

# ORDINARY SHAREHOLDERS MEETING

APRIL 22, 2022

## REPORT ON REMUNERATION POLICY AND EMOLUMENTS PAID 2022

*Under sect. 123-ter of the Italian Consolidated Law on Finance,  
in accordance with sect. 84-quater of the Rules for Issuers  
and sect. 5 of the Company's Corporate Governance Code*

*(item 4 on the agenda of the ordinary session)*



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84  
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## CONTENTS

|   |    |
|---|----|
| <i>INTRODUCTION</i> .....   | 3  |
| <i>LIST OF DEFINITIONS</i> .....  | 6  |
| <b>SECTION I: REMUNERATION POLICY FOR THE FINANCIAL YEAR 2022</b> .....   | 7  |
| <i>1. PARTIES INVOLVED IN THE PROCESS OF PREPARING, ADOPTING AND IMPLEMENTING THE REMUNERATION POLICY</i> ..... | 7  |
| 1.1. Parties involved in the process .....  | 7  |
| 1.2. Shareholders’ General Meeting .....  | 7  |
| 1.3. Board of Directors .....   | 7  |
| 1.4. Appointment and Remuneration Committee .....   | 8  |
| 1.5. The Committee on Related Party Transactions .....  | 9  |
| <i>2. AIMS AND PRINCIPLES OF 2022 POLICY</i> .....  | 9  |
| 2.1. Aims of 2022 Policy .....  | 9  |
| 2.2. Principles Underpinning the 2022 Policy .....  | 9  |
| <i>3. DIRECTOR REMUNERATION</i> .....   | 10 |
| 3.1. General.....   | 10 |
| 3.2. Chair of the Board of Directors .....  | 10 |
| <i>4. REMUNERATION OF MEMBERS OF THE BOARD OF STATUTORY AUDITORS</i> .....                                      | 11 |
| <i>5. REMUNERATION OF THE MANAGERS WITH STRATEGIC RESPONSIBILITIES</i> .....                                    | 11 |
| <i>6. FEATURES OF VARIABLE REMUNERATION COMPONENTS</i> .....  | 12 |
| 6.1. Introduction.....  | 12 |
| 6.2. Variable Component Determined on an Annual Basis (“MBO”) .....   | 12 |
| 6.3. Medium to Long-Term Variable Component (“LTI”) .....   | 13 |
| <i>7. EXCEPTIONAL CIRCUMSTANCES PERMITTING EXCEPTIONS TO THE POLICY</i> .....                                   | 14 |
| <b>SECTION II: EMOLUMENTS PAID</b> .....  | 15 |
| <i>PART ONE</i> .....   | 15 |
| 1.1 Emoluments Paid .....   | 15 |
| 1.2 Indemnities for Termination of Post or Employment Relationship.....   | 16 |
| <i>PART TWO</i> .....   | 18 |

## **INTRODUCTION**

This report on the remuneration policy and emoluments paid (the “**Remuneration Report**” or “**Report**”) was approved by the Company’s Board of Directors on 25<sup>th</sup> February 2022 and, in accordance with the requirements of applicable regulations, is divided into two sections:

- Section I, entitled “**Remuneration Policy for the Year 2022**” (hereinafter also referred to as the “**2022 Policy**” or “**Policy**”);
- Section II, entitled “**Report on Emoluments Paid in the Financial Year 2021**” (hereinafter also referred to as “**Report on Emoluments 2021**” or “**Report on Emoluments**”).

The Report has been prepared by Sogefi S.p.A. (hereinafter also the “**Company**” or the “**Issuer**”) in accordance with the provisos of sect. 84-quater of Consob Regulation no. 11971/99 (the “**Rules for Issuers**”) and of the relevant Appendix 3 Schedule 7bis (as recently amended by Consob Resolution no. 21623/20) - in application of sect. 123-ter of Legislative Decree no. 58/98 (“**TUF**”) as last amended by Legislative Decree no. 49/2019.

For the purposes of the Report, account has been taken of the recommendations on remuneration adopted by the Corporate Governance Code for listed companies, approved on 31<sup>st</sup> January 2020 by the Corporate Governance Committee set up by business associations (ABI, ANIA, Assonime, Confindustria) and those of professional investors (Assogestioni), in addition to Borsa Italiana S.p.A., to which the Company adheres, and of the most recent recommendations of the Corporate Governance Committee. In this regard, the Report takes account of the provisions of sect. 5 of the Company’s Corporate Governance Code.

The Report is also drawn up for the purposes of sect. 4.1.1 of the Company’s Rules on Related Party Transactions.

The Company’s governance provides for two executive directors, the Chairman and the Managing Director, and all remaining directors are non-executive. The Board of Directors has set up three Board Committees- the Appointments and Remuneration Committee, the Control, Risks and Sustainability Committee and the Committee for Related Party Transactions - made up solely of non-executive and independent directors.

On 26<sup>th</sup> February 2021, the Board of Directors co-opted Mr Frédéric Sipahi as a Member of the Board and appointed him as Managing Director of the Company; the Board also identified the Chief Executive Officer and Managing Director as the person primarily responsible for the management of the Company. The shareholders’ general meeting held on 23<sup>rd</sup> April 2021 confirmed Mr Sipahi as a Director of the Company and on the same date, the Board confirmed him as Chief Executive Officer and Managing Director. The Managing Director is also General Manager of the Issuer.

As regards Managers with Strategic Responsibilities, in accordance with the definition contained in the Rules for Issuers, these are defined as persons, other than directors and statutory auditors, who have the power and responsibility, directly or indirectly, for planning, directing and controlling the Company’s business. The Company had identified as Manager with Strategic Responsibilities the Chief Financial Officer of Sogefi S.p.A., who was also holding the position of Manager responsible for preparing the company financial reports. Subsequently, following an organizational change, the position of Manager responsible for preparing the company financial reports has been attributed, as from May 1, 2022, to another manager and therefore, as of that date, the Managers with Strategic Responsibilities of the Company are the Chief Financial Officer and the Manager responsible for preparing the company financial reports.

\* \* \*

The 2022 Policy, submitted to a binding vote before the Shareholders’ Meeting called to approve the financial statements at 31<sup>st</sup> December 2021 under sect. 123-ter, paragraph 3-ter, of the Consolidated Finance Act, defines the principles and guidelines for the 2022 financial year with reference to the

remuneration of Members of the Board of Directors, the Board of Statutory Auditors, the General Manager and the Managers with Strategic Responsibilities.

In addition, the Report *(i)* illustrates the contribution of Policy 2022 to the business strategy, to the pursuit of the long-term interests and to the sustainable success of Sogefi, intended as the creation of long term value for the benefit of the shareholders, taking into account the interests of the other Parties relevant to the Company, *(ii)* the objectives it takes into account, in particular the need to attract, retain and motivate people with the skills and professionalism required by their role in the Company, and *(iii)* indicates the aims, the way in which the remuneration works and its beneficiaries, in addition to the bodies involved and the procedures used for its adoption and implementation.

As anticipated, the 2022 Policy was prepared on the basis of template no. 7-bis of Appendix 3 of the Rules for Issuers in force at the date of approval of the 2022 Policy. This scheme requires that Section I of the Report contains at least the information required by the same. Below is a table containing the information required and the part of the Report in which it appears:

| INFORMATION REQUIRED UNDER SCHEDULE 7-BIS   | POLICY SECTIONS CONTAINING THE REQUIRED INFORMATION  |
|---|--|
| a) bodies or persons involved in the preparation and approval of the Remuneration Policy, specifying their respective roles, in addition to the bodies or persons responsible for the proper implementation of that Policy.   | 1. Parties involved in the process of preparing, adopting and implementing the remuneration policy   |
| b) the possible involvement of a Remuneration Committee or any other committee relevant to the matter, describing its composition (with the distinction between non-executive and independent directors), its remit and its operation;  | 1. Parties involved in the process of preparing, adopting and implementing the remuneration policy   |
| c) the names of any independent experts involved in the preparation of the Remuneration Policy;   | 1. Parties involved in the process of preparing, adopting and implementing the remuneration policy   |
| d) the aims pursued by the Remuneration Policy, the principles underlying it and any changes in the remuneration policy compared to the previous financial year;  | 2. Aims and principles of the 2022 Remuneration Policy   |
| e) a description of the policies on fixed and variable components of remuneration, with particular regard to a statement of weighting in total remuneration and distinguishing between short and medium to long-term variable components;   | 3. Director Remuneration<br>4. Remuneration of Members of the Board of Statutory Auditors<br>5. Remuneration of the Executive with Strategic Responsibilities<br>6. Features of variable remuneration components |
| f) the policy followed with respect to non-financial benefits;  | 3. Director Remuneration<br>4. Remuneration of Members of the Board of Statutory Auditors<br>5. Remuneration of the Executive with Strategic Responsibilities  |
| g) with regard to variable components, a description of the performance targets on the basis of which they are awarded, distinguishing between short and medium to long-term variable components, and information on the link between the change in performance and the change in remuneration; | 3. Director Remuneration<br>5. Remuneration of the Executive with Strategic Responsibilities<br>6. Features of variable remuneration components  |
| h) the criteria used to assess performance goals underlying the award of shares, options, other financial instruments or other variable components of remuneration;   | 6. Features of variable remuneration components  |
| i) information aimed at highlighting the consistency of the Remuneration Policy with the pursuit of the company's long-term interests and with its risk management policy, where formalised;  | 2. Aims and principles of the 2022 Remuneration Policy<br>6. Features of variable remuneration components  |
| j) vesting period, deferred payment systems, if any, with a statement of deferral periods and the criteria used to determine such periods and, if any, after the event correction mechanisms;   | 6. Features of variable remuneration components  |

