



**REPORT ON THE GENERAL REMUNERATION POLICY FOR THE THREE-YEAR PERIOD FROM 2024 TO 2026  
AND REMUNERATION PAID IN 2023**

pursuant to Article 123-*ter* of the TUF and Article 84-*quarter* of the Issuers' Regulations

## TABLE OF CONTENTS

TABLE OF CONTENTS	2
GLOSSARY	4
LETTER FROM THE CHAIRMAN OF THE REMUNERATION AND NOMINATION COMMITTEE	6
INTRODUCTION	7
<b>A. EXECUTIVE SUMMARY</b>	<b>8</b>
A.1 GENERAL REMUNERATION POLICY	8
A.2 PAY MIX	10
A.3 SHAREHOLDERS' VOTING ON THE GENERAL REMUNERATION POLICY	12
<b>B. FIRST SECTION: REPORT ON THE "GENERAL REMUNERATION POLICY" OF SABAF S.P.A. FOR THE THREE-YEAR PERIOD FROM 2024 TO 2026</b>	<b>13</b>
<b>B.1 CHANGES INTRODUCED COMPARED TO THE PREVIOUS POLICY</b>	<b>13</b>
<b>B.2. GENERAL REMUNERATION POLICY OF THE COMPANY</b>	<b>14</b>
<b>B.2.1. Purposes of the Policy</b>	<b>14</b>
<b>B.2.2. Structure of the Policy</b>	<b>14</b>
<b>B.2.2.1. The fixed component</b>	<b>15</b>
B.2.2.1.1. Fixed annual component	16
B.2.2.1.2. Allowance for early termination of employment and non-competition agreements	17
<b>B.2.2.2. Variable component</b>	<b>18</b>
B.2.2.2.1. Short-term variable component	18
B.2.2.2.2. Long-term variable component	20
<b>B.2.2.3 Non-monetary benefits and other income components</b>	<b>22</b>
B.2.2.3.1. Third-party civil liability insurance policy	23
B.2.2.3.2. Life insurance policy and cover for medical expenses	23
B.2.2.3.3. Company cars	23
B.2.2.3.4. Accommodation costs	23
B.2.2.3.5. Remuneration for offices in subsidiaries	23
<b>B.2.2.4. Clawback and Malus clauses</b>	<b>23</b>
<b>B.2.3. Departures from the Policy</b>	<b>23</b>
<b>B.3. GOVERNANCE OF THE REMUNERATION PROCESS - CORPORATE BODIES AND PERSONS INVOLVED IN PREPARING, APPROVING AND IMPLEMENTING THE POLICY</b>	<b>24</b>
B.3.1 The Shareholders' Meeting	24
B.3.2 The Board of Directors	24
B.3.2.1. Composition of the Board of Directors	24
B.3.2.2. Functions of the Board of Directors	24
B.3.3 The Remuneration and Nomination Committee	25
B.3.3.1. Composition of the Committee	25
B.3.3.2. Functions of the Committee	25
B.3.4 The Board of Statutory Auditors	26
B.3.4.1. Composition of the Board of Statutory Auditors	26
B.3.4.2. Functions of the Board of Statutory Auditors	26
B.3.5 The Human Resources Department	26

B.3.6. The market practices	27
<b>C. SECTION TWO: REPORT ON REMUNERATION PAID FOR 2023</b>	<b>28</b>
C.1 INTRODUCTION	28
C.2 FIRST SUBSECTION: IMPLEMENTATION OF THE GENERAL REMUNERATION POLICY	29
C.2.3 The remuneration of Statutory Auditors for 2023	32
C.2.4 Annual change in remuneration paid by the Company	33
C.3 SECOND SUBSECTION: ANALYTICAL DATA OF THE IMPLEMENTATION OF THE 2023 GENERAL REMUNERATION POLICY	34
C.3.1 TAB. 1 - Gross remuneration paid to members of the Board of Directors and Board of Statutory Auditors and other Executives with strategic responsibilities	36
C.3.2 TAB. 2 - Incentive plans based on financial instruments, other than stock options, for members of the board of directors, general Managers and other Executives with Strategic Responsibilities	42
C.3.3 TAB. 3 - Monetary incentive plans for members of the administration body and other executives with strategic responsibilities	43
C.3.4 TAB. 4 - Shareholdings of members of the administration and control bodies and other Executives with strategic responsibilities	44

## **GLOSSARY**

**Chief Executive Officer:** The chief executive officer of the Company. The current Chief Executive Officer of the Company is Pietro Iotti.

**Executive Director:** The director of the Company who has been vested with operating powers, including the Chief Executive Officer, but other than the Chairman and Vice Chairman appointed from time to time.

**Shareholders' Meeting:** The shareholders' meeting of the Company.

**Shares:** The ordinary shares of the Company.

**Adjusted Invested Capital:** The invested capital as reported in the Group's reclassified balance sheet at 31 December of each year, excluding the effects of the application of IAS 29 (hyperinflation).

**Clawback clause:** The agreement that allows the Company to demand the return of all or part of the remuneration component paid, if the component has been allocated on the basis of data that is subsequently found to be incorrect or falsified, or in case of behaviour in violation of the law, regulations or articles of association, the Code of Ethics or applicable company regulations that caused a significant loss to one of the Group companies, or in case of fraudulent behaviour or gross negligence to the detriment of one of the Group companies.

**Malus clause:** The agreement that allows the Company to withhold all or part of the remuneration component, if the component has been paid on the basis of data that is subsequently found to be incorrect or falsified, or in case of behaviour in violation of the law, regulations or articles of association, the Code of Ethics or applicable company regulations and causes a significant loss to one of the Group companies, or in case of fraudulent behaviour or gross negligence to the detriment of one of the Group companies.

**Italian Civil Code:** Italian Royal Decree no. 262 of 16 March 1942 as subsequently amended and supplemented from time to time.

**Corporate Governance Code:** The *Corporate Governance Code* of listed companies approved in January 2020 by the Corporate Governance Committee and recommended by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**Board of Statutory Auditors:** The Board of Statutory Auditors of the Company.

**Committee:** the *Remuneration and Nomination Committee* of the Company.

**Risk Committee:** The *Control and Risk Committee* of the Company.

**Board of Directors:** The board of directors of the Company.

**Consob:** The National Commission for Companies and the Italian Stock Exchange.

**General Manager:** The general manager of the Company. The current General Manager of the Company is Pietro Iotti.

**Executives with strategic responsibilities** or **ESR:** Those who, directly or indirectly, have the power and the responsibility to plan, manage and control the Company's activities, as defined in Annex 1 of the Related Party Regulations.

**Adjusted EBIT:** The net operating margin as identified in the Group's consolidated income statement at 31 December of each year, excluding the effects of applying IAS 29 (hyperinflation).

**Adjusted EBITDA:** The gross operating margin as identified in the Group's consolidated income statement at 31 December of each year, excluding the effects of applying IAS 29 (hyperinflation).

**Group:** The Company and the companies directly and/or indirectly controlled by it pursuant to Article 2359 of the Italian Civil Code and Article 93 of the TUF.

**Replacement Amount:** It has the meaning set out in paragraph B.2.2.2.2.

**KPIs:** Key Performance Indicators, quantitative performance indicators of a certain quantity/phenomenon/target.

**Sustainability Targets:** The Company's sustainability targets, as identified by the Company's Board of Directors.

**Business Plan:** The Company's business plan approved by the Company's Board of Directors.

**LTIP Plan:** The company's new long-term remuneration plan consisting of the "2024-2026 Stock Grant Plan", which was approved by the Board of Directors, with a resolution passed on 19 March 2024, at the suggestion of the Committee and in line with the Multi-Year Business Plan and the Sustainability Targets, and which will be submitted to the Shareholders' Meeting for approval.

**STI Plan:** The new "*Short-term remuneration plan*", which was approved by the Board of Directors, with a resolution passed on 19 March 2024, at the suggestion of the Committee and in line with the Multi-Year Business Plan and the Sustainability Targets, and which will be submitted to the Shareholders' Meeting for approval.

**Policy:** The Company's "*General Remuneration Policy*" covering the three-year period from 2024 to 2026, approved by the Board of Directors and described in the First Section of the Report.

**Chairman:** The Chairman of the Board of Directors of the Company from time to time appointed.

**Reference price:** It has the meaning set out in paragraph B.2.2.2.2.

**RAL:** The gross annual remuneration from employment.

**Issuers' Regulations:** The Regulation issued by Consob with resolution no. 11971 of 1999 on issuers, as amended and supplemented from time to time.

**Related Party Regulation:** The Regulation issued by Consob no. 17221 of 12 March 2010 on Related Party Transactions, as amended and supplemented from time to time.

**Report:** This "Report on the general remuneration policy for the three-year period from 2024 to 2026 and the remuneration paid in 2023" of the Company prepared pursuant to Article 123-*ter* TUF and Article 84-*quarter* of the Issuers' Regulations.

**Adjusted ROI (Return On Investment):** The indicator that measures the profitability of the Group's ordinary operations, in relation to the invested capital and is expressed as the ratio of Adjusted EBIT to total Adjusted Invested Capital.

**Shareholders:** The Shareholders ' Meeting of the Company.

**Company or Sabaf:** Sabaf S.p.A.

**STI (Short Term Incentive):** The short-term variable remuneration.

**Sustainable Success:** The Board of Directors is guided by the objective of creating long-term value for the benefit of Shareholders, taking into account the interests of other stakeholders relevant for the Company.

**TUF:** Legislative Decree no. 58 of 24 February 1998, as amended and supplemented from time to time.

**Vice Chairman:** The Vice Chairman of the Board of Directors of the Company appointed from time to time.

## **LETTER FROM THE CHAIRMAN OF THE REMUNERATION AND NOMINATION COMMITTEE**

Dear Shareholders,

In my capacity as Chairman of the *Remuneration and Nomination Committee* of Sabaf S.p.A., I have the pleasure to present the "*Report on the general remuneration policy for the three-year period from 2024 to 2026 and remuneration paid in 2023*" of Sabaf S.p.A.

In accordance with the recommendations of the main proxy advisors as well as the latest market best practices, this Report is introduced by an Executive Summary section, with the intention of making the constructive "dialogue" established with all the Group's stakeholders more effective and stable.

The Report consists of two Sections: i) the First Section "*Report on the "General Remuneration Policy" of Sabaf S.p.A. for the three-year period from 2024 to 2026*", which describes a remuneration and incentive proposal for the three-year period to come 2024 - 2026 and the new board of directors; ii) the Second Section "*Report on the remuneration paid for the year 2023*", which provides details of the remuneration paid in the year ended 31 December.

In structuring the Policy, account was taken of the termination of the Board's official assignment with the approval of the financial statements at 31 December 2023. Without prejudice to the rights of the Shareholders' Meeting and the future Board of Directors, within the limits of their competences, to determine the remuneration of the Directors and Statutory Auditors and their attendance at Committee meetings, the Policy formulates a proposal for the revision of the remuneration of the Directors, also based on an extensive benchmarking activity with the aim of bringing Sabaf S.p.A. into line with the market best practices.

