

CY4GATE S.P.A.

REPORT ON THE POLICY REGARDING REMUNERATION AND FEES PAID

Pursuant to articles 123-ter of the Consolidated Financial Law (TUF) and 84-quater of the Issuers Regulation



Financial year ended December 31, 2023

<https://www.cy4gate.com/en/>

The present report on the policy regarding remuneration and fees paid by CY4Gate S.p.A. has been approved by the Board of Directors on March 14, 2024

Translation from the Italian original which remains the official version

INTRODUCTION

This report (the “**Report**”) on the policy regarding remuneration and fees paid, prepared pursuant to Article 123-ter of Legislative Decree no. 58/1998, as subsequently amended and supplemented (“**Italian Consolidated Law on Finance**”) and in accordance with Article 84-quater of the Rules adopted by Consob Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the “**Issuers’ Regulation**”), with Schedules 7-bis and 7-ter of Annex 3A of the Issuers’ Regulation and with the recommendations on remuneration contained in the Corporate Governance Code of Borsa Italiana S.p.A. (the “**Corporate Governance Code**”), and approved by the Board of Directors of CY4Gate S.p.A. (“**CY4**” or the “**Company**”) on 14 March 2024, is divided into two sections:

- (i) Section I, entitled “*Policy*”, illustrates: a) the Policy regarding (i) the members of the Board of Directors, (ii) the General Managers, (iii) the Executives with Strategic Responsibilities, and (iv) without prejudice to the provisions of Article 2402 of the Italian Civil Code, the members of the Board of Statutory Auditors of the Company; and b) the procedures used for the adoption and implementation of the Policy;
- (ii) Section II, entitled “*Fees Paid*”: a) provides – by name for the members of the Board of Directors and Board of Statutory Auditors and in aggregate form for Executives with Strategic Responsibilities – an adequate representation of each of the items that make up the remuneration, including the severance pay provided in the event of termination of office or termination of employment; and b) illustrates the fees paid during the year of reference for any reason and in any form.

The Policy aims to reward effective and lasting results, appropriately commensurate with the associated risks. It takes into account the nature, size and operational characteristics of the Company (according to the principle of proportionality) and is based on clear and sustainable principles, providing for variable remuneration components linked to the achievement of medium- and long-term results. In all cases in which variable remuneration components are to be recognised, the balance between the latter and the fixed components is ensured and the other conditions are met, as well as the restrictions, timeframes and payment methods set out in the Policy.

In order to promote the adoption of a behaviour that is consistent with the Company’s sustainable performance requirements, the Policy also takes into account the provisions contained in the Group’s Code of Ethics headed by CY4 (the “**Group**”).

CY4’s Nomination and Remuneration Committee (for the purposes of this Report, the “**Remuneration Committee**”) plays a particularly significant role in the decision-making process aimed at defining the Policy, with specific regard to the provisions set forth for the Group’s top management, who have ultimate responsibility for processes that may affect the evolution or

future prospects, as well as the management of legal and reputational risks for both the Company and the Group.

SECTION I –

The Policy was approved on 14 March 2024 by the Company's Board of Directors, at the proposal of the Remuneration Committee, and is updated on an annual basis.

1. REMUNERATION SYSTEM GOVERNANCE MODEL

Policy Approval Process

The Policy is: (i) approved by the Company's Board of Directors at the proposal of the Remuneration Committee; and (ii) presented – at the approval of the financial statements – to the Shareholders' Meeting, whose vote is binding pursuant to Article 123-ter, paragraph 3-ter, of the Italian Consolidated Law on Finance.

Bodies and parties involved in preparing, approving and implementing the Policy

The main parties and bodies involved in preparing, approving and implementing the Policy are: the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Statutory Auditors.

The Shareholders' Meeting

The Shareholders' Meeting:

- determines the remuneration of the members of the Board of Directors, pursuant to Article 2364, paragraph 1, no. 3) of the Italian Civil Code;
- determines the remuneration of the members of the Board of Statutory Auditors pursuant to Article 2402 of the Italian Civil Code;
- resolves on Section I of the Report with a binding vote, in accordance with Article 123-ter, paragraph 3-ter, of the Italian Consolidated Law on Finance;
- resolves on Section II of the Report, with a non-binding vote;
- resolves on any remuneration plans based on shares or other financial instruments for Directors, employees and associates, including Executives with Strategic Responsibilities, pursuant to Article 114-bis of the Italian Consolidated Law on Finance.

Board of Directors

The Board of Directors:

- establishes an internal Remuneration Committee;
- determines the remuneration of Directors holding special offices, in line with the Policy adopted by the Company, at the proposal of the Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors;

- at the proposal of the Remuneration Committee, draws up the Policy and approves the Report on the policy regarding remuneration and fees paid to be submitted to the Shareholders' Meeting;
- prepares, in line with the Policy and with the assistance of the Remuneration Committee, any remuneration plans based on shares or other financial instruments and submits them to the Shareholders' Meeting for approval pursuant to Article 114-*bis* of the Italian Consolidated Law on Finance;
- defines and updates the Policy on an annual basis, also approving exceptions to it in the event of exceptional circumstances, in each case in accordance with Section 8 below;
- is in charge of the implementation of any remuneration plans based on shares, options or other financial instruments, together with – or with the help of – the Remuneration Committee, as delegated by the Shareholders' Meeting;
- ensures that remuneration and incentive systems are consistent with the Company's overall choices, in terms of risk-taking, strategies, corporate governance structure and internal controls.

