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Alkemy

enabling evolution

Alkemy S.p.A.

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Institutional website: www.alkemy.com

REPORT ON THE REMUNERATION POLICY

AND COMPENSATION PAID

prepared pursuant to Art. 123-ter of Italian Legislative Decree no. 58 of 24 February 1998

Approved by the Board of Directors on 27 March 2023

Letter of the Remuneration Committee Chairman

Dear Shareholders,

The "*Report on the Remuneration Policy and compensation paid*" (the "**Remuneration Policy**" or the "**Report**") with which we present you herewith, explains Alkemy's Remuneration Policy for FY 2023, along with the compensation paid to the Directors, Auditors, General Manager, Key Managers and other Managers with key responsibilities in the Company in FY 2022.

In compliance with the indications given by current legislation and in line with market best practices, the Remuneration Policy is, for 2023 too, an important opportunity for assuring open, transparent communication about the Group's remuneration system.

Major extraordinary events also featured heavily in 2022, with considerable impact on the social and economic context both nationally and internationally. The evolution of the pandemic and the Russia-Ukraine war sparked attention to contingent problems, but at the same time further confirmed the urgent need to focus closely, with growing, shared commitment on sustainability topics, as a tool for resilience, the creation of value and growth.

Despite the critical issues in the global scenario, thanks to the commitment of the People working in this Group, the Company has managed to achieve some important results.

Even more so in this context do we consider that the Remuneration Policy is a strategic element by which to support results and guide behaviour, acknowledging People's contribution to business growth.

The central role of the Remuneration Policy in fostering the retention of Key Resources and other distinctive skills in the Group, is also confirmed. Additionally, in then helps guide the management in the new macroeconomic scenario as it unfolds and guarantee continuity for the route already embarked on by the Company, which is increasingly focussed on the pursuit of results relating to the Group's sustainability strategy.

Amidst this great change and strategic innovation, we believe that the Remuneration Policy Guidelines are consistent with the Group's clear, distinctive vision and attest to the fact that the valuation of Alkemy's People is seen as the key competitive asset to achieve long-term sustainable results for Investors and other Stakeholders.

Alkemy's Remuneration Policy aims to attract, motivate and gain the loyalty of the resources best able to successfully manage the business, supporting the retention capacity, incentivising the achievement of strategic objectives relating to the creation of sustainable value in the medium/long-term to the benefit of shareholders, also taking into account the interests of the other relevant Company stakeholders.

To this end, during the three years of its term, the Remuneration Committee has constantly and consistently promoted a Company Remuneration Policy aiming to:

1. increasingly privilege the variable component of remuneration of its management with respect to the fixed component and, in particular, the medium/long-term remuneration over short-term;
2. monitor the remuneration positioning of the Company's management compared with market trends, to avoid any misalignment both in quantity and quality, such as to then risk the capacity of the remuneration systems adopted to encourage and retain them;
3. promote and support the bond between remuneration, risk and sustainability of performance, in line with the growing expectations of shareholders and investors alike, increasingly strengthening stakeholder faith, reputation and appreciation.

This Report in fact continues along the lines of seeking to be ever more immediate and effective, also in its representation of the information that characterises the 2023 Remuneration Policy. The distinctive element of this Policy is its continuity with the previous plans, establishing a deferral mechanism that can align short-term performance with long-term logics and assure a greater focus on ESG topics, as further evidence of their ever greater importance in achieving strategic business objectives.

On behalf of the whole of the Remuneration Committee, I would finally like to thank you for the attention paid to this Report.

The Chairman of the Board of Directors

Alessandro Mattiacci

The Chairman of the Remuneration Committee

Serenella Sala

INTRODUCTION

This document (the "**Report**") is the result of a major effort made by Alkemy S.p.A. (the "**Company**" or "**Alkemy**") to assure a transparent, full disclosure on the remuneration policies for 2023 and on the remuneration recognised to senior managers for 2022, guaranteeing the tools necessary to accurately value the Company and exercise the rights on an informed basis.

The principles and guidelines taken as reference to determine and implement the Company's remuneration policies incorporate and respect the cultural values of the Alkemy Group, i.e. Alkemy and its subsidiaries (the "**Group**"), namely quality, a proactive approach in anticipating change and promoting innovative solutions, sensitivity towards sustainability topics, a sense of belonging and the appreciation of the contribution made by people to achieve the corporate objectives.

The Group is committed to maintaining constant, constructive dialogue with its Shareholders, so as to consolidate the alignment of its Remuneration and stakeholder expectations. This objective also entails the constant monitoring and careful assessment of remuneration guidelines by the main Proxy Advisors representing Alkemy's Investors.

The Shareholders' Meeting held on 26 April 2022 ruled in favour of Section I of the Report on the 2022 Remuneration Policy and compensation paid.

The results of the votes cast in previous years and the positive results of the 2022 voting have sparked careful analysis in connection with the indications given by the Shareholders and Proxy Advisors, with a view to identifying possible areas in which the Remuneration Policy can be improved. More specifically, to this end, this Report seeks to offer an even better representation of the information and an even greater level of transparency on the incentive systems, also with reference to the "pay for performance" concepts and yet closer attention to "Environmental, Social and Governance" (ESG) topics.

Alkemy also complies with current provisions of legislation and the recommendations made by the Code of Corporate Governance of listed companies, to which it adheres in full, as a guarantee of the correct function of its corporate governance mechanisms.

It is also noted that the Group's Remuneration Policy already takes due account of the recommendations set forth in paragraph 4 of the Letter dated 23 January 2023 of the Chairman of the Italian Corporate Governance Committee (the "**CG Committee**") on:

1. "*Transparency of remuneration policies on the weighting of the variable components*", whereby the Committee asked the company to include **an executive summary** in the remuneration policy of the CEO and other executive directors; this should be in table form and show the composition of the remuneration package, indicating the characteristics and weight of the fixed, short-term variable and long-term variable components with respect to comprehensive remuneration, at least with reference to the achievement of the target objective of the variable components.
   This executive summary is given in Section II - part II – Tables - of the Report.
2. "*Long-term horizons in remuneration policies*" whereby the Committee asked the company to include a variable component with a time-frame spanning several years in its remuneration policies, in line with the company's strategic objectives and the pursuit of sustainable success.
   In this regard and as specified in the Report, the Group's key figures take part in an LTI currently in place and a subsequent one envisaged for the next three-year period (2024-2026), linked to the targets set out in the Alkemy Group Business Plan for the Plan duration period.
3. "*ESG parameters for the remuneration of directors*" whereby the Committee asked companies envisaging incentive mechanisms for the CEO and other executive directors linked to sustainability objectives to provide a clear indication of the specific performance objectives to be achieved.
   In this regard, the 2023 MBO and the 2024-2026 LTI Plan are also correlated to ESG parameters. More specifically, the 2024-2026 LTI Plan envisages achieving at least two of the following KPIs:
   - Company's ESG rating, measured with reference to the ESG rating assigned to the Company by a leading ratings company, to be chosen in 2023. The KPI will be considered achieved in the event of an improvement to the score assigned to the Company during the last assessment performed during the Plan's life and the ESG rating achieved with reference to the year ended at 31 December 2023;

- Customer Satisfaction on the basis of the Net Promoter Score: this KPI will be measured on the basis of the average reports received during the Plan;
- People engagement the basis of the internal Net Promoter Score: this KPI will be measured on the basis of the average reports received during the Plan.

The Report:

(i) has been prepared pursuant to Art. 123-*ter* of Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (the "**Consolidated Law on Finance**" or the "**CLF**"), Art. 84-*quater* of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the "**Issuers' Regulation"**") and Annex 3A, scheme 7-bis of the Issuers' Regulation and recommendations of the Code of Corporate Governance for listed companies approved in January 2020 by the Corporate Governance Committee instituted at Borsa Italiana S.p.A. (the "**Code of Corporate Governance**");

(ii) was approved on 27 March 2023, the Company's Board of Directors (the "**Board**" or the "**Board of Directors**", whose individual members are the "**Directors**") approved on the proposal of the Remuneration Committee (the "**Remuneration Committee**" or the "**Committee**");

(iii) will be submitted for the approval of the Shareholders' convened, in accordance with Art. 2364 of the Italian Civil Code, to approve the 2022 financial statements for 27 April 2023, at single call, to Via Pagano n. 65, Milan. To this end, in accordance with Art. 84-*quater* of the Issuers' Regulation, the Report is sent to Borsa Italiana and made available to the public at the registered office and on the website *www.Alkemy.com*, in the Governance/Shareholders' Meeting section, through publication by the twenty-first day before the Meeting date and for at least ten years, after which the Company will make sure that the personal data contained in Section II of the Report, if not already included in the obligation for non-publication pursuant to Art. 9-*ter*, paragraph 2 of Directive 2007/36/EC, is no longer publicly accessible;

(iv) it has two Sections:

1) **Section I** describes: (**i**) the policy adopted by the Company to govern the remuneration (the "**Remuneration Policy**") of the Company's Directors and key management personnel, with reference at least to the following year, thereby meaning those persons, other than the Directors, with the power and responsibility - directly or indirectly - for planning, managing and controlling the Company's activities, according to the definition given in Annex 1 to the Consob Regulation on related party transactions, adopted by resolution no. 17221 of 12 March 2010 (the "**Key Management Personnel**") - and members of the control bodies; (**ii**) the procedures used to adopt and implement the Remuneration Policy; and (**iii**) the elements of the Remuneration Policy to which derogations can be made where exceptional circumstances apply as per Art. 123-*ter*, paragraph 3-*bis* of the CLF, and the procedural conditions are met for the application of said derogations;

2) **Section II** provides, named for the Directors, the members of the control bodies and in aggregated form, without prejudice to the provisions of the Issuers' Regulation, for key management personnel: (**i**) an adequate representation of each of the items that make up the remuneration, including any benefits envisaged for termination of appointment or contract of employment, highlighting their consistency with the company's remuneration policy approved the previous year; and (**ii**) analytically illustrates the compensation paid in the year of reference for any reason, and in any form, by the company and by subsidiaries or associates, indicating any components of this compensation that is related to activities carried out in years previous to the year in question, and also highlighting the compensation to be paid in one or more subsequent years against activities carried out in the year in question, and indicating an estimated value for the components that are not objectively quantifiable in the year of reference.

For the purpose of the Report:

a) the Board in office at the Report date was appointed by the Shareholders' Meeting on 26 April 2022 and will remain in office for three financial years, i.e. until the date of the shareholders' meeting called to approve the Financial Statements for the year ended at 31 December 2024, and has the following members:

Alessandro Mattiacci	Chairman and Executive Director
Duccio Vitali	Chief Executive Officer
Riccardo Lorenzini	Director
Massimo Canturi	Executive Director

Giulia Bianchi Frangipane	Director meeting the independence requirements in accordance with Art. 148, paragraph 3 of the Consolidated Law on Finance.
Serenella Sala	Director meeting the independence requirements in accordance with Art. 148, paragraph 3 of the Consolidated Law on Finance.
Ada Villa	Director meeting the independence requirements in accordance with Art. 148, paragraph 3 of the Consolidated Law on Finance.

b) the Board of Auditors in office at the Report date was appointed by the Ordinary Shareholders' Meeting on 26 April 2022 and will remain in office until approval by the Shareholders' Meeting of the financial statements for the year ended at 31 December 2021 and has the following members:

Chairman:	Gabriele Ernesto Urbano Gualeni
Standing Auditor	Mauro Dario Riccardo Bontempelli
Standing Auditor	Daniela Elvira Bruno
Alternate Auditor	Marco Garrone
Alternate Auditor	Mara Luisa Sartori

c) the 5 Key Management Personnel are the manager appointed to prepare the company's accounting documents and certain managers responsible for business areas the Company holds to be particularly strategic.