|   |  |
|---|--|
| k) information on whether there is any provision for retaining securities in a portfolio after acquisition, with an indication of the retention periods and the criteria used to determine those periods;           | 6. Features of variable remuneration components  |
| l) the policy on treatment in the event of termination of duties or of employment, specifying the circumstances in which such entitlement arises and any link between such treatment and the company's performance; | 3. Director Remuneration<br>4. Remuneration of Members of the Board of Statutory Auditors<br>5. Remuneration of the Executive with Strategic Responsibilities<br>6. Features of variable remuneration components |
| m) information on the existence of any insurance, social security or pension cover other than compulsory cover;   | 3. Director Remuneration<br>4. Remuneration of Members of the Board of Statutory Auditors<br>5. Remuneration of the Executive with Strategic Responsibilities  |
| n) the remuneration policy, if any, followed with reference to: (i) independent directors, (ii) participation in committees and (iii) performance of special duties (chairman, vice-chairman, etc.);                | 3. Director Remuneration<br>4. Remuneration of Members of the Board of Statutory Auditors  |
| o) whether the remuneration policy was established using the remuneration policies of other companies as a reference, and if so, the criteria used to select those companies.                                       | 1. Parties involved in the process of preparing, adopting and implementing the remuneration policy   |

The 2021 Remuneration Report, subject to a consultative and non-binding vote of the Shareholders' Meeting under sect. 123-ter, paragraph 6, of the Consolidated Law on Finance, provides, for the members of the Board of Directors, the Board of Statutory Auditors, the General Manager and the Managers with Strategic Responsibilities of the Company, for:

- an adequate representation of each of the items of the remuneration, including matters in the event of termination of post or termination of employment, highlighting their compliance with the policy adopted by the Company on remuneration in relation to the financial year 2021;
- an analytical statement of the remuneration paid in the financial year 2021 for any reason and in any form by the Company and its subsidiaries, indicating any components of the remuneration that relate to business carried out in financial years prior to 2021 (and also highlighting any remuneration to be paid in one or more subsequent financial years for business carried out in the financial year 2021, possibly indicating an estimated value for components that cannot be objectively quantified in the financial year 2021);
- an illustration of how the Company has taken into account the vote cast by the Shareholders' Meeting in 2021.

The result of the vote on the 2022 Policy and the 2021 Remuneration Report will be made available to the public on the Company's website within 5 days of the date of the Shareholders' Meeting.

## ***LIST OF DEFINITIONS***

For the purpose of this Remuneration Report, the terms and expressions listed below shall have the meaning given to each of them:

“**Shares**” (or in the singular “**Share**”): the ordinary shares of the Company with a nominal value of EUR 0.52 each.

“**Beneficiaries**”: the parties identified as beneficiaries of the Plan.

“**Corporate Governance Code**” means the Corporate Governance Code adopted by the Company on 12<sup>th</sup> February 2021, in accordance with the principles and recommendations, if appropriate, of the Corporate Governance Code for listed companies approved on 31<sup>st</sup> January 2020 by the Committee for Corporate Governance set up by the business associations (ABI, ANIA, Assonime, Confindustria) and professional investors (Assogestioni), in addition to Borsa Italiana S.p.A.

“**Grant Date**”: the date at which the Units are assigned to the Beneficiaries.

“**Group**”: Sogefi S.p.A. and its subsidiaries or associates.

“**minimum holding**”: restriction of the availability of Shares to Beneficiaries.

“**Plan**”: the medium-long term variable compensation plan based on financial instruments for Sogefi S.p.A. represented by the 2022 Stock Grant Plan put for approval to the Shareholders’ Meeting called to approve the Financial Statements as of December 31<sup>st</sup>, 2021.

“**Plan Regulations**” means the regulations defining the criteria, methods and deadlines for implementing the Plan.

“**Rules for Issuers**”: the regulations adopted by Consob Regulation No. 11971/99, as amended.

“**Company**”: Sogefi S.p.A., with registered office in Milan, Via Ciovassino 1/A.

“**Top Management**” means the Managing Director, the General Manager and the Managers with Strategic Responsibilities.

“**TUF**”: Legislative Decree No. 58/98.

“**Units**”: the conditional rights that are the subject of the Plan, assigned free of charge and not transferable *inter vivos*, each of which gives the Beneficiaries the right to be assigned 1 Share free of charge, under the terms and conditions set out in the Regulations.

“**vesting**”: terms for Unit maturity.

## **SECTION I: REMUNERATION POLICY FOR THE FINANCIAL YEAR 2022**

### **1. PARTIES INVOLVED IN THE PROCESS OF PREPARING, ADOPTING AND IMPLEMENTING THE REMUNERATION POLICY**

#### **1.1. Parties involved in the process**

The Company has adopted a governance model aimed at ensuring transparency and adequate control as regards the remuneration policy, any changes to the same and its implementation, and provides that these activities involve a number of parties and corporate bodies in accordance with the provisos of the Articles of Association, the Corporate Governance Code, the internal regulations to apply the Corporate Governance Code (mainly the regulations for the Appointments and Remuneration Committee) and, more generally, the applicable legislation.

The Remuneration Policy: *(i)* is prepared every year by the Board of Directors, on a proposal from the Appointment and Remuneration Committee after consulting the Board of Statutory Auditors and *(ii)* is submitted by the Board of Directors to a binding vote by a Shareholders' General Meeting.

No independent experts were involved in the preparation of the 2022 Policy.

The individual parties involved in the process and their roles are described below.

#### **1.2. Shareholders' General Meeting**

The Shareholders' General Meeting:

- establishes the emoluments of members of the Board of Directors, at the time of their appointment and for the entire duration of their term in post, excluding remuneration for special duties and/or membership of and participation in one or more committees, which are assigned by the Board of Directors;
- establishes the emoluments of Members of the Board of Statutory Auditors, at the time of their appointment and for the entire duration of their term;
- approves the first section of the remuneration report, *i.e.* the Policy;
- casts a consultative vote on the second section of the remuneration report, the Remuneration Report;
- resolves on compensation plans based on financial instruments, establishing their main features and requiring the Board of Directors to define the regulations, the beneficiaries and the number of rights to be assigned to each, taking into account the resolutions of the Shareholders' Meeting.

#### **1.3. Board of Directors**

The Board of Directors, on a proposal from or after hearing the opinion of the Appointments and Remuneration Committee, shall define:

- the remuneration of directors holding special positions under sect. 2389, paragraph 3, of the Italian Civil Code;
- the remuneration of directors for their participation in one or more committees, after consulting the Board of Statutory Auditors;
- the remuneration of the General Manager;
- on a proposal by the Managing Director, the remuneration of the Managers with Strategic Responsibilities; and
- the regulations for compensation plans based on financial instruments, in addition to the beneficiaries and the number of rights to be assigned to each one, taking into account the resolutions by the Shareholders' Meeting and after consulting the Managing Director for beneficiaries other than himself.

#### 1.4. Appointment and Remuneration Committee

The Board of Directors has set up an internal Appointment and Remuneration Committee, as provided under sect. 3 of the Company's Corporate Governance Code.

The Committee shall consist of at least three non-executive, and all independent, directors, including the Chairman. The Committee shall be appointed by the Board of Directors, taking care to ensure that its members have expertise and/or experience in financial matters and/or remuneration policies.

As at the date of this Report, the Appointment and Remuneration Committee is composed of the Independent Directors, Ing. Mauro Melis (Chairperson of the Committee), Ervino Riccobon and Christian Streiff. As is evident from the *curriculum vitae* of the members (available on the Company's website, in the Corporate Bodies section), the Committee brings together adequate expertise in financial matters and remuneration policies.