Remuneration Committee

The Remuneration Committee – composed of three members, two of whom (including the Chair) are non-executive and independent, namely, Alessandra Bucci (Chair), Maria Giovanna Calloni, and Paolo Izzo – performs investigative, proposal-making and advisory functions and, in particular:

- supports the Board of Directors in drawing up the Policy and in periodically assessing its adequacy, overall consistency and concrete application, in order to verify, among other things, the actual achievement of performance targets;
- prepares proposals or issues opinions to the Board of Directors for the remuneration of Executive Directors and other Directors holding particular offices as well as for the identification of performance objectives related to the variable component of that remuneration, monitoring the concrete application of the Remuneration Policy by verifying, among other things, the actual achievement of performance targets;
- periodically assesses the adequacy and overall consistency of the Policy, with specific regard to the remuneration of Directors and Top Management; and
- examines in advance the Remuneration Policy and the Report on the policy regarding remuneration and fees paid to be made available to the public for the Shareholders' Meeting.

In the performance of its functions, the Remuneration Committee has access to the information as well as the corporate functions and structures necessary to perform its duties, and may have access to financial resources and make use of independent external consultants at the Company's expense, under the terms established by the Board of Directors.

The Head of the Human Resources Organisational Unit and the Chief Human Resources Officer of the Company shall be permanently invited to attend the Committee's meetings, and other persons, including non-executive members of the Board of Directors and employees of the Company or Group Companies, may attend at the invitation of the Committee through the Chair and in relation to the topics under discussion.

The members of the Board of Statutory Auditors are invited to attend the Committee meetings.

In this regard, it should be noted that, pursuant to Recommendation no. 26 of the Corporate Governance Code, no Director (and, more generally, no beneficiary, if any) takes part in the Remuneration Committee meetings in which proposals are formulated concerning his or her own remuneration or the allocation of any benefits.

HR Function

The Human Resources Organisational Unit supports the Committee in defining the guidelines, including all technical aspects necessary for the preparation of the Remuneration Policy.

FINANCE Function

The Administration, Finance and Control Organisational Unit contributes to the identification and reporting of the economic and financial objectives underlying the short-term and long-term systems, and to the identification of the parameters for the calculation of the TSR for the purpose of measuring the Company's share price performance as a performance target within the Long-Term Incentive system.

With regard to ESG issues in the activities of the Administration, Finance and Control Organisational Unit, the Human Resources Organisational Unit and the Administration, Finance and Control Organisational Unit are also involved.

Independent experts

The Company bodies did not consult any independent experts in the preparation of the Policy.

Board of Statutory Auditors

The Board of Statutory Auditors formulates the opinions required by the regulations in force and expresses its opinion, in particular, on the remuneration of Directors holding special offices.

2. AIMS, OBJECTIVES, PRINCIPLES, RECIPIENTS AND DURATION OF THE POLICY

Aims and objectives

The main purpose of the Policy is to pursue a responsible approach, guided by competence and performance principles, and functional to the pursuit of sustainable success for the Company. Consistently, it lends relevant weight to performance targets linked to the achievement of significant economic-financial results, as well as to the impact of the Company's activities on environmental, governance and social aspects, in order to motivate management to achieve – in

a medium-to-long term perspective and from an ESG-oriented viewpoint – operational performance objectives that are consistent with the Company's culture and values.

The Policy takes into account the need to attract and retain – in a highly competitive labour market – people with the know-how and professionalism required by their role in the Company.

Principles

The Policy is guided by the following principles:

- **Balance** – the Policy is constructed in such a way as to seek the best integration between the different components of remuneration and, in particular, between fixed and variable components, the latter being articulated over a medium-to-long term horizon;
- **Sustainability** – the performance objectives linked to the disbursement of the bonus systems are aligned with the sustainability drivers pursued by the Company; these systems are implemented over multi-year timeframes, consistent with the Company's risk profile and with the objective of increasing value over time for both the Group's shareholders and stakeholders;
- **Transparency** – the Company has adopted a governance system that provides clear information on management remuneration;
- **Competitiveness** – the Policy defines competitive remuneration levels with respect to market practices and trends, with the aim of fostering the loyalty and protection of key resources of the Group by encouraging their retention;
- **Compliance** – the Company adheres to the recommendations set out in the Corporate Governance Code, and is inspired by national and international best practices in the field of remuneration;

In addition to the above, the Policy also takes into account the remuneration and working conditions of its employees. In particular, CY4 implemented several initiatives related to personnel salary adjustments and, more generally, measures aimed at improving work-life balance.

Recipients

The Policy applies to the members of the Board of Directors – executive, non-executive and independent – to the members of the Board of Statutory Auditors, to the General Managers and to the Executives with Strategic Responsibilities of the Company.

Duration

The Policy refers to an annual time frame.

Amendments to the Policy compared to the policy last submitted to the Shareholders' Meeting

It should be noted that, on 22 June 2023, Borsa Italiana ordered the commencement of trading of the Company's ordinary shares on the regulated market Euronext Milan – STAR Segment with

effect from 26 June 2023. Accordingly, there was no approval of a policy on remuneration and fees paid during the financial years preceding the one covered by this Report.

3. REMUNERATION COMPONENTS

Introduction

The Policy consists of the following elements:

- fixed component;
- variable component;
 - medium/long-term variable component;
 - short-term variable component (MBO);
- non-monetary benefits;

The balance between the fixed and variable components of remuneration over the total remuneration package is established considering the Company's strategic objectives, taking into account the characteristics of the Company, with the variable part representing a significant portion of the total remuneration.

3.1 Fixed component

The fixed component of remuneration is mainly related to: (a) professional specialisation; (b) the organisational role held; (c) the responsibilities assumed; and (d) market practice for comparable professional positions.

With specific reference to determining the remuneration of Directors holding special offices, it should also be noted that the Board of Directors takes into account (i) the specific content of the powers delegated to individual Executive Directors and/or (ii) the role held and the functions actually performed by individual Executive Directors within the Company, thus ensuring that remuneration is consistent with the nature of the tasks assigned to them and the Company's medium-to-long term objectives, since no risk management policy has been formalised.

In any case, the fixed component of remuneration is sufficient to remunerate the Director even in the event that variable component is not paid due to the failure to achieve the performance targets.

