

# ANNUAL REPORT ON REMUNER ATION POLICY AND COMPEN SATION PAID IN 2023



# 1. Introduction

This document (“The Annual Report on Remuneration policy and compensation paid”, the “Report”), was prepared and approved by the Board of Directors on 13 March 2024 according to Article 123-ter of Legislative Decree No. 58/1998 (“TUF”) and Article 5 of the Corporate Governance Code, the January 2020 version, approved by the Corporate Governance Committee established at Borsa Italiana S.p.A..

This Report has been prepared in accordance with the annexed table 3A Scheme 7-bis contained in the Issuers Regulation No. 11971/1999 and in accordance with the current dispositions of Article 123-ter of the TUF.

The Report describes the Remuneration policy adopted by Reply S.p.A (hereon “Reply”) with reference to remuneration to (i) members of the Board of Directors and in particular to Executive Directors and Directors invested with special charges (ii) Directors with Strategic Responsibility and, in compliance with Article 2402 of the Italian Civil Code, (iii) members of the Control committee.

The Remuneration Policy adopted by Reply with the Board of Directors’ resolution of 13 March 2020 underwent changes during the year, also following the conclusion of the review process of the medium/long-term variable component, as previously communicated in last year’s report. The content of the First Section has been adapted as a result of the amendments introduced; while the Second Section was prepared with the information approved by Consob by Resolution No. 21623 of 10 December 2020.

# 2. Section I

## 2.1. Drafting, approval and possible changes to the Remuneration Policy

The corporate bodies and persons responsible for drafting, approving and making possible changes to the Remuneration Policy are the following:

- ▶ the Shareholders' Meeting;
- ▶ the Board of Directors;
- ▶ the Remuneration Committee;
- ▶ the Executive Directors;
- ▶ the Board of Statutory Auditors.

### Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

- ▶ determines the remuneration of each member of the Board of Directors, the Board of Statutory Auditors and the Executive Committee, if appointed in accordance with Article 2364(1) (3) of the Italian Civil Code; moreover, it may determine, in accordance with the By-laws, a total amount for the remuneration of all Directors. This amount is established in a concrete manner as to attract, retain and motivate the staff invested with high professional skills necessary to manage the Company with success;
- ▶ determines the participation in the profit of the present Company, dependent on the Gross consolidated margin, to Directors invested with special charges in accordance with the Company bylaw;
- ▶ resolves, with a binding vote, at the interval required by the duration of the policy, and in any case, at least every three years, or on the occasion of changes to the policy, on the First Section of the Company's Remuneration Policy, approved by the Board of Directors on the proposal of the Remuneration Committee;
- ▶ expresses its advisory, non-binding vote, on the second section of the Annual Report on Remuneration approved by the Board of Directors;
- ▶ resolves on the Remuneration Plans based on shares or other financial instruments for Directors, employees and collaborators, including Managers with strategic responsibilities pursuant to Article 114-bis TUF.

### Board of Directors

The Board of Directors:

- ▶ establishes a Remuneration and Nominating Committee from among its members. At least one member must have adequate knowledge and experience with regards to

financial and remuneration policy. The person's competence is evaluated by the Board when he/she is elected;

- ▶ determines, upon a proposal of the Remuneration and Nominating Committee, the Remuneration policy for members of the administrative bodies and its possible change, and, pursuant to Article 2402 of the Italian Civil Code, of the Control committee. The Remuneration policy defines guidelines which all company members involved must follow as to determine the remuneration of Executive Directors, Directors invested with special charges and Directors with strategic responsibilities and also the Statutory Auditors. Such guidelines are illustrated in the present document;
- ▶ approves the Annual Report on the remuneration policy to be submitted to the Shareholders' Meeting, at the intervals required by the duration of the policy itself and in any case at least every three years or in the event of changes to the policy itself;
- ▶ determines, on the proposal or subject to the opinion of the Remuneration Committee and subject to the opinion of the Board of Statutory Auditors, the remuneration of Executive Directors and other Directors holding special offices, in accordance with the guidelines established by the Remuneration Policy;
- ▶ prepares, with the assistance of the Remuneration and Nominating Committee, the remuneration plans based on the allocation of shares or other financial instruments and submits them to the approval of the Shareholders' Meeting in accordance with Article 114-bis TUF;
- ▶ carries out the Remuneration plans based on shares or other financial instruments delegated by the Shareholders' Meeting.

