



Report on Remuneration Policy and Compensation Paid 2022

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*Prepared in accordance with Article 123-ter of Italian Legislative Decree no.
58 of 24 February 1998 and 84-quater of the Issuers' Regulation
Approved by the Board of Directors on 22 March 2022*

Issuer: GVS S.p.A.

Website: www.gvs.com

Year to which Report refers: 2021/2022

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Definitions

Shareholders' Meeting	The shareholders' meeting of GVS.
Director(s) or Board Member(s)	Individually or collectively, as appropriate, the members of the Board of Directors.
Chief Executive Officer	The Chief Executive Officer of GVS.
Cash Conversion	The amount of cash generated by the core operations of the business.
Corporate Governance Code or Code	The Corporate Governance Code of Listed Companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, applicable by issuers from the first financial year starting after 31 December 2020 and accessible to the public on Borsa Italiana's website (www.borsaitaliana.it).
Civil Code or CC:	The Italian Civil Code.
Board of Directors or Board	The Issuer's Board of Directors.
Board of Statutory Auditors	The GVS Board of Auditors.
Appointments and Remuneration Committee	The Appointments and Remuneration Committee set up within the Board of Directors of GVS in accordance with Principle XI of the Corporate Governance Code and integrating the functions outlined by Recommendations no. 19 and no. 25 of said Code.
Committees	Collectively, the committees formed within the Board of Directors.
Control, Risk and Sustainability Committee	The Control, Risk and Sustainability Committee set up within the GVS Board of Directors in accordance with Principle XI of the Corporate Governance Code and integrating the functions outlined by Recommendation 35 of said Code.
Trading Start Date	The date of commencement of trading of GVS shares on the electronic share market organised and managed by Borsa Italiana S.p.A. (i.e. 19 June 2020).
Key Managers	Individuals who have the power and responsibility - directly or indirectly - for planning, directing and controlling the Company's activities, including the directors (executive or otherwise) of the Company, as defined in Annex 1 of the Consob Regulation on related party transactions adopted by resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented.
Earning per Share	The "virtual share" of net income available to shareholders, calculated by dividing the net income available, as per the approved consolidated financial statements, by the average number of shares in the year of reference.
Adjusted EBITDA (Organic)	This indicates EBITDA for the period adjusted for operating income and expenses which, due to their nature, are reasonably expected not to recur in future periods, net of EBITDA deriving from any extraordinary transactions resulting from M&A transactions concluded during the year and not included in the Company's approved budget.
Euronext Milan or EXM	The Mercato Telematico Azionario (electronic stock exchange) organised and managed by Borsa Italiana S.p.A.
Financial year	The financial year to which the Report refers.

Total Turnover (Organic)	It indicates the Company's total turnover net of turnover from any extraordinary transactions resulting from M&A transactions completed during the year and not included in the Company's approved budget.
GVS Group or Group	Jointly the Issuer and the companies directly or indirectly controlled by it pursuant to art. 93 of the CFA.
GVS or the Company or Issuer	GVS S.p.A., a company with registered office in Zola Predosa (BO), Via Roma no. 50 - share capital Euro 1,750,000.00 fully paid up, tax code, VAT no. and Bologna Companies Register no. 00644831208.
Group Performance Objectives	The Company's financial objectives, identified on an annual basis, for the purpose of determining the amount of the MBO of the Chief Executive Officer, the other executive directors, and each of the Key Managers.
Individual Performance Objectives	The individual objectives assigned on an annual basis to the executive directors, other than the Chief Executive Officer, and each of the Key Managers for the purposes of determining the amount of the MBO. These objectives include, or may include, among others, objectives of a non-financial nature, with particular reference to parameters related to the environmental and quality area, and may concern, for example: (i) development of products in line with new regulatory requirements and reduction of customer complaints; (ii) issues related to occupational safety; (iii) environmental and quality certifications; (iv) cooperation with local training institutions for the development of new skills and orientation towards professions; (v) optimization of logistics flows.
Group Strategic Annual Objectives	The strategic objectives for the development of the Company, identified on an annual basis, for the purpose of determining the amount of the MBO of the Chief Executive Officer, the other executive directors, and each of the Key Managers. Such objectives include, or may include, among others, (i) M&A objectives; (ii) Geographic expansion objectives; (iii) ESG policy improvement objectives.
MBO Plan	The short-term monetary incentive plan known as management by objectives for certain directors and Key Managers.
Remuneration Policy or Policy	The policy adopted by the Company regarding the remuneration of members of the Board of Directors, Key Managers and the Board of Auditors.
Issuers' Regulation	The Regulation issued by Consob with Resolution no. 11971 of 1999 (and subsequent amendments) on the matter of issuers.
Market Regulation	The Regulation issued by Consob under the 2017 resolution no. 20249 relating to markets.
Related Parties Regulation	The Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (and subsequent amendments) on related party transactions.
Report	This report that companies are required to prepare pursuant to Article 123-ter of the CFA.
Articles of Association	GVS Articles of Association in force.
Total Shareholder Return	The total return to a shareholder given by the increase in the share price during a reference period and any dividends paid in the same period, relative to the performance of the FTSE Index.
CFA or Consolidated Finance Act	Legislative Decree no. 58 of 24 February 1998.



01.

Foreword



Foreword

GVS S.p.A. ("**GVS**" or the "**Company**") is an Italian company, head of the GVS Group, which offers advanced filtration solutions for many applications in various highly regulated sectors, being one of the world's leading manufacturers of filter components and materials. The Group is a vertically integrated manufacturer able to offer high-tech solutions that allow a wide range of filters, membranes and other filter technologies to be adapted to specific customer needs.

The Board of Directors of GVS, in its meeting of 22 March 2022, on the proposal of the Appointments and Remuneration Committee which met on 21 March 2022, examined and approved this report on the remuneration policy and compensation paid by the Company for the year to 31 December 2021 in compliance with the combined provisions of Articles 123-*ter* of the CFA and 84-*quater* of the Issuers' Regulation and Scheme 7-*bis* of Annex 3A to the Issuers' Regulation in force on the date of the Report.

The Report consists of the following main chapters:

1. INTRODUCTION:

Intended to preliminarily and briefly illustrate the Company's corporate governance structure, with particular reference to the composition of the management and control bodies.

2. SECTION I: DESIGNED TO ILLUSTRATE, *INTER ALIA*:

- (i) The policy adopted and the aims pursued by the Company regarding the remuneration of the members of the administrative bodies and key managers of GVS and members of the control body;
- (ii) the procedures adopted by the Company for the adoption, implementation and periodic evaluation of the remuneration policy.

Specifically:

- (a) it indicates how it contributes to the company's strategy, the pursuit of long-term interests and the sustainability of the company and is determined by taking into account the compensation and working conditions of the company's employees;
- (b) it defines the different components of remuneration that may be awarded. Where variable remuneration is awarded, it establishes clear, comprehensive and differentiated criteria for the award of such remuneration, based on financial and non-financial performance objectives, where appropriate taking into account criteria relating to corporate social responsibility;
- (c) it specifies the elements of the policy from which, in the presence of exceptional circumstances indicated in Article 123-*ter*, paragraph 3-*bis*, of the CFA, it is possible to derogate and the procedural conditions under which the derogation may be applied.

3. SECTION II:

designed to provide and illustrate, analytically for each member of the Board of Directors and the Board of Auditors and in aggregate form for Key Management Personnel:

- (i) the items making up individual remuneration, including benefits in the event of resignation or termination of employment;
- (ii) compensation paid for any reason and in any form by the Company and/or Group companies;
- (iii) compensation to be paid in one or more subsequent financial years in respect of work performed during the relevant financial year; and
- (iv) the manner in which the Company took into account the vote cast the previous year on the second section of the report.

Section II, in accordance with Art. 84-*quater*, paragraph 4, of the Consob Issuers' Regulation, also reports, in specific tables, the data relating to the shareholdings held - in the Company and its subsidiaries - by Directors, Auditors and Key Managers, as well as by spouses who are not legally separated and minor children, directly or through subsidiaries, trust companies or third parties, as resulting from the register of shareholders, from communications received and from other information acquired from the same Directors, Auditors and Key Managers.

In accordance with Art. 123-*ter*, paragraph 3-*ter* of the CFA, whilst the Shareholders' Meeting resolution on the first section is binding, in accordance with said Art. 123-*ter*, paragraph 6 of the CFA, the Shareholders' Meeting must resolve in favour or not in favour of the second section, with a non-binding resolution.

This Report will be submitted to a vote at the Ordinary Shareholders' Meeting called for 28 April 2022.

In order to allow GVS shareholders to acquire adequate information on the contents of the Report and to express their vote in a sufficiently informed manner, the Report is filed at the registered office of GVS and published on the Company's website (www.gvs.com), in compliance with the terms of Article 123-*ter*, paragraph 1, CFA, as well as at the centralized storage mechanism "eMarket STORAGE", by the twenty-first day prior to the date of the Shareholders' Meeting.