On 27 April 2023, the Shareholders' Meeting determined the total fixed quota of the Directors' remuneration at EUR 225,000 gross per annum.

This amount was subsequently allocated among all members of the managing body. In particular, the Board of Directors of 2 May 2023 resolved to allocate EUR 25,000 gross per annum, to be paid *pro rata temporis*, to each member of the Board of Directors.

Furthermore, in light of the delegated powers granted to the Chair of the Board of Directors and the Chief Executive Officer, as well as in line with market practice, the Board of Directors resolved to grant an additional fixed annual gross emolument equal to:

- EUR 25,000, to be paid *pro rata temporis* to the Chair of the Board of Directors;
- EUR 20,000, to be paid *pro rata temporis* to the Chief Executive Officer.

On 18 May 2023, the Board of Directors resolved to grant an additional fixed component for participation in the internal Board Committees (Control, Risk and Sustainability Committee, Nomination and Remuneration Committee, Related-Party Transactions Committee, and Strategy Committee) and, specifically, to grant *pro rata temporis* compensation equal to:

- EUR 10,000 gross per annum to the Chair of each Committee; and
- EUR 5,000 gross per annum to each of the other members of the Committee.

The remuneration of the General Manager and Executives with Strategic Responsibilities is determined, in accordance with the remuneration policies adopted by the Company, in line with the tasks assigned to them and is composed of a fixed annual component as remuneration from employment.

The remuneration of the Board of Statutory Auditors is defined at the time of appointment. On 27 April 2023, the Shareholders' Meeting resolved to determine, for the Board of Statutory Auditors, an annual gross compensation of EUR 20,000 for the Chair of the Board of Statutory Auditors and EUR 15,000 gross for each Standing Auditor.

3.2 Variable component

Variable remuneration is divided into a short-term component (typically annual – MBO system) and a medium-to-long term component, reserved solely for a population of key managers.

3.2.1 Medium-to-long term incentive

In addition to the fixed component, the Policy provides for a variable component based on medium-to-long term incentive mechanisms to be recognised in favour of Executive Directors, Executives with Strategic Responsibilities and/or other key personnel (mainly managers and middle managers) of the Company and/or CY4's subsidiaries who hold roles deemed strategically important for the Company's and/or Group's business.

The details of the medium- and long-term incentive plan are contained in the regulation on the "Share-based Incentive Plan" approved by the Board of Directors on 13 June 2023.

This variable component relates to a share-based incentive plan approved by the Company's Board of Directors meeting held on 23 March 2023 (the "**Plan**"). The plan has an overall duration of three years (from 1 January 2023 to 31 December 2025) and is structured according to best practices and market trends, in accordance with the principles and criteria contained in Article 5 of the Corporate Governance Code.

Purpose

The Plan responds to the purpose of linking a portion of the remuneration of key corporate resources to the Company's performance and the consequent value creation for the Group, thus orienting said resources towards strategies aimed at pursuing results (business and sustainability

objective-related) in a medium-to-long term perspective; at the same time, developing a policy to retain and attract key corporate resources that strengthens the attractiveness and competitiveness of the remuneration package offered by the Company.

Characteristics of the Plan

The Plan consists of the free allocation of a number of rights, giving the beneficiaries the right to receive ordinary shares of the Company, free of charge, in a 1:1 ratio, upon achievement of certain objectives (of a financial and ESG nature), on an annual and three-year basis.

At the end of each cycle of the Plan, the Board of Directors will assess the achievement of the objectives. In particular:

- at the end of the first cycle of the Plan – coinciding with the approval of the Company's financial statements for the year ended 31 December 2023 – the Board of Directors shall proceed with the finalisation of (i) the Annual Target for the year 2023 and, should the target performance be achieved, each beneficiary may exercise 15% of the total rights granted, and (ii) the Annual ESG Target for the year 2023 and, should the target performance be achieved, each beneficiary may exercise 5% of the total rights granted (all terms in capital letters as defined below);
- at the end of the second cycle of the Plan – coinciding with the approval of the Company's financial statements for the year ended 31 December 2024 – the Board of Directors shall proceed with the finalisation of (i) the Annual Target for the year 2024 and, should the target performance be achieved, each beneficiary may exercise 15% of the total rights granted, and (ii) the Annual ESG Target for the year 2024 and, should the target performance be achieved, each beneficiary may exercise 5% of the total rights granted (all terms in capital letters as defined below);
- at the end of the third cycle of the Plan – coinciding with the approval of the Company's financial statements for the year ended 31 December 2025 – the Board of Directors will proceed with:
 - (a) the finalisation of (i) the Annual Target for the year 2025 and, should the target performance be achieved, each beneficiary may exercise 15% of the total rights granted, and (ii) the Annual ESG Target for the year 2025 and, should the target performance be achieved, each beneficiary may exercise 5% of the total rights granted;
 - (b) the actual achievement of the Three-Year Target, calculated as the target market price of CY4 ordinary shares at the end of the three-year period, determined by applying a CAGR of 15% over the three-year period to the price resulting from the arithmetic average of the official price of CY4 ordinary shares over the 30 trading days prior to the allocation date (the “**Three-Year Objective**”). Should the Three-Year Objective be achieved, each beneficiary may exercise a number of rights equal to the remaining 40% of the total number of rights allocated;
 - (c) the final balance of the Extra-Bonus Objective, i.e. exceeding the Three-Year Objective by up to 40% of it (the “**Extra-Bonus Objective**”). In this case, it will be possible for each

beneficiary to recover any rights not exercised due to the failure to achieve one or more of the Annual Targets.

