



NEODECORTECH S.P.A.

## REPORT ON THE REMUNERATION POLICY AND ON COMPENSATION PAID

(prepared pursuant to Article 123-*ter* of Legislative Decree no. 58 of 24 February 1998, and Article 84-*quater* of the Regulations approved by CONSOB Resolution no. 11971 of 14 May 1999, and in accordance with Annex 7-*bis* to said Regulation)

Report approved by the Board of Directors of Neodecortech S.p.A. at its meeting on 18 March 2024, made publicly available at the Company's registered office (via Provinciale 2, Filago (BG)) and on the website [www.neodecortech.it](http://www.neodecortech.it), *Investors – Assemblee azionisti* section, and on the authorized storage mechanism "1info" on the website [www.1info.it](http://www.1info.it).

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## LETTER FROM THE CHAIR OF THE REMUNERATION AND APPOINTMENTS COMMITTEE

Shareholders,

As Chair of the Remuneration and Appointments Committee (the "Committee"), I am delighted to present, also on behalf of the Board of Directors, the Report on the Remuneration Policy of Neodecortech S.p.A. ("Neodecortech" or the "Company") and its group for 2024, and on Compensation Paid in 2023.

The Committee, consisting of myself, Vittoria Giustiniani, and Cinzia Morelli, has developed and presented to the Board of Directors a remuneration policy of the Company and the Group for 2023, which aims to enhance the alignment of the interests of Top Management with the key goal of pursuing sustainable success, while also ensuring that individuals possessing the necessary expertise and professional qualities for their positions are attracted, retained, and motivated, consistent with the guidelines in the Corporate Governance Code promoted by the Corporate Governance Committee (the "CG Committee") established by Borsa Italiana S.p.A., to which the Company adheres.

In 2023, despite ongoing challenges stemming from the Russia-Ukraine conflict, as well as the repercussions of the inflationary surge in energy and commodity costs at the beginning of 2022 and 2023, the Company showed resilience and achieved positive results.

In this context, the remuneration policy takes on even greater significance as a means of aligning the needs of shareholders and management, while also addressing the concerns of all stakeholders.

The remuneration policy, outlined in Section One of this Report, is guided by the best practices of listed issuers that are comparable in size to Neodecortech, both nationally and internationally; this policy builds upon the previous year's framework and incorporates a growing emphasis on environmental, social, and governance objectives in the incentive plans for key management; this approach aligns with the recurring recommendations by the CG Committee in its annual communications.

On behalf of the entire Remuneration and Appointments Committee, I would like to extend my heartfelt thanks to the shareholders and stakeholders for their invaluable contributions towards consistently improving the remuneration policy of Neodecortech and its group.

Filago, 8 March 2024



Ida Altimare

Chair of the Remuneration and Appointments Committee

## DEFINITIONS

<b>Executive Directors</b>	the directors of the Company who are delegated with operational or managerial powers, or to whom the Board of Directors assigns specific responsibilities. At the date of this Report, the Executive Directors of the Company are (i) Luigi Cogni, Chief Executive Officer, and (ii) Massimo Giorgilli, Managing Director.
<b>Shareholders' Meeting</b>	the Shareholders' Meeting of Neodecortech.
<b>Shareholders' Meeting 2022</b>	the Shareholders' Meeting held on 27 April 2022.
<b>Shareholders' Meeting 2023</b>	the Shareholders' Meeting held on 27 April 2023.
<b>BEG</b>	Bio Energia Guarcino S.r.l., indirectly controlled by Neodecortech, with registered office in Guarcino (FR), via Madonna di Loreto 2, tax code, VAT number 02454520608 and registration number with the Frosinone Company Register 153355.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., with registered office in Piazza degli Affari 6, Milan.
<b>2024 budget</b>	the budget of the Company and the Group for 2024 approved by the Board of Directors.
<b>CDG</b>	Cartiere di Guarcino S.p.A., directly controlled by Neodecortech, with registered office in Guarcino (FR), via Madonna di Loreto 2, tax code 01956120131 and registration number with the Frosinone Company Register 142922, VAT no. 02657520405.
<b>Corporate Governance Code</b>	the Corporate Governance Code for Listed Companies, adopted by the Corporate Governance Committee in January 2020 and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria available on the website <a href="http://www.borsaitaliana.it">www.borsaitaliana.it</a> <i>Borsa Italiana – Regolamento – Corporate Governance</i> section, to which the Company adheres.
<b>Board of Statutory Auditors</b>	the Board of Statutory Auditors of Neodecortech.
<b>Control, Risk and Sustainability Committee</b>	the committee responsible for fact-finding, policy-making, and advisory functions related to the internal control and risk management system, as well as for driving Neodecortech's pursuit of sustainable success.

<b>Related Party Committee</b>	the committee established under the RPT Procedure.
<b>Remuneration and Appointments Committee</b>	the committee with fact-finding, policy-making and advisory functions on remuneration and appointments of Neodecortech.
<b>Board of Directors</b>	the Board of Directors of Neodecortech.
<b>Key Management Personnel or KMP</b>	individuals who have the power and the responsibility, directly or indirectly, for planning, directing, and controlling the activities of the Company, excluding the directors (executive and non-executive) and the Statutory Auditors of the Company.
<b>Consolidated EBITDA</b>	the Group's EBITDA, as defined and indicated in the 2024-2026 Consolidated Plan, neutralized of "non-recurring" items, as per CONSOB Resolution no. 15519 of 27.6.06.
<b>Consolidated EBITDA 2021-2023</b>	the Group's EBITDA, as defined and indicated in the 2021-2023 Consolidated Plan, neutralized of "non-recurring" items, as per CONSOB Resolution no. 15519 of 27.6.06.
<b>Neodecortech EBITDA</b>	Neodecortech's EBITDA, as defined and indicated in the 2024-2026 Consolidated Plan, neutralized of "non-recurring" items, as per CONSOB Resolution no. 15519 of 27.6.06.
<b>CDG EBITDA</b>	CDG's EBITDA, as defined and indicated in the 2024-2026 Consolidated Plan, neutralized of "non-recurring" items, as per CONSOB Resolution no. 15519 of 27.6.06.
<b>BEG EBITDA</b>	BEG's EBITDA, as defined and indicated in the 2024-2026 Consolidated Plan, neutralized of "non-recurring" items, as per CONSOB Resolution no. 15519 of 27.6.06.
<b>Euronext Milan</b>	the regulated market Euronext Milan, organized and managed by Borsa Italiana.
<b>Group</b>	collectively, Neodecortech, BEG, CDG and NDT energy.
<b>Net Financial Debt</b>	the total amount of financial debt, which is considered onerous, owed to banks and other lenders, net of cash immediately available to the Company.
<b>NDT energy</b>	NDT energy S.r.l., indirectly controlled by Neodecortech, with registered office in Filago (BG), via Provinciale 2, tax code, VAT number and registration number with the Bergamo Company Register 04634200168.
<b>Neodecortech or Company</b>	Neodecortech S.p.A., a company incorporated under Italian law with shares listed on Euronext Milan - STAR Segment, with

registered office in Filago (BG), Via Provinciale 2, tax code 00725270151 and VAT no. 02833670165 and registration number with the Bergamo Company Register 193331.

<b>Consolidated Equity</b>	the difference between the assets and liabilities of a Business Group.
<b>2021-2023 Consolidated Plan</b>	the Group's business plan prepared for 2021-2023 approved by the Board of Directors on 10 February 2021.
<b>2024-2026 Consolidated Plan</b>	the Group's business plan prepared for 2024-2026 approved by the Board of Directors.
<b>2024-2026 ESG Action Plan</b>	the Action Plan for 2041-2026 in the Environmental, Social and Governance sphere approved by the Board of Directors on 22 February 2024.
<b>2020-2023 Incentive Plan</b>	the incentive plan prepared for 2020-23, outlined in the Remuneration Policy Implementation Regulation, concerning, <i>inter alia</i> , the principles for the payment of the short- and medium- to long-term monetary incentive, based on the achievement of specific performance objectives, in favour of Executive Directors and Key Management Personnel and in accordance with the Remuneration Policy.
<b>2024-2026 Incentive Plan</b>	the incentive plan prepared for 2024-26, concerning, <i>inter alia</i> , the principles for the payment of the short- and medium- to long-term monetary incentive, based on the achievement of specific performance objectives, in favour of Executive Directors and Key Management Personnel and in accordance with the Remuneration Policy.
<b>Remuneration Policy</b>	Section I of the Report, which sets forth in a clear and comprehensible manner: (a) the policy of the Company and the Group for 2024 regarding the remuneration of the members of the Board of Directors, Key Management Personnel, and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, the members of the Board of Statutory Auditors; as well as (b) the bodies involved and the procedures used for its preparation, approval, and possible revision, as well as its duration.
<b>2023 Remuneration Policy</b>	the remuneration policy of the Company and the Group for 2023, approved by a binding vote at the Shareholders' Meeting on 27 April 2023 and applied during 2023.
<b>RPT Procedure</b>	the procedure on related party transactions adopted by the

	Company in accordance with the provisions of the CONSOB RPT Regulation.
<b>CONSOB RPT Regulation</b>	the " <i>Regulation containing provisions on related party transactions</i> " adopted by CONSOB in Resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented.
<b>Stock Exchange Regulation</b>	the Regulation of the markets organized and managed by Borsa Italiana.
<b>Issuer Regulation</b>	the implementing regulation of the TUF, concerning the regulation of issuers, approved by CONSOB Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented.
<b>Report</b>	this report on the remuneration policy of the Company and the Group for 2024 and on compensation paid in 2023.
<b>Independent Auditors</b>	the Independent Auditors of Neodecortech, namely BDO Italia S.p.A.
<b>Bylaws</b>	the Bylaws of Neodecortech, as most recently amended on 27 April 2023, available on the Company website.
<b>Total Shareholder Return</b>	the indicator representing the overall return on investment for a shareholder, determined on the basis of the increase in the share price over a specific time horizon and any dividends paid over the same period
<b>TUF</b>	Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented.

## OVERVIEW

This Report was approved on 18 March 2024 by the Board of Directors of Neodecortech, upon the proposal of the Remuneration and Appointments Committee, and prepared in accordance with current regulations and, specifically, in compliance with the provisions of Article 123-ter of the TUF and Article 84-quater of the Issuer Regulation. The Remuneration Policy was prepared in accordance with the recommendations of the Corporate Governance Code, to which the Company adheres, and was adopted by the Company in compliance with the provisions of the CONSOB RPT Regulation and the RPT Procedure.

This Report is divided into two sections:

- (i) Section I sets forth in a clear and comprehensible manner (a) the policy adopted by the Company regarding the remuneration for 2024 of the members of the Board of Directors and Key Management Personnel, and without prejudice to the provisions of Article 2402 of the Italian Civil Code, the members of the Board of Statutory Auditors, as well as (b) the bodies involved and the procedures used for the preparation, approval and possible revision of the Remuneration Policy, as well as its duration;
- (ii) Section II sets forth in a clear and comprehensible manner the compensation paid in the year ending 31 December 2023, for any reason and in any form, by the Company and Group companies, by name for the members of the Board of Directors and the Board of Statutory Auditors and in aggregate form to Key Management Personnel, providing a presentation of each of the items that make up the remuneration. Section II, in accordance with Article 84-quater, paragraph 4, of the Issuer Regulation, also presents, in specific tables, data on the investments held - in Neodecortech and in Group companies - by members of the Board of Directors, members of the Board of Statutory Auditors and Key Management Personnel, as well as by spouses who are not legally separated and minor children, either directly or through subsidiaries, trust companies or intermediaries, resulting from the shareholders' register, communications received and other information acquired from them by the members of the Board of Directors, members of the Board of Statutory Auditors and Key Management Personnel.

Under Article 123-ter, paragraph 4, letter b-bis) of the TUF, the Report shows how the Company took account of the vote cast in the prior year on the above Section II.

While maintaining substantial continuity with the 2022 Remuneration Policy, the current Remuneration Policy incorporates the following key changes:

- (a) the adoption of the new 2024-2026 Incentive Plan;
- (b) the increase in the CEO's short- and long-term variable remuneration;
- (c) the increase in the short- and long-term variable remuneration of a Key Management Personnel from the technical area, and the increase in the long-term variable remuneration of a Key Management Personnel from the sales area.

To note for the purpose of this Report:

- (i) the Board in office at the date of approval of this Report consists of 9 members: Luca Peli (Chairman), Luigi Cologni (Chief Executive Officer), Massimo Giorgilli (Executive Director), Ida Altimare (Independent Director), Sara Bertolini (Independent Director), Adriano Bianchi (Independent

Director), Cinzia Morelli (Independent Director), Vittoria Giustiniani (Non-Executive Director) and Gianluca Valentini (Non-Executive Director). The Board of Directors will remain in office until the approval of the financial statements for the year ending 31 December 2024;

- (ii) the Board of Statutory Auditors in office at the date of approval of this Report is composed of Edda Delon (Chair), Stefano Santucci (standing auditor), Federica Menichetti (standing auditor), Riccardo Losi (alternate auditor) and Pier Paolo Gori (alternate auditor). The Board of Statutory Auditors will remain in office until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2025.

