



***REPORT ON THE REMUNERATION POLICY  
AND ON THE PAID COMPENSATION  
in compliance with articles 123 - ter of the Consolidated Financial Act  
and 84 – quarter of the Issuers' Regulations***

***Report Approval Date: 15 March 2022***

***Year to which the Report refers: 2021***

***Website: [www.irce.it](http://www.irce.it)***

This Report is drafted in compliance with articles 123 – *ter* of the Consolidated Financial Act (Italian Legislative Decree No. 58 of 24 February 1998) and 84 – *quater* of the Issuers' Regulations (Consob Regulations 11971 of 14/05/1999), on the basis of Scheme 7 – *bis* of Annex 3A of the same Regulations.

This report is structured in two sections.

The first section illustrates the company's policy for the Remuneration of the board of directors, general managers, managers with strategic responsibilities and the control body with reference to 2022 - 2024 financial years, and the procedures used for the adoption and the implementation of this policy.

The current expiring Board proposes to the new appointed Board to submit to the Shareholders' Meeting any updates of the objectives set out in the remuneration policy in order to take into account the change in financial returns and the inflationary scenario.

The second section provides, in relation to each board of directors member, general managers and managers with strategic responsibilities and the control body:

- the representation of each of the items that make up the remuneration, including the treatments provided in case of office or employment relationship termination, highlighting its consistency with the company's remuneration policy for 2021;
- the analytical illustration of the remuneration that was paid in the reference year in any capacity and in any form by the company and by any subsidiaries or associates, indicating any components of the aforementioned remuneration that refers to activities carried out in years prior to 2021. And also highlighting the fees to be paid in one or more subsequent years for the activity carried out in 2021, indicating an estimate value for the components which are not objectively quantifiable.

## **SECTION I**

The Company's Board of Directors has established its own Remuneration Committee with resolution of 30/04/2019, which will remain in office until approval of the 2021 financial statements.

The Remuneration Committee is composed of three non-executive Directors appointed by the Board of Directors, the majority of whom are independent: Ms Francesca Pischedda independent and non-executive director and Chairwoman of the Committee, Mr Gianfranco Sepriano, non-executive director and Ms Gigliola Di Chiara independent and non-executive director.

At least one member of the Remuneration Committee has know-how and experience in accounting and finance and/or remuneration policies which were deemed adequate by the Board at the time of appointment.

The Committee's work is coordinated by a Chairwoman, Ms Francesca Pischedda, and minutes of the meetings are regularly taken.

During year 2021 one meeting was held lasting one hour which was attended by all the Committee members.

One meeting are scheduled for the current financial year.

The Chairman of the Board of Statutory Auditors attended the discussions of the Remuneration Committee.

The Remuneration Committee:

- presents to the Board of Directors proposals for setting-up the general policy for the remuneration of executive directors, directors holding special offices and key management personnel;
- carries out a periodic assessment of the adequacy, overall coherence and actual implementation of the general policy adopted for the remuneration of the executive Directors, the other directors holding special offices and the key management personnel, using for this last task information provided by the managing directors, and formulates the relevant proposals;
- presents to the Board of Directors proposals concerning the remuneration of the executive directors and the other directors holding special offices and also establishes the performance objectives related to the variable component of such remuneration, monitors the implementation of decisions adopted by the Board itself in particular verifying the actual achievement of the performance objectives.

In carrying out its functions, the Remuneration Committee was able to access the company information and functions necessary for carrying out its duties without the need to use an external consultant.

The Board of Directors defined a remuneration policy for directors and key management personnel.