For the purposes of the Plan, the objectives are broken down as follows:

- achievement of an annual Group EBITDA level calculated in accordance with the Company's Business Plan for each cycle of the Plan (the "**Annual Target**"). Upon reaching each Annual Target, each beneficiary may exercise a number of rights equal to 15% of the total allocated. More specifically, with respect to each year of the Plan's duration:
 - in the event of failure to achieve the performance threshold of 80% of the Annual Target, the allocated rights will be forfeited;
 - in the event that a percentage of the Annual Target between the threshold performance (80%) and the target performance (100%) is achieved, the number of exercisable rights, equal to 15% of the total allocated, may be exercised in proportion to the percentage of achievement of the Annual Target;
 - in the event that a percentage of the Annual Target is achieved that exceeds the performance target (100%), the number of exercisable rights may still not exceed 15% of the total allocated (i.e.: no over-performance threshold is envisaged);
 - the achievement of the Group's annual ESG target for each Plan cycle (the "**Annual ESG Target**"). Upon reaching each Annual ESG Target, each beneficiary may exercise a number of rights equal to 5% of the total allocated;
- the achievement and maintenance throughout the duration of the Plan of the "Gender Equality Certification" (the "**Annual ESG Target**"). In particular, each beneficiary may exercise a number of rights equal to 5% of the total allocated for each cycle of the Plan in which such certification is obtained or maintained.

This objective shall be reported by the Board of Directors and, should the requirements be met, the beneficiaries shall only be able to exercise the rights connected thereto if the performance threshold of the set Annual Target has also been reached within the same Plan cycle; should the performance threshold of the Annual Target not be reached, the beneficiaries shall lose the right to exercise the rights connected to the Annual ESG Target, regardless of whether or not it has actually been reached.

For the purpose of exercising the rights and, consequently, the allocation of the shares, the objectives will be calculated independently of each other.

In the event of failure to achieve the target performance or, with reference to the Annual Target only, the threshold performance in relation to a given target, the rights pertaining to that specific target shall be forfeited and the beneficiary shall not be entitled to be awarded the relevant shares.

This is without prejudice to the fact that the Company's Board of Directors, having heard the opinion of the Remuneration Committee, may – at its own discretionary and unquestionable

judgement – decide that special circumstances exist that were unforeseeable at the date of determining the objectives and that have an impact on the Group’s economic/equity and/or financial situation:

- delete, update or, in any case, amend the objectives; and
- still allow the exercise, either in full or in part, of the rights assigned even in the event of failure to achieve the objectives.

On 26 July 2023, the Board of Directors: (i) identified the beneficiaries of the Plan from among the individuals vested with strategically important functions within the Company and its subsidiaries; (ii) determined the number of rights to be granted to each beneficiary for the financial year 2023; and, (iii) defined the performance parameters upon achievement of which the rights may be exercised for the purpose of the allocation of the shares.

Claw-back and malus

The Plan provides for so-called “claw-back” clauses pursuant to which, in particular, the Company retains the unilateral right to obtain the revocation, even partial, of the rights not yet exercised, or the return of the shares allocated following the exercise of the rights, net of any and all taxation incurred by the beneficiary, or if the shares have already been sold, the return of the net gain obtained.

Holding Period

The beneficiaries will be obliged to continuously hold, for a period of 24 months following each share allotment date, a number of shares at least equal to 50% of the shares allotted from time to time following the exercise of the rights.

3.2.2 Short-term incentive

The short-term variable component is designed to incentivise the achievement of the annual targets set in the Company’s budget and in line with the Business Plan for the year in question.

Details of the short-term incentive plan are contained in the “Remuneration Policy Guidelines” approved by the Board of Directors on 13 June 2023.

The short-term incentive plan (MBO) is based on:

- the objective and unambiguous evaluation parameters, both economic/financial and project-related, strategic or individual, relating to the role;
- the results actually achieved, with a range that rewards the outstanding result and, on the other hand, gradually decreases to zero if a predetermined minimum threshold is not reached.

The percentage of the short-term variable component is determined taking into account the weight of the role according to the position-weighting methodology adopted, the person’s technical, managerial and professional skills, the extent and nature of the specific mandates assigned, as well as on the basis of market practices.

In the case of the General Manager, the short-term incentive percentage represents 40% of fixed remuneration, while for Executives with Strategic Responsibilities it can range from 25% to 50% depending on role, responsibility and specific competences.

The theoretical MBO-related remuneration ranges from a minimum of 25% to a maximum of 50% to target of fixed remuneration, depending on both the complexity and responsibility of the role and the seniority of the beneficiary.

Short-term variable remuneration of the General Manager

The General Manager's variable incentive plan, approved by the Board of Directors on 26 July 2023, is also linked to the achievement of 65% of Group EBITDA ("**Threshold**").

The short-term variable remuneration (MBO) of the General Manager is equal to 40% of the gross annual total remuneration upon achievement of target objectives.

When the activation thresholds are exceeded, if a minimum threshold of 65% (Super Min) of the specific target is reached, each objective provides for a payout. Upon exceeding the Super Min threshold, the payout will be up to 50%; upon reaching the 82.5% threshold of the target (Min), the payout will be 50%; upon reaching the Target, the payout will be 100%; in the event of over performance equal to or exceeding the of 110% of the target (Max), the payout will be 125%. In the intermediate values between super minimum, minimum, target and maximum over achievement, the payout is determined using a linear proportionality criterion.

The different objectives will always be calculated and therefore reported independently of each other.

	Super Min	Min	Target	Max
Thresholds	65%	82.5%	100%	110%
MBO Payout	0%	50%	100%	110%
MBO as % of Fixed	0%	20%	40%	44%

Variable remuneration of Executives with Strategic Responsibilities

Chief Financial Officer

The Chief Financial Officer's variable incentive plan is also linked to the achievement of 65% of Group EBITDA ("**Threshold**").

The short-term variable remuneration (MBO) of the Chief Financial Officer is equal to 20 per cent of the gross annual total remuneration upon achievement of target objectives.