### **Remuneration Committee**

The remuneration committee:

- ▶ makes proposals and provides opinions to the Board of Directors in relation to the remuneration to Executive Directors and other Directors with special charges, as well as on the identification and setting of appropriate performance objectives to calculate the variable component of their remuneration;
- ▶ makes proposals to the Board of Directors on the remuneration policy and its possible change;
- ▶ assists the Board of Directors in drawing up and implementing remuneration plans based on shares or other financial instruments;
- ▶ periodically evaluates the adequacy and correct application of the remuneration policy, making use of information provided by the Executive Directors when the evaluation is referred to a Director with strategic responsibility;
- ▶ provides the Board of Directors' opinions and proposals about remuneration;
- ▶ monitors implementation of the decisions of the Board of Directors regarding remuneration, evaluating that the performance target has been achieved;
- ▶ refers to the Shareholders' the methods of the Committees functions; for such reason, the presence of the Chairman of the Remuneration and Nominating Committee or another member of the Committee is recommended at the annual Shareholders' Meeting;

- ▶ if it is deemed necessary or appropriate an external consultant with expertise in remuneration policy can be utilized to carry out such task. These independent expert must not carry out any form of activity in favour of Reply Human resource department, shareholders', Executive Directors and Directors with strategic responsibilities. The independence of external consultants is verified by the Remuneration and Nominating Committee before they are appointed.

On 27 April 2021, Reply S.p.A.'s Board of Directors appointed the actual members of the Remuneration and Nominating Committee. As at the date of approval of this Report, the Remuneration and Nominating Committee was comprised as follows:

- ▶ Patrizia Polliotto, Chairman of the Committee and Lead Independent Director;
- ▶ Secondina Giulia Ravera, Independent Director;
- ▶ Francesco Umile Chiappetta, Independent Director.

The members of the Remuneration Committee have gained adequate knowledge and experience on financial issues and remuneration policy given them professional experience in large companies.

There is no conflict of interest within the Committee as the Remuneration Committee is made up of Independent Directors only. In addition, the remuneration of the Independent Directors is approved by the Shareholders' Meeting.

In 2023, the Remuneration Committee relied on the support of remuneration policy structure in Reply to draw up the Remuneration Policy without using other companies' remuneration policies as reference.

For further information regarding the operation and activities of the Remuneration and Nominating Committee for the financial year ended as at 31 December 2023, see the 2023 Report on Corporate Governance and Ownership Structure.

## Executive Directors

Executive Directors:

- ▶ Provide the Remuneration Committee all useful information so to evaluate the adequacy and concrete application of the Remuneration Policy, with particular regard to the remuneration of Directors with strategic responsibilities;
- ▶ Establish the remuneration to Directors with Strategic Responsibilities based on the guidelines set out by the Remuneration Policy.

## Statutory Auditors

The Board of Statutory Auditors has the task of providing opinion in relation to the Remuneration Policy. In particular, the Board provides opinions on the remuneration of Executive Directors and Directors invested with special charges. In expressing their opinion the Board verifies the consistency of the proposals with the Remuneration Policy.

## 2.2. Remuneration Policies

The Remuneration Policy related to Executive Directors and Directors with strategic responsibilities has evolved compared to that submitted at the meeting of 13 March 2020 by the Board of Directors, in relation to:

- ▶ the definition of a new medium-to-long-term incentive plan approved by resolution of 1 August 2023;
- ▶ the introduction of specific clauses for the quantification of medium/long-term variable remuneration for Executive Directors who leave or take office under the Remuneration Policy.

The Remuneration Policy was approved by the Board of Directors on 13 March 2024 and covers the period 2023-2026.

The Remuneration Policy is designed to attract, motivate and retain resources who possess the professional qualities necessary to achieve the Company's objectives effectively. It also aims to align the interests of management with those of shareholders, with an emphasis on the priority objective of creating value in the medium to long term, introducing a strong link between remuneration and performance both for the whole company and at the individual level.

The Remuneration Policy reflects and takes into account the specificities of the business model adopted by Reply, as well as the working conditions of its employees. Reply operates through a network of companies that highly specializes in processes, applications and technologies. The growth of the network takes place both organically, also through the establishment of new startups, and through acquisitions of controlling shareholdings

that are generally not transformative for Reply. The aim is always to become centres of excellence in its operational field and grow both operationally and in size.

This model has allowed:

- ▶ to ensure a strong involvement of management in various levels of the organisation and in the company;
- ▶ to develop the size of the Group, partly for internal lines and partly for external lines;
- ▶ to achieve, consistently and with a growing trend, excellent performance in terms of turnover and profit.

Due to the distinctive nature of Reply's business model, Reply's Remuneration Policy has always identified EBITDA as the prevailing indicator for the short term.

The medium-to-long-term part was updated by the Board of Directors on 13 March 2024, on the occasion of the approval of the latest Remuneration Policy. In particular, for the medium/long-term variable component, the Policy provides:

- ▶ a period of four years, to synchronise it with the natural expiry of the Board of Directors;
- ▶ economic, equity and financial performance objectives;
- ▶ ESG performance targets;
- ▶ a period of deferral of payment with respect to the time of vesting;
- ▶ claw back clauses;
- ▶ specific clauses for the quantification of medium/long-term variable remuneration for Executive Directors who leave or take office under the Remuneration Policy.