SECTION I

REMUNERATION POLICY

A) Bodies or parties involved in the preparation, approval and implementation of the Remuneration Policy

The preparation and approval of the Alkemy Remuneration Policy involves, according to their respective competences, established in accordance with the provisions of the law and regulations in force, and with the recommendations established in the Code of Corporate Governance, A.1) the Shareholders' Meeting; A.2) the Board of Directors; A.3) the Remuneration Committee; A.4) the delegated bodies; and A.5) the Board of Auditors.

The next few paragraphs describe the main tasks of the various corporate bodies with reference to Remuneration-related topics.

A.1 The Shareholders' Meeting:

a. determines the compensation of the members of the Board of Directors and Auditors, in accordance with Art. 2364, paragraph 1, point 3) of the Italian Civil Code;

b. resolves, with binding vote, on the Remuneration Policy pursuant to the first section of the Report in accordance with Art. 123-*ter*, paragraphs 3-*bis* and 3-*ter* of the CLF and, with non-binding vote, on the second section of the Report in accordance with Art. 12123-*ter*, paragraph 6 of the CLF;

c. receives a suitable disclosure on the implementation of remuneration policies;

d. resolves on remuneration plans based on financial instruments intended for directors, employees and collaborators:, including key management personnel, in accordance with Art. 114-bis of the Consolidated Law on Finance.

A.2 The Board of Directors:

a. determines the remuneration of directors assigned specific duties, having consulted with the Board of Auditors and on the proposal of the Remuneration Committee;

b. defines, on the proposal of the Remuneration Committee, the policy for the remuneration of directors - and in particular executive directors and directors assigned specific duties - and key management personnel;

c. approves the Report on the Remuneration Policy and compensation paid, in accordance with Art. 123-ter of the Consolidated Law on Finance, which must be published at least twenty-one days before the Shareholders' Meeting envisaged by Art. 2364, second paragraph of the Italian Civil Code;

d. prepares any remuneration plans based on shares or other financial instruments, with the assistance of the Remuneration Committee, submitting these plans for the approval of the Shareholders’ Meeting in accordance with Art. 114-*bis* of the Consolidated Law on Finance;

e. implements remuneration plans based on financial instruments, together with - or with the assistance of - the Remuneration Committee, by delegation of the Shareholders' Meeting;

f. establishes the Remuneration Committee within its organisation (of which at least one member must have suitable knowledge and experience in financial matters or remuneration policies).

A.3 The Remuneration Committee:

a. makes proposals to the Board of Directors on the policy for the remuneration of directors and key management personnel;

b. periodically assesses the adequacy, comprehensive consistency and concrete application of the policy for remunerating directors and key management personnel, in this latter regard referring to the information supplied by the CEOs and, in particular, verifies the effective achievement of performance objectives;

c. presents proposals or gives opinions to the Board of Directors on the remuneration of executive directors and other directors holding particular duties and on the setting of the performance objectives correlated with the variable component of such remuneration.

A.4 The delegated bodies (thereby meaning the members of the Company’s Board of Directors holding individual delegated powers, involved each time according to the nature of the delegations held):

a. assist the Committee in preparing proposals on how to fix the performance objectives, where envisaged, to which payment of the variable component of their remuneration will be tied;

b. submit the projects for compensation plans based on financial instruments to the Remuneration Committee or, if applicable, assist the Committee in preparing such;

c. provide the Remuneration Committee with all information useful to enable it to assess the adequacy and effective implementation of the remuneration policy, with particular regard to the remuneration of key management personnel;

d. implement the remuneration policies adopted by the Company.

A.5 The Board of Auditors (advisory role):

a. formulates the opinions required by the law and, in particular, expresses an opinion with reference to the proposed remuneration of directors assigned specific duties, in accordance with Art. 2389, paragraph 3 of the Italian Civil Code; in expressing an opinion, verifies the consistency of the proposals made by the Remuneration Committee to the Board of Directors with the remuneration policy;

b. attends Remuneration Committee meetings.

B) Remuneration Committee: members, competences and operating procedure

B.1 Remuneration Committee members

By resolution passed on 26 April 2022, the Board appointed the Remuneration Committee currently in office; the Committee's internal regulation (the "**Regulation**") governs its members, tasks and operating procedures. The activities and requirements of said committee are constantly reviewed and updated so as to reflect the best practices in matters of corporate governance.

at the date of this report, the Remuneration Committee numbers 3 directors, two of whom are independent in accordance with the combined provisions of Articles 147-ter, paragraph 4 and 148, paragraph 3 of the Consolidated Law on Finance and Recommendation 26 of the Code of Corporate Governance:

- **Serenella Sala** (Independent Director with duties of Chairman of the Remuneration Committee), appointed by resolution of the Board of Directors passed on 26 April 2022;
- **Giulia Bianchi Frangipane** (Independent Director), appointed by resolution of the Board of Directors passed on 26 April 2022;
- **Riccardo Lorenzini**, appointed by resolution of the Board of Directors passed on 26 April 2022.

The Director Serenella Sala has suitable knowledge and experience in financial matters and remuneration policies; this was assessed by the Board at the time of appointment.

The Remuneration Committee meets when convened by its Chairman, each time the Chairman believes it to be appropriate and in any case at least once every six months, or whenever directors assigned specific duties and powers by the Board of Directors (the "**Executive Directors**") so request, or the Chairman of the Board of Auditors or the Chairman of the Board of Directors.

The Remuneration Committee works are coordinated by its chairman. The chairman of the Board of Auditors (or another auditor designated by said chairman) takes part in the meetings of the Remuneration Committee and the other auditors may participate in any event.

The chairman of the Remuneration Committee has the right to invite other subjects to the meetings, whose presence may help assure the best pursuit of the Committee's functions. In accordance with the recommendations of the Code of Corporate Governance, no Director shall participate in meetings of the Remuneration Committee in which proposals are submitted to the Board relating to his/her own remuneration.

Minutes are taken of Committee meetings. The chairman and the secretary sign the meeting minutes, which are kept on file by the secretary in chronological order.

B.2 Remuneration Committee duties

In compliance with the recommendations of the Code of Corporate Governance and by virtue of the Regulation, in going about its duties of making proposals and offering consultancy, the Remuneration Committee:

a) proposes and expresses opinions to the Board of Directors: (**i**) on the remuneration of Executive Directors and any other directors assigned specific duties, having consulted with the Board of Auditors for an opinion; and (**ii**) on the setting of performance objectives correlated with a potential variable component of said remuneration, monitoring the application of the decisions made and the effective achievement of performance objectives;

b) assesses the proposals of the chief executive officers relative to the general criteria of remuneration and incentive, as well as development systems and plans for the management and Company key management personnel;

c) periodically assesses the adequacy, comprehensive consistency and concrete application of the policy for remunerating directors and key management personnel, adopted by the Company, making proposals and general recommendations on the matter to the Board;

d) submits the Remuneration Report and, in particular, the policy for the remuneration of directors and key management personnel, to the Board of Directors, for its approval and presentation to the Shareholders' Meeting convened for the approval of the year's financial statements, under the terms provided for by law.

The Remuneration Committee has the faculty to access all information and corporate structures and departments, ensuring suitable functional and operative connections with such for the carrying out of its duties. It may use external consultants, at the expense of the Company and in any case within the limits of the budget approved by the Board of Directors, after verifying that such consultants are not in any situation that would concretely compromise their independence of judgement and, in particular, do not provide the HR Department, directors or key management personnel services of significance that would concretely compromise the independent judgement of said consultants.

In order to sterilise any conflicts of interest, in compliance with Recommendation 26 of the Code of Corporate Governance, no director may attend meetings of the Committee during which proposals are made relative to their remuneration, except where they are proposals regarding members of the Committees established within the Board of Directors.

The Chairman of the Remuneration Committee reports (**i**) to the Board of Directors, at least once every six months, on the activity carried out and (**ii**) to the Shareholders' Meeting, once a year, during approval of the financial statements, on the manner by which it goes about its duties.

C) Consideration of the compensation and working conditions of company employees in determining the policy on remuneration, compensation and working conditions of Company employees.

The criterion for defining each economic package is based on (i) professional specialisation; (ii) organisational role held; and (iii) key responsibilities of the role.

In determining the Remuneration Policy of Key Management Personnel, due fair and consistent consideration was given to the salaries and working conditions of employees, avoiding generating any situations of unjustified imbalance.

In addition, the Company undertakes to offer fixed and variable remuneration that is in line with the external market, which reflects the job responsibilities of the role held and which optimises the individual skills and professional experience of each employee.

D) Independent experts involved in the preparation of the Remuneration Policy and market practices

In order to prepare the Remuneration Policy, the Remuneration Committee sought the assistance of external consultants who it had assessed for requirements of (i) independence, (ii) professionalism and (iii) confidentiality, with whom it met to analyse the activities carried out by them, acquiring the necessary documented support for their assessments.

The Company regularly measures the main national and international market practices by carrying out specific projects and remuneration benchmarking analyses, aimed at assuring a more in-depth knowledge of the local contexts and remuneration practices applied there, in order to verify the competitiveness of its own remuneration offer, each time choosing independent partners from those available, who can provide the most relevant information to the specific needs of the analysis.

In this regard, at the end of the periodic market analyses performed for the CEO and General Manager and the Group's Senior Managers, in 2022 Alkemy asked Willis Towers Watson (WTW) to perform a remuneration benchmarking analysis in order to record market practices with reference to the compensation assigned to senior roles (Chairman, CEO and Director with Delegations).

More specifically:

- with reference to the positions of Chairman and CEO, a comparison panel has been applied of listed companies, starting from which a peer group of comparables has been identified;
- with reference to the Director with delegations (previously the General Manager), the comparison has been drawn with roles of similar complexity (measured using the WTW GGS - Global Grading System - method) under the scope of industrial and service groups taking part in the WTW Top Executive 2021 remuneration survey.

The market analysis was also completed with an overview of the average pay-mix structure observed amongst FTSE listed issuers, in addition to the summary of voting guidelines of proxy advisors and investors in matters of remuneration policies.

WTW also assisted the Company by providing an analysis of investors' perspectives of remuneration policies linked to ESG indicators. This has confirmed the increasing importance for investors assigned to ESG commitments and their inclusion in long-term annual incentive plans with the following characteristics:

- connection with the business strategy;
- financially material: the maximum incidence of ESG objectives expected by investors was between 10% and 20% in 2022;
- quantifiable/measurable;
- verifiable;
- published;
- linked to indexes.

E) Purposes pursued with the Remuneration Policy, underlying principles, duration and, in the event of revision, description of any changes to the Remuneration Policy with respect to the previous year and of how such revision takes into account the votes and assessments expressed by shareholders during or after that shareholders' meeting.

E.1 Purpose

The Remuneration Policy intends to guarantee Alkemy and the Group companies in the various business segments and geographic markets on which it operates, a suitable level of competitiveness on the employment market, so as to attract, develop and gain the loyalty of highly-qualified profiles with strong leadership skills. These results are pursued through the periodic determination of targets that can be objectively measured and which are of general application.

In order to reflect the Company's new operative organisation, these objectives are differentiated for each business area and refer to the growth of revenues insofar as regards the "GoToMarket" area and growth of the gross profit in respect of the Delivery (Gross Profit = revenues - external costs directly linked to sales-costs of staff of the Delivery Area), then converging such parameters into the Group's pre-bonus EBITDA, which year-on-year is identified with values rising against the previous year, which is taken as the starting point for recognition of the variable compensation. The LTI Plan (as defined in Section II, part I, point 5) envisages, in particular, by way of target, the increase of the Group gross operating profit according to parameters in line with the growth targets that the Company has set itself in its business plan for the three years 2021/2023 and, with reference to the top 3 Key Managers, a retention objective until the end of the vesting period. This incentive is one of the main tools through which the Company intends to strengthen its business strategy and pursue its long-term interests and sustainability.