The main changes in the First Section of the Report relate to the revision of the remuneration of the Board of Directors and the introduction of the new Long-Term Incentive Plan for the three-year period from 2024 to 2026, following the vesting of the previous LTIP. The Second Section provides transparency on the achievement of the collective income-based objectives for the short-term variable incentive scheme of the reporting year.

We hope that the proposed general remuneration policy for the three-year period from 2024 to 2026 will focus the attention of the Board of Directors and the Committee on the market best practices concerning remuneration, aware that the remuneration policy not only plays a key role in attracting and motivating excellent resources, but also in upholding the values of fairness and equal treatment.

*Daniela Toscani*

## **INTRODUCTION**

This Report summarises the Company's general remuneration policy for the remuneration of the members of the Board of Directors, the Executives with strategic responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, the members of the Board of Statutory Auditors for the three-year period from 2024 to 2026; and illustrates the remuneration for the year 2023.

In particular, this document is divided into two sections:

- the First Section, called "*Report on the general remuneration policy of Sabaf S.p.A. for the three-year period from 2024 to 2026*", illustrates the Policy proposed by the Company for the three-year period from 2024 to 2026 for the remuneration of the members of the Board of Directors, the Executives with Strategic Responsibilities and the members of the Board of Statutory Auditors, specifying the objectives pursued, the bodies and persons involved and the procedures used for its adoption and implementation;
- The Second Section, called "*Report on Remuneration Paid for 2023*", shows the remuneration for 2023 for Directors, Statutory Auditors and Executives with Strategic Responsibilities, by name.

This Report has been prepared pursuant to Article 123-*ter* del TUF, Article 84-*quarter* and Annex 3A, Schedule 7-*bis* of the Issuers' Regulations, as well as in compliance with Article 5 of the Corporate Governance Code.

On 19 March 2024, the Board of Directors of Sabaf, at the suggestion of the Committee, approved this Report, which will be submitted for approval at the Shareholders' Meeting to be held on 8 May 2024. Specifically, the Shareholders' Meeting will vote: a) on the First Section, i.e. the "*Report on the general remuneration policy of Sabaf S.p.A. for the three-year period from 2024 to 2026*", with a binding vote, and b) on the Second Section, i.e. the "*Report on Remuneration Paid for 2023*", with an advisory vote.

The text of this Report is made available to the public at the Company's registered office and on the "Investors" section of the Company's website [www.sabafgroup.com](http://www.sabafgroup.com) no later than the twenty-first day prior to the date of the Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2023, in accordance with the provisions of the regulations in force.

## A. EXECUTIVE SUMMARY

### A.1 GENERAL REMUNERATION POLICY

The following table summarises the components of the Company's "General Remuneration Policy" for the three-year period from 2024 to 2026, without prejudice to the provisions of the first section of this Report. The information documents relating to the remuneration plans in place based on financial instruments pursuant to Article 114-*bis* of the TUF can be found in the "Investors" section of the Company's website [www.sabafgroup.com](http://www.sabafgroup.com).

Members	Purpose/Beneficiaries	Summary	Paragraph
<b>FIXED REMUNERATION DIRECTORS</b>	Basic remuneration for the professionalism required for the role, taking into account the size of the company.	The Director's fee will be determined by the Shareholders' Meeting.  Proposal of the outgoing Board of Directors Total: €225,000.00:  -€25,000.00 for each Director (an increase of €3,000.00 on an annual basis over the current remuneration).	B.2.2.1.
<b>FIXED REMUNERATION CHIEF EXECUTIVE OFFICER</b>	Basic remuneration for the professionalism required for the role, taking into account the size of the company and the skills required by the office.	Chief Executive Officer: 2024 RAL (Gross annual remuneration) as a manager: €403,000;  Fees for proxy holders.	B.2.2.1.
<b>FIXED REMUNERATION EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</b>	Remuneration for the professionalism required for the role, taking into account the size of the company and the skills required by the role.	Executive Director - CFO: 2024 RAL (Gross annual remuneration) equal to €224,000.  Other ESR: RAL (Gross annual remuneration) in accordance with the Collective National Contract for " <i>Industrial Managers</i> ".	B.2.2.1.
<b>FIXED REMUNERATION MEMBERS OF THE BOARD OF STATUTORY AUDITORS</b>	Envisaged by Article 2402 of the Italian Civil Code in the form of a fixed remuneration.	Proposed total of €94,000.00: - Chairman: €40,000.00; - Standing Auditor: €27,000.00.	B.2.2.1.
<b>SHORT-TERM VARIABLE REMUNERATION (STI)</b>	Intends to promote the achievement of annual targets in line with the budget  Beneficiaries: - Chief Executive Officer; - Executive Director - CFO - Executives with Strategic Responsibilities.	<b>Chief Executive Officer</b> : <i>payout</i> of 48% of the RAL, of which: <ul style="list-style-type: none"> <li>• 45% on consolidated annual Adjusted EBIT</li> <li>• 55% on individual targets.</li> </ul> <b>Executive Director-CFO</b> : <i>payout</i> of 46% of the RAL, of which: <ul style="list-style-type: none"> <li>• 45% on consolidated annual Adjusted EBIT;</li> <li>• 55% on individual targets.</li> </ul>	B.2.2.2.



		<p><b>Executives with Strategic Responsibilities:</b>  <i>payout</i> of 30% of the RAL, of which:</p> <ul style="list-style-type: none"> <li>• 35% on consolidated annual Adjusted EBIT;</li> <li>• 65% on individual targets.</li> </ul> <p><b>Floor:</b></p> <ul style="list-style-type: none"> <li>• upon reaching 80% of the target, which entitles to 60% of the variable remuneration.</li> </ul> <p><b>CAP:</b></p> <ul style="list-style-type: none"> <li>• CAP: 105% corresponding to the payment of 110% of the theoretical STI</li> </ul>	
<p><b>LONG-TERM VARIABLE REMUNERATION (LTIP)</b>  -</p>	<p>It intends to promote the creation of sustainable value for Shareholders and stakeholders and the achievement of objectives in line with the Business Plan and Sustainability Targets, fostering the engagement of resources and their loyalty to the Company.</p> <p>The long-term variable remuneration consists of a "stock grant" component, which, however, in the cases envisaged by the Regulation, the Company - by resolution of the Board of Directors and after obtaining the opinion of the Committee - can decide to grant to the beneficiaries, within the limit of 40% of the value of the Shares that can be allocated, by paying a "cash" amount equal to the stock market value of the Shares on the date preceding the date of allocation.</p> <p>Beneficiaries:</p> <ul style="list-style-type: none"> <li>- Chief Executive Officer;</li> <li>- Executive Director - CFO;</li> <li>- Executives with Strategic Responsibilities;</li> <li>- Additional persons identified by the Board of Directors.</li> </ul>	<p><b>Chief Executive Officer:</b> Allocation of 63,000 share options for the three-year period of LTIP.</p> <p><b>Executive Director-CFO:</b> Allocation of 30,000 share options for the three-year period of LTIP.</p> <p><b>ESR and other key managers of the group:</b> Allocation of up to a total of 177,000 share options for the three-year period of LTIP.</p> <p>The LTIP includes the following performance targets :</p> <ul style="list-style-type: none"> <li>• 2024-2026 average consolidated Adjusted ROI, with a 35% weighting;</li> <li>• 2024-2026 cumulative consolidated Adjusted EBITDA, with a 45% weighting;</li> <li>• Sustainability targets with a 20% weighting, of which training 5%, safety 5%, environmental 10%.</li> </ul> <p>Floor of 80% to which corresponds the vesting of 35% of the LTIP bonus; for each level of KPI performance above the Floor, the percentage of bonus achieved increases linearly up to the CAP of 100% of bonus.</p>	<p>B.2.2.2.</p>

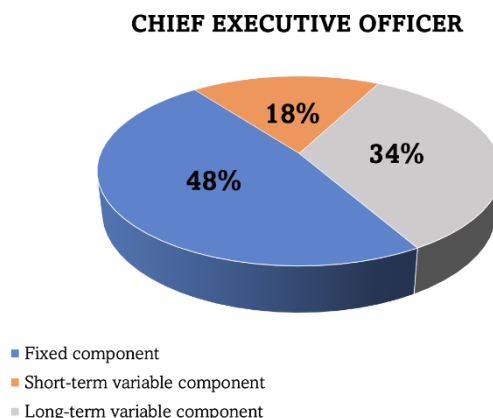
<b>EX-POST CORRECTION MECHANISMS FOR THE VARIABLE COMPONENT</b>	Instruments: - Clawback clauses; - Malus clauses.  Beneficiaries: Beneficiaries of the variable remuneration.		B.2.2.4
<b>NON-MONETARY BENEFITS</b>	They integrate remuneration to retain resources, taking into account market standards.	Third-party liability insurance policy in favour of: - Executive Directors; - Non-executive directors; - Executives with Strategic Responsibilities; - Members of the Board of Statutory Auditors.  FASI policy: - Chief Executive Officer; - Executives with Strategic Responsibilities.  Company cars: - Chief Executive Officer; - Executives with Strategic Responsibilities.  Reimbursement of the rent for the house: - Chief Executive Officer.	B.2.2.3.
<b>OTHER INCOME COMPONENTS - FEES OF SUBSIDIARY COMPANIES</b>	Beneficiaries: - Executive Directors; - Executives with Strategic Responsibilities.	Exclusively as a fixed amount.	B.2.2.3.5
<b>TERMINATION BENEFITS AND NON-COMPETITION AGREEMENTS</b>	It promotes the retention and long-term affiliation of the resources involved by encouraging alignment with long-term interests.	Envisaged for: - Chief Executive Officer: Non-competition agreement of 12 months for a consideration of €30,000 per year; - Executives with Strategic Responsibilities: Non-competition agreement of 24 months for a consideration of 10% of the RAL.	B.2.2.1.2

## A.2 PAY MIX

The theoretical target pay mixes for the Chief Executive Officer, the Executive Director-CFO and additional Executives with Strategic Responsibilities of the Group are shown below.

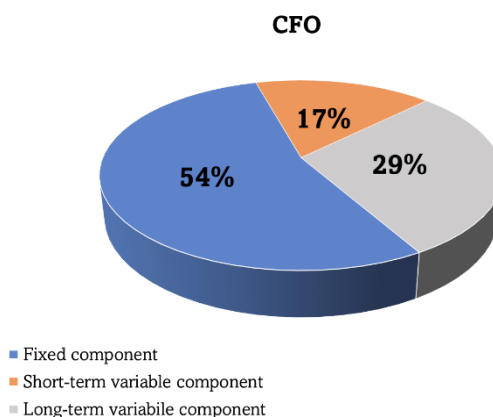
Based on the Policy, where a variable component is recognised due to the achievement of 100% of the objectives, the overall remuneration of the Chief Executive Officer is structured as follows:

- (i) the gross annual fixed component of remuneration has an impact of 48% (forty-eight per cent);
- (ii) the short-term variable component has an impact of 18% (eighteen per cent);
- (iii) the long-term variable component has an impact of 34% (thirty-four per cent).