The Appointment and Remuneration Committee, with specific reference to the "remuneration" component, as established by the regulation approved by the Board of Directors, most recently, on 16 December 2021, shall have the following responsibilities:

- assists the Board of Directors in drawing up the Remuneration Policy and monitors its practical application;
- makes proposals or expresses opinions on the remuneration of directors holding particular positions, the General Manager and the Managers with Strategic Responsibilities. In particular, it shall make proposals or give opinions:
  - o on the criteria and targets for implementing the variable component of remuneration;
  - o on share-based plans, including *(i)* the rules of the plans, in particular with regard to the conditions and terms for the entitlement to rights, *(ii)* the beneficiaries and *(iii)* the amount of the rights to be granted;
- verifies the actual achievement of targets set for entitlements to the variable component of remuneration and the rights of the plans and makes relevant proposals to the Board of Directors;
- periodically assesses the adequacy, consistency and practical application of the Policy for the remuneration of directors and Top Management.

With regard to the functioning of the Appointment and Remuneration Committee, again according to the regulation, the following is provided for:

- the committee shall meet when convened by its Chairman when he or she deems it appropriate, or at the request of the Chairman of the Board of Directors;
- meetings shall be attended by the Board of Statutory Auditors (in the person of its Chairman, without prejudice to the right to take part for the entire body);
- the President shall coordinate the work in meetings;
- if he or she deems it necessary, the Chairman may invite executive and non-executive directors and, informing the Chief Executive Officer in advance, and executives of the Company, knowledgeable in the matters to be discussed at the meeting;
- as part of the measures aimed at avoiding or managing conflicts of interest (also in accordance with the Corporate Governance Code), no director or manager may take part in committee meetings where proposals are made to the Board of Directors regarding their remuneration;
- committee meetings shall be minuted by a secretary, who in this case is the Secretary of the Board of Directors;
- the committee shall have the right to access the information and Company departments necessary for the performance of its duties;

- the Company shall make available to the committee the financial resources necessary for the performance of its duties;
- the Chairman of the committee shall inform the Board of Directors of the work performed at the first appropriate meeting.

### **1.5. The Committee on Related Party Transactions**

The Committee on Related Party Transactions may be involved in order to perform assessments assigned to this committee by the Company Regulations on Related Party Transactions, if the latter intends to take decisions by way of exception to the Policy.

In this regard, in the event of exceptions to the Policy applied in exceptional circumstances, as illustrated in point 7 below, the Company would be required to provide information on any such exceptions, in the manner and within the time limits required by the law and regulations in force at the time.

With regard to the functioning of the Committee on Related Party Transactions, please refer to the Report on Corporate Governance and Ownership Structure.

## **2. AIMS AND PRINCIPLES OF 2022 POLICY**

### **2.1. Aims of 2022 Policy**

The 2022 Policy is aimed at ensuring the Company is competitive on the labour market, enabling it to attract, motivate and retain people with the professional qualifications to effectively manage the Group and contribute to the definition and implementation of the corporate strategy, aimed at pursuing the creation of value and the sustainable success of the Company and the Group, over the medium and long term.

The 2022 Policy is also a key tool for pursuing Sogefi's sustainable success, providing incentives to execute the industrial and ESG plans approved by the Board of Directors.

### **2.2. Principles Underpinning the 2022 Policy**

The remuneration of Directors, members of the Board of Statutory Auditors and Top Management is primarily determined on the basis of competence, professionalism and commitment required for the tasks and responsibilities assigned to them.

For Top Management, the Policy is based on the following additional principles, in line with the recommendations of the Corporate Governance Code:

- aligning remuneration levels with the performance and interests of the Company and the Group, its shareholders and all stakeholders;
- ensuring that remuneration is based on rewarding criteria, with the variable part *(i)* having a significant weight in overall remuneration and *(ii)* being linked to the success of the Company over the short, medium and long term;
- defining targets to which the payment of the variable part is linked that are predetermined, measurable and consistent with the strategic goals of the Company and the Group;
- setting upper limits on the amounts that can be paid out.

### **2.3. Results of Voting and Investor Feedback**

The Policy is also defined taking into account the analysis and studies performed on the results of the shareholders' meeting vote and the feedback received from shareholders on the 2021 Remuneration Policy and the Report on Remuneration Paid in the 2020 financial year.

This Policy is in line with the one of the previous year (2021), also in consideration of the favourable vote expressed by the Shareholders' Meeting called to vote on this matter: 83.38% voted in favour on section I and 86.17% voted in favour on Section II.

### **3. DIRECTOR REMUNERATION**

#### **3.1. General**

All directors (including executive directors) are entitled to the fixed annual remuneration established by the Shareholders' Meeting at the time of their appointment, for the entire duration of their term.

In addition, members of the committees, all of whom are currently independent, shall receive an additional fixed annual fee for each committee.

Finally, in line with best practice, a Directors & Officers Liability ("D&O") insurance policy is in place to cover the third-party liability of members of this body.

Additional remuneration for directors holding special positions or serving on one or more committees is set out below.

#### **3.2. Chair of the Board of Directors**

Remuneration awarded by the Board of Directors to the Chairman for his post (under sect. 2389, paragraph 3, of the Italian Civil Code):

- shall be determined annually;
- shall be determined as a fixed amount;
- shall not include variable components;
- shall not cover other fees or equity compensation.

Remuneration for the Chairman of the Board of Directors shall be determined annually as a fixed amount and shall be commensurate with the commitment required and the responsibilities assumed.

#### **3.3. Managing Director**

It should be noted that in the governance of the Company, the Managing Director is the Chief Executive Officer, under the Corporate Governance Code.

The remuneration attributed by the Board of Directors to the Managing Director under sect. 2389 of the Italian Civil Code shall consist of:

- an emolument, determined annually by the Board of Directors in a fixed amount,
- and an annual variable emolument determined by the Board of Directors (MBO), linked to the achievement of specific personal targets of a non-economic-financial nature assessable on an objective basis.

The Board of Directors reserves the right to award one-off compensation to the Managing Director in the event of transactions or performances that it deems worthy of additional compensation.

It should be noted that the Managing Director of the Company is the General Manager of Sogefi; by virtue of his working relationship, the General Manager:

- receives a fixed annual salary;
- is the beneficiary of variable annual remuneration, based on the achievement of specific economic and financial performance targets based on the Group's budget (for example, EBITDA, EBIT, Free Cash Flow, etc.), instrumental to achieving the targets in the medium-long term business plans;
- is a beneficiary of stock-based incentive plans (LTI) and specifically stock grant plans.

It is also envisaged that the General Manager will benefit (in line with other managers in the Company) from (i) compensation in the event of death, invalidity, accidents (including non-professional accidents) and illness, under specific arrangements executed by the Company and (ii) the allocation of a company car for mixed use.

The so-called compensation mix for the Managing Director and General Manager in 2021, the details of which are described below in Section II, considering for the variable short-term component the gross amount payable upon target and for the long-term component (stock grant plan) the figurative value pertaining to 2021 (in respect of which, see below section 6<sup>1</sup>), is composed as follows: the fixed portion represents approximately 65%, the short-term variable portion approximately 29%, and the long-term variable portion approximately 6%.

Finally, it should be noted that, in line with the recommendations contained in the Corporate Governance Code for listed companies, the Company has decided to govern the terms for the termination of post and/or termination of employment of the Managing Director and General Manager. Specifically, in the event of termination of the post of Managing Director and of the executive employment relationship (General Manager), taking into account, inter alia, the connection and complementarity between the two aforementioned roles:

- in the event of a good leaver (such as, by way of example, the case of termination of the employment relationship at the Company's initiative in the absence of just cause), the right to receive (in addition to severance pay and the portion of the emolument for the post accrued *pro rata temporis*) an indemnity for termination of the employment relationship of an all-inclusive gross amount (including the indemnity in lieu of notice) equal to two years of total remuneration at the date of termination, meaning the sum of the annual fixed gross emolument and the annual fixed gross remuneration in force at that date, increased by the annual average of the sum of the gross variable emolument and remuneration received during the previous three years;
- in the event of a bad leaver (such as, by way of example, termination of the relationship at the Company's initiative in the presence of just cause), there is no right to receive the payments referred to in the preceding point, nor any other remuneration and/or indemnity.

The aforementioned indemnity for termination (in addition to the annual variable emolument and/or the annual variable remuneration) may not be paid (in whole or in part) (so-called *malus*), or may be required to be repaid (so-called claw back), if the recognition thereof is based on accounting data that subsequently proved to be manifestly incorrect.

