



## **Remuneration Policy and Report**

in accordance with Article 123-ter of the CFA and 84-quater of the Consob Issuers' Regulation

Issuer: Avio S.p.A.

website: [www.avio.com](http://www.avio.com)

**Approved by the Board of Directors on March 13, 2025**



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## Letter of the Chairperson of the Appointments and Remuneration Committee

Dear Shareholders,

In my capacity as Chairperson of the Appointments and Remuneration Committee (hereinafter the “**Committee**”), and also on behalf of the Committee and the Board, I am proud to present to you the “*Remuneration Policy and Report*” of Avio S.p.A. (hereinafter “**Avio**” or the “**Company**”).

This Report seeks to inform Stakeholders (shareholders, employees and customers) concerning the correspondence between the Company's remuneration policies and business strategies: for Avio, remuneration represents a key tool in aligning the interests of top management with those of our stakeholders, contributing to the pursuit of the Company's corporate strategy, long-term interests and sustainability. The ability to attract, retain and motivate management is a key factor for any company which, like Avio, operates in a highly-specialised sector requiring constant and rapid alignment to the requirements imposed by the market and technological development.

In this perspective, the Committee prepared and submitted for the approval of the Board of Directors the remuneration policy for 2025 (illustrated in the first section of this Report), in line with the corporate context of Avio. For Avio, success is measured on the basis of economic, financial and equity results, but also, in broader terms, on human, social, relational and environmental capital: our policies are inspired by sustainability, inclusiveness and the incentivisation of equal opportunities.

The policy for 2025 contains some new elements:

- the proposed revision of the CEO/GM remuneration package in its short- and long-term variable components, reshaping the "pay at risk" components through a revision of the target incentive value as a % of fixed remuneration;
- the modification of some KPIs and weights of the long-term incentive plan, in particular:
  - a new KPI related to Order Intake of the US Business was introduced, in line with the development of Avio's business in that geographic context and the Company's strategic plan;
  - among the ESG targets, the Waste Management KPI was replaced with Energy Efficiency to better represent Avio's commitment in this area;
- the change of the type of long-term incentive plan from equity-based to monetary-based.

Throughout the year, Avio maintained an ongoing dialogue with investors and stakeholders, who showed significant appreciation of our Policies at the most recent Shareholders' Meeting. The remuneration policy described in this Report takes into consideration the feedback from the Company's stakeholders. It should be noted that top management is directly involved in business risk by means of holdings in the share capital of Avio. These are held through the investment vehicle In Orbit S.p.A., which at the publication date of the report held 3.0% of share capital.

## **INTRODUCTION**

This Report was prepared by Avio in accordance with Article 123-ter of the CFA, Article 84-quater of the Issuers' Regulation and Annex 3-A, Schedule 7-bis, in addition to, on the basis of self-regulation, Article 5 of the Corporate Governance Code, with which Avio complies.

Pursuant to Article 123-ter of the CFA, the Report comprises two sections.

Section I outlines the Remuneration Policy adopted by the Company for Financial Year 2025, with regards to the following parties:

- (i) Members of the Board of Directors, distinguishing between Executive and non-Executive Directors;
- (ii) Members of the Board of Statutory Auditors;
- (iii) Group Senior Executives.

Section I of the Report also outlines the procedures utilised for the preparation and adoption of the Remuneration Policy, in addition to the bodies and parties responsible for the Policy's correct implementation.

The Remuneration Policy was approved by the Board of Directors on March 13, 2025, with the favourable opinion of the Appointments and Remuneration Committee. As resolved, the Remuneration Policy will be updated on an annual basis.

Section II of the Report for the year 2024 outlines each of the items comprising the remuneration of the individuals listed at points (i), (ii) and (iii), as well as an analysis (in a specific table) of the remuneration paid to these parties, in any regard and in any form by the Company or by its subsidiaries in 2024, in addition to remuneration not yet paid at the Report approval date, although relating to 2024. In addition, a comparison for the years 2020-2024 between the change in remuneration for members of the Board of Directors and the Board of Statutory Auditors, employee remuneration and the Company's performance is shown.

A relative table, as per Article 84-quater, paragraph 4 of the Issuers' Regulation, presents holdings in the Company or its subsidiaries by these parties and by parties related to them.

This Report is sent to Borsa Italiana and is made available to the public at the registered office of Avio (in Rome, via Leonida Bissolati 76, Rome) and on the Company's website [www.avio.com](http://www.avio.com), "Investors - 2025 Shareholders' Meeting" section, at least 21 days before the Shareholders' Meeting called to approve the 2024 Annual Accounts.

On March 13, 2025, Avio's Board of Directors resolved to submit: (i) Section I of the Report on the 2025 Remuneration Policy to a binding vote of the Shareholders' Meeting; and (ii) Section II on compensation paid in 2024 to an advisory vote.

## **EXECUTIVE SUMMARY**

### **Introduction**

The Remuneration Policy and Report represents the liaison between the Company's strategic development targets and management action. The structure and rationale for the policies are designed to be consistent with the Company's goals of growth and long-term shareholder value creation. In particular, the selection of economic and financial indicators and the processes for defining and monitoring targets are designed to support and incentivise management to achieve the Group's targets.

Avio's business model and long-term sustainability is based on its capacity for development and technological innovation, and therefore on its ability to attract and develop highly qualified resources at both managerial and technical-scientific level. For this, the remuneration policy is a key tool. The criteria and tools adopted in the policy incorporate the most advanced elements of national and international best market practices. In this context, long-term sustainability, a structural characteristic of the Group's long history, is a priority target that led in 2020 to the inclusion of specific parameters, complementary to the economic and financial targets, against which to measure management performance. These sustainability targets reinforce the active role that Avio has always played in collaboration with the main institutional stakeholders at an international level (such as the European Space Agency, the European Union and the European Commission),- at a national level (such as the Italian Space Agency and the Presidency of the Council of Ministers), and at a local level (such as the Municipal Administration of Colleferro).

### **Principles of Avio's remuneration**

Avio's Remuneration Policy for Executive Directors and Senior Executives is based on the following principles and criteria:

- this policy seeks to attract, retain and motivate individuals of high professional standing, with particular regard to key positions for the development and management of the business;
- a link with Company's performance and risk profile;
- the alignment of the interests of Company Management with the pursuit of the target to contribute to the corporate strategy, to create value for shareholders over the long-term and to achieve sustainable performance over time.

### **Key performance drivers**

Our incentive systems reflect Avio's performance drivers, closely linked to the key priorities of the Company's strategy:

		Profitability and shareholder value	Financial solidity	Value for stakeholders
Our objectives		Ability to achieve results in the short and medium term, valuing return on investment	Maintain an adequate level of liquidity for current operations and adequate cash flow	Implement Avio's sustainability strategy
Indicators used in incentive systems	short-term	- Adjusted EBITDA	- Net Financial Position	
	long-term	- Reported EBITDA	- Return on Invested Capital - Order Intake US business	ESG KPIs: - Gender diversity - Gender pay gap - Energy Efficiency - Employee training

### **Main changes in 2025 Remuneration Policies**

The key changes<sup>1</sup> introduced in the 2025 Policies include:

- the revision of the CEO/GM's remuneration package: in view of the benchmarking analyses carried out with the help of an independent advisor on 13 European listed companies comparable to Avio in size and complexity and belonging to the Aerospace&Defense and Industrial sectors, the Board of Directors of March 13, 2025, upon the Committee's proposal, provided for an alignment to the median values of total target direct remuneration, in continuity with the policy pursued by Avio in recent years. Specifically:
  - for the fixed component, the value remains unchanged;
  - for the short-term variable component, an increase in the target incentive value as a % of fixed remuneration to 80% (vs. the previous 75%). Therefore, a new cap was defined, which is 123% (vs. the previous cap of 115%);
  - regarding the long-term variable component, the value of the target allocation as a % of fixed remuneration increases from 60% to 120%, with a cap at 180%;
  - adoption of a pay mix in line with best practices in the Italian and European markets, in terms of the weight of short and long variable components with respect to the overall package;
  - adoption of mix between short and long components in line with peers and the European market (which can be likened to a best practice), with greater weight of the long component than the short component;
- the change of the type of long-term incentive plan from equity-based to monetary-based.
- the revision of the targets of the long-term incentive plan and the rebalancing of the weights, through:
  - the introduction of a KPI related to the achievement of US Business results in terms of Order Intake, with a weight of 25%;
  - the reduction of the weight attached to the KPIs cumulative EBITDA, from 40% to 35%, and ROI, from 40% to 20%;
  - the change in one of the ESG KPIs, from Waste Management to Energy Efficiency.

<sup>1</sup> These changes will become effective following the Shareholders' Meeting's approval of this Report

## 2025 Remuneration Policy at a glance

The following table outlines the key elements regarding the remuneration of the Chief Executive Officer/General Manager and Senior Executives explored subsequently in the Report.

Member	Features and parameters
<p><b>Fixed remuneration component</b></p> <p><i>This is the fixed component, determined by taking into account the breadth and strategic nature of the role held.</i></p>	<p>This is determined in consideration of the role, market practices for comparable positions, qualifications and individual expertise, and measured through the application of an independent evaluation methodology of the roles (Hay Method).</p> <ul style="list-style-type: none"> <li>▪ CEO/GM: fixed gross remuneration of Euro 500,000</li> <li>▪ Senior Executives: determined based on pre-established criteria, in line with market median</li> </ul>
<p><b>Short-term variable component</b></p> <p><i>Annual monetary incentive plan, which provides for the payment of a monetary bonus on the reaching of the pre-set annual targets.</i></p>	<p><u>Beneficiaries:</u></p> <ul style="list-style-type: none"> <li>▪ Chief Executive Officer/General Manager</li> <li>▪ Senior Executives</li> <li>▪ <i>Managers and key professionals</i></li> </ul> <p><u>Size</u></p> <ul style="list-style-type: none"> <li>▪ CEO/GM: 80% of fixed remuneration for target performance; 123% of fixed remuneration for maximum performance</li> <li>▪ SES: 30% of fixed remuneration for target performance; 50% of fixed remuneration for maximum performance (average values)</li> </ul> <p><u>Performance Targets</u></p> <ul style="list-style-type: none"> <li>▪ On/off conditions, valid for all beneficiaries: Adjusted EBITDA and Group Net Financial Position</li> <li>▪ CEO/GM: Adjusted EBITDA, Net Financial Position</li> <li>▪ SES: <ul style="list-style-type: none"> <li>• Group targets (Adjusted EBITDA, Net Financial Position)</li> <li>• targets that are primarily quantitative, economic/financial and operational.</li> </ul> </li> <li>▪ Matured bonuses are subject to a clawback clause.</li> </ul>