In order to create an additional variable component with a multi-year horizon, in line with the company's strategic objectives and the pursuit of sustainable success, the Company intends to promote and additional Long-Term Incentive Plan for 2024-2026, whose beneficiaries will be Executive Directors, Managers and Key People; the objectives will be linked (a) to the business plan to be approved in 2022 for the three years 2024-2026 and (b) to the achievement of at least two of the following ESG KPIs: (i) Company's ESG rating, (ii) Customer Satisfaction on the basis of the Net Promoter Score and (iii) People Engagement on the basis of the internal Net Promoter Score.

The Remuneration Policy also aims to strengthen the involvement of those holding key positions in the pursuit of the Company and Group's operating performance goals, with the aim of maintaining a constant alignment between the interests of the management and those of shareholders generally.

The Alkemy Remuneration Policy is therefore defined with the aim of:

a) attracting, retaining and motivating people having the individual and professional qualities required to pursue the Group's business development objectives;

b) aligning the company's and management's interests with those of the shareholders;

c) supporting the creation of value for shareholders in the medium-long term;

d) ensuring the accountability of the various competent bodies involved in the definition of the compensation of Directors and Key Management Personnel;

e) identifying, in particular, the subjects and/or bodies involved in the adoption and implementation of the policies and procedures on remuneration, which - according to the respective competences - propose, resolve and/or determine the compensation of the Directors and Key Management Personnel, express opinions on the matter or are called to verify the correct implementation of that resolved or determined by the competent bodies;

f) guaranteeing greater transparency in matters of remuneration in regard to both current and potential investors, through a suitable formalisation: (i) of the related decision-making processes; and (ii) of the criteria on which the remuneration policies and procedures are hinged.

To this end, the definition of the Remuneration Policy aims to align the interests of the Company's management team with those of the shareholders, through a close link between the remuneration and results achieved on an individual level and by the Company.

Under the scope of its sustainable growth path that has been launched since its foundation, the Company pursues its objectives, namely promoting the "Alkemy values" (EPIC: Excellence, Passion, Integrity and Concreteness) and the promotion of Alkemy as "best-place-to-work-for" (NPS detector). In line with the above, Alkemy has identified the principles and values of Diversity & Inclusion and improvement of the work-life balance as its very own path towards sustainable growth taking full account of the interests of the Company's key stakeholders.

In addition, in order to identify concrete KPIs with which to measure the sustainability objectives connected with the variable component of remuneration recognised in accordance with the Remuneration Policy and thereby pursue the sustainable growth of the Company in order to generate long-term value, the Company has appointed the external consultant that already monitors the Group for the NFS, to support the Company in its gradual, organic sustainability route and, therefore, to update the ESG policies, also with the intervention of a third company under assessment, with the aim of identifying a medium-term Sustainability Plan.

E.2 Principles

The Remuneration Policy of Executive Directors and Key Management Personnel is therefore based on the following principles:

a) the fixed component and variable component of remuneration are adequately balanced according to the strategic objectives and the risk management policy adopted by Alkemy, also taking into account the business segment in which it operates and the characteristics of the business concretely carried out, in any case establishing that the variable part of the compensation shall constitute a significant portion of the total.

b) the fixed component suffices to remunerate the performance of the Executive Directors and Key Management Personnel if the variable component is not disbursed due to failure to achieve the performance objectives set by the Board. This principle is held to be essential in order to discourage any conduct focussed entirely on the short-term and which may not be aligned with the risk appetite defined by the Group;

c) the performance objectives - i.e. the economic results and any other specific objectives to which the disbursement of the variable components is linked (including objectives defined for remuneration plans based on financial instruments), are predetermined, measurable and connected with the purpose of creating value for shareholders over the medium/long-term;

d) the variable component of remuneration consists (i) of a portion linked to short-term criteria (MBO based on the achievement of Group annual results in terms of EBITDA and individual targets correlated with the role, function and business areas) and (ii) a portion linked to long-term criteria. The duration of the deferral is consistent with the characteristics of the business carried out and the related risk profiles;

e) maximum limits are envisaged for the variable components or parametrised to the Company's effective profitability;

f) the variable component of remuneration consists of a part that is disbursed immediately and/or a part that is deferred;

g) the variable component of remuneration for immediate disbursement aims to motivate beneficiaries to achieve the objectives defined by the annual budget and is defined according to the degree to which they are achieved or surpassed;

h) the variable component of the remuneration for deferred payment, consists of incentive plans based on financial instruments, which seek to pursue both the above objectives, through annual maturity mechanisms, and the objectives of achieving medium/long-term loyalty and alignment with the interests of all shareholders, typical of such instruments;

i) the Company can acknowledge an indemnity to its Executive Directors and Key Management Personnel for early termination or failure to renew, respectively, the administration position and the contract of employment;

j) with the exception of the LTIPs (described below), no mechanisms are envisaged that can guarantee the Company the right to request the return of all or part of variable components (amounts or shares) of remuneration paid (or to withhold components deferred) under claw-back clauses[1]

E.3 Changes in the Remuneration Policy with respect to that approved in the previous year

With respect to the Remuneration Policy approved by the Shareholders' Meeting on 26 April 2022, the following change has been made in connection with:

MBO:

(i) in order to improve the transparency of the relevant quantification, the objective on which beneficiaries are measured and the Group's pre-bonus EBITDA, identified to avoid any recursion of calculations included in the EBITDA target, including bonuses.

(ii) the possibility is envisaged of increasing the variable compensation from the MBO up to 125% if the Group's pre-bonus EBITDA should also increase by 125% (therefore the maximum amount of the variable compensation that can be disbursed may increase by 25%).

F) Description of the policies on fixed and variable components of the remuneration with specific regards to the indication of the relevant weight under the scope of comprehensive remuneration and distinguishing between short- and material variable components

Considering the purpose and criteria pursued by the Remuneration Policy, the remuneration of Directors and Key Management Personnel is structured into the following components:

(i) for Directors and Key Management Personnel - fixed part, which must recompense the responsibilities assigned, the experience and distinctive skills held and must be competitive on the market, so as to guarantee a suitable retention level;

(ii) for Executive Directors - annual variable part defined within maximum limits and aimed at remunerating expected short-term performance (annual Group EBITDA growth);

[1] "Claw-back clauses" are the contractual agreements that allow the Company to request the return of all or part of variable components (amounts or shares) of remuneration paid (or to withhold components deferred), determined on the basis of data that was later found to be clearly incorrect or falsified or in cases of fraud or in connection with wilful or negligent conduct implemented in breach of rules and regulations as well as of company regulations.

(iii) for Key Management Personnel - annual variable part, which must guarantee a direct link between the remuneration and performance results and is aimed at rewarding the achievement of company and individual objectives (referred to as "MBO" - Management by Objectives);

(iv) for Executive Directors and Key Management Personnel - medium-term variable part that assures growth of business value and the achievement of sustainable results over time, even beyond that defined year-by-year, during budget preparation, the loyalty of key resources and the alignment of management objectives with those of Shareholders. To help create medium/long-term value, the Executive Directors and Key Management Personnel may be allocated incentive plans based on financial instruments in accordance with Art. 114-*bis* of the Consolidated Law on Finance, prepared in line with the best market practices, which tie payment of a suitable portion of variable component to measurable, predetermined performance objectives that are tied to the creation of value for shareholders in the medium/long-term, as described in paragraph 6 of Section II of this Report.

F.1.1. The MBO Plan for Key Management Personnel

The annual incentive of the remuneration for those entitled serves a short-term purpose and aims to assure the achievement, for 50% of the Company's annual results, mainly in terms of profitability and for 50% individual results. The incidence of the incentive on total remuneration averages out as 33%, without prejudice to some senior sales figures, for whom it may account for up to 66% of their basic salary.

The guidelines and policies of the reward system are defined by the Board of Directors, consistently with the 2021-2023 Business Plan. The economic indicators on which the assessment of corporate performance is based in order to identify the variable compensation are differentiated by Company business areas and therefore (i) first margin for the GoToMarket area (ii) margins objective for the Delivery area.

The incentive is disbursed after approval of the reference annual financial statements and the amounts due may vary proportionally to the result achieved, up to the maximum value of the incentive envisaged by the MBO.

Below are the main conditions of the MBO plan for 2023 (the "**2023 MBO**"):

(i) MBO value: up to 125% with a cap of a maximum of Euro 200.00 per beneficiary;

(ii) quantification parametrised to the Group's pre-bonus EBITDA;

(iii) in order to verify results, procured sales are also considered on all Group companies.

F.1.2. Medium-term incentive plans

In 2023, the medium-term incentive plan (the "2019-2021 Stock Option Plan") will be in place, a description of which is given in Paragraph 4.3 of Section II of the Report.

F.1.3. Long-term incentive plans

The Company: (i) has the medium- and long-term incentive plan in place for Executive Directors and Key Management Personnel (2020-2023), a description of which is given in Paragraph 6 of Section II of the Report; (ii) is called to approve an additional incentive plan for all Key People relative to the period 2024-2026, with which the Company intends:

• to align the interests of the Beneficiaries with those of the shareholders and the objectives of the Company's Business Plan as a whole;

• to tie the remuneration of Beneficiaries, as persons playing a key role in the achievement of Alkemy's objectives, to the economic results achieved by the Company and the Group and to achieving the specific objectives set for the medium/long-term;

• to support and reward the achievement of long-term objectives, allowing for the pursuit of the priority objective of creating value of the medium/long-term;

• to support the attraction, retention and engagement of key resources in line with the business culture, at the same time pursuing an efficient choice relative to the costs generated by this Plan.

By assigning beneficiaries a Basic Number of Shares that, on that date, has a value that ranges between the following amounts, different according to the category of the Beneficiary:

• Executive directors: between Euro 100,000 (one hundred thousand) and Euro 200,000 (two hundred thousand) for each Annual Vesting Period;

• Key Managers: between Euro 50,000.00 (fifty thousand) and Euro 100,000.00 (one hundred thousand) for each Annual Vesting Period;

• Key People: between Euro 10,000 (ten thousand) and Euro 75,000.00 (fifty thousand) for each Annual Vesting Period.

The amount with respect to which the effective Basic Number of Shares the Beneficiary will be entitled to receive upon achieving the Plan Objectives will be determined by the Board of Directors with reference to the above ranges and notified in the Letter of Attribution.

- The Basic Number of Shares for all categories of Beneficiaries will be made of:
- 80% Target Shares that can be obtained upon achieving the Performance Objectives
- 15% Grant Shares that the Beneficiaries can obtained purely for satisfying the Retention Objective
- 5% of ESG Shares in connection with which at least two of the following KPIs must have been achieved:
- ✓ Company’s ESG rating, measured with reference to the ESG rating assigned to the Company by a leading ratings company, to be chosen in 2023. The KPI will be considered achieved in the event of an improvement to the score assigned to the Company during the last assessment performed during the Plan’s life and the ESG rating achieved with reference to the year ended at 31 December 2023;
- ✓ Customer Satisfaction on the basis of the Net Promoter Score: this KPI will be measured on the basis of the average reports received during the Plan;
- ✓ People engagement the basis of the internal Net Promoter Score: this KPI will be measured on the basis of the average reports received during the Plan.

In regard to the hypotheses of (i) termination of contract and (ii) extraordinary transactions, there will be consequences in respect of the assignment of both Grant Shares and Target/ESG Shares.

F.2. THE REMUNERATION POLICY WITH REFERENCE TO THE INDIVIDUAL SIGNIFICANT POSITIONS

F.2.1. The remuneration of the Chairman and Director

<u>Fixed part</u>

The fixed component of the remuneration of the Chairman and Chief Executive Officer is resolved by the Shareholders' Meeting and Board of Directors in accordance with Art. 2389, paragraph 3 of the Italian Civil Code and envisages a gross annual compensation, which is predetermined for the entire term and commensurate with the delegations assigned them. If holding the position of Director in subsidiaries, additional compensation and indemnities for the office may also be envisaged in an amount such as to adequately remunerate the commitment required of the office.