## 2.3. Remuneration of Directors

With reference to 2023 the Non-Executive Directors were as follows:

Patrizia Polliotto	Non-Executive Director, Independent and Lead Independent Director
Secondina Giulia Ravera	Non-Executive Director, Independent
Francesco Umile Chiappetta	Non-Executive Director, Independent

In 2023 remuneration of Directors not invested with operational proxies is as follows:

- ▶ €50,000 per year for each Board Member, as resolved by the Shareholders' Meeting of 26 April 2021.

In 2023 the remuneration of Board members of the Supervisory Body – with reference to Mrs. Patrizia Polliotto – was determined as follows:

- ▶ €1,000 for each participation in the Supervisory Body meeting.

The remuneration attributed to non-executive directors for their participation in the Board Committees, in accordance with the resolutions adopted by the Shareholders' Meeting of 20 April 2023, is established as follows:

- ▶ €10,000 as compensation for participation in each committee.

For non-executive directors, there is no variable form of compensation linked to the achievement of financial targets.

The Company has an insurance policy on third party liability for damage inflicted by the Board of Directors (apart from the General Manager, but also Directors with Strategic Responsibilities) in performing their duties, with the aim of safeguarding the beneficiaries and the Company from any connected indemnity, excluding cases of malice or gross negligence.

## 2.4. Remuneration of Executive Directors

With reference to 2023 the Executive Directors were as follows:

Mario Rizzante	Chairman and Chief Executive Officer
Tatiana Rizzante	Chief Executive Officer
Daniele Angelucci	Executive Director
Filippo Rizzante	Executive Director
Elena Maria Previtera	Executive Director
Marco Cusinato	Executive Director

**Under a legal and statutory perspective**, remuneration of the Company's Executive Directors is established in accordance with:

- ▶ Article 2389(3) of the Italian Civil Code – *“The remuneration of Directors invested with special responsibilities in conformity with the by-laws is determined by the Board of Directors after consultation with the Board of Statutory Auditors”*, with the exception of two Directors bound to the Company through an employment relationship in the capacity of Directors, the remuneration is defined in that report;
- ▶ Article 22(2) of the by-laws – *“Directors invested with special responsibilities are entitled to share in the profits of the Company, dependent on the Consolidated Gross Operating Margin, whose quantification is established annually by the Shareholders' Meeting at the time the Financial Statements are approved”*.

**From the perspective of the Remuneration Policy**, the remuneration of the Executive Directors is generally comprised of the following elements:

- ▶ **a gross annual fixed component;**
- ▶ **a variable component** linked to general predetermined, measurable objectives.

The Board of Directors keeps in mind two factors when determining remuneration and its single components: the specific proxy that each Executive Directors holds and/or the function and the role actually carried out by each Executive Director within the Company, thus ensuring in particular that the variable component is coherent with the tasks assigned.

**Under an accounting perspective**, the remuneration of the Executive Directors is recorded in the Financial Statements in the year in which the services are rendered both for the fixed gross annual component and the variable component, even though payment is made through profit sharing in accordance with Article 22 of the Company By-laws. This is consistent with the International Financial Reporting Standards IAS/IFRS in as much as profit-sharing is considered to all effects as part of the remuneration and therefore the relative allocation is recorded in the Financial Statements in the year in which the Executive Directors' services are rendered; for such reason, the proposal to attribute profit-sharing is

the object of resolution by the Board of Directors at the same time as approval of the draft annual Financial Statements.

**From a procedural point of view,**

- ▶ the Board of Directors, upon proposal of the Remuneration Committee adopts the resolutions granting the fixed component of the Executive Directors and establishes the methods for determining the variable component of the remuneration of Executive Directors through the recognition of a profit sharing pursuant to Article 22 of the Bylaws, and with new annual resolutions, for the short term component, and at the beginning of the reference period, concerning the medium-term variable component;
- ▶ the Shareholders' Meeting approves with a binding resolution the first section of the Remuneration Report containing the Remuneration Policy, with the timing required by the duration of the defined policy, and in any case at least every three years or on the occasion of changes to the policy itself;
- ▶ the Remuneration Committee carries out a performance audit annually, both with reference to the short-term variable component and at the end of the period to the variable medium/long-term component and, taking into account the information provided and data processing prepared by the internal structures, makes to the Board of Directors proposals for profit sharing to be submitted to the General Shareholders' Meeting, together with the relevant breakdown;
- ▶ the Board of Director, on the basis of the proposal of the Remuneration Committee, makes the proposal for profit sharing to be submitted to the General Shareholders' Meeting, together with the relevant breakdown;
- ▶ the Shareholders' Meeting shall be called to approve the proposal regarding the variable component of remuneration.