When the activation thresholds are exceeded, if a minimum threshold of 65% (Super Min) of the specific target is reached, each objective provides for a payout. Upon exceeding the Super Min threshold, the payout will be up to 50%; upon reaching the 82.5% threshold of the target (Min), the payout will be 50%; upon reaching the Target, the payout will be 100%; in the event of over performance equal to or exceeding the of 110% of the target (Max), the payout will be 125%. In the intermediate values between super minimum, minimum, target and maximum over achievement, the payout is determined using a linear proportionality criterion.

The different objectives will always be calculated and therefore reported independently of each other.

	Super Min	Min	Target	Max
Thresholds	65%	82.5%	100%	110%
MBO Payout	0%	50%	100%	125%
MBO as % of Fixed	0%	10%	20%	25%

3.3 Non-monetary benefits

With respect to executive directors and executives with strategic responsibilities, the attribution of standard non-monetary benefits may be provided with respect to the position and role held (e.g., health insurance, mobile phone, car, computer).

4. SEVERANCE PAY FOR TERMINATION OF OFFICE OR TERMINATION OF EMPLOYMENT

As a rule, no special compensation or other benefits are granted or paid to directors and any executives with strategic responsibilities who have ceased to hold office or whose employment relationship has been terminated early. It is also a policy of the Company not to enter into any agreements with directors and executives with strategic responsibilities that govern in advance the financial matters relating to the possible early termination of the relationship, whether at the initiative of the Company or the individual.

In the event of termination of the existing relationship with the Company for reasons other than cause, the orientation is that of seeking agreements for the “closure” of the relationship by mutual consent. Without prejudice, in any case, to legal and/or contractual obligations, the agreements on the termination of the relationship with the Company are inspired by the benchmarks of reference on the matter, within the limits defined by case law and current practices.

With regard to the management of early termination agreements with their directors, the other Group companies also comply with these criteria.

With reference to the Plan, in the event of termination of the existing employment and/or directorship relationship between the individual beneficiary and CY4 or one of CY4’s subsidiaries (the “**Relationship**”) prior to the date of assignment or in any event prior to the delivery of the shares for each cycle of the Plan, unless the Board of Directors determines otherwise in a more favourable sense for the beneficiaries:

- in the event of termination of the relationship following a so-called bad leaver scenario:
 - if the event occurs after the assignment of the shares, the beneficiary will retain ownership of the shares at his/her disposal, without prejudice to the obligations regarding the holding period;
 - if the event occurs after the rights have been exercised, the beneficiary will lose the right to receive the shares;
 - if the event occurs before the vesting period has expired, the beneficiary will lose the right to exercise the rights, which will automatically lapse.
- in the event of termination of the Relationship following a so-called good leaver scenario:
 - if the event occurs after the assignment of the shares, the beneficiary will retain ownership of the shares at his/her disposal, without prejudice to the obligations regarding the holding period;
 - if the event occurs after the exercise of the rights, the beneficiary will retain the right to receive the shares, without prejudice to the obligations regarding the holding period;
 - if the event occurs before the vesting period has expired, the beneficiary will retain the right to exercise rights until the date of termination of the office or employment (according to a *pro-rata temporis* basis).

In the event of transfer of the Relationship to another company of the Group and/or in the event of termination of the Relationship and simultaneous establishment of a new Relationship within the Group, again in the capacity of beneficiary, the same shall retain, *mutatis mutandis*, all the rights attributed to him/her under the Plan.

5. INSURANCE, SOCIAL SECURITY OR PENSION COVERAGE, OTHER THAN THOSE THAT ARE MANDATORY

Having previously acknowledged that there is no social security or pension coverage other than those that are mandatory, it should be noted that there is a third-party liability insurance policy in place for directors, statutory auditors and executives with strategic responsibilities covering the liability arising from the exercise of their functions (known as “Directors & Officers Liability”), valid for the Company and its subsidiaries

6. POLICY ON THE REMUNERATION OF INDEPENDENT DIRECTORS, PROVIDED FOR BY VIRTUE OF THEIR PARTICIPATION IN COMMITTEES, AND DIRECTORS HOLDING SPECIAL OFFICES

On 27 April 2023, the Shareholders’ Meeting determined the total fixed quota of the Directors’ remuneration at EUR 225,000 gross per annum.

This amount was subsequently allocated among all members of the managing body. In particular, the Board of Directors of 2 May 2023 resolved to allocate EUR 25,000 gross per annum, to be paid *pro rata temporis*, to each member of the Board of Directors.

Furthermore, in light of the delegated powers granted to the Chair of the Board of Directors and the Chief Executive Officer, as well as in line with market practice, the Board of Directors resolved to grant an additional fixed annual gross emolument equal to:

- EUR 25,000, to be paid *pro rata temporis* to the Chair of the Board of Directors;
- EUR 20,000, to be paid *pro rata temporis* to the Chief Executive Officer.

On 18 May 2023, the Board of Directors resolved to grant an additional fixed component for participation in the internal Board Committees (Control, Risk and Sustainability Committee, Nomination and Remuneration Committee, Related-Party Transactions Committee, and Strategy Committee) and, specifically, to grant *pro rata temporis* compensation equal to:

- EUR 10,000 gross per annum to the Chair of each Committee; and
- EUR 5,000 gross per annum to each of the other members of the Committee.

7. CRITERIA FOR DEFINING THE POLICY

The determination of remuneration levels and the pay-mix within the Policy is done consistently with the principles and aims of the policies and in consideration of market benchmarks.

8. DEROGATIONS

CY4Gate frowns upon the possibility of making derogations to the elements that make up the Remuneration Policy.