<p><b>Medium/long-term variable component</b></p> <p><i>Long-term incentive plan, subject to approval by the Shareholders' Meeting, which provides for the payment of an award in monetary form and a three-year performance measurement period.</i></p>	<p><b>Beneficiaries:</b></p> <ul style="list-style-type: none"> <li>▪ Chief Executive Officer/General Manager</li> <li>▪ Senior Executives</li> <li>▪ other selected Managers with key roles within the Company.</li> </ul> <p><b>Size</b></p> <ul style="list-style-type: none"> <li>▪ CEO/GM: 120% of fixed remuneration for target performance; 180% of fixed remuneration for maximum performance</li> <li>▪ COO: 60% of fixed remuneration for target performance; 90% of fixed remuneration for maximum performance</li> <li>▪ SES: 35% of fixed remuneration for target performance; 52.5% of fixed remuneration for maximum performance</li> </ul> <p><b><u>Three-Year Performance Targets:</u></b></p> <ul style="list-style-type: none"> <li>▪ Cumulative Reported EBITDA</li> <li>▪ Order Intake US Business</li> <li>▪ Three-year average Return on Invested Capital</li> <li>▪ ESG targets (Gender diversity, Gender pay gap, Energy Efficiency and Employee training)</li> </ul> <p>The plan includes a clawback clause.</p>
<p><b>Benefits</b></p> <p><i>Non-monetary benefits in addition to those provided under the applicable contract defined in accordance with market practices</i></p>	<p>They include supplementary pensions, insurance coverage, mixed-use car, lodging.</p>
<p><b>Compensation in the event of early termination of employment</b></p>	<ul style="list-style-type: none"> <li>▪ CEO/MD: with regard to benefits in the case of termination of employment contract by the Company for any reason other than just cause, an all-inclusive gross amount will be recognised equal to two years of the sum of fixed remuneration and the short-term variable bonus (calculated as 100% of fixed remuneration). This amount is inclusive of mandatory contractual provisions relating to notice<sup>2</sup></li> <li>▪ SE: The provisions of the national contract for industry Executives apply. The Company may define compensation in advance in the event of termination of employment, but the compensation for early termination of employment may correspond to no more than two years' payment of the sum of fixed remuneration and short-term variable bonus, including mandatory contractual provisions relating to notice.</li> </ul>

<sup>2</sup> As of the date of publication of this report, the number of months' pay provided by the national collective bargaining agreements for notice equals 8.



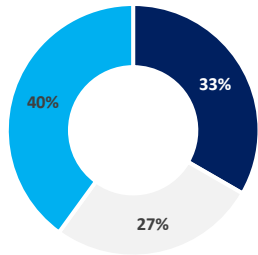
<b>Non-competition agreement</b>	<ul style="list-style-type: none"><li>▪ A 12-month non-competition agreement has been defined for the CEO/GM, which envisages payment of 50% of fixed remuneration</li><li>▪ The Company reserves the right to enter into non-competition agreements involving specific roles with strategic knowledge, in compliance with statutory provisions and limitations of a maximum duration of 12 months which envisages payment equal to 50% of fixed remuneration (without prejudice to previous individual agreements already entered into).</li></ul>
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**Pay-mix of the Chief Executive Officer/General Manager and Senior Executives**

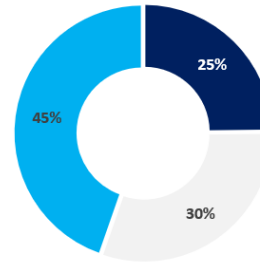
The make-up of the remuneration package of the Chief Executive Officer/General Manager and the Senior Executives, in the case of achieving the target and maximum performance levels, is as follows:

**Chief Executive Officer/General Manager**

Pay-mix - performance target

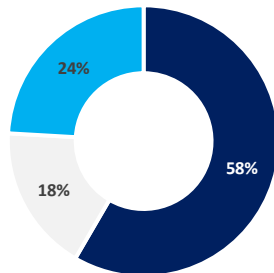


Pay-mix - maximum performance

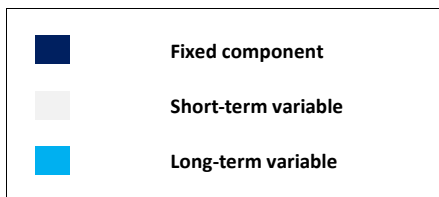
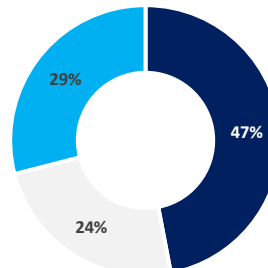


**Senior Executives**

Pay-mix - performance target



Pay-mix - maximum performance



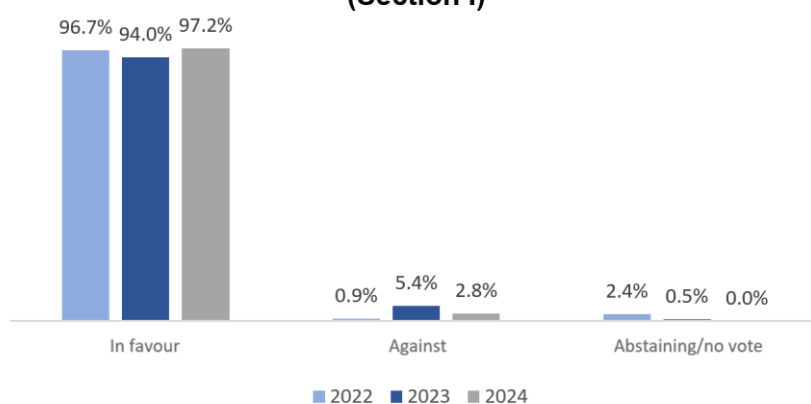
### Engagement activities and results of voting on 2024 Policies

Avio considers it fundamental to build and maintain open, ongoing dialogue with shareholders and stakeholders. In 2024, Avio continued its engagement activities with the objective of constantly improving and aligning itself with market best practices.

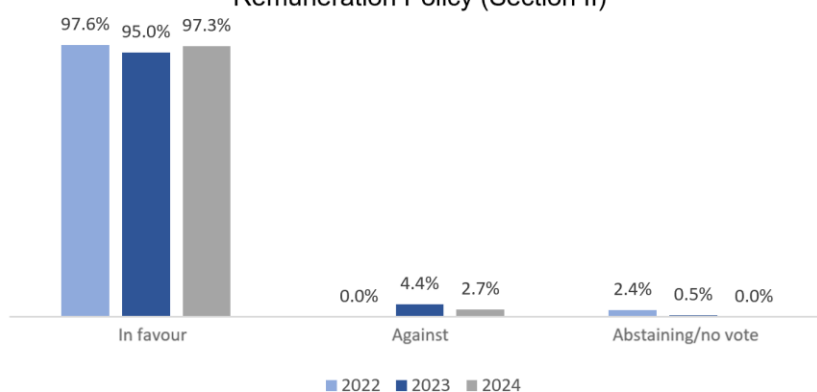
These engagement activities and the results of votes expressed by shareholders are elements that have been taken into strong consideration in the definition of the 2025 Remuneration Policy.

The 2024 Shareholders' Meeting cast a binding vote on Section I of the Report, expressing **97%** favourable votes of the total votes cast, and an advisory vote on Section II of the Report, expressing **97%** favourable votes of the total votes cast. The following graphs show the voting trends with regard to Section I and Section II of the Remuneration Policy Report over the 2022-2024 period.

#### Voting outcomes on Remuneration Policy (Section I)



#### Voting outcomes on the implementation of the Remuneration Policy (Section II)



## **SECTION I**

The Remuneration Policy defines the principles and guidelines adopted by Avio for the remuneration of the members of the Board of Directors and Senior Executives. The Remuneration Policy was approved by the Board of Directors on March 13, 2025, with the favourable opinion of the Appointments and Remuneration Committee. As resolved, the Remuneration Policy will be updated on an annual basis.

### **1. GOVERNANCE - PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY**

#### **1.1. Parties involved in the preparation, approval and any revision, as well as implementation of the Remuneration Policy**

The principal parties and boards involved in the preparation, approval and any revision of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Appointments and Remuneration Committee and the Board of Statutory Auditors. The Board of Directors, the Board of Statutory Auditors and the Appointments and Remuneration Committee are also responsible for the correct implementation of the Remuneration Policy and oversee its correct implementation. A brief description of the duties, which in accordance with the applicable regulation and the company By-Laws are required of these Boards with regards to the remuneration of the Directors, is provided below.

#### **Shareholders' Meeting**

The Shareholders' Meeting:

- (i) establishes the total remuneration of the members of the Board of Directors in accordance with Article 2364, paragraph 1, No. 3) of the Civil Code, also in accordance with Article 2389, paragraph 3 of the Civil Code and Article 15 of the By-Laws;
- (ii) resolves, with a binding vote, as regards Section I of the Report, in accordance with Article 123-ter, paragraph 3-ter of the CFA;
- (iii) resolves, with a non-binding vote, as regards Section II of the Report, in accordance with Article 123-ter, paragraph 6 of the CFA;
- (iv) establishes any share-based remuneration plans or other financial instruments for Directors, employees or collaborators, including Senior Executives, where existing, in accordance with Article 114-bis of the CFA.

#### **Board of Directors**

The Board of Directors:

- (i) establishes internally an Appointments and Remuneration Committee;
- (ii) establishes the remuneration of the Executive Directors on the proposal of the Appointments and Remuneration Committee (and, where established, of the Related Parties Committee), with prior opinion from the Board of Statutory Auditors, within any remuneration established by the Shareholders' Meeting in accordance with Article 2389, paragraph 3 of the Civil Code and breaks down the fixed annual remuneration for execution of office, established in totality by the Shareholders' Meeting for Non-Executive Directors, as set out by Article 15 of the By-Laws;

- (iii) defines and reviews, on the proposal of the Appointments and Remuneration Committee, the Remuneration Policy;
- (iv) approves the Report in accordance with Articles 123-ter of the CFA and 84-quater of the Issuers' Regulation;
- (v) prepares any remuneration plans based on shares or other financial instruments for Directors, employees and collaborators, including Senior Executives, where existing, submitting such for the approval of the Shareholders' Meeting in accordance with Article 114-bis of the CFA and oversees their implementation.

#### Appointments and Remuneration Committee

The Committee provides consultation and proposals, and in terms of remuneration:

- a. assists the Board of Directors in developing and revising the Remuneration Policy;
- b. periodically evaluates the adequacy, the overall consistency and the concrete application of the remuneration policy of Directors and Senior Executives of the Company, utilising for this latter the information provided by the Chief Executive Officer/ General Manager and draws up for the Board of Directors related proposals;
- c. presents proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors and other senior Directors in office, as well as establishing the performance targets related to the variable component of this remuneration and monitors the application of the decisions adopted by the Board verifying, in particular, the achievement of the performance targets;
- d. reviews in advance the annual remuneration report to be made available to the public as per the applicable regulation;
- e. reports to the Shareholders' Meeting called to approve the financial statements - through the Chairperson of the Committee or another member appointed by the latter - upon the means to perform their duties, with respect to remuneration-related tasks attributed to the Committee.

The Committee is also assigned, with respect to remuneration issues alone, the duties allocated to the committee responsible for related party transactions as per the Related Party Transactions Policy adopted by the company. For significant related party transactions, where the Committee does not include at least three Independent Directors, the controls at Article 14 of the stated Policy apply.

This committee guarantees the broadest scope of information and transparency on the remuneration of the Executive Directors, as well as the manner for determining their remuneration. In any case, as per Article 2389, paragraph 3 of the Civil Code, the Committee has solely the function of presenting proposals, while the power of determining the remuneration of Executive Directors remains with the Board of Directors, having consulted with the Board of Statutory Auditors and in any case with the abstention of the interested Directors regarding decisions upon their own remuneration.