**From a criterion point of view,** remuneration is based on the following criteria:

- ▶ the predetermination of performance objectives, or of economic results and other specific objectives linked to the disbursement of variable, measurable and value-creation components;
- ▶ the weight of the short term variable component, being understood that the fixed component must be sufficient to compensate the performance of Executive Directors in case the variable component is not paid out when performance objectives established by the Board of Directors are not achieved;
- ▶ the correct balance between the short term and long term fixed and variable component consistent with the Company's strategic objectives and the risk management policy, also considering the areas of activities in which it operates and the characteristics of the actual business activity, with this, in case of full payment of the maximum amounts, for each Executive Director and Directors with strategic responsibilities:
- ▶ the relationship between the variance of the results achieved and the variance of the remuneration is guaranteed through scaling of the variable compensation up to a maximum limit related to a scale of objectives;

- ▶ deferral of payment of the variable components with respect to when the compensation matures in order to verify the fulfilment of the objectives and moreover enable a proper risk management of the company within the Remuneration Policy requirements.

The criteria utilized in defining remuneration for Executive Directors was established by the Board of Directors and is as follows:

- ▶ accrual is subordinated to the achievement of one of the accessible terms represented by the capacity of the profits of the Company;
- ▶ **with reference to short term variable components:**
  - ▶ setting of the annual profitability target represented by the Consolidated Gross Operating Margin (EBITDA), as shown in the consolidated financial statements;
  - ▶ quantifying the bonus, up to a predetermined maximum amount, related to the degree of the achievement of the target;
  - ▶ breakdown, in general, of the variable short-term profit-sharing component, related to the Consolidated Gross Operating Margin between Directors invested with special responsibilities are entitled pursuant to Article 22 of the Company By-laws;
  - ▶ in order to verify the fulfilment of the objectives, payment of the variable component is deferred by several months with respect to when it comes to maturity;
- ▶ **with reference to the medium/long-term variable component (until 31 December 2026):**
  - ▶ setting performance targets for a four-year period and linked to EBIT (Earnings Before Interest and Taxes), TSR (Total Shareholder Return), CFO (Operating Cash Flow) and ESG indicators of Carbon neutrality;
  - ▶ different weighting compared to the weight of performance indicators with greater weight being assigned to those consistent with the corporate strategy and for which Executive Directors and Managers with strategic responsibilities have greater operational responsibility, in particular: 58% to EBIT, 26% to TSR, 8% to CFO and 8% to ESG target;
  - ▶ quantifying the bonus, up to a predetermined maximum amount, related to the degree of the achievement of the target;
  - ▶ allocation of the medium/long-term variable component, in a single tranche at the end of the reference period, by means of a specific resolution of the corporate bodies in accordance with the provisions of the law and the By-laws;
  - ▶ deferral of the payment of this variable component of remuneration by nine months with respect to the end of the reference period;
  - ▶ to Executive Directors who leave office before the end of 31 December 2026, attribution of the medium-long term variable component in proportion to the period of tenure in office;
  - ▶ to Executive Directors who take office during the term of the Remuneration Policy and before the end of 31 December 2026, assignment of the medium-long term variable component in proportion to the period of tenure in office.

- ▶ to provide the application of “Claw back” mechanisms, where, with the exception of any other actions allowed in order to safeguard the interests of the Company, it will be possible for Reply to request the return (in all or part), within three years of their disbursement, of incentives paid to those who, by grievousness or gross negligence, have been responsible for (or have contributed to) the facts, as listed below, related to economic and financial parameters included in the Annual Financial Report used for determining the variable premiums of these incentive plans: (i) proven and significant mistakes that result in a non-compliance with accounting principles that Reply claims to apply, or (ii) proven fraudulent conduct aimed to obtain a specific representation of the financial structure, the net result or cash flows of Reply, or (iii) violations of laws and regulations, the Code of Ethics or company policies.

Reply attaches great importance to environmental, social and governance (ESG) issues. These values are integrated into its values, with particular attention to people and the care of its ecosystem. To ensure continuous monitoring and improvement of its ESG behaviour and initiatives, Reply has set up a dedicated team and an internal Board Committee that work, within the group, to verify the achievement of the objectives, including carbon neutrality, and to incentivise and promote the culture and sensitivity of all Reply people on these issues.

Executive Directors are provided with some typical benefits related to the office, which are commonly granted within the Group to Directors having strategic responsibilities (i.e. cars).

For those Directors employed by the company, these directors are entitled to the employee severance indemnity (TFR, pursuant to Article 2120 of the Italian Civil Code. Directors are also entitled to a termination severance indemnity (TFM) for small amounts (see the annexed table to section 3.1). Following termination of office, the Directors have not signed non-compete agreements.

The Board of Directors may propose to the Shareholders' Meeting the adoption of incentive mechanisms through the assignment of financial instruments or options on financial instruments. However, until now, no incentive plans of this nature have been activated.

On the basis of the above, the Company believes that the Remuneration Policy is consistent with the pursuit of the company's long-term interests and risk management.

## **2.5. General Managers and Directors with Strategic Responsibility**

As at 13 March 2024 the role of General Manager is non-existent in the Company's organisation.

Four Directors have Strategic Responsibility at 13 March 2024.