<u>Annual variable part</u>

For the Chairman and Chief Executive Officer, an annual variable component is envisaged of the predetermined remuneration in its maximum amount and subject to the achievement of pre-established Group economic results and profitability (for 2023 set as the achievement of consolidated post-bonus EBITDA that exceeds the approved budget value by at least 16%).

<u>Medium/long-term incentives</u>

The Chairman and CEO are expected to take part in the long-term incentive plan approved by the Company.

F.2.2. Remuneration of Executive Directors (other than the Chairman and Chief Executive Officer).

<u>Fixed part</u>

The fixed part of the remuneration of Executive Directors (other than the Chairman and Chief Executive Officer) is resolved by the Shareholders' Meeting and Board of Directors in accordance with Art. 2389, paragraph 3 of the Italian Civil Code and envisages a gross annual compensation, which is predetermined for the entire term of office of the Director and commensurate with the commitment required. If holding the position of Director in subsidiaries, additional compensation and indemnities for the office may also be envisaged in an amount such as to adequately remunerate the commitment required of the office.

Annual variable part

For Executive Directors, an annual variable component is envisaged of the remuneration, which is predetermined and measurable, commensurate to the Group's economic results and profitability.

Medium/long-term incentives

Executive Directors are expected to take part in the long-term incentive plan approved by the company.

F.2.3. The remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors and Independent Directors is determined as a fixed amount and, in compliance with Recommendation 29 of the Code, envisages a compensation that is adequate to the skill, professionalism and commitment required by the duties assigned them in the administrative body and board committees; this compensation is not linked to performance objectives.

F.2.4. Remuneration of Key Management Personnel

Fixed part

The fixed part of the compensation is consistent with the salaries identified by the Company in line with the market and is structured in such a way as to adequately remunerate the competences, commitment and work carried out continuously by the Key Management Personnel.

For Key Management Personnel holding the position of Director in subsidiaries, additional compensation and indemnities for the office may also be envisaged in an amount such as to adequately remunerate the commitment required of the office.

Annual variable part

For some positions - amongst the Key Management Personnel - participation is envisaged in the annual 2023 MBO incentive plan, as described in Paragraph F.1.1; for others, due to the duties carried out - also by way of alternative to the 2023 MBO - an annual variable component of the remuneration is envisaged, which is predetermined and measurable and commensurate with the Group's economic results and profitability.

Medium/long-term incentives

Key Management Personnel are expected to take part in the long-term incentive plan approved by the company.

F.2.5. The remuneration of members of the control bodies

The Chairman of the Board of Auditors and the Standing Auditors are remunerated with gross annual compensation resolved by the Shareholders' Meeting at the time of appointment for the entire term of office, in an amount that is adequate to the competence, professionalism and commitment required by the importance of the role held, the dimensional and sector characteristics of the Company and its position, to be paid on a *pro rata temporis* basis according to the effective term of office. The Chairman of the Board of Auditors and the Standing Auditors shall also be entitled to receive reimbursement of expenses incurred by virtue of their office.

No variable components of remuneration, bonuses, attendance tokens and other incentives are envisaged, nor non-monetary benefits.

G) Policy on non-monetary benefits

Executive Directors and Key Management Personnel shall be assigned non-monetary benefits that may include life policies, accident policies and supplementary medical cover.

Benefits may also include use of the company telephone, PC and car, as well as reimbursement (for a predefined maximum amount) of costs incurred by virtue of the office. These benefits are attributed - in respect of principles of sobriety and in a context of cost limitation - taking into account the roles and responsibilities held, in line with reference remuneration market practice and consistently with legislation in force over time, in order to complete and optimise the overall remuneration package.

The Company shall also stipulate suitable D&O insurance for all members of the Board of Directors, Key Management Personnel and members of the control body, covering third party liability of directors and managers.

H) With reference to the variable components, a description of the performance objectives on which basis they are assigned, drawing a distinction between the short- and medium/long-term variable component and information on the link between the change in results and the change in remuneration.

Refer to the information given under paragraph F) above.

I) Criteria used for the assessment of the achievement of performance objectives on which basis shares, options, other financial instruments or other variable components of remuneration are awarded and measurement of the variable component to be disbursed according to achievement of the objectives.

As mentioned, the standard structure of the remuneration package assigned to Executive Directors and Key Management Personnel envisages, in addition to a fixed component, a short-term and/or long-term variable component.

The short-term variable component is only assigned upon achieving certain predetermined financial objectives established each year, the amount of which is determined according to the degree to which these objectives are achieved or surpassed, with a maximum limit parametrised in respect of the fixed component.

In order to proceed with a suitable measurement of the achievement of the objectives, the Committee and Board examine all atypical components seen during the reference year.

In any case, the choice of parameters aims to assure a natural balance, in order to prevent decisions focussed on the short-term that are not consistent with the risk level considered acceptable by the Company and Group.

The criteria used to assess the performance objectives on which basis shares, options, other financial instruments or other variable components of remuneration are awarded, is based on the economic results and profitability recorded by the Group. Assessment (in the form of the "**Performance Review**") is carried out from November to February each year, involving the individual beneficiary, the head of the related business unit and the Chief Executive Officer.

The LTI Plan (as defined herein) is intended for those working in the Group companies and whose leadership activities have a significant impact on a Group level. This plan aims to offer incentive to those holding key positions, including Key Management Personnel, where the Company and Group achieves specific results through the alignment of the long-term incentives with the interest in creating value for most shareholders.

J) Information aimed at highlighting the contribution of the Remuneration Policy and, in particular, the Policy on the variable components of remuneration, business strategy, the pursuit of long-term interests and sustainability.

As described in Paragraphs E) and F) above, the Remuneration Policy pursues the sustainable creation of value for the Company and its shareholders over the medium/long-term. In line with that purpose, the remuneration of Executive Directors and Key Management Personnel is structured in such a way as to:

(i) balance the fixed remuneration and variable remuneration with the objective of creating sustainable value in the medium/long-term for the company;

(ii) coordinate the variable remuneration, linking it to the achievement of operative and financial objectives, aligned with the creation of value over the medium/long-term and the effective results achieved by the company;

(iii) recognise suitable remuneration to attract, motivate and withhold in the medium/long-term, persons with the individual and professional qualities necessary to pursue the business objectives and assure business growth over the medium/long-term.

K) Vesting period, deferred payment systems, with indication of the deferment period and criteria used to determine these periods and *ex post* correction mechanisms of the variable component.

With reference to the vesting period of the right to remuneration pursuant to the medium-term incentive plans, reference is made to the indications given in Paragraph F.1.2 and Paragraph 5 of Section II.

2020-2023 LTI Plan

With reference to the vesting period of the rights pursuant to the **LTI Plan** for 2020-2023 runs for multiple years and is divided up into four short-term vesting periods, each lasting one year, coinciding with each corporate year of plan duration (the "**Annual Vesting Periods**") and a medium/long-term vesting period lasting four years (the

"**Long-Term Vesting Period**"), after which the shares of the reference period will be assigned. In greater details, the vesting periods are as follows:

- Annual Vesting Periods: from 1 January 2020 to 31 December 2020 (the "**2020 Vesting Period**"); from 1 January 2021 to 31 December 2021 (the "**2021 Vesting Period**"); from 1 January 2022 to 31 December 2022 (the "**2022 Vesting Period**"); from 1 January 2023 to 31 December 2023 (the "**2023 Vesting Period**");
- Long-Term Vesting Period: from 1 January 2020 to 31 December 2023.

The right to receive the shares concerned by the LTI Plan is attributed at the end of each Annual Vesting Period, while the consequent assignment of the shares is envisaged as follows:

- as regards the Executive Directors who benefit from the LTI Plan: for 50% within 30 days of approval of the Company's consolidated financial statements relative to each Annual Vesting Period and for the remaining 50% within 30 days of approval of the Company's consolidated financial statements relative to the Long-Term Vesting Period;
- as regards the Key Management Personnel benefiting from the LTI Plan: in full within 30 days of approval of the Company's consolidated financial statements relative to the Long-Term Vesting Period[2].

The LTI Plan envisages the application of the claw-back. More specifically, if in the 12 months following the Date of Assignment, it should be found that the Beneficiary has acted wilfully (i) to alter the data used to determine the Performance Objective or (ii) has significantly damaged (financially or otherwise) the Company and/or Group, the beneficiary shall return the shares assigned to the Company or an amount equal to their value at the date of assignment.

2024-2026 LTI Plan

With reference to the vesting terms of the rights pursuant to the LTI Plan for 2024-2026, which will be submitted to the shareholders' meeting on 26 April 2023, it is noted that it shall run for multiple years and is divided up into three Annual Vesting Periods and one three-year Long-Term Vesting period, after which the reference period shares will be assigned.

The right to receive the shares concerned by the LTI Plan is attributed at the end of each Annual Vesting Period, while the consequent assignment of the shares is envisaged as follows:

- as regards the Executive Directors who benefit from the LTI Plan: for 50% within 30 days of approval of the Company's consolidated financial statements relative to each Annual Vesting Period and for the remaining 50% within 30 days of approval of the Company's consolidated financial statements relative to the Long-Term Vesting Period;

- as regards the Key Management Personnel benefiting from the LTI Plan: in full within 30 days of approval of the Company's consolidated financial statements relative to the Long-Term Vesting Period.

The LTI Plan envisages the application of the claw-back. More specifically, if in the 12 months following the Date of Assignment, it should be found that the Beneficiary has acted wilfully (i) to alter the data used to determine the Performance Objective or (ii) has significantly damaged (financially or otherwise) the Company and/or Group, the beneficiary shall return the shares assigned to the Company or an amount equal to their value at the date of assignment.

L) Information on the clauses for keeping financial instruments in the portfolio after their acquisition, with indication of the holding periods and the criteria used to determine such periods.

The 2018 Stock Options Plan establishes that beneficiaries shall also make the irrevocable commitment to the Company to continuously hold at least 20% of the shares subscribed or purchased following exercise of the options, until expiry of the following terms:

- for Executive Directors, until the definitive cessation of the mandate;

[2] In both cases, this is without prejudice to the possibility for the Board of Directors to establish different conditions (to be indicated specifically in the letter of attribution of the individual beneficiary).

- for Key Management Personnel, for a period of 3 (three) years from expiry of the exercise period during which they exercised the related options.

The LTI Plan does not specify any limits to transfers (lock-ups) of shares once they have been assigned to their respective beneficiaries. The subsequent transfer of shares will be regulated by applicable legislative and regulatory provisions. The rights assigned in accordance with the LTI Plan cannot instead be transferred (except, once accrued, in the event of the beneficiary's death).

M) Policy on benefits in the event of resignation or termination of employment.

The Remuneration Policy envisages the possibility for the Company to enter into agreements (i) with Directors, regulating *ex ante* the economic aspects in the event of cessation from office or in relation to any early termination of the contract by the Company or party concerned, except as better specified at the next paragraph; and (ii) with Key Management Personnel, which envisage indemnity in the event of resignation or dismissal/revocation without just cause or if the contract of employment ceases following a public takeover bid.

Severance indemnity for Key Management Personnel consists of the indemnity accrued in accordance with national collective bargaining agreements. Moreover, in the event of mutual agreement to terminate the contract of employment, the collective bargaining agreements applied by the Group in Italy, envisage the disbursement of severance indemnity at terms and conditions that are predetermined and not discretionary, to the managers to whom said agreements apply. Key Management Personnel whose contract of employment with the Group is not regulated by such collective bargaining agreements are assigned severance indemnity programmes at terms and conditions that are not discretionary and are prepared by the Group.

