chief Executive Officer and other managers will be around 10% connected to these projects; Gefran will make the percentage available in the next Report.

E. Outcome of voting at the Shareholders' Meeting

The Policy is defined by considering the shareholders' meeting vote on the 2022 Remuneration Policy on 28 April 2022, which are as follows:

VOTING	Number of votes	% of share capital	% of capital represented
In favour	7,942,840	55.16%	92.27%
Against	665,617	4.62%	7.73%

The resolution was then approved by a very large majority; the vote against by the minority shareholders present at the shareholders' meeting is recorded.

F. General terms of the Policy

(i) Structure of the remuneration package

The remuneration package, which includes a balanced mix of fixed and variable, monetary and non-monetary, direct and deferred elements, is divided into a number of different components:

- 1) Gross annual fixed component;
- 2) Annual variable component (MBO system) whose incidence with respect to fixed remuneration is approximately 13%;
- 3) Long-term incentive (LTI) component of senior positions and oriented toward the generation of value for stakeholders and shareholders;
- 4) Non-monetary benefits and welfare;
- 5) Non-competition agreements for General Managers and certain executives with strategic responsibilities.

Please note that the Company applies the same scheme, in relation to the specific position held and the responsibilities involved, not only to Executives with Strategic Responsibilities but also to top management in the Parent Company and foreign subsidiaries, who are regularly included in the Management-by-Objectives (MbO) Plan drawn up by People & Organisation Department every year. The underlying principle is to develop a *pay-for-performance* system that links remuneration to real results, both collective and individual.

(ii) Fixed component of remuneration

The fixed component of the remuneration package of the Directors consists of the emoluments resolved by the Shareholders' Meeting and the Board of Directors, described in detail in the following paragraphs.

For Executives with Strategic Responsibilities, the fixed component of their remuneration is determined by the Gross Annual Fee or GAF. It is linked with the level of expertise, specialisation and management skills, as well as the accountability of the position held within the organisation. The principle adopted by the Company for determining that this amount is both appropriate and functional is based *in primis* on compliance with the Group's current policy and balances, considering the benchmarks on the job market. By means of this fixed component, managerial continuity is ensured, pursuing effective policies of internal remuneration and competitiveness in relation to the external market.

GAF is remuneration for the services provided, and is commensurate with the assigned tasks and responsibilities, and remunerate the services provided in the event that the variable component is not provided.

It is standard practice to support managers' professional growth, in terms of both responsibilities and remuneration, in light of the evolution of the role and of the manager himself, positively

evaluated.

(iii) Variable Components of remuneration and *una tantum*

Variable components remunerate the results achieved in the short and medium-long term. Short-term performance is assessed - on the basis of an evaluation period of at least one year - using an approach that considers the results achieved by individuals, those obtained from the structures in which they operate, and the Group's results as a whole from a long-term perspective.

The weight of the variable component of the pay of personnel considering the total fixed component is benchmarked to the scope of activity and the strategic weight of the position to which the remuneration relates.

This component has been determined on the basis of clear, exhaustive and differentiated performance criteria, based on financial and non-financial performance targets, taking into account criteria relating to corporate social responsibility where appropriate.

There are no deferred payments for the variable portion in cash. Gefran does not have any equity incentive plans in place, nor any other plans based on financial instruments.

While remuneration policy does not foresee granting of discretionary bonuses, special *una tantum* disbursements may be granted in relation to specific transactions and/or appointments of particular strategic importance to the Company and/or the Group and in the presence of outstandingly worthy performance, not foreseeable when determining the annual personal objectives under the conditions set forth below (by way of example, an unpredictable acquisition, organisational restructuring or achievement of particularly significant performance for the Group or of a particularly important commitment). These forms of remuneration must be attributed by the competent body (if applicable, by the Board of Directors, upon proposal of the Appointments and Remunerations Committee), and in any case comply with the current regulatory provisions (for example, impact on the variable remuneration/fixed remuneration ratio, where the procedures for paying variable remuneration are applicable) and the corporate governance processes of the Company, in addition to being subject to conditions of *malus* and to claw-back actions, to the extent legally applicable.

G. Short to medium-term variable component (MBO)

(i) Criteria underlying the determination and disbursement

The short to medium term variable component is paid through an **MbO** or “**Management by Objectives**” system in response to achievement of annual targets established within the first quarter of the year in question. It aims to recognise the results achieved by establishing a direct correlation between remuneration and short-term results, encouraging achievement of the

annual targets identified in the Company's budget and in line with the business plan for the reference year.

The MBO component is extended to all management staff and resources that manage initiatives or projects of strategic importance in relation to their position and responsibilities, as well as the sales force.

The MBO system is structured in such a way as to make the link between economic recognition and the degree of achievement of annual objectives transparent.

The right to payment of the MbO is linked not only to the actual results achieved in terms of individual performance indicators, but to achievement of a financial access gate (referred to as [on/off condition](#)). This gate corresponds to EBIT above 0 or equal to the budget.

The MBO system is structured and implemented in accordance with the guidelines issued by the People & Organization Department, in cooperation with the Chief Executive Officer and the Chairwoman, and then presented to the Appointments and Remunerations Committee.

On the basis of the results achieved, the People & Organization Department verifies the level of achievement of objectives based on which the amount of variable compensation is paid to each beneficiary.