Based on the Policy, where a variable component is recognised due to the achievement of 100% of the objectives, the overall remuneration of the Executive Director-CFO is structured as follows:

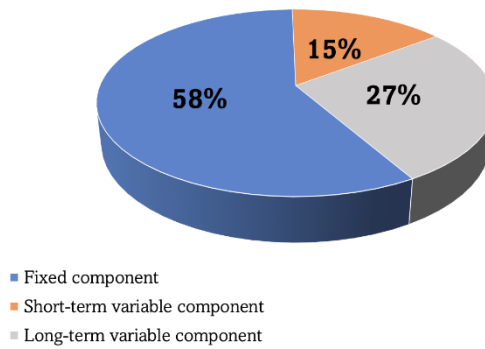
- (i) the gross annual fixed component of remuneration has an impact of 54% (fifty-four per cent);
- (ii) the short-term variable component has an impact of 17% (seventeen per cent);
- (iii) the long-term variable component has an impact of 29% (twenty-nine per cent).



Based on the Policy, where a variable component is recognised due to the achievement of the objectives, the overall remuneration of the additional Group Executives with Strategic Responsibilities is structured as follows:

- (i) the gross annual fixed component of remuneration has an impact of 58% (fifty-eight per cent);
- (ii) the short-term variable component has an impact of 15% (fifteen per cent);
- (iii) the long-term variable component has an impact of 27% (twenty-seven per cent).

**EXECUTIVES WITH STRATEGIC RESPONSABILITIES**

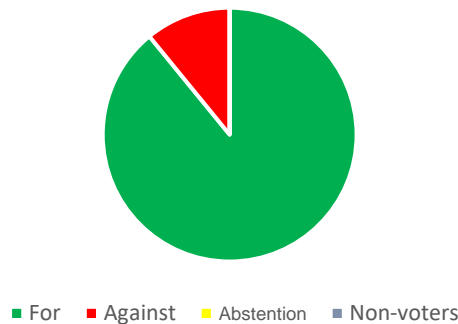


**A.3 SHAREHOLDERS' VOTING ON THE GENERAL REMUNERATION POLICY**

The Shareholders' Meeting, held on 28 April 2023, in accordance with the regulations in force at the time of the vote, cast an advisory vote on the Second Section of the "Report on the General Remuneration Policy" and on the remuneration paid for 2022, with an advisory vote pursuant to and for the purposes of Art. 123 paragraph 6 of the TUF, as amended by Legislative Decree 49/19.

Result of the voting	2023
For	89.1%
Against	10.9%
Abstention	0%
Non-voters	0%

**Graphical evidence of the results of shareholders' voting**



ò

In this regard, it should be noted that, at the Shareholders' Meeting of 28 April 2023, a proxy advisor recommended voting against. In particular, the proxy advisor considered that certain elements of the 2021-2023 Equity Incentive Plan (the definition of separate targets for each of the 3 years of the plan and the provision of a catch-all clause) were not in line with best practice.

The company intends to take these results into account for future long-term incentive plans.

**B. FIRST SECTION: REPORT ON THE "GENERAL REMUNERATION POLICY" OF SABAF S.P.A. FOR THE THREE-YEAR PERIOD FROM 2024 TO 2026**

**B.1 CHANGES INTRODUCED COMPARED TO THE PREVIOUS POLICY**

With respect to the *General Remuneration Policy* submitted to the Shareholders at the Shareholders' Meeting of 6 May 2021, the main changes proposed in the new policy are as follows:

- redefinition of the paragraph structure for conciseness and clarity of presentation, and inclusion of a Foreword and Executive Summary, as well as an indication of the theoretical pay mix;
- rebalancing of the short-term and long-term components of variable remuneration (see paragraph B.2.2.2), also in view of the benchmarking analysis;
- launch of the new LTIP Plan since the vesting of the previous "*2021-2023 Stock Grant Plan*".

## B.2. GENERAL REMUNERATION POLICY OF THE COMPANY

### B.2.1. Purposes of the Policy

The Company's intention is that the Policy:

- ensures the competitiveness of the Company on the labour market and attracts, motivates and increases the loyalty of persons with appropriate professional expertise;
- protects the principles of internal equity and diversity;
- brings the interests of the *management into line with those of the Shareholders and Stakeholders*;
- favours the creation of sustainable value in the medium to long term, and maintains an appropriate level of competitiveness for the Company in the sector in which it operates;
- pursues the Sustainable Success of the Company by attracting, motivating and retaining people with the skills and professionalism required by their role in the Company; the training, corporate welfare and, where possible, smart working contents of the Policy also complement each other in their focus on and enhancement of human resources.



The Policy envisages the remuneration of Executive directors and Executives with Strategic Responsibilities should be structured to include a significant variable remuneration, also through the allocation of financial instruments: (i) whose payment is conditional on the achievement of common objectives for both the short-term and long-term variable component and short-term individual objectives, not only of an economic-financial nature, but also of a technical-productive and/or socio-environmental nature; (ii) subject, in part, to adequate retention and deferral mechanisms.

The objectives to which the disbursement of significant portions of variable remuneration is conditioned are structured in such a way as to prevent them from being achieved through short-term management choices that would potentially undermine the sustainability and/or the Company's ability to generate profit in the long term.

In this context, the policy aims to encourage the achievement of the strategic objectives set out in the pro tempore business plans and sustainability plans in force and to create long-term value for stakeholders, also in line with the principles of corporate social responsibility.

### B.2.2. Structure of the Policy

The principles and characteristics of the remuneration package regulated by the Policy for the persons to whom the Policy applies follow the same approach for determining, in general, the remuneration packages offered to employees. In defining each remuneration package proposed by Sabaf to its personnel, the following points are considered as priority elements for assessment:

- (i) the comparison with the external market and the internal equity of the Company;
- (ii) the characteristics of the position, the responsibilities assigned and the skills of the persons, taking care to avoid any form of discrimination;
- (iii) the pursuit of Sabaf's growth strategy and the strengthening of the Company's long-term interests and sustainability based on the principles of fairness, sustainability, equal opportunities, meritocracy and competitiveness in relation to the market.

In preparing the remuneration package referred to in this Policy, account was therefore taken of the fact that employees are generally offered remuneration that includes, in addition to the pay envisaged by the "*National Collective Labour Contract for the Metal and Engineering Industry*", supplemented by second-level negotiations, an individual fixed component and variable components based on the achievement of common or individual objectives. The training opportunities provided and access to the company welfare platform are also part of the remuneration, incentive and enhancement system. Sabaf also aims to establish and maintain effective and efficient working partnerships, aimed at the pursuit of general and individual objectives and, in this perspective,

also to encourage - where possible - the development of smart working conditions, including through the use of technologies that ensure continuous value for the company and for individuals and that improve work-life balance.

The definition of a fair and sustainable remuneration package takes into account three main tools:

- fixed remuneration;
- variable remuneration (short- and long-term);
- *benefits*.

Each remuneration component is analysed in the following paragraphs.

### B.2.2.1. The fixed component

The fixed component of the remuneration consists of a fixed annual component and, where applicable, a component recognised at the end of the relationship with the Company.

The following table summarises the fixed components of the Company's Policy for the Board of Directors, Executives with strategic responsibilities and the Company's Statutory Auditors.

COMPONENTS OF THE REMUNERATION	CORPORATE OFFICES				
	Executive Directors	Non-Executive Directors	Members of Committees within the BoD.	Executives with Strategic Responsibilities	Statutory Auditors
<b>ANNUAL FIXED COMPONENTS</b>	<ul style="list-style-type: none"> <li>- Fixed remuneration for the office of Director;</li> <li>- Fixed remuneration for Executive Directors;</li> <li>- RAL (Gross annual remuneration) in case of executive position;</li> <li>- Remuneration for any offices in Group companies.</li> </ul>	<ul style="list-style-type: none"> <li>- Fixed remuneration for the office of Director;</li> <li>- Fixed remuneration for Non-Executive Directors holding special positions.</li> </ul>	<ul style="list-style-type: none"> <li>- Fixed remuneration for director member of Committees within the BoD.</li> </ul>	<ul style="list-style-type: none"> <li>- RAL (Gross annual remuneration);</li> <li>- Remuneration for any offices in Group companies</li> </ul>	<ul style="list-style-type: none"> <li>- Fixed Remuneration</li> </ul>
<b>ALLOWANCE FOR EARLY TERMINATION OF EMPLOYMENT AND NON-COMPETITION AGREEMENTS</b>	<ul style="list-style-type: none"> <li>- Remuneration for non-competition agreement (only for Chief Executive Officer)</li> </ul>	N/A	N/A	<ul style="list-style-type: none"> <li>- Remuneration for non-competition agreement</li> </ul>	N/A

#### **B.2.2.1.1. Fixed annual component**

The fixed annual component of the remuneration is such that it is able to attract and motivate individuals with appropriate expertise for the entrusted offices, and is set with reference to the remuneration paid for the same positions by other Italian listed companies, typically industrial companies of comparable size and complexity.

**The members of the Board of Directors** receive a fixed remuneration determined by the Shareholders' Meeting. The outgoing Board of Directors, after obtaining the opinion of the Committee, and on the basis of the proposal to confirm the number of Directors at 9 (nine), resolved to propose to the Shareholders' Meeting for a three-year term of office until the approval of the financial statements at 31 December 2026:

- an annual gross fixed remuneration of €25,000.00 (twenty-five thousand/00) for each member and therefore €225,000.00 (two hundred and twenty-five thousand/00) for the new Board of Directors, which excludes the remuneration paid to Directors who are employees by virtue of their employment relationship and any remuneration of Directors holding special offices pursuant to Article 2389, paragraph 3, of the Italian Civil Code, the determination of which is delegated, pursuant to law, to the Board of Directors.

With regard to the remuneration for the Chief Executive Officer and Executive Directors, the Board of Directors, at the suggestion of the Committee and subject to the opinion of the Board of Statutory Auditors, determines the additional fixed remuneration. Directors who sit on committees formed within the Board are paid fixed remuneration intended to reward the commitment required of them.

If Executive Directors are also assigned an executive management role within the Group, the Board of Directors decides on the RAL, which - in accordance with the "*National Collective Bargaining Agreement for Managers of Companies producing goods and services*" - is set at a level that is sufficient to ensure an appropriate base salary, even if the variable components are not paid due to non-achievement of targets.

In this regard, it should be noted - for information purposes only - that, in consideration of the fact that the RAL was unchanged from 2021, the Board of Directors, at the suggestion of the Committee and following benchmarking activities, resolved to increase, starting from the current financial year (2024), the RAL of the Chief Executive Officer and of the Executive Director - CFO, bringing it to €403,000.00 (four hundred and three thousand/00) and €224,000.00 (two hundred and twenty-four thousand/00), respectively. All this, however, is without prejudice to the rights of the Competent bodies to modify the RAL in compliance with the applicable regulations.