In addition, the Company may also sign after seeking the opinion of the Remuneration Committee and in line with regulations governing related party transactions, non-compete agreements with the members of the Board of Directors and with Key Management Personnel, as well as with other senior managers holding particularly important roles; these may envisage the payment of an indemnity commensurate to the terms and extension of the non-compete clause included in said contract. The obligation refers to the segment in which the Company operates at the time of stipulation and the relevant geographic market. The extension of the obligation varies according to the role held by the obliged subject at the date of stipulation.

As detailed in Section II – part I - paragraphs 6.1 and 6.2 of the Report, the Directorship Agreements in place with the Chairman of the Board of Directors, Alessandro Mattiacci, and with the director assigned delegations, Massimo Canturi, envisage forms of indemnity in the event of termination of contract in a good leaver hypothesis and the payment of only the *pro-rata temporis* vested amount in the event of a bad leaver.

As specified in Section II - part I - paragraph 5.8 of the Report, the LTI Plan states that:

(i) in the event of termination of contract in the hypothesis of a good leaver before the date of assignment, or in any case before delivery of the Shares for each vesting period, the beneficiary (or his heirs) may maintain the right to receive a *pro rata* quantity, at the discretion and consideration of the Board of Directors on the basis of that effectively accrued and the achievement of the plan objectives referring to the last date of the last approved annual consolidated financial statements;

(ii) in the event of termination of contract in the hypothesis of a bad leaver before the date of assignment, or in any case before delivery of the Shares for each vesting period, the beneficiary shall definitively and entirely lose the right to receive Shares, even if vested on a *pro rata temporis* basis.

N) Information on the presence of additional, non-mandatory insurance, welfare or pension provisions

As indicated in Paragraph G above, non-monetary benefits may include insurance policies covering the third party liability of directors and managers (termed "D&O" insurance), life policies, accident policies and supplementary, non-mandatory medical cover.

O) Remuneration policy applied for: (i) Independent Directors, (ii) participation in committees and (iii) performance of particular duties.

As indicated in Paragraph F.2.3 above, the Policy envisages the attribution of an additional fixed compensation to Non-Executive Directors and Independent Directors who are part of Board Committees, to suitably remunerate the additional work and commitment they carry out and assure to the benefit of the Company.

If the Executive Directors are members of the Committees established within the Board, it is the Board itself, which, having consulted with the Committee and the Board of Auditors, assesses the possibility of attributing additional fixed compensation or one-off extraordinary compensation, depending on the additional commitment and work made available to the Company's benefit.

For more information and for information about the remuneration of Directors assigned specific duties, please refer to the description given in Paragraph F) above.

P) Indications on the potential use, by way of reference, of remuneration policies of other companies

The Company's Remuneration Policy has been prepared in respect, in particular, to the remuneration paid to Executive Directors, the policies applied by the main listed Italian companies comparable to the Company in terms of size and business segment.

Q) Policy governing discretionary components and/or exceptional circumstances

With the precise aim of strengthening retention and loyalty of key resources to the Group's growth and development, of rewarding the most outstanding performance and remunerating particularly significant efforts in extraordinary transactions and projects, as well as supporting any evolutions of the Business Plan and appreciating the specificity of the current period experienced of the industry, the Company reserves the right to disburse forms of extraordinary remuneration ("one-off bonuses") for up to a maximum amount, with specific reference to Executive Directors, equal to the MBO bonus achieved at Target level and following Board of Directors' approval, on the proposal of the Remuneration Committee and after consulting with the Board of Auditors for competence; this is without prejudice to measures in place on related party transactions as per the Related Party Transactions Procedure, where applicable.

In addition, where exceptional circumstances apply - thereby meaning, in accordance with Art. 123-*ter*, paragraph 3-*bis* of the Consolidated Law on Finance, only situations in which the derogation to the Remuneration Policy is necessary in order to pursue the long-term interests and sustainability of the Company as a whole or assure its capacity to operate on the market - or in the case of extraordinary transactions having a significant impact on business, the Company may derogate to the following elements of the Remuneration Policy:

a) variation of the ratio of fixed component and variation component of the remuneration;

b) variation of the performance objectives, in relation to MBOs and medium/long-term monetary incentives, where such are resolved;

c) attribution of an annual bonus (in lieu of or in addition to the MBO), parametrised to the objectives set by the Board of Directors, on the proposal of the Remuneration Committee, and, if applicable, having consulted with the Board of Auditors;

d) attribution of a one-off monetary bonus;

e) type of benefits recognised;

f) variation of remuneration plans based on shares or other financial instruments in accordance with Art. 114-bis of the Consolidated Law on Finance and, in particular, variation of the performance objectives set out therein.

These derogations must be adopted by means of specific resolution of the Board of Directors, on the proposal or in any case having first obtained the favourable opinion of the Remuneration Committee, expressed by grounded resolution and after consultation with the Board of Auditors, according to the Related Party Transactions Procedure adopted by the Company.

§°§°§

SECTION II

COMPENSATION RECEIVED IN 2022 BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF AUDITORS AND BY KEY MANAGEMENT PERSONNEL

This Section II, which in turn is structured into two Parts, provides a named indication of the compensation assigned to the administrative and auditing bodies and, in aggregate form, the compensation of Key Management Personnel paid in 2022. In compliance with Annex 3A, Scheme 7-bis of the Issuers' Regulation, the compensation of Key Management Personnel is specified in aggregate form insofar as none received a comprehensive compensation in 2022 that exceeded the comprehensive compensation attributed to Directors.

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PART I - ITEMS MAKING UP THE REMUNERATION

Part I of Section II offers a complete explanation of the items making up the remuneration of the members of the Board of Directors, the Board of Auditors and Key Management Personnel.

1. Remuneration

As approved by the Shareholders' Meeting, each member of the Board of Directors receives a fixed compensation. In accordance with Article 2389, third paragraph of the Italian Civil Code, the Board of Directors has resolved to attribute to Non-Executive Directors who are also members of the Committees established by the Board of Directors, an additional fixed compensation. Executive Directors receive additional fixed remuneration as resolved by the Board of Directors. The remuneration of Key Management Personnel is determined by the related contracts of employment. The practice applied in terms of remuneration in 2022 is in line with the principles described in Paragraph E above.

1.1 Fixed and variable remuneration of Directors

The Ordinary Shareholders' Meeting held on 26 April 2022 resolved to attribute the Board of Directors that had taken up office on that same date, comprehensive annual gross fixed compensation of Euro 1,500,000.00, including emoluments relative to specific duties, in accordance with Art. 2389, paragraph 3 of the Italian Civil Code and Art. 22 of the Articles of Association.

By resolution passed on 26 April 2022, after seeking the opinion of the Remuneration Committee and the Board of Auditors, the Board of Directors allocated the following gross comprehensive compensation for FY 2022, as follows:

(i) a gross annual Euro 15,000.00 for each director;

(ii) a gross annual Euro 7,000.00 for each director member of the Control, Risks and Sustainability Committee, the RPT Committee and the Remuneration Committee;

(iii) the following gross annual compensation in the favour of the Executive Directors:

BoD ALKEMY S.p.A. - 2022	Fixed	Variable
	Gross annual remuneration	**Gross annual remuneration**
Duccio Vitali (CEO)	-	-
Mattiacci Alessandro (Chairman)	226,600	100,000
Massimo Canturi (GM)	250,000	

specifying that:

a) the Chief Executive Officer of the Company, Duccio Vitali, has **not** been attributed fixed emoluments for this role, insofar as they are included in the gross annual remuneration of Euro 250,000 assigned by way of fixed emoluments and the gross variable Euro 100,000 he receives as Company manager, and which is inclusive of the gross annual compensation of Euro 15,000 by way of member of the board of directors;

b) the variable compensation assigned to the directors Duccio Vitali and Alessandro Mattiacci will accrue subject to the Company's achieving the business objectives established in the 2021-2023 Business Plan, approved by resolution passed on 11 December 2020.

2022	period Months	Compensation fixed	number of committees	Compensation delegations	Compensation variable	total
Alessandro Mattiacci	12	15,000		211,600		**226,600**
Duccio Vitali	12					-
Vittorio Massone	4	5,000		11,667		**16,667**
Riccardo Lorenzini	12	-	1	-		-
Andrea Di Camillo	4	5,000	3	7,000		**12,000**
Giorgia Abeltino	4	5,000	2	4,667		**9,667**
Giulia Bianchi Frangipane	12	15,000	3	21,000		**36,000**
Serenella Sala	12	15,000	3	16,333		**31,333**
Massimo Canturi	12	15,000		235,000		**250,000**
Ada Villa	8	10,000	2	9,333		**19,333**
						601,600

The Chairman of the Board of Directors, the Chief Executive Officer and the General Manager are all Beneficiaries of the LTI Plan, the characteristics of which are described in the related regulation and summarised in paragraph 5 below in this Section II. Below is the summary of the LTI Plan for FY 2022, compared with FYs 2020 and 2021.

Allocation no. shares CEO + Chairman		2020 as per plan	2020 as per plan	2021 assigned	2021 as per plan	2022 assigned	2022 as per plan
€112,500	no. of shares EBITDA	13,522	6,761	18,029	22,536	18,029	12,395
€37,500	no. of shares EBITDA Margin[1]	4,507	4,507				
€150,000		**18,029**	**11,268**	**18,029**	**22,536**	**18,029**	**12,395**
beneficiaries	2		**22,536**		**45,073**		**24,790**
Breakdown of shares Director with delegations		as per plan	as per plan	as per plan	as per plan	as per plan	as per plan
€112,500	no. of shares EBITDA			15,789	19,736	15,789	10,855
€37,500	no. of shares EBITDA Margin[1]						
€150,000		**-**	**-**	**15,789**	**19,736**	**15,789**	**10,855**

Each member of the Board of Directors has the right to receive reimbursement of costs incurred by virtue of the office held. The practice applied in terms of remuneration in 2022 is in line with the principles described in Paragraph E above.

1.2 Remuneration of Auditors

The Shareholders' Meeting held on 26 April 2022 determined the compensation due to the board of auditors, as follows:

a) Euro 24,000.00 to the Chairman of the Board of Auditors, per year;

b) Euro 18,000.00 to each Standing Auditor, per year.

No monetary and non-monetary benefits are envisaged in the Auditors' favour, nor any variable compensation.

2. Remuneration of Key Management Personnel

Key Management Personnel received the fixed portion of remuneration determined by the respective contracts of employment, including emoluments due in accordance with applicable provisions of law and contract (holidays, transfer indemnities, etc.).

In line with the 2021 Remuneration Policy, Key Management Personnel took part in the annual MBO incentive plan. As the Company has exceeded the Group's target EBITDA results for FY 2022, which was the condition for recognition of the variable compensation linked to the MBO, the latter will be assigned in full.

Key Management Personnel are beneficiaries of the LTI Plan. Below is the summary of the LTI Plan for FY 2022, compared with FY 2021.

Allocation of no. of shares	(Managers: Zoggia, Fontana, Meacci)	2020 as per plan	2020 assigned	2021 as per plan	2021 assigned	2022 as per plan	2022 assigned
€40,000	no. of shares EBITDA	4,807	2,404	7,211	9,014	7,211	5,409
€20,000	no. of shares EBITDA Margin[1]	2,404	2,404				
€15,000	no. of grant shares	1,803	1,803	1,803	1,803	1,803	1,352
€75,000	total no. of shares[1]	**9,014**	**6,611**	**9,014**	**10,817**	**9,014**	**6,761**
			19,833		**32,450**		**20,283**

Allocation of no. of shares	(managers Bosco, Benasso)	2020 as per plan	2020 assigned	2021 as per plan	2021 assigned	2022 as per plan	2022 assigned
€40,000	no. of shares EBITDA					3,650	2,509
€20,000	no. of shares EBITDA Margin[1]						
€0	no. of grant shares						
€60,000	total no. of shares[1]					**3,650**	**2,509**

3. Non-monetary benefits

For executive directors, the Company has stipulated an insurance policy to cover the third party liability of directors and managers (termed D&O).