However, the Company deems it appropriate that, pursuant to Article 123-ter, paragraph 3-bis, of the Italian Consolidated Law on Finance and Article 84-quater, paragraph 2-bis, letter c), of the Issuers' Regulation, provision be made for the possibility of temporary derogation from the Policy described in this Section I of the Report in the event of exceptional circumstances, meaning those situations in which derogation from the Policy is necessary in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay on the market, such as, for example: (i) the occurrence, at a national or international level, of extraordinary and unforeseeable events, concerning the Group or the sectors and/or markets in which it operates, which may significantly affect the Group's results; (ii) the intervention of substantial changes in the organisation of the business activity, both of an objective nature (such as extraordinary transactions, mergers, disposals, etc.), and of a subjective nature, such as changes in the top management team.

The elements of the Policy for which, in the presence of exceptional circumstances, it is possible to derogate for temporarily defined periods may concern:

- the fixed and variable (medium to long-term) components of remuneration;
- any bonuses (including entry bonuses), non-monetary benefits, incentive plans, insurance, social security or pension coverage, or emoluments of an extraordinary nature;
- the provision, payment and/or extent of severance remuneration arrangements in the event of termination of office or termination of employment;
- the remuneration of independent directors, directors participating in committees and directors holding special offices (Chair, deputy Chair, etc.).

With regard to the procedures under which the derogation may be applied, any derogation of the Policy must be approved by the Board of Directors, after hearing the opinion of the Remuneration Committee and the possible assistance of independent third parties, without prejudice to the provisions of Consob Rules No. 17221 of 12 March 2010 on related party transactions and the procedure adopted by the Company on related party transactions, where applicable.

The Board of Directors' resolution determines the duration of this derogation and the specific elements of the Policy to which it applies, subject to what is indicated above.

9. CRITERIA FOR DETERMINING THE COMPENSATION OF THE CONTROL BODY

The amount of the compensation due to the members of the Board of Statutory Auditors on an annual basis is determined by the Shareholders' Meeting at the time of appointment. On 27 April 2023, the Shareholders' Meeting resolved to determine, for the Board of Statutory Auditors, an annual gross compensation of EUR 20,000 for the Chair of the Board of Statutory Auditors and EUR 15,000 gross for each standing auditor.

SECTION II –

PART A

The compensation of the members of the Board of Directors, the Board of Statutory Auditors, as well as the executives with strategic responsibilities with reference to the financial year ending 31 December 2023 is shown below.

It should be noted that, on 22 June 2023, Borsa Italiana ordered the commencement of trading of the Company's ordinary shares on the regulated market Euronext Milan – STAR Segment with effect from 26 June 2023. Accordingly, there was no approval of a policy on remuneration and fees paid during the financial years preceding the one covered by this Report.

The Policy will be subject to approval by the Shareholders' Meeting scheduled to be held on first call on 22 April 2024 or, if appropriate, on second call on 23 April 2024.

1.

Directors

Fixed component

On 27 April 2023, the Shareholders' Meeting determined the total fixed quota of the Directors' remuneration at EUR 225,000 gross per annum.

This amount was subsequently allocated among all members of the managing body. In particular, the Board of Directors of 2 May 2023 resolved to allocate EUR 25,000 gross per annum, to be paid *pro rata temporis*, to each member of the Board of Directors.

On 18 May 2023, the Board of Directors resolved to grant an additional fixed component for participation in the internal board committees (Control, Risk and Sustainability Committee, Nomination and Remuneration Committee and Related-Party Transactions Committee, and Strategy Committee) and, specifically, to grant *pro-rata temporis* compensation equal to:

- EUR 10,000 gross per annum to the Chair of each Committee; and
- EUR 5,000 gross per annum to each of the other members of the Committee.

For more detailed information, please refer to Table 1 below.

In accordance with the foregoing, with reference to the financial year 2023 (and, therefore, starting from January 1, 2023 to December 31, 2023), the members of the Board of Directors were paid, in addition to the reimbursement of expenses incurred in the performance of their duties, the following gross compensation:

- EUR 54,167.00 for the Chair of the Board of Directors Domitilla Benigni;
- EUR 51,667.00 for the Chief Executive Officer and Director Emanuele Galtieri;
- EUR 25,833.36 for Director Roberto Ferraresi;
- EUR 0 for Director Enrico Peruzzi (whose resignation took place on 26 July 2023);
- EUR 28,750.00 for Director Alberto Luigi Sangiovanni Vincentelli;

- EUR 20,625.00 for Director Paolo Izzo;
- EUR 9,166.67 for Director Alessandra Bucci; (*)
- EUR 25,471.00 for Director Cinzia Parolini;
- EUR 17,916.66 for Director Maria Giovanna Calloni;
- EUR 10,820.00 for Director Alessandro Chimenton (appointed by co-optation on 26 July 2023).

The following gross compensation was paid for participation in the internal board committees during the financial year 2023:

- EUR 7,500 for Director Cinzia Parolini;
- EUR 5,000 for Director Roberto Ferraresi;
- EUR 10,000 for Director Alessandra Bucci;
- EUR 7,500 for Director Maria Giovanna Calloni;
- EUR 5,000 for Director Paolo Izzo.

Variable component

On 26 July 2023, the Board of Directors, inter alia, identified Domitilla Benigni, Chair of the Board of Directors, and Emanuele Galtieri, Chief Executive Officer, as beneficiaries of the Plan, granting them rights for the 2023 financial year under the Plan as follows:

- 47,000 rights to Ms Benigni;
- 50,000 rights to Mr Galtieri;

For detailed information on the Plan, including the manner in which the variable remuneration component contributes to the Company's long-term results, please refer to Section I, Paragraph 3 "*Remuneration Components*", as well as Table 3A below.

Non-monetary benefits

With respect to executive directors and executives with strategic responsibilities, the standard non-monetary benefits have been provided with respect to the position and role held (*e.g.*, mobile phone, car, computer).

Board of Statutory Auditors

On 27 April 2023, the Shareholders' Meeting resolved to determine, for the Board of Statutory Auditors, an annual gross compensation of EUR 20,000 for the Chair of the Board of Statutory Auditors and EUR 15,000 gross for each Standing Auditor.