The objectives linked to numerical parameters are set "*with unchanged scope*", therefore, in case of extraordinary transactions affecting the Group's scope, these targets are restated in proportion to the change in the scope of consolidation.

Objectives are formalized annually on personal data sheets, which, starting from 2022, are managed through a dedicated IT platform called "*Talentia*", which guarantees traceability and reduces the margin of error resulting from the manual compilation of the sheets.

The MBO system adopts a common, organic approach intended to represent the unity of the Group and the interdependence of the activities of the various functions. It is also intended to bring the interests of management further into line with those of the employees involved in the process, and those of shareholders. Performance is measured in relation to the actual results achieved at the Group, Business, Organisational Unit and individual levels.

In a perspective of sound and prudent management, as well as optimal containment of risks in line with the objective of sustainable growth, the criteria underlying the measure of the variable component are performance ([quantitative objectives](#)) or management ([qualitative](#)) objectives. In presence of complex and transversal plans, to stimulate collaboration and an approach based on systemic thinking interdependent objectives are assigned.

The main quantitative objective for economic/financial performance is Group EBIT, which is common to all front line managerial positions. This may be accompanied by other financial indicators such as NWC (Net Working Capital) or NFP (Net Financial Position), business

indicators, such as revenues, gross margin, cost control, or by objectives linked to the specific performance of various functions.

The objectives are always defined according to the **SMART** method (Specific, Measurable, Achievable, Relevant, Time Related). The objectives must be precise and measurable, feasible (although challenging) and relevant from an organisational point of view, that is in line with business strategy.

They may be linked to **management targets** (strategic processes/projects), or to managerial/organisational **development targets** (competences).

Definition of the set of indicators to be assigned considers the balance guaranteeing sustainability, for example, revenues in relation to margin or EBITDA, efficacy in relation to efficiency, and investment in relation to EBIT.

This guarantees the sustainability and absence of conflict between the achievement of the individual objectives and the well-being of the company.

Each objective is associated with “weights” that define its relevance within each pay package, which varies according to the position held by the beneficiary.

Each MBO bonus is structured in such a way as to have a maximum limit on the variable payment, depending on the extent to which the Group’s results are affected, and the ability of individual to influence the objective. Pay-out may range from 50% to a maximum of 150% of the target value, depending on the actual result achieved.

Concerning the criteria for assessing achievement of performance targets for payment of the variable component, the level of performance achieved in the financial year following the reference year is verified for each objective.

As far as the Company is aware, the participants in the incentive plan do not make use of personal hedging strategies, remuneration insurance or other aspects that may alter or affect the effects of alignment of risk inherent in their remuneration mechanisms, with particular reference to incentive schemes.

(ii) malus and clawback mechanisms

The variable remuneration of members of the Board of Directors, general directors and executives with strategic responsibilities is subject to special *malus* mechanisms, as a result of which the variable component is not, in whole or in part, paid - independently of its financial sustainability, in the absence of which it will not be paid in any case - in the event of:

- a. fraudulent or grossly negligent misconduct by employees damaging customers or companies within the Gefran Group, or resulting in payment of compensation and/or any form of payment by companies belonging to the

- Gefran Group;
- b. behaviour of employees resulting in a significant loss for companies belonging to the Gefran Group;
- c. precautionary/disciplinary proceedings relating to personnel.

Gefran's MBO programme provides for the continuation of the employment relationship at the date of payment as a condition. Therefore, should the company terminate the employment relationship for just cause, as a result of the above actions, the MBO is not paid.

Use of appropriate claw-back mechanisms is also envisaged, under which immediate return of the variable component already paid in the calendar year in which the request is made, and paid in the previous year, may be demanded in the event of:

- a. confirmation of fraudulent or grossly negligent misconduct directly damaging customers of Gefran Group companies, resulting in payment of compensation and/or payments made by the companies themselves to customers for any reason whatsoever;
- b. confirmation of fraudulent or grossly negligent misconduct on the part of staff in relation to the means of payment used by the company;
- c. fraudulent or grossly negligent misconduct, with the exception of points a) and b), ascertained by a final judgement, on the part of personnel to the detriment of companies belonging to the Gefran Group, or resulting in a significant loss or reputational damage to companies belonging to the Gefran Group.

In addition, claw-back mechanisms are provided for certain objectives.

(iii) MBO for the year 2023

The guidelines behind the MBO system for the year 2023, approved by the Appointments and Remunerations Committee in its 6 October 2022 meeting, support the goals of growth, through development of new geographical markets, new applications and new customers, of business profitability, of focusing on the organisation's sustainability and quality of service. The system is confirmed as the primary method and tool for orientation and focusing of management on the Group's strategic goals. The incentive scheme based on short-term results (MBO) has been supplemented with a medium-long-term scheme (LTI).

The MBO scheme comprises a minimum of three and a maximum of five components overall, each of which is an addendum.

There is a condition enabling the system (on/off type), represented by a financial meta-target in relation to profitability with a quantitative parameter guaranteeing the sustainability of the system.

This condition, which is differentiated on the basis of the beneficiary's belonging to different

Group Companies, is EBIT.

The methodology aims to direct and guide the organization towards the relevant business objectives by measuring the effectiveness and efficiency with which they are achieved.