Executive Directors and Key Management Personnel are entitled to company cars for both personal and professional use, life policies, injury policies and supplementary medical cover. The related benefits are calculated in compliance with tax legislation and form part of their gross remuneration. The practice applied in terms of remuneration in 2022 is in line with the principles described in Paragraph E above.

The items comprising the remuneration are detailed in Table 1, as per Annex 3A, Scheme 7-bis, of the Issuers' Regulation, given in the appendix to Part II of this Section.

4. Incentive plans based on financial instruments

Below are the Stock Option Plans and other incentive plans based on financial instruments implemented and/or to be implemented by the Company.

4.1. 2019 award

On 10 July 2019, the Board resolved to issue up to 147,500 new ordinary shares with no par value and regular dividend (applicable to the share capital increase resolved on 16 November 2017), to be reserved for subscription by the beneficiaries of a 24-month stock option plan (the "**2019-2020 Stock Option Plan**"), in respect of the award of an equal number of options that can be exercised in respect of the payment by beneficiaries of said nominal value, plus a premium of Euro 1,717,991.50.

In accordance with the 2019-2020 Stock Option Plan Regulation, the Options are divided up into two categories: (i) gross operating profit Options, which can only be exercised if the gross operating profit targets established by the Board of Directors at the end of the Vesting Period are achieved and in the amount of 70% of all Options assigned to each Beneficiary; and (ii) the Performance Options, which can be exercised, again at the end of the Vesting Period in a number equal to the residual 30%, upon achieving the performance objectives assigned individually to each Beneficiary.

In accordance with the 2019-2020 Stock Option Plan Regulation, it is envisaged that the maturation period of the Options shall end at the end of the second corporate year after that in progress when the Options were attributed (the "**Vesting Period**") and that the Options can be exercised within 90 calendar days from the date of approval of the financial statements at 31 December 2020.

The 147,500 Options concerned by the Plan have been assigned to 31 employees of the Company and the Alkemy Group, as well as (in the amount of 51,000) to 3 key management personnel (Claudio Benasso, Oscar Zoggia and Ciro Morra).

On 27 August 2019, the Board of Directors partially amended the 2019/2020 Stock Option Plan to approve an extension of its duration to 36 months but only in connection with the Key Management Personnel, ruling that for such subjects, a new plan, the "**2019-2021 Stock Option Plan**" would be adopted, governed by a regulation with the exact same contents as that of the 2019/2020 Stock Option Plan, apart from, naturally, the term.

Options accrued under the scope of the 2019-2020 Stock Option Plan were exercised during the second half of 2021.

The Options vested under the scope of the 2019-2021 Stock Option Plan have not been exercised by the Beneficiaries for reasons tied to the market value of the Alkemy security.

5. 2020-2023 Long-Term Incentive Plan

On 15 November 2019, with the favourable opinion of the Remuneration Committee and the Related Party Transactions Committee (issued respectively on 12 and 13 November 2019), having also consulted with the Board of Auditors, the Board of Directors approved a plan for the free assignment of ordinary shares in the Issuer, called the "**2020-2023 Long-Term Incentive Plan**" (the "**LTI Plan**"), concerning the free assignment of ordinary shares in the Company, in the favour of Beneficiaries (as defined below), which will run from the Trading Start Date until 31 December 2023. The Plan is governed by a specific regulation that lays down the relevant terms and conditions (the "**LTI Regulation**").

On 26 April 2021, the Company's shareholders' meeting approved - with effect from 1 January 2021 - the changes to the LTI Plan and LTI Regulation, as approved by the Board of Directors on 11 December 2020, following the favourable opinions given by the Remuneration Committee, the RPT Committee and the Board of Auditors.

Below are the essential elements of the LTI Plan and its regulation.

5.1. LTI Plan beneficiaries

The LTI Plan is intended for the Chairman of the Board of Directors, the Chief Executive Officer, the General Manager and the 5 Key Managers of the Company, without prejudice to the fact that the Board may identify additional beneficiaries from amongst the Executive Directors and Key Management Personnel (including of Group companies) in compliance with the provisions of the LTI Regulation (jointly the "**Beneficiaries**" and, for each category, the "**Beneficiary Executive Directors**" and the "**Beneficiary Key Management Personnel**").

5.2. LTI Plan purposes and objectives

The objectives pursued through the adoption of the LTI Plan, also in terms of the purpose pursued through a long-term incentive system, are those set out hereto:

- to align the interests of the Beneficiaries with those of the shareholders and the objectives of the Company's business plan as a whole;

- to tie the remuneration of Beneficiaries, as persons playing a key role in the achievement of Alkemy's objectives, to the economic results achieved by the Company and the Group and to achieving the specific objectives set for the medium/long-term;
- to support and reward the achievement of long-term objectives, allowing for the pursuit of the priority objective of creating value of the medium/long-term;
- to support the attraction, retention and engagement of key resources in line with the business culture, at the same time pursuing an efficient choice relative to the costs generated by the Incentive Plan.

5.3. Approval process

The LTI Plan was defined in collegial form, without the key contribution by the individual directors. The Board of Directors is the body responsible for managing the LTI Plan, with the faculty to sub-delegate, in compliance with and subject to the provisions of the LTI Regulation.

5.4. Extraordinary transactions

If events take place that are not specifically regulated by the LTI Regulation, namely:

(i) extraordinary transactions involving the Company's capital, and, merely by way of example, reductions of capital for losses through the cancellation of shares, increases in the Company's capital, free of charge or in exchange for payment, in option to shareholders or with the exclusion of option rights, potentially also to be released through conferral in kind, grouping or splitting of shares that may impact shares;

(ii) mergers or spin-offs, purchase or sale of equity investments, businesses or business units;

(iii) legislative or regulatory changes or other events that may impact the rights of the LTI Plan, shares or the Company;

the Board of Directors may (but will not be required to) make all changes and supplements to the LTI Regulation, after consulting with the Remuneration Committee, as held to be necessary or appropriate in order to keep the substantive and economic contents of the LTI Plan unchanged, within the limits permitted by regulations in force over time.

5.5. Changes to the corporate structure

If, during the validity of the LTI Plan and LTI Regulation:

(i) a public takeover bid or a public bid of exchange should be submitted in regard to the shares; or

(ii) the shares should be delisted from the MTA;

the Board of Directors, at its discretion, shall have the right to grant Beneficiaries the opportunity of receiving all or part of the Shares (as defined herein) due to them early, even regardless of whether or not the Plan Objectives (as defined below) envisaged have effectively been achieved; it may also rule on the early termination of the LTI Plan. This decision will be binding on the Beneficiaries. The shares used for the LTI Plan may be obtained, at the Board of Directors's discretion, by means of (i) share capital increases in accordance with Art. 2349 of the Italian Civil Code or (ii) the purchase of treasury shares on the market, without prejudice to the fact that, at the Company's discretion, the incentive to Beneficiaries may be paid in cash (rather than in Company Shares).

During LTI Plan execution, subject to the admission to trading of the Company's Shares, the market will be informed, where envisaged by regulatory and legislative provisions in force over time. The Beneficiaries must comply with provisions on the abuse of inside information envisaged by applicable legislation and regulations, in particular with reference to the disposal of Shares, potentially assigned after verifying that the Performance Objectives have been achieved.

5.6. The characteristics of the attributed instruments

The Plan establishes that the attribution of the right to receive the Shares and the assignment of the Shares, shall take place free of charge. The Incentive Plan runs for multiple years and is divided up into four Annual Vesting Periods and one Long-Term Vesting Period, after which the Shares of the reference period will be assigned. For more details on the vesting period, refer to Paragraph K) of Section I of this Report.

The right to receive the Shares will be attributed personally to each Beneficiary. The Shares assigned in accordance with the Plan (the "**Shares**") will be of regular dividend and, therefore, equal to that of the other outstanding Shares at the date of their issue. The basic number of Shares to be assigned to each Beneficiary will be calculated taking into account the market value of the Company's Shares at the date of attribution of the right, so as to assign a basic number of Shares that, on that date, is worth Euro 75,000, in the case of Beneficiary Key Management Personnel, and Euro 150,000 in the case of Beneficiary Executive Directors, for each Annual Vesting Period. The basic number of Shares for Beneficiary Executive Directors shall consist entirely of Target Shares (as defined herein), while the basic number of Shares for Key Management Personnel will comprise 80% Target Shares and 20% Grant Shares (as defined herein).

5.7. Objectives

The assignment of shares is subject to the verification by the Board of Directors: (i) that at the Share assignment date, there is a relationship in place between the Beneficiary and the Company; and (ii) that the following Objectives have been achieved:

<u>2020 Vesting Period</u>:

- "**Gross operating profit Objective**": i.e. the achievement of certain levels of gross operating profit in terms of the consolidated Group results, determined in line with the Business Plan, using the term "gross operating profit" to mean the period profit adjusted for: period income tax, gains/losses deriving from transactions in foreign currencies, financial income, financial expense, amortisation, depreciation and impairment and provisions made, to be calculated including extraordinary transactions;
- "**Gross operating profit Margin Objective**": i.e. the achievement of certain levels of EBITDA margin on a consolidated Group level, determined in line with the Business Plan, using the term "EBITDA margin" to mean the ratio of gross operating profit and total revenue from sales and services (together with the "gross operating profit Objective", the "**Performance Objectives**");
- "**Retention Objective**": i.e. within 30 days of the end of the Long-Term Vesting Period, the Board will verify compliance with the Retention Objective for Key Management Personnel, so as to Assign the Grant Shares (as indicated below).

Upon achieving the Performance Objectives, the target shares ("**Target Shares**") will be assigned, whilst upon achievement of the Retention Objective, the grant shares ("**Grant Shares**") will be assigned to Key Management Personnel. The basic number of Shares to be attributed to the Executive Directors will consist entirely of Target Shares, of which 75% correlated to the achievement of the gross operating profit Objective and 25% to the achievement of the gross operating profit Margin Objective. The basic number of Shares to be assigned to Key Management Personnel will comprise 80% Target Shares and 20% Grant Shares. In turn, the Target Shares will be correlated, for a "theoretical" equivalent value of Euro 40,000 to the Consolidated gross operating profit Objective and for a "theoretical" equivalent value of Euro 20,000 to the gross operating profit Margin Objective.

Performance Objectives are independent of each other and will therefore be calculated independently for each Annual Vesting Period. The effective Target Shares to be assigned to each Beneficiary in the event that the Performance Objectives are achieved, considered individually, shall be calculated as follows:

2020 gross operating profit Objective (Euro/thousand)	7,500

2020 EBITDA Margin Objective	7.9%

EBITDA Objective/EBITDA Margin Objective	
Performance of the individual indicator (in terms of % of the individual Performance Objective, for each Annual Vesting Period)	*Shares to be Assigned per individual Performance Objective (as a % of the Basic Number of Shares for each Annual Vesting Period)*
less than 70%	0%
less than 80%	25%
less than 90%	50%
less than 100%	80%

greater than or equal to 100%	100%

No right shall be due to Beneficiaries in connection with the Target Shares that are not assigned due to failure to achieve all or part of the gross operating profit Objective at the end of the 2020 Vesting Period.

2021 Vesting Period. 2022 Vesting Period: and 2023 Vesting Period:

- "**gross operating profit Objective**" period: i.e. the achievement of certain levels of gross operating profit in terms of the consolidated Group results[3], determined in line with the Business Plan, using the term "gross operating profit" to mean the period profit adjusted for: period income tax, gains/losses deriving from transactions in foreign currencies, financial income, financial expense, amortisation, depreciation and impairment and provisions made, to be calculated excluding extraordinary transactions;
- "**Retention Objective**": i.e. within 30 days of the end of the Long-Term Vesting Period, the Board will verify compliance with the Retention Objective for Key Management Personnel, so as to Assign the Grant Shares (as indicated below).