The Remuneration Policy, as set forth in Section I of this Report, will be submitted to a vote at the Shareholders' Meeting convened, pursuant to Article 2364 of the Italian Civil Code, for the approval of the 2023 financial statements, on 19 April 2024, at 11 a.m., in single call, at the Company's headquarters in Filago (BG), Via Provinciale 2, 24040. Pursuant to Article 123-ter, paragraphs 3-bis and 3-ter, of the TUF, the Shareholders' Meeting is in fact required to express a favourable or unfavourable opinion on Section I of the Report by means of a binding resolution, while pursuant to Article 123-ter, paragraph 6, of the TUF it is required to express a favourable or unfavourable opinion on Section II of the Report by means of a non-binding resolution. To this end, in accordance with Article 84-quater of the Issuer Regulation, the Report was made publicly available at the Company's registered office (Via Provinciale 2, Filago (BG)) as well as on the website ([www.neodecortech.it](http://www.neodecortech.it)), *Investors – Assemblee azionisti* section, and on the authorized storage mechanism "1info" at [www.1info.it](http://www.1info.it), by the 21st (twenty-first) day prior to the date of the Shareholders' Meeting.

Filago, 18 March 2024

The Chairman of the Board of Directors

  
Luca Pelli

**EXECUTIVE SUMMARY OF PAY PACKAGE TO EXECUTIVE DIRECTORS**

The following is a table summarizing the structure of the total pay package granted in 2024 to Executive Directors under this Remuneration Policy.

SUMMARY OF THE REMUNERATION OF EXECUTIVE DIRECTORS FOR 2024							
OFFICE	FIXED		SHORT-TERM VARIABLE		MEDIUM- TO LONG-TERM VARIABLE (*)		TOTAL
	PERCENTAGE AMOUNTS (**)						
<b>Chief</b>	355,000 €	58%	130,000 €	21%	130,000 €	21%	100%
<b>Executive Officer</b> (Luigi Cologni)							
<b>Executive Director</b> (Massimo Giorgilli)	280,000 €	60%	95,000 €	20%	95,000 €	20%	100%

(\*) The figures for the medium- to long-term variable component were calculated, for the purpose of preparing the summary table, by taking account of the amount payable in a single financial year to Executive Directors in the event of the achievement of performance objectives (qualitative and quantitative) at the target level. The achievement of performance objectives (qualitative and quantitative) for each Executive Director will be reviewed by the Board of Directors at the end of 2024, upon the proposal of the Remuneration and Appointments Committee and subject to the favourable opinion of the Board of Statutory Auditors.

(\*\*) The percentage amounts were determined on the basis of the assumption that Executive Directors would achieve their performance objectives (both qualitative and quantitative) at the target level. The achievement of performance objectives (qualitative and quantitative) for each Executive Director will be reviewed by the Board of Directors at the end of 2024, upon the proposal of the Remuneration and Appointments Committee and subject to the favourable opinion of the Board of Statutory Auditors.

## SECTION I

### 1. OVERVIEW

The Remuneration Policy outlines the principles and guidelines that Neodecortech follows when establishing the pay practices for members of the Board of Directors, Key Management Personnel, and members of the Board of Statutory Auditors. It plays a key role in supporting the corporate strategy, advancing long-term interests, and ensuring the sustainability of both the Company and the Group; additionally, it takes into consideration the compensation and working conditions of Neodecortech's employees, as well as the need of attracting, retaining, and motivating individuals with the necessary skills and professional qualities for their respective roles within the Company and/or the Group.

### 2. BODIES INVOLVED IN THE PREPARATION, APPROVAL, IMPLEMENTATION AND POSSIBLE REVISION OF THE REMUNERATION POLICY

The main subjects and bodies involved in the preparation, approval, and possible revision of Neodecortech's Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration and Appointments Committee, the Board of Statutory Auditors, and the Independent Auditors. They are also responsible for the proper implementation of the Remuneration Policy and see that it is properly executed. The following provides a brief overview of the responsibilities that are assigned to these bodies under applicable regulations with regard to remuneration:

#### Shareholders' Meeting

The Shareholders' Meeting:

- (a) approves, pursuant to Article 2364, first paragraph, no. 3, of the Italian Civil Code and Article 28 of the Bylaws, the compensation of the members of the Board of Directors (also by setting, if the case, an overall amount pursuant to Article 2389, paragraph three of the Italian Civil Code) and the Board of Statutory Auditors;
- (b) pursuant to Article 123-ter, paragraphs 3-bis and 3-ter, of the TUF, on the occasion of the approval of the financial statements, resolves, with a binding vote, on Section I of the Report prepared by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee. If the Shareholders' Meeting does not approve the remuneration policy submitted for its binding vote, the Company shall continue to pay remuneration in accordance with the most recent remuneration policy approved by the Shareholders' Meeting or, failing that, may continue to pay remuneration in accordance with current practices. The Company shall submit a new remuneration policy to the shareholders' vote at the latest at the next Shareholders' Meeting provided for in Article 2364, paragraph 2, of the Italian Civil Code;
- (c) pursuant to Article 123-ter, paragraph six, of the TUF, on the occasion of the approval of the financial statements, resolves, with a non-binding vote, on Section II of the Report, prepared by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee; and
- (d) resolves, pursuant to Article 114-bis of the TUF, on any compensation plans based on shares or other financial instruments intended for executive directors, employees and associates of the Group;

Board of Directors:

The Board of Directors, assisted by the Remuneration and Appointments Committee:

- (a) establishes an internal Remuneration and Appointments Committee;
- (b) develops and approves the Remuneration Policy for directors, members of the Board of Statutory Auditors and Top Management;
- (c) oversees the implementation of and adherence to the Remuneration Policy, ensuring that the remuneration paid and accrued is consistent with the principles and criteria outlined in the policy, in consideration of the results achieved and other relevant factors for its implementation;
- (d) develops and approves, or submits to the Shareholders' Meeting, long-term or short-term remuneration plans based on financial or monetary instruments for directors and Top Management;
- (e) assesses the achievement of performance objectives;
- (f) determines, having reviewed the proposals of the Remuneration and Appointments Committee and having heard the Board of Statutory Auditors in accordance with Article 2389, third paragraph, of the Italian Civil Code, if the Shareholders' Meeting has not already done so, the division of the overall compensation due to the members of the Board of Directors;
- (g) approves, upon the proposal of the Remuneration and Appointments Committee, deviations to the remuneration policy, subject to the favourable opinion of the Related Party Committee, in the cases and in the manner permitted by the provisions in force, including the RPT Procedure.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee:

- (a) assists the Board of Directors in the development of the Remuneration Policy and any deviations thereto, where permitted or required by current regulations;
- (b) submits proposals or expresses opinions on the remuneration of Executive Directors and other directors holding special offices, as well as on the setting of performance objectives related to the variable component of such remuneration;
- (c) oversees actual application of the Remuneration Policy and assesses, in particular, actual achievement of the performance objectives;
- (d) periodically assesses the overall adequacy and consistency of the policy for the remuneration of directors and Top Management;
- (e) provides an opinion on particular and specific matters on emoluments on which the Board of Directors has requested its review;
- (f) provides the Board of Directors with opinions and non-binding proposals concerning the adoption (and any subsequent integration) of any incentive plans (stock options, stock grants, "employee

share ownership", etc.), their related objectives, which are aimed at aligning them with the interests of the shareholders in the long term, as well as the criteria for assessing their achievement;

- (g) provides the Board of Directors with opinions on the determination of any indemnities to be paid in the event of early termination of employment or termination of the directorship (so-called "golden parachutes"), defining the ceiling of the total amount payable, in relation to a given amount or a given number of years of remuneration; assesses the possible effects of termination on the rights assigned under incentive plans based on financial instruments;
- (h) submits opinions to the Board of Directors, upon the proposal of the Chief Executive Officer, on financial packages to be paid as part of any termination agreements relating to Top Management;
- (i) performs any additional duties assigned to it by the Board of Directors.

The establishment of such a committee guarantees the broadest possible dissemination of information and transparency regarding the compensation payable to Executive Directors, as well as the criteria used to determine it. However, it is important to note that, under the third paragraph of Article 2389 of the Italian Civil Code, the Remuneration and Appointments Committee only has a propositional role; the ultimate authority to determine the remuneration of Executive Directors rests with the Board of Directors, which must take into account the opinion of the Board of Statutory Auditors.

Regarding the role, composition and operation of the Remuneration Committee, reference is made to Section I, Chapter 3, Paragraphs 3.1 and 3.2 of this Report.

#### Executive Directors

The Executive Directors:

- (a) submit proposals to the Remuneration and Appointments Committee on any compensation plans based on shares or other financial instruments or, if necessary, assist the Remuneration and Appointments Committee in their preparation, without prejudice to the principle that no Executive Director takes part in the meetings of the Remuneration and Appointments Committee where proposals are put forward on their remuneration;
- (b) provide the Remuneration and Appointments Committee with all the useful information to enable it to assess the adequacy and actual application of the Policy, with particular regard to the remuneration of Top Management; and
- (c) ensure that the Remuneration Policy is implemented in accordance with its provisions for the personnel under their supervision.

#### Board of Statutory Auditors

The Board of Statutory Auditors expresses its opinion on proposals for the remuneration of Executive Directors as well as additional persons holding special offices, pursuant to Article 2389, third paragraph, of the Italian Civil Code, assessing the consistency of such proposals with the Remuneration Policy adopted by the Company.

Independent Auditors

The Independent Auditors assess that the directors have prepared Section II of the Report.

### 3. REMUNERATION AND APPOINTMENTS COMMITTEE

#### 3.1 *Composition and duties*

The current Remuneration and Appointments Committee in office was established by a resolution of the Board of Directors on 28 April 2022 following the appointment of the new Board of Directors by the Shareholders' Meeting held on 27 April 2022. The composition and appointment, duties and operating procedures of the Remuneration and Appointments Committee are governed by the Corporate Governance Code and the Remuneration and Appointments Committee regulation, approved in its current version by the Board of Directors on 30 March 2023<sup>(1)</sup>.

In accordance with the Corporate Governance Code's recommendations, the Remuneration and Appointments Committee consists of a minimum of 3 (three) directors, all of whom are non-executive and primarily independent; the Chair of the Committee is selected from among the independent directors. Also in accordance with the Corporate Governance Code, the Remuneration Committee regulation requires that at least 1 (one) member of the Remuneration Committee should have adequate knowledge and experience in accounting and finance or pay policies, as assessed by the Board of Directors at the time of appointment.

At the date of this Report, the Remuneration and Appointments Committee is composed as follows.

DIRECTOR	DATE OF APPOINTMENT	REQUIREMENTS HELD
Ida Altimare (Chair)	28 April 2022	Independent Director possessing the necessary knowledge and expertise in accounting and finance or pay policies
Vittoria Giustiniani	28 April 2022	Non-executive Director possessing the necessary knowledge and expertise in accounting and finance or pay policies
Cinzia Morelli	28 April 2022	Independent Director possessing the necessary knowledge and expertise in accounting and finance or pay policies

Upon their appointment, the Board of Directors evaluated all members of the Remuneration and Appointments Committee and determined that they possessed the necessary knowledge and expertise in finance and pay policies.

The Remuneration and Appointments Committee, as a remuneration committee, performs the duties outlined in Section I, Chapter 2, of this Report.

#### 3.2 *Operation of the Remuneration and Appointments Committee and measures to avoid or manage conflicts of interest*

<sup>(1)</sup> The Remuneration and Appointments Committee regulation is available on the Company website ([www.neodecortech.it](http://www.neodecortech.it)), *Investors/ documenti e procedure* section

The Committee meets, when convened by the Chair, as often as necessary to carry out its functions and, in any case, at least twice a year, whenever the Chair of the Committee deems it appropriate or a request is made by another member of the Committee or by the Chairman of the Board of Directors. The Committee must also be convened when requested by the Chairman of the Board of Statutory Auditors.

Except in the case of absence or inability to attend, where the Committee appoints a secretary who is also chosen from outside the Committee, the secretary of the Committee is the secretary of the Board of Directors, who takes the minutes of the meetings.

Meetings of the Remuneration and Appointments Committee are held in collegiate form, and summary minutes are taken of their content and the decisions made by the Committee. The minutes, signed by the Chairman and secretary, are transcribed by the secretary in the Committee's book of meetings and resolutions, which is kept by the Company with its other books.

Members of the Board of Statutory Auditors are invited to take part in the proceedings of the Committee. The Chairman, also at the request of each member of the Committee, may also invite to individual meetings the Chairman of the Board of Directors, the Chief Executive Officer, other directors, external consultants or any other person external to the corporate organization, whose presence may be of assistance to the better performance of the Committee's functions, with regard to all or individual items on the agenda, as well as, informing the Chief Executive Officer, representatives of the corporate functions responsible for the subject matter.

In the performance of its functions, the Remuneration and Appointments Committee is empowered to access information and corporate functions and structures required to perform its duties.

The Remuneration and Appointments Committee may seek the assistance of external consultants who specialize in the area of pay policies whenever it deems necessary and/or appropriate to fulfill its responsibilities; it may draw from the annual budget established by the Board of Directors for this purpose.

The Chair of the Remuneration and Appointments Committee reports on the activities carried out at the first available meeting of the Board of Directors.

As stated in Section I, Chapter 2, the Remuneration and Appointments Committee is not the only subject involved in the preparation, approval and possible revision of the Remuneration Policy. The involvement of multiple parties not only meets regulatory requirements, but also ensures complete transparency in the decision-making processes concerning the remuneration of directors, members of the Board of Statutory Auditors, and Key Management Personnel; this approach guarantees that the relevant bodies make informed and timely decisions in a transparent manner, while preventing conflicts of interest from arising through mutual oversight.