These objectives are grouped into five clusters:

- a. economic/financial;
- b. business development/marketing;
- c. product and innovation;
- d. sustainability;
- e. service (stakeholder and customer experience).

Reference indicators and KPIs (*Key Performance Indicators*) are defined for each cluster on the basis of what is known as the “SMART” (*Specific, Measurable, Achievable, Relevant, Time-Related*) principle.

For quantitative objectives, minimum and maximum limits of percentage importance have been defined. These recognise results exceeding 95% of the target with a bonus of 50%, and reward over-performance, with the meeting of the target at 120-150% possibly corresponding to 120-150% of the related bonus.

A portion of the over-achievement in certain homogeneous categories of beneficiaries may be provided as corporate welfare, permitting access to a basket of services as required by the relevant regulations.

Safeguarding EBIT will be a common objective to all beneficiaries of the MBO plan with the following rules:

no bonus under 90% of the target

EBIT between 90% and 99.99% = 50% to 99.99% of the bonus, with linear growth

EBIT between 100% = 100% of the bonus

EBIT between 100% and 120% and $\geq 100\%$ to 150% of the bonus, with linear growth

All objectives are inspired by a systematic logic considering the balance required to guarantee the sustainability of the business. For example, turnover is balanced by EBITDA, investment EBIT.

For each objective, if it is of a quantitative nature the source of verification is associated, while for qualitative ones such as the implementation of projects, there are criteria by which the objective is assessed in terms of the occurrence.

As for top management’s individual targets, the plan allows for the possibility of assigning targets shared by one or more company departments, typically linked with cross-cutting projects involving innovation, organisational development, or improvement of productivity or efficiency, the achievement of which is the result of each manager’s contribution.

Following the Enterprise Risk Management conducted at the end of 2020 and updated annually, with the aim of mapping the principal strategic and operative risks to which the Gefran Group is exposed, objectives were also assigned for mitigation of the top risks emerging from the assessment.

Lastly, there are claw-back clauses in effect for a number of specific targets.

H. Medium to long-term variable component (LTI)

(i) criteria underlying the determination and disbursement

The **Long-Term Incentive (LTI)** is a variable medium-long-term component (3 years), set in order to focus management on the plans, projects and results with a time horizon of more than one year, and on sustainable business growth by developing forward-looking vision, as well as retaining key Resources.

The conditions enabling the LTI system are the continuation of the working relationship at the end of the three-year period, and not submitting resignation, together with an indicator of three-year profitability.

The LTI remuneration component is part of the remuneration package for the General Manager, some strategic Executives in Italy and the main General Managers of branches abroad.

The scheme involves two or three strategic objectives, which may be economic/financial objectives linked with the overall results achieved by the company at the end of the three-year period, on which the beneficiary has power to make decisions and act, or they may concern implementation of strategic plans aimed at generating value for stakeholders and shareholders. Calculation and payment takes place only at the end of the three-year period during the first quarter.

The bonus amount and its composition vary depending on the mutual interests of the Company and the managers during the period. Factors taken into consideration are: position held in the organisation and management experience; the manager's ability to influence the Group's long-term growth; annual results achieved to date and all remuneration received; the beneficiary's growth potential and loyalty-building requirements.

I. Benefits and Welfare

The **Benefits** awarded to management are intended to ensure that overall remuneration is as competitive as possible, and in line with the best practices adopted on the job market. They complete the monetary remuneration package. They consist of:

- ✓ insurance for reimbursement of medical costs
- ✓ company car for business/private use
- ✓ life and accident insurance
- ✓ D&O insurance

In line with international best practice, an insurance policy of the type known as D&O (*Directors & Officers*) *Liability* contracted by Gefran S.p.A. to cover risk to corporate bodies, General managers, Executives with strategic responsibilities, Senior Managers, Executives and all figures playing a role in the protection of health and safety under Legislative Decree 81 of 2008 as a result of claims filed against them by the Company or a third party with the aim of having them sentenced to pay compensation for damages in relation to the performance of their functions. This stipulation also constitutes an act of specific interest to the company, as this policy is an instrument for the protection and safeguarding of claims for compensation made by parties damaged by the behaviour of persons representing the company.

Result Bonus (“RB”) This orientation toward achievement of results is also apparent in the definition of the Result Bonus (RB) offered to middle managers, clerical staff and workers: in accordance with the “Legge di Stabilità”, the RB is based on indicators linked with profitability, productivity, efficiency, innovation and quality specific to the company, defined every year in line with the budget. Note that on 26 November 2019 a company contract was signed for the 2020-2022 three-year period with the company’s Unitary Trade Union Representative (RSU), FIM-CISL and FIOM-CGIL, which is in the renewal process at the date of this report. In addition to emphasizing the central importance of the principles of inclusion and diversity, seen as assets of value for promoting innovation, change and growth in the company, there are also significant new developments for the RB. In addition to the indicators specified above, a new parameter has been introduced linked with wastes separation for recycling, in harmony with the company’s sustainability and environment strategies.

Result Bonus may be entirely or partially converted into goods and services under the company’s welfare plan. Those who convert result bonus will see their individual amount increased by 5%, if 80% of the bonus is converted, or 10%, if all of it is converted.

When defining the benefits package offered and its use, we considered what generations assign value to in order to offer the best employee experience.