#### **4. REMUNERATION OF MEMBERS OF THE BOARD OF STATUTORY AUDITORS**

The remuneration of the members of the supervisory body shall be determined by the Shareholders' Meeting as a fixed annual amount on the basis of the competence, professionalism and commitment required by the tasks and responsibilities assigned to them. This remuneration is stated in Section II, paragraph 1.1 below.

In addition to remuneration, the members of the Board of Auditors shall be entitled to reimbursement of the expenses incurred in the performance of their duties.

Furthermore, in line with best practice, a D&O insurance policy is in place to cover the third-party liability of members of this body.

#### **5. REMUNERATION OF THE MANAGERS WITH STRATEGIC RESPONSIBILITIES**

The remuneration attributed to the Managers with Strategic Responsibilities shall consist of the following components:

- fixed remuneration;

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<sup>1</sup> For the year 2022 a new stock grant plan has been submitted to the coming Shareholders' Meeting, under the terms of which, the Board of Directors at the proposal of the Appointment and Remuneration Committee, at its own discretion and in accordance with the information document of the plan, will decide on the number of rights to assign to the General Manager; therefore, at present, it is not possible to identify the percentage of the long-term variable part of the compensation mix of the Chief Executive Officer and General Manager for 2022.

- annual variable remuneration (MBO), based on the achievement of specific economic and financial performance targets based on the Group's budget (e.g. EBITDA, EBIT, Free Cash Flow, etc.), instrumental to achieving the goals of the medium-long term business plans, in addition to specific personal targets of a non-economic-financial nature that can be assessed on an objective basis.
- shall be the beneficiary of medium-to long-term incentive plans (LTI) based on shares and specifically stock grant plans.

It is also envisaged that the Managers with Strategic responsibilities (in line with other managers in the Company) depending on the applicable regulation shall be entitled to *(i)* indemnities in the event of death, invalidity, injury (including non-professional) and illness, under specific arrangements executed by the Company or the applicable national collective agreement, *(ii)* health care (provided through a dedicated insurance fund, to which the Company and beneficiary contribute), *(iii)* supplementary pension cover (paid by contributions from both the Company and the beneficiary), *(iv)* the allocation of a company car for mixed use. It should also be noted that the Managers with Strategic Responsibilities shall be entitled to compensation and indemnity provided for by the applicable law and by the national collective agreement in the event of termination of employment. In one case, there is also a non-competition clause with an undertaking not to engage in competing businesses for one year, which may be extended for a further year, starting from the time when the employment is terminated. In return for this commitment, the Company shall pay a monthly allowance equal to 5/10 of the gross monthly salary calculated on the basis of the average of the previous twelve months.

## **6. FEATURES OF VARIABLE REMUNERATION COMPONENTS**

### **6.1. Introduction**

The Policy provides for two distinct forms of variable remuneration components, namely:

- a variable component determined on an annual basis ("MBO");
- the medium to long-term variable component ("LTI").

The above variable components represent the main way in which the 2022 Policy aims to contribute to *(i)* the Company's strategy and *(ii)* the pursuit of medium and long-term interests.

The Board of Directors, on a proposal made by the Appointment and Remuneration Committee, shall determine each year the performance criteria and targets for achieving the variable components of remuneration in the light of the multi-year industrial and ESG plans approved by the Board, thereby ensuring that they are consistent with the Group's medium- and long-term targets.

With specific reference to the assessment of the achievement of targets, the Appointments and Remuneration Committee shall verify, at the intervals envisaged for each component of variable remuneration and with the support of the Manager in charge of preparing the company's financial reports, the achievement of the targets defined and shall submit to the Board of Directors its own proposal regarding any remuneration entitlements.

As stated above, the Board of Directors nevertheless reserves the right to award one-off compensation to the Managing Director in the event of transactions or performance that it deems worthy of additional compensation.

### **6.2. Variable Component Determined on an Annual Basis ("MBO")**

The annual variable component (MBO) accrues based on the achievement of *(i)* specific targets, which for the Managing Director and Director General are economic and financial performance targets based on the Group's budget (e.g. EBITDA, EBIT, Free Cash Flow, etc.), instrumental to achieving the goals of the medium-long term business plans and *(ii)* other objectives (including qualitative ones) of a non-financial nature.

It is foreseen that 100% of the variable compensation will be paid upon achieving 100% of the defined targets; the amount may vary between a minimum of 0% and a maximum of 150% depending on the

degree of achievement of the targets assigned. MBO remuneration shall accrue at the date of approval by the Shareholders' Meeting for the financial statements for the year to which they refer, subject to the existence of an employment or administrative relationship (for the Managing Director) with the Company and depending on the degree of achievement of targets, as verified by the Board of Directors after examination by the Appointments and Remuneration Committee.

No further time deferral is envisaged for disbursement since the Board of Directors believes that the medium-long term variable compensation (see below), in itself deferred, has sufficient weight to incentivise an orientation towards medium and long-term management policies.

The Board of Directors shall ensure that the targets set, and above all the method by which the results achieved are assessed, are such as to prevent them from being achieved through short-term management choices that could potentially undermine sustainability and/or the ability to generate profit in the long term.

There are also mechanisms for correction of the variable component of short-term remuneration after the event (so-called claw-backs), which allow the Company to request the repayment, in whole or in part, of variable remuneration paid on the basis of financial statement data that proves to be incorrect. This provision is placed at the bottom of the targets sheet to which the short-term variable component is linked.

In line with the previous year, the Board of Directors also decided to confirm for the financial year 2022 a prerequisite for entitlement to short-term variable remuneration, consisting in the fact that the Group's consolidated net result must be positive.

### **6.3. Medium to Long-Term Variable Component ("LTI")**

The medium-long term variable component (LTI) consists of stock grant plans and, with particular reference to the 2022 Policy, the 2022 Stock Grant Plan, which shall be submitted to the Shareholders' Meeting for approval.

The Board of Directors believes that incentive plans based on the conditional entitlement of rights to the free assignment of Shares in the medium-long term of the type to which the 2022 Plan belongs represent the most effective instrument that meets the interests of the Company and the Group, for the reasons set out below:

- first of all, this is an incentive method that involves deferred payment over a reasonable period of time, taking into account that the 2022 Plan envisages a period of 2 years before the start of entitlement to Units, a subsequent period of almost 3 years of gradual entitlement to the Units and finally a minimum holding period of 6 years from the grant date, for part of the Shares assigned. It is therefore a clear incentive to stimulate the pursuit of medium- and long-term objectives;
- moreover, the entitlement of rights, over the time period stated, shall be conditional on Beneficiaries (including the Managing Director and Director General and the Executive with Strategic Responsibilities, thus) remaining in the Group, strengthening the link between management personnel and the company and favouring the consolidation of experienced professionals, which is one of the main strengths of an organisation with Sogefi's complexity; and
- finally, the benefits will depend on the creation of value in the medium to long term as: (i) Company shares shall be granted and therefore the amount will depend on the value of the share at the time of the grant and (ii) the entitlement to rights is conditional to a large extent not only upon the passing of time limits, but also by the achievement of value creation targets, measured by the value of Shares and the economic-financial performance of the Group.

Specifically and in addition to the above, the 2022 Stock Grant Plan - submitted to the Shareholders' Meeting for approval - provides that:

- units, free of charge and non-transferable *inter vivos*, each of which may give rise to a right to the allocation of a Share free of charge in certain circumstances. Units shall be divided into three categories:

- Time-based Units, the entitlement to which shall be conditional solely upon the Beneficiary remaining in the Group after the entitlement periods have expired; and
  - Type A and Type B Performance Units, the entitlement to which shall be subject to the achievement of performance targets in addition to time limits. In particular, with regard to performance targets: (A) an entitlement to type A Performance Units shall depend on the achievement of performance targets of the Share price compared to the value of the shares in a basket of benchmark companies;(B) entitlement to type B Performance Units shall depend on the achievement of economic-financial and non-financial targets defined by the Board of Directors on the basis of multi-year plans approved by the Board itself.
- Units that are under entitlement must in any case be exercised before the deadline of the tenth anniversary of the Grant Date;
  - without prejudice to what has been specified with regard to the Managing Director and the General Manager, in the event of termination of the employment relationship, for whatever reason, the beneficiary shall keep ownership of Units that have already been assigned and will lose ownership of those to which they are not yet entitled at the moment of the termination of the relationship, with the sole exception of the death of the beneficiary, which means that ownership of all Units, both those that already under entitlement and those that have not yet allocated, shall be transferred to the heirs. Without prejudice to the above, it shall be the prerogative of the Board of Directors, at its own and sole discretion, to allow one or more of the beneficiaries to keep rights resulting from the Plan even in the event that they should cease to exist, and in particular to keep part or all of the Units not yet assigned at the date of termination;
  - with reference to the so-called Minimum Holding, it consists in a commitment by a Beneficiary to continuously hold, until the sixth anniversary of the Grant Date, a number of Shares at least equal to 10% of those granted. During that period, the Shares shall be subject to non-transfer requirement, unless otherwise authorised by the Board of Directors.