Likewise, in accordance with the provisions of the Corporate Governance Code, no director shall take part in the meetings of the Remuneration and Appointments Committee where proposals to the Board of Directors regarding his or her own remuneration are finally made.

For further information on the activities carried out by the Remuneration and Appointments Committee in 2023, reference is made to the report on corporate governance and ownership structure at 31 December 2023, made publicly available at the Company's registered office (via Provinciale 2, Filago (BG)) as well as on the website ([www.neodecortech.it](http://www.neodecortech.it)), *Investors – Assemblee azionisti* section, and on the authorized storage mechanism "1info" on the website [www.1info.it](http://www.1info.it), within the time limits of law.

#### **4. COMPENSATION AND WORKING CONDITIONS OF COMPANY AND GROUP EMPLOYEES**

When establishing the Remuneration Policy, the Company also considers the compensation and working conditions of its employees; Neodecortech's focus on continuous resource development for sustainable value creation is reflected also in the setting of objectives tied to the granting of the variable component of the remuneration of Executive Directors and Key Management Personnel in environmental, social, and governance matters.

Specifically, the Remuneration Policy ensures that competitive opportunities are available in the market, while fully adhering to the principles of equal opportunity, equality, and non-discrimination, and recognizing individual merit and the enhancement of professional skills. To encourage sustainable value creation over time, the Remuneration Policy utilizes various tools aimed at fostering motivation and loyalty, including:

- (a) a pay structure consisting of multiple components that are designed to attract, retain, and motivate qualified personnel;
- (b) the inclusion, in the short- and medium- to long-term incentive systems for the Chief Executive Officer, Executive Director and other Key Management Personnel of non-financial objectives, with particular emphasis on environmental, social, and governance matters; achieving these objectives has a positive impact on the general working conditions of the entire corporate population. Additionally, the financial package reserved for the beneficiaries of the 2024-2026 Incentive Plan is determined based on three criteria: (i) professional specialization; (ii) role; and (iii) responsibilities assigned to each of the beneficiaries;
- (c) the definition of the remuneration of all Company employees in compliance with the pay parameters set forth in the National Collective Bargaining Agreement applicable from time to time;
- (d) stability arrangements entered into with the Chief Executive Officer, Executive Director and Key Management Personnel in order to ensure continuity in the Company's management and retain resources considered key to the development of Neodecortech and the Group.

#### **5. INDEPENDENT EXPERTS INVOLVED IN THE PREPARATION OF THE REMUNERATION POLICY**

The Remuneration Committee did not seek the advice of any independent expert when developing the Remuneration Policy presented in this Report to be submitted to the Board of Directors.

#### **6. AIMS OF THE POLICY, UNDERLYING PRINCIPLES, DURATION AND ANY CHANGES TO THE POLICY SINCE THE POLICY MOST RECENTLY SUBMITTED TO THE SHAREHOLDERS' MEETING**

The Remuneration Policy is designed to establish an overall pay structure that aligns with the present and future requirements of the Company and the Group, while recognizing the managerial value of the individuals involved and their contribution to the company's growth based on their respective skills.

The Remuneration Policy contributes to the corporate strategy, the pursuit of long-term interests, and the sustainability of the Company and the Group. It aims to attract, retain, and motivate highly professional resources, particularly in key business development and management positions; it also seeks to reward individual and corporate performance objectives tied to income and financial indicators of corporate growth, as well as specific non-financial objectives. In detail, the pay is determined based on the complexity of the role and assigned responsibilities, the achieved results, and the quality of individual professional

contribution.

The main purpose of the Remuneration Policy is to align the interests of the Company's management with the pursuit of the overriding objective of creating sustainable value for the shareholders and other relevant stakeholders of Neodecortech and the Group in the medium to long term. Bearing this in mind, the Board of Directors and the Remuneration and Appointments Committee work together to develop a Remuneration Policy that ensures consistent alignment between the performance objectives assigned to the management, both in the short- and medium- to long-term, and the key strategic drivers of the Company and the Group.

Consistent with the purposes outlined, the Remuneration Policy is defined on the basis of the following guiding principles:

- (a) balance between the fixed and variable components of remuneration: the fixed and variable components of remuneration (including benefits and other non-monetary components thereof, such as, for example, career development paths) are appropriately balanced in accordance with and consistent with Neodecortech's strategic objectives, also taking account of the industry in which it operates and the characteristics of its business activity. Additionally, (i) the variable component is determined in such a way as to reward commitment and enhance individual contribution to the results achieved at the Group level, without overriding the fixed component of remuneration; and (ii) the variable components of remuneration have a set ceiling;
- (b) sustainable success: the performance objectives - i.e., the income results and any other objectives, including specific non-financial ones, to which the granting of the variable components is tied - as specified in more detail below, are pre-established, measurable and linked to the aim of creating value for shareholders over a medium- to long-term horizon, as well as aimed at promoting the sustainable success of the Company and the Group. Specifically, as explained in more detail in Chapter 7, Paragraph 7.2, and in Chapter 9 of this Report, the pay of Executive Directors and Key Management Personnel is, therefore, directly tied both to individual performance and to the creation of value in the medium to long term for the Company and, therefore, for the shareholders and other relevant stakeholders of Neodecortech and the Group;
- (c) respect and enhancement of individuals: Neodecortech acknowledges that professional commitment and potential are the defining criteria for pay and career development. The determination of remuneration is based on rewarding the contribution of each individual, with mechanisms that establish the payment of varying levels of rewards depending on the degree of achievement of the objective, whether partial or complete;
- (d) ongoing monitoring of market practices and trends: Neodecortech deems that the observation of market practices and trends allows it to attract and retain qualified and adequately motivated professional resources, as well as to define competitive pay levels, in compliance with the principles of internal equity and transparency. Specifically, market benchmarking is conducted by using analyses prepared by independent companies specializing in the field, or by studying and analyzing information from the market;
- (e) compliance: the Company follows and is inspired by best practices in remuneration matters, including applicable laws and regulations, such as the recommendations of the Corporate Governance Code, to which Neodecortech adheres.

The Company has established contractual arrangements that enable it to seek the return, in full or in part, of variable remuneration components paid (or to retain any deferred amounts), if such payments were based on information that was later found to be clearly incorrect, in accordance with Article 5, Recommendation no. 27, lett. e) of the Corporate Governance Code (so called claw-back and *malus* clauses).

The Remuneration Policy runs for 1 (one) year, therefore until 31 December 2024.

The structure of the 2024 Remuneration Policy remains substantially consistent and in continuity with that of the 2023 Remuneration Policy. It maintains the same objectives, which are to ensure a harmonized remuneration policy at both the Group and individual levels (i.e., for Executive Directors and Key Management Personnel); however, certain distinctive features have been retained in order to enhance strategic skills and retain key resources.

The main new elements from the 2023 Remuneration Policy are: (i) the adoption of the new 2024-2026 Incentive Plan; (ii) the increase in the short- and long-term variable remuneration of the Chief Executive Officer; (iii) the increase in the short- and long-term variable remuneration of a Key Management Personnel from the technical area, and (iv) the increase in the long-term variable remuneration of a Key Management Personnel from the sales area.

The Board of Directors and the Remuneration and Appointments Committee, in establishing the Remuneration Policy, took account of the guidelines expressed by the shareholders when voting at the Shareholders' Meeting on Section I of the report on the Remuneration Policy 2023 and on Section II of the report on compensation paid in 2022 (in both cases with favourable votes equal to 75.77% of the Company's share capital), which confirmed significant shareholder approval of the structure, principles, and pay levels set forth therein and, therefore, remain unchanged.

#### **7. DESCRIPTION OF FIXED AND VARIABLE REMUNERATION POLICIES, SPECIFICALLY INDICATING THE RELATING PROPORTION WITHIN OVERALL PAY AND BREAKING DOWN SHORT- AND MEDIUM- TO LONG-TERM VARIABLE COMPONENTS**

The pay of directors, Key Management Personnel, as well as members of the Board of Statutory Auditors is appropriately balanced in order to (i) ensure consistency between short-term development objectives and the sustainability of shareholder value creation in the medium to long term; as well as (ii) adjust it to the commitment and work required to perform the relevant duties in accordance with the applicable recommendations of the Corporate Governance Code.

Specifically, this Paragraph provides a description of the components that make up the total pay package awarded to non-executive directors, Executive Directors, and Key Management Personnel. For further information on compensation awarded to members of the Board of Statutory Auditors, reference is made to Section I, Chapter 18, of this Report.

For the sake of clarity, it should be noted that the pay structure for Executive Directors and Key Management Personnel consists of:

- (a) a fixed component defined fairly in accordance with the delegated powers granted, professional specialization, organizational role held, and individual strategic responsibilities;
- (b) a variable component, both short- and long-term, in monetary form set within ceilings, which

pursues the objective of incentivizing Executive Directors and Key Management Personnel to work toward the achievement of annual goals in order to maximize the value of the Group, in line with the interests of shareholders and other stakeholders;

- (c) additional non-monetary benefits, which consist of the granting of goods and/or services assigned in accordance with market practice and in compliance with current regulations.

### **7.1 Fixed component**

As previously stated, the fixed component of remuneration is adjusted according to the position and level of responsibility within the Company and the Group, and is established at a level that ensures adequate compensation for Executive Directors and Key Management Personnel, even if the variable component of remuneration is not paid due to the failure to achieve performance objectives; this is intended, among other things, to discourage behaviour that is not in line with the company's risk appetite. Specifically, the fixed component is determined based on the size of the business managed and the ability to contribute to the Group's consolidated results.

Specifically, the compensation for members of the Board of Directors and Key Management Personnel is designed to attract and motivate highly skilled professionals who can perform their duties effectively and achieve the goals set out in the Remuneration Policy.

The fixed component of the remuneration of directors is determined by the Shareholders' Meeting and the Board of Directors pursuant to Article 28 of the Bylaws and Article 2389 of the Italian Civil Code. In detail, pursuant to Article 2389, paragraph three, of the Italian Civil Code, the remuneration of directors holding strategic responsibilities is determined by the Board of Directors, after hearing the Board of Statutory Auditors. The Shareholders' Meeting may, however, decide on an aggregate amount for the remuneration of all directors, including those holding strategic responsibilities.

In addition to the compensation due to the directors as members of the Board of Directors, the total pay of the directors is composed of the compensation received for participation in the Board committees. This additional emolument is paid as a fixed amount and is proportionate to the level of commitment required from each member; thus, it is determined based on the position held by the directors in these committees, i.e., whether they serve as chair or member, with the former being assigned significant organizational and activity-driving responsibilities.

It is important to note that the pay package for Executive Directors also includes their employment status as employees of Neodecortech and CDG, respectively, with executive roles.

The fixed compensation of Key Management Personnel (which do not include the Chief Executive Officer and the Executive Director) is proposed by the Chief Executive Officer and subsequently approved by the Board of Directors assisted by the Remuneration and Appointments Committee.

Additionally, infra-group chargeback mechanisms may be established in the case of compensation paid by the Company to directors and Key Management Personnel of the latter, for carrying out the tasks assigned to them at Neodecortech's subsidiaries.

The Company may offer Executive Directors and Key Management Personnel specific financial packages at the time of recruitment or during their tenure to attract or retain key figures, subject to the approval of the Board of Directors, assisted by the Remuneration and Appointments Committee; by way of example,

these include:

- (a) welcome bonuses, including those related to the loss of incentives from the previous employer and/or linked, where possible, to a commitment to maintain employment with the Company for a set period;
- (b) variable components guaranteed only for the first year of employment;
- (c) bonuses tied to the stability of the relationship over time within the limit of 30% of each beneficiary's gross annual pay.

## **7.2 Variable component**

The incentive system adopted by the Company in order to maximize the value of the Group, both in the short and medium- to long-term, in line with the interests of shareholders and other stakeholders and with a view to sustainable development, is based on the 2024-2026 Incentive Plan, in monetary form, whose beneficiaries are the Executive Directors and Key Management Personnel.

In line with the above principles, on 18 March 2024, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, approved the adoption of the 2024-2026 Incentive Plan, in continuation of and in replacement of the 2020-2023 Incentive Plan. The adoption of the 2024-2026 Incentive Plan aims to enhance the Company's appeal to external parties, as well as retain and provide incentives to directors, employees or associates deemed significant to the Group, promoting the enhancement of the Company and the Group, the dissemination of a culture of value creation in all strategic and operational decisions, and the alignment of the interests of Top Management with those of shareholders over a long-term horizon.

The 2024-2026 Incentive Plan may also be extended to individuals who take on the abovementioned roles during its duration between the date of approval of the financial statements of Neodecortech at 31 December 2023 and the date of approval by the Board of Directors of the consolidated financial statements for the year ending 31 December 2026. In such a case, the monetary award due to them will be distributed proportionally over the months in which they have participated in the 2024-2026 Incentive Plan.

To be eligible for the 2024-2026 Incentive Plan, Executive Directors and Key Management Personnel who are beneficiaries of the Incentive Plan must meet the following requirements throughout the duration of the 2024-2026 Incentive Plan:

- (a) hold a permanent salaried employment relationship not on leave, or hold the office of Executive Director;
- (b) not have notified resignation or have ceased to be a director;
- (c) not have been the recipient of a notice of dismissal or removal from the role of Executive Director;
- (d) not have agreed to the mutual termination of the employment relationship.