Introduction

GVS is a company with ordinary shares listed on the regulated market managed by Borsa Italiana S.p.A.

At the date of this Report, the resolved, subscribed and paid-up share capital of GVS is equal to Euro [1,750,000], divided into [175,000,000] ordinary shares, fully paid up, with no nominal value.

ADMINISTRATIVE BODY

The Company is administered by a Board of Directors, numbering 9 members, listed below:

Position	Name	In office since	In office until
Chairman	Grazia Valentini	18 March 1987	Approval of the financial statements as at 31/12/2022
Chief Executive Officer	Massimo Scagliarini	24 July 1990	Approval of the financial statements as at 31/12/2022
Managing Director	Marco Scagliarini	24 July 1990	Approval of the financial statements as at 31/12/2022
Managing Director	Mario Saccone	23 July 2010	Approval of the financial statements as at 31/12/2022
Managing Director	Matteo Viola	23 May 2018	Approval of the financial statements as at 31/12/2022
Director	Nadia Buttignol	19 June 2020	Approval of the financial statements as at 31/12/2022
Director	Arabella Caporello	19 June 2020	Approval of the financial statements as at 31/12/2022
Director	Alessandro Nasi	19 June 2020	Approval of the financial statements as at 31/12/2022
Director	Michela Schizzi	19 June 2020	Approval of the financial statements as at 31/12/2022

The GVS Board of Directors in office at the date of the Report was appointed by the Issuer's Ordinary Shareholders' Meeting on 13 March 2020 and will remain in office until the approval of the financial statements for the year ending 31 December 2022. As at the close of the Financial Year, no member of the Board of Directors ceased to hold office, nor were there any changes in the members of the GVS Board of Directors.

On 13 March 2020, the GVS Board of Directors established:

(a) the Appointments and Remuneration Committee, numbering three non-executive directors, the majority of whom are independent pursuant to the Corporate Governance Code:

- i) **Michela Schizzi**, Chairman;
- ii) **Alessandro Nasi**, Director;
- iii) **Grazia Valentini**, Director.

The Board of Directors has deemed it appropriate, in line with the provisions of the Corporate Governance Code, that at least one member of the Appointments and Remuneration Committee should have adequate knowledge and experience in financial matters and remuneration policies.

For more information on the responsibilities and role of the Appointments and Remuneration Committee in setting remuneration policy, see paragraph 3.3 of the Report.

(b) the Control, Risk and Sustainability Committee, numbering three non-executive directors, the majority of whom are independent pursuant to the Corporate Governance Code:

- i) **Arabella Caporello**, Chairman;
- ii) **Nadia Buttignol**, Director;
- iii) **Michela Schizzi**, Director.

It should be noted that although the Corporate Governance Code requires only a majority of independent members, all members of the Control, Risk and Sustainability Committee meet the requirements of independence. The Board of Directors has also deemed it appropriate, in line with the provisions of the Corporate Governance Code, that at least one member of the Control, Risk and Sustainability Committee should have adequate knowledge and experience in financial, accounting and risk management matters.

Controlling Body

At the date of this Report, the Board of Auditors consisted of 3 regular members and 2 alternate members, as listed below:

Position	Name	In office since	In office until
Chairman	Patrizia Lucia Maria Riva	19 June 2020	Approval of the financial statements as at 31/12/2022
Regular Auditor	Stefania Grazia	19 June 2020	Approval of the financial statements as at 31/12/2022
Regular Auditor	Francesca Sandrolini	19 June 2020	Approval of the financial statements as at 31/12/2022
Alternate Auditor	Daniela Baesi	19 June 2020	Approval of the financial statements as at 31/12/2022
Alternate Auditor	Mario Difino	19 June 2020	Approval of the financial statements as at 31/12/2022

Independent Auditors

By resolution of 14 February 2020, the Issuer's Shareholders' Meeting approved, with effect subject to the admission of the shares to trading on the electronic share market (today Euronext Milan) managed by Borsa Italiana S.p.A., the conferral on PricewaterhouseCoopers S.p.A. of an engagement for the statutory audit of the accounts pursuant to Article 17 of the aforementioned Legislative Decree No. 39 of 2010, as subsequently amended by Legislative Decree No. 135 of 2016, for the financial years 2020-2028, in replacement of the engagement already conferred on 18 April 2019, pursuant to Article 14 of Legislative Decree No. 39 of 2010 and Article 2409-*bis et seq.* of the Civil Code, with reference to the Issuer's separate and consolidated financial statements for the three-year period 2019-2021. Also by resolution of 14 February 2020, the Issuer's Shareholders' Meeting approved, with effect subject to admission of the shares to trading on the electronic share market (today Euronext Milan) managed by Borsa Italiana S.p.A., the appointment of the Independent Auditors to perform a limited audit of the Issuer's condensed interim consolidated financial statements for the six-month periods ending 30 June of FYs 2020-2028.

Key Managers

As at the date of approval of this Report, the following persons hold the position of Key Managers in the Company:

- Mario Saccone;
- Matteo Viola;
- Pierre Dizier;
- Luca Querzè;
- Luca Zanini;
- Paola Musuraca

For more information on corporate governance and the composition of the Company's corporate bodies, please refer to the information available on the GVS website (www.gvs.com).



GVS

02.

Section I

Section I

This **Section I** of the Remuneration Report sets out in a clear and understandable manner the remuneration policy adopted by the Company (the "**Remuneration Policy**"). The Remuneration Policy will remain in effect until the date of approval of the financial statements for the year ending 31 December 2022 and renewal of the Board of Directors.

1. Remuneration Policy for Directors and Key Managers

(A) Bodies and persons involved in the preparation, approval and possible revision of the Remuneration Policy, roles and bodies and persons responsible for the correct implementation of such Policy

The preparation, approval and possible revision of the Remuneration Policy involves the Board of Directors, the Board of Auditors, the Ordinary Shareholders' Meeting and the Appointments and Remuneration Committee.

The Board of Directors has the exclusive and non-delegable power to define and approve the Remuneration Policy, on the basis of the proposal made by the Appointments and Remuneration Committee (whose composition and duties are described in **paragraph B** below).

The Remuneration Policy as described in this Report will be effective (unless amended) until the approval of the financial statements for the year ended 31 December 2022, and will remain in force until a new policy is approved for the subsequent period.

The Board of Directors and the Appointments and Remuneration Committee are responsible for the correct implementation of the Remuneration Policy, in the exercise of the tasks described below.

The remuneration of directors assigned specific duties is determined by the Board of Directors, in line with the Remuneration Policy, after consulting the Board of Auditors, on the proposal of the Appointments and Remuneration Committee and within the limits of the total remuneration that may be determined by the Shareholders' Meeting pursuant to Article 2389, paragraph 3, of the Civil Code and Article 22 of the Articles of Association.

(B) Appointments and Remuneration Committee, its composition, responsibilities and operating procedures

In data 13 marzo 2020 il Consiglio di Amministrazione ha nominato, con efficacia a On 13 March 2020, the Board of Directors appointed the members of the Appointments and Remuneration Committee, effective as of the trading start date, in the number of 3, who will remain in office until the approval of the financial statements for the year ending 31 December 2022.

The Appointments and Remuneration Committee is made up of the following three non-executive directors, two of whom are independent, pursuant to the combined provisions of Articles 147-ter, paragraph 4 and 148, paragraph 3, of the CFA and Recommendation 5 of the Corporate Governance Code: Michela Schizzi (Chairman, independent director), Alessandro Nasi (independent director) and Grazia Valentini. The Board of Directors has assessed that the director Michela Schizzi has adequate knowledge and experience in financial matters and remuneration policies.

In line with Recommendation 11 of the Corporate Governance Code, the Board of Directors, on 22 January 2021 approved the rules of procedure of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee meets when convened by its Chairman, whenever the Chairman deems it appropriate. The Appointments and Remuneration Committee works are coordinated by the Chairman. Resolutions of the Appointments and Remuneration Committee are passed by an absolute majority of its members in office.

In line with Recommendation 26 of the Corporate Governance Code, no Director takes part in the meetings of the Appointments and Remuneration Committee at which proposals are made to the Board relating to his own remuneration, except in the case of proposals concerning the generality of the members of the committees formed within the Board of Directors.

In accordance with Recommendation 25 of the Corporate Governance Code, the Appointments and Remuneration Committee is entrusted with the following functions of a proposing and advisory nature, in relation to the Policy:

- (a)** assisting the Board of Directors in drawing up the remuneration policy;
- (b)** to periodically assess the appropriateness, general consistency and concrete application of the Policy for the Remuneration of the Directors and Key Managers, availing itself, in this latter context, of the information provided by the Managing Directors.

To submit proposals or express opinions to the Board on the remuneration of executive directors and the other directors who carry out specific roles and establish the performance targets related to the variable component of said remuneration; monitor application of the decisions adopted by the Board of Directors, specifying, in particular, the actual achievement of said performance targets.