For a more detailed description of the Plan's features, see the information document prepared under sect. 84-bis of the Rules for Issuers, made available at the Shareholders' Meeting called to approve the Financial Statements as of 31<sup>st</sup> December 2021, available on the Company's website [www.sogefigroup.com](http://www.sogefigroup.com), Shareholders section – Shareholders' Meetings.

## ***7. EXCEPTIONAL CIRCUMSTANCES PERMITTING EXCEPTIONS TO THE POLICY***

The Board of Directors, without prejudice to the provisos of Regulation no. 17221 of 12<sup>th</sup> March 2010, may make exception to items in this Policy 2022 temporarily and in the presence of exceptional circumstances, to be understood, in compliance with sect. 123-ter paragraph 3-bis of the TUF, as situations in which a deviation from the remuneration 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 remain on the market.

In the presence of such circumstances, the Appointments and Remuneration Committee shall provide an opinion to the Board of Directors on the waiver in question so that the latter may adopt a reasoned resolution, and the Company shall provide information on the specific elements from which it has made a waiver and the circumstances that have determined the waiver, highlighting their exceptional nature, specific purpose and the procedure followed.

Exceptions to the Policy shall be approved in accordance with the Company's Related Party Transaction Regulations in force at the time.

## SECTION II: EMOLUMENTS PAID

### PART ONE

#### 1.1 Emoluments Paid

##### Board of Directors

In the financial year 2021, Members of the Board of Directors received a fixed emolument of EUR 20,000 per annum, as determined at the time of their appointment and for the entire duration of their term in post by the Shareholders' Meeting of 26<sup>th</sup> April 2019.

The Board of Directors has allocated the following fixed annual remuneration to directors holding special positions:

- Euro 300,000, to the Chairman of the Board of Directors, Ms Monica Mondardini<sup>2</sup>;
- Euro 10,000 to each member of the Appointment and Remuneration Committee, Mr. Mauro Melis (Chairperson), Mr. Ervino Riccobon and Mr. Christian Streiff;
- Euro 25,000, to the President, Ms. Roberta Di Vieto, and Euro 15,000 to each of the members of the Control, Risk and Sustainability Committee and the Related Parties Committee, Ms. Patrizia Canziani and Mr. Mauro Melis.

##### Managing Director and Director General

The previous Managing Director, Ing. Mauro Fenzi, co-opted by the Company Board of Directors on 9<sup>th</sup> December 2019 and General Manager from 1<sup>st</sup> January 2020, who resigned on 26<sup>th</sup> February 2021, received, from 1<sup>st</sup> January 2021 until the date of his resignation, total remuneration of Euro 102,000 (for more details see Table 1 on page 19).

On 26<sup>th</sup> February 2021, the Company's Board of Directors co-opted Dr Frédéric Sipahi as a director of the Company, appointing him on the same date as Managing Director and, with effect from 1<sup>st</sup> March 2021, Director General. The remuneration package is made up as follows:

- for the position of Managing Director: fixed annual emolument and annual bonus, subject to the achievement of certain targets;
- for the position of General Manager (from 1<sup>st</sup> March 2021): fixed annual remuneration and annual bonus subject to the achievement of certain targets, in addition to rights deriving from participation in a compensation plan based on the Company's shares.

In the 2021 financial year, Mr. Sipahi, in his capacity as Managing Director and Director General, received a total remuneration of Euro 395,000, distributed as follows:

- Euro 125,000, for the post of Managing Director (including the emolument for the post of director determined by the Shareholders' Meeting at the time of appointment)<sup>3</sup>;
- Euro 250,000, for the position of General Manager<sup>4</sup>;
- Euro 20,000 as indemnities provided for by the regulations applicable to the employment contract as an employee.

##### Board of Statutory Auditors

In financial year 2021, Members of the outgoing Board of Statutory Auditors received *pro-rata* the fixed emolument determined, at the time of their appointment and for the entire duration of their remit, by the Shareholders' Meeting of 23 April 2018, as follows:

- Euro 13,000 for the Chairman of the Board of Statutory Auditors, Ms. Sonia Peron;

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<sup>2</sup> As of 1<sup>st</sup> May 2021.

<sup>3</sup> *Pro rata* from the date of appointment on the annual emolument of Euro 150,000.

<sup>4</sup> *Pro rata* from the date of appointment on the annual salary of EUR 300,000.

- Euro 8,500 for each of the Statutory Auditors, Mr. Giuseppe Leoni and Mr. Riccardo Zingales.

Similarly, in the 2021 financial year, the members of the Board of Statutory Auditors appointed by the Shareholders' Meeting of 26<sup>th</sup> April 2021 received *pro-rata* the fixed emolument determined at the time of their appointment and for the entire duration of their remit, by the Shareholders' Meeting, as follows:

- Euro 27,000 for the Chairman of the Board of Statutory Auditors, Ms. Daniela Del Frate;
- Euro 18,000 for each of the Auditors, Prof. Giovanni Barbara and Prof. Rita Rolli.

The members of the Board of Directors and the Board of Statutory Auditors are also entitled to reimbursement of expenses incurred in connection with their duties.

#### Managers with Strategic Responsibilities

The remuneration package for the Managers with Strategic Responsibilities consists of: fixed remuneration, annual bonus subject to the achievement of certain targets and rights deriving from participation in a compensation plan based on Company shares.

In 2021, there was 1 Manager with Strategic Responsibilities who received a total remuneration of Euro 263,000 (of which Euro 210,000 was remuneration, Euro 42,000 as a bonus relating to the previous year and Euro 11,000 as indemnities provided for by the regulations applicable to the employment contract).

#### Variable Remuneration

The members of the Board of Directors and the Board of Statutory Auditors do not receive variable remuneration.

### **1.2 Indemnities for Termination of Post or Employment Relationship**

Mr. Mauro Fenzi, who resigned as Managing Director on 26<sup>th</sup> February 2021 and ceased to serve as Director General on 28<sup>th</sup> February 2021, did not receive any compensation by way of termination indemnity for early termination and did not accrue any rights under the 2021 stock grant plan of which he was a beneficiary.

### **1.3 Other Information**

During financial year 2021, there were no exceptional circumstances that required exceptions from the remuneration policy and there were no cases of application of after the event correction mechanisms to the variable remuneration (malus or clawback).

The following table provides information, for the last two financial years, relating to the annual change in *(i)* the total remuneration of each of the persons mentioned by name above and *(ii)* the Company's results of operations. In this regard, it should be noted that the Company's results in 2021 are not to be considered significant in terms of comparison with the results of the previous year, given the extremely significant impact on the entire sector in which the Company operates due to the emergency situation.

Similarly, the disclosure of the average gross annual remuneration of full-time employees was not considered significant as the Company operates in geographic regions with very different remuneration levels.