At the date of approval of this Report, the Committee consists of three Non-Executive Directors, of whom two were independently appointed by Board of Directors' resolution of April 9, 2023, namely:

- Donatella Isaia - Independent (Chairperson);
- Giovanni Soccodato;
- Raffaele Cappiello - Independent.

At the time of their appointment, the Board of Directors positively assessed the Independent Directors Raffaele Cappiello and Donatella Isaia as having adequate knowledge and expertise in financial matters and experience in the field of remuneration policies.

The composition, tasks and procedures of the Committee are governed by the Corporate Governance Code and the regulation adopted by the Committee.

The meetings of the Committee are chaired by the Chairperson or, in his/her absence or impediment, the eldest member of the Committee. The meetings are held as a collective and are appropriately minuted.

Directors do not take part in Committee meetings concerning proposals on their remuneration to the Board of Directors.

Meetings of the Committee are attended by the Chairperson of the Board of Statutory Auditors and its members and, on invitation, by representatives of company departments and independent experts and/or other parties, whose participation is considered beneficial for the discussion of the matters at issue.

Where considered necessary or beneficial for the execution of its duties, the Committee may utilise external remuneration policy consultants. During FY2024 and up to the date of this Report, the Committee met 14 times (10 in FY2024 and four in FY2025 up to the date of this Report). The meeting attendance of Committee members are reported in the table at the bottom of Section 4.2.1 of the Corporate Governance and Ownership Structure Report, available on the company website [www.avio.com](http://www.avio.com), Section “Investors – 2025 Shareholders’ Meeting”.

The Chairperson of the Board of Statutory Auditors, the Chief Executive Officer/General Manager, the Human Resources Director and collaborators, the General Counsel, the Legal Department collaborators, in addition to consultants supporting the Company on specific projects reviewed by the Committee, usually attended the Committee meetings, on its invitation. The Chief Executive Officer/General Manager did not take part in the Committee’s discussions concerning decisions upon his remuneration or which would put him in a conflict of interest situation.

In 2024 and, in any event, up to the date of this Report, the Committee's activities were primarily concerned with:

- the assessment and the monitoring of the adequacy, overall consistency and concrete application of the remuneration policy for Directors and Senior Executives, with reference to 2024;
- as regards the annual incentive system, assessment of the degree of annual performance target achievement for 2024 and the setting of the targets for 2025 for the Chief Executive Officer/General Manager and the Senior Executives;
- as regards the long-term stock incentive system, the definition of performance targets for the 2024-2026 grant cycle;
- the drawing up of the proposal to the Board with regards to the Remuneration Policy for the year; 2025;
- the identification of the scope of Senior Executives;
- the launch of the 2024-2026 Restricted Share Plan for middle management and key professionals (excluding the CEO/GM and Senior Executives);
- the final accounting for short-term variable remuneration for 2024;
- the proposal regarding the long-term incentive plan of the Chief Executive Officer and Senior Executives for the period 2025-2027;
- the proposal of the methodology, approach and incentive tools regarding Avio USA Inc.

### Executive Director

The Executive Director delegated for the purpose is responsible for:

- providing the Committee, with the support of the Group Human Resources Department, with any useful information for this latter to assess the adequacy and concrete implementation of the Policy, with specific regard to the remuneration of Senior Executives;
- submitting to the Committee the draft share-based incentive plans, stock option plans, stock ownership plans and incentive and loyalty plans established for the management of Group companies or, where appropriate, assists the Committee in drafting such, also with the support of the Group Human Resources Department;
- implementing the Remuneration Policy of the Company in accordance with this document.

### Board of Statutory Auditors

The Board of Statutory Auditors expresses an opinion upon the remuneration proposals of the Executive Directors, in accordance with Article 2389, paragraph 3 of the Civil Code, verifying the consistency of such with the Remuneration Policy adopted by the Company.

### Independent Audit Firm

The independent audit firm of Avio verifies that the Directors have prepared the second section of the Report, as required by Article 123-ter, paragraph 8-bis of the CFA.

## **2. MARKET PRACTICES AND INDEPENDENT EXPERTS INVOLVED IN PREPARING THE REMUNERATION POLICY**

Avio regularly monitors Italian and international market practice, with a focus on the space and defence sector, including by conducting specific analyses to verify the consistency of its remuneration policy.

The following panels were identified to supply data for the remuneration benchmarks, carried out by independent consulting firms:

- for the Chief Executive Officer/General Manager, a panel composed of the top executive roles of 13<sup>3</sup> companies selected on the basis of size (revenue, number of employees, total assets and capitalisation), including:
  - six Italian companies in the industrial sector
  - seven European space and defence companies;

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<sup>3</sup> Compared with the previous panel, Prima Industrie and ULTRA ELECTRONICS HLDGS were removed from the peer group for CEO/GM benchmarking as they were no longer listed as of March 7, 2023 and August 2, 2022, respectively. Therefore, the role of Chief Executive Officer is no longer comparable. Seco, an Italian company in the industrial sector, was included in the peer group for 2025, meeting the selection criteria given.

Company	Country
AVON PROTECTION	United Kingdom
CHEMRING GROUP	United Kingdom
DE NORA	Italy
FACC AG	Austria
INTERCOS	Italy
LISI	France
MONTANA AEROSPACE	Switzerland
OHB	Germany
PIOVAN	Italy
SECO	Italy
SENIOR	United Kingdom
THE ITALIAN SEA GROUP	Italy
ZIGNAGO	Italy

- for the Chairperson of the Board of Directors, a panel including the non-executive Chairpersons of nine listed Italian companies selected on the basis of comparability criteria with reference to their sector and size;
- for non-executive members of the Board of Directors and the Board of Statutory Auditors, a panel consisting of 26 listed Italian companies selected on the basis of comparability criteria with reference to their sector and size;
- as regards the assessments in relation to the remuneration of Senior Executives, the Company was supported by Korn Ferry and utilised the Top Executive Italia market as a reference. This includes people in Top Management positions in Italian companies operating in comparable sectors to Avio.

In preparing the Remuneration Policy, the Company was assisted in salary benchmarking by the independent experts WTW and Korn Ferry, leading consultancy firms in the area of human resources development and organisation, and advisor in the definition of the 2025 Policies.



### 3. REMUNERATION POLICY

#### 3.1. TARGETS AND PRINCIPLES OF THE REMUNERATION POLICY

Avio's Remuneration Policy is based on the following key principles and is defined according to the following criteria:

- this policy seeks to attract, retain and motivate individuals of high professional standing, with particular regard to key positions for the development and management of the business, through a remuneration structure which recognises the value of the individual and their contribution to company growth.
- the link with the Company's performance and strategy: the remuneration recognises the achievement of individual and corporate performance targets, referring to quantitative economic-financial indicators consistent with the targets set by the Company's industrial, business and sustainability plan. Targets are set and measurable, and rewards are attributed according to the level of performance achieved.
- the alignment of the interests of Company management with the pursuit of the target to create value for the shareholders and stakeholders of Avio over the long-term through an appropriately balanced system of fixed and variable components, on the basis of the strategic targets and the risk management policy of the Company, and the setting of limits for the variable components which also reward results which exceed the assigned targets, the integration of targets with the sustainability strategy of the Company.

#### 3.2. REMUNERATION AND WORKING CONDITIONS OF EMPLOYEES

Avio's Remuneration Policy contributes to the attainment of the Company's mission, values and strategies, taking into account the remuneration and conditions of Group employees, through:

- a fair and inclusive approach to all Company employees, to promote equal opportunities and recognise skills;
- a reward system that recognises individual contributions and the responsibilities of the role covered, and takes into account market benchmarks, in line with the "weighting" of positions within the organisation;
- a structured remuneration package that takes into account employees' needs and the annual remuneration benchmarks prepared by the Company;
- initiatives to support employees' purchasing power.

In continuation of the work-life balance initiatives introduced during 2024, the new supplementary contract provides:

- 5 additional days of mandatory paternity leave paid by the company, usable within 24 months of the birth of a child (or an adoption);
- parental supplement to the INPS contribution of 30% up to 50%, paid by the company;
- increase in flexible hours and extension of the usability of leave that can be made up;
- annual welfare benefits of Euro 100 for all employees (excluding executives).

Also introduced during 2024 was the Avio People Caring initiative, the well-being agenda dedicated to all employees and based on four key pillars: Physical, Emotional, Financial and Social. The initiative is aimed at ensuring well-being in the company by encouraging employee creativity and productivity through a series of activities to improve daily life.

On February 21, 2025, the Company obtained the Certification on Gender Equality, confirming Avio's ongoing commitment to enhancing and promoting equal opportunities in all aspects of labour relations.

### 3.3. OUTLINE OF THE REMUNERATION POLICY

The Remuneration Policy provides that the fixed and variable components (this latter in turn split between short and medium/long-term) are established on the basis of principles and processes according to the beneficiary category.

The Company in any case considered it appropriate to create a remuneration system based on the Executive/managerial responsibilities of the parties concerned and therefore independently set the criteria for determining the remuneration of:

- (i) Directors, and more specifically:
  - (a) Non-Executive Directors;
  - (b) Executive Director;
- (ii) Board of Statutory Auditors;
- (iii) Senior Executives.

Avio's perimeter of Senior Executive includes four Executives, namely the Chief Financial Officer, the Chief Operating Officer, the Director of Engineering, and the Programme Director.

#### (i) DIRECTORS

All Directors receive a fixed remuneration which appropriately compensates the work and commitment they provide to the Company.

On April 28, 2023, the Ordinary Shareholders' Meeting resolved to award each Director, for the years 2023-2025, a gross annual remuneration of Euro 40,000 and a gross annual remuneration of Euro 130,000 to the Chairperson of the Board of Directors, in line with market practices.

On May 9, 2023, the Board of Directors also resolved to award the members of the internal Board Committees the following fees, in line with market practices, for the 2023-2025 mandate:

- (i) to the members of the Control and Risks Committee, a gross annual fee for the Chairperson of Euro 30,000
- (ii) and for the other members of Euro 15,000 each;
- (iii) to the members of the Appointments and Remuneration Committee and the Sustainability Committee - a gross annual fee for the Chairperson of Euro 25,000 each and for the other members of Euro 10,000 each.

#### (a) NON-EXECUTIVE DIRECTORS

The Non-Executive Directors (whether independent or not) are granted a fixed remuneration, the overall amount of which is established by the Shareholders' Meeting, allocated on an individual basis by the Board of Directors pursuant to Article 2389 of the Civil Code.

The remuneration of these Directors is not based on any financial results or specific objectives of the Company and is commensurate with the commitment required, also in relation to participation on Board Committees,

for which specific remuneration is allocated.

(b) EXECUTIVE DIRECTORS

The remuneration of the Executive Director (Chief Executive Officer/General Manager) is adequately balanced between short-term development targets and the sustainable creation of value for Shareholders over the long-term period.