Upon achieving the gross operating profit Objective, those entitled will be assigned the Target Shares; upon achieving the Retention Objective, the Grant Shares will be assigned. The basic number of Shares to be attributed to the Executive Directors will consist entirely of Target Shares, of which 100% to the achievement of the gross operating profit Objective. The basic number of Shares to be assigned to Key Management Personnel will comprise 80% Target Shares and 20% Grant Shares. In turn, the Target Shares will be correlated, for a "theoretical" equivalent value of Euro 60,000, to the gross operating profit Objective.

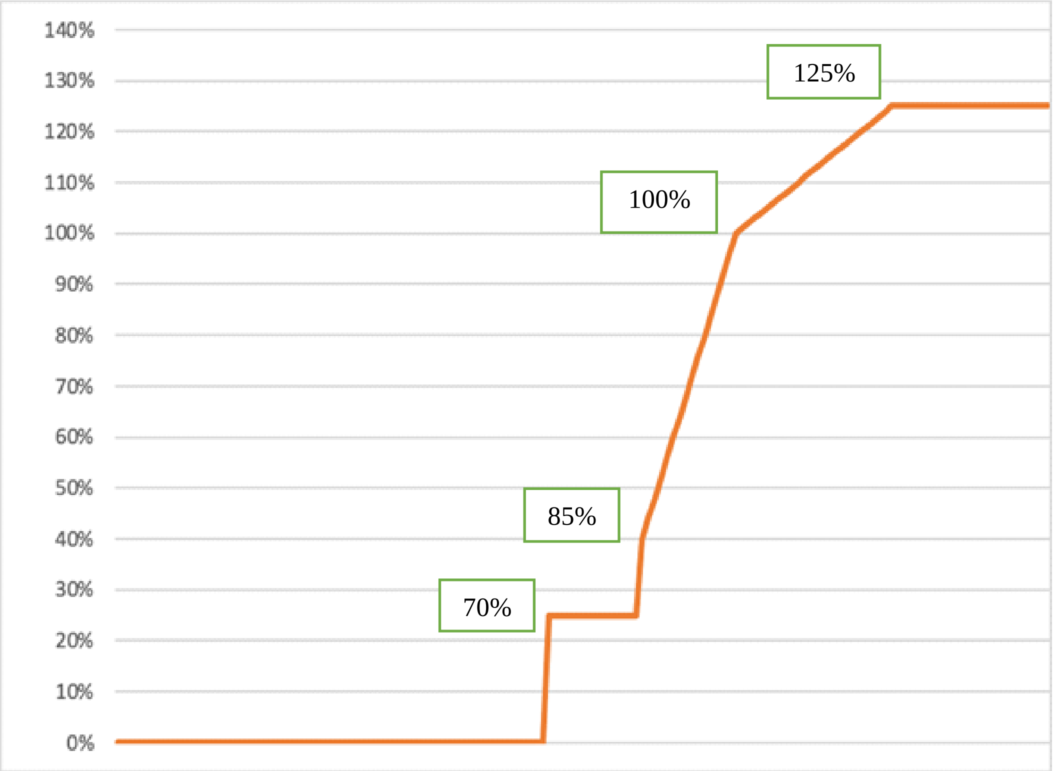
The gross operating profit Objective will be calculated for each Annual Vesting Period. The effective Target Shares to be assigned to each Beneficiary in the event that the gross operating profit Objective is achieved, considered individually, shall be calculated as follows:

gross operating profit Objective	**2021**	**2022**	**2023**
gross operating profit (Euro/thousands)	8,042	11,539	15,916

gross operating profit Objective	
Performance of the individual indicator (in terms of % of the gross operating profit Objective, for each Annual Vesting Period)	*Shares to be Assigned for the gross operating profit Objective (as a % of the Basic Number of Shares for each Annual Vesting Period)*
less than 70% ("**Minimum Performance Objective**").	0%
Greater than 70% but less than 85%	25% and growing according to the line shown in the diagram below, calculated using the linear interpolation method, as a percentage up to a maximum of 85%
greater than 85% but less than 100%	40% and growing according to the line shown in the diagram below, calculated using the linear interpolation method, as a percentage up to a maximum of 100%
greater than 100% but less than 125%	100% and growing according to the line shown in the diagram below, calculated using the linear interpolation method, as a percentage up to a maximum of 125%

[3] In accordance with the LTI Plan, the term "Group" is used to refer to: Alkemy and the companies headed by it at the approval of the LTI Plan, as well as Design Group Italia S.r.l. (including options for the completion of the purchase of such companies) and XCC S.r.l.

greater than or equal to 125%	125%



Failure to achieve the Minimum Performance Objective will prevent the assignment of Shares correlated to the achievement of the gross operating profit Objective, unless otherwise resolved by the Board of Directors in a more favourable sense for the Beneficiaries.

No right shall be due to Beneficiaries in connection with the Target Shares that are not assigned due to failure to achieve all or part of the gross operating profit Objective at the end of the 2021 Vesting Period and/or 2022 Vesting Period.

5.8. Share Assignment

Once the achievement of all or part of the Performance Objectives has been verified (as per the tables above), the Target Shares will be assigned (i) to Executive Directors, 50% at the date of assignment in relation to the individual Annual Vesting Period, and the remaining 50% at the Date of Assignment relative to the Long-Term Vesting Period, without prejudice to the possibility for the Board of Directors to establish different conditions (to be indicated specifically in the letter of attribution to the individual Beneficiary); and (ii) to Key Management Personnel, in full, at the Date of Assignment relative to the Long-Term Vesting Period, without prejudice to the possibility for the Board of Directors to establish different conditions (to be indicated specifically in the letter of attribution to the individual Beneficiary).

The Grant Shares will be assigned to Key Management Personnel in full, at the date of assignment relative to the Long-Term Vesting Period, without prejudice to the possibility for the Board of Directors to establish different conditions (to be indicated specifically in the letter of attribution to the individual Key Manager).

The Plan also has *malus* and claw-back mechanisms, by virtue of which the Company shall be entitled not to assign the shares accrued or to obtain their full or partial return, if events should take place that harm the interests of the Company and/or Group.

6. Agreements envisaging indemnity in the event of the early termination of the contract of employment

6.1. On 02 December 2019, the Company entered into a directorship agreement with the Chairman of the Board of Directors, which, amongst others, envisages the recognition to the latter of indemnity in the amount of fifteen months' pay (to be increased by one month for each year of term of office, starting from any forthcoming renewal of office), calculated taking into account (i) the value of the annual fixed emoluments, (ii) 100% of the short-term variable emoluments; and (iii) the equivalent annual value of the shares concerned by the 2019 Incentive Plan, in the event of cessation of the directorship agreement, as a "good leaver" (i) revocation by the Company of office and/or delegations assigned without just cause; (ii) waiver by the Director of office for just cause; (iii) death and/or disability and/or illness making it impossible to continue the directorship agreement with the Company; (iv) failure to renew the Director in office and the delegations assigned after the first renewal of the Company's corporate bodies (i.e. at approval of the financial statements for the year ending on 31 December 2021) for each subsequent three-year period; and (v) forfeiture of the Company's Board of Directors occurring in any term of the mandate as director, not followed by a renewal of the Director in office and the delegations assigned, at the conditions laid down by the Directorship Agreement 1.

6.2. On 27 July 2020, the Company entered into a directorship agreement with the Executive Director Massimo Canturi that envisages, amongst others, the recognition to the latter of an all-inclusive amount that does not exceed the total compensation due by virtue of the Directorship Agreement 2 (from which the amount already paid *pro rata temporis* to him up until the date of effect of termination of the office of director, must be deducted) by way of indemnity in the event of early termination of the office of director, without his being considered a "bad leaver" (he is considered a "bad leaver" in cases of: (i) revocation for gross misconduct or gross negligence in going about his duties and fulfilling obligations deriving from the law and the Company's Articles of Association; (ii) conviction for any of the offences pursuant to Italian Legislative Decree no. 231/2001 for offences committed against the interests of the Company or other Group companies, for personal gain; (iii) breach of any of the obligations to confidentiality and prohibition of reversal envisaged by contract; (iv) existence with a director of any grounds for forfeiture of office in accordance with Art. 2382 of the Italian Civil Code and (v) resignation from office or failure to accept appointment without just cause). In addition, in derogation to this provision, the Directorship Agreement 2 establishes that in the event of death or onset impossibility of the service due to physical or psychological incapacity (due to illness or injury) of the Executive Director Mr Canturi, which entails a period of incapacity of more than 6 months and if at least 12 months have passed since the appointment, he or his heirs shall be entitled to receive 50% of the all-inclusive amount by way of indemnity indicated above.

Finally, the agreement in question envisages a prohibition of reversal for the executive director, for the entire term of office and for 12 months after cessation. The remuneration for this commitment is included in the contracted compensation.

6.3. With reference to the effects of the early termination of the contract with the Chairman of the Board of Directors (and the Chief Executive Officer, Duccio Vitali), in accordance with Art. 14 of the LTI Regulation: (i) in the event of termination following a "bad leaver" hypothesis, before the Date of Assignment or in any case before delivery of the Shares for each Vesting Period, the Chairman shall definitively and fully forfeit the Right to Receive Shares, even if accrued *pro rata temporis*; (ii) in the event of cessation following a "good leave" hypothesis, before the Date of Assignment or in any case before delivery of the Shares for each Vesting Period, the Chairman and the Chief Executive Officer (or their heirs) may maintain the right to receive a pro-rata quantity, at the sole discretion of the Board of Directors on the basis of that effectively accrued and the achievement of the Plan Objectives referring to the last date of the last approved annual consolidated financial statements.

No other agreements were signed envisaging indemnity in the event of the early termination of the contract with Directors, Auditors and Key Management Personnel, save for the application to the latter of any agreements set out in applicable national collective bargaining agreements.

The Beneficiary Key Management Personnel of the LTI Plan have entered into agreements with the Company setting out commitments to confidentiality and non-solicitation for a period of 12 months from the date of termination of their relationship with the Company. The remuneration of these commitments is included in the benefits obtained from adhesion to the LTI Plan.

7. Derogations to the Remuneration Policy for FY 2022.

No derogations were made to the Remuneration Policy for FY 2022.

8. Application of *ex post* correction mechanisms.

In FY 2022, with reference to the variable component of remuneration, no *ex post* correction mechanisms were applied.

9. Change to remuneration and comparative information.

Below are comparisons and totals of the following: (a) the annual change in total compensation (including fixed compensation, compensation for participating in committees, non-equity variable compensation, non-monetary benefits, other compensation) of the members of the Board of Directors and Board of Auditors relative to FYs 2020, 2021 and 2022 and (b) average remuneration, calculated on a full-time equivalent basis, of employees (managers and office workers) of the Company, other than those listed under letter (a) above, on the workforce at the date, respectively, of 31 December 2020, 2021 and 31 December 2022. The figures listed for compensation are in euros.