**Comparison Information between Remuneration and the Company Results**

| First Name and Surname                            | Post              | Period of post held      | Expiry of term of post | Company                        | Total fees | Total fees | Change % |
|---|-------------------|--------------------------|------------------------|--------------------------------|------------|------------|----------|
| <b>BOARD OF DIRECTORS</b>                         |                   |                          |                        |                                | (2020)     | (2021)     |          |
| Monica Mondardini                                 | Chair             | 1.1.2021<br>31.12.2021   | 2021<br>Accounts       | Sogefi S.p.A.                  | 120        | 253        | 110,8    |
| Mauro Silvio Cleto Fenzi                          | Managing Director | 1.1.2021<br>26.02.2021   | 2021<br>Accounts       | Sogefi S.p.A.                  | 618        | 102        | N/A      |
| Ozgur Frédéric Sipahi                             | Managing Director | 26.02.2021<br>31.12.2021 | 2021<br>Accounts       | Sogefi S.p.A.                  | -          | 395        | N/A (*)  |
| Rodolfo De Benedetti                              | Director          | 1.1.2021<br>31.12.2021   | 2021<br>Accounts       | Sogefi S.p.A.                  | 20         | 20         | 0        |
| Patrizia Canziani                                 | Director          | 1.1.2021<br>31.12.2021   | 2021<br>Accounts       | Sogefi S.p.A.                  | 35         | 35         | 0        |
| Roberta Di Vieto                                  | Director          | 1.1.2021<br>31.12.2021   | 2021<br>Accounts       | Sogefi S.p.A.                  | 35         | 45         | 28.57    |
| Mauro Melis                                       | Director          | 1.1.2021<br>31.12.2021   | 2021<br>Accounts       | Sogefi S.p.A.                  | 45         | 45         | 0        |
| Streiff Christian                                 | Director          | 1.1.2021<br>31.12.2021   | 2021<br>Accounts       | Sogefi S.p.A.                  | 30         | 30         | 0        |
| Riccobon Ervino                                   | Director          | 1.1.2021<br>31.12.2021   | 2021<br>Accounts       | Sogefi S.p.A.                  | 30         | 30         | 0        |
| <b>BOARD OF STATUTORY AUDITORS</b>                |                   |                          |                        |                                |            |            |          |
| Daniela Del Frate                                 | Chair             | 23.04.2021<br>31.12.2021 | 2023<br>Accounts       | Sogefi S.p.A.                  | -          | 27         | N/A      |
| Giovanni Barbara                                  | Acting Auditor    | 23.04.2021<br>31.12.2021 | 2023<br>Accounts       | Sogefi S.p.A.                  | -          | 18         | N/A      |
| Rita Rolli  | Acting Auditor    | 23.04.2021<br>31.12.2021 | 2023<br>Accounts       | Sogefi S.p.A.                  | -          | 18         | N/A      |
| Sonia Peron                                       | Chair             | 1.1.2021<br>23.04.2021   | 2020<br>Accounts       | Sogefi S.p.A.                  | 40         | 13         | N/A      |
| Riccardo Zingales                                 | Acting Auditor    | 1.1.2021<br>23.04.2021   | 2020<br>Accounts       | Sogefi S.p.A.                  | 26.5       | 8.5        | N/A      |
| Giuseppe Leoni                                    | Acting Auditor    | 1.1.2021<br>23.04.2021   | 2020<br>Accounts       | Sogefi S.p.A.                  | 26.5       | 8.5        | N/A      |
| Giuseppe Leoni                                    | Acting Auditor    | 1.1.2021<br>31.12.2021   | 2023<br>Accounts       | Sogefi Filtration Italy S.p.A. | 5          | 5          | 0        |
| Giuseppe Leoni                                    | Acting Auditor    | 1.1.2021<br>31.12.2021   | 2022<br>Accounts       | Sogefi Suspension PC S.p.A.    | 6.6        | 6.6        | 0        |
| Giuseppe Leoni                                    | Acting Auditor    | 1.1.2021<br>31.12.2021   | 2022<br>Accounts       | Sogefi Suspension HD S.p.A.    | 6.6        | 6.6        | 0        |
| <b>EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</b> |                   |                          |                        |                                |            |            |          |
| No. 1 Executive                                   |                   |                          |                        | Sogefi S.p.A.                  | 265        | 263        | 0        |

| <b>COMPANY RESULTS (€/000)</b> |               | <b>(2020)***</b> | <b>(2021)</b> | <b>Change %</b> |
|--------------------------------|---------------|------------------|---------------|-----------------|
| Turnover                       | Sogefi S.p.A. | 1,203,201        | 1,320,637     | 9.76            |
| Ebit                           | Sogefi S.p.A. | 7,212            | 58,373        | 709.38          |
| Net Result                     | Sogefi S.p.A. | -35,131          | 1,951         | 105.55          |
| FCF                            | Sogefi S.p.A. | -38,227          | 32,397        | 184.74          |

(\*) Mr. Sipahi, co-opted by the Company's Board of Directors on 26<sup>th</sup> February 2021 and Director General since 1<sup>st</sup> March 2021, was confirmed by the Shareholders' Meeting of 23<sup>rd</sup> April 2021.

(\*\*) Figures for 2020 take into account the sale of the subsidiary company in Argentina.

## *PART TWO*

Tables 1, 3A and 3B provided for in Schedule 7-bis of the Rules for Issuers are attached.

### *SHAREHOLDINGS*

Under the fourth paragraph of art. 84-quater of the Rules for Issuers, an Appendix to this Report lists the shareholdings held in the Company or its subsidiaries by Directors, Statutory Auditors, the Director General and any other Executives with strategic responsibilities, in addition to by spouses who are not legally separated and minor children, directly or through subsidiaries, trust companies or third parties, as arises from the shareholders' register, communications received or other information acquired from the Directors, Statutory Auditors, Director General and other Executives with Strategic Responsibilities (Tables 1 and 2 of Schedule no. 7-ter of the Rules for Issuers).

**PLAN 7-BIS -TABLE 1: Remuneration Paid to the Members of the Board of Directors and the Board of Statutory Auditors, to the Director General and to the other Executives with Strategic Responsibilities**

*(in thousands of Euro)*

| (A)                       | (B)                     | (C)                              | (D)                                   |                                       | (1)                | (2)                                      | (3)                              |                | (4)                   | (5)                | (6)     | (7)                               | (8)  |
|---------------------------|-------------------------|----------------------------------|---------------------------------------|---------------------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|---------|-----------------------------------|--|
| Name and surname          | Office                  | Period for which office was held | Office expiry                         | Company drafting the financials /subs | Fixed compensation | Compensation for committee participation | Variable non-equity compensation |                | Non-monetary benefits | Other Remuneration | Total   | Fair value of equity compensation | Severance indemnity for end of office or termination of employment |
|                           |                         |                                  |                                       |                                       |                    |  | Bonus and other incentives       | Profit-sharing |                       |                    |         |                                   |  |
| <b>BOARD OF DIRECTORS</b> |                         |                                  |                                       |                                       |                    |  |                                  |                |                       |                    |         |                                   |  |
| Monica Mondardini         | Chairperson             | 1.1.2021<br>31.12.2021           | Approval of 2021 Financial Statements | Sogefi S.p.A.                         | (a) 20<br>(b) 233  |  |                                  |                |                       |                    | (c) 253 | N/A                               | N/A  |
| Ozgur Frédéric Sipahi     | Chief Executive Officer | 1.3.2021<br>31.12.2021           | Approval of 2021 Financial Statements | Sogefi S.p.A.                         | (d) 125<br>(e) 250 |  |                                  |                |                       | (f) 20             | 395     | 41                                | N/A  |
| Rodolfo De Benedetti      | Director                | 1.1.2021<br>31.12.2021           | Approval of 2021 Financial Statements | Sogefi S.p.A.                         | (a) 20             |  |                                  |                |                       |                    | 20      | N/A                               | N/A  |
| Patrizia Canziani         | Director                | 1.1.2021<br>31.12.2021           | Approval of 2021 Financial Statements | Sogefi S.p.A.                         | (a) 20             | (g) 15                                   |                                  |                |                       |                    | 35      | N/A                               | N/A  |
| Roberta Di Vieto          | Director                | 1.1.2021<br>31.12.2021           | Approval of 2021 Financial Statements | Sogefi S.p.A.                         | (a) 20             | (g) 25                                   |                                  |                |                       |                    | 45      | N/A                               | N/A  |

|   |                               |                          |   |                  |         |                  |  |  |  |  |       |     |     |     |
|---|-------------------------------|--------------------------|---|------------------|---------|------------------|--|--|--|--|-------|-----|-----|-----|
| Mauro Melis   | Director                      | 1.1.2021<br>31.12.2021   | Approval of<br>2021 Financial<br>Statements | Sogefi<br>S.p.A. | (a) 20  | (g) 15<br>(h) 10 |  |  |  |  |       | 45  | N/A | N/A |
| Streff Christian                                    | Director                      | 1.1.2021<br>31.12.2021   | Approval of<br>2021 Financial<br>Statements | Sogefi<br>S.p.A. | (a) 20  | (h) 10           |  |  |  |  |       | 30  | N/A | N/A |
| Riccobon<br>Ervino                                  | Director                      | 1.1.2021<br>31.12.2021   | Approval of<br>2021 Financial<br>Statements | Sogefi<br>S.p.A. | (a) 20  | (h) 10           |  |  |  |  |       | 30  | N/A | N/A |
| <b><i>DISMISSED DIRECTORS</i></b>                   |                               |                          |   |                  |         |                  |  |  |  |  |       |     |     |     |
| Mauro Silvio<br>Cleto Fenzi                         | CEO and<br>General<br>Manager | 09.12.2019<br>28.02.2021 | N/A   | Sogefi<br>S.p.A. | 95      |                  |  |  |  |  | (j) 7 | 102 | N/A | N/A |
| <b><i>BOARD OF STATUTORY AUDITORS</i></b>           |                               |                          |   |                  |         |                  |  |  |  |  |       |     |     |     |
| Daniela Delfrate                                    | Chairperson                   | 1.5.2021<br>31.12.2023   | Approval of<br>2023 Financial<br>Statements | Sogefi<br>S.p.A. | (k) 27  |                  |  |  |  |  |       | 27  | N/A | N/A |
| Giovanni<br>Barbara                                 | Statutory<br>Auditor          | 1.5.2021<br>31.12.2023   | Approval of<br>2023 Financial<br>Statements | Sogefi S.p.A     | (l) 18  |                  |  |  |  |  |       | 18  | N/A | N/A |
| Rita Rolli  | Statutory<br>Auditor          | 1.5.2021<br>31.12.2023   | Approval of<br>2023 Financial<br>Statements | Sogefi<br>S.p.A. | (l) 18  |                  |  |  |  |  |       | 18  | N/A | N/A |
| <b><i>BOARD OF STATUTORY AUDITORS DISMISSED</i></b> |                               |                          |   |                  |         |                  |  |  |  |  |       |     |     |     |
| Sonia Peron   | Chairperson                   | 1.1.2021<br>30.04.2021   | Approval of<br>2020 Financial<br>Statements | Sogefi<br>S.p.A. | (m) 13  |                  |  |  |  |  |       | 13  | N/A | N/A |
| Riccardo<br>Zingales                                | Statutory<br>Auditor          | 1.1.2021<br>30.04.2021   | Approval of<br>2020 Financial<br>Statements | Sogefi<br>S.p.A. | (n) 8,5 |                  |  |  |  |  |       | 8,5 | N/A | N/A |
| Giuseppe Leoni                                      | Statutory<br>Auditor          | 1.1.2021<br>30.04.2021   | Approval of<br>2020 Financial<br>Statements | Sogefi<br>S.p.A. | (n) 8,5 |                  |  |  |  |  |       | 8,5 | N/A | N/A |