### **Remuneration policy for the Board of Directors**

The remuneration policy of executive directors or directors holding special offices defines guidelines with reference to the topics and in line with the criteria indicated below:

- a) The fixed component and the variable component are sufficiently balanced according to the strategic objectives and the risk management policy of the Company, also bearing in mind the industry in which it operates and the characteristics of the business activity actually carried out;
- b) Maximum limits are envisaged for the variable components;
- c) The fixed component is determined in an amount sufficient to remunerate the services performed by the director if the variable component should not be paid due to failure to achieve the performance objectives specified by the Board of Directors;
- d) The performance objectives are pre-established, measurable and linked to the creation of value for shareholders over a medium-long timescale;
- e) The payment of a significant portion of the remuneration variable component is deferred over an adequate period of time with respect to the time it is accrued; the extent of this portion and the duration of the deferment are in line with the characteristics of the business activity carried out and with the related risk profiles;
- f) Contractual agreements allowing the company to ask for the total or partial repayment of the variable components of the remuneration paid out (or to deduct the sums involved in the deferment), established on the basis of figures that turned out to be grossly wrong at a later date, are not envisaged;
- g) No indemnities are envisaged for the early termination of the directorship relationship or for its non-renewal;
- h) Share-based compensation plans are not envisaged.

The remuneration for executive directors and key management personnel is set up in order to align their interests with the pursuit of the company's primary objective, i.e. the creation of value for shareholders, also in the medium term.

The total remuneration of executive directors and key management personnel comprises:

- a fix remuneration (component a);
- a short-term variable remuneration based on the achievement of predefined objectives, measured annually, on the basis of an economic-financial index (component b);
- a medium-term variable remuneration tied to the achievement of objectives, measured on the basis of an economic-financial index, over a three-year period (equal to the Board's term of office) (component c).

The variable part of the remuneration (components b and c) accrues in favor of the addresses at the achievement of a minimum target, which is set and expressed by the "ROCE" index, in relation to the Consolidated Financial Statement.

The failure to achieve the minimum goal, does not allow recognition of the same.

The ROCE is calculated as the ratio of EBIT Adjusted to capital employed.

EBIT is adjusted for the income / expenses from operations on copper and energy derivatives and net of the variable remuneration quota provision referred to in this document. Capital Employed is the average of the start and end of the financial year values of the algebraic sum of the net working capital and fixed assets, net of funds of any kind.

The ROCE index concerning the variable remuneration component linked to short-term objectives (component b) is calculated based on the consolidated financial statement of the previous year. In correspondence with the percentage values assumed by the ROCE, the result bonuses are set in the table A below.

<b>ROCE</b>	<b>Annual variable remuneration (€)</b>
<b><i>ROCE ≤ 4%</i></b>	<b><i>€ 0</i></b>
<b><i>4% &lt; ROCE ≤ 9%</i></b>	<b><i>€ 3,000</i></b>
<b><i>9% &lt; ROCE ≤ 12%</i></b>	<b><i>€ 5,000</i></b>
<b><i>12% &lt; ROCE ≤ 15%</i></b>	<b><i>€ 10,000</i></b>
<b><i>ROCE &gt; 15%</i></b>	<b><i>€ 15,000</i></b>

*Table A*

The medium-term variable remuneration component (component c) is linked to the improvement of the ROCE index achieved in the three years of the Board of Directors office compared to the ROCE achieved in the previous three years.

This improvement, expressed as a average annual percentage, is calculated as follows:

$$m = \sqrt[3]{\frac{ROCE4 + ROCE5 + ROCE6}{ROCE1 + ROCE2 + ROCE3}} - 1$$

ROCE4, ROCE5, ROCE6 are the results achieved in the first, second and third year of the Board of Directors.

ROCE1, ROCE2 and ROCE3 refer to the results achieved in the three previous years.

The values of the medium-term variable remuneration are shown in Table B, as the results of a three-year basis crossover, between the average ROCE value of the reference period and the achieved improvement, compared to the previous three-year period.

The remuneration variable component C is paid, if due, after the presentation of the consolidated financial statements for the last financial year of the three-year term of the Board of Directors to the shareholders' meeting.