Specifically, the Executive Director's remuneration structure is made up of:

- a fixed component: this component takes into account the breadth and strategic relevance of the role played and the distinctive subjective characteristics and strategic skills of the managers assigned to the role. The amount is sufficient to remunerate the service also in the case of the partial reaching of the performance targets upon which the variable remuneration component is based, and therefore - among other issues - discourages the undertaking of conduct not consistent with the risk propensity of the company. More specifically, the fixed component is calculated according to the size of the business managed, the various areas of responsibility covered, Avio Group's complex corporate structure, including internationally, also taking account of market practice taken from benchmarks.
- a short-term variable component: the purpose of this component is to encourage management to work towards the achievement of annual targets that maximize the Avio Group's value, in line with shareholders' interests. This component is conditional upon reaching a minimum performance threshold with respect to the annual targets set by the Board of Directors, upon proposal by the Appointments and Remuneration Committee. The indicators used to define the annual business performance targets (and to calculate the actual amount of the short-term variable component) are the Group's financial and earning parameters, as described below.

The value of the annual variable component for the Chief Executive Officer/General Manager of Avio is 80% of the fixed remuneration on achievement of the target, with a maximum of 123% of the fixed remuneration. The payment of discretionary bonuses is not envisaged;

- a long-term variable component: this component seeks to incentivise Executive Directors to maximise the value of the Group and to align their interests with those of the shareholders. The payment of this remuneration will be deferred to the conclusion of a three-year timeframe, subject to the achievement of the performance conditions (as per the following paragraphs) measured over a multi-year period.

For the Chief Executive Officer/General Manager, the value of the target bonus, subject to approval by the Shareholders' Meeting, is 120% of fixed remuneration, with a maximum value of 180%.

For the COO, the value of the target bonus, subject to approval by the Shareholders' Meeting, is 60% of fixed remuneration, with a maximum value of 90%.

We note on March 28, 2022, Avio's Board of Directors resolved to cancel the 2020-2022 and 2021-2023 cycles of the 2020-24 Long-Term Plan, of which the Chief Executive Officer/General Manager was a beneficiary, with a target bonus value equal to 60% of fixed remuneration and a maximum value equal to 75%.

The Chief Executive Officer/General Manager is among the beneficiaries of the 2022-24 extraordinary Performance Share Plan, approved by the Shareholders' Meeting on April 28, 2022. The plan provides for a one-time grant of rights to receive shares of the Company at the end of the 2022-24 performance period, depending on the degree to which a target reflecting the Company's financial viability is achieved. The initial nominal value of the award - which corresponds to a reduced portion of the sum of the awards related to the cancelled 2020-22 and 2021-23 cycles - for the Chief Executive Officer/General Manager is equal to 72% of fixed compensation upon achievement of targets and 108% in the event of maximum performance.

- *fringe benefits*: fringe benefits provide for the provisions of goods and/or services in line with market practice and applicable regulations. In particular, the Executive Director of Avio, in addition to the benefits under the Industry Executives Collective Bargaining Agreement, is assigned three company cars and supplementary life and total and permanent invalidity accident insurance.

For a description of the short-term variable component and of the long term component of the remuneration of the Chief Executive Officer/General Manager, reference should be made to Paragraph 3.4.

## (ii) BOARD OF STATUTORY AUDITORS

All the members of the Board of Statutory Auditors receive a fixed remuneration which appropriately compensates the work and commitment provided by the Statutory Auditors to the Company.

The Shareholders' Meeting held on April 28, 2023 resolved, for the 2023-2025 three-year period, to grant to the Chairperson of the Board of Statutory Auditors a remuneration of Euro 55,000 per year and to the Statutory Auditors a remuneration of Euro 38,000 per year, in line with the practices of the listed companies of the STAR segment with levels of capitalisation comparable to Avio.

## (iii) SENIOR EXECUTIVES

The remuneration of Senior Executives is structured so as to focus management on company results and the creation of value.

The remuneration of Senior Executives is composed of:

- a *fixed component*: this component takes into account the breadth and strategic relevance of the role played<sup>4</sup> and the distinctive subjective characteristics and strategic skills of the beneficiary, in addition to market practice for comparable positions. The amount is sufficient to remunerate the service also in the case of the non-reaching of the performance targets upon which the variable remuneration component is based;
- a *short-term variable component*: the purpose of this component is to encourage management to work towards the achievement of annual targets that maximize the Avio Group's value, in line with shareholders' interests. This component is conditional upon reaching a minimum performance threshold with respect to the annual targets set by the Board of Directors, upon proposal by the Appointments and Remuneration Committee. The indicators used to define the annual business performance targets (and to calculate the actual amount of the short-term variable component) are the Group's financial and earning parameters. Each Executive is also assigned individual targets specifically related to specific areas of responsibility, measured according to predominantly quantitative, financial and earnings indicators, or operating indicators. In determining the short-term variable component, the achievement of business results and individual/area/function results are therefore combined.

The value of the annual variable component for Avio Senior Executives is 30% of the fixed remuneration on achievement of targets, with a maximum amount (capped) of 50% of the fixed remuneration. No forms of discretionary variable remuneration are envisaged.

- a *long-term variable component*: this component seeks to incentivise Senior Executives to maximise the value of the Group and to align their interests with those of the shareholders. The payment of this remuneration will be deferred to the conclusion of a three-year timeframe, subject to the achievement of the performance conditions measured over a multi-year period.

<sup>4</sup> Any fees from participation as a Director of a subsidiary or investee company may be subject to the criterion of reversibility or waiver.

For Senior Executives excluding the COO, the value of the target bonus, subject to approval by the Shareholders' Meeting, is 35% of fixed remuneration, with a maximum value of 52.5%.

On March 28, 2022, Avio's Board of Directors approved the cancellation of the 2020-2022 and 2021-2023 cycles of the 2020-2024 Long-Term Plan.

The Senior Executives are among the beneficiaries of the 2022-2024 extraordinary Performance Share Plan, approved by the Shareholders' Meeting on April 28, 2022. The plan provides for a one-time grant of rights to receive shares of the Company at the end of the 2022-2024 performance period, depending on the degree to which a target reflecting the Company's financial viability is achieved. The initial nominal value of the award - which corresponds to a reduced portion of the sum of the awards related to the cancelled 2020-2022 and 2021-2023 cycles - for Senior Executives is equal to 42% of fixed compensation upon achievement of targets and 63% in the event of maximum performance.

- *fringe benefits*: fringe benefits provide for the provisions of goods and/or services in line with market practice and applicable regulations. In particular, the Senior Executives of Avio, in addition to the benefits under the Industry Executives Collective Bargaining Agreement, are assigned a company car and/or accommodation and supplementary life and total and permanent invalidity accident insurance.

For the description of the short-term variable component and the long-term variable component for Senior Executives, reference should be made to Paragraph 3.4.

### 3.4. VARIABLE REMUNERATION COMPONENT

The variable remuneration system of Avio includes a short-term variable component and a medium/long-term variable component.

#### 3.4.1 SHORT-TERM VARIABLE COMPONENT

The annual incentive system provides for the payment of a monetary bonus on the reaching of the pre-set annual targets. This system is reviewed every year by the Appointments and Remuneration Committee, which proposes to the Board of Directors the targets for the Chief Executive Officer/General Manager and the Senior Executives, identifying the metrics.

The beneficiaries of the system are, in addition to the Chief Executive Officer/General Manager and the Senior Executives, Avio's managers and professionals.

The value of the target bonus is based also on the level of responsibility of the role, according to pre-set "brackets"; each beneficiary, depending on their bracket, is assigned a variable target bonus expressed as a percentage of the fixed remuneration on achieving the pre-set targets; a maximum amount is established where the targets are exceeded.

The right to a variable bonus is subject to achieving a minimum level of results relating to the company's pre-established economic and financial targets. These are measured in terms of Adjusted EBITDA and Net Financial Position, each with equivalent weight.

The Group's Adjusted EBITDA (50%) and Net Financial Position (50%) are used as performance indicators. Business targets are set with respect to the budget approved by the Board of Directors.

The choice of the two economic-financial indicators allows for a balanced reflection of the Company's economic and financial performance, in line with the practices of the benchmark. Specifically, the Adjusted EBITDA expresses the capacity to generate profits independently of any non-recurring effects attributable to a single year; the Net Financial Position expresses the ability to maintain the net cash position within the value pre-set for the reference year.

For the **Chief Executive Officer/General Manager**, the bonus is exclusively linked to company objectives in terms of Adjusted EBITDA and Net Financial Position, establishing:

- a **minimum performance** level (threshold<sup>5</sup>), on reaching which **43% of fixed remuneration** is paid; no bonus is paid below the threshold level. The minimum is 88.8% of the target value for Group Adjusted EBITDA and 43.8% for the Group Net Financial Position parameter;
- a **target performance** level, on the achievement of which the target bonus of **80% of the fixed remuneration** is recognised;
- a **maximum performance level**, on achievement of which the maximum value of the relative bonus, equal to **123% of the fixed remuneration (cap)**, is recognised. The maximum performance level is 105.6% of the target value for Group Adjusted EBITDA and 156.2% for the Group Net Financial Position.

The following diagram shows the **link between targets and the bonus** for achieving the minimum, target and maximum targets for the Chief Executive Officer/General Manager (the value of the bonus is expressed as a % of fixed remuneration).

Target	Description	Weighting	Performance scenarios		Bonus (% GAR)
<b>Adjusted EBITDA</b>	Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortisation) is a measure of the Company's profitability that is not affected by non-recurring items	50%	Minimum	<i>Budget target -11.2%</i>	43%
			Target	<i>Budget target</i>	80%
			Maximum	<i>Budget target +5.6%</i>	123%
<b>Net Financial Position</b>	The indicator meets the need to measure management's ability to maintain a level of liquidity adequate for current operations during the reporting period	50%	Minimum	<i>Budget target -56.2%</i>	43%
			Target	<i>Budget target</i>	80%
			Maximum	<i>Budget target +56.2%</i>	123%

Given the confidential nature of the economic and financial targets, it is not possible to provide a greater level of detail of individual ex-ante parameters. Various economic and financial performance targets, and their minimum and maximum ranges, are, however, subject to market disclosure, and can be found in the related press releases.

Section II of the Report provides a detailed summary of the results achieved.

For **Senior Executives**, the bonus is linked for 50% to company objectives (Adjusted EBITDA, Net Financial Position) and for 50% to individual objectives: between four and five specific management objectives, linked to economic-financial indicators or annual operating indicators. In determining the overall individual performance, each target is assigned a differing weight.

The **annual target** for the theoretical bonus for Senior Executives is **30% of the fixed remuneration on achieving the target targets**; the maximum amount (capped) is **50%** while the **minimum** amount is **8%** (corresponding to the individual and corporate threshold value below which no bonus is earned).

The following diagram shows the **link between targets and the bonus** expected upon achievement of the minimum target, target, maximum for Senior Executives (the value of the bonus is expressed as a percentage of fixed remuneration) for 2025:

<sup>5</sup> Specifically, the performance target for the Adjusted EBITDA is defined in line with that disclosed to investors on March 13, 2025, on the presentation of the 2024 operating results, and with the guidance for 2025.