No compensation was paid to the statutory auditors for the year 2023.

(*) the amount due was only partly paid in the financial year 2023 for administrative reasons.

General Manager

With reference to the financial year 2023, Mr Emanuele Galtieri was paid a gross compensation of EUR 186,869.00 on account of his role as General Manager.

Executives with strategic responsibilities

With reference to the financial year 2023, Mr Marco Latini was paid a gross compensation of EUR 150,306.00 on account of his role as Executive with strategic responsibilities.

It should be noted that the Company has not identified any other Executives with strategic responsibilities.

2. ALLOWANCE AND/OR OTHER BENEFITS FOR TERMINATION OF OFFICE OR TERMINATION OF EMPLOYMENT DURING THE FINANCIAL YEAR

At the date of this Report, there are no agreements in place that provide for the allocation of an allowance and/or other benefits for termination of office or termination of employment in the event of resignation, dismissal or revocation without cause or in any case of termination of employment.

3. DEROGATIONS TO THE REMUNERATION POLICY APPLIED IN EXCEPTIONAL CIRCUMSTANCES

As anticipated, the commencement of trading of the Company's ordinary shares on the regulated market Euronext Milan – STAR Segment took place on 26 June 2023. Accordingly, no approval of a policy on remuneration and compensation paid was resolved in the financial years preceding the one covered by this Report; consequently, no derogation was applied.

4. APPLICATION OF *EX POST* CORRECTION MECHANISMS OF THE VARIABLE COMPONENT

In consideration of the characteristics of the Plan, for the analytical description of which please refer to Section I, Paragraph 3 "*Remuneration Components*" of this Report, no *ex post* correction mechanisms of the variable component of the remuneration of the recipients of the Plan were applied during the year 2023.

5. COMPARISON INFORMATION

In view of the recent trading commencement date of the Company's ordinary shares on the regulated market Euronext Milan – STAR Segment on 26 June 2023, it is not possible to provide comparative information.

6. INFORMATION ON HOW THE COMPANY TOOK INTO ACCOUNT THE VOTE CAST BY THE SHAREHOLDERS' MEETING ON SECTION II OF THE REMUNERATION REPORT FOR THE FINANCIAL YEAR 2023

In view of the recent trading commencement date of the Company's ordinary shares on the regulated market Euronext Milan – STAR Segment, which occurred on 26 June 2023, no approval of a policy on remuneration and compensation paid was made during the financial years preceding the one covered by this Report.

PART B

The compensation paid in the financial year 2023 for any reason and in any form by the Company in favour of the management and control bodies, as well as, in aggregate form, in favour of executives with strategic responsibilities, is shown below.

The information set out in Tables 1, 2, 3A and 3B is provided separately with reference to positions held in the Company and for any positions held in listed and unlisted subsidiaries and affiliated companies.

This includes all persons who, during the financial year, held the position of member of the board of directors and audit body, general manager or executive with strategic responsibilities, even for a fraction of the period.

TABLE 1 – Remuneration paid to members of management and control bodies, general managers and other executives with strategic responsibilities

The following table shows the compensation for the financial year 2023, identified on an accrual basis, due to the members of the Board of Directors and Board of Statutory Auditors (as resolved by the Shareholders' Meeting on April 27, 2023), general managers and executives with strategic responsibilities, in accordance with the provisions of Schedule 3A, Template 7 –*bis*, of the Issuers' Regulation.

This includes all persons who held such positions during the year, even for a fraction of a year.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Office	Period for which the office has been held	End of term of office	Fixed compensation	tion for the participation in committees	Variable non-equity		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Allowance upon termination of office or employment
						Bonuses and other Incentives	Profit sharing					
Domitilla Benigni	Chair of the Board of Directors	01/01/2023-31/12/2023	Shareholders' Meeting to approve financial statements 2025	EUR 25,000 EUR 25,000 (*)				D&O Policy		EUR 50,000		–
Of which compensation of the Company				EUR 50,000						EUR 50,000		
Of which compensation of subsidiaries and associated companies				–						–		
Emanuele Galtieri	Chief Executive Officer	01/01/2023-31/12/2023	Shareholders' Meeting to	EUR 55,000				D&O Policy		EUR 75,000		–

			approve financial statements 2025	EUR 20,000 (*)								
Of which compensation of the Company				EUR 45,000						EUR 45,000		
Of which compensation of subsidiaries and associated companies				EUR 30,000						EUR 30,000		
Roberto Ferraresi	Director	01/01/2023-31/12/2023	Shareholders' Meeting to approve financial statements 2025	EUR 25,000	EUR 10,000			D&O Policy		EUR 35,000		-
Of which compensation of the Company				EUR 25,000	EUR 10,000					EUR 35,000		
Of which compensation of subsidiaries and associated companies				-	-					-		
Enrico Peruzzi	Director	01/01/2023-26/07/2023	26/07/2023	EUR 25,000				D&O Policy		EUR 25,000		-
Of which compensation of the Company				EUR 25,000						EUR 25,000		
Of which compensation of subsidiaries and associated companies				-						-		
Alberto Luigi Sangiovanni Vincentelli	Director	01/01/2023-31/12/2023	Shareholders' Meeting to approve financial statements	EUR 25,000	EUR 10,000			D&O Policy		EUR 35,000		-