**Executives with strategic responsibilities** are paid a fixed annual remuneration, determined so that it is sufficient in itself to guarantee an appropriate basic salary level, even in the event that the variable components are not paid owing to a failure to reach the objectives. The fixed gross annual remuneration is regulated by the "*National Collective Bargaining Agreement for Managers of Companies producing goods and services*". In this regard, fixed remuneration is determined so that it is sufficient in itself to guarantee an appropriate basic salary level, even in the event that the variable components are not paid owing to a failure to reach the objectives.

In this regard, it should be noted - for information purposes only - that, in consideration of the fact that the RAL was unchanged from 2021, the Board of Directors, at the suggestion of the Committee and following benchmarking activities, resolved to increase, starting from the current financial year (2024), the fixed annual gross fixed remuneration of the ESRs, with an average increase of 14%. All this, however, is without prejudice to the rights of the Competent bodies to modify the RAL in compliance with the applicable regulations.

The members of the Board of Statutory Auditors are paid a fixed remuneration, the amount of which is determined by the Shareholders' Meeting, at the time of their appointment. The outgoing Board of Directors, after obtaining the opinion of the Committee, resolved to propose to the Shareholders' Meeting, for the three-year term of office until the approval of the financial statements at 31 December 2026, an annual gross remuneration of €94,000.00 (ninety-four thousand/00) for the new Board of Statutory Auditors, of which €40,000.00 (forty thousand/00) for the Chairman and €27,000.00 (twenty-seven thousand/00) for each of the other two Statutory Auditors. The commitment required of the Board of Statutory Auditors for the performance of its duties can be inferred from the Report on the Corporate Governance System to which reference should be made.



#### **B.2.2.1.2. Allowance for early termination of employment and non-competition agreements**

The current Chief Executive Officer entered into a permanent employment contract with the Company, effective as from 12 September 2017. The managerial employment relationship is regulated by the "*National Collective Bargaining Agreement for Managers of Companies producing goods and services*". In case of early termination of employment at the Company's initiative not due to just cause, a fixed allowance for termination of employment shall be paid, as a redundancy incentive, of €700,000.00 (seven hundred thousand/00). The same allowance is also envisaged in case of resignation for just cause from the office of chief executive officer or from the executive position. There are no specific clauses linking the payment of the termination allowance and the performance of the Company.

Without prejudice to the relationships already in place, the Policy envisages, as a general rule, that the contractual termination-of-employment allowances for the Chief Executive Officer shall not exceed, as a general rule, a maximum of 24 (twenty four) months of the total gross remuneration (including both the gross remuneration as manager and any gross remuneration for the management position) paid to the Chief Executive Officer, without prejudice to more favourable provisions of any applicable collective bargaining agreement. The Policy also envisages that future agreements with Chief Executive Officers will specify the portion of the termination-of-employment allowance based on the fixed component of remuneration and the portion of the termination-of-employment allowance based on the Company's performance, and provide for specific cases of exclusion of the payment of the termination-of-employment allowance due to the failure to achieve, within pre-defined minimum thresholds, the objectives of the Business Plan.

There are no agreements for other Directors or other Executives with strategic responsibilities regulating *ex ante* the economic part concerning the early termination of the employment relationship. In case of termination of the relationship for reasons other than just cause or justified reasons by the employer, the Company's remuneration policy allows for consensual agreements to end the relationship in compliance with legal and contractual obligations. These agreements must be approved by the Board of Directors at the suggestion of the Committee.

The Company does not provide Directors other than the Chief Executive Officer with benefits subsequent to the end of their service.

Non-competition agreements concerning employment relationships are entered into by the Company in accordance with Art. 2125 of the Italian Civil Code. .

The Chief Executive Officer in office is bound, as a manager, by a post-contractual non-competition agreement for a period of 12 (twelve) months following the termination of his employment, which provides for a fixed annual fee paid during the term of employment in monthly instalments. The non-competition agreement is protected by a fixed penalty for breach, without prejudice to the possibility of compensation for greater damages. There is no link between the corporate performance and the payment of the fee for the non-competition agreement.

Based on the Policy, non-competition agreements are also envisaged with certain Executives with strategic responsibilities, the terms of which were approved by the Board of Directors, after obtaining the opinion of the Committee. These agreements have a duration of 24 (twenty four) months following the termination of the employment relationship and provide for annual fees, paid during the employment relationship in monthly instalments, equal to 10% (ten per cent) of the gross annual remuneration. There is no link between the corporate performance and the payment of fees for non-competition agreements.

The termination of the employment or collaboration relationship with the Chief Executive Officer, the other Directors and the Executives with Strategic Responsibilities - if they are beneficiaries of incentive plans based on financial instruments - determines the effects indicated under "*Long-term variable component*".

The remuneration policy does not envisage the assignment or maintenance of non-monetary benefits, nor the signing of consultancy contracts, for periods after the termination of the relationship with the Chief Executive Officer, other Directors or Executives with Strategic Responsibilities.

### B.2.2.2. Variable component

The Policy aims to attract, incentivise and retain key professional profiles. The Policy is structured to align the management's interests with those of the Shareholders with the aim of creating sustainable value.

In particular, the variable component of remuneration provides that:

- Executive Directors, Executives with Strategic Responsibilities and any additional managers specifically identified by the Chief Executive Officer are entitled to short-term variable remuneration (STI). The objectives to which the recognition of the variable is linked - also taking into account the role and responsibilities held - are linked to the budget for each year;
- Executive Directors, Executives with Strategic Responsibilities and any additional managers specifically identified by the Board of Directors are entitled to a long-term variable remuneration. The objectives to which the recognition of the variable is linked, also taking into account the role and responsibilities held, are a) economic and financial, linked to the Group's Business plan, and b) sustainability (ESG).

The following table summarises the variable components of the Policy for the Board of Directors.

VARIABLE COMPONENTS OF THE REMUNERATION	CORPORATE OFFICES				
	Executive Directors	Non-Executive Directors	Members of Committees within the BoD.	Executives with Strategic Responsibilities	Statutory Auditors
<b>SHORT-TERM VARIABLE COMPONENT</b>	Annual STI plan based on achieving a common objective and individual objectives.	N/A	N/A	Annual STI plan based on achieving a common objective and individual objectives.	N/A
<b>LONG-TERM VARIABLE COMPONENT</b>	LTIP Plan based on the achievement of Business Plan objectives and Sustainability Targets	N/A	N/A	LTIP Plan based on the achievement of Business Plan objectives and Sustainability Targets	N/A

#### B.2.2.2.1. Short-term variable component

The Board of Directors, at the suggestion of the Committee and in accordance with the budget, defines an STI plan, for the benefit of:

- Executive Directors (Chief Executive Officer and CFO);
- Executives with Strategic Responsibilities;
- other persons, identified by the Chief Executive Officer, among the managers who report directly to him or who report to the aforementioned managers.

The STI Plan provides for two different types of objectives ("KPI"): (a) a common objective based on Adjusted EBIT, as indicator of financial performance; and (b) quantifiable and measurable individual objectives economic-financial, technical-productive and/or socio-environmental in nature. Some individual objectives refer to technical (e.g. efficiency and quality), management (e.g. meeting deadlines for completion of relevant projects) and sustainability (e.g. environmental performance) parameters. A fixed variable portion of between 35% (thirty-five per cent) and 45% (forty-five per cent) of the variable remuneration under the STI plan is related to the common Adjusted EBIT objective. The STI Plan envisages, with regard to the Adjusted EBIT objective, the payment of remuneration according to the objective achievement range.

There is: (a) an entry threshold ("floor") at 80% (eighty per cent) of the target, entitling the employee to 60% (sixty per cent); and an extra bonus if the target is exceeded by more than 5% (five per cent), entitling the employee to a bonus of 10% (the "CAP").

For the portion of the variable component of the STI plan, the payment of which is linked to the achievement of the other objectives, no ranges are routinely provided according to the level of achievement of the target.

The STI plan includes malus and/or clawback clauses in the event that the objectives of the STI plan were achieved on the basis of data that later proved to be incorrect.

The allocation of the variable component under the STI plan is conditional on continued employment until the end of the vesting period.

The objectives of the Chief Executive Officer and of the Executives with strategic responsibilities are decided by the Board of Directors, at the suggestion of the Committee, in accordance with the budget.

The objectives of the other beneficiaries of the incentive plans are defined by the Chief Executive Officer, in accordance with the budget.

<b>SHORT-TERM VARIABLE REMUNERATION (STI)</b>		
PAYOUT AND KPI	Chief Executive Officer	<p><i>Target payout</i> of 48% of RAL, of which:</p> <ul style="list-style-type: none"> <li>• 45% on consolidated annual Adjusted EBIT</li> <li>• 55% on individual objectives.</li> </ul>
	Executive Director - CFO	<p><i>Target payout</i> of 46% of RAL, of which:</p> <ul style="list-style-type: none"> <li>• 45% on consolidated annual Adjusted EBIT</li> <li>• 55% on individual objectives.</li> </ul>
	ESR	<p><i>target payout</i> of 25% of RAL, of which:</p> <ul style="list-style-type: none"> <li>• 35% on consolidated annual <i>Adjusted</i> EBIT;</li> <li>• 65% on individual objectives.</li> </ul>
FLOOR AND CAP	consolidated Adjusted EBIT	<p>Floor of 80% corresponding to the payment of 60% of the theoretical STI;</p> <p>CAP: 105% corresponding to the payment of 110% of the theoretical STI</p>
	Individual Objectives	<p>Floor: 100% of target is reached</p> <p>CAP: no extra bonus</p>

Non-executive directors are not paid any variable remuneration.

#### **B.2.2.2.2. Long-term variable component**

The Board of Directors' meeting of 19 March 2024, at the suggestion of the Committee and in line with the Business Plan, approved the new LTIP Plan, which will be submitted to the Shareholders' Meeting for approval and whose beneficiaries are:

- Executive Directors (Chief Executive Officer and CFO);
- Executives with Strategic Responsibilities;
- other persons, identified by the Chief Executive Officer, among the managers who report directly to him or who report to the aforementioned managers.

The new LTIP establishes the conditions for the payment of a bonus to the beneficiaries upon the achievement, in whole or in part, of the objectives (KPIs) as set out below.

The Plan envisages the allocation of financial instruments, consisting of Company Shares. A maximum of 270,000 (two hundred and seventy thousand) rights per Share are to be allocated.

The LTIP Plan as a whole is then submitted to the Shareholders' Meeting for evaluation and approval. Subsequently, the Board of Directors, in compliance with the authorising resolution of the Shareholders' Meeting, pursuant to Article 114-*bis* of the TUF, after obtaining the opinion of the Committee:

- will determine the regulation of the LTIP Plan;
- will define, where not already identified, the beneficiary managers of the Company or Subsidiaries who hold or will hold key positions in the implementation of the Business Plan and/or the Group's sustainability targets. In the case of the Executive Directors and the ESRs, the identification has taken place or will take place at the specific suggestion of the Committee; in other cases, the identification will take place at the suggestion of the Chief Executive Officer;
- it will identify the total number of rights of the LTIP plan to be assigned to each beneficiary within the limits set by the Shareholders' Meeting.