J. Indemnity for resignation, dismissal or termination of employment

As a general rule, long-term performance in terms of value creation for shareholders is taken into account when calculating termination payments, also taking into account any requirements under the provisions of the applicable collective or individual agreements and any other individual circumstances, including the reasons for termination.

The Gefran Group **does not enter into agreements** with Directors or Executives with strategic

responsibilities that regulate *ex-ante* the financial aspects of early termination of employment, upon the initiative of the Company or the individual (referred to as “parachute indemnity”).

Subject to legal and/or contractual obligations, any agreements on termination of employment with the Group are based on specific benchmarks, and fall within the limits set by the laws and practices of the country in which the agreement is entered into. If employment is terminated with the Group for reasons other than just cause, the usual approach is to seek an agreement to “terminate” the employment in a consensual manner.

In any case, this Policy establishes as the maximum amount of compensation in the event of termination or resolution as the monthly amount provided for under the applicable legislation, as well as the provisions of the applicable collective agreements, also including the advance notice period.

This maximum amount includes any indemnities that may be paid in the event of termination of the office of director, even with powers, and those provided for in the employment relationship, if the same person holds both positions.

In the event that an amount is paid as a settlement, this is established in accordance with the guidelines set out in the Corporate Governance Code, with particular reference to the criteria set forth in the Executives national collective bargaining agreement (CCNL) .

K. Non-competition agreements

As of 31 December 2022, non-competition agreements had been signed with a number of members of management, particularly those holding positions of particular importance in technical and commercial fields and where deemed appropriate for safeguarding the Company. The compensation paid for this, which is in any case of limited duration, is determined, in accordance with the applicable legislation, in relation to the temporal and territorial extension of the requirement and the damage that could result to the Company and/or the Group if the person concerned should carry out activities in competition with those of the Company and/or the Group or disclose information which (even if not expressly identified as confidential by law) could also cause damage to the Company and/or the Group, taking into account the roles and responsibilities previously held by the person in question.

Individual remuneration policies

L. Directors' remuneration

Remuneration policy requires Directors to be paid:

- (i) a fixed annual sum determined by the Shareholders' meeting, pursuant to article 2389, paragraph one of the Italian Civil Code, shared out by the Shareholders' meeting or the Board of Directors;
- (ii) a possible additional fee for participation in committees within the Board of Directors;
- (iii) a possible additional fee for executive positions of various kinds held and resolved on by the Board of Directors, in response to a proposal made by the Committee, under article 2389, paragraph 3 of the Italian Civil Code.

Regarding the Policy for 2023

It should be noted that the Gefran S.p.A. Shareholders' Meeting, to be convened for the approval of the financial statements at 31 December 2022, will also be asked to resolve on the renewal of the current Board of Directors that will expire due to completion of its term in office. The Shareholders' Meeting will therefore be called upon to resolve on the total annual fee of the Board of Directors pursuant to Art. 2389, paragraph 1, of the Italian Civil Code, excluding the compensation to be allocated by the Board to the Directors with special duties as provided for by Art. 2389 of the Italian Civil Code; subsequently, the Board of Directors will be asked to decide on its distribution. For the distribution of this remuneration, the Board of Directors must take into account the commitment required for the attendance of directors in the individual board committees, based upon the previous office.

M. Remuneration of directors without special duties

The 28 April 2020 Shareholders' Meeting established a **gross annual fee of € 300,000.00**. The breakdown of this sum was then approved by the Board of Directors on proposal of the Appointments and Remunerations Committee, as listed below:

- € 270,000.00 divided equally among the directors, that is a gross amount of € 30,000.00 per year for each director;
- € 29,000.00 made available to the Committees;
- €1,000.00 to the Lead Independent Director.

In line with international best practice, directors without special duties are not entitled to a variable component of their fees (bonus).

Each of the members of the internal Committees within the Board of Directors (Appointments and Remunerations Committee, Control and Risks Committee and Sustainability Committee) is paid a token of € 500,00 for each Committee meeting attended, up to a maximum limit of €

29,000.00 per year.

N. Remuneration of directors with special duties

On 28 April 2020 the Board of Directors appointed the following directors with special duties:

- 1 Honorary Chairman
- 1 Chairwoman
- 2 Vice Chairmen
- 1 Chief Executive Officer

The Board of Directors, having consulted the Committee and obtained the mandatory opinion of the Board of Statutory Auditors pursuant to art. 2389 of the Italian Civil Code, has allocated the following fixed remuneration per year, all inclusive and additional in relation to the remuneration received by each director referred to in the previous paragraph:

- to the [Honorary Chairman](#) the sum of € 210,000.00 for the strategic and institutional functions assigned to him
- to the [Chairwoman of the Board of Directors](#) the sum of € 210,000.00 for the functions assigned to her
- to [each Vice Chairman](#) the sum of € 135,000.00 for the functions assigned to them
- to the [Chief Executive Officer](#) the fixed sum of € 60,000.00 for the functions assigned

This resolution remains in force until the approval of the 2022 financial statements, scheduled for 21 April 2023.