Participation in the 2024-2026 Incentive Plan by each beneficiary shall commence from the date determined by the Board of Directors.

Additionally, with regard to the short- and medium- to long-term variable component, the Company has

the option to enter into stability arrangements with the Chief Executive Officer, Executive Director and Key Management Personnel, in order to ensure continuity in the Company's management and retain the resources considered key to the development of Neodecortech and the Group, providing for the possible payment to the beneficiaries of a consideration not exceeding 30% of the gross annual pay of each.

Short-term variable component (so-called short-term incentive)

Under the 2024-2026 Incentive Plan, the short-term variable remuneration component is tied to the achievement by Executive Directors and Key Management Personnel of annual performance objectives, developed to take account, *inter alia*, of the results of the Company, Group companies and the Group itself in the reporting year.

The short-term variable component is designed as a performance-based system for achieving specific objectives assigned to each recipient or group of recipients, as identified by the Board of Directors upon the proposal of the Remuneration and Appointments Committee, in collaboration with the heads of the various business areas of the Company and the Group, and the Human Resources department. In defining the objectives, specific parameters are used by Management to oversee the performance of each 2024-2026 Incentive Plan recipient's line of business or financial indicators (such as, for example, EBITDA or EBIT), whether consolidated or relating to specific lines of business, and other additional efficiency and productivity indicators. In identifying the specific performance objectives and relating parameters, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, takes account of the need to ensure: (a) accurate, clear, objectively measurable and previously indicated and established objectives and (b) coordination with the Company's strategy, at the Group level.

Payment of the short-term variable component for all 2024-2026 Incentive Plan beneficiaries is subject to the condition of achieving a threshold equivalent to 80% of Consolidated EBITDA. Therefore, this threshold represents the trigger gate for the 2024-2026 Incentive Plan with regard to the short-term objectives set for 2024. If this threshold is not reached, no potential beneficiary of the 2024-2026 Incentive Plan will receive the variable remuneration component for 2024, regardless of whether the performance objectives have been achieved or not.

Under the 2024-2026 Incentive Plan, the variable component of remuneration payable under it, upon achievement of performance objectives, may not exceed the threshold set annually by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, providing mechanisms for deferred payment of the amounts payable. Specifically, on 18 March 2024, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, approved the following thresholds for 2024:

- (a) € 130,000 (one hundred thirty thousand/00) for the Chief Executive Officer; and
- (b) € 95,000 (ninety-five thousand/00) for the Executive Director.

With regard to the quantitative objectives tied to income performance, the payment of the short-term variable component is subject to the achievement of objectives set annually by the Board of Directors, assisted by the Remuneration and Appointments Committee, and the *quantum* payable in accordance with the 2024-2026 Incentive Plan varies in proportion to the degree to which the beneficiary achieves each objectives, so as to tie the payment of the variable component of pay to the actual improvement in the income performance indicators set as targets by the Board of Directors, upon the proposal of the

Remuneration and Appointments Committee.

The 2024-2026 Incentive Plan also incorporates non-financial objectives and, specifically, includes environmental, social and governance objectives related to the development and organizational efficiency of the Group, aimed at promoting the achievement of sustainable success and value creation for shareholders and other stakeholders of the Company and the Group.

Additionally, infra-group chargeback mechanisms may be established in the case of compensation paid by the Company to Executive Directors and Key Management Personnel of the latter, for carrying out the tasks assigned to them at Neodecortech's subsidiaries.

The amount of pay tied to the achievement of short-term performance objectives will be awarded to beneficiaries of the 2024-2026 Incentive Plan within one week after the Shareholders' Meeting approves the financial statements for the year ending 31 December 2024.

For further information on the short-term performance objectives under the 2024-2026 Incentive Plan established by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, reference is made to Section I, Chapter 9, of this Report.

Medium- to long-term variable component (so-called long-term incentive)

The medium- to long-term variable remuneration component under the 2024-2026 Incentive Plan is tied to the achievement of multi-year performance objectives by Executive Directors and Key Management Personnel; it is intended to achieve several goals, such as: (i) directing the beneficiaries' attention to strategic elements; (ii) encouraging their loyalty; (iii) aligning the remuneration with the creation of value in the medium to long term for shareholders, taking account of the interests of other relevant stakeholders of the Company and the Group; and (iv) guaranteeing an overall competitive level of remuneration that serves an attractive and retention function, in line with the growth requirements of the Company and the Group.

Specifically, payment of the medium- to long-term variable component is tied to the achievement of performance objectives set by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee. These objectives are set on the basis of: (i) the ability of the individual beneficiary to contribute to the development of the Company; (ii) the professional skills and the role held in the corporate organizational chart; (iii) the level of overall compensation received; and (iv) loyalty requirements.

For all beneficiaries of the 2024-2026 Incentive Plan, payment of the medium- to long-term variable component is conditional on reaching a threshold equal to 70% of cumulative Consolidated EBITDA, calculated as the sum of the Consolidated EBITDA forecast for each year included in the time horizon of the 2024-2026 Consolidated Plan. This threshold, therefore, represents the Incentive Plan's trigger gate with regard to the medium- to long-term objectives envisaged for 2024-2026. If this threshold is not reached, no potential beneficiary of the Incentive Plan will receive the variable remuneration component, regardless of whether the performance objectives have been achieved or not. Above this threshold, on the other hand, under the 2024-2026 Incentive Plan, the amount of the medium- to long-term variable component will be paid to individual beneficiaries as follows:

- In the event of reaching a three-year cumulative Consolidated EBITDA threshold higher than or equal to **70%** of the three-year cumulative Consolidated EBITDA under the 2024-2026 Consolidated Plan:

- payment of **50%** of the amount of the medium- to long-term variable component to each beneficiary of the 2024-2026 Incentive Plan;
- In the event of reaching a three-year cumulative Consolidated EBITDA threshold higher than or equal to **80%** of the three-year cumulative Consolidated EBITDA under the 2024-2026 Consolidated Plan: payment of **60%** of the amount of the medium- to long-term variable component to each beneficiary of the 2024-2026 Incentive Plan;
  - In the event of reaching a three-year cumulative Consolidated EBITDA threshold higher than or equal to **90%** of the three-year cumulative Consolidated EBITDA under the 2024-2026 Consolidated Plan: payment of **80%** of the amount of the medium- to long-term variable component to each beneficiary of the 2024-2026 Incentive Plan;
  - In the event of reaching a three-year cumulative Consolidated EBITDA threshold higher than or equal to **100%** of the three-year cumulative Consolidated EBITDA under the 2024-2026 Consolidated Plan: payment of **100%** of the amount of the medium- to long-term variable component to each beneficiary of the 2024-2026 Incentive Plan;
  - In the event of reaching a three-year cumulative Consolidated EBITDA threshold higher than or equal to **110%** of the three-year cumulative Consolidated EBITDA under the 2024-2026 Consolidated Plan: payment of **110%** of the amount of the medium- to long-term variable component to each beneficiary of the 2024-2026 Incentive Plan.

Under the 2024-2026 Incentive Plan, the variable component of remuneration payable under it, upon achievement of performance objectives, may not exceed the threshold set by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, providing mechanisms for deferred payment of the amounts payable. Specifically, on 18 March 2024, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, approved the following thresholds:

- (a) € 130,000.00 (one hundred thirty thousand/00) per year gross for the Chief Executive Officer in the event of the achievement of performance objectives (qualitative and quantitative) at the target level; and
- (b) € 95,000.00 (ninety-five thousand/00) per year gross for the Executive Director in the event of the achievement of performance objectives (qualitative and quantitative) at the target level.

With regard to the quantitative objectives tied to income performance, the payment of the medium- to long-term variable component is subject to the achievement of objectives set annually by the Board of Directors, assisted by the Remuneration and Appointments Committee, and the *quantum* payable in accordance with the 2024-2026 Incentive Plan varies in proportion to the degree to which the beneficiary achieves each objectives, so as to tie the payment of the variable component of pay to the actual improvement in the income performance indicators set as objective by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee.

The 2024-2026 Incentive Plan also incorporates non-financial objectives and, specifically, includes environmental, social and governance objectives aimed at promoting the achievement of sustainable success and value creation for shareholders and other stakeholders of the Company and the Group.

Additionally, infra-group chargeback mechanisms may be established in the case of compensation paid by

the Company to Executive Directors and Key Management Personnel of the latter, for carrying out the tasks assigned to them at Neodecortech's subsidiaries.

The amount of pay tied to the achievement of medium- to long-term performance objectives will be awarded to beneficiaries of the 2024-2026 Incentive Plan:

- (a) 50% after 3 (three) months have passed from the date on which the Board of Directors, assisted by the Remuneration and Appointments Committee, will have verified the achievement of the objectives envisaged with regard to the consolidated financial statements relating to the last financial year of the 2024-2026 Incentive Plan (i.e. 2026) and/or the values of individual companies included in the scope of consolidation with regard to 2026;
- (b) 50% after 12 months from such date.

For further information on the medium- to long-term performance objectives under the 2024-2026 Incentive Plan established by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, reference is made to Section I, Chapter 9, of this Report.

### 7.3 Pay mix

#### Executive Directors

Based on the above remuneration structure for Executive Directors, the Board of Directors recognizes - in accordance with the principles underlying the definition of the Remuneration Policy and, with a view to pursuing its aims - that the fixed component shall not, in any case, exceed 60% of total pay.

For the sake of clarity, the following are the summary tables of the pay mix with regard to the assumption of achievement of the performance objectives at the target level for 2024 by the Executive Directors.

		AT THE TARGET LEVEL		
		FIXED COMPONENT	SHORT-TERM	MEDIUM- TO LONG-TERM <sup>3</sup>
Chief Executive Officer	(Luigi Cologni)	58%	21%	21%
Executive Director	(Massimo Giorgilli)	60%	20%	20%

#### Key Management Personnel

In line with the principles underlying the Remuneration Policy and with the aim of achieving its goals, the fixed component of remuneration for Key Management Personnel shall not exceed an average of 80% of the total pay, based on the remuneration structure described above.

For the sake of clarity, the following are the summary tables of the average pay mix with regard to the assumption of achievement of the performance objectives at the target level for 2024 by Key Management Personnel.

	AT THE TARGET LEVEL		
	FIXED COMPONENT	SHORT-TERM	MEDIUM- TO LONG-TERM <sup>4</sup>
Key Management Personnel	78%	11%	11%

## 8. POLICY ON NON-MONETARY BENEFITS

In order to ensure that the overall remuneration offered is competitive and in line with the best market practices, the pay package for Executive Directors and Key Management Personnel may include non-monetary benefits, such as, for example, the use of a company car and forms of health insurance, in addition to any benefits established by the relevant national collective employment agreement.

Non-executive directors and members of the Board of Statutory Auditors are not assigned non-monetary benefits, except for insurance coverage for liability arising from the performance of their duties.

## 9. DESCRIPTION OF FINANCIAL AND NON-FINANCIAL PERFORMANCE OBJECTIVES, TAKING ACCOUNT OF THE CORPORATE RESPONSIBILITY CRITERIA, BASED ON WHICH THE VARIABLE COMPONENTS ARE ASSIGNED

The purpose of the 2024-2026 Incentive Plan is to offer a monetary incentive that corresponds to the achievement of specific financial and non-financial performance objectives, comprising objectives in the environmental, social, and governance areas, designed to encourage the achievement of sustainable success and the creation of value for shareholders and other stakeholders of the Company and the Group.

Specifically, through the adoption of the 2024-2026 Incentive Plan, the Company intends to promote and pursue the following purposes:

- (a) tie the remuneration of key corporate resources to actual results achieved and the creation of value for the Company and the Group, as envisaged in the Corporate Governance Code;
- (b) effectively tie the short- and medium- to long-term results of the Group, including those related to the pursuit of sustainable success;
- (c) align Management's interests with those of shareholders;
- (d) introduce policies aimed at retaining key resources and providing them with incentives to stay with the Group.

These purposes are also consistent with the interests of the Company and the Group in the medium to long term and contribute to the pursuit of both financial and non-financial objectives set forth in the 2024-2026 Consolidated Plan. In detail, the performance objectives, which are used to tie the payment of short- and medium- to long-term variable remuneration of Executive Directors and Key Management Personnel, have the following characteristics, as established by the Board of Directors upon the proposal of the Remuneration and Appointments Committee:

- (a) are aimed at attracting, retaining, and motivating individuals possessing the required skills and expertise to promote the success and competitiveness of both the Company and the Group;
- (b) have been defined with sufficient detail and timing to allow for timely verification of the level of achievement of the objectives set in order to pay the variable remuneration component;

- (c) provide for different achievement objectives in order to tie payment of the variable pay component to the actual improvement of income performance indicators.

Additionally, the 2024-2026 Incentive Plan includes *malus* and claw-back mechanisms, which are designed to prevent the payment of variable remuneration to beneficiaries based on distorted or incorrect results. Further information on these mechanisms can be found in Section I, Chapter 12, of this Report.

## 9.1 Chief Executive Officer

### Short-term variable component (so-called short-term incentive)

With regard to the Chief Executive Officer, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, established a maximum annual gross amount at the target level for 2024 equal to € 130,000.00 (one hundred thirty thousand/00), subject to a possible increase of a maximum of € 7,150 (seven thousand one hundred fifty/00) in the event that the target of the objectives indicated in (a), (b) and (c) is exceeded by at least 10% (the "**Short-Term Variable Component CEO**").