Remuneration (€)	Improvement					
	$m \leq 3\%$	$3\% < m \leq 5\%$	$5\% < m \leq 10\%$	$10\% < m \leq 20\%$	$20\% < m \leq 30\%$	$m > 30\%$
$2\% < ROCE \leq 4\%$	-	-		10,000	15,000	20,000
$4\% < ROCE \leq 9\%$	-	-	10,000	15,000	20,000	30,000
$9\% < ROCE \leq 12\%$	-	10,000	15,000	20,000	30,000	40,000
$12\% < ROCE \leq 15\%$	-	15,000	20,000	30,000	40,000	50,000
$ROCE > 15\%$	-	20,000	30,000	40,000	50,000	60,000

Table B

There are no treatments in the event of office or the employment relationship termination.

No exception or exceptional circumstances are foreseen for the implementation of this remuneration policy.

The remuneration of non-executive directors is not linked to the economic results achieved by the Company.

Non-executive directors are not recipients of share-based incentive plans.

Agreements have not been entered into between the Company and the directors that provide for indemnities in the event of resignation or dismissal/repeal without just cause or if the relationship terminates due to a take-over bid.

### **Board of statutory auditors**

In relation to the control body, the following should be noted:

- the salaries of all Statutory Auditors, including those who are accountants or experienced bookkeeper, are determined without applying professional rates, and remunerating the overall carried out activity;
- the remuneration is considered as achieved with regard to the criteria of onerousness of the position, pre-determination on an annual basis and invariability for the three-year variable remuneration;
- any form of variable remuneration is precluded;
- the remuneration is differentiated according to the specific functions performed and, in particular, higher remuneration than the one of the standing auditors has been awarded to the Chairman;
- the lack of remuneration for alternate auditors is established until they follow the actual ones.

## SECTION II

### PART ONE

#### Compensation of members of the Administration and Control Bodies

Compensation for the administrative Body was resolved by the shareholders' meeting on 30/04/2019.

In particular, the shareholders' meeting resolved to award an annual compensation to each board member of 12,000.00 Euro.

In the session of 30/04/2019, the Board also awarded to the Chairman of the Board of Directors, on the basis of the office assigned and that provided by art. 2389, paragraph 3 of the Italian Civil Code, a compensation of 142,542.10 Euro on an annual basis, gross of any withholding amounts foreseen by law and for the whole duration of the office (31/12/2021).

Such compensation will remain unchanged until any modification resolution.

The overall remuneration of executive directors benefited, for year 2021, of the short-term variable remuneration as the predefined objectives were achieved on an annual basis, the ROCE calculated on the 2021 consolidated financial statements amounted to 7.87% which corresponds to a premium equal to € 3,000.00 (see Table A).

While, the objectives linked to the medium term were not achieved.

The compensation of the Board of Statutory Auditors were resolved by the shareholders' meeting of 10/06/2020, which approved the following:

- To the Chairman of the Board of Statutory Auditors, an annual amount of € 22,500.00 for fees, indemnity and expenses (including general practice expenses);
- To each Standing Statutory Auditor, an annual amount of € 15,000.00 for fees, indemnity and expenses (including general practice expenses);
- An attendance fee, including travel expenses, equal to € 500.00 for every day spent attending the meetings of the Board of Statutory Auditors, the Board of Directors and the Shareholders' Meeting up to a maximum number of 9 attendance fees per year.

Incentive plans based on financial instruments for board members or for members of the control body are not envisaged.

This Report will be made available, within the deadlines envisaged under currently effective regulations, at the registered office of the Company as well as at Borsa Italiana S.p.A. and on the website [www.irce.it](http://www.irce.it)