The Appointments and Remuneration Committee has the faculty to access all information and corporate structures and departments, ensuring suitable functional and operative

connections with such for the carrying out of its duties. It may use external consultants, at the expense of the Company and in any case within the limits of a potential budget approved annually by the Board of Directors, after verifying that such consultants are not in any situation that would concretely compromise their independence of judgement and, in particular, do not provide the HR Department, directors or Key Managers services of significance that would concretely compromise the independent judgement of said consultants.

The Chairman of the Appointments and Remuneration Committee (i) informs the Board of Directors, at the first useful meeting, of its meetings and reports annually on the activities carried out, and (ii) reports to the Shareholders' Meeting, on an annual basis, at the time of approval of the financial statements on the procedures for the exercise of its functions.

Management of conflicts of interest

The Company amended its procedure for regulating related party transactions ("RPT Procedure") on 23 June 2021. At the date of this Report the RPT Procedure itself exempts its application (i) to resolutions of the Shareholders' Meeting as per Article 2389, paragraph one, of the Civil Code relating to the remuneration due to the members of the Board of Directors of GVS (ii) to resolutions relating to the remuneration of Directors holding particular offices falling within the total amount which may be determined by the Shareholders' Meeting pursuant to Article 2389, third paragraph, of the Civil Code and (iii) to resolutions of the Shareholders' Meeting pursuant to Article 2402 of the Civil Code relating to the remuneration due to the members of the Board of Auditors of GVS. In addition, the RPT Procedure does not apply, without prejudice to the periodic accounting disclosure requirements, in the following cases referred to in Article 6, paragraph 6.2 of the RPT Procedure:

- (a) compensation plans based on financial instruments approved by the Shareholders' Meeting of GVS in accordance with Article 114-*bis* of the Consolidated Finance Act and the related executive transactions; and
- (b) resolutions, other than those indicated above, regarding the remuneration of the Directors of GVS vested with particular offices as well as Key Managers, provided that:
 - (i) GVS has adopted a remuneration policy approved by the Shareholders' Meeting; (ii) a committee consisting exclusively of non-executive directors, the majority of whom are independent, has been involved in the definition of the remuneration policy; and (iii) the remuneration awarded is identified in accordance with such policy and quantified on the basis of criteria that do not involve discretionary assessments.

(C) Components relating to employee compensation and working conditions in the determination of the Remuneration Policy

The Policy is made up of tools and logics, applied to the entire company population, aimed at attracting, motivating and retaining people with the professional qualities necessary to contribute to the definition of the Company's growth strategy and to the strengthening of the long-term interests and sustainability of GVS. It is based on the principles of fairness, equal opportunities, meritocracy and competitiveness in relation to the market.

The definition of the remuneration of the company population takes into consideration specific criteria, including the comparison with the external market and the internal equity of the company, the characteristics of the role and the responsibilities assigned, as well as the distinctive skills of the people, always with a view to maximum objectivity, in order to avoid any form of discrimination.

The remuneration package offered to all employees includes various benefits, including the use of company cars, telephones, computers and health cover. The benefits offered by GVS to its employees are linked to the professional category to which they belong, regardless of the type of contract (fixed-term, permanent; full-time, part-time) and follow guidelines applied at international level, with possible variations depending on the local policy of the country of reference.

The remuneration of employees holding managerial positions consists of a fixed component, valued according to the above criteria, and a variable component, aimed at rewarding the achievement of specific economic, financial and qualitative objectives.

GVS also ensures a safe and functional working environment: in GVS plants and commercial offices, procedures are applied to protect the health and safety of workers.

(D) Independent experts potentially involved in the preparation of the Remuneration Policy

The Remuneration Policy may be prepared with the assistance of an external consultant to gather information on market practices regarding remuneration policies, verifying in advance that the consultant complies with independence requirements that ensure independent judgement.

When preparing the Remuneration Policy, the Company used the services of the independent expert Willis Towers Watson to revise the fixed and variable components of remuneration in line with the best practices adopted in the Italian and foreign markets.

(E) Purposes pursued by the Remuneration Policy, the principles underlying it, its duration, and a description of the changes to the Remuneration Policy most recently submitted to the Shareholders' Meeting and how such revision takes into account the votes and assessments expressed by the Shareholders at that meeting or thereafter

The Remuneration Policy has been designed with the intention of pursuing the constant need to:

- (a) ensure an overall remuneration structure capable of recognising the managerial value of the individuals involved and the contribution made to the growth of the company in relation to their respective skills;
- (b) reward the achievement of performance objectives, linked to economic and financial indicators of company growth and non-financial objectives, as well as their sustainability over time;
- (c) attract, retain and motivate resources with the professional qualities required by the growth prospects of the GVS Group's business, with particular attention to positions considered key to the development and management of the business;
- (d) align the company's and management's interests with those of the shareholders; and
- (e) support the creation of value for shareholders in the medium-long term;

THE REMUNERATION POLICY IS BASED ON THE FOLLOWING PRINCIPLES:

- (a) the **fixed and variable components** of remuneration are adequately balanced according to GVS's strategic objectives and risk management policy, also taking into account the sector in which it operates and the characteristics of the business activity actually carried out, in line with the objective of promoting the creation of long-term value for all shareholders and sustainable growth;
- (b) the **fixed component** suffices to remunerate the performance of the Executive Directors and Key Managers if the variable component is not disbursed due to failure to achieve the performance objectives set by the Board; and
- (c) the **variable component**, divided into a short-term component (Directors MBO Plan and KM MBO Plan) and a medium/long-term component (2020-2022 Performance Share Plan), is designed to significantly remunerate results that exceed targets, decreasing in value when they are not achieved. It shall be paid up to limits established.

The principal changes to the Remuneration Policy approved at the 27 April 2021 Shareholders' Meeting are:

- the updating of the MBO Plan through the introduction of a new financial KPI;
- the adjustment of the fixed component of the remuneration of certain Key Managers.

It should be noted that none of these changes were made as a result of the vote taken at the 27 April 2021 Shareholders' Meeting. It should be noted that the Remuneration Policy submitted to the Shareholders' Meeting held on 27 April 2021 was approved with the favourable vote of 88.056% of those in attendance and, at that meeting, no questions or comments were asked.

(F) Description of policies on fixed and variable components of remuneration

The Remuneration Policy establishes that:

- (a) non-executive directors of the Company are entitled to **fixed** remuneration; while
- (b) executive directors and Key Managers are entitled to a mixed remuneration, with a **fixed** component and a **variable** component.

Considering the purpose and criteria pursued by the Remuneration Policy, the remuneration of Directors and Key Managers is defined as follows.

Non-executive Directors

The remuneration payable to the non-executive directors of the Company in office is determined as a fixed amount and is commensurate with the commitment required, also in relation to participation in Board Committees. The remuneration of these directors is not linked either to economic results or to specific objectives of the Company and they are not recipients of any incentive plan.

The fixed remuneration payable to the non-executive directors of the Company in office was determined by the Shareholders and the Board of Directors on 13 March 2020 and consists of the amounts (which may be aggregated) set out below:

- a) Euro 250,000.00 - on an annual basis - for the Chairman of the Board of Directors, plus reimbursement of expenses;
- b) Euro 20,000.00 - on an annual basis - for each of the other non-executive directors, plus reimbursement of expenses;
- c) Euro 20,000.00 - on an annual basis - for the Chairman of the Audit, Risk and Sustainability Committee and the Chairman of the Appointments and Remuneration Committee; and
- d) Euro 10,000.00 - on an annual basis - for each member of the Control, Risk and Sustainability Committee and the Appointments and Remuneration Committee.

Chief Executive Officer and Executive Directors

The remuneration of the Chief Executive Officer and the other executive directors consists of a fixed component and a variable component.

CHIEF EXECUTIVE OFFICER

The remuneration of the Chief Executive Officer Massimo Scagliarini is made up as follows:

- a) **Fixed component:** (i) Euro 20,000.00, on an annual basis, as director, plus reimbursement of expenses; and (ii) Euro 620,000.00, on an annual basis, as CEO;
- b) **Short-term variable component:** Directors MBO Plan, up to a maximum of Euro 930,000.00 upon achievement of the assigned targets; and
- c) **Medium/long-term variable component:** 2020-2022 Performance Share Plan.

OTHER EXECUTIVE DIRECTORS

The remuneration of the executive director Marco Scagliarini is made up as follows:

- a) **Fixed component:** (i) Euro 20,000.00, on an annual basis, in his capacity as director, plus reimbursement of expenses; and (ii) Euro 250,000.00, on an annual basis, by virtue of the powers delegated to him;
- b) **Short-term variable component:** Directors MBO Plan, up to a maximum of Euro 375,000.00 upon achievement of the assigned targets; and
- c) **Medium/long-term variable component:** 2020-2022 Performance Share Plan.