In anticipation of the renewal of the Board of Directors, the Policy provides for the following Compensations:

- to the [Honorary Chairman](#) the sum of € 210,000.00 for the strategic and institutional functions assigned to him
- to the [Chairwoman of the Board of Directors](#) the sum of € 250,000.00 for the functions assigned to her
- to [each Vice Chairman](#) the sum of € 160,000.00 for the functions assigned to them
- to the [Chief Executive Officer](#), the fixed sum of € 100,000.00 for the functions assigned in addition to the MBO of € 90,000, which in the event of over achievement, can reach the amount of € 112,500.00 as per resolution of the Board of Directors on 9 March 2023. Such a possibility is consistent with the Company's MBO policy described below

The Honorary Chairman, Chairwoman and Vice-Chairmen **do not have MBO and LTI plans** because they are directly and indirectly shareholders in Gefran S.p.A. and therefore benefit from any dividends that the Company may pay and the value of its share.

For the purposes of the 2023 Policy, the MBO targets of the Chief Executive Officer were approved by the Board of Directors, subject to the favourable opinion of the Appointments and Remunerations Committee, as follows:

- Total revenues of the Gefran Group;
- NWC of the Gefran Group;
- Net profit of Gefran S.p.A.;
- Launch and progress of the Sustainability Plan;
- “Net Zero Strategy” Objective

To this purpose, therefore, the individual data sheet therefore includes objectives related to sustainability, defined as the ability to generate and maintain value for all stakeholders in the medium-long term.

Regarding quantitative objectives, on the other hand, the Group’s profitability performance, which has a direct impact on the annual variable component of the theoretical annual variable component of compensation via the mechanisms described above, is particularly important as a quantitative objective. Based on this approach, the amount of the annual variable component accrued is determined in proportion to the results achieved by the Group.

Please note that the Chief Executive Officer is also an executive of the Company and, as such, receives a fixed gross annual fee (GAF), a dedicated MBO, and a three-year LTI, and is bound by a non-competition agreement. Note that there is no indemnity for termination of office, beyond that required by the provisions of the legislation and collective agreements.

O. Remuneration of the Board of Statutory Auditors

As of the date of this Report, the Board of Statutory Auditors is composed of:

Chairman: Roberta dell’Apa

Statutory Auditors: Luisa Anselmi, Primo Ceppellini

Deputy Auditors: Simona Bonomelli, Stefano Guerreschi

The Ordinary Shareholders’ Meeting convened on 27 April 2021 approved the renewal of the auditing body and, pursuant to art. 2402 of the Italian Civil Code, the remuneration for the entire duration of the appointment, defined as an annual fee of € 30,000.00 for the Chairman and € 20,000.00 for each Statutory Auditor, as well as the reimbursement of expenses incurred in carrying out the appointment.

The remuneration of Statutory Auditors is commensurate with the commitment required, the importance of the position held, as well as the size of the Company and the sector in which it operates, in such a way as to ensure their role of independence with full autonomy.

As in the case of the Directors, there is also a D&O (Directors & Officers) Liability insurance policy covering Statutory Auditors.

P. Remuneration of General Managers and Executives with strategic responsibilities

As of the date of this Report, executives with strategic responsibilities are: Marcello Perini (*Chief Executive Officer and General Manager*), Patrizia Belotti (*Chief People & Organization Officer*), Paolo Butti (*Chief Sales Officer*), Paolo Beccaria (*Chief Financial Officer*) and Marco Svava (*Chief Technology Officer*).

Compared to the previous report, please note that Fausta Coffano, who previously served as Chief Financial Officer, left the Group, and has been replaced by Paolo Beccaria. Christian Pampallona is no longer considered as an Executive with strategic responsibilities due to the sale of the business unit of which he was general manager.

The remuneration policy or compensation for General Managers or Executives with strategic responsibilities is intended to attract and retain professionals with the skills required to successfully pursue the Group's objectives, as well as motivating them and giving them an incentive to remain in the Company. In addition, it aims to align the interests of management with those of shareholders, also through a twin focus on short-term results and long-term results, thereby increasing the Group's value in a sustainable manner.

The criteria for assigning the variable portion of remuneration are described above.

It is the Committee's opinion, the Policy described so far, both considering the remuneration of directors and Executives with strategic responsibilities, is consistent with the approach followed in 2022.

In light of the above, by voting in favour of Section I - 2023 Policy, the above is confirmed.

SECTION II - Report on compensation paid for 2022

A. 2022 business results

Key business results are described in the annual financial report available at the following link: <https://www.gefran.com/invest-in-gefran/#finance>.

B. 2022 Remuneration

Below there is a summary of the information concerning remuneration in the year 2022, fulfilled in compliance with the remuneration policies approved, with reference to the recipients of the Policy. In particular, where performance objectives were assigned, the levels of performance achieved are shown in comparison with those envisaged, to ensure full accountability to the market regarding *ex-post* application of the performance objectives set out in the Policy.

It should be noted that during the 2022 financial year **there were no exceptions to the remuneration policy, complying** with the vote of the Shareholders' Meeting on 28 April 2022.

Details of the final figures are provided in Chart 1 - Compensation paid to the members of administrative and control bodies, general manager and other executives with strategic responsibilities, to which reference is made.

C. Remuneration of the Board of Directors

The members of the Board of Directors are divided into:

- a) **Directors with special duties:** Ennio Franceschetti (Honorary Chairman), Maria Chiara Franceschetti (Chairwoman), Andrea Franceschetti (Vice Chairman), Giovanna Franceschetti (Vice Chairwoman) and Marcello Perini (Chief Executive Officer);
- b) **Directors without special duties:** Daniele Piccolo, Monica Vecchiati, Cristina Mollis and Giorgio Metta.