The LTIP Plan also provides for the right of the Company - to be exercised by resolution of the Board of Directors, after obtaining the opinion of the Committee - to pay to the beneficiaries, instead of and in lieu of the shares, all or part of a sum of money (the "**Replacement Amount**") not exceeding 40% (forty per cent) of the shares actually vested and allocated, in the cases provided for in the Plan Regulations. The Replacement Amount will be calculated on the value of the Shares at the official closing price, on the regulated market managed by Borsa Italiana S.p.A., on the day preceding the date of the resolution to allocate the shares (the "**Reference Price**"). The calculation will therefore be based on the following formula:

$$\text{Replacement Amount} = \text{no. Shares to be allocated} \times \text{Reference Price.}$$

The LTIP Plan normally provides for a multi-year vesting period, with subsequent allocation of the financial instruments.

The allocation of financial instruments of the LTIP Plan is related to predetermined financial and non-financial performance targets measurable and linked to the creation of value for the Shareholders over a long-term horizon, based on business plans approved by the Board of Directors.

The new LTIP Plan is linked to the achievement of targets for three three-year performance indicators (KPIs), namely (i) three-year cumulative Adjusted EBITDA; (ii) the average Adjusted ROI over the three-year period and (iii) to Sustainability Targets. The first two KPIs are based on the Business Plan, while the third is based on Sustainability Targets, in particular a target for the human resources training plan, a target for a workplace safety indicator and a target for the environment.

The weighting of each indicator in the total allocation of rights is 45% (forty-five per cent) for the three-year cumulative Adjusted EBITDA, 35% (thirty-five per cent) for the average Adjusted ROI over the three-year period, and 20% (twenty per cent) for the sustainability indicators, of which 5% (five per cent) for the human resources training performance KPI aimed at the social sustainability of the Group's business and the improvement of internal skills, 5% (five per cent) for the workplace safety indicator aimed at the social sustainability of the Group's business and the protection of employee health, and 10% (ten per cent) for the environmental indicator aimed at environmental sustainability with a view to reducing CO2 emissions.

For each of the selected indicators, there is:

- a minimum level of performance (Floor), equal to 80% (eighty per cent) of the value of each target.

- a level of achievement of the target performance, in which case the target bonus for each of the indicators considered is paid up to 100% (one hundred percent) of the LTIP Plan ("CAP").

The allocation of the bonus is conditional on the continuation of the employment and/or collaboration and/or administration relationship between the beneficiary and the Company at the date of approval of the financial statements for the year in which the allocation is envisaged, according to the criteria established by the LTIP plan, subject to the provisions of the Plan itself in case of early termination of employment that can be identified as a Good Leaver.

In order to favour the alignment of interests between the beneficiaries of the LTIP Plan and the Company's stakeholders, the LTIP Plan provides for a lock-up period for the beneficiaries, concerning 40% of the Shares actually granted to the beneficiaries, regulated as follows:

- lock-up of 1 (one) year on a portion of the "stock grants" actually allocated equal to 20% of the same;
- lock-up of 2 (two) years on a portion of the "stock grants" actually allocated equal to a further 20% of the same.

The LTIP Plan provides for malus and/or clawback clauses in the following cases:

- a) the Beneficiary has engaged in fraudulent or grossly negligent behaviour that has caused damage to the assets or image of the Company or its Subsidiaries or the Group;
- b) the beneficiary has affected, by its own fraudulent or grossly negligent behaviour, the achievement of the objectives of the LTIP Plan;
- c) the objectives of the LTIP Plan were achieved based on data that later proved to be manifestly incorrect.

Based on the Policy, all or part of the bonus is allocated by the Board of Directors; for the Chief Executive Officer and Executives with strategic responsibilities, the allocation is made at the suggestion of the Committee.

<b>LONG-TERM VARIABLE REMUNERATION (LTIP)</b>		
COMPOSITION	Chief Executive Officer	allocation of 63,000 share options for the three-year period of LTIP.
	Executive Director - CFO	allocation of 30,000 share options for the three-year period of LTIP.
	ESR	assignment of up to a total of 177,000 share options for the three-year period of LTIP.
KPI		<ul style="list-style-type: none"> <li>• 2024-2026 cumulative consolidated Adjusted EBITDA, with a 45% weighting;</li> <li>• 2024-2026 average consolidated Adjusted ROI, with a 35% weighting;</li> <li>• ESG objectives with a 20% weighting, of which training 5%, safety 5%, environment 10%.</li> </ul>
FLOOR AND CAP	2024-2026 cumulative consolidated Adjusted EBITDA	Floor of 80% to which corresponds the vesting of 35% of the bonus; for each level of KPI performance above the Floor, the % of allocation increases linearly up to the CAP of 100% of bonus.

	2024-2026 average Adjusted ROI	Floor of 80% to which corresponds the vesting of 35% of the bonus; for each level of KPI performance above the Floor, the % of allocation increases linearly up to the CAP of 100% of bonus.
VESTING		The LTIP Plan envisages a lock-up period for the financial instruments allocated to each beneficiary, normally equal to 40% of the total of which: a) 20% available one year after the relevant allocation; and b) a further 20% available two years after the relevant allocation.

### B.2.2.3 Non-monetary benefits and other income components

The following table summarises the non-monetary benefits and other income components of the Policy.

COMPONENTS OF THE REMUNERATION		CORPORATE OFFICES			
		Executive Directors	Non-Executive Directors	Executives with Strategic Responsibilities	Statutory Auditors
BENEFITS AND OTHER COMPONENTS	<b>NON-MONETARY BENEFITS</b>	<ul style="list-style-type: none"> <li>&gt; Third-party liability insurance policy</li> <li>&gt; Life insurance policy to cover medical expenses (FASI), supplementary medical expenses</li> <li>&gt; Company cars</li> <li>&gt; Reimbursement of the rent for the house</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Third-party liability insurance policy</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Third-party liability insurance policy</li> <li>&gt; Life insurance policy to cover medical expenses (FASI), supplementary medical expenses</li> <li>&gt; Company cars</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Third-party liability insurance policy</li> </ul>
	<b>OTHER INCOME COMPONENTS</b>	<ul style="list-style-type: none"> <li>&gt; Fixed remuneration for offices in subsidiaries</li> </ul>	N/A	<ul style="list-style-type: none"> <li>&gt; Fixed remuneration for offices in subsidiaries</li> </ul>	N/A

#### **B.2.2.3.1. Third-party civil liability insurance policy**

The Company has taken out a third-party civil liability insurance policy in favour of (Executive and Non-Executive) Directors, Executives with Strategic Responsibilities and Statutory Auditors for unlawful acts committed in the carrying-out of their respective duties, in violation of obligations established by law and the Articles of Association, with the sole exclusion of deliberate intent. The taking-out of this policy is approved by the Shareholders' Meeting.

#### **B.2.2.3.2. Life insurance policy and cover for medical expenses**

The Company also provides a life insurance policy and cover for medical expenses (FASI) for Executive Directors and Executives with Strategic Responsibilities, as established by the "*Collective National Contract for Industrial Managers*"; moreover, it has stipulated an additional policy to cover medical expenses not covered by FASI reimbursements.

#### **B.2.2.3.3. Company cars**

At the suggestion of the Committee, the Board of Directors also assigns company cars to Executive Directors and Executives with Strategic Responsibilities.

#### **B.2.2.3.4. Accommodation costs**

At the suggestion of the Committee, the Board of Directors can provide for housing to be made available to Executive Directors, for the possibility to reimburse the rent of the house or for the temporary reimbursement of the costs of accommodation in a hotel.

#### **B.2.2.3.5. Remuneration for offices in subsidiaries**

Executive Directors and other Executives with Strategic Responsibilities may be paid remuneration – exclusively as a fixed amount – for offices held in subsidiaries. In addition to the approval of the subsidiaries' corporate bodies, this remuneration is subject to the favourable opinion of the Committee.

#### **B.2.2.4. *Clawback and Malus clauses***

As from 2018, the Company established mechanisms for the ex-post adjustment of the variable remuneration component or clawback clauses to demand the return of all or part of the variable components of remuneration paid out (or to withhold deferred sums), which were determined on the basis of data subsequently found to be clearly incorrect. In this regard, please see item "*Short-term variable component*" and "*Long-term variable component*" of the Policy.

#### **B.2.3. Departures from the Policy**

Pursuant to Art. 123-ter (3)-bis of the TUF, in the presence of exceptional circumstances (as defined below), the Company can temporarily depart from the Policy, with regard to the provisions concerning fixed and variable remuneration and allowance for early termination of employment.

The departure may only be made in compliance with the procedures of Related Party Regulation (Related party Transactions).

Exceptional circumstances are only situations where the departure from the Policy is required to pursue the long-term interests and Sustainability Targets of the Company as a whole or to ensure its ability to stay in the market (such as, for example, the need to attract and/or retain key management figures or the need to incentivise key management figures in office with regard to specific industrial objectives that, in contingent conditions, are of particular importance).

### **B.3. GOVERNANCE OF THE REMUNERATION PROCESS - CORPORATE BODIES AND PERSONS INVOLVED IN PREPARING, APPROVING AND IMPLEMENTING THE POLICY**

The Policy is the result of a process involving the Board of Directors, the Committee, the Board of Statutory Auditors and the Shareholders' Meeting.

#### **B.3.1 The Shareholders' Meeting**

The Shareholders' Meeting of the Company:

- determines the fixed remuneration due to the members of the Board of Directors;
- resolves remuneration plans based on the allocation of financial instruments with regard to directors and employees;
- it casts a binding vote on the first section of the Report on remuneration policy and remuneration paid to the Board of Directors, to Executives with strategic responsibilities and, without prejudice to the provisions of Art. 2402 of the Italian Civil Code, to the members of the Board of Statutory Auditors, and a non-binding vote on the Second Section of that Report.