The remuneration of the executive directors Mario Saccone and Matteo Viola is made up, net of the remuneration received by way of manager, as follows:

- a) Fixed component:** (i) Euro 20,000.00, on an annual basis, as director, in addition to the reimbursement of expenses; (ii) with reference to the remuneration connected to the powers conferred on them, such remuneration is understood to be included in the remuneration paid to them on the basis of their executive employment relationship;
- b) Short-, medium- and long-term variable component:** with reference to the remuneration connected with the powers conferred on them, this remuneration is understood to be included in the remuneration paid to them on the basis of their executive employment relationship.

Key Managers

The Company has identified the following as Key Managers:

- Mario Saccone (Executive Director and Chief Financial Officer);
- Matteo Viola (Executive Director and Chief Operating Officer);
- Luca Querezè (Deputy Chairman Science & Development);
- Luca Zanini (Deputy Chairman Healthcare & Life Sciences);
- Pierre Dizier (Deputy Chairman Health & Safety); and
- Paola Musuraca (Director of Human Resources).

The remuneration of Key Managers is made up as follows:

- a) Fixed component:** overall fixed remuneration (indicated in aggregate form), on an annual basis, equal to Euro 1,230,000;
- b) Short-term variable component:** KM MBO Plan; and
- c) Medium/long-term variable component:** 2020-2022 Performance Share Plan.

2020-2022 Performance Share Plan

On 13 March 2020, the Shareholders' Meeting approved an incentive plan called the "GVS 2020-2022 Performance Share Plan" (the "**2020-2022 Performance Share Plan**"), which is designed to provide incentive to and retain the Group's key resources. As of the date of the Report, the Board of Directors has identified as beneficiaries of the 2020-2022 Performance Share Plan, among others, the Chief Executive Officer Massimo Scagliarini, the executive directors Marco Scagliarini, Mario Saccone and Matteo Viola, the other Key Managers and other employees of the Company, as well as additional beneficiaries to be identified in the future.

The 2020-2022 Performance Share Plan provides for the grant to beneficiaries of a conditional, free of charge and non-transferable right by *inter vivos* deed to receive, at the end of a vesting period set at 31 December 2022, up to a maximum of a total of 1,200,000 ordinary shares of the Company, subject to ongoing relationships with Group companies and in relation to the achievement of certain performance targets at consolidated level in terms of Earning per Share (which has a weight of 50% in determining the total number of shares that can be allocated), Cash Conversion (which has a weight of 30%) and Total Shareholder Return (which has a weight of 20%).

The shares to service the 2020-2022 Performance Share Plan will be derived in part from treasury shares held from time to time in the Company's portfolio and in part from one or more free share capital increases pursuant to Art. 2349, first paragraph, of the Civil Code, for the execution of which a specific proxy has been conferred on the Board of Directors pursuant to Art. 2443 of the Civil Code, for a maximum of Euro 12,000.00 with the issue of a maximum of 1,200,000 new ordinary shares of GVS.

The 2020-2022 Performance Share Plan provides that the shares granted to each beneficiary are subject to a restriction on their availability from the date of their actual delivery. In particular, the Chief Executive Officer will be required to maintain this restriction for two years for a number of shares equal to 50% of the shares granted to him under the 2020-2022 Performance Share Plan, while the other executive directors and/or Key Managers will be required to maintain this restriction for one year for a number of shares equal to 50% of the shares granted to them under the 2020-2022 Performance Share Plan.

- (a)** The following table shows the incidence of the variable component of the remuneration of executive directors and other Key Managers deriving from the 2020-2022 Performance Share Plan on the total annual remuneration due to them;
- (b)** the variable component of the Chief Executive Officer's remuneration arising from the 2020-2022 Performance Share Plan, upon achievement of the assigned targets, represents a variable percentage ranging between approximately 22% and 29% of total annual remuneration (which includes the fixed remuneration and the various variable components); and
- (c)** the variable component of the remuneration of the executive directors Marco Scagliarini, Mario Saccone and Matteo Viola and of the other Key Managers deriving from the 2020-2022 Performance Share Plan, upon achievement of the assigned targets, represents a variable percentage ranging between approximately 14% and 36% of the total annual remuneration (which includes fixed remuneration and the various variable components) to which they are entitled.

MBO Plans

The Board of Directors approved a management by objectives incentive plan (the "MBO Plan") for the Chief Executive Officer Massimo Scagliarini and the other executive directors and Key Managers, under which these directors and KMs are entitled to receive an annual incentive whose amount is commensurate with the achievement of annual (individual and group) performance targets and Group Strategic Annual Objectives. These objectives include objectives of a non-financial nature, such as those related to ESG and sustainability.

The weight of these objectives is specified in the table below and is different for the CEO, KMs with responsibility for staff functions (CFO, COO, Director of Human Resources and VP Science & Development) and KMs with commercial responsibility (the VPs of the business divisions).

		CEO		Key Managers			
				VPs Functions	VPs Commercial		
A	GROUP Performance Objective	✓	80%	✓	50%	✓	30%
B	GROUP Strategic Annual Objective	✓	20%	✓	20%	✓	20%
C	Individual Performance Objective			✓	30%	✓	50%

This MBO Plan was drawn up on the basis of the evidence emerging from a specific external benchmarking activity carried out by the independent company Willis Towers Watson in line with the best practices adopted in the Italian and foreign markets of the sector.

In detail, the Group Performance Objective (Objective A) is linked to the achievement of certain performance targets for two financial indicators identified in the Company's Adjusted EBITDA (Organic) and Total Revenue (Organic). The achievement of these indicators determines the actual % of target achievement calculated by linear interpolation. The threshold values are represented in the following diagram.

% Achievement of target Turnover	% Achievement of objective	% Achievement of EBITDA target	% Achievement of objective
< 88 %	0 %	< 89 %	0 %
88 %	33 %	89 %	33 %
100 %	100 %	100 %	100 %
112 %	150%	108%	150%

CHIEF EXECUTIVE OFFICER

The weight of the annual performance objective and the Annual Strategic Objectives for Massimo Scagliarini is broken down as follows:

Name	Group Annual Performance Objective	Group Strategic Annual Objectives
Massimo Scagliarini	80%	20%

In particular, the Group's Annual Performance Objective is linked to the result of two financial parameters, each with the weighting shown in the diagram below:

Name	Group Annual Performance Objective	
	Group Annual Performance Objective	Weight Turnover target (Organic)
Massimo Scagliarini	40%	40%

The achievement of the target result is therefore linked to the attainment of the Adjusted EBITDA Target (Organic) and the Turnover Target (Organic) within thresholds defined according to the diagram below.

% Achievement of target Turnover	% Achievement of objective	% Achievement of EBITDA target	% Achievement of objective
< 88 %	0 %	< 89 %	0 %
88 %	33 %	89 %	33 %
100 %	100 %	100 %	100 %
112 %	150%	108%	150%

The target achievement value is tied to the actual % of achievement identified by linear interpolation.

The MBO component linked to the achievement of the Strategic Annual Objectives is determined on the basis of the actual percentage of achievement.

In any case, the amount of the MBO to be paid annually may not exceed Euro 930,000.

RATIO OF MBO COMPONENT TO TOTAL REMUNERATION

The incidence of the variable component of the remuneration of the Chief Executive Officer deriving from the MBO Plan on total annual remuneration represents a variable percentage equal to approximately 46% of total annual remuneration.

EXECUTIVE DIRECTORS (NOT KMS)

Marco Scagliarini, executive director and Deputy Chairman of the Energy & Mobility Division, is entitled to receive an incentive on an annual basis, the amount of which is commensurate with the achievement of the annual Group Performance target, the Individual Performance Objectives related to the performance of the Energy & Mobility Division, as well as the strategic annual objectives, as indicated below:

Name	Annual Group Performance Objectives	Group Strategic Annual Objectives	Individual Performance Objectives
Marco Scagliarini	30%	20%	50%

In particular, the Group's Annual Performance Objective is linked to the result of two financial parameters, each with the weighting shown in the diagram below:

Name	Group Annual Performance Objective	
	Weight EBITDA objective (Organic)	Weight Turnover objective (Organic)
Marco Scagliarini	25%	5%

The achievement of the target result is therefore linked to the attainment of the Adjusted EBITDA Target (Organic) and the Turnover Target (Organic) within thresholds defined according to the diagram below.

% Achievement of target Turnover	% Achievement of objective	% Achievement of EBITDA target	% Achievement of objective
< 88 %	0 %	< 89 %	0 %
88 %	33 %	89 %	33 %
100 %	100 %	100 %	100 %
112 %	150%	108%	150%

The target achievement value is tied to the actual % of achievement identified by linear interpolation.

In addition, the MBO component linked to the achievement of the Annual Strategic Objectives and the Individual Performance Objectives is determined on the basis of the percentage of actual achievement of the same.

In any case, the amount of the MBO to be paid annually may not exceed Euro 375,000.