			2025									
Of which compensation of the Company				EUR 25,000	EUR 10,000					EUR 35,000		
Of which compensation of subsidiaries and associated companies				–	–					–		
Paolo Izzo	Director	01/01/2023- 31/12/2023	Shareholders ' Meeting to approve financial statements 2025	EUR 25,000	EUR 10,000			D&O Policy		EUR 35,000		–
Of which compensation of the Company				EUR 25,000	EUR 10,000					EUR 35,000		
Of which compensation of subsidiaries and associated companies				–	–					–		
Alessandra Bucci	Director	27/04/2023- 31/12/2023	Shareholders ' Meeting to approve financial statements 2025	EUR 25,000	EUR 20,000			D&O Policy		EUR 45,000 (#)		–
Of which compensation of the Company				EUR 25,000	EUR 20,000					EUR 45,000		
Of which compensation of subsidiaries and associated companies				–	–					–		
Cinzia Parolini	Director	01/01/2023- 31/12/2023	Shareholders ' Meeting to approve financial	EUR 25,000	EUR 15,000			D&O Policy		EUR 40,000		–

			statements 2025									
Of which compensation of the Company				EUR 25,000	EUR 15,000					EUR 40,000		
Of which compensation of subsidiaries and associated companies				–	.					–		
Maria Giovanna Calloni	Director	27/04/2023– 31/12/2023	Shareholders ' Meeting to approve financial statements 2025	EUR 25,000	EUR 15,000			D&O Policy		EUR 40,000		–
Of which compensation of the Company				EUR 25,000	EUR 15,000					EUR 40,000		
Of which compensation of subsidiaries and associated companies				–	–					–		
Alessandro Chimenton	Director	26/07/2023– 31/12/2023	Shareholders ' Meeting to approve financial statements 2023	EUR 25,000				D&O Policy		EUR 25,000		–
Of which compensation of the Company				EUR 25,000						EUR 25,000		
Of which compensation of subsidiaries and associated companies				–						–		
Stefano Fiorini	Chair of the Board of Statutory Auditors	01/01/2023– 31/12/2023		–				D&O Policy		–		–

Of which compensation of the Company				-						-		
Of which compensation of subsidiaries and associated companies				-						-		
Paolo Grecco	Statutory Auditor	01/01/2023-31/12/2023		-				D&O Policy		-		-
Of which compensation of the Company				-						-		
Of which compensation of subsidiaries and associated companies				-						-		
Daniela Delfrate	Statutory Auditor	01/01/2023-31/12/2023		-				D&O Policy		-		-
Of which compensation of the Company				-						-		
Of which compensation of subsidiaries and associated companies				-						-		
Emanuele Galtieri	General Manager	01/04/2024		EUR 183,000				EUR 9,868.17 (\$)		EUR 192,869.17		
Of which compensation of the Company				EUR 183,000				EUR 9,868,17		EUR 192,869.17		
Of which compensation of subsidiaries and associated companies				-				-		-		
Marco Latini	Executive with strategic responsibilities	20/09/2021		EUR 145,000				EUR 9,068.50 (\$)	EUR 30,000	EUR 184,068.50		

Of which compensation of the Company	EUR 145,000				EUR 9,068.50	–	EUR 184,068.50		
Of which compensation of subsidiaries and associated companies	–				–	EUR 30,000	–		
(I) Emoluments from the reporting company							EUR 623,000		
(II) Emoluments from subsidiaries and affiliates							EUR 60,000		
(III) Total							EUR 683,000		

(*) Compensation received for holding particular offices.

(#) Corresponding only partially in the financial year 2023 for administrative reasons.

(§) Includes fringe benefits and supplementary pensions.

TABLE 2 – Stock options assigned to members of the board of directors, general managers and other executives with strategic responsibilities

There are no stock–option plans for members of the board of directors, general managers and other executives with strategic responsibilities and, therefore, the relevant table is not shown.

TABLE 3A – Incentive plans based on financial instruments, other than stock options, in favour of members of the board of directors, general managers and other executives with strategic responsibilities

			Financial instruments allocated in previous financial years and not vested during the financial year		Financial instruments assigned during the financial year					Financial instruments vested during the financial year and not allocated	Financial instruments vested during the financial year and allocated		Financial instruments pertaining to the financial year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and Surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Date of assignment	Market price at the time of allocation	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair value
Domitilla Benigni	Chair	<i>Share-based Incentive Plan 2023-2025</i>	47,000 rights corresponding to 47,000 CY4 shares	Annual (2023, 2024, 2025) and Triennial (2023-2025)	0	-	-	-	-	0	0	-	-
Emanuele Galtieri	CEO	<i>Share-based Incentive Plan 2023-2025</i>	50,000 rights corresponding to 50,000 CY4 shares	Annual (2023, 2024, 2025) and Triennial (2023-2025)	0	-	-	-	-	0	0	-	-
Marco Latini	CFO – Executive with strategic responsibilities	<i>Share-based Incentive Plan 2023-2025</i>	25,000 rights corresponding to 25,000 CY4 shares	Annual (2023, 2024, 2025) and Triennial (2023-	0	-	-	-	-	0	0	-	-

				2025)									
(I) Compensation in CY4		Plan A (date of relative resolution)											
		Plan B (date of relative resolution)											
		Plan C (date of relative resolution)											
(II) Emoluments from subsidiaries and affiliates		Plan A (date of relative resolution)											
		Plan B (date of relative resolution)											
(III) Total			122,000 rights corresponding to 122,000 CY4 shares										

TABLE 3B – Monetary incentive plans for members of the board of directors, general managers and other executives with strategic responsibilities

There are no monetary incentive plans for members of the board of directors, general managers and other executives with strategic responsibilities and, therefore, the relevant table is not shown.

TEMPLATE NO. 7 – *TER* – Disclosure template relating to shareholdings of members of management and audit bodies, general managers and other executives with strategic responsibilities

TABLE 1: Shareholdings of members of management and control bodies and general managers

SURNAME AND FIRST NAME	OFFICE	INVESTEES COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS FINANCIAL YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT FINANCIAL YEAR
Stefano Fiorini	Chair of the Board of Statutory Auditors	CY4GATE S.p.A.	0	350	350	0

TABLE 2: Shareholdings by other executives with strategic responsibilities

NUMBER OF EXECUTIVES WITH STRATEGIC RESPONSIBILITY	INVESTEE COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS FINANCIAL YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT FINANCIAL YEAR
-	-	-	-	-	-