#### **B.3.2. The Board of Directors**

##### **B.3.2.1. Composition of the Board of Directors**

The Board of Directors of the Company expiring with the approval of the financial statements at 31 December 2023 is composed as follows:

Name and surname	Board of Directors	Nomination and Remuneration Committee	Risk Committee
Claudio Bulgarelli	Chairman	/	/
Nicla Picchi	Vice Chairman - Independent	/	Member
Pietro Iotti	Chief Executive Officer	/	/
Gianluca Beschi	Director	/	/
Alessandro Potestà	Director	Member	/
Carlo Scarpa	Independent Director	/	Member
Daniela Toscani	Independent director	Member	Member
Stefania Triva	Independent director	Member	/
Cinzia Saleri	Director	/	/

##### **B.3.2.2. Functions of the Board of Directors**

The Board of Directors of the Company:

- at the suggestion of the Committee and subject to the opinion of the Board of Statutory Auditors, determines the remuneration for Executive Directors;
- defines the remuneration policy of Executives with strategic responsibilities;
- after obtaining the opinion of the Committee, resolves to sign non-competition agreements with regard to the Chief Executive Officer and to Executives with strategic responsibilities;



- at the suggestion of the Committee, defines incentive plans based on short- and long-term variable remuneration to be assigned to the Chief Executive Officer and to the Executives with strategic responsibilities;
- at the suggestion of the Chief Executive Officer, defines the incentive plans based on short-term variable remuneration for company management and other employees;
- at the suggestion of the Committee, resolves to assign non-monetary benefits to managers;
- makes proposals to the Shareholders' Meeting on remuneration plans based on the allocation of financial instruments with regard to Directors and employees;
- prepares the Report pursuant to Article 123-ter of the TUF and Article 84-quarter of the Issuers' Regulations;
- ensures that the remuneration paid and vested is consistent with the principles and criteria defined in the remuneration policy, in the light of the results achieved and other circumstances relevant to its implementation;
- on termination of office and/or termination of the relationship with the Chief Executive Officer, with Executive Officers or with Directors holding specific positions, with the General Manager, discloses in a press release to the market at the end of internal processes leading to the allocation or recognition of any indemnity and/or other benefits or upon the occurrence and determination of any of the circumstances described below, detailed information concerning:
  - a) the allocation or recognition of indemnities and/or other benefits, the circumstances justifying their vesting and the deliberative procedures followed for this purpose within the Company;
  - b) the total amount of the indemnity and/or other benefits, the related components (including non-monetary benefits, the maintenance of rights related to incentive plans, the fee for non-competition commitments or any other remuneration allocated for any reason and in any form) and the timing of their payment (distinguishing the part paid immediately from the part subject to deferral mechanisms);
  - c) the application of any clawback or malus clause of part of the sum;
  - d) the compliance of the elements indicated in letters a), b) and c) above with what is indicated in the Policy, with a clear indication of the reasons and the deliberative procedures followed in the event of even partial non-compliance with the Policy;
  - e) information on any procedures that have been or will be followed for the replacement of the Executive Director or General Manager no longer in office.

The Board of Directors is responsible for properly implementing the Policy.

### **B.3.3. The Remuneration and Nomination Committee**

#### **B.3.3.1. Composition of the Committee**

The term of office of the current Committee will expire with the Shareholders' Meeting for the approval of the Financial Statements at 31 December 2023 and is composed as follows:

<b>Name and surname</b>	<b>Position</b>
Daniela Toscani	Independent Director and Chairman of the Committee
Alessandro Potestà	Director and Member of the Committee
Stefania Triva	Independent Director and Member of the Committee

The *Remuneration and Nomination Committee* currently in office comprises three non-executive members, the majority of them independent, with the knowledge and experience in accounting, finance and remuneration policies that is deemed adequate by the Board of Directors.

#### **B.3.3.2. Functions of the Committee**

The *Remuneration and Nomination Committee* of the Company:

- makes proposals to the Board of Directors, in the absence of the persons directly concerned, for the remuneration of the Chief Executive Officer and the Executive Directors;
- examines, with the support of the Chief Executive Officer and the *Human Resources Department*, the policy for the remuneration of managers, with a special attention to Executives with strategic responsibilities;
- makes suggestions and proposals to the Board of Directors concerning the setting of objectives on which the annual variable component and long-term incentives for the Chief Executive Officer, Directors holding specific positions or Executive Directors and Executives with strategic responsibilities should be dependent, in order to ensure alignment with shareholders' long-term interests and the company's strategy;
- monitors the actual application of the Policy and assesses the level of achievement of the short- and long-term variable incentive objectives of Directors and managers;
- prepares the proposals to the Board of Directors of remuneration plans based on financial instruments;
- assesses the adequacy, actual application and consistency of the policy of the Company, also with reference to the actual company performance, making suggestions and proposals for change;
- follows the development of the regulatory framework of reference and *best* market practices on remuneration, getting inspired by them for formulating the remuneration policy and identifying aspects for improving the Policy.

### **B.3.4. The Board of Statutory Auditors**

#### **B.3.4.1. Composition of the Board of Statutory Auditors**

The term of office of the current Board of Statutory Auditors of the Company will expire with the Shareholders' Meeting for the approval of the Financial Statements at 31 December 2023 and is composed as follows:

<b>Name and surname</b>	<b>Board of Statutory Auditors</b>
Alessandra Tronconi	Chairman
Mauro Vivenzi	Standing Auditor
Maria Alessandra Zunino de Pignier	Standing Auditor
Cristian Carini	Alternate Statutory Auditor
Federico Pozzi	Alternate Statutory Auditor

#### **B.3.4.2. Functions of the Board of Statutory Auditors**

The Board of Statutory Auditors:

- expresses the opinions required by the regulations in force on the remuneration proposals of the Executive Directors pursuant to Article 2389, third paragraph of the Italian Civil Code; .
- can attend Committee meetings as a board or through the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by him.

### **B.3.5. The Human Resources Department**

The Human Resources Department of the Company is responsible for implementing the decisions of the Board of Directors and the Shareholders' Meeting.

**B.3.6. The market practices**

In updating the Remuneration Policy, the Company carried out a comparative analysis of the remuneration levels of the Board of Directors, including the offices and board committees, the Board of Statutory Auditors, the Chief Executive Officers and the executive managers of listed companies that are comparable in terms of size, income profile, organisational complexity and Governance structure. The comparative analysis also focused on the best practices consolidated in the period since the last review in 2021, concerning remuneration policies.

Companies compared include Avio, Datalogic, Emak, Elica, Eurogroup Laminations, Fiera Milano, Fine Foods & Pharmaceuticals, Openjobmetis, Orsero, Saes Getters, SECO.

**C. SECTION TWO: REPORT ON REMUNERATION PAID FOR 2023**

**C.1 INTRODUCTION**

This Section provides information on events and activities during the year 2023 for the purpose of disclosing the remuneration paid by the Company during that year. Information is provided on the level of achievement of the underlying collective economic objective (EBIT), with special reference to the short-term variable components vested on the basis of the performance results of the reference period. This decision is in line with Sabaf's desire to provide clearer and more transparent information to the market, its shareholders and other stakeholders.

This Section is divided in two subsections by name of Directors and Statutory Auditors:

- describes each of the items that make up the remuneration, showing their consistency with the general remuneration policy of Sabaf and the ways in which remuneration contributes to the Company's long-term results;
- analytically illustrates the remuneration paid in the financial year under review (2023), for any reason and in any form, by the Company or by subsidiaries or affiliates, identifying any components of this remuneration that relate to activities undertaken in previous years to the year under review.

## C.2 FIRST SUBSECTION: IMPLEMENTATION OF THE GENERAL REMUNERATION POLICY

### C.2.1 The components of the remuneration paid to directors for 2023

The Directors in office for the year 2023 have been paid a fixed annual gross remuneration of €22,000.00 (twenty-two thousand/00) per unit. The following additional remuneration was also paid for the offices held or attendance to Committees set up within the Board of Directors:

- €80,000.00 (eighty thousand/00) to the Chairman Claudio Bulgarelli;
- €10,000.00 (ten thousand/00) to the Vice Chairman Nicla Picchi;
- €8,000.00 (eight thousand/00) to the Chief Executive Officer Pietro Iotti;
- €21,000.00 (twenty-one thousand/00) to each member of the Control, Risk and Sustainability Committee (Nicla Picchi, Carlo Scarpa and Daniela Toscani);
- €16,000.00 (sixteen thousand/00) to each member of the Remuneration and Nomination Committee (Daniela Toscani, Alessandro Potestà and Stefania Triva).

A fixed remuneration component for employment and a fixed remuneration for offices in subsidiaries are paid to executive directors appointed as Managers.

With reference to variable components, which are intended only for executive directors, the following is pointed out:

- a) in relation to the annual variable incentive plan established for 2022, remuneration of €126,000.00 (one hundred and twenty-six thousand/00) accrued in the previous financial year (and disbursed in 2023) In particular:
  - the Chief Executive Officer, Pietro Iotti, accrued variable remuneration of €84,000.00 (eighty-four thousand/00) for the partial achievement of the objectives of the 2022 MBO plan. The business objective, represented by the budget EBIT (€39.104 million), was not achieved; the individual objectives were achieved by 100% (one hundred per cent);
  - the Director, Gianluca Beschi, accrued variable remuneration of €42,000.00 (forty-two thousand/00) for the partial achievement of the objectives of the 2022 MBO plan. The business objective, represented by the budget EBIT (€39.104 million), was not achieved; the individual objectives were achieved by 100% (one hundred per cent);
- b) with reference to the annual variable incentive plan established for 2023, remuneration of €91,000.00 (ninety-one thousand/00) accrued in 2023, which will be paid in the financial year 2024. Specifically:
  - the Chief Executive Officer, Pietro Iotti, accrued variable remuneration of €49,000.00 (forty-nine thousand/00) for the partial achievement of the objectives of the 2023 MBO plan. The business objective, represented by the budget EBIT (€24.473 million), was not achieved; the individual objectives were achieved by 58.33% (fifty-eight point thirty-three per cent);
  - the Director, Gianluca Beschi, accrued variable remuneration of €42,000.00 (forty-two thousand/00) for the partial achievement of the objectives of the 2022 MBO plan. The business objective, represented by the budget EBIT (€24.473 million), was not achieved; the individual objectives were achieved by 100% (one hundred per cent);
- c) with reference to the 2021-2023 stock incentive plan, whose beneficiaries include the Chief Executive Officer and Director Gianluca Beschi, rights to receive shares have been assigned in 2021, the allocation of which is subject to the achievement of company targets (based on EBITDA, ROI and sustainability targets) over the three-year period 2021 to 2023 consistent with the objectives of the business plan and on the continuation of the employment relationship with the beneficiary at the date of approval of the financial statements for the year 2023. For further details, please refer to the information contained in the Information Document prepared pursuant to Art. 114-*bis* of the TUF, of Art. 84-*bis* of Issuers' Regulations, submitted to the Shareholders' Meeting on 6 May 2021;

- d) In compliance with point no. 3 of the 2021-2023<sup>1</sup> general remuneration policy, the Board of Directors, at the suggestion of the Committee, resolved to pay a one-off bonus of €150,000.00 (one hundred and fifty thousand/00), equal to 42% (forty-two per cent) of the RAL, to the Chief Executive Officer who, in a particularly complex market context, made a fundamental contribution in the execution of the reserved capital increase of €17.3 million concluded in July 2023. The share capital increase was strategic as it was required to complete the acquisition of 51% (fifty-one per cent) of Mansfield Engineered Components Ltd, which is essential to further penetrate the US market. The share capital increase secured the Group a major shareholder (Fulvio Montipò), with an entrepreneurial background and a long-term investment approach. Finally, the issue price of the new shares was at a premium, albeit a small one, compared to the average stock market price of Sabaf shares recorded in June 2023.

The proportion of fixed and variable remuneration paid during the 2023 financial year within the total remuneration of Executive Directors is as follows:

- Chief Executive Officer Pietro Iotti: fixed remuneration 85% (eighty-five per cent), variable remuneration 15% (fifteen per cent);
- Director Gianluca Beschi: fixed remuneration 87% (eighty-seven per cent), variable remuneration 13% (thirteen per cent).

The percentage of variable remuneration was calculated as the ratio between the total of the "*Bonuses and other incentives*" column and the "*Tota!*" column of Table 1 contained in the second part of this Report.