For more information, see the Report on Corporate Governance and Ownership Structure.

(i) Remuneration of Directors without special duties

Gefran Shareholders' Meeting, held on 28 April 2020 to appoint the Board of Directors, approved an overall remuneration package for the directors pursuant to article 2389, paragraph 1, of the Italian Civil Code, and assigned the Board of Directors determine the distribution.

Especially, the Shareholders' Meeting approved an [overall gross annual remuneration package of € 300,000.00](#), divided as follows by the Board of Directors, on the Appointments and Remunerations Committee's proposal:

- € 270,000.00 divided equally among the directors, that is a gross amount of € 30,000 a year for each director;
- € 29,000.00 made available to the committees;
- €1,000.00 to the Lead Independent Director.

The sum of € 16,000 was paid during the 2022 financial year, compared with the sum of 29,000 available to the Committees, as a result of the participation in the meetings of these committees.

Remuneration for the members of the Board of Directors, including those who are also members of board committees, was therefore determined following the procedures defined and described in the Policy in force.

Non-executive members of the Board of Directors thus received a fixed remuneration of € 120,000.00 in 2022 and were not paid any variable remuneration linked to the achievement of objectives or incentive plans based on financial instruments.

(ii) Remuneration of Directors with special duties

In the year 2022, the directors with special duties received the following fixed remuneration per year, all-inclusive and additional to the remuneration of € 30,000.00 paid to each director, according to the specific powers conferred to them:

- The [Honorary Chairman](#) Ennio Franceschetti was granted the amount of € 210,000.00;
- The [Chairwoman of the Board of Directors](#) Maria Chiara Franceschetti was granted the sum of € 210,000.00;
- The [Vice Chairman](#) Andrea Franceschetti was granted the sum of € 135,000.00;
- The [Vice Chairman](#) Giovanna Franceschetti was granted the sum of € 135,000.00;

The executive members (excluding the Chief Executive Officer) of the Board of Directors thus received a fixed remuneration of € 690,000 in 2022, and are not recipients of MBO and LTI plans.

D. Remuneration of the Chief Executive Officer

(i) Remuneration of the Chief Executive Officer

The Chief Executive Officer Marcello Perini, in addition to the fee of € 30.000,00 paid to each director, received:

- the sum of € 60,000 for the assigned functions.
- The MBO of €37,500 as a result of over-achievement of the targets.

There are no agreements in place between the Company and the Chief Executive Officer (or any member of the Board of Directors) that provide for an indemnity for resignation or dismissal/revocation without just cause or if their employment ceases following a tender offer.

No indemnities and/or other benefits were awarded for resignation of office or termination of employment during the year, as no such events occurred. Similarly, there were no episodes of ex-post correction mechanisms of the variable component (*malus* or “claw-back” repayment of variable components), nor were any exceptions made to the Policy.

It should be noted that the Chief Executive Officer is also a company employee.

(ii) Remuneration of the General Manager

The General Manager Marcello Perini received:

- Fixed fee (GAF, PNC, non-monetary benefits): € 236,356.76
- MBO 2022: € 76,091.00
- LTI 2020-2021-2022: € 202,500.00

With reference to the total annual variable component, the engineer Marcello Perini, for his duties as Chief Executive Officer and General Manager, received the sums indicated above. The proportion of remuneration of a fixed and variable nature in total remuneration amounted to 36%.

E. Remuneration of the Board of Statutory Auditors

The fees accrued in 2022 are shown in Chart I, attached to this Report.

F. Remuneration of executives with strategic responsibilities

The remuneration of the following executives with strategic responsibilities is reported at an

aggregated level in the chart below, and is in line with the 2022 Policy.

The data shown in the aggregated chart refer to the following executives with strategic responsibilities:

Patrizia Belotti (*Chief People and Organisation Officer*)
Paolo Butti (*Chief Sales Officer*)
Fausta Coffano (*Chief Financial Officer*) - until April 2022
Christian Pampallona (*General Manager, Drive & Motion Control Business Unit*)
Marco Svara (*Chief Technology Officer*).
Paolo Beccaria (*Chief Financial Officer*) - effective from July 2022

The fees accrued in 2022 are shown in Chart I, attached to this Report.

In the year 2022, the fixed component accounted for an average of 21% of total remuneration.

To better understand the data contained in the chart below, it should be noted that for executives with strategic responsibilities whose employment relationship with Gefran S.p.A. does not coincide with the whole of 2022, their remuneration is proportional to the months of actual attendance.