|   |                   |                        |                                       |                                |         |  |    |  |  |        |     |     |     |
|---|-------------------|------------------------|---------------------------------------|--------------------------------|---------|--|----|--|--|--------|-----|-----|-----|
| Giuseppe Leoni                                  | Statutory Auditor | 1.1.2021<br>31.12.2023 | Approval of 2023 Financial Statements | Sogefi Filtration Italy S.p.A. | (o) 5   |  |    |  |  |        | 5   | N/A | N/A |
| Giuseppe Leoni                                  | Statutory Auditor | 1.1.2021<br>31.12.2022 | Approval of 2022 Financial Statements | Sogefi Suspensions PC S.p.A.   | (p) 6,6 |  |    |  |  |        | 6,6 | N/A | N/A |
| Giuseppe Leoni                                  | Statutory Auditor | 1.1.2021<br>31.12.2022 | Approval of 2022 Financial Statements | Sogefi Suspensions HD S.p.A.   | (q) 6,6 |  |    |  |  |        | 6,6 | N/A | N/A |
| <b>MANAGERS WITH STRATEGIC RESPONSIBILITIES</b> |                   |                        |                                       |                                |         |  |    |  |  |        |     |     |     |
| N. 1 Executive                                  |                   |                        |                                       | Sogefi S.p.A.                  | 210     |  | 42 |  |  | (f) 11 | 263 | 10  | N/A |

|   |        |    |    |   |   |    |               |    |   |
|---|--------|----|----|---|---|----|---------------|----|---|
| (I) Compensation in the company preparing the financial statement | 1146   | 85 | 42 | 0 | 0 | 38 | <b>1311</b>   | 51 | 0 |
| (II) Compensation from subsidiaries and associates                | 18,2   | 0  | 0  | 0 | 0 | 0  | <b>18,2</b>   | 0  | 0 |
| (III) Total   | 1164,2 | 85 | 42 | 0 | 0 | 38 | <b>1329,2</b> | 51 | 0 |

- (a) fixed annual remuneration (Euro 20 thousand) determined by the Shareholders Meeting (26 April, 2019) for each member of the Board for the entire term of office
- (b) remuneration granted to the Chairman as executive director
- (c) of which Euro 20 thousand transferred to the parent company CIR S.p.A.
- (d) *pro quota* of the remuneration for the office of Chief Executive Officer equal to Euro 150 (including the fixed annual remuneration of Euro 20 thousand resolved by the Shareholders Meeting)
- (e) *pro quota* of the annual remuneration for the General Director equal to Euro 300 thousand
- (f) indemnity (for holidays and / or transport) provided for by the law applicable to the employment contract
- (g) remuneration to Directors for their participation at the Control, Risk and Sustainability Committee and at the Related Parties Operations Committee (fixed annual remuneration of Euro 15 thousand for each member)
- (h) remuneration to Directors for their participation at the Appointment and Remuneration Committee (fixed annual remuneration of Euro 10 thousand for each member)
- (i) remuneration to Director as Chairperson of the Control, Risk and Sustainability Committee and of the Related Parties Operations Committee
- (j) refund for rental expenses, as agreed in the employment contract
- (k) appointed as President of the Board of Statutory Auditors on 23 April 2021
- (l) appointed as Statutory Auditors on 23 April 2021
- (m) ceased as President of the Board of Statutory Auditors on 23 April 2021
- (n) ceased as Statutory Auditors on 23 April 2021
- (o) appointed as Statutory Auditor of the subsidiary company Sogefi Filtration Italy S.p.A. on 16 April 2018
- (p) appointed as Statutory Auditor of the subsidiary company Sogefi Suspensions PC S.p.A. on 9 April 2020
- (q) appointed as Statutory Auditor of the subsidiary company Sogefi Suspension HD S.p.A. on 9 April 2021

**PLAN 7-BIS -TABLE 3A: Incentive Plans Based on Financial Instruments, other than Stock Options, for Members of the Board of Directors, the Director General and Executives with Strategic Responsibilities**

| A                                       | B                     | (1)                            | Financial instruments granted in previous years, not vested during the year |                | Financial instruments granted during the year |                               |                |                 |                                | Financial instruments vested during the year and not granted | Financial instruments vested during the year and that can be granted |   | Financial instruments for the year |
|---|-----------------------|--------------------------------|---|----------------|---|-------------------------------|----------------|-----------------|--------------------------------|--|--|---|------------------------------------|
|   |                       |                                | (2)   | (3)            | (4)   | (5)                           | (6)            | (7)             | (8)                            |  | (9)  | (10)  |                                    |
| Name and surname                        | Office                | Plan                           | Number and type of financial instruments                                    | Vesting period | Number and type of financial instruments      | Fair value on assignment date | Vesting period | Assignment date | Market price on the assignment | Number and type of financial instruments                     | Number and type of financial instruments                             | Value on the vesting date (in thousands of Euros) | Fair value (in thousands of Euros) |
| Ozgur Frédéric Sipahi - General Manager |                       |                                |   |                |   |                               |                |                 |                                |  |  |   |                                    |
| Compensation in Sogefi S.p.A.           | Stock grant plan 2017 | n. 4.124<br>Time Based Units   | 26.4.2017<br>26.4.2021  |                |   |                               |                |                 |                                |  | (*) 1.031  | 1   | 0                                  |
|   |                       | n. 6.237<br>Performance Units  |   |                |   |                               |                |                 | (*) 0                          | 0  | 0  |   |                                    |
|   | Stock grant plan 2018 | n. 7.012<br>Time Based Units   | 23.4.2018<br>26.4.2022  |                |   |                               |                |                 |                                |  | (*) 3.506  | 4   | 3                                  |
|   |                       | n. 9.980<br>Performance Units  |   |                |   |                               |                |                 | (*) 0                          | 0  | 4  |   |                                    |
|   | Stock grant plan 2019 | n. 31.882<br>Time Based Units  | 22.7.2019<br>22.7.2023  |                |   |                               |                |                 |                                |  | (*) 3.985  | 5   | 13                                 |
|   |                       | n. 38.118<br>Performance Units |   |                |   |                               |                |                 | (*) 4.765                      | 7  | 13   |   |                                    |
|   | Stock grant plan 2020 | n. 40.000<br>Time Based Units  | 23.10.2020<br>31.10.2024  |                |   |                               |                |                 |                                |  |  |   | 13                                 |

|       |         |                                     |         |                               |    |  |  |  |  |  |  |     |
|-------|---------|-------------------------------------|---------|-------------------------------|----|--|--|--|--|--|--|-----|
|       |         | n. 40.000<br>Performance Units<br>A |         |                               |    |  |  |  |  |  |  | 10  |
|       |         | n. 40.000<br>Performance Units<br>B |         |                               |    |  |  |  |  |  |  | 14  |
|       |         |                                     |         | n. 37.500 Time<br>based Units | 51 |  |  |  |  |  |  | 11  |
|       |         |                                     |         | n. 56.250 Time<br>based Units | 60 |  |  |  |  |  |  | 13  |
|       |         |                                     |         | n. 56.250 Time<br>based Units | 76 |  |  |  |  |  |  | 17  |
| Total | 217.353 |                                     | 150.000 | 187                           |    |  |  |  |  |  |  | 111 |