Note that, during 2023, with regard to executive directors:

- no indemnity and/or other benefits were granted for the termination of office or termination of employment;
- no ex-post correction mechanisms were applied to the variable remuneration component;
- there were no departures from the remuneration policy.

---

<sup>1</sup> According to the provisions of the *General Remuneration Policy* for the three-year period from 2021 to 2023, the *one-off bonus* decided by the Board of Directors could not exceed 50% (fifty per cent) of the RAL.

### **C.2.2. The remuneration of Executives with Strategic Responsibilities for 2023**

The remuneration of the other Executives with Strategic Responsibilities (Technical Director and two Sales Managers) for the year 2023<sup>2</sup> was as follows:

- a) a total of €354,599.00 (three hundred and fifty-four thousand five hundred and ninety-nine/00) was paid as fixed remuneration for employment;
- b) with reference to the variable incentive plan (MBO) of 2022, during 2023, remuneration totalling €43,027.00 (forty-three thousand twenty-seven/00) was paid for the partial achievement of the objectives of the 2022 MBO plan. The business objective, represented by the budget EBIT (€39.104 million), was not achieved; the individual objectives were achieved on average by 70% (seventy per cent);
- c) with reference to the variable incentive plan (MBO) for 2023, remuneration totalling €36,462.00 (thirty-six thousand four hundred sixty-two/00) accrued for the partial achievement of the objectives of the 2023 MBO plan. Its payment is deferred and dependent upon the continuation of the employment relationship. The business objective, represented by the budget EBIT (€24.473 million), was not achieved; the individual objectives were achieved on average by 75% (seventy-five per cent);
- d) with reference to the 2021-2023 stock incentive plan, whose beneficiaries include the Executives with Strategic Responsibilities, rights to receive shares have been assigned in 2021, the allocation of which is subject to the achievement of company targets (based on EBITDA, ROI and sustainability targets) over the three-year period 2021 to 2023 consistent with the objectives of the business plan and on the continuation of the employment relationship with the beneficiary at the date of approval of the financial statements for the year 2023. For further details, please refer to the information contained in the Information Document prepared pursuant to Art. 114-*bis* of the TUF, of Art. 84-*bis* of Issuers' Regulations, submitted to the Shareholders' Meeting on 6 May 2021.

In 2023, remuneration totalling €63,000.00 (sixty-three thousand/00) was paid by subsidiaries to Executives with Strategic Responsibilities.

The proportion of fixed and variable remuneration paid during the 2023 financial year within the total remuneration is as follows: fixed remuneration 91% (ninety-one per cent), variable remuneration 9% (nine per cent).

The percentage of variable remuneration was calculated as the ratio between the total of the "*Bonuses and other incentives*" column and the "*Total*" column of Table 1 contained in the second part of this Report.

In 2023, the Executive with Strategic Responsibilities whose employment relationship was terminated was paid an indemnity of €310,000.00 (three hundred and ten thousand/00) in February 2024. Note that, with regard to the other Executives with Strategic Responsibilities:

- no other indemnity and/or other benefits were granted for the termination of employment;
- no ex-post correction mechanisms were applied to the variable remuneration component.

---

<sup>2</sup> In July 2023, the employment relationship with one of the three Executives with Strategic Responsibilities was terminated. The corresponding remuneration is related only to the period during which the employment relationship existed.

### **C.2.3 The remuneration of Statutory Auditors for 2023**

The remuneration paid to the Statutory Auditors consists of a fixed remuneration determined by the Shareholders' Meeting of 6 May 2021, amounting to a total of €77,000.00 (seventy-seven thousand/00), 33,000.00 (thirty-three thousand/00) to the Chairman of the Board of Statutory Auditors and €22,000.00 (twenty-two thousand/00) to each Standing Auditor.



#### C.2.4 Annual change in remuneration paid by the Company

Comparison with previous years:

<i>(amounts in €/000)</i>	<b>% change 2023 vs. 2022</b>	<b>% change 2022 vs. 2021</b>	<b>% change 2021 vs. 2020</b>	<b>% change 2020 vs. 2019</b>
Chief Executive Officer Pietro Iotti <i>Total remuneration (a)</i>	+28.7%	-18.4%	+24.8%	+6.8%
Director Gianluca Beschi <i>Total remuneration (b)</i>	+1.2%	-18.8%	+22.3%	+17.9%
Executives with Strategic Responsibilities <sup>3</sup> <i>Total remuneration (c)</i>	-25.6%	-5.6%	+5.8%	+10.1%
Sabaf Group turnover	-6.0%	-3.9%	+42.4%	+18.6%
Sabaf S.p.A. turnover	-16.5%	-17.3%	+40.4%	+8.1%
Sabaf Group Adjusted EBITDA	-26.1%	-25.9%	+45.9%	+37.2%
Sabaf S.p.A. Adjusted EBITDA	-35.2%	-63.1%	+45.9%	+20.5%
Sabaf Group EBIT	-49.5%	-41.6%	+86.7%	+68.9%
Sabaf S.p.A. EBIT	-329.6%	-94.3%	+109.3%	+124.2%
Sabaf Group Net profit	-79.7%	-36.2%	+71.2%	+40.8%
Sabaf S.p.A. Net profit	+55.9%	-77.6%	+56.7%	+67.7%
Average gross annual remuneration of employees <i>(excluding persons marked with a), b), and c) in this table)</i>	+0.6%	-0.8%	+10.3%	+0.1%

The average gross annual remuneration of employees is slightly higher than in 2022, due to the increases envisaged by the Collective National Contract for factory workers in the engineering industry, applied from June 2023.

<sup>3</sup> In July 2023, the employment relationship with one of the three Executives with Strategic Responsibilities was terminated. The corresponding remuneration is related only to the period during which the employment relationship existed.

### C.3 SECOND SUBSECTION: ANALYTICAL DATA OF THE IMPLEMENTATION OF THE 2023 GENERAL REMUNERATION POLICY

For a breakdown of the remuneration paid in 2023, please refer to the tables below (Table 1, Table 2 and Table 3), which contain remuneration paid to Directors and Statutory Auditors, and, at the aggregate level, to other executives with strategic responsibilities, taking into account any office held for a fraction of a year. Remuneration received from subsidiaries and/or affiliates, with the exception of that waived or paid back to the Company, is also indicated separately.

With particular reference to **Table 1**, the column:

- **"Fixed remuneration"** shows, for the portion attributable to 2023, the fixed remuneration approved by the Shareholders' meeting (and distributed with resolution of the Board of Directors), including the remuneration received for the carrying-out of special offices (pursuant to Article 2389, paragraph 3, Italian Civil Code; attendance fees as approved by the Shareholders' meeting; employee salaries due for the year gross of social security contributions and income taxes owed by the employee;
- **"Remuneration for attendance at Committee meetings"**, shows, for the portion relating to 2023, the remuneration due to directors who attended the meetings of the Committees set up within the Board of Directors and the related attendance fees;
- **"Bonus and other incentives"** includes the variable remuneration accrued during the year, for monetary incentive plans. This value corresponds to the sum of the amounts provided in Table 3 in the *"Bonus for the year - payable/paid"*, *"Bonus of previous years - payable/paid"* and *"Other bonuses"* columns";
- **"Non-monetary benefits"** shows, according to accrual and tax liability criteria, the value of outstanding insurance policies and the company cars assigned;
- **"Other remuneration"** shows, for the portion attributable to 2023, any other remuneration resulting from other services provided;
- **"Total"** shows the sum of the amounts provided under the previous items.

For a breakdown of other items, see annex 3A, schedules 7-bis and 7-ter of Issuers' Regulations.

**Table 2** shows the information relating to the *stock* grant plan approved by the Shareholders' Meeting and aimed at the Group's Executive Directors and managers who hold or will hold key positions in the implementation of the business plan. Specifically, the column:

- **"Financial instruments assigned in previous financial years not vested during the financial year"** shows the financial instruments assigned in previous years and not vested during the year, indicating the vesting period;
- **"Financial instruments assigned during the financial year"** shows the financial instruments assigned during the year, indicating the fair value at the assignment date, the vesting period, the assignment date and the market price at the assignment;
- **"Financial instruments vested during the year and not assigned"** shows the number and type of instruments vested during the financial year and not assigned;
- **"Financial instruments vested during the year and attributable"** contains information on instruments vested during the financial year of reference and attributable, indicating the value at the vesting date.

**"Vesting period"** means the period between the time when the right to participate in the incentive scheme is assigned and the time when the right accrues. Financial instruments vested during the financial year and not assigned are financial instruments for which the vesting period ended during the financial year and which were not assigned to the recipient for failure to meet the conditions under which the assignment of the instrument was conditional (for example, failure to meet performance targets).

The value at the vesting date is the value of the financial instruments accrued, even if not yet paid (for example, due to the presence of lock up clauses), at the end of the vesting period.

For a breakdown of other items, see annex 3A, schedules 7-bis and 7-ter of Issuers' Regulations.

**Table 3** contains information on monetary incentive plans for members of the administration body and other executives with strategic responsibilities; in particular, it shows:

(a) For the section “**Bonus for the year**”:

- In the column “**Payable/paid**”, the *bonus* accrued for the year for the objectives reached during the year and paid or payable because not subject to further conditions (known as upfront fee);
- the column “**Deferred**” shows the bonus dependent on the objectives to be reached during the year but not payable because subject to further conditions (known as deferred bonus).

(b) for the section “**Bonus of previous years**”

- the column “**No longer payable**” shows the sum of bonuses deferred in previous years still to be paid at the beginning of the financial year and no longer payable for failure to meet the conditions to which they are subject;
- the column “**Payable/Paid**” shows the sum of bonuses deferred in previous years still to be paid at the beginning of the financial year and paid during the year or payable;
- The column “**Still deferred**” shows the sum of bonuses deferred in previous years still to be paid at the beginning of the financial year and still deferred;
- lastly, the column “**Other bonuses**” shows the bonuses for the year not explicitly included in specific ex ante defined plans.

Finally, pursuant to Article 84-quarter, paragraph four of the Consob Issuers’ Regulations, **Table 4** shows shareholdings in Sabaf S.p.A. held by directors and executives with strategic responsibilities, as well as their non-separated spouses and dependent children, directly or through subsidiaries, trust companies or third parties, as shown in the shareholder register, communications received and other information acquired from the same parties. This includes all persons who held office during the year, even for only part of the year. The number of shares held is shown by individual director and in aggregate form for executives with strategic responsibilities.