Target	Description	Weighting	Performance scenarios		Bonus (% GAR)
<b>Adjusted EBITDA</b>	Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortisation) is a measure of the Company's profitability that is not affected by non-recurring items	25%	Minimum	<i>Budget target -11.2%</i>	8%
			Target	<i>Budget target</i>	30%
			Maximum	<i>Budget target +5.6%</i>	50%
<b>Net Financial Position</b>	The indicator meets the need to measure management's ability to maintain a level of liquidity adequate for current operations during the reporting period	25%	Minimum	<i>Budget target -56.2%</i>	8%
			Target	<i>Budget target</i>	30%
			Maximum	<i>Budget target +56.2%</i>	50%
<b>Specific function targets</b>	Quantitative targets linked to economic-financial (e.g. costs) and/or operational and/or project indicators (e.g. project milestones). There are two or three targets that fall into this category.	40%	Minimum		8%
			Target		30%
			Maximum		50%
<b>Individual objectives</b>	Qualitative targets, e.g. assessment of managerial qualities, team management.	10%	Minimum		8%
			Target		30%
			Maximum		50%

In the event of failure to achieve the economic-financial targets, no bonuses are paid, not even for the part relating to the specific function or individual targets.

### 3.4.2 MEDIUM/LONG-TERM VARIABLE COMPONENT

#### 2025-2027 Incentive plan

On March 13, 2025, the Board of Directors approved, upon the proposal of the Appointments and Remuneration Committee, the new Incentive Plan for the period 2025-2027 (the "**Plan**"), whose beneficiaries are the Chief Executive Officer/General Manager, COO, Senior Executives and other Managers with strategic roles within the Company.

The Plan provides for the payment of a monetary bonus at the end of a three-year performance period, based on the degree of achievement of predetermined targets. The choice of a cash plan was also considering the fact that Avio's top management is already directly involved in the business risk through their participation in the capital of Avio, held through the investment vehicle In Orbit S.p.A., which today represents 3.0% of the share capital.

The long-term incentive plan is linked to three three-year cumulative economic and financial performance indicators of the business plan and to ESG indicators: the economic and financial indicators are the three-year cumulative Reported EBITDA, the Return on Invested Capital<sup>6</sup> and the Order Intake of the US Business<sup>7</sup>; there are four ESG indicators, as indicated below: (i) Gender diversity<sup>8</sup>; (ii) Gender pay gap<sup>9</sup>; (iii) Energy Efficiency<sup>10</sup>; (iv) Employee Training<sup>11</sup>.

The economic and financial indicators weigh 80% overall and ESG metrics weigh 20% (5% for each of the four indicators).

<sup>6</sup> Defined as the Reported EBIT/Net Invested Capital.

<sup>7</sup> Defined as order intake over the three-year period 2025-27 ("firm order backlog") as well as commitments with customers or long-term strategic agreements to produce a guaranteed minimum volume subsequent to the three-year period 2025-27 ("soft order backlog"), considering that buildings and production facilities may be built subsequent to the three-year period 2025-27.

<sup>8</sup> Defined as the ratio between the number of female employees and male employees at the end of the reporting period.

<sup>9</sup> Defined as the ratio between the remuneration of female employees / male employees in the same grade.

<sup>10</sup> Defined as the ratio of electricity consumption in the industrial scope, expressed in kWh, to labour hours.

<sup>11</sup> Defined as the annual average number of training hours provided over the three-year reference period.

The Plan's beneficiaries will be identified at a later date and will be subject to Shareholders' Meeting approval. They will include the Chief Executive Officer/General Manager and Senior Executives, and Managers with strategic impact roles for Avio identified by the Board of Directors.

With regard to the financial performance levels linked to the indicators outlined, it was decided to utilise the three-year target values of the Business Plan. For ESG metrics, reference is made to the performance levels decided by the Board of Directors; performance targets for the ESG indicators Gender Pay Gap and Employee Training are defined as a three-year average value; for the indicators Gender Diversity and Energy Efficiency, the data at the end of the last year of the three-year performance period is considered.

For each of the selected indicators, there is:

- a **minimum performance** level (threshold) of 75% of the target value for the cumulative three-year Reported EBITDA, 50% for the Order Intake US Business, 70% for the average three-year Return on Invested Capital, 94.7% for Gender Diversity, 98% for the Gender Pay Gap, 83.3% for Energy Efficiency and 92% for Employee Training; no bonus is recognised below the threshold level;
- a **target performance** level, on the achievement of which the target bonus is recognised for each of the two indicators considered;
- a **maximum performance** level, equal to 125% of the target value for the cumulative three-year Reported EBITDA, 150% for the Order Intake US Business, 130% for the average three-year Return on Invested Capital, 105.3% for Gender Diversity, 102% for the Gender Pay Gap, 116.7% for Energy Efficiency and 108.3% for Employee Training, on achievement of which the maximum relative bonus value (capped) is recognised.

On achieving the intermediary performance levels, the bonus value is calculated for the linear interpolation. The performance levels are in line with that established by the Group's Business Plan. Therefore, the value of the **bonus for the 2025 allocation** is:

- For the **Chief Executive Officer/General Manager** at **120% of fixed remuneration** for target results, **180% in the event of maximum performance, 60% in the event of minimum performance**;
- For the **COO** at **60% of fixed remuneration** for target results, **90% in the event of maximum performance, 30% in the event of minimum performance**;
- For **Senior Executives** at **35% of fixed remuneration** for target results, **52.5% in the event of maximum performance, 17.5% in the event of minimum performance**.

The following table shows the link between targets and the bonus for the achievement of the minimum, target and maximum target for the Chief Executive Officer/General Manager for each of the indicators set, each valid independently of the others, with reference to its relative weight:



Indicator	Description	Weighting	Performance scenarios		Bonus vs target
<b>Cumulative three-year Reported EBITDA</b>	Reported EBITDA (Earnings before interest, taxes, depreciation, and amortisation) allows for a measurement of medium term profitability that does not take into account non-recurring components	35%	Minimum	<i>Budget target - 25%</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target + 25%</i>	180%
<b>Order Intake US Business</b>	Defined as order intake over the three-year period 2025-27 ("firm order backlog") as well as commitments with customers or long-term strategic agreements to produce a guaranteed minimum volume subsequent to the three-year period 2025-27 ("soft order backlog"), considering that buildings and production facilities may be built subsequent to the three-year period 2025-27.	25%	Minimum	<i>Budget target - 50%</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target +50%</i>	180%
<b>Average Return on Invested Capital</b>	Defined as the Reported EBIT/Net Invested Capital	20%	Minimum	<i>Budget target -30%</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target +30%</i>	180%
<b>ESG Indicators</b>	<b>Gender diversity:</b> the ratio between female employees/male employees.	5%	Minimum	<i>Budget target – 5.3%<sup>12</sup></i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target +5.3%</i>	180%
	<b>Gender pay gap<sup>13</sup>:</b> the ratio between the remuneration of female employees and male employees at the same grade	5%	Minimum	<i>Budget target – 2%</i>	60%
			Target	<i>Budget target</i>	120%
			Maximum	<i>Budget target +2%</i>	180%
	<b>Energy efficiency</b> ratio of kWh of electricity to labour hours	5%	Minimum	<i>Budget target –16.7%</i>	60%
			Target	<i>Budget target</i>	120%
Maximum			<i>Budget target +16.7%</i>	180%	
<b>Employee training:</b> average total training hours/year provided (in the three-year reference period)	5%	Minimum	<i>Budget target – 8%</i>	60%	
		Target	<i>Budget target</i>	120%	
		Maximum	<i>Budget target +8.3%</i>	180%	

Given the confidential nature of the long-term economic and financial targets, it is not possible to provide more in-depth ex-ante details. However, in its disclosures to the market, the company regularly provides qualitative indications on its multi-year outlook (which is largely in line with the Company's order book). Furthermore, Section II of the Report provides a detailed summary of the results achieved.

### 3.4.3 CLAWBACK

Avio's incentive plans - both short- and long-term - include a clawback clause which permits the recovery of amounts issued on the basis of manifestly erroneous or false data in the 5 years subsequent to issue.

### 3.4.4 EXCEPTIONS

In exceptional circumstances that may jeopardise the pursuit of the Company's long-term interests or its ability to stay in the market, as provided for in Article 123-ter, paragraph 3-bis of the CFA, and Article 84-quater of the

<sup>12</sup> The Gender diversity target requires the achievement of a minimum value for each plan year, failing which the target is considered not achieved.

<sup>13</sup> The minimum and maximum performance range for the Gender Pay Gap, as an exception with respect to the other ESG indicators, is 96% at the minimum value and 100% at the maximum value

Issuers' Regulation, Avio's Board of Directors, following a proposal by the Committee and in compliance with the Related Parties Procedure, may lay down temporary exceptions to the remuneration policy in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay in the market.

For the purposes of the above, "exceptional events" are defined as: (i) events of an extraordinary and/or non-recurring nature and/or not attributable to the core business of the Avio Group (including, without limitation, acquisitions or disposals of equity investments or business units) considered of particular importance and/or currently not provided for in company planning that entail a significant change in the scope of the Company or the Avio Group; (ii) significant changes in the macroeconomic and/or competitive scenario or other extraordinary factors with a significant impact beyond the actions within the management's control; and/or (iii) significant events, not only of an economic or financial nature.

In such circumstances, the elements of the remuneration policy from which the Company's Board of Directors may deviate, following a proposal by the Committee and in compliance with the Related Parties Procedure, are:

- the targets in the incentive plans, making such adjustments as are necessary to keep the substantive and economic contents of the plan unchanged. Any changes to performance targets must safeguard the principles and guidelines according to which the plan has been formulated by not introducing undue advantages or penalties for either the beneficiaries of the plan or the Company.

#### 4. POLICY UPON BENEFITS ON CONCLUSION OF OFFICE

For the Chief Executive Officer/General Manager alone, in the case of resolution of contract by the Company or dismissal for just cause, the payment of an all-inclusive indemnity is envisaged equal to two gross annual remunerations, that is, the sum of the gross annual fixed remuneration and the short-term variable remuneration at 100% of the fixed remuneration. This value includes any component relating to compulsory contractual provisions - the value of which to date, on the basis of Company seniority, amounts to 8 months' pay -, which will not be paid in the event of termination of employment by the Company or resignation for just cause.

For Senior Executives, the protections established by law and set out in the relevant national collective bargaining agreements for industry executives are usually applied, which take into account the role and age of the executive at the time of termination of employment, in addition to the annual salary received. However, the Company may set compensation in advance for the termination of employment of Senior Executives, but the compensation for early termination of employment may correspond to no more than two years' payment of the sum of the fixed remuneration and short-term variable bonus, including mandatory contractual provisions relating to notice. There is currently an agreement in place for one of the Senior Executives governing compensation in the event of termination of employment.

Regarding the effects of early termination on long-term incentive, it is provided that:

- In the case of good leaver<sup>14</sup>, with reference to the Monetary Plan that is submitted to the Shareholders' Meeting for approval on April 30, 2025, within the 2023-2025 and 2024-2026 Performance Share Plans, as well as the 2023-2025 and 2024-2026 Restricted Share Plans, there is the possibility for the beneficiary to retain the right to receive the monetary award or shares according to a *pro rata temporis*

<sup>14</sup> Good leaver scenarios include:

- removal from the office of Director prior to the conclusion of the term of office without cause;
- resignation from the office of Director if the beneficiary, without just cause, undergoes a revocation or non-confirmation of the proxies such that his or her relationship with the Company or the subsidiary is substantially altered;
- conclusion of the Company's Board of Directors not followed by renewal;
- with particular reference to Senior Executives and Managers, dismissal without just cause;
- death or disability of the beneficiary (due to illness or injury ascertained by a medical-legal expert report by a professional appointed by the Company) that entails the abstention from carrying out his or her duties for a period, continuous or non-continuous, of more than eight (8) months;
- voluntary resignation, only on the condition that the beneficiary fulfils the statutory retirement requirements and in the 30 subsequent days presents a request to access the relative benefits.

principle, based on the level of achievement of performance targets;

- In bad leaver scenarios, the beneficiary will permanently and fully forfeit the right to receive the allocations - monetary or in shares - under the plans.