Additionally, the Board of Directors set the following financial and non-financial performance objectives for the variable component of the short-term remuneration for the Chief Executive Officer:

- (a) 10% of the Short-Term Variable Component CEO upon reaching an amount of Neodecortech's gross revenue for 2024, as outlined in the 2024 Budget. Payment of such component may only occur upon achievement of a Neodecortech amount of gross revenue for 2024 exceeding 90% of the amount set in the abovementioned document. Specifically, this component will be paid in the percentage in which, starting from the 90% floor, the actual result comes close to the result indicated in the 2024 Budget (example: if 95% of the forecast gross revenue for 2024 is achieved, then 50% of this bonus component will be paid, as 50% of the interval between the 90% floor and the 100% target will have been achieved). If the target is exceeded by at least 10%, the component will be increased by 10%;
- (b) 20% of the Short-Term Variable Component CEO upon achievement of a Consolidated EBITDA for 2024, as resulting from the 2024 Budget (considering as "non-recurring" the identifiable elements as per CONSOB Resolution no. 15519 of 27 July 2006). Payment of such component may only occur upon achievement of a Consolidated EBITDA for 2024 exceeding 90% of the amount set in the abovementioned document. Specifically, this component will be paid in the percentage in which, starting from the 90% floor, the actual result comes close to the result indicated in the 2024 Budget (example: if 95% of the forecast Consolidated EBITDA for 2024 is achieved, then 50% of this bonus component will be paid, as 50% of the interval between the 90% floor and the 100% target will have been achieved). If the target is exceeded by at least 10%, the component will be increased by 10%;
- (c) 25% of the Short-Term Variable Component CEO upon achievement of **Neodecortech** EBITDA for 2024, as resulting in the 2024 Budget (considering as "non-recurring" the identifiable elements as per CONSOB Resolution no. 15519 of 27 July 2006). Payment of such component may only occur upon achievement of a Neodecortech EBITDA for 2024 exceeding 90% of the amount set in the abovementioned document. Specifically, this component will be paid in the percentage in which, starting from the 90% floor, the actual result comes close to the result indicated in the 2024 Budget (example: if 95% of the forecast Neodecortech EBITDA for 2024 is achieved, then 50% of this bonus

component will be paid, as 50% of the interval between the 90% floor and the 100% target will have been achieved). If the target is exceeded by at least 10%, the component will be increased by 10%;

- (d) 20% of the Short-Term Variable Component CEO upon achievement of a ratio of Net Financial Debt to Consolidated EBITDA less than or equal to the figure specified in the 2024 Budget;
- (e) 25% of the Short-Term Variable Component CEO for the achievement of carbon emission reduction targets for 2024 set out in the ESG 2024-2026 Action Plan through certification of Fv + GO self-consumption at the Filago and Casoli plant.

Medium- to long-term variable component (so-called long-term incentive)

With regard to the Chief Executive Officer, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, established a maximum annual gross amount at the target level of € 130,000.00 (one hundred thirty thousand/00) for each year (*i.e.*, 2024, 2025, and 2026), subject to the possible increase of a maximum of € 2,600 (two thousand six hundred/00) in the event that the target of the objective indicated in (a) is exceeded by at least 10% (the "**Long-Term Variable Component CEO**").

Additionally, the Board of Directors set the following financial and non-financial performance objectives for the variable component of the medium- to long-term remuneration for the Chief Executive Officer:

- (a) 20% of the Long-Term Variable Component CEO upon achievement of the increase in Consolidated Equity at 31.12.2026 (increased by any dividends distributed by the Company for the years 2024, 2025, 2026) with an amount higher than or equal to the amount specified in the 2024-2026 Consolidated Plan. If the target is exceeded by at least 10%, the component will be increased by 10%;
- (b) 30% of the Long-Term Variable Component CEO upon achievement of the percentage of sales of PPLF, PPF, EOStp and LAMINATE products on the total sales of the Neodecortech Company by a percentage higher than or equal to 40%, to be recorded at 31.12.2026 versus 31.12.2023;
- (c) 20% of the Long-Term Variable Component CEO upon achievement of the percentage of the ratio of total recycled waste to total waste generated by the Neodecortech Company, for a quantity percentage higher than or equal to 85%, to be recognized at 31.12.2026;
- (d) 30% of the Long-Term Variable Component CEO following full implementation of the use of the "skills matrices" tool as the basis for defining annual organizational development plans, annual category upgrades/increases in employee compensation, annual training plans, succession plans

## 9.2 Executive Director

Short-term variable component (so-called short-term incentive)

With regard to the Executive Director, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, established a maximum annual gross amount at the target level for 2024 equal to € 95,000.00 (ninety-five thousand/00), subject to a possible increase of a maximum of € 5,225 (five thousand two hundred twenty five/00), in the event that the targets indicated in (a), (b) and (c) are exceeded by at least 10% (the "**Short-Term Variable Component Executive Director**").

Additionally, the Board of Directors set the following financial and non-financial performance objectives

for the variable component of the short-term remuneration for the Executive Director:

- (a) 10% of the Short-Term Variable Component Executive Director upon reaching an amount of CDG gross revenue for 2024, as outlined in the 2024 Budget. Payment of such component may only occur upon achievement of an amount of CDG gross revenue for 2024 exceeding 90% of the amount set in the abovementioned document. Specifically, this component will be paid in the percentage in which, starting from the 90% floor, the actual result comes close to the result indicated in the 2024 Budget (example: if 95% of the forecast gross revenue for 2024 is achieved, then 50% of this bonus component will be paid, as 50% of the interval between the 90% floor and the 100% target will have been achieved). If the target is exceeded by at least 10%, the component will be increased by 10%;
- (b) 20% of the Short-Term Variable Component Executive Director upon achievement of a Consolidated EBITDA for 2024, as resulting from the 2024 Budget (considering as "non-recurring" the identifiable elements as per CONSOB Resolution no. 15519 of 27 July 2006). Payment of such component may only occur upon achievement of a Consolidated EBITDA for 2024 exceeding 90% of the amount set in the abovementioned document. Specifically, this component will be paid in the percentage in which, starting from the 90% floor, the actual result comes close to the result indicated in the 2024 Budget (example: if 95% of the forecast Consolidated EBITDA for 2024 is achieved, then 50% of this bonus component will be paid, as 50% of the interval between the 90% floor and the 100% target will have been achieved). If the target is exceeded by at least 10%, the component will be increased by 10%;
- (c) 25% of the Short-Term Variable Component Executive Director upon achievement of a CDG EBITDA for 2024, as resulting in the 2024 Budget (considering as "non-recurring" the identifiable elements as per CONSOB Resolution no. 15519 of 27 July 2006). Payment of such component may only occur upon achievement of a CDG EBITDA for 2024 exceeding 90% of the amount set in the abovementioned document. Specifically, this component will be paid in the percentage in which, starting from the 90% floor, the actual result comes close to the result assumed in the 2024 Budget (example: if 95% of the forecast CDG EBITDA for 2024 is achieved, then 50% of this bonus component will be paid, as 50% of the interval between the 90% floor and the 100% target will have been achieved). If the target is exceeded by at least 10%, the component will be increased by 10%;
- (d) 20% of the Short-Term Variable Component Executive Director upon achievement of a ratio of Net Financial Debt to Consolidated EBITDA no greater than the figure envisaged in the 2024 Budget;
- (e) 25% of the Short-Term Variable Component Executive Director for the full implementation of the wastewater ozonation plant to improve wastewater quality before discharging it back to its natural water body.

Medium- to long-term variable component (so-called long-term incentive)

With regard to the Executive Director, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, established a maximum annual gross amount at the target level of € 95,000.00 (ninety five thousand/00) for each year (*i.e.*, 2024, 2025, and 2026), subject to the possible increase of a maximum of € 1,900 (one thousand nine hundred/00) in the event that the target of the objective indicated in (a) is exceeded by at least 10% (the "**Long-Term Variable Component Executive Director**").

Additionally, the Board of Directors set the following financial and non-financial performance objectives

for the variable component of the medium- to long-term remuneration for the Executive Director:

- (a) 20% of the Long-Term Variable Component Executive Director upon achievement of the increase in Consolidated Equity at 31.12.2026 (increased by any dividends distributed by the Company for the years 2024, 2025, 2026) with an amount higher than or equal to the amount specified in the 2024-2026 Consolidated Plan. If the target is exceeded by at least 10%, the component will be increased by 10%;
- (b) 30% of the Long-Term Variable Component Executive Director upon achievement of the amount of additional sales of NATURAL PAPER (SHOPPER), to be recognized at 31.12.2026 at an amount higher than or equal to € 2.45 million;
- (c) 30% of the Long-Term Variable Component Executive Director upon achievement of the reduction in water resource use at the rate of 15%, to be recorded at 31.12.2026 versus the final figure at 31.12.2023;
- (d) 20% of the Long-Term Variable Component Executive Director following full implementation of the use of the "skills matrices" tool as the basis for defining annual organizational development plans, annual category upgrades/increases in employee compensation, annual training plans, succession plans.

### **9.3 Key Management Personnel**

#### Short-term variable component (so-called short-term incentive)

With regard to Key Management Personnel, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, determined that the variable component of short-term compensation shall be broken down as follows:

- (a) for Key Management Personnel with business responsibilities:
  - (i) quantitative objectives in terms of margins of the final result achieved in the amount of 30-70% of the variable component at the target level;
  - (ii) quantitative objectives in terms of the mix of turnover generated in the amount of 20-30% of the variable component at the target level;
  - (iii) qualitative objectives in terms of managerial skills in the amount of 10% of the variable component at the target level;
- (b) for Key Management Personnel with technical and R&D responsibilities:
  - (i) quantitative objectives in terms of productivity gains in an amount equal to 40-50% of the variable component at the target level;
  - (ii) quantitative objectives in terms of reducing the gap in an amount equal to 10-30% of the variable component at the target level;
  - (iii) objectives related to the completion of certain specific company projects in the amount of 30-45% of the variable component at the target level;
  - (iv) (iv) qualitative objectives in terms of managerial skills in the amount of 10-30% of the variable component at the target level;

- (c) for Key Management Personnel with administration and finance responsibilities:
- (i) objective related to the completion of reporting and compliance projects identified for each recipient in an amount equal to 45% of the variable component at the target level;
  - (ii) objective related to obtaining tax receivables and/or subsidized finance in an amount equal to 45% of the variable component at the target level;
  - (iii) qualitative objective in terms of managerial skills in the amount of 10% of the variable component at the target level.

Mention should be made that when it comes to the specific weight of performance objectives assigned to Key Management Personnel, the total variable component payable is represented by a percentage range rather than a fixed value, since the value of the performance objectives assigned to each Key Management Personnel varies based on the strategic significance that each individual objective holds for the beneficiary.

Medium- to long-term variable component (so-called long-term incentive)

With regard to Key Management Personnel, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, determined that the variable component of medium- to long-term remuneration shall be broken down as follows:

- (a) for Key Management Personnel with business responsibilities:
- (i) qualitative and quantitative objectives in terms of geographical expansion of sales in an amount equal to 30-50% of the variable component at the target level;
  - (ii) quantitative objectives in terms of the mix of turnover in the amount of 20-50% of the variable component at the target level.
- (b) for Key Management Personnel with technical and R&D responsibilities:
- (i) quantitative and sustainability objectives in terms of reducing electricity in an amount equal to 20-30% of the variable component at the target level;
  - (ii) quantitative and sustainability objectives in terms of reducing the use of titanium dioxide in an amount equal to 50% of the variable component at the target level;
  - (iii) quantitative and sustainability objectives in terms of reducing the use of water resources in an amount equal to 50% of the variable component at the target level;
  - (iv) quantitative and sustainability objectives in terms of the percentage of recycled waste to total waste, in an amount equal to 20-40% of the variable component at the target level;
  - (v) quantitative and sustainability objectives in terms of the percentage of the use of methane gas, in an amount equal to 40% of the variable component at the target level;
  - (vi) quantitative objectives in terms of increased sales of new products and improved productivity (such as percentage and efficiency), in an amount equal to 30-50% of the variable component at the target level;
- (c) for Key Management Personnel with administration and finance responsibilities:
- (i) quantitative objectives relating to compliance in an amount equal to 30% of the variable component at the target level;

- (ii) qualitative objectives in terms of the implementation of the organizational model I. 262/2005, following transition to the new ERP, at the level of the entire Group, in an amount equal to 30% of the variable component at the target level;
- (iii) quantitative objectives in terms of the percentage of financial activities on the value of production at Group level in an amount equal to 40% of the variable component at the target level.

Mention should be made that when it comes to the specific weight of performance objectives assigned to Key Management Personnel, the total variable component payable is represented by a percentage range rather than a fixed value, since the value of the performance objectives assigned to each Key Management Personnel varies based on the strategic significance that each individual objective holds for the beneficiary.

**10. CRITERIA USED TO ASSESS THE ACHIEVEMENT OF THE PERFORMANCE OBJECTIVES UNDERLYING THE GRANTING OF SHARES, OPTIONS, OTHER FINANCIAL INSTRUMENTS OR OTHER VARIABLE COMPONENTS OF REMUNERATION AND MEASUREMENT OF THE VARIABLE COMPONENT TO BE PAID ACCORDING TO THE LEVEL OF ACHIEVEMENT OF THE OBJECTIVES**

The achievement of the performance objectives under the 2024-2026 Incentive Plan is assessed by the Remuneration and Appointments Committee, assisted by the Company's administration department, and payment of the accrued amounts is subsequently approved by the Board of Directors at the time of the approval of the financial statements for the relevant year.