**C.3.1 TAB. 1 - Gross remuneration paid to members of the Board of Directors and Board of Statutory Auditors and other Executives with strategic responsibilities**

(figures in euro)

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for attendance at Committee meetings	Variable remuneration (non equity)			Total	Fair Value of equity remuneration	Allowance for end of office or termination of employment
						Bonus and other incentives	Profit sharing	Non-monetary benefits			
<b>Board of Directors</b>											
<b>Claudio Bulgarelli</b>	<b>Chairman</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements								
(I) Remuneration at Sabaf S.p.A.				102,000 <sup>(a)</sup>	0	0	0	0	102,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0
(III) Total				102,000	0	0	0	0	102,000	0	0
<i>(a) of which €22,000 as Director and €80,000 as Chairman</i>											
<b>Nicla Picchi</b>	<b>Vice Chairman</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements								
(I) Remuneration at Sabaf S.p.A.				32,000 <sup>(a)</sup>	21,000 <sup>(b)</sup>	0	0	0	68,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	5,000	0	0
(III) Total				32,000	21,000	0	0	0	20,000 <sup>(c)</sup>	73,000	0
<i>(a) of which €22,000 as Director and €10,000 as Vice Chairman</i>											
<i>(b) of which €21,000 as a member of the Control, Risk and Sustainability Committee</i>											
<i>(c) of which €15,000 as member of the Sabaf S.p.A. Supervisory Body and €5,000 as member of the Supervisory Body of the subsidiary Faringosi Hinges S.r.l.</i>											

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for attendance at Committee meetings	Variable remuneration (non equity)		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Allowance for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
<b>Pietro Iotti</b>	<b>Chief Executive Officer</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements									
(I) Remuneration at Sabaf S.p.A.				380,000 <sup>(a)</sup>	0	84,000	0	10,693	150,000	624,693	0	0
(II) Remuneration from subsidiaries and affiliates				70,000	0	0	0	0	0	70,000	0	0
(III) Total				450,000	0	84,000	0	10,693	150,000	694,693	0	0
<i>(a) of which €22,000 as director, €8,000 as Chief Executive Officer, and €350,000 as General Manager (including €30,000 relating to Remuneration for non-competition agreement)</i>												
<b>Gianluca Beschi</b>	<b>Director</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements									
(I) Remuneration at Sabaf S.p.A.				222,000 <sup>(a)</sup>	0	42,000	0	5,624	0	269,624	0	0
(II) Remuneration from subsidiaries and affiliates				63,000	0	0	0	0	0	63,000	0	0
(III) Total				285,000	0	42,000	0	5,624	0	332,624	0	0
<i>(a) of which €22,000 as director and €200,000 as CFO</i>												
<b>Carlo Scarpa</b>	<b>Director</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements									
(I) Remuneration at Sabaf S.p.A.				22,000 <sup>(a)</sup>	21,000 <sup>(b)</sup>	0	0	0	0	43,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
(III) Total				22,000	21,000	0	0	0	0	43,000	0	0

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for attendance at Committee meetings	Variable remuneration (non equity)		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Allowance for end of office or termination of employment
						Bonus and other incentives	Profit sharing					

(a) of which €22,000 as director

(b) of which €21,000 as a member of the Control, Risk and Sustainability Committee

<b>Alessandro Potestà</b> <sup>(c)</sup>	<b>Director</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements									
(I) Remuneration at Sabaf S.p.A.				22,000 <sup>(a)</sup>	16,000 <sup>(b)</sup>	0	0	0	0	38,000	0	0
(I) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
(III) Total				22,000	16,000	0	0	0	0	38,000	0	0

(a) of which €22,000 as director

(b) €16,000 as a member of the Remuneration and Nomination Committee

(c) the remuneration paid to the Director Alessandro Potestà is paid to the company Quaestio Capital Management SGR S.p.A.

<b>Cinzia Saleri</b>	<b>Director</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements									
(I) Remuneration at Sabaf S.p.A.				22,000 <sup>(a)</sup>	0	0	0	0	0	22,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
(III) Total				22,000	0	0	0	0	0	22,000	0	0

(a) of which €22,000 as director

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for attendance at Committee meetings	Variable remuneration (non equity)		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Allowance for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
<b>Daniela Toscani</b>	<b>Director</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements									
(I) Remuneration at Sabaf S.p.A.				22,000 <sup>(a)</sup>	37,000 <sup>(b)</sup>	0	0	0	0	59,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
(III) Total				22,000	37,000	0	0	0	0	59,000	0	0
<i>(a) of which €22,000 as director</i>												
<i>(b) of which €21,000 as a member of the Control, Risk and Sustainability Committee and €16,000 as a member of the Remuneration and Nomination Committee</i>												
<b>Stefania Triva</b>	<b>Director</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements									
(I) Remuneration at Sabaf S.p.A.				22,000 <sup>(a)</sup>	16,000 <sup>(b)</sup>	0	0	0	0	38,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0	0
(III) Total				22,000	16,000	0	0	0	0	38,000	0	0
<i>(a) of which €22,000 as director</i>												
<i>(b) €16,000 as a member of the Remuneration and Nomination Committee</i>												

#### Board of Statutory Auditors

<b>Alessandra Tronconi</b>	<b>Chairman</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements								
(I) Remuneration at Sabaf S.p.A.				33,000	0	0	0	0	33,000	0	0
(II) Remuneration from subsidiaries and affiliates				9,000	0	0	0	0	9,000	0	0
(III) Total				42,000	0	0	0	0	42,000	0	0
<hr/>											
<b>Mauro Giorgio Vivenzi</b>	<b>Standing Auditor</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements								
(I) Remuneration at Sabaf S.p.A.				22,000	0	0	0	0	22,000	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0
(III) Total				22,000	0	0	0	0	22,000	0	0
<hr/>											
<b>Maria Alessandra Zunino de Pignier</b>	<b>Statutory Auditor</b>	1 Jan - 31 Dec 2023	Approval of 2023 financial statements								
(I) Remuneration at Sabaf S.p.A.				14,667	0	0	0	0	14,667	0	0
(II) Remuneration from subsidiaries and affiliates				0	0	0	0	0	0	0	0
(III) Total				14,667	0	0	0	0	14,667	0	0



### Other Executives with Strategic Responsibilities

<b>Other Executives with Strategic Responsibilities (3)</b>	1 Jan - 31 Dec 2023	N/A								
(I) Remuneration at Sabaf S.p.A.	354,599 <sup>(a)</sup>	0	43,027	0	14,959	0	412,585	0	310,000 <sup>(b)</sup>	
(II) Remuneration from subsidiaries and affiliates	63,000	0	0	0	0	0	63,000	0	0	
(III) Total	417,599	0	43,027	0	14,959	0	475,585	0	0	

*In July 2023, the employment relationship with one of the three Executives with Strategic Responsibilities was terminated. The corresponding remuneration is related only to the period during which the employment relationship existed*

*(a) remuneration including €37,853 related to Remuneration for non-competition agreement;*

*(b) allowance accrued in 2023 and paid in 2024.*

---

**C.3.2 TAB. 2 - Incentive plans based on financial instruments, other than stock options, for members of the board of directors, general Managers and other Executives with Strategic Responsibilities**

Name and surname	Office	Plan	Financial instruments assigned in previous financial years not vested during the financial year		Financial instruments assigned during financial year					Financial instruments vested during financial year and not assigned	Financial instruments vested during financial year and assigned		Financial instruments pertaining to the financial year
			Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair Value at the assignment date	Vesting period	Assignment date	Market price on assignment	Number and type of financial instruments	Number and type of financial instruments	Value at vesting date	Fair Value
<b>Pietro Iotti</b>	<b>Chief Executive Officer</b>												
Remuneration at Sabaf S.p.A.		2021 Stock Grant Plan (May 2021)	62,000 rights corresponding to 62,000 shares	3 years	0	-	-	-	-	0	0	-	-
<b>Gianluca Beschi</b>	<b>Director</b>												
Remuneration at Sabaf S.p.A.		2021 Stock Grant Plan (May 2021)	30,000 rights corresponding to 30,000 shares	3 years	0	-	-	-	-	0	0	-	-
<b>Other Executives with Strategic Responsibilities (3)</b>													
Remuneration at Sabaf S.p.A.		2021 Stock Grant Plan (May 2021)	45,000 rights corresponding to 45,000 shares	3 years	0	-	-	-	-	0	0	-	-
<b>TOTAL</b>						-						-	-

**C.3.3 TAB. 3 - Monetary incentive plans for members of the administration body and other executives with strategic responsibilities**

Name and surname	Office	Plan	Bonus for the year			Bonus of previous years			Other bonuses
			Payable / Paid	Deferred	Deferment period	No longer payable	Payable / Paid	Still Deferred	
<b>Pietro Iotti</b>		<b>Chief Executive Officer</b>							
Remuneration at Sabaf S.p.A.		2022 MBO Plan (March 2023)	0	0		0	84,000	0	0
Remuneration at Sabaf S.p.A.		2023 MBO Plan (March 2024)	0	49,000	March 2024	0	0	0	0
<b>Gianluca Beschi</b>		<b>Executive Director</b>							
Remuneration at Sabaf S.p.A.		2022 MBO Plan (March 2023)	0	0		0	42,000	0	0
Remuneration at Sabaf S.p.A.		2023 MBO Plan (March 2024)	0	42,000	March 2024	0	0	0	0
<b>Other Executives with Strategic Responsibilities (3)</b>									
Remuneration at Sabaf S.p.A.		2022 MBO Plan (March 2023)	0	0		0	43,027	0	0
Remuneration at Sabaf S.p.A.		2023 MBO Plan (March 2024)	0	36,462	March 2024	0	0	0	0
<b>Total</b>			<b>0</b>	<b>127,462</b>		<b>0</b>	<b>169,027</b>	<b>0</b>	<b>0</b>

**C.3.4 TAB. 4 - Shareholdings of members of the administration and control bodies and other Executives with strategic responsibilities**

Surname and Name	Office	Type of Ownership	Investee Company	No. shares held	No. shares acquired	No. shares sold	No. shares held
				at 31 December 2022			at 31 December 2023
Iotti Pietro	Chief Executive Officer	Indirect through the subsidiary Petrae S.r.l.	Sabaf S.p.A.	131,300	3,000	-	134,300
		Direct	Sabaf S.p.A.	66,860	6,350	-	73,210
Toscani Daniela	Director	Indirect through spouse	Sabaf S.p.A.	2,419	-	-	2,419
		Direct	Sabaf S.p.A.	498	-	-	498
Bulgarelli Claudio	Director	Indirect through the company Fintel S.r.l.	Sabaf S.p.A.	898,722	-	-	898,722
		Direct	Sabaf S.p.A.	2,379	-	-	2,379
Cinzia Saleri	Director	Indirect through the company Cinzia Saleri S.a.p.a.	Sabaf S.p.A.	2,365,644	-	-	2,365,644
Nicla Picchi	Director	Direct	Sabaf S.p.A.	-	300	-	300
Vivenzi Mauro Giorgio	Statutory Auditor	Indirect through spouse	Sabaf S.p.A.	600	-	-	600
Beschi Gianluca	Director	Direct	Sabaf S.p.A.	20,916	-	-	20,916
Executives with Strategic Responsibilities		Direct	Sabaf S.p.A.	12,537	-	-	10,225

Surname and Name	Office	Type of Ownership	Investee Company	No. shares held	No. shares acquired	No. shares sold	No. shares held
				at 31 December 2022			at 31 December 2023
<i>In July 2023, the employment relationship with one of the three Executives with Strategic Responsibilities was terminated</i>							