The Company reserves the right to enter into consulting or collaboration agreements after the termination of the employment relationship, aimed at preserving the transfer of know-how and business continuity.

The Company in addition reserves the right to sign non-competition agreements involving specific roles requiring strategic knowledge, for whom this restriction is necessary in compliance with the statutory provisions and limitations. Currently, a non-competition agreement with the Chief Executive Officer and the General Manager is applicable for a total gross amount of 50% of fixed remuneration. There are no specific insurance coverage, social security and pension payments for the Chief Executive Officer/General Manager following resolution of contract with the Company, except for those provided for by the National Collective Bargaining Agreement for Industrial Executives.

## SECTION II

### **PART 1**

In the first part of Section II of this Report, the following information is provided regarding the implementation of the 2024 Policies:

1. Avio 2024 performance and incentives;
2. adequate, clear and understandable disclosure on each of the items comprising compensation matured for the financial year 2024 in favour:
  - (i) of the members of the Board of Directors;
  - (ii) of the members of the Board of Statutory Auditors;
  - (iii) of the other Senior Executives (information provided at aggregate level);

highlighting its compliance with the 2024 Policies and how compensation contributes to the Company's long-term results;
3. the pay mix of the Chief Executive Officer/General Manager and Senior Executives in application of 2024 Policies;
4. the change in compensation for members of the Board of Directors and the Board of Statutory Auditors, employee compensation and the Company's performance is shown.

The remuneration policy in 2024, as verified by the Appointments and Remuneration Committee through the periodic assessment under the Corporate Governance Code, was implemented in line with the general standards approved by the Board of Directors and shared by the Committee.

The independent audit firm has verified the preparation of Section II of the Policies.

#### **Avio performance and incentives**

The year 2024 marked a key turning point in Avio operations, both with reference to the space sector and business development in the defence field.

On September 5, 2024, after 12 years of service, 22 launches and more than 120 satellites released into space, the Vega launcher made its final flight, successfully carrying the Earth observation satellite Sentinel-2C into orbit as part of the European Commission's Copernicus programme. The Vega's legacy has been taken up by its successor, the Vega C, which successfully launched the Sentinel-1C satellite on December 6.

2024 was also marked by important decisions related to the governance at European level related to space launchers, following from the Resolution adopted by ESA Council in Seville on November 6, 2023, which set the stage for the Vega launcher to be commercialised by Avio. Specifically, the ESA Resolution passed on July 5, 2024 concurrently transferred responsibility for the commercialisation activities of Vega C flights to Avio. As a result of this resolution, on December 18, 2024, Avio signed a framework contract with ESA for the acquisition of launch services in support of the Agency's future missions, as well as a first operational order for the launch of the FORUM Earth observation mission, which will be launched by Avio as the launch services provider on board a Vega C launcher in 2027. In the latter part of the year, two contracts worth a total of about Euro 350 million were also signed with the ESA, relating to the development of the new Vega E launcher and the ground infrastructure upgrade for the Vega C, aimed at increasing the launch rate up to 6 launches per year.

On July 9, 2024 the maiden flight of Ariane 6 was completed successfully, in which Avio is partner in providing the solid rocket boosters P120C and the liquid oxygen turbopumps for the core stage Vulcain 2.1 engine and the upper stage Vinci engine. Avio will continue to provide those boosters, which will be used in a two or four boosters configuration, depending on the payload to be transported in orbit. Avio is already working on a more powerful version of the boosters, called the P160, which will increase the thrust of the launcher and consequently also its load capacity. The P160 will be the world's largest carbon fibre monolithic engine and

will also be fitted to the Vega C.

The year 2024 saw continued international growth in defence demand: subsequent to the establishment of Avio USA and following activities to explore the U.S. market for expansion opportunities, Avio announced on July 23, 2024, the finalisation of two major new contracts with U.S. customers (Raytheon and the U.S. Army Combat Capabilities Development Command Aviation & Missile Center). The development of the defence propulsion business also continued further at the European level, registering an increase in orders from existing customers on existing products (i.e., Aster / CAMM-ER): among the main orders signed at the end of the year was the contract between Avio and MBDA Italy for Avio to supply propulsion engines for the CAMM-ER missiles produced by MBDA and with a total countervalue of about Euro 150 million.

With reference to the main corporate indicators in the annual incentive scheme, the results achieved are in line with the targets set at the beginning of 2024 for Adjusted EBITDA, and exceed the maximum level for the Net Financial Position. The actual values for the two indicators over the last five years and the target value for 2024 are set out below.

	2020	2021	2022	2023	2024	
	Actual	Actual	Actual	Actual	Actual	target
<b>Adjusted EBITDA (Euro millions)</b>	<b>43.3</b>	<b>37.7</b>	<b>27.8</b>	<b>28.0</b>	<b>31.3</b>	<b>31</b>
<b>Net Financial Position (Euro millions)</b>	<b>62.6</b>	<b>57.2</b>	<b>74.4</b>	<b>76.1</b>	<b>90.1</b>	<b>15</b>

As regards the Executive Director, the value of the 2024 bonus falls between the target value and the maximum value (98% of the fixed component). With respect to Senior Executives, the 2024 bonus value averages 38% of the fixed component.

In fact, Avio's Board of Directors, at its meeting of March 28, 2022, resolved to cancel the 2020-2022 and 2021-2023 cycles of the existing 2020-2024 long-term monetary incentive plan, whose retention and incentive purposes for management have ceased to exist in consideration of the changed circumstances caused by the exceptional events of the last few years. The COVID-19 pandemic and the Russian-Ukrainian crisis are the main factors that have eroded the currency of the economic-financial targets to which these cycles were linked.

Therefore, no bonus is paid for the 2020-2022 cycle or the 2021-2023 cycle of the 2020-2024 three-year monetary plan.

## 1. Items comprising 2024 remuneration

### Chairperson of the Board of Directors, Non-Executive Directors and Board of Statutory Auditors

With reference to **the Chairperson and Non-Executive Directors of the Board of Directors** and the **Chairperson and members of the Board of Statutory Auditors** in office as at the date of this report, please note that:

- On April 28, 2023, the Shareholders' Meeting resolved to award each **Director** gross annual remuneration of Euro 40,000 and a gross annual remuneration of Euro 130,000 to the Chairperson of the **Board of Directors**. On May 9, 2023, the Board of Directors also resolved to award the members of the internal Board Committees the following fees:
  - i) to the members of the Control and Risks Committee, a gross annual fee for the Chairperson of Euro 30,000 and for the other members of Euro 15,000 each;
  - ii) to the members of the other internal Board Committees - i.e. the Appointments and Remuneration Committee and Sustainability Committee - a gross annual fee for the Chairperson of Euro 25,000 each and for the other members of Euro 10,000 each.
- The Shareholders' Meeting held on April 28, 2023 resolved, for the 2023-2025 three-year period, to grant the **Chairperson of the Board of Statutory Auditors** annual remuneration of Euro 55,000 and the **Statutory Auditors** annual remuneration of Euro 38,000, in line with the remuneration attributed to the Board of Statutory Auditors for the 2017-2020 three-year period and with the practices of the listed companies of the STAR segment with levels of capitalisation comparable to Avio.

The tables in Part 2 of this Section provide details of the compensation paid, consistent with the 2024 Policies and the Shareholders' Meeting motions noted above.

As of the date of this Report reversibility agreements are in place for the remuneration of some Directors. Specifically, Mr. Roberto Italia, Chairperson of Avio's Board of Directors, and RBC Holding S.r.l. signed a reversionary agreement whereby the remuneration accrued for the position held by him is paid to RBC Holding S.r.l. As regards the above, at December 31, 2024, the Company's payable towards RBC Holding S.r.l. amounted to Euro 140,000.

For the 2023-2025 mandate, the sole Executive Director (i.e. the Chief Executive Officer/General Manager) will not receive any additional remuneration for the positions taken on the Board of Directors and its internal Committees, as already receiving remuneration for the position of General Manager.

Finally, the Board of Directors of the Company identified, further to the Executive Director of the company, an additional 4 Senior Executives.

### Chief Executive Officer/General Manager, Giulio Ranzo

The remuneration of **Giulio Ranzo** (Chief Executive Officer/General Manager) for 2024 includes the following components:

- (i) fixed remuneration as an Executive of the Company, amounting to Euro 500,000;
- (ii) annual variable remuneration relating to 2024, amounting to Euro 491,000.

The following table contains a comparison between the target values set by the annual incentive plan and actual results.

Targets 2024	Weighting	Performance scenarios	Result 2024	Performance level	Bonus vs target	Target bonus €	Actual Bonus
<b>Adjusted EBITDA</b>	50%	<i>Min</i> 28.0€/m <i>Target</i> 31.0€/m <i>Max</i> 33.0€/m	<b>31.3</b>	<i>Between target and maximum</i>	108% of the target	<b>375,000</b> EURO	<b>491,000</b> EURO
<b>Net Financial Position</b>	50%	<i>Min</i> 5.0€/m <i>Target</i> 15€/m <i>Max</i> 25.0€/m	<b>90.1</b>	<i>Overperformance</i>	153% of the target (cap)		

(iii) Long-term variable remuneration, relative to the 2022-2024 monetary cycle amounting to Euro 144,292.

The following table provides a comparison of the target values set by the long-term incentive plan, the actual results and the actual bonus value.

Targets 22-24	Weighting	Performance scenarios	Results 22-24	Performance level	Bonus vs target	Target bonus €	Actual bonus €
<b>Cumulative three-year Reported EBITDA</b>	42%	<i>Min</i> Euro 74.3 million <i>Target</i> Euro 92.9 million <i>Max</i> Euro 111.5 million	Euro 63.90 million	Below threshold	0%	<b>268,800 €</b>	0
<b>Return On Invested Capital (Average)</b>	42%	<i>Min</i> 1.6% <i>Target</i> 2.2% <i>Max</i> 2.7%	1.8%	between min and target	83.33%		94,080 €
<b>Gender diversity</b>	4%	<i>Min</i> 14.9% <i>Target</i> 16.6% <i>Max</i> 18.3%	17.47%	between target and max	112.79%		12,127 €
<b>Gender pay gap</b>	4%	<i>Min</i> 95% <i>Target</i> 98% <i>Max</i> 100%	98.65%	between target and max	108.12%		11,625 €
<b>Waste management</b>	4%	<i>Min</i> 55% <i>Target</i> 60% <i>Max</i> 65%	64.22%	between target and max	121.10%		13,021 €
<b>Employee training</b>	4%	<i>Min</i> 21,000 <i>Target</i> 23,000 <i>Max</i> 25,000	39,400	overperformance	124.99%		13,439 €

With reference to the long-term variable remuneration, Avio's Board of Directors, at its meeting of March 28, 2022, resolved to cancel the 2020-2022 and 2021-2023 cycles of the existing 2020-2024 long-term monetary incentive plan, whose retention and incentive purposes for management have ceased to exist in consideration of the changed circumstances caused by the exceptional events of the last few years. The COVID-19 pandemic and the Russian-Ukrainian crisis are the main factors that have eroded the currency of the economic-financial targets to which these cycles were linked.