Name and surname	Office	Compensation 2022	% change	Compensation 2021	% change	Compensation 2020	% change	Compensation 2019
Alessandro Mattiacci (1)	Chairman of the Board of Directors	226,600	-31%	326,600	44%	226,600	-9%	250000
Vittorio Massone	Deputy Chairman	16,667	-67%	50,000	-43%	87,500	-13%	100000
Duccio Vitali (1)	Chief Executive Officer	250,000	-29%	350,000	40%	250,000	0%	250000
Massimo Canturi (1)	General Manager	250,000	0%	250,000	100%	125,000	=	0
Andrea Di Camillo (2)	Independent director	12,000	-67%	36,000	0%	36,000	163%	13700
Serenella Sala (2)	Independent director	31,333	42%	22,000	0%	22,000	193%	7500
Giulia Bianchi Frangipane (2)	Independent director	36,000	0%	36,000	0%	36,000	380%	7500
Giorgia Abeltino (2)	Independent director	9,667	-67%	29,000	0%	29,000	287%	7500
Ada Villa	Independent director	19,333						
Mauro Bontempelli	Chairman of the Board of Auditors	20,000	-17%	24,000	0%	24,000	33%	18,000
Gabriele Gualeni	Regular Auditor	22,000	22%	18,000	0%	18,000	20%	15,000
Daniela Bruno	Regular Auditor	18,000	0%	18,000	0%	18,000	20%	15,000

	2022	% change	2021	% change	2020
AVERAGE EMPLOYEE REMUNERATION	54	6%	54	-6%	57

Below are comparisons and totals of the Company's results, on the basis of the data given in the statutory financial statements, relative to FYs 2020, 2021 and 2022. Figures are given in thousands of euros.

	2022	% change	2021	% change	2020
revenue	106,574	12%	95,185	27%	74,932
net profit	5,627	32%	4,271	134%	1,822

10. Vote cast by the Shareholders' Meeting on this section for last year

The Ordinary Shareholders' Meeting held on 26 April 2022 resolved in favour of Section II of the Report on Remuneration and Compensation Paid relative to FY 2021, with 4,736,572 votes in favour, accounting for 94.518% of those in attendance (274,742 votes not in favour, accounting for 5.482% of those in attendance, zero abstentions and no votes expressed in a manner that was not compliant with the instructions received or without instructions).

§°§°§

PART II - TABLES

Part II of this Section II provides an analytical report of the compensation paid in 2022 by any title and in any form to Directors, Auditors and Key Management Personnel by the Company and the other Group companies, using Table 1, envisaged by Annex 3, Scheme 7-bis of the Issuers' Regulation. The information is supplied separately with reference to the appointments in the Company and those held in subsidiaries and associates of the Group.

This Report also includes Table 1 and Table 2, envisaged by Annex 3, Scheme 7-ter of the Issuers' Regulation, which sets out the equity investments held in the Company and its subsidiaries, by the Directors, Auditors and Key Management Personnel, in compliance with Art. 84-quater, paragraph 4 of the Issuers' Regulation.

Finally, in execution of the recommendations set froth in the letter dated 23 January 2023 of the Chairman of the CG Committee on the "Transparency of remuneration policies on the weighting of the variable components", in connection with the remuneration of the CEO and other executive directors, an executive summary is included below, in table form, showing the composition of the remuneration package, indicating the characteristics and weight of the fixed, short-term variable and long-term variable components with respect to comprehensive remuneration, at least with reference to the achievement of the target objective of the variable components.

* * *

Table summarising the compensation due to the board of directors for FY 2022

2022	number of months 2022	Fixed compensation	Number of committees	Compensation for delegations	variable compensation	Total compensation
Alessandro Mattiacci	12	15,000		211,600	0	**226,600**
Duccio Vitali	12	(1)			0	**-**
Vittorio Massone	4	5,000		11,667	0	**16,667**
Riccardo Lorenzini	12	-	1	-	0	**-**
Andrea Di Camillo	4	5,000	3	7,000	0	**12,000**
Giorgia Abeltino	4	5,000	2	4,667	0	**9,667**
Giulia Bianchi Frangipane	12	15,000	3	21,000	0	**36,000**
Serenella Sala	12	15,000	3	16,333	0	**31,333**
Massimo Canturi	12	15,000		235,000	0	**250,000**
Ada Villa	8	10,000	2	9,333	0	**19,333**
					Total	**601,600**

(1) Classified as manager

TABLE 1: Compensation paid to members of administrative and auditing bodies, general managers and other key management personnel.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	appointed position	Period for which the office was held (months)	Expiry of office (1)	Fixed compensation	Compensation for participating in committees	Variable compensation (non equity)		Non-monetary benefits	Other compensation	total	Fair Value of equity compensation	Severance indemnity
						Bonuses and other incentives	Profit sharing					
Alessandro Mattiacci	Chairman	12	31/12/2024	226.600	=		=	company car	=	=	87.261	(2)
Duccio Vitali	Chief Executive Officer	12	31/12/2024	(4)	=	=	=	company car	=	=	87.261	(3)
Vittorio Massone	Deputy Chairman	4	31/12/2021	16.667	=	-	=	=	=	=	=	=
Riccardo Lorenzini	Director	12	31/12/2024	-	=	=	=	company car	=	=	=	=
Andrea Di Camillo	Director	4	31/12/2021	5.000	7.000	=	=	=	=	=	=	=
Giorgia Abeltino	Director	4	31/12/2021	5.000	4.667	=	=	=	=	=	=	=
Giulia Bianchi Frangipane	Director	12	31/12/2024	15.000	21.000	=	=	=	=	=	=	=
Serenella Sala	Director	12	31/12/2024	15.000	16.333	=	=	=	=	=	=	=
Ada Villa	Director	8	31/12/2024	10.000	9.333							
Massimo Canturi	Director with delegation	12	31/12/2024	250.000	=	-	=	=	=	=	103.123	=
Managers	5	12	(5)	749.000	=	-	=	company car	=	=	225.288	(5)
(I) Compensation in the company drafting the financial statements				**1.292.267**	=	=	=	=	=	=	=	
(II) Compensation from subsidiaries and associates				-	=	=	=	=	=	=	=	
(III) Total				**1.292.267**	=	=	=	=	=	=	**502.932**	

(1) the expiry date of office is that of approval of the financial statements relative to the date specified
(2) 15 months of fixed compensation + 100% annual short-term incentive plan + 100% annual long-term incentive plan
(3) terms envisaged by the CCNL (Italian National Collective Bargaining Agreement) for trade managers ++ 100% annual short-term incentive plan + 100% annual long-term incentive plan
(4) the compensation for director is included in the payment for the position as manager (gross annual remuneration 250,000 euros, cost to company 354,000 euros); No variable compensation for 2022
(5) terms envisaged by the CCNL (Italian National Collective Bargaining Agreement) for trade managers

TABLE 2: Stock options assigned to members of the administrative body, general managers and other key management personnel

			Options held at the start of the year			Options assigned during the year									Options exercised during the year			Options expired during the year	Options held at year end	Options accrued during the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)		(9)	(10)		(11)	(12)	(13)	(14)	(15) =(2)+(5)-(11)-(14)	(16)
Name and surname	Office	Plan	Number of options	Strike price	Period of possible exercise (from - to)	Number of options	Strike price	Period of possible exercise (from - to)		Fair value at assignment date		Assignment date	Market price of underlying shares as assignment of the options		Number of options	Strike price	Market price of the underlying shares at exercise date	Number of options	Number of options	Fair Value
Alessandro Mattiacci	Chairman	=	=	=	=	=	=	=	=	=	=	=	=		=			=	=	=
Duccio Vitali	Chief Executive Officer	=	=	=	=	=	=	=	=	=	=	=	=		=			=	=	=
Vittorio Massone	Deputy Chairman	=	=	=	=	=	=	=	=	=	=	=	=		=			=	=	=
Riccardo Lorenzini	Director	=	=	=	=	=	=	=	=	=	=	=	=		=			=	=	=
Francesco Beraldi	Director	=	-	=	=	=	=	=	=	=	=	=	=		-		=	=	=	=
Andrea Di Camillo	Director	=	=	=	=	=	=	=	=	=	=	=	=		=		=	=	=	=
Giorgia Abeltino	Director	=	=	=	=	=	=	=	=	=	=	=	=		=		=	=	=	=
Giulia Bianchi Frangipane	Director	=	=	=	=	=	=	=	=	=	=	=	=		=		=	=	=	=
Serenella Sala	Director	=	=	=	=	=	=	=	=	=	=	=	=		=		=	=	=	=
Claudio Benasso	Director	=	=	=	=	=	=	=	=	=	=	=	=		=		=	=	=	=
Marinella Soldi	Director	=	=	=	=	=	=	=	=	=	=	=	=		=		=	=	=	=
Matteo de Brabant	Director	=	=	=	=	=	=	=	=	=	=	=	=		=		=	=	=	=
2 Managers			**20.000**												**-**			-	**-**	**0**
		2018-2021 plan (BoD resolution of 12/06/2018)	-	11,75 €	1/(4/2021-31/12/2021										0	11,75 €	11,02 €	0,00 €		0
(II) Compensation from subsidiaries and associates		Plan A (date of relevant resolution) Plan B (date of relevant resolution)	=	=	=	=	=	=	=	=	=	=	=	=	=					
Total			20.000																-	

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of members of the administrative body, general managers and other key management personnel

			Financial instruments assigned in previous years and not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the financial year and attributed		Financial instruments accrued during the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Office	Plan	Number and type of financial instruments	Strike price	Number and type of financial instruments	Fair value at assignment date	Vesting period	Assignment date	Market price at assignment	Number and type of financial instruments	Number and type of financial instruments	Value at vesting date	Fair Value
Alessandro Mattiacci	Chairman	LTP 2020-2023	-		- of shares	-	2022	50% at approval of the 2022 financial statements 50% at approval of the 2023 financial statements	-	- of shares	- of shares	-	-
Duccio Vitali	Chief Executive Officer	LTP 2020-2023	-		- of shares	-	2022	50% at approval of the 2022 financial statements 50% at approval of the 2023 financial statements	-	- of shares	- of shares	-	-
Massimo Canturi	General Manager	LTP 2020-2023	-		- of shares	-	2022	50% at approval of the 2022 financial statements 50% at approval of the 2023 financial statements	-	- of shares	- of shares	-	-
5 Managers		LTP 2020-2023	-		- of shares	-	2022	100% at approval of the 2023 financial statements =	-	- of shares	- of shares	-	-
(I) Compensation in the company drafting the financial statements		Plan A (date of relevant resolution)											
		Plan B (date of relevant resolution)											
(II) Compensation from subsidiaries and associates		Plan A (date of relevant resolution)											
		Plan B (date of relevant resolution)											
(III) Total			-		-	-			-		-	-	-

TABLE 3B: Monetary incentive plans in favour of members of the administrative body, general managers and other key management personnel

A	B	(1)	(2)			(3)			(4)
Name and surname	appointed position	Plan	2022 bonus			Bonus of previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	**deferred**	**Deferment period**	**No longer payable**	**Payable/paid**	**Still deferred**	
Alessandro Mattiacci	Chairman		**-**	**-**	**Jul-23**		=	=	=
Duccio Vitali	Chief Executive Officer		**-**	**-**	**Jul-23**		=	=	=
Managers	5		**-**	**-**	**Jul-23**	=	=	=	=
(I) Compensation in the company drafting the financial statements		Plan A (date of relevant resolution)	=			=			
		Plan B (date of relevant resolution)							
		Plan C (date of relevant resolution)							
(II) Compensation from subsidiaries and associates		Plan A (date of relevant resolution)	=			=			
		Plan B (date of relevant resolution)							
(III) Total			**-**	**-**				**-**	

Table 4: Equity investments of members of Administrative and Auditing Bodies, General Managers and other Key Management Personnel

Name and surname	appointed position	Investee company	Number of shares held at the end of the previous year	Number of shares purchased (**)	Number of shares sold	Number of shares held at year end
Alessandro Mattiacci (*)	Chairman	Alkemy spa	115,114	11,268		126,382
Duccio Vitali	Director	Alkemy spa	595,494	19,506		615,000
Riccardo Lorenzini	Director	Alkemy spa	355,220			355,220
Massimo Canturi	Director	Alkemy spa	-	9,868		9,868
Managers	5	Alkemy spa	46,215	-	1,011	45,204
Total			**1,112,043**	**40,642**	**1,011**	**1,151,674**

(*) shares held also through the company Lappentrop S.r.l.

(**) the shares purchased also include those assigned in execution of the 2021-2023 Incentive Plan.