RATIO OF MBO COMPONENT TO TOTAL REMUNERATION

The incidence of the variable component of the remuneration of the Director Marco Scagliarini deriving from the MBO Plan on total annual remuneration represents a variable percentage equal to approximately 50% of total annual remuneration.

KM MBO PLAN

Key Managers are beneficiaries of an incentive plan known as management by objectives (the "KM MBO Plan") pursuant to which such persons are entitled to receive an annual incentive whose amount is commensurate upon achieving (i) annual Adjusted EBITDA (Organic) and Group Turnover (Organic) objectives; (ii) the achievement of Individual Performance Objectives; and (iii) the achievement of Group Strategic Annual Objectives.

The weight of the collective financial indicators, collective strategic objectives and individual objectives is broken down as follows:

Name	Annual Group Performance Objectives	Group Strategic Annual Objectives	Individual Performance Objectives
Matteo Viola	50%	20%	30%
Mario Saccone	50%	20%	30%
Paola Musuraca	50%	20%	30%
Luca Querzè	50%	20%	30%
Luca Zanini	30%	20%	50%
Pierre Dizier	30%	20%	50%

In particular, the Group's Annual Performance Objective is linked to the result of two financial parameters, each with the weighting shown in the diagram below:

Name	Group Annual Performance Objective	
	Weight EBITDA objective (Organic)	Weight Turnover objective (Organic)
Matteo Viola	25%	25%
Mario Saccone	25%	25%
Paola Musuraca	25%	25%
Luca Querzè	25%	25%
Luca Zanini	25%	5%
Pierre Dizier	25%	5%

The achievement of the target result is therefore linked to the attainment of the Adjusted EBITDA Target (Organic) and the Turnover Target (Organic) within thresholds defined according to the diagram below.

% Achievement of target Turnover	% Achievement of objective	% Achievement of EBITDA target	% Achievement of objective
< 88 %	0 %	< 89 %	0 %
88 %	33 %	89 %	33 %
100 %	100 %	100 %	100 %
112 %	150%	108%	150%

The target achievement value is tied to the actual % of achievement identified by linear interpolation.

In addition, the MBO component linked to the achievement of the Annual Strategic Objectives and the Individual Performance Objectives is determined on the basis of the percentage of actual achievement of the same.

In any case, the amount of the MBO to be paid annually may not result in an outlay of more than 150% of the amount of the annual RAL of each KM.

RATIO OF MBO COMPONENT TO TOTAL REMUNERATION

The incidence of the variable component of the remuneration of each of the executive directors and Key Managers Mario Saccone and Matteo Viola and the other KMs deriving from the KM MBO Plan on the total annual remuneration due to them is shown below:

Name	% incidence of MBO target on annual total remuneration
Matteo Viola	49%
Mario Saccone	48%
Paola Musuraca	32%
Luca Querzè	31%
Luca Zanini	50%
Pierre Dizier	48%

GVS has exercised its right to protect the confidentiality of further information considered commercially sensitive, and has not provided disclosure of forecast data whose disclosure could cause prejudice to the Group.

(G) Policy on non-monetary benefits

Non-monetary benefits are awarded in line with current market practices and in accordance with the position and role held. Non-cash benefits include the use of company cars, telephones, computers and health insurance.

(H) Description of the financial and non-financial performance objectives, taking into account criteria relating to corporate social responsibility, on the basis of which the variable components are assigned

Refer to what is described in paragraph F) above.

(I) Criteria used to assess the achievement of performance objectives underlying the granting of shares, options, other financial instruments or other variable components of remuneration and the extent of the variable component to be paid according to the level of achievement of such objectives

With regard to the variable component of the remuneration of executive directors and Key Managers deriving from the Directors MBO Plan and the KM MBO Plan, the assessment of performance and communication of the degree of achievement of the objectives assigned as well as determination of the amount of the variable component of remuneration payable to the person concerned takes place after approval of the consolidated financial statements by the Board of Directors, subject to assessment by the Appointments and Remuneration Committee.

With regard to the variable component of the remuneration of executive directors and Key Managers deriving from the 2020-2022 Performance Share Plan, the Board of Directors, subject to the opinion of the Appointments and Remuneration Committee, will determine the methods and timing for defining and verifying the performance targets envisaged, communicating the achievement or non-achievement of the said targets to each beneficiary also through the relevant corporate functions.

The actual vesting of the right to receive shares under the 2020-2022 Performance Share Plan is subject, in addition to the expiry of the vesting period, to the achievement of targets at a consolidated level in terms of Earnings per Share, Cash Conversion and Total Shareholder Return.

For details on the extent of the variable component, see paragraph F) above.

(J) Information aimed at highlighting the contribution of the Remuneration Policy to the company's strategy, the pursuit of the company's long-term interests and the sustainability of the company

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

- a) balance the fixed remuneration and variable remuneration with the objective of creating sustainable value in the medium/long-term for the Company;
- b) coordinate the variable remuneration, linking it to the achievement of operative and financial and non-financial objectives, aligned with the creation of value over the medium/long-term and the effective results achieved by the Company;
- c) recognise suitable remuneration to attract, motivate and withhold in the medium/long-term, persons with the individual and professional qualities necessary to pursue the business objectives and assure business growth over the medium/long-term.

(K) Vesting periods and deferred payment systems and ex post correction mechanisms of the variable component

The 2020-2022 Performance Share Plan provides for the grant to beneficiaries of a conditional, free of charge, non-transferable right by *inter vivos* deed to receive, at the end of a vesting period set at 31 December 2022 up to a maximum of a total of 1,200,000 ordinary shares in the Company, subject to the terms and conditions set out therein.

In addition, under the terms of the 2020-2022 Performance Share Plan, the Company reserves the unilateral right to obtain the return, in whole or in part, of the shares received by the beneficiary (or of the relative equivalent value at the time of the attribution), in cases where it is ascertained that the attribution was made in violation of company or legal regulations or of intentional or grossly negligent conduct aimed at altering the data used to achieve the performance objectives ("claw-back").

(L) Information on clauses for holding financial instruments in the portfolio after their acquisition

The shares granted to the beneficiaries of the 2020-2022 Performance Share Plan are subject to a lock-up restriction ("lock-up"), in accordance with the terms and conditions set out below:

- Chief Executive Officer: 50% of the shares allocated to Chief Executive Officer Massimo Scagliarini are subject to a two-year lock-up;
- executive directors (other than KMs): 50% of the shares allocated to executive director Marco Scagliarini are subject to a one-year lock-up; and
- other Key Managers: 50% of the shares allocated to other Key Managers are subject to a one-year lock-up.

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

At the date of the Report, with the exception of the severance indemnity provided for in Article 2120 of the Civil Code and the Confapi National Collective Bargaining Agreement for Industrial Executives, and except as indicated below, there are no contracts in place between members of the Board of Directors, Board of Auditors and other Key Managers and the Company or its subsidiaries that provide for the payment of severance indemnities.

It should be noted that each of the directors, Marco Scagliarini and Massimo Scagliarini entitled to a termination indemnity of 20% of Euro 119,000.00 for Massimo Scagliarini and Euro 118,000.00 for Marco Scagliarini, for each year of their mandate. The Chairman of the Board of Directors, Grazia Valentini, is entitled to an end-of-term indemnity of 20% of Euro 33,000.00 for each year of term of office. With effect from 19 June 2020, following the listing, the Issuer ceased to make provisions to service the termination indemnity for Grazia Valentini. Therefore, in the event of the termination of her position as director, Grazia Valentini will be entitled to a severance indemnity in an amount equal to the total amounts set aside in the financial statements to service the severance indemnity in her favour until the Trading Start Date.

With reference to the 2020-2022 Performance Share Plan, the termination of the office, or the termination of the employment contract, may have the following effects:

- following a so-called good leaver event (voluntary resignation, consensual termination, death or disability, under the terms indicated in the Regulations of the 2020-2022 Performance Share Plan) during the vesting period or in any case before the delivery of the shares, the beneficiary (or heirs) will maintain the right to receive a pro-rata amount of shares corresponding to the pro-rata amount of the rights to receive shares assigned before the termination of the contract with the Company. In this case, the verification of the level of achievement of the objectives will be carried out with reference to the latest approved financial statements and the pro-rata will be determined using the fiscal year as the unit of calculation;
- following the occurrence of a bad leaver event (all termination events other than good leaver events) during the vesting period or, in any case, before the delivery of the shares, the beneficiary will definitively and fully lose the right to receive the shares assigned.

In the event of transfer of the relationship to another Group company and/or in the event of termination of the relationship and simultaneous establishment of a new relationship within the Group, on the other hand, the beneficiary will retain, *mutatis mutandis*, all rights assigned.

At the date of the Report, GVS has not entered into any contracts which envisage the assignment or maintenance of non-monetary benefits or the stipulation of consultancy contracts for a period subsequent to the termination of the relationship.

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

As noted in paragraph G) above, non-monetary benefits may include supplementary health cover other than mandatory health cover.