Therefore, no bonus was paid for the 2020-2022 cycle or the 2021-2023 cycle of the 2020-2024 three-year monetary plan.

- (iv) Long-term variable remuneration, relative to the 2022-2024 Performance Share Plan, equal to 45,151 shares due.

The following table contains a comparison between the target values set by the extraordinary Performance Share Plan, the actual results and the number of shares due based on the results achieved<sup>15</sup>.

<b>Targets 22-24</b>	<b>Weighting</b>	<b>Performance scenarios</b>	<b>Results 22-24</b>	<b>Performance level</b>	<b>No. rights granted at target</b>	<b>No. shares due</b>	
<i>Cumulative Three-year Order Intake</i>	100%	<i>Min</i>	<i>Euro 1,000 million</i>	Euro 1,963 million	Overperformance 157% of target value	30,101	45,151
		<i>Target</i>	<i>Euro 1,250 million</i>				
		<i>Max</i>	<i>Euro 1,500 million</i>				

- (v) non-monetary benefits

In addition, Giulio Ranzo is covered by a non-competition agreement which establishes, against a restriction lasting 12 months from resolution of contract, the payment of 50% of the fixed remuneration. In the case of resolution of contract by the Company or dismissal for just cause, the payment of an all-inclusive indemnity is envisaged equal to two gross annual remunerations, that is, the sum of the gross annual fixed remuneration and the short-term variable remuneration (this latter conventionally calculated at 100% of the fixed remuneration). These values include any component concerning obligatory contractual provisions, which shall not be paid in the case of resolution of contract by the Company or dismissal for just cause.

### **Senior Executives**

The remuneration of the Senior Executives employed by the Company, reported in aggregate, for 2024 includes the following components:

- (i) fixed remuneration as executives, amounting to Euro 1,074,925;
- (ii) annual variable remuneration relating to 2024, amounting to Euro 407,037;

The following table contains a comparison between the target values set by the annual incentive plan and actual results.

<sup>15</sup> The bonus will vest upon resolution of the Board of Directors, which will meet on a date after the Shareholders' Meeting to approve the 2024 financial statements.



2024 Targets	Weighting	Performance scenarios	2024 Result	Performance level	Target bonus €	Actual bonus €	
Adjusted EBITDA	25%	<i>Min</i>	<i>28.0 €/m</i>	31.3	<i>Between maximum and target</i>	295,603 Euro	407,037 Euro
		<i>Target</i>	<i>31.0 €/m</i>				
		<i>Max</i>	<i>33.0 €/m</i>				
Net Financial Position	25%	<i>Min</i>	<i>5 €/m</i>	90.1	<i>Over- performance</i>	295,603 Euro	407,037 Euro
		<i>Target</i>	<i>15 €/m</i>				
		<i>Max</i>	<i>25 €/m</i>				
Function/ individual targets	50%	<i>Min</i>	<i>1</i>	2.53	<i>Between maximum and target</i>	295,603 Euro	407,037 Euro
		<i>Target</i>	<i>2</i>				
		<i>Max</i>	<i>3</i>				

(iii) Long-term variable remuneration, relative to the 2022-2024 monetary cycle amounting to Euro 66,697

The following table provides a comparison of the target values set by the long-term incentive plan, the actual results and the actual bonus value.

Targets 22-24	Weighting	Performance Performance	Results 22-24	Performance level	Bonus vs target	Target bonus €	Actual bonus €
CUMULATIVE THREE-YEAR REPORTED EBITDA	42%	<i>Min</i>	<i>Euro 74.3 million</i>	Euro 63.9 million	Below threshold	0%	- Euro
		<i>Target</i>	<i>Euro 92.9 million</i>				
		<i>Max</i>	<i>Euro 111.5 million</i>				
RETURN ON INVESTED CAPITAL (AVERAGE)	42%	<i>Min</i>	<i>1.6%</i>	1.8%	Between min and target	83.33%	43,487 €
		<i>Target</i>	<i>2.2%</i>				
		<i>Max</i>	<i>2.7%</i>				
GENDER DIVERSITY	4%	<i>Min</i>	<i>14.9%</i>	17.47%	between target and max	112.80%	5,606 €
		<i>Target</i>	<i>16.6%</i>				
		<i>Max</i>	<i>18.3%</i>				
GENDER PAY GAP	4%	<i>Min</i>	<i>95%</i>	98.65%	between target and max	108.13%	5,374 €
		<i>Target</i>	<i>98%</i>				
		<i>Max</i>	<i>100%</i>				
WASTE MANAGEMENT	4%	<i>Min</i>	<i>55%</i>	64.22%	between target and max	121.09%	6,018 €
		<i>Target</i>	<i>60%</i>				
		<i>Max</i>	<i>65%</i>				
EMPLOYEE TRAINING	4%	<i>Min</i>	<i>21,000</i>	39,400	overperformance	124.99%	6,212 €
		<i>Target</i>	<i>23,000</i>				
		<i>Max</i>	<i>25,000</i>				

With reference to the long-term variable remuneration, Avio's Board of Directors, at its meeting of March 28, 2022, resolved to cancel the 2020-2022 and 2021-2023 cycles of the existing 2020-2024 long-term monetary incentive plan, whose retention and incentive purposes for management have ceased to exist in consideration

of the changed circumstances caused by the exceptional events of the last few years. The COVID-19 pandemic and the Russian-Ukrainian crisis are the main factors that have eroded the currency of the economic-financial targets to which these cycles were linked.

Therefore, no bonus was paid for the 2021-2023 cycle of the 2020-2024 three-year monetary plan.

- (iv) Long-term variable remuneration, relative to the 2022-2024 Performance Share Plan, equal to 12,632 shares due.

The following table contains a comparison between the target values set by the extraordinary Performance Share Plan, the actual results and the number of shares due based on the results achieved.

<b>Targets 22-24</b>	<b>Weighting</b>	<b>Performance scenarios</b>	<b>Results 22-24</b>	<b>Performance level</b>	<b>No. rights granted at target</b>	<b>No. shares due</b>	
<i>Cumulative Three-year Order Intake</i>	100%	<i>Min</i>	<i>Euro 1,000 million</i>	Euro 1,963 million	Overperformance 157% of target value	8,421	12,632
		<i>Target</i>	<i>Euro 1,250 million</i>				
		<i>Max</i>	<i>Euro 1,500 million</i>				

- (v) non-monetary benefits

The values of the fixed remuneration (i) and of the short-term variable (ii) refer to an overall scope of four Senior Executives, while long-term monetary remuneration (iii) and the extraordinary Performance Shares (iv) refer to a scope of three Senior Executives<sup>16</sup>.

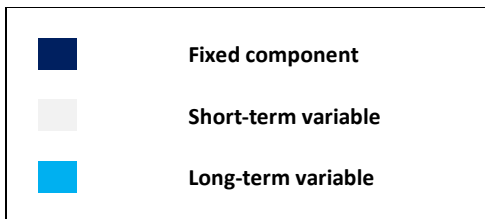
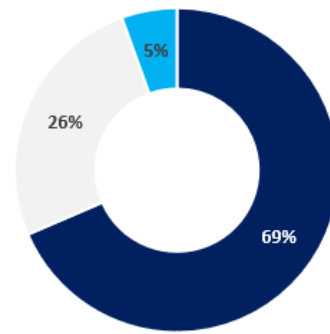
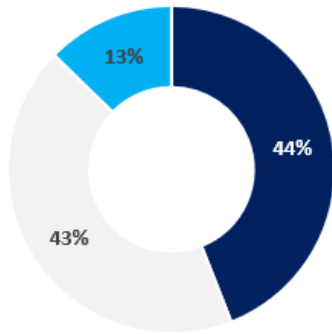
<sup>16</sup> Two executives who left the scope of the SE during FY2023 and early FY2024 were excluded from the calculation, while one current SE appointed during FY2023 was included.

## 2. Pay mix in application of 2024 Policies

The pay mix of the Chief Executive Officer/General Manager and the Senior Executives is shown below with reference to the remuneration awarded during 2024, pursuant to the Policies described in Section I of the 2024 Report.

**Chief Executive Officer/General Manager**

**Senior Executives**



### 3. Changes in the Company's remuneration and performance

The following table shows, for the 2020-2024 period, the change in:

- Remuneration of the Chief Executive Officer/General Manager, the Chairperson, the Directors and the members of the Board of Statutory Auditors;
- Remuneration of employees;
- Company performance.

	2020	2021	2022	2023	2024
<b>Employees</b>					
Average remuneration (€/000)	47,139	46,450	46,534	47,798	50,895
% Change	2%	-2%	-	2%	6%
<b>Giulio Ranzo, Chief Executive Officer/General Manager</b>					
Remuneration (€/000)	1,046,518	952,003	833,475	965,074	1,135,292
% Change	-11%	-9%	-13%	15%	17%
<b>Roberto Italia Chairperson</b>					
Remuneration (€/000)	126,329	130,000	130,000	136,109	140,000
% Change	5%	3%	-	4%	2%
<b>Giovanni Gorno Tempini, Director/Vice-Chairperson</b>					
Remuneration (€/000)	63,459	60,000	60,000	65,055	70,000
% Change	-4%	-5%	-	8%	7%
<b>Donatella Sciuto, Director</b>					
Remuneration (€/000)	60,822	65,000	65,000	70,934	75,000
% Change	11%	7%	-	9%	5%
<b>Donatella Isaia, Director</b>					
Remuneration (€/000)	29,244	45,000	45,000	57,167	65,000.00
% Change	-	54%	-	27%	13%
<b>Marcella Logli, Director</b>					
Remuneration (€/000)	-	1,356	45,000	48,237	50,000.00
% Change	-	-	3218%	7%	3%
<b>Raffaele Cappiello, Director</b>					
Remuneration (€/000)	32,411	41,250	41,250	59,757	65,000.00
% Change	-	27%	-	44%	8%
<b>Luigi Pasquali, Director</b>					
Remuneration (€/000)	40,178	35,000	35,000	38,288	40,000.00
% Change	-20%	-13%	-	9%	4%