For further information on the expected timing of the payment of the variable component of remuneration for Executive Directors and Key Management Personnel, reference is made to Section I, Chapter 7, Paragraph 7.2, of this Report.

For further information on the short- and medium- to long-term performance objectives under the 2024-2026 Incentive Plan established by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, reference is made to Section I, Chapter 9, of this Report.

**11. INFORMATION HIGHLIGHTING THE CONTRIBUTION OF THE REMUNERATION POLICY, SPECIFICALLY THE POLICY ON VARIABLE COMPONENTS, TO THE COMPANY'S STRATEGY, THE PURSUIT OF THE COMPANY'S LONG-TERM INTERESTS AND SUSTAINABILITY**

In line with the recommendations of the Corporate Governance Code, the main purpose of the Remuneration Policy is to align the interests of the Company's management with the pursuit of the overriding objective of creating sustainable value for the shareholders and other relevant stakeholders of Neodecortech and the Group. Bearing this in mind, the Board of Directors and the Remuneration and Appointments Committee work together to develop a Remuneration Policy that ensures consistent alignment between the performance objectives assigned to management, both in the short- and medium- to long-term, and the key strategic drivers of the Company and the Group.

For further information on the contribution of the Remuneration Policy in the pursuit of these objectives, reference is made to Section I, Chapters 6, 7 and 9 of this Report.

**12. MECHANISMS FOR EX POST CORRECTION OF THE VARIABLE COMPONENT (I.E., CLAW BACK MECHANISMS)**

The Company adopts contractual mechanisms that allow it request the return, in whole or in part, of

variable components of remuneration already paid (or to withhold sums subject to deferral), determined on the basis of data which has subsequently turned out to be manifestly misstated, regardless of the responsibility for the error, or if the achievement of the objectives is attributable to willful or grossly negligent conduct, in any case carried out in violation of the relevant standards and/or in violation of the Company's code of ethics (so-called claw back mechanisms).

Specifically, the 2024-2026 Incentive Plan provides, with regard to both the short-term variable component and the medium- to long-term variable component that, if the amount recognized as a result of the achievement of performance objectives has been determined on the basis of data that have been proven, within 5 years from their approval, to be manifestly misstated, regardless of whether said misstatement is directly ascribable and/or attributable to the beneficiary and/or is related to willful conduct and/or actions and/or marked by gross negligence and/or in violation of the Company's code of ethics, the beneficiary Executive Director or Key Management Personnel, in the event that the monetary award:

- (a) has not been paid yet, shall lose any right to payment of said amount, regardless of the objectives achieved in the medium term. The abovementioned circumstance cannot give rise to any right of the beneficiary to receive any indemnity, even of a contractual nature, emolument and/or benefit in lieu and/or alternative, as well as any amount by way of compensation;
- (b) has already been paid, even in part, shall return to the Company the net amount received in respect of the monetary award, within 30 (thirty) days of the request for return made in writing by the Company and/or the Group.

### **13. INFORMATION ON ANY CLAUSES REQUIRING THE KEEPING OF FINANCIAL INSTRUMENTS IN THE PORTFOLIO AFTER THEIR ACQUISITION**

The Company has not adopted any share incentive or stock option plans and has not issued any additional financial instruments.

### **14. POLICY REGARDING FINANCIAL PACKAGES IN THE EVENT OF TERMINATION OF OFFICE OR TERMINATION OF EMPLOYMENT**

Under the 2024-2026 Incentive Plan, if the performance objectives stipulated therein are achieved, the beneficiary Executive Directors and Key Management Personnel whose employment relationship or directorship is in place at the end of 2024, are entitled to receive the short- and medium- to long-term variable component, subject to the following:

- (a) with regard to the short- and medium- to long-term variable component covered by the 2024-2026 Incentive Plan, in the event of termination of the beneficiary's employment or directorship with the Company before the end of 2024, as a result of:
  - (i) withdrawal or revocation exercised for any reason by the Company (subject to (e) below);  
or
  - (ii) resignation of the beneficiary, subject to the following, the beneficiary shall permanently forfeit his or her right to the short- and medium- to long-term variable component.

It remains understood that the employment relationship or the directorship shall be deemed terminated prior to the end of 2024 - by reason of circumstances (a) and (b) above - even in cases where termination of the employment relationship or the directorship becomes effective after the

end of the year as a result of contractually required notice or other cause of suspension. The right to receive the short- and medium- to long-term variable component is expressly excluded during the notice period, regardless of whether it is worked or not, or during the suspension period.

The beneficiary shall have no right to be indemnified and/or compensated by the Company in any capacity and for any reason whatsoever in connection with the forfeiture of the right to receive the short- and medium- to long-term variable component pursuant to the foregoing;

- (b) in the event of mutual termination of the employment relationship, the beneficiary may retain the right to obtain a portion of the short- and medium- to long-term variable component, by applying the "*pro-rata temporis*" criterion on the basis of the assessment of the degree of achievement of the performance objectives - with regard to the date of termination of the employment relationship - carried out by the Board of Directors, subject to the opinion of the Remuneration and Appointments Committee, for plans accruing by at least 50%;
- (c) in the event that the beneficiary takes an old age, seniority or permanent disability pension that results in the termination of employment, the provisions of point (b) above shall apply;
- (d) in the event of resignation of the beneficiary from the directorship of the Company, the beneficiary shall definitively forfeit the right to receive the short and the medium- to long-term variable component, unless otherwise decided, with adequate reasons, by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee;
- (e) in the event of the beneficiary's removal from the directorship of the Company for just cause, the beneficiary shall definitively forfeit the right to receive the short- and the medium- to long-term variable component. In the absence of just cause, the beneficiary shall retain the right to obtain a portion of the bonus by applying the "*pro-rata temporis*" criterion on the basis of the assessment of the degree of achievement of the performance objectives - with regard to the date of termination of the employment relationship - carried out by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, for plans accruing by at least 50%.

It should be noted that the variable component of remuneration provided for the Chief Executive Officer and the Executive Director under the 2024-2026 Incentive Plan is awarded by reason of their roles as Executive Directors of the Company and, therefore, any compensation to be awarded under the 2024-2026 Incentive Plan following termination of their employment relationship with the Company shall be awarded to them as Executive Directors.

Additionally, with specific regard to the beneficiaries of the 2024-2026 Incentive Plan who are members of the Board of Directors, in the event that the beneficiary ceases to hold office due to completion of the term or termination of the entire Board of Directors and is not subsequently appointed at least as a director (even without delegated powers), the pro-rata payment of the variable component of remuneration is envisaged, provided that the achievement of intermediate objectives can be identified.

In the event of death of the beneficiary of the 2024-2026 Incentive Plan, those eligible shall be entitled to receive the variable component of remuneration re-determined by applying a *pro rata temporis* criterion that takes account of the period from which the beneficiary's death occurred.

Without prejudice to the provisions of the 2024-2026 Incentive Plan explained above, no financial packages are envisaged in the event of termination of office or termination of employment, except those provided

for by current regulations or by the relevant national collective bargaining agreements.

**15. INFORMATION ON THE PRESENCE OF ANY INSURANCE, OR SOCIAL SECURITY OR PENSION COVERAGE, OTHER THAN COMPULSORY COVERAGE**

For further information on insurance, social security and pension coverage, reference is made to Section I, Chapter 8 0, of this Report.

**16. ANY PAY POLICIES USED AS A REFERENCE IN THE PREPARATION OF THE POLICY, AND CRITERIA USED IN THE SELECTION AND INDICATION OF SUCH COMPANIES**

In preparing the Remuneration Policy, the Remuneration and Appointments Committee made no use of either benchmark analyses or the pay policies of issuers comparable to Neodecortech in size or industry.

**17. POLICY DEVIATIONS FOR EXCEPTIONAL CIRCUMSTANCES**

Pursuant to Article 123-ter, paragraph 3-bis of the TUF, the Company has the right to temporarily deviate from the Remuneration Policy in exceptional circumstances; these situations should be deemed necessary for pursuing the long-term interests and sustainable success of the Company as a whole or to ensure its ability to stand on the market, rather than being merely expedient.

By way of example, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, may:

- (a) award additional bonuses, monetary disbursements and one-off payments of a discretionary nature, for specific transactions and/or tasks of particular strategic relevance for the Company and/or the Group and in the event of outstanding, merit-based performance and not already included in the variable components of the short- and medium- to long-term remuneration;
- (b) provide for further forms of fixed remuneration in the event of particular needs, assessed from time to time, also on the basis of the extent of the powers delegated from time to time.

Additionally, if "*exceptional circumstances*" within the meaning of Article 123-ter of the TUF unforeseeable at the time of the approval of the Remuneration Policy should occur during the reporting year, the Board of Directors may also deviate from it as part of the process of assessing the level of achievement of the quantitative performance objectives of the incentive plans reserved for Executive Directors and Key Management Personnel, provided that the deviation from the floor established for the achievement of each of the aforementioned objectives is 2%.

Should the aforementioned circumstances occur, with adequate support from the Human Resources Department, as well as with the possible assistance of third-party independent experts, the Remuneration and Appointments Committee, having assessed the circumstances of the case, may submit to the approval of the Board of Directors any amendments to the incentive plans aimed at safeguarding the primary objectives of the Company and of the Group, in compliance with the rights of the beneficiaries.

In the event of deviations to the Remuneration Policy under this Paragraph 17 the provisions of the

CONSOB RPT Regulation and the RPT Procedure on "*related party transactions*" shall apply.

**18. COMPENSATION TO THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS**

The standing members of the Board of Statutory Auditors receive a fixed compensation established by the Shareholders' Meeting, in accordance with Article 2402 of the Italian Civil Code, as well as reimbursement for any expense incurred in the course of their duties.

The remuneration of the standing auditors and the chairman of the Board of Statutory Auditors is commensurate with the level of expertise, dedication and commitment required for their roles, and with the size and sector-specific characteristics of the company.

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## SECTION II

### 1. OVERVIEW

This Section II of the Report is divided into two parts and presents the compensation to the members of the governing and supervisory bodies, as well as Key Management Personnel received in 2023. Specifically:

- (a) Part One of Section II provides an adequate, clear and understandable presentation of each of the items that make up the remuneration of the above subjects;
- (b) Part Two of Section II provides a breakdown of the compensation paid in 2023, for any reason and in any form, to the abovementioned subjects, as well as the investments held in the Company by these subjects.

### PART ONE

### 2. ITEMS MAKING UP THE REMUNERATION

Except as later stated in Paragraph 2.3 of this Report, in 2023 compensation was paid in application of the principles, objectives, and purposes set forth in the 2023 Remuneration Policy.

Specifically, the allocation of compensation was determined to maintain an overall pay structure in line with the needs of the Company and the Group.

Furthermore, the compensation was allocated with a view to supporting the long-term interests and sustainability of the Company and the Group's performance and business, in line with the principles set forth in the 2023 Remuneration Policy, the aim being to attract, retain, and motivate highly skilled professionals, particularly those in key positions for the development and management of the business, while also recognizing the quality and effectiveness of their individual contributions and valuing their performance achievements.

Likewise, the objectives of aligning the interests of the Company's management with the pursuit of the overriding goal of sustainable value creation for Neodecortech's shareholders and other stakeholders in the medium to long term are deemed to be achieved through a reflective process to determine compensation.

#### 2.1 *Fixed component*

##### Directors and Key Management Personnel

The current Board of Directors in office consists of 9 (nine) members and was appointed by the 2022 Shareholders' Meeting for a term of 3 (three) years, therefore, until the date of approval of the financial statements for the year ending 31 December 2024.

With regard to the remuneration of directors, mention should be made that the 2023 Shareholders' Meeting resolved to revoke the resolution for the unexecuted part, and therefore effective as of 1 January 2023, passed by the 2022 Shareholders' Meeting, determined the total compensation to be paid to the members of the Board of Directors, including the compensation for strategic responsibilities pursuant to Article 2389, third paragraph, of the Italian Civil Code in € 600,000.00 (six hundred thousand/00), plus reimbursement of expense incurred in the year and due to their functions.

Concurrently, the 2023 Shareholders' Meeting resolved, in accordance with Article 28 of the Bylaws and the applicable provisions of law in force, to determine at € 300,000.00 (three hundred thousand/00) (in addition to reimbursement of expense incurred in the performance of and on account of their duties) the total amount of compensation to be paid to the members of the Board of Directors for the office of director alone, it being understood that the Board of Directors would allocate the above amount among its members, thus determining the fixed compensation of the Chairman of the Board of Directors and the directors.

Additionally, pursuant to Article 2389, third paragraph, of the Italian Civil Code and Article 28.2 of the Bylaws, the 2023 Shareholders' Meeting resolved that the compensation to be attributed to directors holding strategic responsibilities shall be determined, in its fixed and variable components, by the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, subject to the favourable opinion of the Board of Statutory Auditors and in accordance with the remuneration policies adopted by the Company and outlined in the Remuneration Report.