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

In accordance with the recommendations of the Corporate Governance Code, the remuneration of non-executive directors is not linked to the economic results achieved by the Company.

The Remuneration Policy envisages the attribution of an additional fixed fee to Non-Executive Directors and Independent Directors who are part of Board Committees, to suitably remunerate the additional work and commitment they carry out and assure to the benefit of the Company.

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

(P) Companies used as reference for the definition of the remuneration policy

The Remuneration Policy was drawn up using, as a reference parameter, other companies listed on the EXM which are similar, in terms of business complexity, to GVS as well as other companies in the same sector.

Peer Group	
#	Company
1	Diasorin
2	Moncler*
3	Aquafil*
4	Biesse
5	Brunello Cucinelli*
6	Carel Industries
7	Cementir Holding*
8	Datalogic
9	F.I.L.A
10	IMA*
11	Interpump Group*
12	Piaggio & C*
13	Piovan
14	Sol*
15	Technogym*
16	Tod's*
17	Saes Getters

*Companies with a Chairman-CEO

The Global Grading System methodology certified internationally by Willis Towers Watson was used to review KMs compensation. The values contained in Willis Towers Watson's "2021 General Industry Total Rewards Survey - Italy", which includes a panel of 330 industrial companies, were used as market references.

For the definition of the MBO Plan, an independent benchmark was carried out by Willis Towers Watson concerning the indicators in the MBO systems in terms of type and weight of the indicators. Two panels of companies were referenced: (i) Italian members of the reference panel mentioned above as the Peer Group for the remuneration policy and (ii) international industry panel (which also includes some of the Company's competitors).

International Industry Panel

Company
Elen. SPA
Avon Rubber
Diasorin
Apha Protec
MSA Safety
Drager
Donaldson
Ypsomed
Medacta Group
Amplifon
Paul Hartmann
Coltene
Advanced medical solution

Panel of Italian industrial companies (from Peer Group)

Company
Carel
Technogym
Datalogic
IMA
Interpump
Piaggio
SOL
FILA
Saes Getter
Aquafil

(Q) Elements of the remuneration policy which may be waived in exceptional circumstances and the relevant procedural conditions under which the waiver may be applied

GVS looks unfavourably on the possibility of making exceptions to the elements that make up the Remuneration Policy. However, if there are exceptional circumstances (as defined by art. 123-ter of the CFA), such as, for example, the need to attract and retain people with the skills and professional qualities required to manage the Company successfully, as well as the need to motivate these people in relation to specific KPIs which may be of significant importance in virtue of contingent circumstances, the Company considers it appropriate that it may proceed, without prejudice to the provisions of Consob Regulation no. 17221 of 12 March 2010, applying, in this case, the provisions of the procedure adopted by GVS on the subject of transactions with related parties.

Such exceptions may concern, *inter alia* (a) the attribution of an annual bonus (in substitution or in addition to those already provided for by the Policy) linked to performance objectives and quantitative parameters different from those set forth in the Policy as well as (b) the adoption of an incentive system different from the 2020-2022 Performance Share Plan.

In the presence of the aforementioned circumstances, the Appointments and Remuneration Committee is called upon to express its opinion before the Board of Directors, which resolves on the derogation.

2. Remuneration Policy of the Board of Auditors

The remuneration of the Board of Auditors is commensurate with the competence, professionalism, commitment required, the importance of the role covered as well as the size and sector characteristics of the Company, in line with Recommendation 30 of the Corporate Governance Code.

On 13 March 2020, the Ordinary Shareholders' Meeting, with effect subject to the condition precedent of the start of trading, resolved to appoint new members of the Board of Auditors and set the gross annual compensation payable to the Board of Auditors, which has been increased during the Shareholders' Meeting held on 27 April 2021 and which was, at the date of this Policy, set as a total of Euro 95,000.00, all-inclusive, broken down as follows: (a) for the Chairman of the Board of Auditors: Euro 35,000.00 and (b) for each Regular Auditor: Euro 30,000.00.

In view of the Company's size, organisational structure and the overall remuneration paid to the Company's non-executive Directors for the work performed both within the Board of Directors and on its internal committees, the remuneration of the members of the Board of Auditors is substantially adequate and proportionate to the commitment required of the members of the Board of Auditors in attending meetings of the Board of Directors and its internal committees.



03.

Section II



Section II

This Section II, which in turn is structured into two Parts, provides a named indication of the remuneration assigned to the administrative and auditing bodies and, in aggregate form, the remuneration of Key Managers paid during the year.

In compliance with Annex 3A, Scheme 7-bis of the Consob Issuers' Regulation, the remuneration of Key Managers is specified in aggregate form insofar as none received a comprehensive remuneration during the financial year that exceeded the higher comprehensive remuneration attributed to Directors.

Part One - Items Making Up The Remuneration

Part One of Section II provides an adequate, clear and understandable representation of the items that make up remuneration.

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

1.1 Composition of remuneration

(a) Remuneration of members of the administrative bodies

The Ordinary Shareholders' Meeting held on 13 March 2020 resolved to grant:

- a) an equal fixed fee for each Director of Euro 20,000.00 gross per annum;
- b) a fixed fee for the Chairman of the Board of Directors of Euro 250,000.00 gross per annum.

On the same date, the Shareholders' Meeting delegated to the Board of Directors the task of determining the supplemental compensation of Directors who perform special functions and/or serve on Board Committees, within the limits of an overall gross annual amount payable to the Board of Directors of 1,360,000.00 euros, without taking into account the variable remuneration generated by short-term incentives and medium/long-term incentive plans approved by the Company from time to time.

On the same date, the Board of Directors resolved to allocate the emolument determined by the Ordinary Shareholders' Meeting as follows:

- (i) Chief Executive Officer (Massimo Scagliarini): Euro 620,000.00;
- (ii) Executive Director (Marco Scagliarini): Euro 250,000.00;
- (iii) Chairman of the Appointments and Remuneration Committee: Euro 20,000.00;
- (iv) Members of the Appointments and Remuneration Committee: Euro 10,000.00 each;
- (v) Chairman of the Control, Risks and Sustainability Committee: Euro 20,000.00;
- (vi) Members of the Control, Risks and Sustainability Committee: Euro 10,000.00 each.

(b) Executive Directors

In light of the resolutions passed by the Ordinary Shareholders' Meeting, the Board of Directors, also with reference to the setting of the performance objectives related to the variable component of this remuneration, resolved the allocation of additional emoluments to the Executive Directors of the Company. At the date of the Report, these additional fees are broken down as follows:

- a) for the Chief Executive Officer, **Massimo Scagliarini**, variable gross annual compensation of Euro 1,107,501.03, of which Euro 883,500.00 derives from the MBO Plan and Euro 224,001.03 from the 2020-2022 Performance Share Plan;
- b) for the Executive Director **Marco Scagliarini** a variable gross annual remuneration of Euro 321,016.87, of which Euro 268,750.00 deriving from the MBO Plan and Euro 52,266.87 related to the 2020-2022 Performance Share Plan;
- c) for the Executive Director, Executive with Strategic Responsibilities and Chief Financial Officer, **Mario Saccone**, variable gross annual compensation of Euro 304,766.87, of which Euro 252,500.00 deriving from the MBO Plan and Euro 52,266.87 related to the 2020-2022 Performance Share Plan;
- d) for the Executive Director, Executive with Strategic Responsibilities and Chief Operating Officer, **Matteo Viola**, variable gross annual compensation of Euro 325,266.87, of which Euro 273,000.00 deriving from the MBO Plan and Euro 52,266.87 related to the 2020-2022 Performance Share Plan.

Executive Directors Mario Saccone and Matteo Viola also received a fixed compensation of Euro 221,049.59 and Euro 231,043.34, respectively, in their capacity as Key Managers.

The proportion of fixed and variable remuneration of the Managing Director and Executive Directors during the year is set out below.

		Proportion of fixed and variable compensation (*)		
		Fixed compensation	Short-term variable compensation	Long-term variable compensation
Chief Executive Officer	Compensation from GVS	37%	51%	13%
	Compensation from subsidiaries	-	-	-
	Total	37%	51%	13%
Executive Director	Compensation from GVS	46%	45%	9%
	Compensation from subsidiaries	-	-	-
	Total	46%	45%	9%
Executive Director and Chief Financial Officer	Compensation from GVS	43%	47%	10%
	Compensation from subsidiaries	-	-	-
	Total	43%	47%	10%
Executive Director and Chief Operating Officer	Compensation from GVS	42%	48%	9%
	Compensation from subsidiaries	-	-	-
	Total	42%	48%	9%

(*) The proportion is calculated starting from the detail of the remuneration items reported in Section II - Part Two.

(c) Remuneration of the members of the Board of Auditors

On 27 April 2021, the Company's Ordinary Shareholders' Meeting resolved to set at Euro 35,000.00 per year the gross annual compensation payable to the Chairman of the Board of Auditors and at Euro 30,000.00 per year the gross annual compensation payable to each Regular Auditor.