<b>Elena Pisonero Ruiz, Director</b>					
<b>Remuneration (€/000)</b>	<b>38,576</b>	<b>60,000</b>	<b>60,000</b>	<b>62,835</b>	<b>65,000.00</b>
<i>% Change</i>	-	56%	-	4%	3%
<b>Letizia Colucci, Director</b>					
<b>Remuneration (€/000)</b>	<b>22,918</b>	<b>50,000</b>	<b>50,000</b>	<b>52,795</b>	<b>55,000.00</b>
<i>% Change</i>	-	118%	-	5%	4%
<b>Giovanni Soccodato, Director</b>					
<b>Remuneration (€/000)</b>				<b>27,068</b>	<b>50,000.00</b>
<i>% Change</i>	-	-	-	-	84%
<b>Vito Di Battista, Chairperson Board of Statutory Auditors</b>					
<b>Remuneration (€/000)</b>	<b>32,740</b>	<b>50,000</b>	<b>50,000</b>	<b>53,247</b>	<b>55,000.00</b>
<i>% Change</i>	-	53%	-	6%	3%
<b>Mario Matteo Busso, Statutory Auditor</b>					
<b>Remuneration (€/000)</b>	<b>22,918</b>	<b>35,000</b>	<b>35,000</b>	<b>36,934</b>	<b>38,000.00</b>
<i>% Change</i>	-	53%	-	5%	2%
<b>Michela Zeme, Statutory Auditor</b>					
<b>Remuneration (€/000)</b>	<b>22,918</b>	<b>35,000</b>	<b>35,000</b>	<b>36,934</b>	<b>38,000.00</b>
<i>% Change</i>	-	53%	-	5%	2%
<b>Avio Performance</b>					
<b>Net Financial Position (€ mln)</b>	<b>62.6</b>	<b>57.2</b>	<b>74.4</b>	<b>76.1</b>	<b>90.1</b>
<i>% Change</i>	8%	-9%	31%	3%	22%
<b>Adjusted EBITDA (€ mln)</b>	<b>43.3</b>	<b>37.7</b>	<b>27.8</b>	<b>28</b>	<b>31.3</b>
<i>% Change</i>	-2%	-13%	-27%	0%	11%

**Key:**

- **Remuneration component considered:** the values shown refer to total remuneration (fixed + annual variable component + long-term monetary incentive matured in the reference year). With reference to the annual variable remuneration, the figures used to calculate the total annual remuneration of employees are estimates, based on the information available at the date of this Report, in view of the fact that the actual value of the bonuses has not yet been determined on an individual basis for all the recipients of variable remuneration
- **Employee perimeter:** this refers to Avio employees at December 31, 2024; the values of remuneration are reported on a full-time equivalent basis. The following are not included in the analyses: the Chief Executive Officer/General Manager, as this is one of the persons for whom individual information is reported, and employees seconded to other Group companies.

## PART 2 - TABLES

TABLE 1: REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND CONTROL BOARD, GENERAL MANAGERS AND SENIOR EXECUTIVES

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Termination and post-employment benefits
						Bonuses and other incentives	Profit sharing					
Roberto Italia (1)	Chairperson of the BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	130,000						140,000		
	Member Sustainability Committee	1/1/2024-31/12/2024	Approval 2025 Accounts		10,000							
Giovanni Gorno Tempini	Vice-Chairperson BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	30,000						70,000		
	Director BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	40,000								
Giulio Ranzo	CEO and General Manager	1/1/2024-31/12/2024	Approval 2025 Accounts	500,000	-	491,000		20,340		1,011,340	79,982	
Raffaele Cappiello	Director BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	40,000						65,000		
	Member Appointments and Remuneration Committee	1/1/2024-31/12/2024	Approval 2025 Accounts		10,000							
	Member Control and Risks Committee	1/1/2024-31/12/2024	Approval 2025 Accounts		15,000							
Letizia Colucci (2)	Director BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	40,000						55,000		
	Member Control and Risks Committee	1/1/2024-31/12/2024	Approval 2025 Accounts		15,000							
Donatella Isaia	Director BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	40,000						65,000		
	Chairperson Appointments and Remuneration Committee	1/1/2024-31/12/2024	Approval 2025 Accounts		25,000							
Marcella Logli	Director BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	40,000						50,000		
	Member Sustainability Committee	1/1/2024-31/12/2024	Approval 2025 Accounts		10,000							

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Termination and post-employment benefits
						Bonuses and other incentives	Profit sharing					
Luigi Pasquali (3)	Director BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	40,000						40,000		
Elena Pisonero	Director BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	40,000						65,000		
	Chairperson Sustainability Committee	1/1/2024-31/12/2024	Approval 2025 Accounts		25,000							
Donatella Sciuto	Director BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	40,000						75,000		
	Chairperson Control and Risks Committee	1/1/2024-31/12/2024	Approval 2025 Accounts		35,000							
Giovanni Soccodato (4)	Director BoD	1/1/2024-31/12/2024	Approval 2025 Accounts	40,000						50,000		
	Member Appointments and Remuneration Committee	1/1/2024-31/12/2024	Approval 2025 Accounts		10,000							
Vito Di Battista	Chairperson Board of Statutory Auditors	1/1/2024-31/12/2024	Approval 2025 Accounts	55,000						55,000		
Mario Matteo Busso	Statutory Auditor	1/1/2024-31/12/2024	Approval 2025 Accounts	38,000						38,000		
Michela Zeme	Statutory Auditor	1/1/2024-31/12/2024	Approval 2025 Accounts	38,000						38,000		
Senior Executives				1,074,925		587,037		64,347		1,726,309	119,645	

#### Notes

(A) **NON-EQUITY VARIABLE REMUNERATION:** annual bonus value for the period considered (2024 short-term incentive plan) and ab entry bonus.

(B) **NON-MONETARY BENEFITS:** Car benefit, life and invalidity insurance.

(C) **FAIR VALUE OF EQUITY REMUNERATION:** The fair value for 2024 of shares allocated by the Performance Share Plan, approved by the Shareholders' Meeting on April 23, 2024, is shown.

- (1) Roberto Italia reversed his remuneration to RBC Holding S.r.l.
- (2) Letizia Colucci reversed her remuneration to Leonardo S.p.A.
- (3) Luigi Pasquali reversed his remuneration to Leonardo S.p.A.
- (4) Giovanni Soccodato reversed his remuneration to Leonardo S.p.A.

## BOARD OF STATUTORY AUDITORS

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Termination and post-employment benefits
						Bonuses and other incentives	Profit sharing					
Vito Di Battista	Chairperson Board of Statutory Auditors	01/1/2024-31/12/2024	Approval 2025 Accounts	55,000						55,000		
Mario Matteo Busso	Statutory Auditor	01/1/2024-31/12/2024	Approval 2025 Accounts	38,000						38,000		
Michela Zeme	Statutory Auditor	01/1/2024-31/12/2024	Approval 2025 Accounts	38,000						38,000		

## OTHER SENIOR EXECUTIVES\*

Name	Office	Period of office	Concl. of office	Fixed Remun.	Remun. for committee participation	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Termination and post-employment benefits
						Bonuses and other incentives	Profit sharing					
Senior Executives				1,074,925		587,037		64,347		1,726,309	119,645	

(\*) At December 31, 2024, further to the Chief Executive Officer/General Manager, an additional 4 Senior Executive employees of the Company and no other Senior Executives of the subsidiaries were in office.

### Notes

(A) **NON-EQUITY VARIABLE REMUNERATION:** annual bonus value for the period considered (2024 short-term incentive plan) and ab entry bonus.

(B) **NON-MONETARY BENEFITS:** Car benefit, supplementary life and invalidity insurance.

(C) **FAIR VALUE OF EQUITY REMUNERATION:** The fair value for 2024 of shares allocated by the Performance Share Plan, approved by the Shareholders' Meeting on April 23, 2024, is shown.



TABLE 3A

**FINANCIAL INSTRUMENT-BASED INCENTIVE PLANS, OTHER THAN STOCK OPTIONS, IN FAVOUR OF MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER SENIOR EXECUTIVES\***

Name	Office	Plan	Financial instruments granted in previous years not vested in the year		Financial instruments granted in the year					Financial instruments vested in the year and not allocated	Financial instruments vested during the year which may be allocated		Financial instruments accruing in the year
			Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at assignment date	Vesting period	Grant date	Market price on grant	Number and type of financial instruments	Issuable/Issued (3B)	Still deferred (3C)	
Giulio Ranzo	Chief Executive Officer	2022-2024 Extraordinary Performance Share Plan (April 28, 2022)	30,101 - Shares	01/01/2022 - 31/12/2024									
		2023-2025 Performance Share Plan (April 28, 2023)	29,624 - Shares	01/01/2023 - 31/12/2025									
		2024-2026 Performance Share Plan (April 23, 2024)			33,296 - Shares	11.78	01/01/2024 - 31/12/2026	27/05/2024	9.01				79,982
Senior Executives		2022-2024 Extraordinary Performance Share Plan (April 28, 2022)	40,206 - Shares	01/01/2022 - 31/12/2024									
		2023-2025 Performance Share Plan (April 28, 2023)	25,110 - Shares	01/01/2023 - 31/12/2025									
		2024-2026 Performance Share Plan (April 23, 2024)			49,808 - Shares	11.78	01/01/2024 - 31/12/2026	27/05/2024	9.01				119,645

(\* ) At December 31, 2024, further to the Chief Executive Officer/General Manager, an additional 4 Senior Executive employees of the Company and no other Senior Executives of the subsidiaries were in office.

TABLE 3B

## MONETARY INCENTIVE FOR DIRECTORS, GENERAL MANAGERS AND OTHER SENIOR EXECUTIVES

Name	Office	Plan	Bonus for the year			Prior year bonuses			Other Bonuses
			Issuable/Issued (2A)	Deferred (2B)	Deferred period	No longer issuable (3A)	Issuable/Issued (3B)	Still deferred (3C)	
Giulio Ranzo	Chief Executive Officer	2024 Short-term variable incentive plan (March 22, 2024)	491,000						
		2022-2024 Long-term variable incentive plan (approved March 28, 2022)					144,292		
Senior Executives		2024 Short-term variable incentive plan (March 22, 2024)	407,037						
		Entry Bonus							180,000
		2022-2024 Long-term variable incentive plan (approved March 28, 2022)					86,614		

(\*) At December 31, 2024, further to the Chief Executive Officer/General Manager, an additional 4 Senior Executive employees of the Company and no other Senior Executives of the subsidiaries were in office.

**TABLE 4: HOLDINGS OF DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND OTHER SENIOR EXECUTIVES BOARD OF DIRECTORS**

Name	Office	Avio Investee/Subsidiary	Number of shares held at 31.12.2023	No. of shares acquired in 2024	No. of shares sold in 2024	Number of shares held at 31.12.2024
Roberto Italia	Chairperson of the BoD	--	--	20,000	--	20,000
Giovanni Gorno Tempini	Vice-Chairperson BoD	--	--	10,000	--	10,000
Giulio Ranzo	CEO and General Manager	--	--		--	--
Giovanni Soccodato	Director BoD	--	--		--	--
Raffaele Cappiello	Director BoD	--	--	2,500	--	2,500
Letizia Colucci	Director BoD	--	--		--	--
Donatella Isaia	Director BoD	--	--		--	--
Luigi Pasquali	Director BoD	--	--		--	--
Marcella Logli	Director BoD	--	--		--	--
Elena Pisonero	Director BoD	--	--		--	--
Donatella Sciuto	Director BoD	--	--		--	--

**BOARD OF STATUTORY AUDITORS**

Name	Office	Avio Investee/Subsidiary	Number of shares held at 31.12.2023	No. of shares acquired in 2024	No. of shares sold in 2024	Number of shares held at 31.12.2024
Vito Di Battista	Chairperson of the Board of Statutory Auditors	--	--	--	--	--
Mario Matteo Busso	Statutory Auditor	--	--	--	--	--
Michela Zeme	Statutory Auditor	--	--	--	--	--

**SENIOR EXECUTIVES**

Name	Office	Avio Investee/Subsidiary	Number of shares held at 31.12.2023	No. of shares acquired in 2024	No. of shares sold in 2024	Number of shares held at 31.12.2024
Senior Executives		--	--	--	--	--