The remuneration of Executives with strategic responsibilities includes a fixed component and a variable component, determined in a manner similar to that described for Executive Directors. Please refer to the paragraph on the Remuneration of Executive Directors for further details. For Directors with Strategic Responsibility employed under employment contracts, severance pay (TFR) is recognised, as required by law (Article 2120 of the Italian Civil Code). In addition, some of them, who are also Directors in subsidiaries, are entitled to end-of-term indemnity (TFM), determined in a manner similar to those of severance pay.

## **2.6. Cessation of office or termination of employment**

Considering the current composition of the Board of Directors and the presence of several members among the shareholders of Reply S.p.A., there are no compensation mechanisms for the early termination of relations with Directors and Directors with strategic responsibilities, nor for the non-renewal of their offices. This is with the exception of what is provided for by law or by the National Collective Labour Agreement, in the event that the subjects are also linked by employment relationships such as severance pay (6 Directors) or the attribution of a TFM (1 Director) of a small amount.

In accordance to the updated Report, approved by Consob by Resolution No. 21623 of 10 December 2020, the following table shows the information requested in relation to first section, paragraph 1, point m), with reference to the relationships in place with Reply S.p.A. and its subsidiaries.

Director	Employee contract - Director	Further agreements	Notice period and related circumstances	Remuneration as Board member	Remuneration as Director	Compensation for non-competitive commitments
Mario Rizzante	No	No	No	No	No	No
Tatiana Rizzante	Yes, indefinitely	No	Yes, pursuant to CCNL	No	Employee severance indemnities	No
Filippo Rizzante	Yes, indefinitely	No	Yes, pursuant to CCNL	No	Employee severance indemnities	No
Daniele Angelucci	No	No	No	No	TFM	No
Marco Cusinato	Yes, indefinitely	No	Yes, pursuant to CCNL	No	Employee severance indemnities	No
Elena Maria Previtera	Yes, indefinitely	No	Yes, pursuant to CCNL	No	Employee severance indemnities	No
Directors with strategic responsibilities	No	No	No	No	Directors severance indemnities for 2 Directors.	Yes, for 2 Directors

As mentioned above, with regard to Executive Directors and Directors with strategic responsibilities:

- ▶ there are no indemnity mechanisms for the early termination or non-renewal of their appointments, other than severance pay or severance pay, determined in a manner similar to those of severance pay, and therefore there is no link between such compensation and the performance of the companies;
- ▶ there are no incentive plans based on financial instruments and therefore the termination has no effect on the rights assigned;
- ▶ there are no agreements governing the period after the termination of the assignment, therefore no obligations have been assumed to assign or maintain non-monetary benefits or the stipulation of consultancy contracts.

## 2.7. Temporary exemptions to the remuneration policy.

With the aim of rewarding the most distinctive performance, as well as remunerating significant efforts in the field of operations and projects of extraordinary nature, the Company reserves the opportunity to offer Directors and/or Directors with strategic responsibility forms of extraordinary remuneration (una tantum bonuses) up to a maximum amount subject to the approval of the Board of Directors, on the proposal of the Committee for Remuneration, consulting with the Board of Statutory Auditors, and activating, if required, the Procedure with Related Parts Operations.

## 2.8. Board of Statutory Auditors

The Shareholders' Meeting of 26 April 2021 established that the annual remuneration for the members of the Board of Statutory Auditors is €58,000 per year for the Chairman and €42,000 per year for each of the Standing Auditors.

In line with best practices, an insurance policy is in place that covers the third party liability of the members of the Board of Statutory Auditors in the performance of their duties. This policy is aimed at indemnifying both the beneficiaries and the Company from the costs deriving from the related compensation, excluding cases of wilful misconduct.



# 3. Section II

## First Part

In accordance with the updated Report, approved by Consob by Resolution No. 21623 of 10 December 2020, the information requested is given below.

The main components of the remuneration of Executive Directors and Directors with strategic responsibilities in 2023 were in summary:

- ▶ fixed components, paid by the Company or its subsidiaries;
- ▶ short-term variable compensation, by way of profit sharing;
- ▶ medium/long-term variable compensation;
- ▶ non-monetary benefits.

The remuneration, articulated in the aforementioned components and recognised as described in this report, is in accordance with the Remuneration Policy adopted by the Company and is consistent with the purpose of contributing to the Company long-term results.

With regard to the variable short-term components of remuneration attributed to Executive Directors and Directors with strategic responsibilities, the following indications are given:

- ▶ the remuneration policy has been applied uniformly to all Executive Directors and Directors with strategic responsibilities;
- ▶ the performance parameter used was the Consolidated Gross Operating Profit (EBITDA) resulting from the consolidated financial statements;
- ▶ the amount of variable compensation established was equal to a predefined percentage of the Consolidated Gross Operating Profit (EBITDA) and not exceeding a maximum amount previously fixed;
- ▶ the performance target has been achieved and the variable compensation has been allocated below the maximum level developed;
- ▶ the short-term variable component was divided between the Executive Directors and the Directors with strategic responsibilities, taking into account the collective contribution to the achievement of the Group's annual profitability target and the role and function performed in the Company and in the Reply Group;
- ▶ information of a quantitative nature of the parameters is not provided for reasons of confidentiality;
- ▶ the overall proportion between the short-term variable component and the fixed component of the Executive Directors is less than 2 both overall and per individual director.