No monetary and non-monetary benefits are envisaged in the Auditors' favour.

(d) Remuneration of other Key Managers

Without prejudice to the provisions for the KMs who are also executive directors, the remuneration paid by the Group and allocated for any reason and in any form to the Company's remaining Key Managers (Pierre Dizier, Luca Querzé, Luca Zanini and Paola Musuraca) for the year ended 31 December 2021 totals Euro 1,528,861.68. It consists of the fixed component of remuneration and therefore of the gross annual remuneration from employment (the "RAL"), amounting to Euro 652,873.71, and non-monetary benefits, as well as any remuneration received for offices in subsidiaries and any bonuses (MBO Plan + 2020-2022 Performance Share Plan) amounting, in aggregate gross values, to Euro 848,929.42.

The Company also granted the following non-monetary benefits to key managers: company car, portable computer, health insurance and mobile telephone, for a total amount of Euro 27,058.55.

Certain Key Managers benefit from incentive remuneration (see Section I above) as a result of the responsibility assigned to them as key management figures in the Group.

The proportion between fixed and variable compensation for the other Key Managers for the year is set out below.

		Proportion of fixed and variable compensation (*)		
		Fixed compensation	Short-term variable compensation	Long-term variable compensation
Key Managers who are not directors	Compensation from GVS	44%	42%	14%
	Compensation from subsidiaries	-	0	0
	Total	44%	42%	14%

(*) The proportion is calculated starting from the detail of the remuneration items reported in Section II - Part Two.

1.2 Agreements envisaging indemnity in the event of the early termination of the contract of employment

At the date of the Report, with the exception of the severance indemnity provided for in Article 2120 of the Civil Code and the Confapi National Collective Bargaining Agreement for Industrial Executives, and except as indicated below, there are no contracts in place between members of the Board of Directors, Board of Auditors and other Key Managers and the Company or its subsidiaries that provide for the payment of severance indemnities.

It should be noted that each of the directors, Marco Scagliarini and Massimo Scagliarini entitled to a termination indemnity of 20% of Euro 119,000.00 for Massimo Scagliarini and Euro 118,000.00 for Marco Scagliarini, for each year of their mandate. The Chairman of the Board of Directors, Grazia Valentini, is entitled to an end-of-term indemnity of 20% of Euro 33,000.00 for each year of term of office. With effect from 19 June 2020, following the listing, the Issuer ceased to make provisions to service the termination indemnity for Grazia Valentini. Therefore, in the event of the termination of her position as director, Grazia Valentini will be entitled to a severance indemnity in an amount equal to the total amounts set aside in the financial statements to service the severance indemnity in her favour until the Trading Start Date.

1.3 Exceptions to the Remuneration Policy applied to exceptional circumstances

During the year, GVS did not make any exceptions to the Remuneration Policy.

1.4 Mechanisms for ex-post correction of the variable component of remuneration paid

During the year, no *ex-post* correction mechanisms were applied to the variable component (malus or claw-back of variable compensation).

1.5 Comparative information

The following information compares, for FYs 2020 and 2021, the annual change in total remuneration for members of the Board of Directors and members of the Board of Auditors and, in aggregate form, Key Management Personnel, the Company's results and gross annual remuneration, benchmarked to full-time employees.

Name	Position	2021	2020 (*)
Grazia Valentini	Chairman of the Board of Directors	260.000	161.200
Massimo Scagliarini	Chief Executive Officer	1.260.000	999.160
Marco Scagliarini	Managing Director	520.000	443.680
Mario Saccone	Managing Director	421.050	405.783
Matteo Viola	Managing Director	441.043	423.469
Nadia Buttignol	Director	30.000	30.000
Arabella Caporello	Director	40.000	40.000
Alessandro Nasi	Director	30.000	30.000
Michela Schizzi	Director	50.000	50.000
Patrizia Lucia Maria Riva	Chairman of the Board of Auditors	35.000	10.000
Stefania Grazia	Regular Auditor	30.000	7.000
Francesca Sandrolini	Regular Auditor	30.000	7.000
Average gross annual remuneration of total employees (**)	-	41.955	39.816
EBIT	-	89 mio	119 mio
EBITDA	-	108 mio	138 mio

(*) Extraordinary bonuses related to the IPO have not been included.

(**) Overall average annual gross remuneration, fixed and short to target variable components, calculated on a full-time equivalent basis. It should be remembered that GVS is a multinational which operates on three continents through 15 production plants and 7 commercial distribution centres located in 17 different countries in addition to Italy (Brazil, Argentina, United States, United Kingdom, Romania, China, Japan, Korea, Turkey, Russia, Mexico, Puerto Rico, New Zealand, India, Malaysia, Vietnam and Thailand). Given that these are countries in which the different cost of living would not have given a picture in line with the average remuneration and working conditions of GVS employees, it was decided to represent the average gross annual remuneration of GVS S.p.A. alone, based on full-time employees.

1.6 Comparison with the vote cast by the Shareholders' Meeting on the second section of the previous year's Report

The Shareholders' Meeting held on 27 April 2021 voted in favour of Section II of the previous year's Remuneration Report and there were no indications from Shareholders to be considered for the purposes of this Report.

PART TWO - ANALYTICAL REPRESENTATION OF THE COMPENSATION PAID DURING THE YEAR

The information in the following tables is provided separately with reference to positions held within the Company and for those possibly held in subsidiaries and associates.

This includes all persons who, during the course of the financial year, were members of the Board of Directors and Board of Auditors or key managers, even for a fraction of the period.

Table 1: Compensation paid to members of administrative and auditing bodies, general managers and other key managers

Name and surname	Position held	Period for which the office was covered	Expiration date of office	Fixed compensation for office held	Compensation for participating in committees	Variable compensation (non equity)		Non-monetary benefits ⁽³⁾	Other Fees	Total	Fair value of equity compensation (2)	Indemnity for end of term or termination of employment	
						Bonuses and other incentives	Profit sharing						
Grazia Valentini	Chairman	2020	Approval of the financial statements as at 31/12/2022										
	Fees for the company preparing the financial statements				250.833,30	9.166,63			744		260.744	0	
	Remuneration from subsidiaries and associates												
	Total				250.833	9.167	0	0	744	0	260.744	0	
Massimo Scagliarini	Chief Executive Officer	2020	Approval of the financial statements as at 31/12/2022										
	Fees for the company preparing the financial statements				640.000,07		883.500		1.800		1.525.300,07	224.001,03	
	Remuneration from subsidiaries and associates										0		
	Total				640.000,07	0	883.500	0	1.800	0	1.525.300,07	224.001,03	0
Marco Scagliarini	Executive Director	2020	Approval of the financial statements as at 31/12/2022										
	Fees for the company preparing the financial statements				270.000		268.750		1.800		540.550	52.266,87	
	Remuneration from subsidiaries and associates										0		
	Total				270.000	0	268.750	0	1.800	0	540.550	52.266,87	0
Mario Saccone	Executive Director	2020	Approval of the financial statements as at 31/12/2022										
	Fees for the company preparing the financial statements				20.000,04		252.500		8.311,48	201.049,55	481.861,07	52.266,87	
	Remuneration from subsidiaries and associates										0		
	Total				20.000,04	0	252.500	0	8.311	201.049,55	481.861	52.266,87	0
Matteo Viola	Executive Director	2020	Approval of the financial statements as at 31/12/2022										
	Fees for the company preparing the financial statements				20.000,04		273.000		8.014,24	211.043,30	512.057,58	52.266,87	
	Remuneration from subsidiaries and associates										0		
	Total				20.000,04	0	273.000	0	8.014,24	211.043,30	512.057,58	52.266,87	0
Nadia Buttignol	Independent Director	From 19/06/2020	Approval of the financial statements as at 31/12/2022										
	Fees for the company preparing the financial statements				20.833,37	9.166,63					30.000		
	Remuneration from subsidiaries and associates										0		
	Total				20.833,37	9.167	0	0	0	0	30.000	0	0

Arabella Caporello	Independent Director	From 19/06/2020	Approval of the financial statements as at 31/12/2022														
	Fees for the company preparing the financial statements			21.666,70	18.333,37								40.000,07				
	Remuneration from subsidiaries and associates												0				
	Total			21.666,70	18.333	0	0	0	0	0	0	0	40.000,07	0	0	0	0
Michela Schizzi	Independent Director	From 19/06/2020	Approval of the financial statements as at 31/12/2022														
	Fees for the company preparing the financial statements			22.500,04	27.500,00								50.000,04				
	Remuneration from subsidiaries and associates												0				
	Total			22.500,04	27.500	0	0	0	0	0	0	0	50.000,04	0	0	0	0
Alessandro Nasi	Independent Director	From 19/06/2020	Approval of the financial statements as at 31/12/2022														
	Fees for the company preparing the financial statements			20.833,37	9.166,63								30.000				
	Remuneration from subsidiaries and associates												0				
	Total			20.833,37	9.166,63	0	0	0	0	0	0	0	30.000	0	0	0	0
Patrizia Lucia Maria Riva	Chairman of the Board of Auditors	From 19/06/2020	Approval of the financial statements as at 31/12/2022														
	Fees for the company preparing the financial statements			35.000									35.000				
	Remuneration from subsidiaries and associates																
	Total			35.000	0	0	0	0	0	0	0	0	35.000	0	0	0	0
Stefania Grazia	Regular Auditor	From 19/06/2020	Approval of the financial statements as at 31/12/2022														
	Fees for the company preparing the financial statements			30.000									30.000				
	Remuneration from subsidiaries and associates																
	Total			30.000	0	0	0	0	0	0	0	0	30.000	0	0	0	0
Francesca Sandrolini	Regular Auditor	From 19/06/2020	Approval of the financial statements as at 31/12/2022														
	Fees for the company preparing the financial statements			30.000									30.000				
	Remuneration from subsidiaries and associates																
	Total			30.000	0	0	0	0	0	0	0	0	30.000	0	0	0	0
Key Managers																	
Total			0	0	639.250	0	27.058,55	652.873,71	1.319.182,26	209.679,42	0	0	0	0	0	0	0

(1) Non-monetary benefits may include: car, company telephone and computer, insurance policy.