On behalf of the Board of Directors

## PART TWO

### a) TABLE OF COMPENSATION PAID TO THE ADMINISTRATION AND CONTROL BODIES

A Name and Surname	B Office	C Period during which the office was held	D Expiry date of office	1 Fixed compensation	2 Compensation for attending Committees	3 Variable non-equity compensation		4 Non-monetary benefits	5 Other compensation	6 Total	7 Fair value of equity compensation	8 End of office or termination of working relationship indemnity
						Bonus and other incentives	Profit-sharing					
<b>Filippo Casadio</b>	Chairman of the Board of Directors	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				255,255.78	-	8,000.00	-	5,765.42		269,021.20	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-		-	-	-
(III) Total				255,255.78	-	8,000.00	-	5,765.42		269,021.20	-	-
<b>Francesco Gandolfi Colleoni</b>	Director	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				105,892.63	-	28,000.00	-	8,452.98		142,345.61	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-		-	-	-
(III) Total				105,892.63	-	28,000.00	-	8,452.98		142,345.61	-	-
<b>Gianfranco Sepriano</b>	Director	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				12,000.00	-	-	-	-	70,000.00	82,000.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				12,000.00	-	-	-	-	70,000.00	82,000.00	-	-
<b>Orfeo Dallago</b>	Director	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				12,000.00	-	-	-	-	-	12,000.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				12,000.00	-	-	-	-	-	12,000.00	-	-
<b>Francesca Pischedda</b>	Director	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				12,000.00	-	-	-	-	-	12,000.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				12,000.00	-	-	-	-	-	12,000.00	-	-
<b>Gigliola Di Chiara</b>	Director	2019-2021	2021									
(I) Compensation in the company that drafts the financial statements				12,000.00	-	-	-	-	-	12,000.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				12,000.00	-	-	-	-	-	12,000.00	-	-
<b>Total Board of Directors</b>				<b>409,148.41</b>	<b>-</b>	<b>36,000.00</b>	<b>-</b>	<b>14,218.40</b>	<b>70,000.00</b>	<b>529,366.81</b>	<b>-</b>	<b>-</b>
<b>Fabio Senese</b>	Chairman of the Board of Statutory Auditors	2020-2022	2022									
(I) Compensation in the company that drafts the financial statements				27,000.00	-	-	-	-	-	27,000.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				27,000.00	-	-	-	-	-	27,000.00	-	-
<b>Donatella Vitanza</b>	Standing Statutory Auditor	2020-2022	2022									
(I) Compensation in the company that drafts the financial statements				19,500.00	-	-	-	-	-	19,500.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				19,500.00	-	-	-	-	-	19,500.00	-	-
<b>Adalberto Costantini</b>	Standing Statutory Auditor	2020-2022	2022									
(I) Compensation in the company that drafts the financial statements				19,500.00	-	-	-	-	-	19,500.00	-	-
(II) Compensation from subsidiary and associated companies				-	-	-	-	-	-	-	-	-
(III) Total				19,500.00	-	-	-	-	-	19,500.00	-	-
<b>Total Board of Statutory Auditors</b>				<b>66,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,000.00</b>	<b>-</b>	<b>-</b>

## b) TABLE OF EQUITY INVESTMENTS HELD BY MEMBERS OF THE ADMINISTRATION AND CONTROL BODIES

Name and Surname	Office	Company	No. of shares held at the end of the previous financial year	No. of shares purchased during the financial year	No. of shares sold during the financial year	No. of shares held at the end of the current financial year
Filippo Casadio	Chairman of the Board of Directors	IRCE S.p.A.	560,571	-	-	560,571
Francesco Gandolfi Colleoni	Director	IRCE S.p.A.	559,371 (*)	-	-	559,371 (*)
		IRCE S.p.A.	30,000	-	-	30,000
Gianfranco Sepriano	Director	IRCE S.p.A.	3,500	-	-	3,500
Orfeo Dallago	Director	IRCE S.p.A.	595,267	-	-	595,267
Francesca Pischedda	Director	IRCE S.p.A.	-	-	-	-
Gigliola Di Chiara	Director	IRCE S.p.A.	-	-	-	-
Fabio Senese	Chairman of the Board of Statutory Auditors	IRCE S.p.A.	-	-	-	-
Adalberto Costantini	Standing Statutory Auditor	IRCE S.p.A.	-	-	-	-
Donatella Vitanza	Standing Statutory Auditor	IRCE S.p.A.	-	-	-	-
(*) Shares held by his wife, Carla Casadio						