CHART 1: Compensation paid to members of the administrative and control bodies, general managers and other executives with strategic responsibilities - Year 2022 -

First name and surname	Office	Period for which the office was held	Expiry of office	Fixed remuneration	Remuneration for sitting on committees	Variable non-equity remuneration		Non-monetary benefits (2)	Other remuneration	Total	Fair value of equity remuneration	Severance indemnity for end of office or termination of employment
						Bonus and other incentives (1)	Profit sharing					
Ennio Franceschetti	Honorary Chairman	Entire period	Approval of the financial statements as at 31/12/2022									
Remuneration at the reporting entity				€ 240,000.00 (3)	€ -	€ -	€ -	€ 4,312.99	€ -	€ 244,312.99	€ -	€ -
Remuneration from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Total				€ 240,000.00	€ -	€ -	€ -	€ 4,312.99	€ -	€ 244,312.99	€ -	€ -

Maria Chiara Franceschetti	Chairwoman	Entire period	Approval of the financial statements as at 31/12/2022									
Remuneration at the reporting entity				€ 240,000.00 (4)	€ -	€ -	€ -	€ 14,049.71	€ -	€ 254,049.71	€ -	€ -
Remuneration from subsidiaries and affiliates				€ 23,250.00	€ -	€ -	€ -	€ -	€ -	€ 23,250.00	€ -	€ -
Total				€ 263,250.00	€ -	€ -	€ -	€ 14,049.71	€ -	€ 277,299.71	€ -	€ -

(1) Variable incentives of a monetary nature pertaining to the year 2022, already calculated on the basis of effective results and paid in the first quarter of 2022, are listed here. With regard to LTI, since it is maturing on a multi-year basis, only the portion accrued in the year in question or, in the event of liquidation, the portion accrued in 2022 and actually settled in the first quarter 2023 is reported.

(2) These include, in addition to a company car, FASI and ASSIDIM medical insurance, accident insurance and life insurance

(3) Including € 210,000 for the office of Honorary Chairman

(4) Including € 210,000 for the office of Chairwoman

Andrea Franceschetti	Executive Director	Entire period	Approval of the financial statements as at 31/12/2022									
Remuneration at the reporting entity				€ 165,000.00 (5)	€ -	€ -	€ -	€ 10,457.59	€ -	€ 175,457.59	€ -	€ -
Remuneration from subsidiaries and affiliates				€ 18,000.00	€ -	€ -	€ -	€ -	€ -	€ 18,000.00	€ -	€ -
Total				€ 183,000.00	€ -	€ -	€ -	€ 10,457.59	€ -	€ 193,457.59	€ -	€ -

Giovanna Franceschetti	Executive Director	Entire period	Approval of the financial statements as at 31/12/2022									
Remuneration at the reporting entity				€ 165,000.00 (5)	€ 1,500.00	€ -	€ -	€ 13,462.31	€ 13,333.33	€ 193,295.65	€ -	€ -
Remuneration from subsidiaries and affiliates				€ 23,250.00	€ -	€ -	€ -	€ -	€ -	€ 23,250.00	€ -	€ -
Total				€ 188,250.00	€ 1,500.00	€ -	€ -	€ 13,462.31	€ 13,333.33	€ 216,545.65	€ -	€ -

(5) Including € 135,000 for the office of Vice Chairman

Perini Marcello	Chief Executive Officer/General Manager	Entire Period	Approval of the financial statements as at 31/12/2022									
Remuneration at the reporting entity				€ 314,056.92 (6)	€ 1,500.00	€ 316,091 (7)	€ -	€ 12,299.84	€ -	€ 643,948.19	€ -	€ -
Remuneration from subsidiaries and affiliates				€ 12,000.00	€ -	€ -	€ -	€ -	€ -	€ 12,000.00	€ -	€ -
Total				€ 326,056.92 (6)	€ 1,500.00	€ 316,091 (7)	€ -	€ 12,299.84	€ -	€ 655,948.19	€ -	€ -

(6) Including € 60,000 for the office of Chief Executive Officer

(7) Total of the 2020-2022 three-year LTI, of which the portion for 2022 is € 67,500

Daniele Piccolo	Director	Entire period	Approval of the financial statements as at 31/12/2022									
Remuneration at the reporting entity				€ 30,000.00	€ 4,000.00	€ -	€ -	€ -	€ -	€ 34,000.00	€ -	€ -
Remuneration from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Total				€ 30,000.00	€ 4,000.00	€ -	€ -	€ -	€ -	€ 34,000.00	€ -	€ -

Monica Vecchiati	Director	Entire period	Approval of the financial statements as at 31/12/2022									
Remuneration at the reporting entity				€ 30,000.00	€ 5,000.00	€ -	€ -	€ -	€ 7,500.00	€ 42,500.00	€ -	€ -
Remuneration from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ 11,144.96	€ 11,144.96	€ -	€ -
Total				€ 30,000.00	€ 5,000.00	€ -	€ -	€ -	€ 18,644.96	€ 53,644.96	€ -	€ -

Giorgio Metta	Director	Entire period	Approval of the financial statements as at 31/12/2022									
Remuneration at the reporting entity				€ 30,000.00	€ 2,000.00	€ -	€ -	€ -	€ -	€ 32,000	€ -	€ -
Remuneration from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Total				€ 30,000.00	€ 2,000.00	€ -	€ -	€ -	€ -	€ 32,000	€ -	€ -

Cristina Mollis	Director	Entire period	Approval of the financial statements as at 31/12/2022									
Remuneration at the reporting entity				€ 30,000.00	€ 3,000.00	€ -	€ -	€ -	€ -	€ 33,000.00	€ -	€ -
Remuneration from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Total				€ 30,000.00	€ 3,000.00	€ -	€ -	€ -	€ -	€ 33,000.00	€ -	€ -