With regard to the 2020-2022 three-year plan relating to the medium/long-term variable components of the remuneration assigned to Executive Directors and Directors with strategic responsibilities, the following indications are provided:

- ▶ the remuneration policy has been applied uniformly to all Executive Directors and Directors with strategic responsibilities;
- ▶ the performance indicators used were TSR (Total Shareholder Return), FCFO (Free Cash Flow from Operation) and ROACE (Return On Average Capital Employed), to which specific weights were assigned;
- ▶ the amount of variable compensation has been quantified up to a predetermined maximum, depending on the degree to which the performance objectives have been achieved and the relative weights, which have been fully achieved;
- ▶ information of a quantitative nature of the targets is not provided for reasons of confidentiality, as such data relate to unpublished forecasts;

Incentive plans based on financial instruments were not implemented during the year.

In addition, no allowances and/or other benefits were awarded for the termination of office or termination of the employment relationship.

The Company did not derogate from the remuneration policy for exceptional circumstances and no "Claw-back" mechanisms were activated during the year.

## Second Part

### 3.1. Remuneration paid to members of the Board of Directors, Statutory Auditors, General Managers and Directors with Strategic Responsibilities in 2023

Name Surname	Office held	Period of office	Term of office	Fixed Remuneration	Remuneration for the participation in internal committees	non-equity variable remuneration	Bonus and other incentives	Profit Sharing	Non-monetary benefits	Other remuneration	Total	Fair value of the equity remuneration	Post mandate indemnity
Mario Rizzante	Chairman and Chief Executive Officer	01/01/2023 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	460 <sup>(1)</sup>	-	700	-	-	-	-	1,160	-	-
<b>Total</b>			Remuneration paid by subsidiaries	<b>730</b>	-	<b>700</b>	-	-	-	-	<b>1,430</b>	-	-
Tatiana Rizzante	Chief Executive Officer	01/01/2023 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	260 <sup>(3)</sup>	-	700	-	-	-	-	960	-	-
<b>Total</b>			Remuneration paid by subsidiaries	<b>362</b> <sup>(4)</sup>	-	<b>700</b>	-	-	-	-	<b>362</b>	-	-
Filippo Rizzante	Consigliere Esecutivo	01/01/2023 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	150	-	600	-	-	-	-	750	-	-
<b>Total</b>			Remuneration paid by subsidiaries	<b>348</b> <sup>(6)</sup>	-	<b>600</b>	-	-	-	-	<b>348</b>	-	-
				<b>498</b>	-	<b>600</b>	-	-	-	-	<b>1,098</b>	-	-
Daniele Angelucci	Executive Director	01/01/2023 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	220	-	600	-	-	-	-	820	-	-
<b>Total</b>			Remuneration paid by subsidiaries	<b>228</b> <sup>(6)</sup>	-	<b>600</b>	-	-	-	<b>8</b> <sup>(7)</sup>	<b>236</b>	-	-
				<b>448</b>	-	<b>600</b>	-	-	-	<b>8</b>	<b>1,056</b>	-	-
Elena Maria Previtera	Executive Director	01/01/2023 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	303 <sup>(8)</sup>	-	600	-	-	-	-	903	-	-
Marco Cusinato	Executive Director	01/01/2023 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	302 <sup>(9)</sup>	-	600	-	-	-	-	902	-	-
Patrizia Pollitto	Non-Executive and Independent Director	01/01/2022 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	50 <sup>(10)</sup>	44 <sup>(11)</sup>	-	-	-	-	-	94	-	-
Secondina Giulia Ravera	Non-Executive and Independent Director	01/01/2023 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	50	40 <sup>(12)</sup>	-	-	-	-	-	90	-	-
Francesco Umile Chiappetta	Non-Executive and Independent Director	01/01/2023 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	50	30 <sup>(13)</sup>	-	-	-	-	-	80	-	-
Ciro Di Carluccio	Chairman of the Board of Statutory Auditors	01/01/2023 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	58	-	-	-	-	-	-	58	-	-
Ada Alessandra Garzino Demo	Standing Auditor	01/01/2023 - 31/12/2023	Shareholders' Meeting for the approval of 2023 Financial Statements	42	-	-	-	-	-	-	42	-	-
<b>Total</b>			Remuneration paid by subsidiaries	<b>3</b> <sup>(14)</sup>	-	<b>45</b>	-	-	-	-	<b>45</b>	-	-
Piergiorgio Re	Standing Auditor	01/01/2023 - 31/12/2023	Assemblea approvazione bilancio 2023	42	-	-	-	-	-	-	42	-	-
<b>Total</b>			Remuneration paid by subsidiaries	<b>1,499</b>	-	<b>1,000</b>	-	<b>1,200</b>	-	<b>54</b>	<b>3,753</b>	-	-
Directors with strategic responsibilities				<b>1,499</b>	-	<b>1,000</b>	-	<b>1,200</b>	-	<b>54</b>	<b>3,753</b>	-	-

It should be noted that, unless reported, no remuneration was received in companies controlled by Reply S.p.A.