The Board of Directors meeting of 15 June 2023, upon the proposal of the Remuneration and Appointments Committee and - where necessary - after receiving the opinion of the Board of Statutory Auditors, resolved: (i) to allocate the total amount set by the 2023 Shareholders' Meeting, (ii) to resolve the compensation for directors holding strategic responsibilities (iii) and the compensation of the Board committees, as follows:

- (a) to each director, in addition to reimbursement of expense incurred in the performance of and on account of the relevant duties, a gross annual compensation of € 25,000;
- (b) to the Chairman of the Board of Directors, an additional gross annual compensation of € 75,000, for a gross annual total of € 100,000;
- (c) to the Chief Executive Officer, an additional compensation on account of the powers delegated in the gross annual amount of € 70,000, for a gross annual total of € 95,000;
- (d) to the Executive Director, an additional compensation on account of the powers delegated in the gross annual amount of € 70,000, for a gross annual total of € 95,000.

Additionally, the Board of Directors at the same meeting, upon the proposal of the Remuneration and Appointments Committee and subject to the favourable opinion of the Board of Statutory Auditors pursuant to Article 2389 of the Italian Civil Code, resolved to pay the following additional compensation for the participation of the Company's directors in the Board committees: (a) € 5,000.00 gross per year to the Chair of the Remuneration and Appointments Committee and the Chair of the Related Party Committee, and € 6,000.00 gross per year to the Chair of the Control, Risk and Sustainability Committee, (b) € 3,000.00 gross per year to each member of the Remuneration and Appointments Committee and the Related Party Committee (excluding the Chair) and € 4,000.00 gross per year to each member of the Risk and Sustainability Committee (excluding the Chair).

With regard to Executive Directors, the variable component of remuneration was to be added to this fixed amount, as further specified below.

Furthermore, Executive Directors and other Key Management Personnel also received compensation for 2023 under their existing employment relationships - as applicable - with Neodecortech, CDG, and BEG and, in particular:

- (a) the Chief Executive Officer received a fixed remuneration totaling € 260,000 as part of his open-ended employment relationship as an executive with Neodecortech;
- (b) the Executive Director received a fixed remuneration of € 185,000 as part of his open-ended employment relationship as an executive with CDG;
- (c) the gross annual amount paid to Key Management Personnel is € 635,523, on an aggregate basis.

In detail, existing employment relationships with Executive Directors and Key Management Personnel are regulated by the National Collective Labour Agreement for Industrial Executives and severance pay accrues on the compensation received. There are no agreements providing for payment of indemnities in addition to those provided for by law and by the above collective agreement for cases of early termination of employment. Additionally, the contracts in place with Key Management Personnel do not envisage indemnities - in the event of resignation or termination of employment or revocation without just cause - in addition to those provided for in the applicable collective bargaining agreement. Lastly, the Company has not entered into any non-compete agreements with either Executive Directors or Key Management Personnel.

#### Board of Statutory Auditors

The standing members of the Board of Statutory Auditors receive a fixed compensation established by the Shareholders' Meeting, in accordance with Article 2402 of the Italian Civil Code, as well as reimbursement for any expense incurred in the course of their duties. In detail, the 2023 Shareholders' Meeting awarded each Standing Auditor a gross annual compensation of € 20,000.00 and the Chairman of the Board of Statutory Auditors a gross annual compensation of € 25,000.00.

#### **2.2 Variable component**

On 18 March 2024, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee and subject to the favourable opinion of the Board of Statutory Auditors, assessed the level of achievement of the short-term qualitative and quantitative objectives set forth in the 2023 Remuneration Policy and, consequently, resolved to award in favour of:

- (a) the Chief Executive Officer, Luigi Cogni, a short-term variable compensation totaling € 127,500 with regard to 2023;
- (b) the Executive Director, Massimo Giorgilli, a short-term variable compensation totaling € 95,000 with regard to 2023; and
- (c) the Key Management Personnel, on an aggregate basis, a short-term variable compensation totaling € 63,236 with regard to 2023.

With regard to the medium- to long-term variable component, it should be noted that its payment was conditional on reaching a threshold equal to 90% of the 2021-2023 cumulative Consolidated EBITDA, calculated as the sum of the 2021-2023 Consolidated EBITDA forecast for each year included in the time horizon of the 2021-2023 Consolidated Plan. This threshold, therefore, represented the Incentive Plan's trigger gate with regard to the medium- to long-term objectives envisaged for 2021-2023. In light of the above, also on 18 March 2024, the Board of Directors, upon the proposal of the Remuneration and

Appointments Committee, took note that this gate had not been triggered; no amount was therefore paid to the relevant beneficiaries as a medium- to long-term variable component.

Additionally, for the sake of completeness, in accordance with the 2023 Remuneration Policy, on 8 November 2023, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, resolved to pay a one-time bonus to Executive Directors. The decision of the Board of Directors aligns with the 2023 Remuneration Policy, which provided for the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, to grant specific emoluments to Executive Directors, including bonuses aimed at fostering long-term relationships capped at 30% of each beneficiary's gross annual pay. As a result, the recognition of this amount as a one-time bonus did not require the application of the provisions set forth in the RPT Procedure.

The following is an indication of the level of achievement of short-term qualitative and quantitative objectives set for Executive Directors and Key Management Personnel in the 2023 Remuneration Policy.

#### Chief Executive Officer

Based on the above information, below is the pay mix of the Chief Executive Officer for 2023, including the one-time bonus.

FIXED COMPONENT	SHORT-TERM VARIABLE COMPONENT
69%	31%

#### Executive Director

Based on the above information, below is the pay mix of the Executive Director for 2023.

FIXED COMPONENT	SHORT-TERM VARIABLE COMPONENT
69%	31%

#### Key Management Personnel

In accordance with the 2023 Remuneration Policy, the short-term variable component awarded by the Board of Directors upon the proposal of the Remuneration and Appointments Committee was recognized for the achievement by each Key Management Personnel beneficiary of the 2020-2023 Incentive Plan of qualitative and quantitative performance objectives assigned on an individual basis consistent with the areas of responsibility (sales, technical, research and development, administration and finance).

Based on the above information, below is the pay mix of Key Management Personnel for 2023.

FIXED COMPONENT	SHORT-TERM VARIABLE COMPONENT
91%	9%

### **2.3 Deviations for exceptional circumstances**

The Board of Directors, with regard to 2023, has not approved any deviations to the 2023 Remuneration Policy.

## 2.4 Application of ex post correction mechanisms of the variable component (malus or claw back)

In 2023, the Company did not apply the *ex-post* adjustment mechanisms of the variable component, although this option was envisaged in the 2023 Remuneration Policy.

## 2.5 Comparison, for the last 5 financial years or for the shorter period of listing of the Company or tenure of the subjects, between the annual change in (i) the total remuneration of each of the subjects for whom the information in this Report has been provided by name; (ii) the Company's results; (iii) the average gross annual remuneration, benchmarked to full-time employees, of employees other than the subjects whose remuneration is presented by name in this Report

Shown below is the comparison of the change, as of the Company's listing year, of the total remuneration of the members of the Board of Directors, the Board of Statutory Auditors, and the Key Management Personnel:

SUBJECTS	2023	2022	CHANGE 2023 VERSUS 2022	2021	CHANGE 2023 VERSUS 2021	2020	CHANGE 2023 VERSUS 2020
Luigi Cogni <sup>(7)</sup>	511,393 €	347,285 €	47%	416,457 €	23%	485,657 €	5%
Massimo Giorgilli <sup>(7)</sup>	400,616 €	253,040 €	58%	324,780 €	23%	366,613 €	9%
Riccardo Bruno <sup>(1)</sup>	6,868 €	51,533 €	-86.67%	112,497 €	-94%	96,306 €	-93%
Paola Carrara <sup>(1)</sup>	0	9,536 €	0	30,500 €	0	28,708 €	0
P. Pietrogrande <sup>(1)</sup>	4,268 €	19,536 €	-78%	38,399 €	-89%	28,906 €	-85%
Laura Calini <sup>(1)</sup>	0	9,495 €	0	29,300 €	0	27,900 €	0
Cristina Valentini <sup>(2)</sup>	-	0 €	0	8,425 €	-	25,000 €	-
Luca Peli <sup>(3)</sup>	101,616 €	65,827 €	54%	0 €	0	0 €	0
G. Valentini <sup>(4)</sup>	38,164 €	17,055 €	124%	0 €	0	0 €	0
Adriano Bianchi <sup>(4)</sup>	35,475 €	19,614 €	81%	0 €	0	0 €	0
Sara Bertolini <sup>(4)</sup>	28,811 €	18,255 €	58%	0 €	0	0 €	0
Ida Altimare <sup>(4)</sup>	32,252 €	19,433 €	66%	0 €	0	0 €	0
Cinzia Morelli <sup>(4)</sup>	29,970 €	19,274 €	55%	0 €	0	0 €	0
V. Giustiniani <sup>(4)</sup>	27,523 €	18,074 €	52%	0 €	0	0 €	0
Stefano Santucci <sup>(5)</sup>	35,312 €	44,980 €	-21%	33,800 €	4%	21,311 €	66%
Stefano Zonca <sup>(5)</sup>	5,023 €	20,000 €	-75%	20,000 €	-75%	17,049 €	-71%
F. Menichetti <sup>(5)</sup>	26,000 €	26,000 €	0%	26,000 €	0%	22,049 €	18%
Delon <sup>(5)</sup>	18,062	-	-	-	-	-	-
KMP <sup>(6)</sup>	722,968 €	685,279 €	5%	699,994 €	3%	62,446 €	1,058%

<sup>(1)</sup> The change for these independent directors is related to the fact that they terminated their positions on the Board of Directors of Neodecortech as of 27.04.2022

(2) Terminated as director of Neodecortech on 4 May 2021

(3) Director Luca Peli became Director on 11 May 2020 and waived his compensation until termination of the Board of Directors. With the appointment of the new Board of Directors on 27.04.2022, he received compensation including the fixed part as a member of the Board of Directors (€ 25,000) and Chairman (€ 70,000) calculated pro rata from the date of taking office, including those for Board committees. In 2023, offices were taken from 01.01.2023 to 31.12.2023.

(4) New members of the Board of Directors whose offices were taken on 27 April 2022. For 2022, the amounts calculated pro-rata from the date of taking office, including those for Board committees. In 2023, offices were taken from 01.01.2023 to 31.12.2023.

(5) The change is related to the statutory auditors who took office as from 23 February 2020. Stefano Santucci became Chairman of the Board of Statutory Auditors of the subsidiary on 26 March 2021. On 26.04.2023, he terminated his office as Chairman of the Board of the parent company and continued his term as a standing auditor. For Federica Menichetti, the amounts also include the compensation as a member of the Supervisory Board of the parent company for € 6,000. For Stefano Zonca, the amounts refer to the period from 01.01.2023 to 26.04.2023, the date when he terminated his office as member of the Board of Statutory Auditors.

(6) Key Management Personnel were 1 person in 2020 and 6 persons in 2022 and 2023

(7) Included in the 2023 compensation is the one-off bonus that on 8 November 2023, the Board of Directors, upon the proposal of the Compensation and Nomination Committee, resolved to pay to the Executive Directors

(a) the Company's results;

	2023	2022	CHANGE 2023 VERSUS 2022	2021	CHANGE 2023 VERSUS 2021	2020	CHANGE 2023 VERSUS 2020
CONSOLIDATED EBITDA	13,891,300€	15,991,229€	-13.13%	18,145,729€	-23.45%	14,619,337 €	-4.98%

(b) the average gross annual remuneration, benchmarked to full-time employees, of employees other than the subjects whose remuneration is presented by name in this section of the Report.

	2023	2022	CHANGE 2023 VERSUS 2022	2021	CHANGE 2023 VERSUS 2021	2020	CHANGE 2023 VERSUS 2020
Average gross annual remuneration of full-time employees (* )	32,428€	32,218€	+0.65%	32,129€	+0.93%	34,735€	-6.64%

(\* ) Excluding: the Chief Executive Officer, Executive Director and Key Management Personnel.

### 3.1 VOTE CAST BY THE SHAREHOLDERS' MEETING ON THIS SECTION II IN THE PRIOR YEAR

The Board of Directors and the Remuneration and Appointments Committee, in establishing the Remuneration Policy, took account of the guidelines expressed by the shareholders when voting at the shareholders' meeting on Section II of the report on the remuneration policy for 2023 and on compensation paid in 2022 (favourable votes equal to 72.54% of the Company's share capital), which confirmed a significant shareholder approval of the compensation paid by the Company to directors, members of the Board of Statutory Auditors, and Key Management Personnel in 2022.

\*\* \* \*\*

The remuneration shown in this Report was determined, for 2024, in accordance with the 2023 Remuneration Policy. Further details on compensation paid are shown in the tables below.