	Executives with strategic responsibilities	Year 2022	/									
Remuneration at the reporting entity				€ 772,833.00	€ -	€ 215,000.00	€ -	€ 51,759.00	€ -	€ 1,039,592	€ -	€ -
Remuneration from subsidiaries and affiliates				€ 11,250.00	€ -	€ -	€ -	€ -	€ -	€ 11,250.00	€ -	€ -
Total				€ 784,083.00	€ -	€ 215,000.00	€ -	€ 51,759.00	€ -	€ 1,050,842	€ -	€ -

Roberta dell'Apa	Chairman of the Board of Statutory Auditors	Entire period	Approval of the financial statements as at 31/12/2023									
Remuneration at the reporting entity				€ 30,000.00	€ -	€ -	€ -	€ -	€ -	€ 30,000.00	€ -	€ -
Remuneration from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Total				€ 30,000.00	€ -	€ -	€ -	€ -	€ -	€ 30,000.00	€ -	€ -

Primo Ceppellini	Standing Auditor	Entire period	Approval of the financial statements as at 31/12/2023									
Remuneration at the reporting entity				€ 20,000.00	€ -	€ -	€ -	€ -	€ -	€ 20,000.00	€ -	€ -
Remuneration from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Total				€ 20,000.00	€ -	€ -	€ -	€ -	€ -	€ 20,000.00	€ -	€ -

Luisa Anselmi	Standing Auditor	Entire Period	Approval of the financial statements as at 31/12/2023									
Remuneration at the reporting entity				€ 20,000.00	€ -	€ -	€ -	€ -	€ -	€ 20,000.00	€ -	€ -
Remuneration from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Total				€ 20,000.00	€ -	€ -	€ -	€ -	€ -	€ 20,000.00	€ -	€ -

CHART 3B: Monetary incentive schemes for members of the administrative body, general managers and other executives with strategic responsibilities - Year 2022 -

The chart below shows the monetary incentive schemes in favour of the members of the Board of Directors and other executives with strategic responsibilities in the Company.

NAME AND SURNAME	Office	Scheme	Bonus for the year (1)			Bonus from previous years (2)			Other bonuses
Perini Marcello	Chief Executive Officer	A	Payable/Paid	Deferred	Reference period	No longer payable	Payable/Paid	Still deferred	
(I) Remuneration at the reporting entity		Scheme A	€ 181,092		2022		€ 135,000	2020-2021	
(II) Remuneration from subsidiaries and affiliates		Scheme A							
	Executives with strategic responsibilities	A	Payable/Paid	Deferred	Reference period	No longer payable	Payable/Paid	Still deferred	
(I) Remuneration at the reporting entity		Scheme A	€ 215,000 ³				-		

¹ Payments pertaining to the year 2022 which will be paid in 2023 are listed here. With regard to LTI, since it is maturing on multi-year basis, only the portion accrued in the year 2022 or, in the event of liquidation, the portion accrued in 2022 and actually settled in the first quarter 2023 is reported.

² Portions of variable multi-year payment (LTI) which will be paid in the first quarter of 2023 and pertain to years previous to 2022 are shown here.

³ Here we indicate the payable MBOs in the event of achievement of 100% of the individual MBO sheets.

SCHEDULE 7-TER Information about the shareholdings of members of the administrative and control bodies, general managers and other executives with strategic responsibilities.

CHART 1: Shareholdings held by directors, auditors and general managers

Maria Chiara Franceschetti personally holds 70,795 shares.

Giovanna Franceschetti personally holds 53,971 shares.

Andrea Franceschetti personally holds 44,605 shares.

The remaining 7,634,522 shares are indirectly owned by them through control of Fingefran S.r.l., which owns these shares.

It should be noted that Maria Chiara Franceschetti, Giovanna Franceschetti and Andrea Franceschetti hold undivided ownership (including voting rights) of 99% of Fingefran S.r.l.'s share capital.

Ennio Franceschetti is usufructuary of 99% of the share capital (without voting rights) and has full ownership of 1% of the share capital of Fingefran S.r.l.

Name and surname	Office	Subsidiary	no. of shares at 31/12/2021	no. of shares purchased	no. of shares sold	no. of shares at 31/12/2022
Ennio Franceschetti	(Honorary Chairman)	GEFRAN S.P.A.	-	-	-	-
Maria Chiara Franceschetti	(Chairman)	GEFRAN S.P.A.	79,256*	1,539	-	80,795*
Giovanna Franceschetti	(Vice-chairman)	GEFRAN S.P.A.	55,471**	-	-	55,471**
Andrea Franceschetti	(Chairman, Vice-Chairmen)	GEFRAN S.P.A.	44,605	-	-	44,605
Maria Chiara, Giovanna, Andrea Franceschetti in undivided ownership		GEFRAN S.P.A.	7,634,522	-	-	7,634,522

* of which 10,000 held by spouse

** of which 1,500 held by spouse

CHART 2: Shareholdings of other executives with strategic responsibilities

Number of executives with strategic responsibilities	Subsidiary	no. of shares at 31/12/2021	no. of shares purchased	no. of shares sold	no. of shares at 31/12/2022
5	GEFRAN S.P.A.	2,500	-	-	2,500

Provaglio d'Iseo, 09 March 2023

For the Board of Directors
The Chairwoman
 Maria Chiara Franceschetti

GEFRAN

BEYOND TECHNOLOGY