The following are the details of the remuneration of the individual directors:

- (1) Gross remuneration for the office of Chairman and Chief Executive Officer in Reply S.p.A.;
- (2) (6) Gross remuneration for the office of Chief Executive Officer in another subsidiary;
- (3) Gross remuneration for the office of Chief Executive Officer in Reply S.p.A.;
- (4) (5) Gross remuneration received as an employee in another subsidiary;
- (7) This concerns Tfm;
- (8) (9) Gross remuneration received as an employee of Reply S.p.A.
- (10) Gross remuneration for the office of Independent Director of Euro 90 thousand; the remaining amount refers to the attendance fees for 2023 received for participation in SB meetings.
- (11) Gross remuneration of €10,000 each for participation in the following committees:  
Control and Risk Committee, Remuneration Committee, OPC Committee and ESG

Committee as well as €4,000 as attendance fee for 2023 received for participation in SB meetings.

Gross remuneration of €10,000 each for participation in the following committees:  
Control and Risk Committee, Remuneration Committee, RPT Committee and ESG Committee.

Gross remuneration of €10,000 each for participation in the following committees:  
Control and Risk Committee, Remuneration Committee and RPT Committee.  
Gross remuneration for the office of Chairman of the Board of Statutory Auditors  
18 April 2023 for subsidiaries;

### **3.2. Stock options granted to members of the management body and other directors with strategic responsibilities**

As of the date of preparation of this Report, there are no options held, assigned, exercised or expired during the 2023 financial year, nor options pertaining to the same year.

### **3.3. Incentive plans based on financial instruments, other than stock options for members of the management body and other directors with strategic responsibilities**

At the date of preparation of this Report, there are no incentive plans based on financial instruments, other than stock options.

### 3.4. Monetary incentive plans for members of the Board of Directors and other directors with strategic responsibilities

a Name and surname	b Position held	(1) Plan	(2)			(3)			(4) Other Bonuses
			Bonus of the year			Bonus of the previous year			
			(a) Payable/ Paid	(b) Deferred	(c) Deferral period	(a) No longer payable	(b) Payable/ Paid	(c) Still deferred	
Mario Rizzante	Chairman and Chief Executive Officer of Reply S.p.A.	Short Term Bonus BoD 14/03/2023	700	-	-	-	-	-	
		Long Term Bonus 2020-2022 BoD 13/03/2020	-	-	-	-	715	-	
		Long Term Bonus 2023-2026 BoD 01/08/2023	-	750	30/09/2027	-	-	-	
		<b>Total</b>	<b>700</b>	<b>750</b>	-	-	<b>715</b>	-	
Tatiana Rizzante	Chief Executive Officer of Reply S.p.A.	Short Term Bonus BoD 14/03/2023	700	-	-	-	-	-	
		Long Term Bonus 2020-2022 BoD 13/03/2020	-	-	-	-	715	-	
		Long Term Bonus 2023-2026 BoD 01/08/2023	-	750	30/09/2027	-	-	-	
		<b>Total</b>	<b>700</b>	<b>750</b>	-	-	<b>715</b>	-	
Filippo Rizzante	Executive Director of Reply S.p.A.	Short Term Bonus BoD 14/03/2023	600	-	-	-	-	-	
		Long Term Bonus 2020-2022 BoD 13/03/2020	-	-	-	-	715	-	
		Long Term Bonus 2023-2026 BoD 01/08/2023	-	750	30/09/2027	-	-	-	
		<b>Total</b>	<b>600</b>	<b>750</b>	-	-	<b>715</b>	-	
Daniele Angelucci	Executive Director of Reply S.p.A.	Short Term Bonus BoD 14/03/2023	600	-	-	-	-	-	
		Long Term Bonus 2020-2022 BoD 13/03/2020	-	-	-	-	715	-	
		Long Term Bonus 2023-2026 BoD 01/08/2023	-	750	30/09/2027	-	-	-	
		<b>Total</b>	<b>600</b>	<b>750</b>	-	-	<b>715</b>	-	
Elena Maria Previtera	Executive Director of Reply S.p.A.	Short Term Bonus BoD 14/03/2023	600	-	-	-	-	-	
		Long Term Bonus 2020-2022 BoD 13/03/2020	-	-	-	-	715	-	
		Long Term Bonus 2023-2026 BoD 01/08/2023	-	750	30/09/2027	-	-	-	
		<b>Total</b>	<b>600</b>	<b>750</b>	-	-	<b>715</b>	-	