(\*) During 2021 the General Manager exercised n. 1.031 *Units* related to 2017 stock grant plan, n. 3.506 *Units* related to 2018 stock grant plan and n. 8.750 *Units* related to 2019 stock grant plan

|  |                               |                                |                        |  |  |  |  |  |           |           |   |   |
|--|-------------------------------|--------------------------------|------------------------|--|--|--|--|--|-----------|-----------|---|---|
| N. 1 Executive with strategic responsibilities |                               |                                |                        |  |  |  |  |  |           |           |   |   |
| Compensation in Sogefi<br>S.p.A.               | Stock grant<br>plan 2017      | n. 8.217<br>Time Based Units   | 26.4.2017<br>26.4.2021 |  |  |  |  |  |           | (*) 2.054 | 3 | 0 |
|  |                               | n. 10.683<br>Performance Units |                        |  |  |  |  |  | (*) 0     | 0         | 1 |   |
|  | Stock grant<br>plan 2018      | n. 13.143<br>Time Based Units  | 23.4.2018<br>26.4.2022 |  |  |  |  |  |           | (*) 6.572 | 8 | 6 |
|  |                               | n. 16.026<br>Performance Units |                        |  |  |  |  |  | (*) 0     | 0         | 5 |   |
|  | Stock grant<br>plan 2019      | n. 13.664<br>Time Based Units  | 22.7.2019<br>22.7.2023 |  |  |  |  |  |           | (*) 1.708 | 2 | 6 |
|  |                               | n. 16.336<br>Performance Units |                        |  |  |  |  |  | (*) 2.042 | 3         | 5 |   |
| Stock grant<br>plan 2020                       | n. 17.500<br>Time Based Units | 23.10.2020<br>31.10.2024       |                        |  |  |  |  |  |           |           |   | 6 |

|       |         |                                    |                                     |    |  |  |  |  |  |        |    |    |
|-------|---------|------------------------------------|-------------------------------------|----|--|--|--|--|--|--------|----|----|
|       |         | n. 8.750<br>Performance Units<br>A |                                     |    |  |  |  |  |  |        |    | 2  |
|       |         | n. 8.750<br>Performance Units<br>B |                                     |    |  |  |  |  |  |        |    | 3  |
|       |         |                                    | n. 8.750<br>Time Based<br>Units     | 12 |  |  |  |  |  |        |    | 3  |
|       |         |                                    | n. 13.125<br>Performance<br>Units A | 14 |  |  |  |  |  |        |    | 3  |
|       |         |                                    | n. 13.125<br>Performance<br>Units A | 18 |  |  |  |  |  |        |    | 4  |
| Total | 113.069 |                                    | 35.000                              | 44 |  |  |  |  |  | 12.376 | 16 | 44 |

(\*) During 2021 the Manager with strategic responsibilities exercised n. 2.054 *Units* related to 2017 stock grant plan, n. 6.572 *Units* related to 2018 stock grant plan and n. 3.750 *Units* related to 2019 stock grant plan

**PLAN 7-BIS - TABLE 3B: Monetary Incentive Plans for Members of the Board of Directors and Board of Statutory Auditors, the Director General and other Executives with Strategic Responsibilities**

*(in thousands of Euro)*

| A<br>Name and Surname      | B<br>Office                                 | (1)<br>Plan                     | (2)<br>Bonus for the year |                 |                         | (3)<br>Bonus for previous years |                     |                       | (4)<br>Other Bonus |
|----------------------------|---|---------------------------------|---------------------------|-----------------|-------------------------|---------------------------------|---------------------|-----------------------|--------------------|
|                            |   |                                 | (A)<br>Payable/paid       | (B)<br>Deferred | (C)<br>Deferment period | (A)<br>No longer payable        | (B)<br>Payable/paid | (C)<br>Deferred again |                    |
| Ozgur Frédéric Sipahi      | Chief executive officer and General Manager |                                 |                           |                 |                         |                                 |                     |                       |                    |
| Compensation Sogefi S.p.A. |   | Variable remuneration year 2021 | 282 (*)                   |                 |                         |                                 |                     |                       |                    |
| Total                      |   |                                 | 282 (*)                   |                 |                         |                                 |                     |                       |                    |

(\*)estimate based on the data available at the date of this report, as the definitive amount of the variable remuneration in relation to the 2021 financial year has not yet been determined

|  |  |                                 |    |  |  |  |  |  |  |
|--|--|---------------------------------|----|--|--|--|--|--|--|
| N. 1 Executive with strategic responsibilities |  |                                 |    |  |  |  |  |  |  |
| Compensation Sogefi S.p.A.                     |  | Variable remuneration year 2021 | 76 |  |  |  |  |  |  |
| Total  |  |                                 | 76 |  |  |  |  |  |  |

**PLAN 7-TER -TABLE 1: Attendances by members of the Board of Directors and the Board of Auditors, the Director General**

| Name and Surname      | Office          | Company       | Number of shares held at the end of 2020 | Number of shares purchased in 2021 | Number of shares sold in 2020 | Number of shares held at the end of 2020 |
|-----------------------|-----------------|---------------|--|------------------------------------|-------------------------------|--|
| Ozgur Frédéric Sipahi | General Manager | Sogefi S.p.A. | 26.293                                   | (*) 13.287                         | -                             | 39.580                                   |

(\*) shares resulting from the exercise of rights granted, as Director General, under the 2017, 2018 and 2019 *Stock Grant* Plans.

**PLAN 7-TER -TABLE 2: Shareholdings of other Executives with Strategic Responsibilities**

| Executives with strategic responsibilities | Company                 | Number of shares held at the end of 2020 | Number of shares purchased in 2021 | Number of shares sold in 2021 | Number of shares held at the end of 2021 |
|--|-------------------------|--|------------------------------------|-------------------------------|--|
| N. 1                                       | Sogefi S.p.A.           | 58.791                                   | (*) 12.375                         | -                             | 71.166                                   |
| N. 1                                       | Sogefi Suspensions S.A. | 1  | -                                  | -                             | 1  |

(\*) shares deriving from the exercise of rights granted, as Executive with strategic responsibilities, under the 2017, 2018 and 2019 *Stock Grant* Plans

## PROPOSED RESOLUTIONS

### On Sections I and II of the Report on Remuneration Policy and Remuneration Paid under sect. 123-ter of the TUF.

Dear Shareholders,

under sect. 123-ter of the TUF, as last amended by Legislative Decree no. 49 of 10<sup>th</sup> May 2019, you are called upon to deliberate on the Report on remuneration policy and compensation paid (hereinafter also the “Report”) prepared in accordance with sect. 84-quater of the Rules for Issuers, in accordance with Appendix 3, Schedule 7-bis.

You are asked to cast your vote as follows:

- with a binding resolution in compliance with sect. 123-ter paragraph 3-ter of the T.U.F. on Section I of the Report concerning the Company’s policy on the remuneration of the members of the Board of Directors, the Board of Statutory Auditors, the Director General and Executives with Strategic Responsibilities with reference to the year 2022 and the procedures used for the adoption and implementation of such policy; and
- with a non-binding resolution in accordance with sect. 123-ter, paragraph 6 of the T.U.F. on Section II of the Report concerning the remuneration paid to the persons set forth in sect. 123-ter, paragraph 4 of the Consolidated Law on Finance.

In view of the foregoing, your Board of Directors hereby submits the following to your attention the following

proposed resolutions

#### ON SECTION I

“The Ordinary Shareholders’ Meeting of SOGEFI S.p.A.,

- having regard to the provisos of current legislation;
- having noted the Report on Remuneration Policy and Remuneration Paid;
- having acknowledged that the Report on Remuneration Policy and Remuneration Paid was filed and made available within the legal deadlines,

#### RESOLUTION

to approve, by binding vote, the Company’s Remuneration Policy as set out in **Section I of the Report on Remuneration Policy and Remuneration Paid** approved by the Board of Directors at its meeting on 25 February 2022”.

#### ON SECTION II

“The Ordinary Shareholders’ Meeting of SOGEFI S.p.A.,

- having regard to the provisos of current legislation;
- having noted the Report on Remuneration Policy and Remuneration Paid;
- having acknowledged that the Report on Remuneration Policy and Remuneration Paid, was filed and made available within the legal deadlines;
- having acknowledged that the auditing firm KPMG S.p.A. has verified that Section II of the Report has been prepared in accordance with sect. 123 ter, paragraph 8 bis of the TUF,

#### RESOLUTION

In favour, with a non-binding vote, on the content of **Section II of the Report on Remuneration Policy and Remuneration Paid** approved by the Board of Directors at its meeting on 25<sup>th</sup> February 2022”.