**PART TWO**

Compensation paid to members of the Board of Directors and Board of Statutory Auditors and to Key Management Personnel.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period for which the office was held	Expiration of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Termination of office or termination of employment indemnity
						Bonuses and other incentives	Profit sharing					
Riccardo Bruno	Director	From 1.01.2023 to 04.05.2023	04.05.2023	6,868 <sup>(12)</sup>						6,868	--	
Luigi Cognigni	Chief Executive Officer	From 1.01.2023 to 31.12.2023	31.12.2024	348,644 <sup>(13)</sup>		127,500 <sup>(15)</sup>		5,499	29,750	511,393		
Massimo Giorgilli	Executive Director	From 1.01.2023 to 31.12.2023	31.12.2024	273,644 <sup>(14)</sup>		95,000 <sup>(15)</sup>		2,222	29,750	400,616		
Paola Carrara	Independent Director	Office terminated on 27.04.2022										
Paolo Pietrogrande	Independent Director	From 1.01.2023 to 04.05.2023	04.05.2023	4,268 <sup>(16)</sup>						4,268		
Laura Calini	Independent Director	Office terminated on 27.04.2022										
Luca Peli	Chair	From 01.01.2023 to 31.12.2023	31.12.2024	98,411 <sup>(17)</sup>	3,205 <sup>(1)</sup>					101,616		
Gianluca Valentini	Non-Executive Director	From 01.01.2023 to 31.12.2023	31.12.2024	38,164 <sup>(19)</sup>						38,164		
Adriano Bianchi	Independent Director	From 01.01.2023 to 31.12.2023	31.12.2024	25,000 <sup>(18)</sup>	7,175 <sup>(5)</sup>				3,300 <sup>(10)</sup>	35,475		
Sara Bertolini	Independent Director	From 27.04.2023 to 31.12.2023	31.12.2024	25,000 <sup>(18)</sup>	3.811 <sup>(6)</sup>					28,811		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Period for which the office was held	Expiration of office	Fixed compensation	Compensation for participation in committees	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Termination of office or termination of employment indemnity
						Bonuses and other incentives	Profit sharing				--	
Ida Altimare	Independent Director	From 27.04.2023 to 31.12.2023	31.12.2024	25,000 <sup>(18)</sup>	7,252 <sup>(7)</sup>					32,252		
Cinzia Morelli	Independent Director	From 27.04.2022 to 31.12.2022	31.12.2024	25,000 <sup>(18)</sup>	4.970 <sup>(8)</sup>					29,970		
Vittoria Giustiniani	Non-Executive Director	From 27.04.2022 to 31.12.2022	31.12.2024	25,000 <sup>(18)</sup>	2.523 <sup>(9)</sup>					27,523		
Stefano Santucci	Chairman of the Board of Statutory Auditors	From 1.01.2023 to 31.12.2023	31.12.2023	31.647 <sup>(2)</sup>					3.665 <sup>(10)</sup>	35,312		
Stefano Zonca	Standing Auditor	From 1.01.2023 to 26.07.2023	31.12.2023	5,000 <sup>(11)</sup>						5,000		
Federica Menichetti	Standing Auditor	From 1.01.2023 to 31.12.2023	31.12.2023	20,000					6,000 <sup>(3)</sup>	26,000		
	Key Management Personnel <sup>(4)</sup>	From 1.01.2023 to 31.12.2023		635,523		63,236 <sup>(20)</sup>		24,209		722,968		
(I) Compensation in the reporting company				1,127,449	28,937	258,000		21,046	72,065	1,507,497		
(II) Compensation from subsidiaries and associates				386,308		27,736		10,884	400	425,329		
(III) Total				1,513,758	28,937	285,736		31,930	72,465	1,932,826		

<sup>(1)</sup> The amount consists of € 3,205 for the office of member of the Risk and Sustainability Committee.

<sup>(2)</sup> The amount is composed of € 21,647.26 as Chairman of the Board of Statutory Auditors from 01.01.2023 to 26.04.2023, and as standing auditor from 27.04.2023 to 31.12.2023 of the parent company + € 10,000 as statutory auditor of the Board of Statutory Auditors of a subsidiary from 01.01.2023 to 31.12.2023.

<sup>(3)</sup> The amount refers to the office of member of the SB of the parent company

<sup>(4)</sup> The data shown in the table include all the subjects who held the position of Key Management Personnel in 2023 (for a total of 6 positions).

<sup>(5)</sup> The amount consists of the compensation for the position of Chairman of the Risk and Sustainability Committee and member of the Related Party Committee.

<sup>(6)</sup> The amount refers to the compensation received as Chairman of the Related Party Committee in 2023

<sup>(7)</sup> The amount is composed of the compensation for the office of Chairman of the Remuneration Committee and member of the Risk and Sustainability Committee.

<sup>(8)</sup> The amount is composed of the compensation for the office of member of the Remuneration and Appointments Committee and the Related Party Committee.

<sup>(9)</sup> The amount is composed of the compensation for the office of member of the Remuneration Committee.

<sup>(10)</sup> The amount refers to expense reimbursements submitted in 2023

<sup>(11)</sup> The amount refers to the compensation for the office of standing auditor of the parent company from 01.01.2023 to 26.04.2023

<sup>(12)</sup> The amount refers to the office of member of the Board of Directors of the subsidiary from 01.01.2023 to 04.05.2023.

<sup>(13)</sup> The amount is composed of €: (i) 25,000.00 as a Director; (ii) € 63,643.84 for Chief Executive Officer responsibilities; and (iii) € 260,000 as an Executive of the Company. The annual compensation for the office of Chief Executive Officer was adjusted from € 50,000 to € 70,000 effective 27.04.2023, and was recalculated pro-rata in 2023.

<sup>(14)</sup> The amount consists of €: (i) 25,000.00 as Director; (ii) € 63,643.84 as Executive Director; and (iii) 185,000.00 as CEO of Cartiere di Guarcino. The annual compensation for the office of Chief Executive Officer was adjusted from € 50,000 to € 70,000 effective 27.04.2023, and was recalculated pro rata in 2023.

<sup>(15)</sup> These amounts are allocated in connection with Directorships and refer to the final 2023 STI Incentive Plan, to be paid in 2024.

<sup>(16)</sup> The amount is composed of the compensation as Director of a subsidiary (from 01.01.2023 to 04.05.2023)

<sup>(17)</sup> The Director received compensation as a member of the Board of Directors in the amount of € 25,000 and compensation as Chairman in the amount of € 73,410.95 (annual amount adjusted from € 70,000 to € 75,000 effective 27.04.2023, recalculated pro-rata in 2023)

<sup>(18)</sup> The amount refers to the office of Director of the parent company for € 25,000 from 01.01.2023 to 31.12.2023

<sup>(19)</sup> The amount refers to the office of Director of the parent company for € 25,000 from 01.01.2023 to 31.12.2023 and as director of the subsidiary for € 13,164.38, pro rata from 05.05.2023 to 31.12.2023

<sup>(20)</sup> These amounts refer to the final 2023 STI Incentive Plan, to be paid in 2024.

<sup>(21)</sup> The amount refers to the one-time bonus that on 8 November 2023, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, resolved to pay to the Executive Directors

In column (1) "Fixed compensation", the following are indicated separately, if the case in a note and on an accruals basis: (i) remuneration approved by the Shareholders' Meeting, even if not paid; (ii) attendance fees; (iii) lump-sum expense refunds; (iv) compensation received for carrying out special duties, pursuant to Article 2389, paragraph 3, of the Italian Civil Code (e.g. Chairman, Vice Chairman); (v) fixed pay for employees, gross of social security and tax charges borne by the employee, excluding collective compulsory social security charges borne by the company and the employee severance indemnity provision. The other components of any pay (bonuses, other compensation, non-monetary benefits, etc.) are shown in the relating columns, specifying in the note the part paid by virtue of the directorship and the part paid by virtue of the employment relationship.

In column (2), "Compensation for participation in committees" is indicated on an accruals basis and may be indicated on an aggregate basis. The notes indicate the committees on which the director serves and, if service is on more than one committee, the compensation received for each committee.

Column (3), "Bonuses and other incentives", includes the portion of pay vested, even if not yet paid, during the year for objectives achieved during the year, in relation to monetary-based incentive plans. The amount is shown on an accruals basis even if the approval of the financial statements has not yet taken place and also for the portion of the bonus that may be subject to deferral. In no event are the values of stock options granted or exercised or other compensation in financial instruments included. This value is the sum of the amounts shown in Table 3B, columns 2A, 2B and 4, line (III).

With regard to column (3), "Profit sharing" section, the amount is indicated on an accruals basis even if the approval of the financial statements and the distribution of profits have not yet taken place.

Column (4) "Non-monetary benefits" indicates the value of fringe benefits (according to a taxable criterion), including any insurance policies and supplementary pension funds.

Column (5) "Other compensation" indicates separately and on an accruals basis all additional pay, if any, from other services provided. The note provides information on any loans, prepayments and guarantees granted by the Company or its subsidiaries to executive Directors and the Chairman of the Board of Directors, in case they represent a form of indirect remuneration, taking account of the specific conditions (differing from those of the market or those applicable in a standardized manner to categories of subjects).

Column (6) "Total" adds together items (1) through (5).

Column (7) "Fair value of equity compensation" indicates the fair value at the assignment date of equity-based incentive plan compensation for the year, estimated in accordance with international accounting standards<sup>2</sup>. This value is the sum of the amounts shown in column 16, line III, of Table 2 and column 12, line III, of Table 3A.

Column (8) "Termination of office or termination of employment indemnity" indicates the compensation accrued, even if not yet paid, due to termination of office during the year under review, with regard to the year in which the termination took place. The estimated value of any payment of non-monetary benefits, the amount of any consultancy contracts and non-compete commitments is also shown. The amount of compensation for non-compete commitments is shown only once at the time of termination of office, specifying in the first part of the second section of the Report the duration of the non-compete commitment and the date of actual payment.

Line (III) sums up, for each column, the compensation received from the reporting company and those received for tasks carried out in subsidiaries and associates.

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<sup>2</sup> This item does not refer to the entire allocation of equity compensation made during the year, but only to the part recorded in the financial statements, in application of the accounting standards that require taking into account the vesting period of the rights themselves, allocating the related cost over the vesting period.

**Monetary incentive plans for members of the Board of Directors and Key Management Personnel**

A	B	(1)	(2)			(3)			(4)
Name and surname	Office	Plan	Bonuses for the year			Bonuses from prior years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferment period	No longer payable	Payable/paid	Still Deferred	
Luigi Cogni	Chief Executive Officer	STI plan approved by the Board of Directors on 2 March 2021	127,500						
Massimo Giorgilli	Executive Director	STI plan approved by the Board of Directors on 2 March 2021	95,000						
	Key management personnel (6 positions)	STI plan approved by the Board of Directors on 2 March 2021	63,236						
(I) Compensation in the reporting company		STI plan approved by the Board of Directors on 2 March 2021	258,000						
(II) Compensation from subsidiaries and associates			27,736						
(III) Total			285,736						

Total (III) is shown with regard to all columns except for column (2C).

“Column 2A” indicates the bonus accrued for the year for the objectives achieved during the year and paid or payable as not subject to further conditions (upfront compensation).

“Column 2B” indicates the bonus tied to objectives to be achieved during the year but not payable as subject to further conditions (deferred bonus). “Column 3A” indicates the sum of bonuses deferred in prior years yet to be paid at the beginning of the year and no longer payable due to the failure to meet the conditions they are subject to.

"Column 3B" indicates the sum of bonuses deferred in prior years yet to be paid at the beginning of the year and paid during the year or payable.

"Column 3C" indicates the sum of bonuses deferred in prior years yet to be paid at the beginning of the year and further deferred.

The sum of the amounts shown in columns 3A, 3B, and 3C corresponds to the sum of the amounts shown in columns 2B and 3C for the prior year.

The "Other bonuses" column indicates bonuses accrued during the year that are not explicitly included in specific plans defined *ex ante*.

If an aggregate representation criterion is adopted, the following information should be provided in the Table:

- total bonuses for the year, broken down into paid and deferred, with indication of the average deferral period for the latter;
- total bonuses from prior years, broken down into no longer payable, paid and still deferred;
- other overall bonuses.

**Investments held by members of the Board of Directors and the Board of Statutory Auditors.**

Name and surname	Office	Investee	Number of shares held at the end of the prior year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
Luigi Cogni	Chief Executive Officer	Neodecortech S.p.A.	200,000			200,000
Massimo Giorgilli	Executive Director	Neodecortech S.p.A.	197,486			197,486
Gianluca Valentini*	Director	Neodecortech S.p.A.	0		0	0

(\*) Gianluca Valentini is also: (i) beneficiary of the Eclyps Trust which holds: (a) 33.33% of Finanziaria Valentini S.p.A., holder of no. 8,325,385 shares in Neodecortech, representing 61.60% of the Company's share capital; and (b) 33.33% of Valfina S.r.l., holder of no. 28,000 shares in the Company and (ii) 50% beneficiary of the Mercury Trust, which holds: (a) 33.33% of Finanziaria Valentini S.p.A., holder of no. 8,325,385 shares in Neodecortech, equal to 58.60% of the Company's share capital; and (b) 33.33% of Valfina S.r.l., which holds no. 28,000 shares in the Company.

**Investments held by Key Management Personnel.**

Number of Key Management Personnel	Investee	Number of shares held at the end of the prior year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
3	Neodecortech S.p.A.	56,150 <sup>(1)</sup> <sup>(2)</sup>			56,150

<sup>(1)</sup> It should be noted that the number of shares refers to the investments held at the end of 2022 by those who held the office of Key Management Personnel during 2023, even for a fraction of a year.

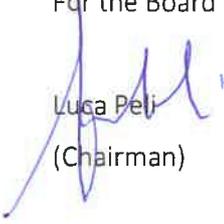
<sup>(2)</sup> Of which 53,650 personally and 2,500 by the spouse

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Filago (BG), 18 March 2024

Neodecortech S.p.A.

For the Board of Directors



Luca Pelj

(Chairman)