Annual report on remuneration policy and compensation paid in 2023

a Name and surname	b Position held	(1) Plan	(2)			(3)			(4) Other Bonuses
			Bonus of the year			Bonus of the previous year			
			(a)	(b)	(c)	(a)	(b)	(c)	
			Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still deferred	
Marco Cusinato	Executive Director of Reply S.p.A.	Short Term Bonus BoD 14/03/2023	600	-	-	-	-	-	-
Remuneration from a company that prepares the financial statements		Long Term Bonus 2020-2022 BoD 13/03/2020	-	-	-	-	715	-	-
		Long Term Bonus 2023-2026 BoD 01/08/2023	-	750	30/09/2027	-	-	-	-
		<b>Total</b>	<b>600</b>	<b>750</b>	<b>-</b>	<b>-</b>	<b>715</b>	<b>-</b>	<b>-</b>
Directors with strategic responsibilities									
Remuneration from a company that prepares the financial statements		Short Term Bonus BoD 14/03/2023	2,200	-	-	-	-	-	-
		Long Term Bonus 2020-2022 BoD 13/03/2020	-	-	-	-	3,813	-	-
		Long Term Bonus 2023-2026 BoD 01/08/2023	-	3,000	30/09/2027	-	-	-	-
		<b>Total</b>	<b>2,200</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>3,813</b>	<b>-</b>	<b>-</b>

### 3.5. Shareholdings held by members of the administrative and supervisory bodies, general managers and other directors with strategic responsibilities in the listed company and its subsidiaries

#### Shareholdings of members of administrative and supervisory bodies and general managers

Surname and Name	Office held	Investee Company	No. of Shares Held at 31/12/2022	No. Shares Bought	No. Shares Sold	No. of Shares Held at 31/12/2023
Rizzante Tatiana	Chief Executive Officer	Reply S.p.A.	48,680	-	-	48,680
Rizzante Filippo	Executive Director	Reply S.p.A.	13,600	-	-	13,600
Marco Cusinato	Executive Director	Reply S.p.A.	14,256	-	-	14,256
Angelucci Daniele	Executive Director	Reply S.p.A.	390,861 <sup>(1)</sup>	-	-	390,861

1 of which 213,861 shares held directly by way of ownership and 162,200 shares held by way of usufruct;

Mr Mario Rizzante, Chairman of the Board of Directors, Ms Elena Maria Previtera, Executive Director, Ms Patrizia Polliotto, Ms Secondina Giulia Ravera and Mr Francesco Umile Chiappetta, Independent Directors, and Mr Ciro Di Carluccio, Ms Ada Alessandra Garzino Demo and Mr Piergiorgio Re, Standing Auditors, do not own shares in Reply S.p.A.

As of 31/12/2023, Mr Mario Rizzante controls 100% of Iceberg Srl, a limited liability company based in C.so Francia 110, Turin.

Iceberg Srl controls 51% of Alike S.r.l., which in turn directly holds 14,872,556 shares of Reply S.p.A. (with increased voting rights as of 21 February 2020), equal to 39.754% of the Company's share capital.

## Shareholdings of other directors with strategic responsibilities

Number of Directors with strategic responsibilities	Investee Company	No. of Shares Held at 31/12/2022	No. Shares Bought	No. Shares Sold	No. of Shares Held at 31/12/2023
4	Reply S.p.A.	686,646 <sup>(1)</sup>	250	-	673,136

(1)The figure refers only to directors with strategic responsibilities who held this position during 2023.

## Definitions

In the context of this document, capitalised terms have the following meanings:

**“Directors”**: means all Directors of Reply, whether Executive, Non-Executive, Independent, etc.;

**“Executive Directors”**: in application and in accordance with the criteria of the Corporate Governance Code for Listed Companies, the following shall be understood as such:

- ▶ Directors of Reply who have been appointed Chief Executive Officers of the Company or in a subsidiary company of strategic importance;
- ▶ members of Reply's Board of Directors, who hold managerial positions in the Company or in a subsidiary of strategic importance;
- ▶ a Director of Reply, who is also Chairman of the Company, holder of individual management powers or when they have a specific role in the development of corporate strategies when they have a specific role in the development of corporate strategies;

**“other Directors holding special offices”**: these are the Directors who are assigned, within the Board of Directors, particular offices (i.e. Chairman, Vice-Chairman), other than Executive Directors;

**“Directors with strategic responsibilities”**: those who have the power and responsibility – directly or indirectly – for the planning, direction and control of the Company's activities, including the Directors (Executive or non-Executive) of the Company itself, in accordance with the definition set out in the Market Abuse Regulation (EU Regulation No. 596/2014), pursuant to Article 3(1)(25)(b).

## CORPORATE INFORMATION

### HEADQUARTERS

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### CORPORATE DATA

Share capital: Euro 4,863,485.64 i.v.  
Fiscal code and Company register of Turin no. 97579210010  
VAT no. 08013390011  
REA of Turin 938289

### MARKETING AND COMMUNICATION

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