(2) The portion of compensation based on financial instruments pertaining to the year is indicated, calculated by dividing the fair value of the instruments themselves at the assignment date, calculated using actuarial techniques, over the vesting period.

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

As at the date of this Report, no stock options have been granted to members of the Board of Directors, General Managers or other key managers. See Table 3A for further information on incentive plans involving the assignment of shares.

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

Name and surname	Position	Plan	Financial instruments allocated in previous years not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not attributed	Financial instruments vested during the year and attributable		Financial instruments for the year
			Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at date of assignment	Vesting period	Assignment Date	Market price upon allocation	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair value ⁽⁴⁾
Massimo Scagliarini	Chief Executive Officer	2020-2022 Performance Share Plan											
Fees for the company preparing the financial statements					120.000 shares	10,87	3 years ⁽¹⁾	09/09/2020	10,87				208.044,80
Compensation from subsidiaries or associates			-	-	-	-	-	-	-	-	-	-	-
Total					120.000 shares	10,87	3 years⁽¹⁾		10,87				208.044,80
Marco Scagliarini	Executive Director	2020-2022 Performance Share Plan											
Fees for the company preparing the financial statements					28.000 shares	10,87	3 years ⁽¹⁾	09/09/2020	10,87				48.543,75
Compensation from subsidiaries or associates			-	-	-	-	-	-	-	-	-	-	-
Total					28.000 shares	10,87	3 years⁽¹⁾		10,87				48.543,75
Mario Saccone	Executive Director	2020-2022 Performance Share Plan											
Fees for the company preparing the financial statements					28.000 shares	10,87	3 years ⁽¹⁾	09/09/2020	10,87				48.543,75
Compensation from subsidiaries or associates			-	-	-	-	-	-	-	-	-	-	-
Total					28.000 shares	10,87	3 years⁽¹⁾		10,87				48.543,75
Matteo Viola	Executive Director	2020-2022 Performance Share Plan											
Fees for the company preparing the financial statements					28.000 shares	10,87	3 years ⁽¹⁾	09/09/2020	10,87				48.543,75
Compensation from subsidiaries or associates			-	-	-	-	-	-	-	-	-	-	-
Total					28.000 shares	10,87	3 years⁽¹⁾		10,87				48.543,75
Key Managers		2020-2022 Performance Share Plan											
Fees for the company preparing the financial statements					84.000 shares	12,36	3 years ⁽¹⁾	14/10/2020	12,36				116.878,87
Compensation from subsidiaries or associates			-	-	-	-	-	-	-	-	-	-	-
Totale					84.000 shares	12,36	3 years⁽¹⁾		12,36				116.878,87

(3) The rights granted under the "2020-2022 Performance Share Plan" are subject to a three-year vesting period; their exercise is subject to the performance of the cumulative EPS (Earnings Per Share), Cash Conversion and Total Shareholder Return for the three-year reference period, as resulting from the relevant consolidated financial statements, and to the other conditions of the Plan Regulations, which will be verified by the Board of Directors of GVS after the vesting period, set at 31 December 2022

(4) The portion of remuneration based on financial instruments accrued during the year is shown, calculated by dividing the fair value of the instruments themselves at the assignment date, calculated using actuarial techniques, over the vesting period.

Table 3 B: Monetary incentive plans in favour of members of the administrative body and other key managers

Name and surname	Position	Plan	Year bonus ⁽¹⁾			Bonus of previous years			Other bonuses
			Payable/Paid	Deferred	Reference period	No longer payable	Payable/Paid	Still deferred	
Massimo Scagliarini	Chief Executive Officer	Annual incentive (MBO 2021)							
Fees for the company preparing the financial statements			930.000		Year 2021				
Remuneration from subsidiaries and associates									
Total									
Marco Scagliarini	Executive Director	Annual incentive (MBO 2021)							
Fees for the company preparing the financial statements			140.625		Year 2021				
Remuneration from subsidiaries and associates									
Total									
Mario Saccone	Executive Director	Annual incentive (MBO 2021)							
Fees for the company preparing the financial statements			279.750		Year 2021				
Remuneration from subsidiaries and associates									
Total									
Matteo Viola	Executive Director	Annual incentive (MBO 2021)							
Fees for the company preparing the financial statements			303.975		Year 2021				
Remuneration from subsidiaries and associates									
Total									
Key Managers		Annual incentive (MBO 2021)							
Fees for the company preparing the financial statements			626.588		Year 2021				
Remuneration from subsidiaries and associates									
Total									

SCHEDULE NO.7-TER Schedule on the information on the shareholdings of members of the administrative and control bodies and other key managers

Name and surname	Position held	Form of possession	Investee company	Number of shares held as at 31/12/2020	Number of shares purchased	Number of shares sold	No. of shares held as at 31/12/2021
Grazia Valentini	Chairman of the Board of Directors	Direct Ordinary Shares					
		Indirect Ordinary Shares ⁽¹⁾					
Massimo Scagliarini	Chief Executive Officer	Direct Ordinary Shares	GVS S.p.A.	-	-	-	-
		Indirect Ordinary Shares ⁽²⁾		39.343.509	-	-	53.040.750
Marco Scagliarini	Executive Director	Direct Ordinary Shares	GVS S.p.A.	-	-	-	-
		Indirect Ordinary Shares ⁽³⁾		38.260.502	-	-	51.959.250
Mario Saccone	Executive Director	Direct Ordinary Shares	GVS S.p.A.	-	-	-	-
		Indirect Ordinary Shares		-	-	-	-
Matteo Viola	Executive Director	Direct Ordinary Shares	GVS S.p.A.	1400	1600	-	3000
		Indirect Ordinary Shares		-	-	-	-
Nadia Buttignol	Independent Director	Direct Ordinary Shares	GVS S.p.A.	-	-	-	-
		Indirect Ordinary Shares		-	-	-	-
Arabella Caporello	Independent Director	Direct Ordinary Shares	GVS S.p.A.	-	-	-	-
		Indirect Ordinary Shares		-	-	-	-
Michela Schizzi	Independent Director	Direct Ordinary Shares	GVS S.p.A.	-	-	-	-
		Indirect Ordinary Shares		-	-	-	-
Alessandro Nasi	Independent Director	Direct Ordinary Shares	GVS S.p.A.	-	-	-	-
		Indirect Ordinary Shares		-	-	-	-
Patrizia Lucia Maria Riva	Chairman of the Board of Auditors	Direct Ordinary Shares	GVS S.p.A.	-	-	-	-
		Indirect Ordinary Shares		-	-	-	-
Stefania Grazia	Regular Auditor	Direct Ordinary Shares	GVS S.p.A.	-	-	-	-
		Indirect Ordinary Shares		-	-	-	-
Francesca Sandrolini	Regular Auditor	Direct Ordinary Shares	GVS S.p.A.	-	-	-	-
		Indirect Ordinary Shares		-	-	-	-

¹ The indirect equity investment is held through the company GVS Group S.p.A.

² The indirect equity investment is held through the company GVS Group S.p.A.

³ The indirect equity investment is held through the company GVS Group S.p.A.

Informazioni sulle partecipazioni dei Dirigenti con Responsabilità Strategiche

Number of key managers	Investee company	Form of possession	Number of shares held as at 31/12/2020	Number of shares purchased in 2021	Number of shares sold in 2021	Number of shares held as at 31/12/2021
4 (*)	GVS S.p.A.	Direct Ordinary Shares	-	1.127	1.127	-
		Indirect Ordinary Shares	-	-	-	-

(*) Also includes Paola Musuraca; does not include Mario Saccone and Matteo Viola, as they have already been described in the section on Directors

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